

Loan Facility

MELBOURNE, AUSTRALIA (19 April 2018)

Melbana Energy Limited (ASX: **MAY**) (“**Melbana**” or “the **Company**”) is pleased to advise that it has executed a loan facility agreement for US\$2.5 million with Trans Asia Private Capital Limited, in its capacity as Manager, for and on behalf of Asian Trade Finance Fund 2, a sub-fund of TA Asian Multi-Finance Fund.

The key terms of the loan are:

1. Annualised interest rate of 15%;
2. Maturity Date of the loan is January 10, 2019;
3. Granting of first ranking security;
4. A personal guarantee from Melbana’s Chairman, Mr Purcell, in favour of the lender; and
5. Drawdown is subject to the satisfaction of a number of minor conditions precedent.

Independent of the loan agreement and subject to shareholder approval being forthcoming at the next general meeting, the non-conflicted members of the Board have decided to compensate Mr Purcell for providing this personal guarantee as follows:

- a. To issue Mr Purcell 80 million options to acquire Melbana shares at a strike price of 2.2 cents per share;
- b. Subject to the loan being repaid, the options to vest seven months following the repayment of the loan (indicatively, 11 August, 2019); and
- c. The validity of the options is for 12 months from vesting.

The Board considers this proposed compensation at or below current market value considering potential cost to the Company of alternative funding arrangements:

Melbana’s CEO Robert Zammit commented:

“The loan facility will provide general working capital for the Company and was assessed to be clearly the lowest cost option currently available to Melbana to provide it with additional working capital to progress its exciting portfolio of projects. Loan repayment options include recovery of back costs from a farmout transaction, divestment of non-core assets and the exercise of outstanding share options.”