

Site Work Preparations Completed for High Impact NZ Pukatea Prospect

ASX & Media Release

Highlights:

- **PEP51153 Joint Venture (Melbana 30%) completes civil works to upgrade road access and drilling pad to support drilling of high impact NZ Pukatea-1 well, NZ**
- **Drilling expected to commence in mid-January 2018**
- **Prospect has a best estimate prospective resource of 12.4 million boe***
- **Low cost, commercially robust, mature drilling opportunity**
- **Potential for prompt, low cost development and commercialisation**

MELBOURNE, AUSTRALIA (7th September 2017)

Melbana Energy Limited (ASX: MAY) ("Melbana" or "the Company") is pleased to provide the following update in relation to activities associated with its New Zealand onshore PEP51153 Joint Venture (Melbana 30%, TAG Oil 70% and Operator).

The Operator has completed site civil and construction works to upgrade the existing access roads and production pad. The civil works were completed on time and on budget, with the drilling of the Pukatea-1 exploration well expected to commence in mid-January 2018.

As the Company becomes increasingly focused on its Cuban asset, it is considering opportunities to reduce the funding requirements of its New Zealand asset while maintaining exposure to a successful result at the Pukatea-1 well.

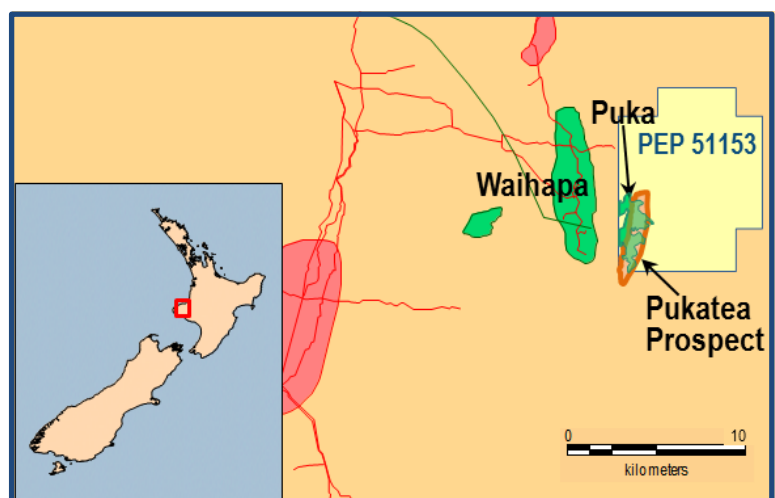




Figure 1 - Completed Pukatea drilling pad with existing Puka-1 and Puka-2 suspended wells protection zones visible

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

"The completion of the civil works safely, on time and on budget is very pleasing. The onshore Pukatea prospect represents an exciting exploration drilling opportunity for Melbana and we are looking forward to commencing drilling early 2018."

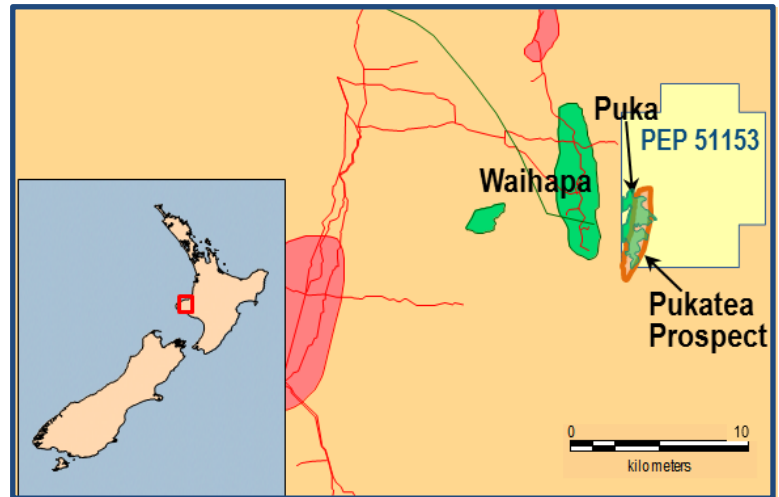
A handwritten signature in blue ink, appearing to read "Peter".

Peter Stickland
Managing Director & Chief Executive Officer

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.

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 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% (see 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. The production of oil and associated gas is expected to be processed locally using existing underutilised or new infrastructure and sold into oil export and natural gas markets. TAG Oil operates the nearby Cheal production complex approximately 4.5km from the Pukatea prospect location.

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.