

Beehive Option Notifications Received

Highlights:

- Santos has given notice that it exercises its option to acquire a 40% interest in WA-488-P, the permit containing the Beehive prospect (the **Permit**)
- TOTAL has given notice that it has decided not to exercise its option to acquire a 40% interest in the Permit
- In accordance with the option agreement, Santos' option is modified such that it now has the right to acquire an 80% interest in the Permit in return for agreeing to fund 100% of the cost of the Beehive-1 well. This option expires on 4 December 2019 and, if not exercised, Melbana's interest in the Permit would remain at 100%.

MELBOURNE, AUSTRALIA (5 November 2019)

Melbana Energy Limited (ASX: MAY) (**Melbana**) wishes to advise that it has been notified by Santos Limited (**Santos**) that it exercises its option to acquire a 40% interest in the Permit.

Melbana has also received notification from TOTAL E&P Australia Exploration Pty Ltd (**TOTAL**) that it has decided not to exercise its option to also acquire a 40% interest in the Permit. TOTAL's option therefore expires with immediate effect.

As a consequence of TOTAL's decision and pursuant to the terms of the option agreement, Santos' option is now modified such that it may now acquire an 80% interest in the Permit in return for funding 100% of the costs for an exploration well in the Permit area. Santos has until 4 December 2019 to exercise the modified option. If Santos does not exercise this modified option, Santos will not acquire any interest in the Permit and Melbana's interest in the Permit will remain at 100%.

The Beehive prospect has been assessed by Independent Expert McDaniel & Associates to contain a best estimate prospective resource of 388 million barrels of oil equivalent (which has been prepared using the probabilistic method)¹.

¹ 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. All quoted volumes taken from Independent Expert McDaniel & Associates Competent Persons Report 30 June 2018. Gas to Oil Factor: based on Mcf to BOE energy equivalence conversion of 6 to 1.

Melbana Energy's Chairman, Andrew Purcell, said:

“Santos’ recently announced decision to acquire the northern Australian assets of ConocoPhillips, consistent with its aim to be a leading regional LNG supplier, make it a particularly exciting time for the energy sector in northern Australia. There is a great deal of interest from industry in these developments and we are confident that our Beehive prospect has a role to play there given other recent regional successes, its shallow water position close to existing infrastructure and the increased confidence in the prospect resulting from the newly processed 3D seismic survey acquired by Santos and TOTAL. We look forward to continuing to work closely with Santos and are confident that other well credentialed parties will have an interest in the Beehive prospect should the opportunity become available for them to participate in the drilling of this well.”

Contingent and Prospective Resources: The information that relates to Prospective Resources for Melbana Energy is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, a director of Melbana Energy. 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 Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules.