



Metgasco Ltd

ACN 088 196 383

NOTICE OF GENERAL MEETING EXPLANATORY MEMORANDUM AND PROXY FORMS

General Meeting of Shareholders to be held on

Wednesday, 11 April 2018 at 10:00am (AEST)

at **Level 17, 383 Kent Street, Sydney NSW 2000**

This is an important document that requires your immediate attention.

You should read this document in its entirety before deciding whether or not to vote for or against any resolution at the General Meeting. Two Proxy Forms have been enclosed with this Notice for your convenience. The **blue** Proxy Form has been completed in line with the recommendation of your Recommending Directors. If you sign this form you should ignore the **white** Proxy Form. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

You are **strongly encouraged** to consider these issues carefully and **exercise your right to vote.**

If you have questions about the General Meeting or the Resolutions, please call the Company on (02) 9923 9100 (within Australia) or +61 2 9923 9100 (outside Australia), Monday to Friday between 9:00am and 5:00pm Sydney Time or contact the Company by email at info@metgasco.com.au.



8 March 2018

Dear Shareholders

I write to you on behalf of myself, John Patton and Philip Amery (**Recommending Directors**). The Company has resolved to call this General Meeting in order to propose Resolution 1, a resolution proposed by the Recommending Directors, which seeks the removal of Andrew Purcell as director with immediate effect.

The decision of the Recommending Directors to issue a section 203D notice seeking the removal of Andrew Purcell as a director has not been taken lightly, and has been the result of the Board's decision (with Andrew Purcell abstaining) to resolve a motion expressing a loss of confidence in Andrew Purcell to act as a director of the Company in the best interest of all shareholders.

The loss of confidence in Andrew Purcell is the result of:

- (a) what the Recommending Directors consider to be a **lack of transparency** on the part of Mr Purcell with the Board, in particular in relation to requests regarding disclosure of possible associated interests and disclosure of **possible conflicts of interest**, with some of those requests from the Board going **completely unanswered**; and
- (b) Mr Purcell's **failure to disclose his discussions** with counterparties to potential transactions to the Board until after those discussions took place, which in at least one instance resulted in Mr Purcell's **breach of the Company's negotiation protocol** in relation to a significant transaction the Company was considering and which **interfered** with that potentially significant transaction. *The negotiation protocol was specifically put in place by a unanimous board resolution to protect that significant transaction.*

The concern held is that Mr Purcell may **only** be representing the interests of M&A Advisory Pty Ltd ACN 605 252 506 (**M&A Advisory**), of which Mr Purcell is sole director and secretary and also 50% shareholder. M&A Advisory holds 19.2% of shares in the Company and is the largest shareholder of the Company.

I would like to refer you to the accompanying Explanatory Memorandum in which the Company provides further detail on Mr Purcell's actions and **in particular to section 2, page 8** of the **Explanatory Memorandum**.

The Board continues to be committed to having a majority of independent directors to ensure independent judgement and unbiased strategy. Independence from large shareholders and the business is of the utmost importance to the Board, as it is crucial in maintaining accountability and in the resolution of conflicts of interest. The Board and each director must always act in the best interests of all shareholders.

My commitment to these principles is such that I will resign if Mr Purcell is not removed as a director and remains on the Board. I believe the Board cannot function effectively if the majority of directors hold real concerns that one director is acting in conflict and is not acting in the best interests of the company and all its shareholders.

In a further step towards board independence, Dr Robbert Willink was appointed as director of the Company on 5 February 2018. Dr Willink, by virtue of his appointment being after the Board's vote of no confidence in Mr Purcell, has chosen to abstain on making any recommendation on the Resolutions being considered in the General Meeting.

Your Recommending Directors recommend that you vote IN FAVOUR of Resolution 1, the resolution proposed by the Company to remove Andrew Purcell as a director.

In response to the Company's notice to remove Mr Purcell as a director, on 2 February 2018, M&A Advisory issued a notice to remove the remaining directors (myself, John Patton and Philip Amery). M&A Advisory has provided **no reasons** for our removal.

Your Board has resolved that M&A Advisory's resolutions be put to the Shareholders at the General Meeting in order to deal with these resolutions in a timely, cost-effective manner and to allow the Company to get on with business after the General Meeting.

Your Recommending Directors recommend that you vote AGAINST Resolutions 2 to 4, which are the resolutions proposed by M&A Advisory. In relation to this recommendation, each director makes no recommendation in relation to the resolution proposed by M&A Advisory to remove that director himself given his material personal interest in that case.

As I mentioned previously, please refer to the accompanying Explanatory Memorandum in which the Company provides further detail on Mr Purcell's actions and **in particular to section 2, page 8** of the **Explanatory Memorandum**.

If you agree with the recommendations of the Recommending Directors, then please complete and return the enclosed **blue** Proxy Form in the enclosed reply-paid envelope as soon as possible.

You may also wish to attend the meeting in person and have your say about the future of your Company.

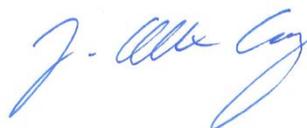
Finally, if you would like to further discuss any of these matters or ask any questions, your directors can be contacted via:

Telephone: (02) 9923 9100 (within Australia) or +61 2 9923 9100 (outside Australia)

or

Email: info@metgasco.com.au

Yours sincerely



Alexander Lang
Executive Chairman

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Metgasco Ltd ACN 088 196 383 will be held at:

Location	Level 17, 383 Kent Street, Sydney NSW 2000
Date	Wednesday, 11 April 2018
Time	10:00am (AEST)

BUSINESS

RESOLUTION PROPOSED BY THE COMPANY

1. Resolution 1 - Removal of Director - Andrew Purcell

To consider and, if thought fit, pass the following Resolution 1 as an **ordinary resolution**:

"That pursuant to section 203D of the Corporations Act, Andrew Purcell be removed as director of the Company effective immediately on the passing of this resolution."

RESOLUTIONS PROPOSED BY SHAREHOLDER, M&A ADVISORY

2. Resolution 2 - Removal of Director - Alexander Lang

To consider and, if thought fit, pass the following Resolution 2 as an **ordinary resolution**:

"That pursuant to section 203D of the Corporations Act, Alexander Lang be removed as director of the Company effective immediately on the passing of this resolution"

3. Resolution 3 - Removal of Director - John Patton

To consider and, if thought fit, pass the following Resolution 3 as an **ordinary resolution**:

"That pursuant to section 203D of the Corporations Act, John Patton be removed as director of the Company effective immediately on the passing of this resolution"

4. Resolution 4 - Removal of Director - Philip Amery

To consider and, if thought fit, pass the following Resolution 4 as an **ordinary resolution**:

"That pursuant to section 203D of the Corporations Act, Philip Amery be removed as director of the Company effective immediately on the passing of this resolution"

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

RECOMMENDATION OF HOW TO VOTE

<p>The Recommending Directors recommend that YOU SHOULD:</p>	
<p>1. Vote in <u>FAVOUR</u> of Resolution 1, the Resolution proposed by the Company</p>	
<p>2. Vote <u>AGAINST</u> Resolutions 2-4, the Resolutions proposed by the shareholder, M&A Advisory</p>	

The Explanatory Memorandum provides details as to why the Recommending Directors make the above recommendations.

RESOLUTIONS NOT INTERDEPENDENT

None of the Resolutions are interdependent. This means that one or more of the Resolutions can be passed even though one or more of the other Resolutions were not passed by Shareholders.

ENTITLEMENT TO VOTE

It has been determined in accordance with Regulation 7.11.37 of the Corporations Regulations and ASX Settlement Operating Rule 5.6.1, a person’s entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of shareholders after close of trading **on Monday, 9 April 2018**. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the General Meeting.

HOW TO VOTE

You may vote by attending the General Meeting in person, by proxy, or by an authorised representative.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the General Meeting, if possible, so that the Company may check their shareholding against the Company’s share register and note attendances.

VOTING BY PROXY

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy. A Shareholder entitled to cast two or more votes may appoint not more than two proxies. Shareholders can appoint a body corporate as well as an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of Metgasco or in the capacity of a Shareholder's proxy at general meetings of Metgasco. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.

A Shareholder who appoints two proxies may state on the proxy form what proportion or number of the Shareholder's votes each proxy is being appointed to exercise. If a Shareholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half the Shareholder's votes.

If a Shareholder has appointed two proxies, when a Resolution is decided on a show of hands, only the first person named on the proxy form may vote. If two proxy forms have been completed, the person whose name is earlier in alphabetical sequence may vote.

A proxy need not be a shareholder of Metgasco.

Either the original, facsimile or electronic transmission of the proxy form(s) and any power of attorney or authority under which they are signed must be received at least 24 hours prior to the General Meeting (i.e. by no later than **10:00am (AEST) on Tuesday, 10 April 2018**) or any adjournment. Any proxy form received after this deadline, including at the General Meeting, will be invalid.

Proxy forms and authorities may be sent to the Company's share registrar, Registry Direct, by post, personal delivery or fax:

Registry Direct Pty Limited

Street address: Level 6, 2 Russell Street, Melbourne VIC 3000

Mailing address: PO Box 18366, Collins Street East, VIC 8003

Email: metgasco@registrydirect.com.au

Fax: (within Australia) 03 9111 5652

(outside Australia) +61 3 9111 5652

Web: www.registrydirect.com.au
and follow the instructions provided

Two Proxy Forms accompany this Notice of Meeting and contain details of how to lodge your proxy form.

Additional proxy forms can be obtained from Metgasco's share registry on request.

Shareholders may lodge their appointment of a proxy online at Registry Direct's website, www.registrydirect.com.au. To use this facility, you will need to be registered for the Investor Centre at the Company's share registrar, Registry Direct. To register, log-on to the Investor Centre using the

following link <https://www.registrydirect.com.au/shareholders/> and you will need your holder identification number (**HIN**) or security holder reference number (**SRN**).

If a corporate representative is to attend the General Meeting on behalf of a corporation, a formal *Appointment of Corporate Representative Form* must be brought to the General Meeting. A copy of the Appointment of Corporate Representative Form may be obtained from Metgasco's share registry on request.

How will the Chairman vote as proxy if the Shareholder has not directed the Chairman to vote?

The Chairman intends to vote all proxies in favour of Resolution 1 and against Resolutions 2, 3 and 4. If a Shareholder appoints the Chairman of the General Meeting as proxy and does not direct the Chairman how to vote on the resolution then, if that Shareholder is entitled to vote on that resolution, the Chairman will vote in the manner described above.

Enquiries

If Shareholders have any queries in respect of the matters set out in these documents, they are invited to contact the Company via:

Telephone: (02) 9923 9100 (within Australia) or +61 2 9923 9100 (outside Australia)

or

Email: info@metgasco.com.au

By order of the Board

Phil Mackey
Company Secretary
9 March 2018

EXPLANATORY MEMORANDUM

1. INTRODUCTION

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. Annexure A of this Explanatory Memorandum contains definitions of capitalised terms in the Notice of Meeting and this Explanatory Memorandum.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions set out in the Notice of Meeting.

If you are unable to attend the General Meeting, you are encouraged to complete and return the enclosed Proxy Form by **10:00am (AEST) on Tuesday, 10 April 2018**.

2. WHY YOU SHOULD VOTE IN FAVOUR OF RESOLUTION 1

Vote in FAVOUR of Resolution 1, the Resolution proposed by the Company



2.1 Background to vote of no confidence

Resolution 1, being the resolution to remove Andrew Purcell as director, is put to Shareholders by the Company under the following circumstances:

- (a) Since Andrew Purcell's appointment to the Board, the Recommending Directors have collectively formed the view that:
 - (i) Andrew Purcell has not responded openly in respect of interests associated with M&A Advisory's shareholding in the Company;
 - (ii) Andrew Purcell has not disclosed to the Company that he had discussions with counterparties to potential transactions that the Company has been interested in prior to those discussions occurring. Further:
 - (A) in at least one instance, these discussions have also represented a breach of the negotiations protocol adopted unanimously by the Board in respect of the relevant potential transaction in order to protect that significant transaction; and
 - (B) in the Board's view, such actions have interfered with the progress of at least one potentially significant transaction; and

- (iii) Andrew Purcell's asserted position on a number of potential transactions being considered by the Board has been influenced by factors other than what is in the best interests of the Company.
- (b) Attempts by the Board to raise the issues described in paragraph (a)(ii) with Andrew Purcell, including by letters from the Chairman to Andrew Purcell dated 4 July 2017 and 20 July 2017, have either resulted in no response or responses which, in the Recommending Directors' collective view, have been evasive.
- (c) Between about 1 December 2017 and 18 December 2017, significant movements on the Company's share register occurred. During this period, some existing and new shareholders acquired a significant number of Metgasco shares, including Twinkle Capital Pty Ltd (ACN 604 735 748) (**Twinkle Capital**), who acquired 8,000,000 Shares purchased on-market; and Black Cygnet Pty Ltd (ACN 159 381 638) (**Black**) acquired 3,000,000 Shares (**New Holders**).
- (d) The Chairman wrote to Andrew Purcell on 14 December 2017 (**14 December Letter**) requesting (among other questions) clarification by no later than 5:00pm on Tuesday, 19 December 2017 as to whether Andrew Purcell or M&A Advisory was associated with one of more of the New Holders. These New Holders included at least one shareholder (Twinkle Capital) who had previously been disclosed as an associate of Andrew Purcell by virtue of section 12(2)(c) of the Corporations Act and a continuing lender to M&A Advisory. Andrew Purcell did not respond to the 14 December Letter.
- (e) In a regular Board meeting on 20 December 2017, the Board requested that Andrew Purcell address and answer the 10 questions raised in the 14 December Letter. Andrew Purcell acknowledged receipt of the 14 December Letter but advised that he did not intend to provide a written or oral response to the 14 December Letter.

2.2 Vote of no confidence and request for resignation

As a consequence, on 31 January 2018, the Board resolved, with Andrew Purcell abstaining, to approve a motion expressing a loss of confidence in Andrew Purcell to act as a director of the Company in the best interest of all Shareholders. The Board requested that Andrew Purcell resign from the Board.

2.3 Section 203D notice

On 1 February 2018, the Company received a notice, from Mr Alexander Lang, Mr Philip Amery and Mr John Patton, directors of the Company, under section 203D of the Corporations Act, of their intention to call a meeting of members pursuant to clause 68.1 of the Company's Constitution and section 249CA of the Corporations Act to put the following ordinary resolution for removal of a director:

"That Andrew Purcell be removed as director of the Company with immediate effect."

As disclosed by the Company to the ASX at 9.49am on 2 February 2018, the Board resolved to convene the General Meeting to consider Resolution 1.

2.4 Further information around loss of confidence of Recommending Directors in Andrew Purcell

Further details on Resolution 1 are outlined in section 4 below.

2.5 Directors' recommendation on how you should vote on Resolution 1

Resolution 1 - Removal of Director - Andrew Purcell

Alexander Lang, John Patton and Philip Amery recommend that Shareholders vote **IN FAVOUR** of Resolution 1 to remove Andrew Purcell as a director of the Company.

Dr Robbert Willink abstains from making any recommendation in relation to Resolution 1.



Mr Andrew Purcell has a material personal interest in Resolution 1 and therefore he has not been asked to make any recommendations with respect to Resolution 1.

2.6 What is the consequence if Resolution 1 is passed?

If Resolution 1 is successful, Andrew Purcell will be removed as Director of the Company effective immediately on the passing of this Resolution.

2.7 Intention of Recommending Directors if Resolution 1 is not passed

- (a) Alexander Lang states that he intends to resign as director of the Company with effect from the close of this General Meeting if Resolution 1 is not passed; and
- (b) Philip Amery states that he intends to resign as a director of the Company with effect from the close of this General Meeting if Resolution 1 is not passed, except in the event that his resignation would result in
 - (i) the Company being left with less than three directors; or
 - (ii) the Company being left with less independent directors than non-independent directors as defined by the ASX guidelines.

3. WHY YOU SHOULD VOTE AGAINST RESOLUTIONS 2, 3 AND 4

Vote AGAINST Resolutions 2, 3 and 4, the Resolutions proposed by the shareholder M&A Advisory



3.1 M&A Advisory section 203D notice

As disclosed by the Company to the ASX at 9:56am on 2 February 2018, the Company received a notice from M&A Advisory, under section 203D of the Corporations Act, of its intention to move the following Resolutions at the next meeting of the Company:

- (a) *"THAT Alexander Lang be removed as a director of the Company with immediate effect."*
- (b) *"THAT John Patton be removed as a director of the Company with immediate effect."*
- (c) *"THAT Philip Amery be removed as a director of the Company with immediate effect."*

3.2 Who is M&A Advisory?

M&A Advisory, is a registered shareholder of the Company, and currently holds 19.2% of the total voting rights of all the members.

Andrew Purcell is the sole director and secretary of M&A Advisory, and Andrew Purcell and Amanda Purcell are equal shareholders of M&A Advisory.

3.3 Why are Resolutions 2, 3 and 4 being considered in the General Meeting?

Under section 203D of the Corporations Act, a company may by resolution remove a director from office.

The Company Constitution provides that the Company may remove any director from office by resolution passed in general meeting.

Section 249N of the Corporations Act permits a shareholder, who holds more than 5% of the votes that may be cast on the resolution, to give a company notice of a resolution that they propose to move at a general meeting.

M&A Advisory have requested that the Resolutions contained in the M&A Advisory section 203D notice be considered at the next general meeting. As such under the right contained in section 249N of the Corporations Act, the Company must consider the Resolution at the next general meeting.

On this basis, the Board has resolved to consider Resolution 2, Resolution 3 and Resolution 4 at the General Meeting.

M&A Advisory has not articulated any reasons why it is seeking to remove Mr Alexander Lang, Mr Philip Amery and Mr John Patton as directors. M&A Advisory has also not proposed any resolutions to appoint any replacement directors.

3.4 Directors' recommendation on how you should vote on Resolutions 2, 3 and 4**Resolution 2 - Removal of Director - Alexander Lang**

John Patton and Philip Amery recommend that Shareholders vote **AGAINST** Resolution 2 to remove Alexander Lang as a director of the Company.

Alexander Lang and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 2.

**Resolution 3 - Removal of Director - John Patton**

Alexander Lang and Philip Amery recommend that Shareholders vote **AGAINST** Resolution 3 to remove John Patton as a director of the Company.

John Patton and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 3.

**Resolution 4 Removal of Director - Philip Amery**

John Patton and Alexander Lang recommend that Shareholders vote **AGAINST** Resolution 4 to remove Philip Amery as a director of the Company.

Philip Amery and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 4.



Mr Andrew Purcell has a material personal interest in Resolutions 2, 3 and 4 as he is the director of M&A Advisory, the shareholder who has proposed Resolutions 2, 3 and 4. As a result, Mr Andrew Purcell has not been asked to make any recommendations with respect to the Resolutions 2, 3 and 4.

3.5 What is the consequence if Resolutions 2, 3 and 4 are passed?

- (a) If Resolution 2 is successful, Alexander Lang will be removed as Director of the Company effective immediately on the passing of Resolution 2.
- (b) If Resolution 3 is successful, John Patton will be removed as Director of the Company effective immediately on the passing of Resolution 3.
- (c) If Resolution 4 is successful, Philip Amery will be removed as Director of the Company effective immediately on the passing of Resolution 4.

3.6 What is the consequence if one or more of the four Resolutions are passed?

- (a) Under section 201A(2) of the Corporations Act, a public company must have 3 directors, 2 of whom must reside in Australia.

- (b) If all Resolutions are passed, the Company will only have 1 director, Dr Robbert Willink. Under clause 10 of the Company's Constitution, Dr Robbert Willink would then only be able to act for the purpose of increasing the number of directors to a number sufficient to constitute a quorum or to convene a general meeting of the Company.
- (c) If Resolution 1 is not passed and if Resolutions 2, 3 and 4 are all passed, the Company will only have 2 directors, Andrew Purcell and Dr Robbert Willink. Under clause 10 of the Company's Constitution, Andrew Purcell and Dr Robbert Willink may act only for the purpose of increasing the number of directors to a number sufficient to constitute a quorum or convening a general meeting of the Company.
- (d) If any 3 out of the 4 Resolutions are passed, the Company will only have 2 directors (subject to any of those remaining directors resigning as indicated in the statement of intentions contained in section 2.7 above). Under clause 10 of the Company's Constitution, the remaining directors would then only be able to act for the purpose of increasing the number of directors to a number sufficient to constitute a quorum or to convene a general meeting of the Company.
- (e) If 1 or 2 out of the 4 Resolutions are passed, the Company will continue to have the requisite number of directors, subject however to any of those remaining directors resigning as indicated in the statement of intentions contained in section 2.7 above.

4. FURTHER INFORMATION AROUND LOSS OF CONFIDENCE IN ANDREW PURCELL

4.1 Background

- (a) On 22 August 2016, the Company received notification, by way of a Form 603 'Notice of initial substantial holder' lodged with the ASX by Lawndale Group Pty Ltd (ACN 600 817 749) (**Lawndale**), Amanda Purcell and their associates (by virtue of section 12(2)(c) of the Corporations Act) namely, M&A Advisory Pty Ltd (ACN 113 972 473)¹; Twinkle Capital; and Breakwater Holdings Pty Ltd (ACN 164 047 956)² (**Breakwater**), that Lawndale or its nominee (**Buyer**) had entered into Share Sale Agreements (**SSA**) with 12 Metgasco shareholders (**Sellers** and each a **Seller**) to enable the Buyer to acquire 64,088,959 Shares, or 15.97% of the Company, in off-market transfers.
- (b) On 24 August 2016, the Company received notification, by way of a Form 604 'Notice of change of interests of substantial holder' lodged with the ASX by Lawndale, Amanda Purcell and their associates (by virtue of section 12(2)(c) of the Corporations Act) namely, M&A Advisory; Twinkle Capital; and Breakwater, that Lawndale had increased its interest in Metgasco to 75,375,197 Shares or 18.79% of the Company by:
 - (i) Lawndale entering into SSAs with two new Sellers to acquire a further 974,238 Shares;

¹ This ACN is incorrect. The correct ACN for M&A Advisory is ACN 605 252 506. ACN 113 972 473 belongs to Hunter Gas Pty Ltd. M&A Advisory was incorporated on 13 April 2015 and changed its name to AJ Lucas Energy Pty Limited on 7 October 2015 and changed its name back to M&A Advisory on 19 August 2016² Breakwater changed its name to Terrace Management Pty Ltd (**Terrace**) on 28 February 2017. Walter Morris Lewin is the sole director, secretary and shareholder of Terrace.

² Breakwater changed its name to Terrace Management Pty Ltd (**Terrace**) on 28 February 2017. Walter Morris Lewin is the sole director, secretary and shareholder of Terrace.

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- (ii) M&A Advisory acquiring 6,300,000 Shares from a new Seller pursuant to an undocumented verbal agreement; and
 - (iii) M&A Advisory acquiring 4,012,000 Shares purchased on-market.
- (c) On 18 November 2016, the Company received notification, by way of a Form 604 'Notice of change of interests of substantial holder' (**18 Nov 16 F604**) lodged with the ASX by Lawndale, M&A Advisory, Amanda Purcell, Andrew Purcell and their associates (by virtue of section 12(2)(c) of the Corporations Act) namely, M&A Advisory; Twinkle Capital; and Breakwater, that Lawndale had increased their interest in Metgasco to 76,516,908 Shares or 19.20% of the Company by:
- (i) Lawndale entering into a SSA with one new Seller to acquire a further 62,500 Shares; and
 - (ii) M&A Advisory acquiring 368,687 and 710,048 Shares purchased on-market.
- (d) Entry No. 4 in Section 3 of the 18 Nov 16 F604 identified that Lawndale nominated M&A Advisory and Breakwater as its nominees to acquire respectively 63,126,173 and 2,000,000 Shares. Accordingly, following completion of each SSA during the period commencing from 30 August 2016 to 16 November 2016, as set out in Annexure C, to the 18 Nov 16 F604, M&A Advisory's total shareholding was 74,516,908 Shares³ or 18.70% of the Company. Entry No. 5 in Section 4 of the 18 Nov 16 F604 identified that M&A Advisory held a relevant interest in Breakwater's holding of 2,000,000 Shares by virtue of section 608(1)(b) and (c) of the Corporations Act, taking M&A Advisory's relevant interest in Metgasco to 76,516,908 Shares or 19.20% of the Company.
- (e) Annexure A to the Form 604 lodged on 18 November 2016 identified that:
- (i) Twinkle Capital had provided an unsecured and undocumented loan to M&A Advisory to assist M&A Advisory in funding the acquisition of the Shares;
 - (ii) Breakwater had provided an unsecured and undocumented loan to M&A Advisory to assist M&A Advisory in funding the acquisition of Shares;
 - (iii) references to M&A Advisory are references to M&A Advisory in its capacity as trustee of the Purcell Family Trust;
 - (iv) references to Amanda Purcell as shareholder of Lawndale are references to Amanda Purcell in her capacity as trustee of the Purcell Family Trust No 1; and
 - (v) the beneficiaries under the Purcell Family Trust and Purcell Family Trust No 1 (being Andrew Purcell, Amanda Purcell and their immediate family) do not have a relevant interest in the Shares through their interests in the trusts as the trusts are discretionary in nature.
- (f) Andrew Purcell is the sole director and secretary of Lawndale, and Amanda Purcell is the sole shareholder of Lawndale.

³ Comprising 63,126,173 + 6,300,000 + 4,012,000 + 368,687 + 710,048 = 74,516,908.

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- (g) Andrew Purcell is the sole director and secretary of M&A Advisory, and Andrew Purcell and Amanda Purcell are equal shareholders of M&A Advisory.
- (h) Andrew Purcell is the sole director and secretary of Hunter Gas Pty Ltd (ACN 113 972 473) (**Hunter Gas**), and M&A Advisory is the sole shareholder of Hunter Gas.
- (i) Following a number of meetings and telephone calls jointly and separately with Metgasco directors and Andrew Purcell between about 22 August 2016 and 5 September 2016, the Board rejected Andrew Purcell's verbal request during the aforementioned meetings, on behalf of M&A Advisory for two Metgasco board seats but considered the potential appointment of one representative of M&A Advisory once it had completed each of the SSAs with approximate 18% holding in the Company. The Board did so in consideration of the common practice in Australia to provide a substantial shareholder with some representation on the Board.
- (j) On about 6 September 2016, the Company received a notice from M&A Advisory under section 203D of the Corporations Act (**Notice**) of its intention to move resolutions at a meeting of Metgasco shareholders to be convened under section 249F of the Corporations Act to remove Alexander Lang and Philip Amery (two of the then three directors of the Company) from the Board.
- (k) On 26 September 2016, Andrew Purcell was appointed a non-executive director of Metgasco and M&A Advisory advised the Company by letter that it had withdrawn the Notice.
- (l) On 31 March 2017, the Company received notification, by way of a Form 605 'Notice of ceasing to be a substantial holder' lodged with the ASX by Breakwater (**Breakwater F605**), that on 29 March 2017, Breakwater had disposed of its relevant interest in the 2,000,000 Shares it held on completion of a SSA with M&A Advisory.
- (m) The Company also received notification by way of the Breakwater F605, that M&A Advisory entered into an unsecured loan agreement (**Breakwater Loan Agreement**) with Breakwater for \$1,083, 864, of which, \$100,825 was used to fund M&A Advisory's acquisition of Breakwater's 2,000,000 Shares for total consideration of \$100,825. This notice stated that Breakwater was no longer an associate of M&A Advisory that previously existed by virtue of section 12((2)(b) and section 12(2)(c) of the Corporations Act, and that the relationship between M&A Advisory and Breakwater was limited to the terms of the Breakwater Loan Agreement.
- (n) On 3 April 2017, the Company received notification, by way of a Form 605 'Notice of ceasing to be a substantial holder' lodged with the ASX by Twinkle Capital, advising that on 29 March 2017, Twinkle Capital and M&A Advisory had entered into an unsecured loan agreement (**Twinkle Loan Agreement**) whereby Twinkle Capital lent M&A Advisory \$1,806,440. This notice stated that Twinkle Capital was no longer an associate of M&A Advisory that previously existed by virtue of section 12((2)(b) and section 12(2)(c) of the Corporations Act, and that the relationship between M&A Advisory and Twinkle Capital was limited to the terms of the Twinkle Loan Agreement.

5. OTHER INFORMATION**5.1 No other material information**

This Explanatory Memorandum provides Shareholders with all information known to Metgasco which has not previously been disclosed to Shareholders that is material to the decision of whether or not to vote in favour of Resolutions 1, 2, 3 and 4.

6. ENCLOSURES

Enclosed with the Notice of Meeting are:

- (a) two Proxy Forms. The **blue** Proxy Form has been completed in line with the recommendation of the Recommending Directors. If you sign this form you should ignore the **white** Proxy Form.
- (b) a reply paid envelope for you to return a completed Proxy Form.

ANNEXURE A - DEFINITIONS

The meaning of capitalised terms used in the Notice of Meeting and Explanatory Memorandum are set out below:

AEST	means Australian Eastern Standard Time
ASX	means the Australian Securities Exchange Limited (ACN 008 624 691)
Board	means the board of Directors
Company and Metgasco	means Metgasco Ltd (ACN 088 196 383)
Constitution	means the constitution of the Company
Corporations Act	means the <i>Corporations Act 2001</i> (Cth)
Corporations Regulations	means the <i>Corporations Regulations 2001</i> (Cth)
Directors	means the Directors of the Company
Explanatory Memorandum	means this explanatory memorandum, prepared by the Company and sent to Shareholders in respect of the Resolutions
General Meeting	means the extraordinary general meeting of the Company to be held on Wednesday, 11 April 2018 at 10:00am
Investor Centre	means the section on Registry Direct's website where Shareholders may lodge their appointment of a proxy online.
Notice of Meeting	means the notice accompanying the Explanatory Memorandum
Proxy Forms	means the blue proxy form and white proxy form enclosed with the Notice of Meeting
Recommending Directors	means the Directors other than Mr Andrew Purcell and Dr Robbert Willink
Resolutions	means Resolution 1, Resolution 2, Resolution 3 and Resolution 4
Resolution 1	means Resolution 1 of the Notice of Meeting
Resolution 2	means Resolution 2 of the Notice of Meeting
Resolution 3	means Resolution 3 of the Notice of Meeting
Resolution 4	means Resolution 4 of the Notice of Meeting
Share	means an ordinary share in the capital of the Company
Shareholders	means the shareholders on the register of the Company as at close of trading on Monday, 9 April 2018

Investor Name
C/O Example Ltd
PO BOX 0000
MELBOURNE
VIC
3000

To find out your options on how to lodge this form,
see the voting instructions at the end of this form.

Metgasco Ltd
ABN 24 088 196 383

SRN/HIN: <SRN/HIN>

VOTE / PROXY FORM

A meeting of the members of Metgasco Ltd will take place at:
LEVEL 17, 383 KENT STREET, SYDNEY NSW 2000
at 10:00 a.m. AEST on Wednesday, 11 April 2018 (Registration commences at 9:30 a.m.)

Please complete this form in order to direct your proxy (Proxy) how to vote. While it is not compulsory to vote, if you do not complete this form (directly or online) or vote in person at the meeting, then your vote will be deemed to be 'abstained'. By default, by executing this form you appoint the chairman of the meeting (Chairman) to be your Proxy. If you wish to appoint a party other than the Chairman to act as your Proxy, please provide their details below. Please indicate overleaf how you would like your votes directed.

Proxy appointments will be valid and accepted only if they are signed and received no later than 10:00 a.m. AEST on Tuesday, 10 April 2018.

APPOINT ALTERNATE PROXY (OPTIONAL)

PROXY NAME:

Full Name/Body Corporate Name

MOBILE/TELEPHONE NUMBER:

ABN/ACN (If proxy is a body corporate):

EMAIL ADDRESS:

If your Proxy is a body corporate, please arrange for the body corporate to bring an executed Appointment of Corporate Representative Form to the meeting.
To download form: www.registrydirect.com.au/wp-content/uploads/2016/05/appointment_of_corporate_representative.pdf

APPOINT MULTIPLE PROXIES OR SPLIT VOTING DIRECTION (OPTIONAL)

To appoint more than one Proxy or split the voting directions, please print and complete an additional copy of this form. Please indicate in the space provided below the number of securities in which the Proxy is authorised to vote. No Proxy may be authorised to exercise votes which any other Proxy has been authorised to exercise. Multiple Proxy appointments and split voting directions should be returned together in the same envelope/email to the Registrar.

Number of securities Proxy is authorised to vote:

If left blank then all securities held

Resolution 1

REMOVAL OF ANDREW PURCELL AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**
Chairman's voting intention: **For**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The recommendation of the Recommending Directors, Mr Alexander Lang, Mr John Patton and Mr Philip Amery, is to vote FOR the resolution. Dr Robbert Willink abstains from making any recommendation in relation to Resolution 1.

Resolution 2

REMOVAL OF ALEXANDER LANG AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**
Chairman's voting intention: **Against**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The recommendation of directors Mr John Patton and Mr Philip Amery is to vote AGAINST the resolution. Alexander Lang and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 2.

Resolution 3

REMOVAL OF JOHN PATTON AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**
Chairman's voting intention: **Against**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The recommendation of directors Mr Alexander Lang and Mr Philip Amery is to vote AGAINST the resolution. John Patton and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 3.

Resolution 4

REMOVAL OF PHILIP AMERY AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**
Chairman's voting intention: **Against**

FOR	AGAINST	ABSTAIN	PROXY'S DISCRETION
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: The recommendation of directors Mr Alexander Lang and Mr John Patton is to vote AGAINST the resolution. Philip Amery and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 4.

If the person/body corporate named as your Proxy fails to attend the meeting, or if no person/body corporate is named, the Chairman, as my/our Proxy is permitted to vote for me/us on my/our behalf in accordance with the directions above or if no directions have been given, as the Proxy sees fit at the Meeting and at any adjournment or postponement of the Meeting or at any other meeting of the Company to consider the same or substantially similar resolutions to those proposed to be put at the Meeting.

SIGNATURE OF SHAREHOLDERS - MUST BE COMPLETED

Shareholder 1 (individual)

Sole Director & Sole Company Secretary

Joint Shareholder 2 (individual)

Director/Company Secretary(Delete one)

Joint Shareholder 3 (individual)

Director

Date

SIGNING INSTRUCTIONS: This form should be signed by the security holder. If a joint holding, all security holders should sign. If signed by the security holder's attorney, the power of attorney must have been previously noted by the registrar or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth) (or for New Zealand companies, the Companies Act 1993).

HOW TO LODGE THIS FORM

ONLINE:

 registrydirect.com.au/investor

Login to the Registry Direct website, click on the 'Votes' tab to find a meeting and follow the prompts to lodge your vote.

If you do not have an account, go to registrydirect.com.au/registration-page and fill out the registration form.

To register, you will need a "Holder Number" (Securityholder Reference Number (SRN), a Holder Identification Number (HIN) or Share Certificate Number as shown on the front of the Proxy Form).

POST:

 PO Box 18366 Collins Street East
Melbourne
VICTORIA 8003

EMAIL:

 registry@registrydirect.com.au

FAX:

 +61 3 9111 5652

To find out your options on how to lodge this form, see the voting instructions at the end of this form.

Metgasco Ltd
ABN 24 088 196 383

SRN/HIN:

VOTE / PROXY FORM

A meeting of the members of Metgasco Ltd will take place at:
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If left blank then all securities held

Resolution 1

REMOVAL OF ANDREW PURCELL
AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**

Chairman's voting intention: **For**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Note: The recommendation of the Recommending Directors, Mr Alexander Lang, Mr John Patton and Mr Philip Amery, is to vote FOR the resolution. Dr Robbert Willink abstains from making any recommendation in relation to Resolution 1.

Resolution 2

REMOVAL OF ALEXANDER LANG
AS A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**

Chairman's voting intention: **Against**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Note: The recommendation of directors Mr John Patton and Mr Philip Amery is to vote AGAINST the resolution. Alexander Lang and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 2.

Resolution 3

REMOVAL OF JOHN PATTON AS
A DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**

Chairman's voting intention: **Against**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Note: The recommendation of directors Mr Alexander Lang and Mr Philip Amery is to vote AGAINST the resolution. John Patton and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 3.

Resolution 4

REMOVAL OF PHILIP AMERY AS A
DIRECTOR

Resolution type: **Ordinary**

Board recommendation: **Not provided**

Chairman's voting intention: **Against**

FOR

AGAINST

ABSTAIN

PROXY'S DISCRETION

Note: The recommendation of directors Mr Alexander Lang and Mr John Patton is to vote AGAINST the resolution. Philip Amery and Dr Robbert Willink abstain from making any recommendation in relation to Resolution 4.

If the person/body corporate named as your Proxy fails to attend the meeting, or if no person/body corporate is named, the Chairman, as my/our Proxy is permitted to vote for me/us on my/our behalf in accordance with the directions above or if no directions have been given, as the Proxy sees fit at the Meeting and at any adjournment or postponement of the Meeting or at any other meeting of the Company to consider the same or substantially similar resolutions to those proposed to be put at the Meeting.

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Sole Director & Sole Company Secretary

Joint Shareholder 2 (individual)

Director/Company Secretary(Delete one)

Joint Shareholder 3 (individual)

Director

Date

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