



## Supplementary Bidder's Statement

### 1. Important notices

This document is a supplementary bidder's statement under section 643 of the Corporations Act (**Fourth Supplementary Bidder's Statement**). It is supplementary to the bidder's statement dated 10 September 2019 (**Original Bidder's Statement**), the first supplementary bidder's statement dated 3 October 2019 (**First Supplementary Bidder's Statement**), the second supplementary bidder's statement dated 16 October 2019 (**Second Supplementary Bidder's Statement**), and the third supplementary bidder's statement dated 5 November 2019 (**Third Supplementary Bidder's Statement**), and is issued by Melbana Energy Limited ABN 43 066 447 952 in relation to its off market takeover bid for all Metgasco Shares under Part 6.5 of the Corporations Act. This Fourth Supplementary Bidder's Statement supplements, and should be read together with the Original Bidder's Statement, First Supplementary Bidder's Statement, Second Supplementary Bidder's Statement and Third Supplementary Bidder's Statement. Unless the context requires otherwise, defined terms in the Original Bidder's Statement have the same meaning in this Fourth Supplementary Bidder's Statement. This Fourth Supplementary Bidder's Statement prevails to the extent of any inconsistency.

A copy of this Fourth Supplementary Bidder's Statement was lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for the content of this Fourth Supplementary Bidder's Statement.

### 2. Supplementary information in relation to the Offer

Melbana Energy attaches the ASX announcement to this Fourth Supplementary Bidder's Statement, which relates to Melbana Energy signing a binding heads of agreement with Sonangol to enter into the Cuba Block 9 Production Sharing Contract.

### 3. Consents

Melbana Energy has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order 13/521 "Takeover bids" to include in this Fourth Supplementary Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX.

If you would like to receive a copy of those documents, or the relevant parts of the documents containing the statements (free of charge) during the bid period, please contact the offer information line on +61 1300 306 413 between 8.30am and 5.00pm (Sydney time) Monday to Friday.

### 4. Acceptance of the Offer

Metgasco Shareholders are encouraged to refer to the Original Bidder's Statement, as supplemented by information contained within the First Supplementary Bidder's Statement, Second Supplementary Bidder's Statement, Third Supplementary Bidder's Statement and this Fourth Supplementary Bidder's Statement, including information on the reasons to accept the Offer and the risks associated with not accepting the Offer.

If you have already accepted the Offer, you need not take any action. If you have not yet accepted the Offer, we encourage you to accept without delay. The Offer is due to close at 7.00pm (Sydney time) on 15 January 2020 (unless the offer period is extended).

If you have any queries in relation to how to accept the Offer or any other matter relating to the takeover bid, please call the offer information line on +61 1300 306 413 between 8.30am and 5.00pm (Sydney time) Monday to Friday.

## 5. Authorisation

This Fourth Supplementary Bidder's Statement has been approved by a unanimous resolution of the directors of Melbana Energy and is signed for and on behalf of Melbana Energy by:



Michael Sandy  
Director and Interim Chief Executive Officer

## **Annexure – ASX Announcement**

## Farmout agreement signed for Cuba Block 9 PSC

### Highlights:

- Melbana Energy has signed a binding heads of agreement (**HOA**) with Sonangol, the National Oil Company of Angola, for it to acquire a 70% Participating Interest in the onshore Cuba Block 9 Production Sharing Contract.
- This HOA provides that, subject to satisfactory completion of confirmatory due diligence, entry into a formal farm-in agreement and receipt of necessary regulatory approvals:
  - Two high impact exploration wells (Alameda and Zapato) to be drilled in Block 9;
  - Sonangol to fund 85% of all costs associated with the completion of this two well drilling campaign to earn 70% participating interest in Block 9;
  - Melbana to fund 15% and retain a 30% participating interest in Block 9;
  - After the completion of these two wells, Sonangol and Melbana shall bear their own costs and expenses in proportion to each of their participating interests;
  - Sonangol to immediately pay Melbana's past costs of approximately \$5.0 million, largely covering Melbana's forecast funding commitment to these wells; and
  - Melbana to remain operator, until the completion of the two well drilling campaign, thus maintaining responsibility for operations and management of costs.
- All permits, environmental approvals and land access agreements are already in place and are being extended, as necessary. Tenders for rigs and services are being refreshed.
- Block 9 is independently assessed to have 14.8 billion barrels of oil in place (best estimate) and Prospective Resources of 676 million barrels.<sup>1</sup>

<sup>1</sup> Prospective Resources Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All quoted volumes have been taken from Independent Expert McDaniel & Associates Competent Persons Report, released to ASX on 7 August 2018, as adjusted by Melbana for area relinquishment. Melbana is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

## MELBOURNE, AUSTRALIA (23 December 2019)

Melbana Energy Limited (ASX: MAY) (**Melbana**) is pleased to announce that it has signed a binding Heads of Agreement (**HOA**) with Sonangol E.P. (**Sonangol**), the National Oil Company of Angola, for the acquisition of 70% Participating Interest in the onshore Cuba Block 9 Production Sharing Contract (**Block 9 PSC**), which include a firm commitment from Sonangol to drilling two exploration wells in Block 9.

The terms of the HOA state that Sonangol will (following execution of a farmout agreement, satisfactory completion of confirmatory due diligence and receipt of all necessary regulatory approvals):

1. fund 85% of all costs associated with the completion of the drilling of Melbana's two highest ranked and high impact targets (Alameda and Zapato) to earn a 70% participating interest in Block 9 PSC, with the first well expected to commence drilling in Q3 2020;
2. pay Melbana approximately \$5.0 million to cover its expenditure to date related to Block 9; and,
3. have the option to assume operatorship of Block 9 PSC at the conclusion of this two well drilling program.

Melbana will contribute 15% of the costs of the two well drilling program to maintain 30% participating interest and remain as operator of the Block 9 PSC, until it is concluded.

Last year Melbana conducted an international tender for rigs and services for this two wells program and has now begun the process of refreshing these tenders. Permits that have been previously awarded, including land access and environmental permits, have been kept in good standing and are in the process of being extended. Preliminary findings from these activities have identified potentially suitable rigs and crews available for this drilling campaign next year and relevant service providers have expressed their interest and capacity.

### **Melbana Energy's Chairman, Andrew Purcell, said:**

*"As the National Oil Company for one of Africa's largest producers, Sonangol has significant experience operating on and offshore and in the upstream, midstream and downstream sectors of the oil and gas business. Moreover, Sonangol is already qualified to enter into contracts with CUPET. This will assist with the timely receipt of the necessary regulatory approvals.*

*We appreciate the opportunity to be the operator of this two well drilling program as this will allow us to monitor costs and seek to drive the agenda. Maintaining a 30% interest in this very prospective area is a great result for our company as it will give our shareholders a significant interest in any discovery that may be made.*

*We are pleased with the increasing momentum building towards drilling several high impact exploration wells in Australia and Cuba. Together they are targeting over 600 million barrels of oil equivalent (prospective resource, best estimate), which is the scale of opportunity we have been working to deliver to our shareholders."*

### **For and on Behalf of the Board of Directors**

Mr Andrew Purcell  
Chairman

Ends -

### **For further information please contact**

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Company Secretary  
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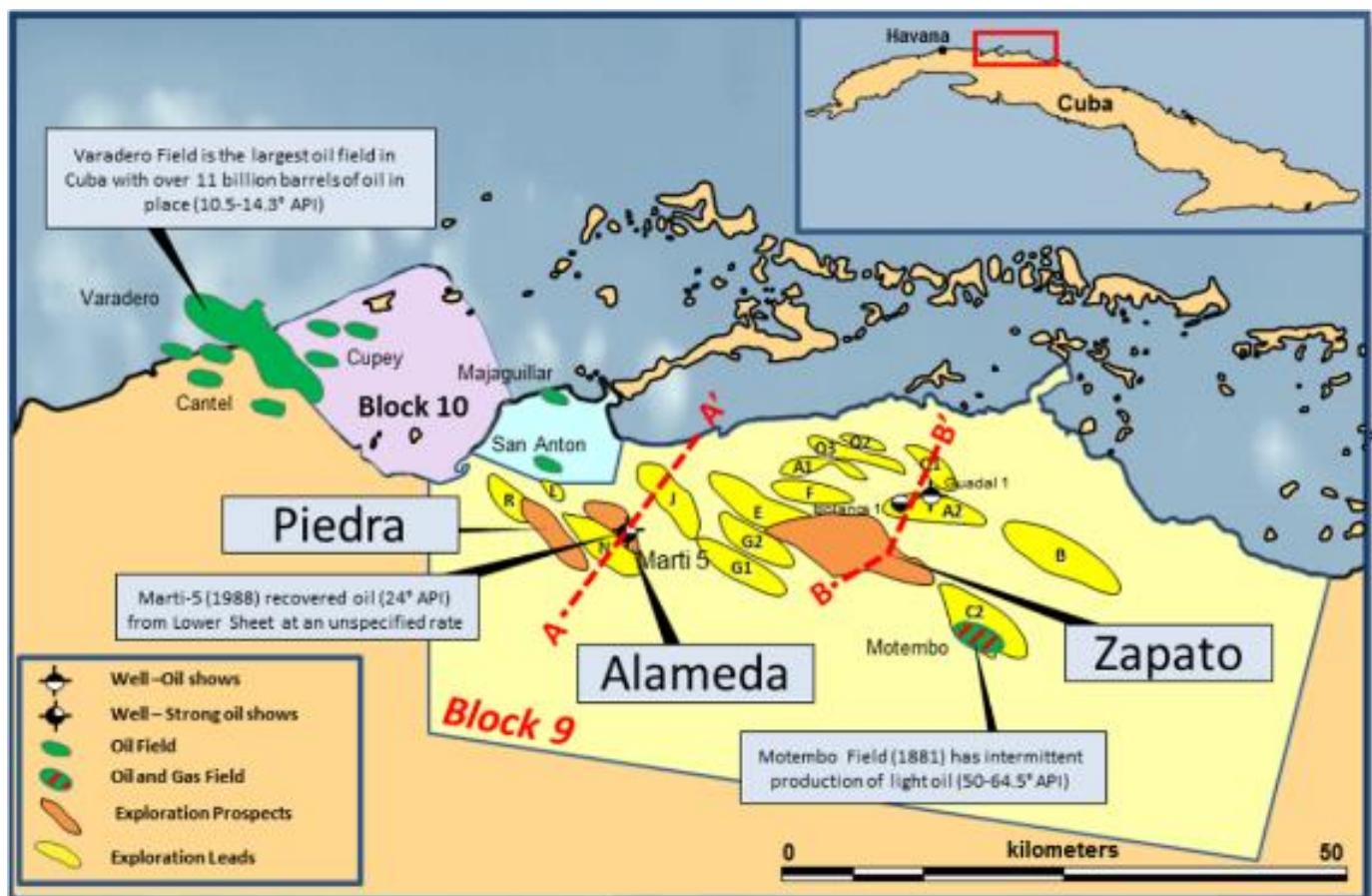
## Cuba

As an early mover into Cuba, Melbana is now one of the few western companies (and the only ASX listed company) with an established footprint in the Cuban hydrocarbon sector. The geology of Cuba has analogies to petroleum systems in which Melbana's technical personnel have extensive experience. Melbana sees substantial hydrocarbon potential in Cuba and looks forward to drilling with Sonangol two exploration wells in Block 9.

### Block 9 Production Sharing Contract

#### Overview

The Block 9 PSC covers 2,380km<sup>2</sup> onshore of the north coast of Cuba. It is in a proven hydrocarbon system with multiple producing fields within close proximity, including the Majaguillar and San Anton fields immediately adjacent to it and the multi-billion barrel Varadero oil field further west. Block 9 contains the Motembo field, the first oil field discovered in Cuba. Melbana is prequalified as an onshore and shallow water operator in Cuba and was awarded Block 9 on 2 September 2015.



Block 9 PSC map showing location of key drilling targets

## Background

### Alameda Prospect

The Alameda Prospect is currently the highest ranked exploration target in Block 9 PSC. Alameda is a large structure located in the western part of Block 9 and is in a similar structural position to the Varadero field, the largest oil field in Cuba, approximately 35km away.

The proposed Alameda-1 well would test a combined exploration potential of over **2.5 billion barrels Oil-in-Place** and **141 million barrels** of recoverable oil on a 100% best estimate basis and 279 million recoverable barrels aggregate high side potential<sup>1,2</sup> (see **Table 1**).

**Table 1 - Exploration Prospective Resource estimates for objectives of Alameda-1 well**

| Objective              | Chance of Success | Prospective Resource (MMstb) <sup>1,2</sup> |      |      |      |
|------------------------|-------------------|---|------|------|------|
|                        |                   | Low   | Best | High | Mean |
| Alameda High (Amistad) | 15%               | 24  | 60   | 132  | 71   |
| Alameda Mid (N)        | 23%               | 4   | 9    | 19   | 10   |
| Alameda                | 32%               | 39  | 72   | 128  | 79   |

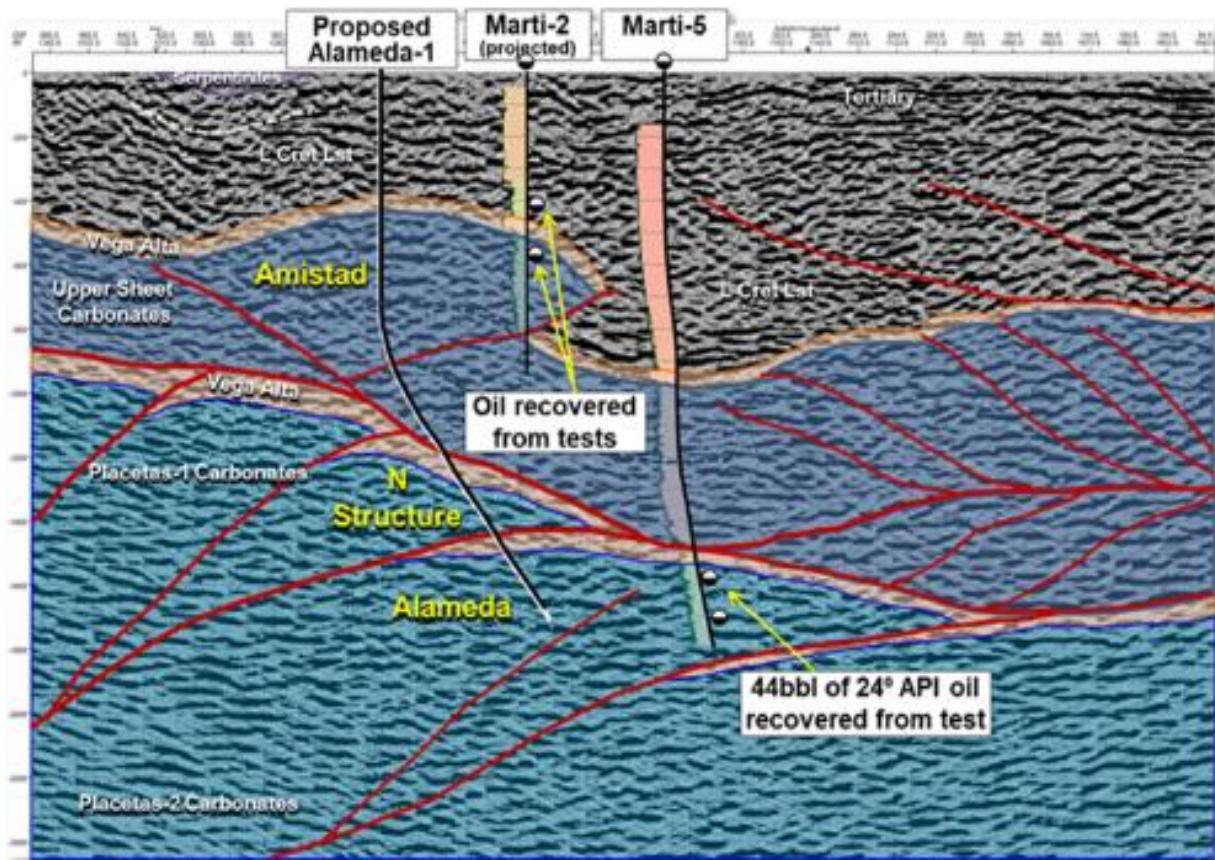
<sup>1</sup> Independent Expert McDaniel & Associates Competent Persons Report 30 June 2018

<sup>2</sup> Prospective Resources Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The primary objective at Alameda ranges in depth from approximately 3,000 to 3,700 metres. The presence of oil in the Alameda structure is supported by the Marti-5 well drilled within the prospect closure in a down flank position nearly 30 years ago and which recovered 24° API oil and had numerous oil shows extending over a 850 metre gross interval from the Lower Sheet section.

This exploration well has been designed as a mildly deviated well, with a total measured depth of 4,000 metres to enable the well to penetrate three independent exploration objectives; the primary Alameda objective as well as the shallower Alameda High (Amistad) and Alameda Mid (N) objectives.

While characterised as an exploration well, the chance of success at Alameda-1 benefits from two old wells, Marti-2 and Marti-5, both of which recovered oil from Alameda High (Amistad) and Alameda objectives, respectively. The Alameda High (Amistad) objective is a structure indicated on seismic as being updip of the tested oil recoveries in the Marti-2 well. Alameda-1 is estimated to take approximately 80 days to drill. In the event of a discovery at Alameda there would be significant follow up potential, with a number of additional leads in close proximity.



**Alameda-1 trajectory tests three objectives**

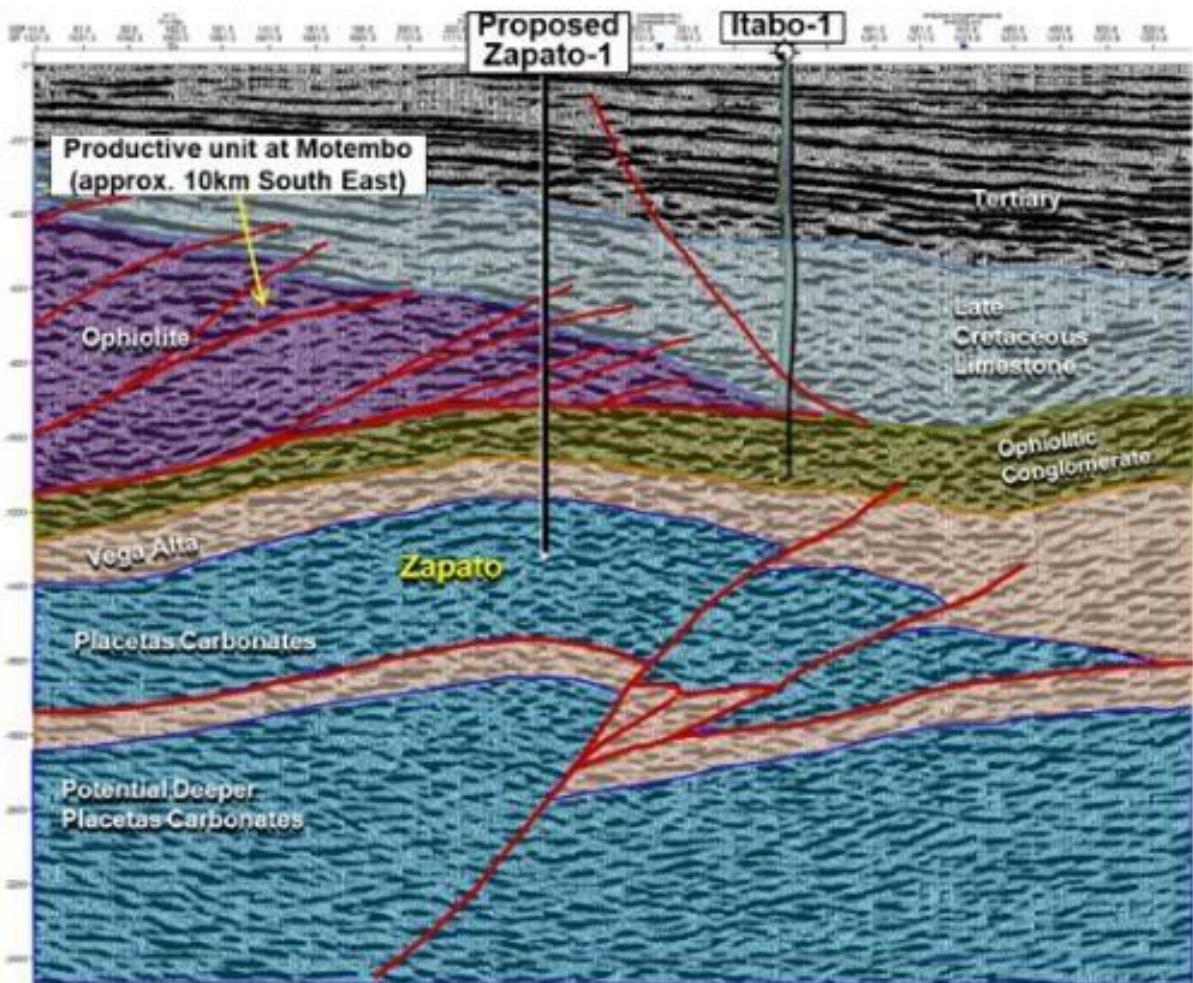
#### Zapato Prospect

The proposed Zapato-1 well location is in the central portion of Block 9 and is designed to test a Lower Sheet closure in close proximity to the shallower Motembo oil field, which has historically produced a high-quality light oil. The Zapato feature has a crest at approximately 2,000 metres and is a robust structure with nearly 1,000 metres of vertical relief.

A gravity and magnetic study commissioned by Melbana and undertaken by Cuba's specialist technical laboratory CEINPET over the Zapato prospect has indicated a strong gravity and magnetic alignment with the structural interpretation Melbana's technical team derived from seismic and surface data. This result is supportive of Melbana's assessment of the prospectivity of Zapato as a large carbonate duplex structure along strike from the Motembo discovery which produced light (56° API) oil.

Block 9 has high quality, detailed, pre-existing gravity and magnetic data sets. In the type of geology present in Cuba it is common to use a combination of seismic, magnetic and gravity data sets to define prospectivity.

Carbonate duplex structures such as Zapato are being targeted by Melbana due to their potential to contain Varadero style oil accumulations and are able to be identified using this technique by their combined gravity and magnetic response which differentiates them from low prospectivity intervals.



Zapato prospect seismic profile and well path

**Table 2 - Exploration Prospective Resource estimates for objectives of Zapato well**

| Objective | Chance<br>of<br>Success | Prospective Resource (MMstb) <sup>1,2</sup> |      |      |      |
|-----------|-------------------------|---|------|------|------|
|           |                         | Low   | Best | High | Mean |
| Zapato    | 23%                     | 38  | 95   | 214  | 114  |

<sup>1</sup> Independent Expert McDowell & Associates Competent Persons Report 30 June 2018

<sup>2</sup> Prospective Resources Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.