

Allotment of Placement Shares and Options

ASX Release

MELBOURNE, AUSTRALIA (23 August 2017)

Melbana Energy Limited (ASX: **MAY**) (**Melbana** or **Company**) is pleased to advise that the placement previously announced on 15 August 2017 has now completed and the Company has received approximately \$1.8 million (before costs) from the placement of 178,733,229 Shares (**Placement Shares**) and 59,577,757 Options (**Placement Options**) to qualified institutional and sophisticated investors (**Placement**).

The funds raised under the Placement (after costs) will be applied towards:

- (a) Cuba drilling preparation related activities (but excluding drilling itself) including permitting, procurement, short term guarantees and long lead items; and
- (b) corporate costs and for general working capital purposes.

An Appendix 3B applying for quotation of the Placement Shares issued follows. The Placement Shares will be freely tradeable as a result of the prospectus lodged by the Company with ASIC on 15 August 2017 and in accordance with section 708A(11) of the Corporations Act.

The Placement Options will not be quoted on ASX, and are restricted from transfer to investors who would require a prospectus.

The Placement Options and 81,314,837 Placement Shares have been issued under the Company's existing ASX Listing Rule 7.1 capacity (**7.1 Placement**). The remaining 97,418,392 Placement Shares have been issued under the Company's existing ASX Listing Rule 7.1A capacity. As such, shareholder approval for the issue of the Placement Shares and Placement Options is not required.

Melbana provides the following information pursuant to ASX Listing Rule 3.10.5A:

1. 97,418,392 Placement Shares have been issued pursuant to Melbana's Listing Rule 7.1A capacity (**7.1A Placement**). The Placement Shares issued pursuant to the 7.1A Placement represent 8.4% of the post Placement capital in the Company (on an undiluted basis). Pre-Placement shareholders overall interests will therefore be diluted by 8.4% following the 7.1A Placement (however some existing shareholders have participated in the Placement so their particular interests may have increased or been diluted to a lesser extent) (on an undiluted basis).

The total dilution of the 7.1A Placement can be demonstrated as follows:

	Shares	%
Number of Shares on issue prior to 7.1A Placement	974,183,918	84.5
Dilution as a result of issue under 7.1 Placement	81,314,837	7.1
Dilution as a result of issue under 7.1A Placement	97,418,392	8.4
Number of Shares on issue following 7.1A Placement*	1,152,917,147	100.0

*On an undiluted basis.

2. As announced on 15 August 2017, Melbana issued the Shares by way of the 7.1A Placement in addition to a pro-rata offer to ordinary shareholders by which ordinary shareholders (to the extent they are Eligible Shareholders as defined in the Prospectus released to ASX on 15 August 2017) can apply for Shares and Options.
3. The Placement was not underwritten, however the Company will pay:
 - a. Patersons Securities Limited (**Patersons**) a fee of \$50,000 and 6% (plus GST) on the amount raised by Patersons under the Placement, which fee reduces to 4.5% (plus GST) in relation to funds raised from any party on an agreed list not introduced by Patersons Securities Limited who have participated directly in the Placement (including Melbana Directors but excluding institutions, AFSL holders and any Patersons Securities Limited clients); and
 - b. Hartleys Limited a fee of 6% (plus GST) of the amount raised by Hartleys Limited under the Placement (reduced to 1% (plus GST) to parties that are Melbana substantial shareholders or not introduced by Hartleys Limited), and no fee is payable for any Placement amount to the Board, Company management and their associates who have participated directly (with the exception of institutions, and AFSL holders). Melbana has also conditionally agreed to issue to Hartleys Limited (or its nominee) unlisted options over Shares (each with an exercise price of \$0.018 and expiring 3 years from the date of issue) (**Hartleys Options**) as consideration for capital raising services. Melbana will be obliged to issue 4,000,000 Hartleys Options pro-rata for every \$1 million raised by Melbana under the Placement up to a maximum of 20,000,000 Hartleys Options. The issue of the Hartleys Options will be subject to shareholder approval.
4. Melbana has also incurred miscellaneous expenses including listing fees of \$8,000 in connection with the Placement.

Shareholders can view all of Melbana's announcements relating to the Placement on the ASX website (www.asx.com.au) and Melbana's website (www.melbana.com).

For more information, please contact:

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