

# New Zealand Update

## ASX & Media Release

### Highlights:

- **PEP51153 Operator (TAG Oil, 70%) has advised Melbana (30%) that drilling of high impact Pukatea-1 well is delayed until early 2018**
- **Pukatea is a low cost, commercially robust, mature drilling opportunity with potential for prompt, low cost development and commercialisation**
- **Melbana is considering opportunities to reduce funding requirements for New Zealand while maintaining exposure to highly prospective Pukatea-1 well**

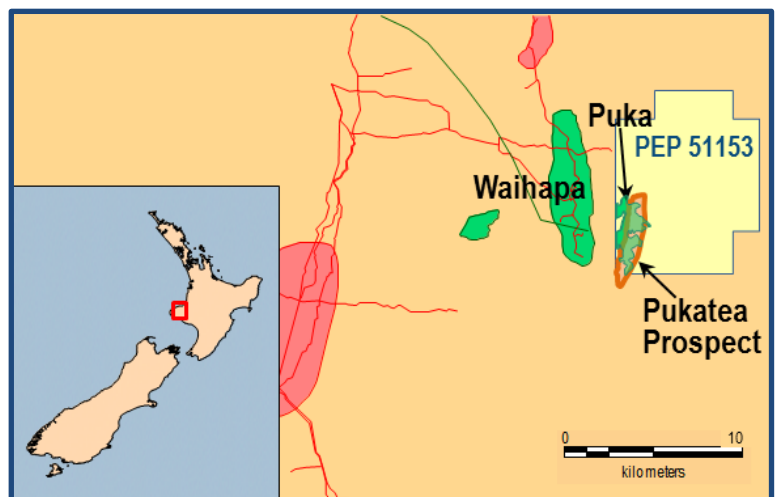
MELBOURNE, AUSTRALIA (31 July 2017)

Melbana Energy Limited (ASX: **MAY**) (“Melbana” or the “Company”) provides the following update in relation to activities associated with its New Zealand onshore PEP51153 Joint Venture (Melbana 30%).

The PEP51153 Operator (TAG Oil 70%) has advised that the commencement of drilling of the Pukatea-1 exploration well has been delayed until mid - January, 2018 to provide additional time to undertake civil works on the primary access road and drilling pad and to undertake potential drill rig modifications.

Under the terms of PEP51153 an exploration well is required to be drilled prior to 23 February 2018.

The Pukatea prospect is a high impact exploration opportunity, targeting a highly productive conventional reservoir. It is proximal to existing infrastructure and has a number of low cost alternative development paths.



**Melbana Energy's MD and CEO Peter Stickland, commented on the announcement:**

*"The onshore Pukatea prospect represents a very exciting exploration drilling opportunity. The revised timing of operations, as advised by the Operator, remains consistent with the permit obligations.*

*As Melbana becomes increasingly focused on Cuba it is considering opportunities to reduce its funding requirement of its New Zealand asset while maintaining exposure to the highly prospective Pukatea-1 well. Melbana will use this operational delay to the drilling of Pukatea-1 to assess potential opportunities to achieve this. "*

A handwritten signature in blue ink, appearing to read "Peter Stickland".

**Peter Stickland**

Managing Director & Chief Executive Officer

**PEP51153 Background** - The PEP51153 permit covers an area of approximately 85 square km (21,000 acres) and is located to the east of TAG Oil's producing Cheal field. Three wells have been drilled since the Puka oil field was discovered in 2012, with the Puka-1 and Puka-2 wells producing 100 B/D from the Mt. Messenger formation before being shut in due to low oil prices and mechanical issues.

The Pukatea prospect is a mature high impact exploration opportunity, targeting a highly productive conventional reservoir with prospective resources attributable to the Pukatea prospect estimated to range from 1.3 to 40 million barrels of oil equivalent (MMboe) (Low-High estimates) with a Best Estimate of 12.4 MMboe\* (see the following table) and a chance of success\*\* of 19%.

Pukatea Prospective Resource Summary is set out in the table below:

100% MMboe*	COS**	Low	Best	Mean	High
Pukatea -100%	19%	1.3	12.4	17.1	40

*\* 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.*

*\*\* COS means "Chance of Success"*

The Pukatea prospect is well located, being proximal to existing infrastructure with a number of potentially near term low cost alternative development paths. Melbana estimates that a successful Pukatea-1 exploration well result consistent with the best estimate of 12.4MMBOE\* would result in a three well development plan with a gross production plateau ranging between 6,000 to 10,600 barrels of oil per day for a period in excess of four years and a very low development cost. Production of oil and associated gas is expected to be processed locally using existing underutilised or new infrastructure and sold into oil exported and natural gas markets. TAG Oil operates the nearby Cheal production complex, approximately 4.5km from the Pukatea prospect location.

In addition to Miocene-aged Mt. Messenger drilling opportunities, the permit also contains the Pukatea prospect, a deeper Tikorangi Limestone target situated directly below the Puka oil pool. The production capability from the Tikorangi Limestone has been well proven at the adjacent Waihapa oil field, which has produced in excess of 23 MMBbls of oil to date. The Douglas-1 well drilled in 2012 at the edge of the Pukatea prospect encountered a 145m of reservoir interval and oil shows in a down-dip location, with more than 350m of up-dip potential estimated.

The Prospective Resources for Pukatea have been calculated using a probabilistic methodology.

**Contingent & Prospective Resources.** The information that relates to Contingent Resources and Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, the Managing Director and Chief Executive Officer of Melbana. Mr Stickland B.Sc (Hons) has over 25 years of relevant experience, is a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, and consents to the publication of the resource assessments contained herein. The Contingent Resource and Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules. Conversion factors: 6 Bscf gas equals 1 MMboe; 1 bbl condensate equals 1 boe.