

ASX & Media Release

Melbana Employees Exercise Share Performance Rights

MELBOURNE, AUSTRALIA (18 August, 2017)

Melbana Energy Limited (“Melbana” or the “Company”) (ASX: **MAY**) is pleased to advise that senior staff of the Company have provided notice to exercise 20,940,032 Exercisable Performance Rights (“Rights”). These Rights were issued on 4 February 2016 in exchange for the senior staff agreeing to a 20% reduction in the cash component of their remuneration package. There is no exercise price payable on exercise of the Rights. A fully paid ordinary share in the Company (“Share”) has been issued for each Right exercised.

Shareholder approval is not required for the issue of these Shares.

As a result, Melbana’s issued capital has increased by 20,940,032 Shares to a total of 974,183,918 Shares. The total number of Rights on issue is now reduced to 5,333,333.

As this increase has occurred prior to the record date for the Entitlement Offer (“Offer”) announced on Tuesday 15 August 2017, the maximum number of Shares which may be issued pursuant to the Offer is now up to approximately 487,091,959 Shares, and the maximum number of unquoted options over Shares (“Options”) that may be issued pursuant to the Offer is up to approximately 162,363,986 Options. The maximum amount raised under the Offer will now be up to approximately \$4.9 million (before expenses), approximately \$100,000 higher than previously announced.

Melbana’s MD and CEO Peter Stickland, commented on the announcement:

“I’m pleased to see the senior members of the Melbana team demonstrating their belief in the Company by exercising their Rights at this time. Senior members of the Melbana team now have a larger holding in the Company and the potential to participate to a greater extent in the current Pro-Rata Entitlement Offer.”

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

Peter Stickland
Managing Director & Chief Executive Officer