



NOTICE OF ANNUAL GENERAL MEETING

to be held at 11am on
28 November 2014 at
Christie Corporate
Level 4, 100 Walker Street
North Sydney NSW 2060

Shareholders who have elected not to receive a printed copy of the Company's 2014 Annual Report may obtain a copy from the Company's website www.metgasco.com.au under "Investor Centre".

Registered Office:
Metgasco Ltd
ACN 088 196 383
Level 11, 2 Elizabeth Plaza
North Sydney NSW 2060

Notice is hereby given that the Annual General Meeting ("the Meeting") of Metgasco Limited ("the Company") will be held at 11 am on 28 November 2014 at Christie Corporate, Level 4, 100 Walker Street, North Sydney NSW 2060.

SPECIAL BUSINESS

Resolution 1 Amendment of constitution – variation of election procedure - directors

To consider, and if thought fit, to pass the following resolution as a special resolution pursuant to section 136(2) of the *Corporations Act 2001*:

"That pursuant to section 136(2) of the Corporations Act 2001, the Company's constitution be amended with immediate effect by replacing Rule 8 with the following:

8. Election Procedure – Directors

- 8.1 *Each candidate nominated to stand for election as a director of the Company pursuant to Rule 7 must be put to a vote at a general meeting of the Company.*
- 8.2 *A candidate will be successfully elected as a director if the Company, by resolution, resolves to elect that candidate at the general meeting, subject to Rules 8.3 - 8.7.*
- 8.3 *If the Company resolves to elect more candidates as directors than there are vacancies on the board at the time of the meeting, a ballot must be held to determine which of the successful candidates under Rules 8.1 and 8.2 will be elected as a director of the Company.*
- 8.4 *Balloting lists must be prepared listing the names of the successful candidates only in alphabetical order.*
- 8.5 *At the general meeting each person entitled to vote and voting on the ballot may vote for a number of successful candidates equal to the number of vacancies.*
- 8.6 *The successful candidates receiving the greatest number of votes cast in their favour must be declared by the chair of the meeting to be elected as directors.*
- 8.7 *If an equality of votes would otherwise prevent the successful candidate for a vacancy from being determined, the names of the successful candidates who received the same number of votes must be put to a further ballot immediately."*

Resolution 2 Amendment of constitution – variation of deadline for the nomination of candidates for director

To consider, and if thought fit, to pass the following resolution as a special resolution pursuant to section 136(2) of the *Corporations Act 2001*:

"That pursuant to section 136(2) of the Corporations Act 2001, the Company's constitution be amended by amending Rule 7.4 as follows:

- 7.4 *A nomination of a candidate for election must be received at the registered office of the Company not later than 5 p.m. on the day which is:*
 - (1) *in the case of a meeting that members have requested the directors call, 30 business days prior to the meeting at which the candidate seeks election; or*
 - (2) *in the case of a meeting called by the directors, 35 business days prior to the meeting at which the candidate seeks election."*

ORDINARY BUSINESS

Consideration of Financial Report

To consider the Financial Report and the reports of the Directors and Auditors for the year ended 30 June 2014.

Neither the Corporations Act 2001 nor the Company's Constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given the opportunity to ask questions or make comments on the reports and statements at the meeting.

Resolution 3 Adoption of Remuneration Report

To consider and, if thought fit, pass the following **non-binding resolution**:

“That the Remuneration Report required by section 300A of the Corporations Act 2001, as contained in the Directors’ Report of the Company for the year ended 30 June 2014, be adopted.”

The explanatory notes provide details to support the resolution.

Resolution 4 Election of Mr Peter Berry

To consider, and if thought fit, pass the following **ordinary resolution**:

“That Mr Peter Berry, who was appointed a Director to fill a casual vacancy during the year, retires in accordance with the Constitution and being eligible, offers himself for election, be elected as a Director of the Company.”

The explanatory notes provide details to support the resolution.

Resolution 5 Re-election of Mr Leonard Gill as a Director

To consider and, if thought fit, pass the following **ordinary resolution**:

“That Mr Leonard Gill, being a Director of the Company, retires by rotation in accordance with the Constitution and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

The explanatory notes provide details to support the resolution.

SPECIAL BUSINESS**Resolution 6 Cancellation of Forfeited Shares**

To consider and, if thought fit, pass the following ordinary resolution:

“To reduce the Company’s share capital by cancellation of 4,697,982 shares currently on issue to former employees which have lapsed under the Company’s Employee and Officers’ Equity Plan.”

Resolution 7 Spill Resolution (if required)

Note: this resolution will only be voted on if the outcome of resolution 3 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report. Please refer to the explanatory notes for further information.

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

“That, for the purposes of section 250V(1) of the Corporations Act 2001 and for all other purposes, approval is given such that:

- (a) a general meeting of the Company (**Spill Meeting**) be held within 90 days of the date of this meeting; and

- (b) all the Company's Directors (other than the Managing Director) who are Directors of the Company at the time of the AGM, cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above, must be put to the vote at the Spill Meeting."

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read "Sean Hooch". The signature is written in a cursive, flowing style.

Company Secretary

VOTING EXCLUSIONS

In accordance with the Corporations Act 2001 the Company makes the following statement:

The Company will disregard any votes cast on:

Resolution 3 – Adoption of Remuneration Report

By:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a closely related party of such a member.

Resolution 7– Spill Resolution (if required)

By:

- a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a closely related party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the shareholders of Metgasco Limited to provide information about the items of business to be considered at the Annual General Meeting of shareholders to be held on 28 November 2014.

Resolutions 1 and 2 are special resolutions, requiring a majority of 75% of votes cast by shareholders entitled to vote on the resolution in order for it to be carried. With the exception of resolution 3, which is a non-binding resolution and requires a 75% vote, all of the other resolutions to be voted on are ordinary resolutions. They require a simple majority of votes cast by shareholders entitled to vote on the resolution in order for it to be carried.

If appropriate, and if time permits, the Chairman will discuss significant issues raised by shareholders prior to the meeting and will invite questions and comments from shareholders on these key issues and any other matters relevant to the business that shareholders would like to raise at the meeting.

In addition, a reasonable opportunity will be given to members present at the meeting to ask the Company's auditor, Grant Thornton, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor. If you would like to submit a written question to Grant Thornton before the Meeting on any of the foregoing matters, please send your question to the Company Secretary, Sean Hooper, at sean.hooper@metgasco.com.au before 20 November 2014.

If you have a more general issue or question that you would like discussed at the meeting, please write to the Company Secretary, Sean Hooper, at the above address.

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 resolutions 1 to 6 and **against** resolution 7 (if resolution 7 is put to the meeting). If a Shareholder appoints the Chairman of the Annual General Meeting as proxy and does not direct the Chairman how to vote on a resolution then, if that Shareholder is entitled to vote on that resolution, the Chairman will vote in the manner described above.

Resolution 1 – Amendment of constitution – variation of election procedure – directors

Resolution 1 is a special resolution to amend the Company's constitution by inserting a requirement that the Company hold a ballot for the election of each candidate nominated for election as a director. Resolution 1 requires a majority of at least 75% of votes cast by shareholders entitled to vote on the resolution.

Background

A company may amend its constitution by special resolution at a meeting of its members (section 136(2) of the *Corporations Act 2001*).

Effect of the proposed amendment

The proposed amendment to Rule 8 will require that each candidate nominated to stand for election as a director of the Company be elected by ballot. This brings the Company's constitution more in line with the current *Corporate Governance Principles and Recommendations*.

Reasons for proposing the resolution

Rule 8 currently allows for candidates to be elected to the position of director without shareholder approval in circumstances where the number of nominees is equal to or less than the number of vacancies on the Board. The Board considers that the current election process is not sufficiently rigorous, and that the current rule is not consistent with the spirit of the *Corporate Governance Principles and Recommendations (3rd Ed)* published by the ASX Corporate Governance Council.

In particular, the Board considers that the current constitution is inconsistent with Recommendation 1.2, which recommends that each candidate for election as a director be put to shareholders with all necessary materials that allow shareholders to make an informed decision about whether to elect that candidate.

The Board considers that shareholders have an interest in the composition of the Board, and should be given the opportunity to vote on the election of directors. The proposed amendment to rule 8 will allow shareholders to evaluate the qualifications and suitability of potential directors and ensure that each director elected to the Board adds value to the Company.

The Board notes that the proposed resolution does not affect the ability of members to nominate an individual for the position of director in accordance with the constitution.

The current constitution, in allowing directors to be nominated and take a position on the Board without either Board approval or Shareholder approval is considered unusual by industry standards.

Directors' recommendation

The directors recommend that you vote in favour of resolution 1.

Resolution 2 – Amendment of constitution – variation of deadline for the nomination of candidates for director

Resolution 2 is a special resolution to amend the Company's constitution to reflect the time period for director nominations recommended under ASX Listing Rule 14.3.

Resolution 2 requires a majority of at least 75% of votes cast by shareholders entitled to vote on the resolution.

Background

A company may amend its constitution by special resolution at a meeting of its members (section 136(2) of the *Corporations Act 2001*).

Effect of the proposed new rule

The proposed amendment to Rule 7.4 will have the effect of requiring nominations of candidates for election as directors to be provided to the Company at an earlier date than required by the current constitution.

Reasons for proposing the resolution

Under rule 69.1 of the constitution, the Company must give members 28 days' written notice that a general meeting is to be held. Further, notice of meeting is taken to be received 3 days after it is posted pursuant to rule 73.1.

As a result of rules 69.1 and 73.1, the Company must prepare and send notice of a general meeting 31 days before the date on which the meeting is to be held.

Rule 7.4 is inconsistent with the deadline for dispatching notice to members, as the deadline for nominating candidates for election as directors is 30 days before the annual general meeting.

The proposed amendment moves the deadline for director nominations forward, to a point in time before the Company is required to send a written notice to members of the annual general meeting.

Directors' recommendation

The directors recommend that you vote in favour of resolution 2.

Resolution 3 - Adoption of the Remuneration Report

Consistent with section 250R of the *Corporations Act 2001*, the Company submits to shareholders for consideration and adoption, by way of a non-binding resolution, its Remuneration Report for the year ended 30 June 2014.

The Remuneration Report is a distinct section of the annual Directors' Report which deals with the remuneration of Directors and executives (which includes senior management) of the Company. The Remuneration Report can be located in the Company's Annual Report on pages 13 to 20. The annual report is available online at www.metgasco.com.au under "Investor Centre".

The resolution is advisory only and does not bind the Company or its directors. However, the Board will consider the outcome of the vote and comments made by shareholders at the meeting on the remuneration report when reviewing the Company's remuneration policies.

Voting consequences

Under the Corporations Act 2001 (Cth), if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (**AGM**), shareholders at the second AGM will be required to vote on a resolution proposing the calling of another general meeting of shareholders at which all Directors of the Company (excluding the Managing Director) who were in office at the time of approval of the Director's Report for the most recent financial year must stand for re-election (**Spill Resolution**).

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a Shareholder meeting (**Spill Meeting**) within 90 days of the passing of the Spill Resolution.

All of the Directors of the Company who were in office when the Directors' Report as included in the Company's annual report for the year of the Spill Resolution was approved (other than the Managing Director of the Company), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

Previous voting results

At the Company's 2013 Annual General Meeting approximately 53% of the votes cast were against the adoption of the Remuneration Report for the financial year to 30 June 2013.

Accordingly, at this Annual General Meeting, if less than 25% of the votes cast on the adoption of the Remuneration report are against, resolution 7 will not be required. However, if 25% or more of the votes cast on the Remuneration Report are against its adoption, resolution 7 will be put to this meeting.

The Chairman intends to exercise all undirected proxies in favour of resolution 3. If the Chairman of the meeting is appointed as your proxy and you have not directed the Chairman how to vote on resolution 3 by signing and returning the Proxy Form, the Shareholder is considered to have provided an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Remuneration of the Company's senior management has been frozen since July 2012 in response to adverse market conditions. No equity was granted as remuneration to directors for the reporting period ending 30 June 2014 or subsequent to the end of the financial year.

The Company encourages all shareholders to vote on Resolution 3 (Adoption of Remuneration Report).

Resolution 4 – Election of Mr Peter Berry

Pursuant to the Company's constitution Mr Peter Berry will retire and seek election.

Mr Berry was appointed to the Board as a Director on 20 December 2013.

Mr Berry has been an investment banker for more than 25 years, specialising in mergers and acquisitions and project financing. Mr Berry's career has focussed on the energy and infrastructure sectors, including sector reform and privatisation.

Mr Berry held the position of Head of Infrastructure (or equivalent) at CS First Boston, UBS and Merrill Lynch before forming the boutique advisory and asset management house Flinders Group.

Mr Berry is currently also Chairman of Victorian Clean Technology Fund, a venture capital investor, a Director of ASX listed Hansen Technologies and an advisor to investors in infrastructure.

Previously, Mr Berry practised as a corporate lawyer in both Melbourne and New York, and holds Degrees of Bachelor of Laws and Bachelor of Commerce from Melbourne University.

The Board supports the election of Mr Berry.

Resolution 5 – Re-election of Mr Leonard Gill as a Director

Pursuant to the Company's constitution and the ASX Listing Rules, Mr Gill will retire by rotation and seeks re-election.

Mr Gill was appointed to the Board as a Director in July 2010. He has held the position of Chairman since December 2013.

Mr Gill is also Non- Executive Director of WDS, an ASX listed company which provides mining and energy services to a wide range of clients, including all major Queensland coal seam gas projects. He also provides consulting services to clients on a range of key issues in the energy sector.

Mr Gill has over 35 year's experience in the energy industry. Previous key roles include independent Non-Executive Director and Chair of Alinta Energy, Non-Executive Director of Verve Energy and Non-Executive Director and Chair of the SeaGas pipeline. Mr Gill was CEO and Managing Director of TXU Australia (\$5Bn Australian power and gas utility company) from 2004 to 2005 and previously managed their substantial energy and gas wholesale operations across 4 states. He also has extensive expertise in commercial strategy and operations relating to gas infrastructure, power generation and wholesale purchasing/trading and retailing of gas and electricity.

Mr Gill holds a Bachelor of Engineering (Civil) Degree from Melbourne University.

The Board supports the re-election of Mr Gill.

Resolution 6– Cancellation of Forfeited Shares

4,697,982 shares previously issued to employees under the Company's Employee and Officers Equity Plan have been forfeited in accordance with the terms of the plan.

In order to give effect to the forfeiture, these shares must be cancelled by an ordinary resolution of shareholders under Section 258(D) of the Corporations Act 2001.

The cancellation will have the following impact on the Company's capital:

Current Issued Capital – 448,702,530
Issued Capital following cancellation – 444,004,548

The Board supports the approval of this resolution.

Resolution 7 – Spill Resolution (if required)

Note – this Resolution will only be voted on if the outcome of Resolution 3 of the Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report.

As set out in the Explanatory Statement for resolution 3, if 25% or more of the votes that are cast are voted against adoption of the Remuneration Report at this meeting, the Company is required to put this Resolution to the meeting.

If more than 50% of votes cast are in favour of this Spill Resolution, the Company must convene a Shareholder meeting (**Spill Meeting**) within 90 days of this meeting.

If a Spill Meeting is held, the following directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr Leonard Gill (Non-Executive Chairman) – assuming Mr Gill is re-elected under resolution 5;
- Mr Peter Berry (Non-Executive Director) – assuming Mr Berry is elected under resolution 4; and
- Mr Greg Short (Non-Executive Director).

If Messrs Gill and Berry are re-elected/elected under resolutions 4 and 5, they will still be required to vacate office and may stand for re-election at the Spill Meeting if resolution 7 is passed.

Noting that each director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, if resolution 7 is put to the meeting the Board unanimously recommends that shareholders vote against resolution 7 on the basis that a Spill Meeting would be disruptive and costly and in the Board's view it would be inappropriate to remove all of the non-executive directors in the circumstances.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to shareholders with details about those persons that will seek election as Directors of the Company at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at the meeting, the member may appoint not more than two proxies to attend and vote on the member's behalf.
2. If a member appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the member's votes. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
3. A proxy need not be a member of the Company.
4. To appoint a proxy (or two proxies), a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed either under the corporation's common seal (if any) or under the hand of its attorney or officer duly authorised.
5. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the meeting. Proxy forms and authorities may be sent to the Company by post, personal delivery or fax:

Computershare Investor Services Pty Limited

Street address: Level 4, 60 Carrington Street, Sydney NSW 2000

Mailing address: GPO Box 242, Melbourne VIC 3001

Fax: (within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

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

Provided that members who forward their proxy forms by fax are required to make available the original executed form of the proxy for production, if called upon so to do at the Meeting.

For custodians – who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com

6. A corporate shareholder entitled to attend and vote at the Meeting may appoint a body corporate representative to attend and vote for the shareholder. Also, as noted previously, a body corporate may be appointed as a proxy.

Metgasco Limited will accept the original appointment, a certified copy of the appointment or a certificate from the company giving notice of the appointment as satisfactory evidence of the appointment.

You can lodge your body corporate representative appointment document before the AGM or present the document at the registration desk at the meeting.

7. For the purposes of the Annual General Meeting, persons on the register of members as at 7.00pm on 25 November 2014 will be treated as members. This means that if you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

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