

WA-488-P Beehive Work Program Approval

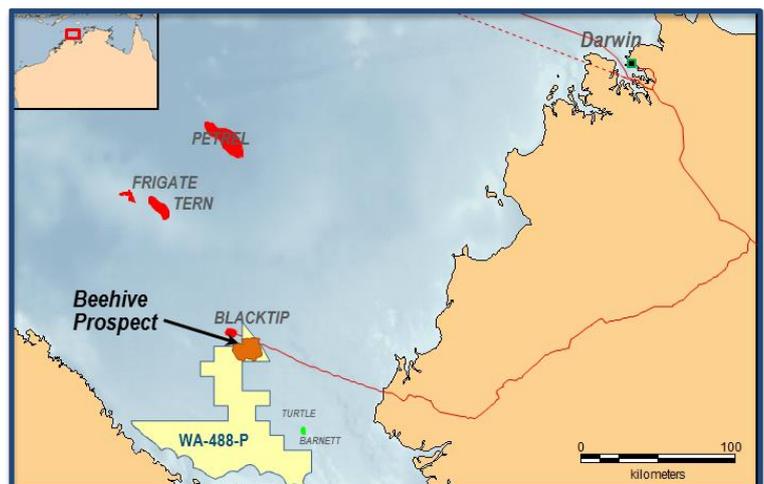
Highlights:

- Regulator grants approval of application to suspend deadline for completion of current permit year's work program to support potential drilling of first exploration well in the WA-488-P Permit
- Beehive 3D Seismic Survey recently completed
- Total and/or Santos each have option to drill first well in permit
- If Total and/or Santos exercises options to drill, Melbana retains 20% and is fully carried
- Giant Beehive Prospect assessed by Independent Expert McDaniel & Associates to contain a best estimate prospective resource of 388 million barrels of oil equivalent^{2,3}, one of the largest undrilled hydrocarbon prospects in Australia

MELBOURNE, AUSTRALIA (4 September 2018)

Melbana Energy Limited ('Melbana') (ASX: **MAY**) is pleased to advise that it has received notice from the National Offshore Petroleum Titles Administrator (NOPTA) of the approval of its application to suspend the deadline for completion of the current WA-488-P permit year work obligations by 15 months to 21 December 2020.

The notification from NOPTA follows the recent completion of the Beehive 3D Seismic Survey and the previously announced crediting of the survey against the future permit year 4 work program obligation (see ASX Release 9 August 2018).



Total and Santos have an option (exercisable together or individually) to acquire a direct 80% participating interest in the permit in return for continuing to fully fund the costs of all activities until completion of the first well in the WA-488-P permit. The option is exercisable by either Total or Santos at any time but no later than 6 months from the receipt of processed seismic survey data.

Potentially the largest undrilled hydrocarbon prospect in Australia, the Beehive prospect was recently assessed by Independent Expert McDaniel & Associates as having significant prospective resources as outlined in the following table:

| | Chance of Success | Recoverable Prospective Resource (MMboe) ^{2, 3} | | | |
|----------------|-------------------|--|------------|-------|------|
| | | % | Low | Best | High |
| Beehive | 20% | 91 | 388 | 1,645 | 704 |

²**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.

³*Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018*

The WA-488-P revised work program is summarized as follows:

| WA-488-P | | | | |
|----------|------------|------------|---|-------------|
| Year | Start date | End Date | Description | Spend (A\$) |
| 2 | 22/05/2014 | 21/09/2018 | No change | 900,000 |
| 3 | 22/09/2018 | 21/12/2020 | 1 Exploration well | 20,000,000 |
| 4 | 22/09/2019 | 21/9/2020 | 400km ² 3D Seismic Survey (COMPLETED BY 2018 >400km² 3D in July 2018) | 5,000,000 |
| 5 | 22/9/2020 | 21/9/2021 | Geological and Geophysical Studies | 200,000 |
| 6 | 22/9/2021 | 21/9/2022 | 1 Exploration well | 20,000,000 |

Melbana Energy’s CEO, Robert Zammit, said:

“The suspension of the deadline for completing the current permit year’s work obligations combined with the previously secured crediting of the Beehive 3D seismic survey against the future Year 4 work commitment provides work program flexibility as we prepare to analyse the acquired Beehive 3D seismic data and anticipate the potential exercise by Total and/or Santos of their option to drill the Beehive-1 exploration well. If Total and/or Santos exercises their option to drill, Melbana retains a 20% interest in WA-488-P and is fully carried until the completion of drilling of the first well in the permit.”

WA-488-P Background

Commercial

Total and Santos have an option (exercisable together or individually) to acquire a direct 80% participating interest in the permit in return for fully funding the costs of all activities until completion of the first well in the WA-488-P permit. Beehive is located close to several existing facilities including Ichthys project and Blacktip field and pipeline offering several options for future gas monetization. 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 there is no commercial discovery and development in WA-488-P.

Seismic Survey

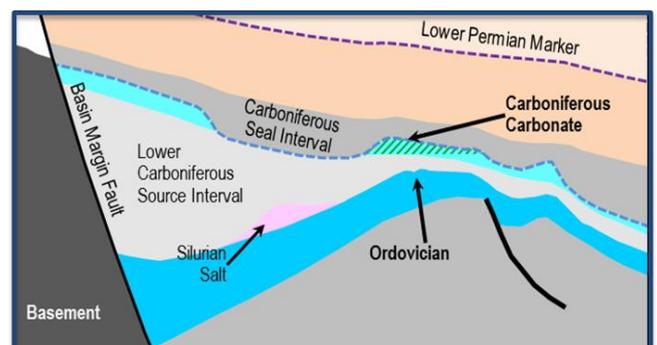
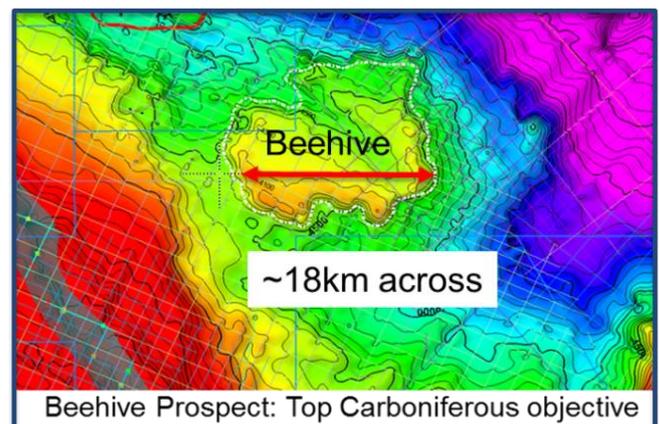
The Beehive 3D Seismic Survey was recently acquired by Polarcus using their vessel Polarcus Naila and consisted of the acquisition of approximately 700km² of seismic data over the Beehive Prospect and Egret lead in the Joseph Bonaparte Gulf, 225 km southwest of Darwin. The Beehive 3D Seismic Survey was operated by Australian gas company Santos pursuant to an Operations Services Agreement and was fully funded by French major Total and Santos. The acquisition of the 3D seismic survey provides potential for further de-risking of the Beehive prospect and will facilitate consideration of a preferred location for the Beehive-1 exploration well.

Technical

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. The acquisition of the 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.



Contingent and Prospective Resources: The information that relates to Contingent Resources and Prospective Resources for Melbana is compiled by Mr. Dean Johnstone, who is an employee of the company and has more than 34 years of relevant experience. Mr. Johnstone is a member of the American Association of Petroleum Geologists. Mr. Johnstone 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