

WA-488-P Beehive Well Planning Accelerated

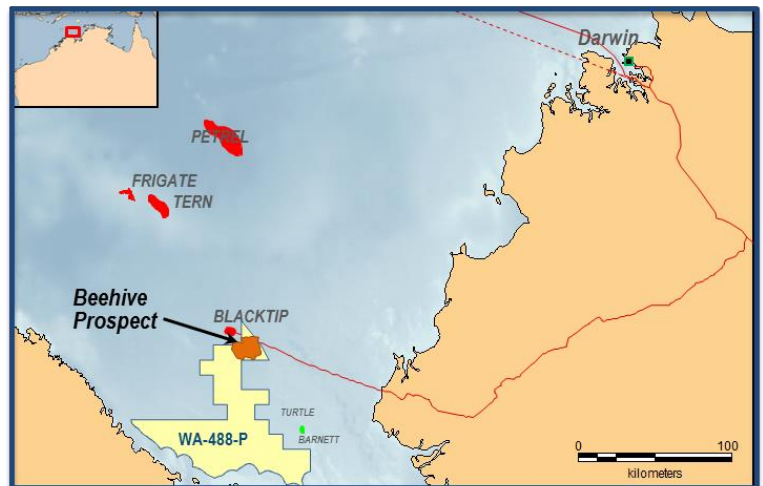
Highlights:

- **Beehive drilling planning to be accelerated by Total and Santos to ensure drilling achievable by 3Q 2020, in case of option exercise**
- **Well planning work to be fully funded by Total and Santos**
- **Giant Beehive Prospect assessed by Independent Expert McDaniel & Associates to contain a best estimate prospective resource of 388 million barrels of oil equivalent^{1,2,3}, one of the largest undrilled hydrocarbon prospects in Australia**

MELBOURNE, AUSTRALIA (3 December 2018)

Melbana Energy Limited ('Melbana') (ASX: **MAY**) is pleased to advise that it has reached an agreement with Total and Santos to modify the current commercial agreement between the parties to accelerate the work required to ensure readiness for potential drilling of the Beehive-1 exploration well in 3Q 2020.

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 agreement provides for Total and Santos to undertake preliminary well planning activities between February and July 2019 as required to ensure the viability of spudding the Beehive-1 exploration well during the third Quarter of 2020, in case of option exercise, including drafting of an environment plan, well concept identification and commencement of rig selection activity. The requirement of Total and Santos to undertake additional advanced seismic processing has been removed as it was regarded as no longer necessary to prepare for drilling and would have been on the critical path, which would have delayed readiness for drilling.

Melbana, Total and Santos have also agreed to lock in a firm backstop date for acceptance of the seismic data to trigger the start of the 6 month window for exercise of their option. Currently, data is expected to be received early in 2019.

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) ^{1, 2, 3}			
	%	Low	Best	High	Mean
Beehive	20%	91	388	1,645	704

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.

²Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018

Melbana Energy’s CEO, Robert Zammit, said:

“We welcome these changes to the commercial arrangement that accelerates drilling planning at the expense of further seismic processing. The changes were initiated by Total and Santos and are an illustration of their desire to progress evaluation of Beehive on a timely basis and ensure readiness to drill the Beehive-1 well in 3Q 2020 should they exercise their option to do so. 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 which will test the largest undrilled hydrocarbon prospect in Australia, with a best estimate prospective resource of 388 million barrels of oil equivalent as assessed by independent expert McDaniel & Associates³.”

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. The option is exercisable by either Total and/or Santos at any time but no later than 6 months from the receipt of final processed seismic survey data. If the option is exercised, drilling would be expected to be no later than 2020 with Melbana estimating that the Beehive-1 exploration well cost is indicatively in the range US\$40-\$60 million. 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.

A short video on Beehive is available on the Melbana website (melbana.com) under News and Broadcasts / Broadcasts and Videos.

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. Melbana has reviewed early data products from the Beehive 3D Seismic Survey and is pleased to advise they are of an excellent quality for this stage in the processing exercise.

Data processing will continue with a final data set due to be received by early February 2019.

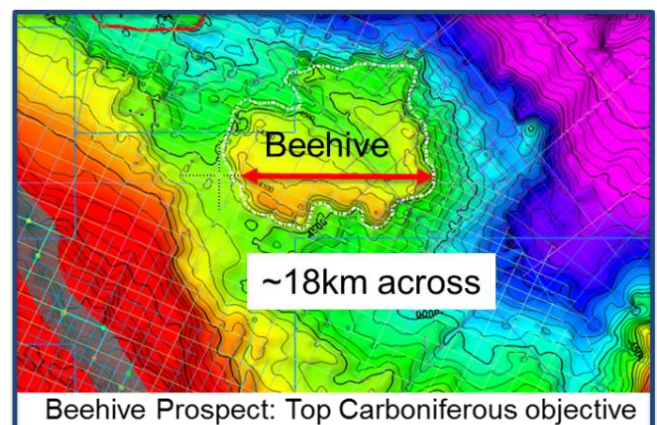
The processing of the 3D Seismic Survey data is being undertaken currently by CGG, a French-based geophysical services company that provides geophysical services to the global oil and gas industry.

A short video titled “Polarcus Naila Seismic Survey Vessel – A day in the life” is available on the Melbana website (melbana.com) under News and Broadcasts / Broadcasts and Videos.

Technical

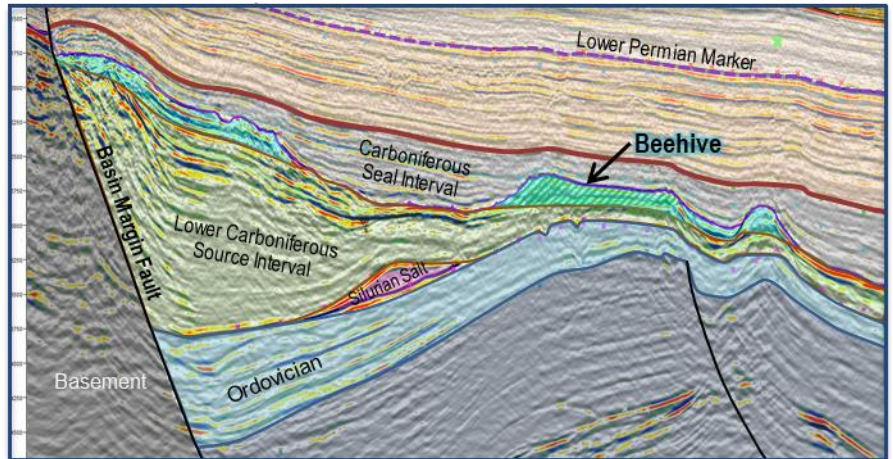
The Beehive prospect is potentially the largest undrilled hydrocarbon prospect in Australia. It is a Carboniferous age 180km² isolated carbonate build up with 400m of mapped vertical relief, analogous to the giant Tengiz field in the Caspian Basin. It is located in 40m water depth suitable for a jack 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

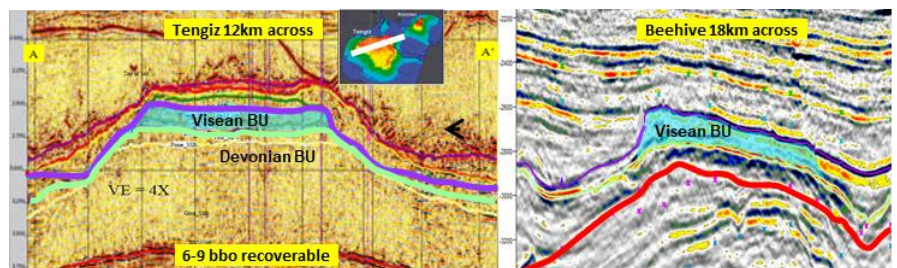


Canning basin, which tested at 1,600 bopd demonstrating a high quality reservoir. Beehive is a much larger build up than Ungani and has excellent access to the Lower Carboniferous source rock in adjacent depocentres.

The Beehive age and reservoir setting is analogous to giant multi-billion barrel Tengiz oil field in Caspian Sea.



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.



³Contingent 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