

Completion of Beehive 3D Seismic Survey including extension for new lead

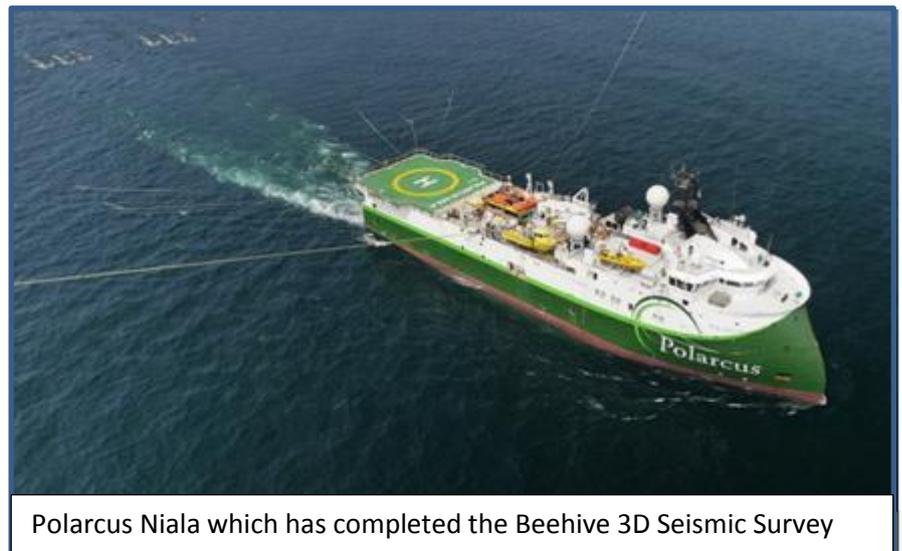
Highlights:

- **Beehive 3D Seismic Survey has been completed safely and without incident**
- **Beehive 3D Seismic Survey was extended by ~15% to cover an additional lead (Egret) at no cost to Melbana**
- **Option to drill exercisable by Total and/or Santos within 6 months of receipt of processed seismic data**
- **If Total and/or Santos exercises options to drill, Melbana retains 20% and is fully carried for the first exploration well drilled in WA-488-P**
- **Giant Beehive Prospect is one of the largest undrilled hydrocarbon structures in Australia**

MELBOURNE, AUSTRALIA (14 August 2018)

Melbana Energy Limited ('Melbana' or the 'Company') (ASX: **MAY**) is pleased to advise that acquisition of the Beehive 3D Seismic Survey has been completed safely and without incident.

During the planning of the Beehive 3D Seismic Survey, a new lead was identified and the survey area was extended by ~100km² (~16%) to provide coverage over the newly identified lead (Egret) that is partially within the boundary of WA-488-P. The extension of the survey area is within the approved scope and operational envelope of the Beehive 3D Seismic Survey.



The Beehive 3D Seismic Survey, including the extension over the Egret lead, is fully funded by Santos and Total.

Melbana's CEO Robert Zammit commented:

“I am pleased that the 3D survey over Beehive has been concluded safely and without incident and congratulate all involved in achieving this result. Beehive is a new play type in this basin and has recently been assessed by Independent Expert McDaniel & Associates (Canada) to contain prospective resources of up to 1.6 billion barrels of oil equivalent, which provides an exciting value creation opportunity for Melbana’s shareholders. We look forward to reviewing the data obtained in conjunction with Santos and Total in due course and to notification of their position regarding exercising their options to fully fund the first exploration well.”

WA-488-P Background

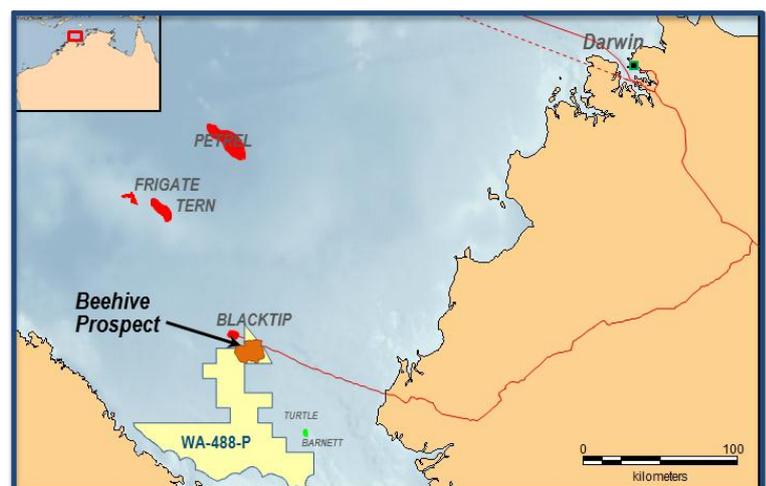
A short video on Beehive is available on the Melbana website (www.melbana.com) under News and Broadcasts / Broadcasts and Videos.

Seismic Survey

The Beehive 3D Seismic Survey was operated by Australian natural gas company Santos pursuant to an Operations Services Agreement and is fully funded by French major Total and Santos. The Beehive 3D Seismic Survey acquisition area was approximately 600 km² with a larger operational area around it to allow for vessel turns and testing of equipment. The operational area is located in the Joseph Bonaparte Gulf, approximately 225 km west-southwest from Darwin 65 km from the closest land at Cape Domett (in Western Australia), and 60 km from Yelcher Beach in the Northern Territory. Water depths in the acquisition area range from approximately 30 to 50 m. The survey was a typical 3D survey using methods and procedures similar to others conducted in Australian waters.

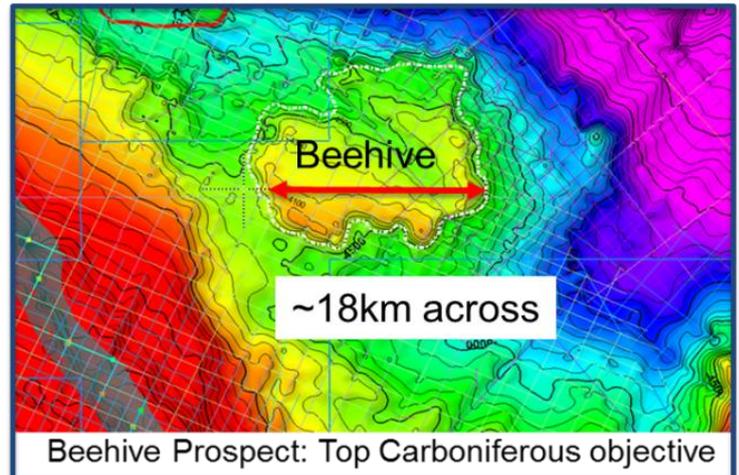
Commercial

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.

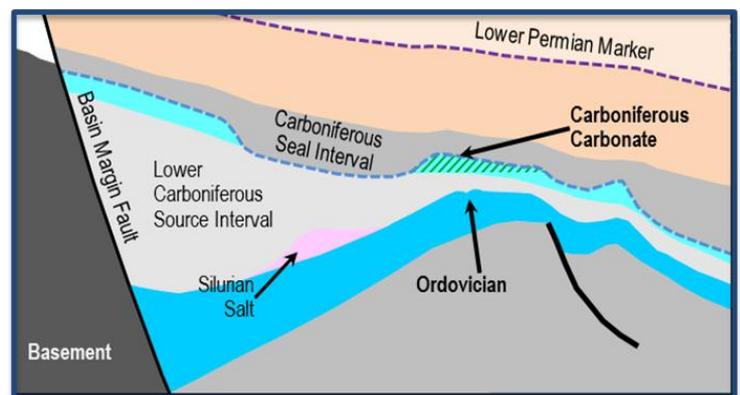


Technical

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.

The acquisition of a new 3D seismic survey over Beehive will provide potential for further de-risking of the prospect and will facilitate consideration of a preferred location for the Beehive-1 exploration well. Potentially the largest undrilled hydrocarbon prospect in Australia, the Beehive prospect is characterised as having significant prospective resources as outlined in the following table:

Prospective Resources (MMboe, 100%)^{1, 2}

Beehive	CoS	Low	Median	High	Mean
Carboniferous objective	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.

² per Independent Expert McDaniel & Associates (Canada) Prospective Resources Report

Contingent and 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 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