

# New Zealand Update - Drilling Preparations Continue for High Impact Pukatea Prospect

ASX & Media Release

## Highlights:

- **PEP51153 Joint Venture (Melbana 30%) has commenced civil works to upgrade road access and drilling pad to support drilling of high impact Pukatea-1 well**
- **Letter of Intent signed to secure local drilling rig “Nova-1”**
- **Joint Venture expect to commence drilling in late October-early November 2017**
- **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**

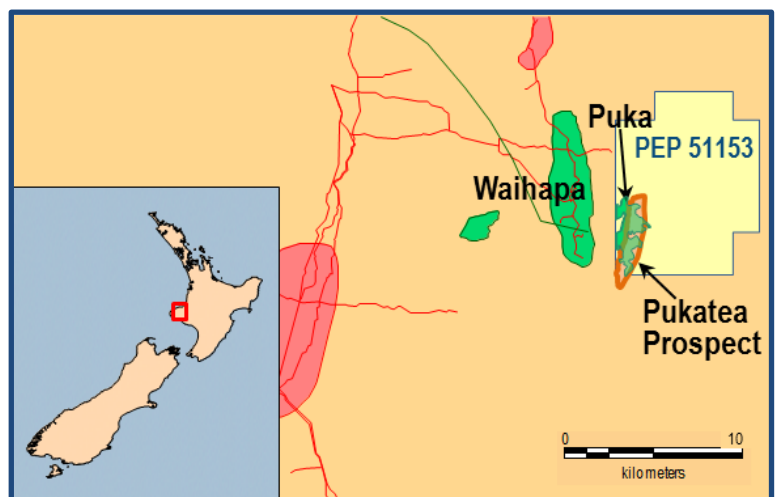
MELBOURNE, AUSTRALIA (28<sup>th</sup> June 2017)

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%).

The PEP51153 Joint Venture (Operator TAG Oil 70%) has commenced site civil and construction works to upgrade the existing access roads and production pad to support the drilling of the Pukatea-1 exploration well by the Nova-1 rig, which has recently been allocated to drill the Pukatea-1 exploration well via a formal Letter of Intent between the rig owner and the Joint Venture.

The Joint Venture expects that the Pukatea-1 well will commence drilling in late October-early November 2017.

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 12.4MBOE\* 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.

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

*“The onshore Pukatea prospect represents a very exciting exploration drilling opportunity for Melbana and we are looking forward to commencing drilling shortly. Success at Pukatea has the potential to be very significant for Melbana shareholders given the potential size of the Pukatea prospect, the relatively low cost of commercialisation.”*



**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.

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.