

Beehive (WA-488-P) Permit Update

Highlights:

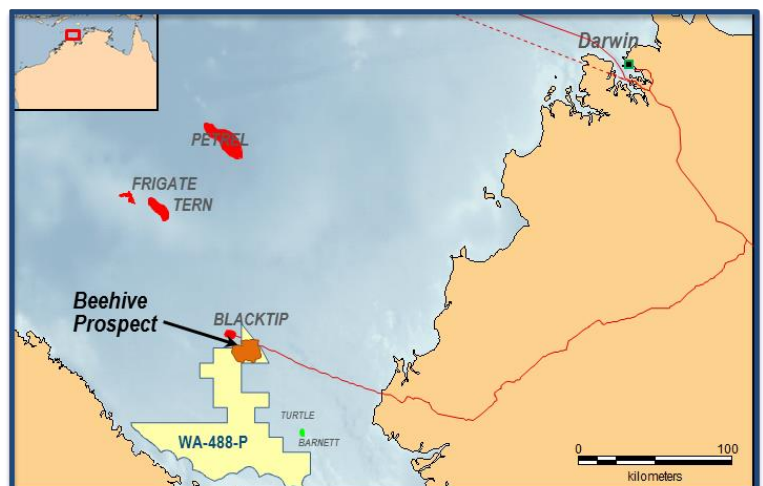
- **6 month extension to current permit year granted by regulator**
- **Extension provides sufficient time to apply for and secure environmental permit for planned 3D seismic program**
- **Environmental permit application was submitted to regulator on 8 February 2018**
- **Acquisition of 3D seismic survey expected to commence mid- 2018**

MELBOURNE, AUSTRALIA (27 February, 2018)

Melbana Energy Limited ('Melbana' or the 'Company') (ASX: **MAY**) is pleased to announce that it has been notified by the National Offshore Petroleum Titles Administrator ("NOPTA") of the approval of its application to vary the WA-488-P (Melbana 100%) work program by suspending and extending Permit Year 2 by 6 months to 21 September 2018. The timeframe within which to drill the Beehive-1 exploration well has also been extended commensurately.

As reported on 12 December 2017, Melbana executed a seismic funding and farmin option agreement with Total and Santos in relation to WA-488-P, which contains the giant multi billion barrel Beehive prospect.

The agreement provides for Total and Santos to fully fund 100% of the cost of a 3D seismic survey over the Beehive prospect* in consideration for which, they are granted an option (exercisable together or individually) to acquire a direct 80% participating interest in the permit. If the option is exercised, Total and/or Santos will fully fund the costs of all activities until completion of the first well in the WA-488-P permit. In the event of a commercial discovery, Melbana will repay carried funding from its share of cash flow from the Beehive field. Melbana will have no re-payment obligations for such carried funding in the event



Beehive Prospect is adjacent to the Blacktip gas field and pipeline

there is no commercial discovery and development in WA-488-P.

The acquisition of a new 3D seismic survey over Beehive will provide potential for further de-risking of the prospect and will facilitate consideration of a preferred location for the Beehive-1 exploration well.

Planning for a 3D seismic survey is progressing, with the environmental permit application lodged on 8 February 2018 and acquisition targeted to commence mid-2018.

** Subject to regulatory approvals and tendered cost of seismic acquisition being within an acceptable range*

Revised WA-488-P Work Program

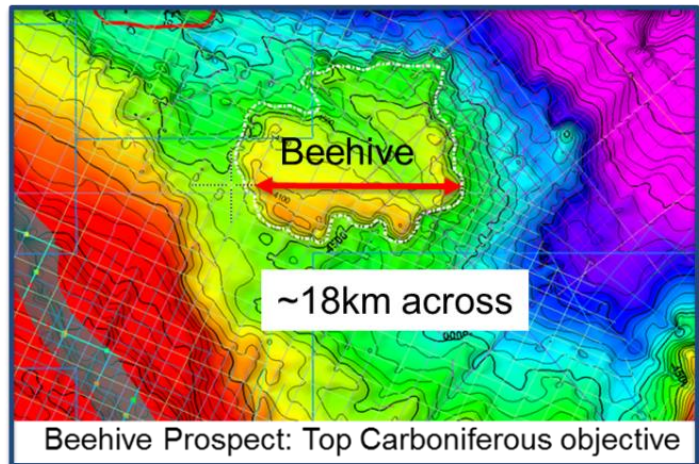
Year	Start Date	End Date	Minimum Work Requirements	Estimated Expenditure (indicative only)
2	22 May 2014	21 Sep 2018	Geological and Geophysical Studies	A\$200,000
			Survey Data Proprietary Processing	A\$300,000
			150km 2D Broadband Reprocessing and Seismic Inversion	A\$150,000
			330km 2D Broadband Seismic Reprocessing, Seismic Stratigraphic Interpretation Study and Analogue Field Study	A\$250,000
3	22 Sep 2018	21 Sep 2019	One Exploration Well	A\$20,000,000
4	22 Sep 2019	21 Sep 2020	400km ² New 3D Seismic Survey	A\$5,000,000
5	22 Sep 2020	21 Sep 2021	Geological and Geophysical Studies	A\$200,000
6	22 Sep 2021	21 Sep 2022	One Exploration Well	A\$20,000,000

Melbana’s CEO Robert Zammit, commented on the announcement:

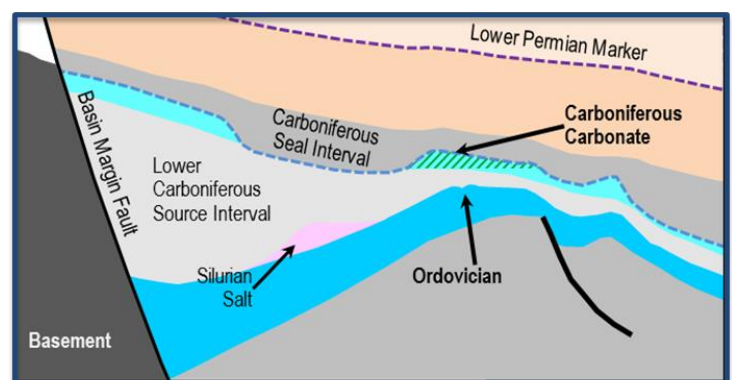
“We are pleased to receive this extension to the permit conditions from the regulator. It allows sufficient time for the WA-488-P stakeholders to obtain the pre-requisite regulatory approvals to enable the Beehive 3D seismic survey to proceed mid-year as targeted. Planning for the 3D survey is proceeding well and we look forward to keeping our shareholders updated as project milestones are achieved.”

WA-488-P Background

The Beehive prospect is potentially the largest undrilled hydrocarbon prospect in Australia. It is a Carboniferous age 180km² isolated carbonate build up with 400m of mapped vertical relief, analogous to the giant Tengiz field in the Caspian Basin. It is located in 40m water depth suitable for a jack up rig, within ~75km of shore and developable by either FPSO or pipeline to existing infrastructure. This play type is new and undrilled in the Bonaparte Basin with no wells having been drilled to this depth in the basin.



The carbonate reservoir is also interpreted to be the same age as the 2011 Ungani-1 oil discovery in the Canning basin, which tested at 1,600 bopd demonstrating a high quality reservoir. Beehive is a much larger build up than Ungani and has excellent access to the Lower Carboniferous source rock in adjacent depocentres.



Beehive is currently defined by a tight grid of 2D seismic data. Melbana has recently undertaken a reprocessing and inversion study of selected 2D seismic lines across Beehive with very encouraging results. The seismic inversion results combined with the results of the reprocessing have enhanced the understanding of the Beehive reservoir and seal units. The acquisition of a new 3D seismic survey over Beehive will provide potential for further de-risking of the prospect and facilitate consideration of a preferred location for the Beehive-1 exploration well.

Beehive is located close to several existing facilities including Ichthys project and Blacktip field and pipeline offering several options for future gas monetization. Potentially the largest undrilled hydrocarbon prospect in Australia, the Beehive prospect is characterised as having significant prospective resources as outlined in the following table:

Prospective Resources (Mmboe, 100%)*					
Beehive	CoS	Low	Best	Mean	High
Carboniferous objective	16%	97	558	940	2033

* **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.

Contingent and Prospective Resources: The information in this presentation 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. "Mmboe" means million barrels of oil equivalent.