

Beehive 3D Seismic Survey Work Program Credit

Highlights:

- Regulator grants credit in current Permit Year 2 for completion of Beehive 3D Seismic Survey due in Permit Year 4
- Beehive 3D Seismic Survey underway, expected to be completed shortly and is fully funded by Total and Santos
- Giant Beehive Prospect is one of the largest undrilled hydrocarbon structures in Australia
- 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

MELBOURNE, AUSTRALIA (9 August 2018)

Melbana Energy Limited ('Melbana' or the 'Company') (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 for a WA-488-P work program credit. As a result, the acquisition of the Beehive 3D Seismic Survey currently underway in Permit Year 2 is officially credited against meeting the Permit Year 4 work commitment to acquire a new 400km² 3D seismic survey.



Polarcus Naïla which is currently acquiring the Beehive 3D Seismic Survey

The Beehive 3D Seismic Survey is currently being acquired by Polarcus using their vessel Polarcus Naïla and will consist of the acquisition of approximately 600km² of seismic data over the Beehive Prospect in the Joseph Bonaparte Gulf, 225 km southwest of Darwin.

The Beehive 3D Seismic Survey is being operated by Australian energy company Santos pursuant to an Operations Services Agreement and is fully funded by French major Total and Santos.

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.

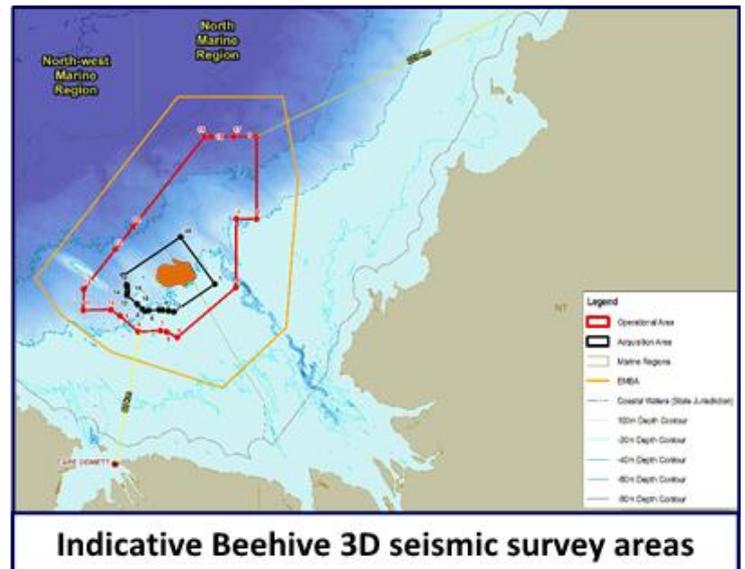
Melbana Energy’s CEO, Robert Zammit, said:

“The crediting of the Beehive 3D seismic survey being acquired in Year 2 against the Year 4 work commitment will streamline and simplify the future work program for the WA-488-P permit.”

WA-488-P Background

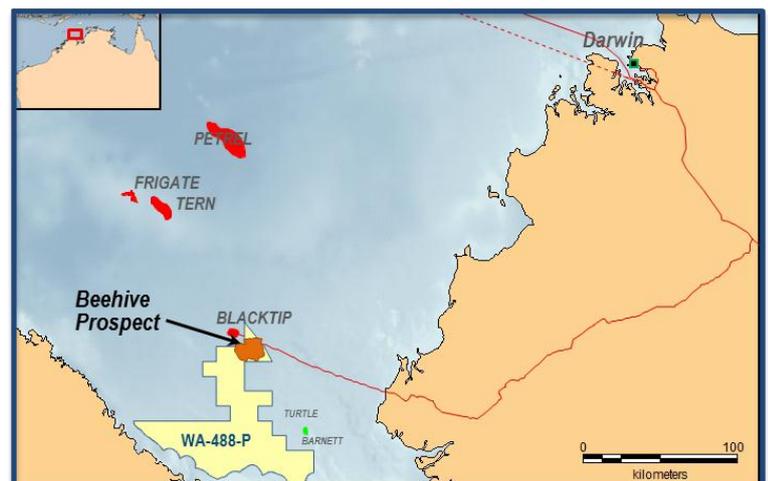
Seismic Survey

The Beehive 3D Seismic Survey acquisition area is 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 is a typical 3D survey using methods and procedures similar to others conducted in Australian waters.



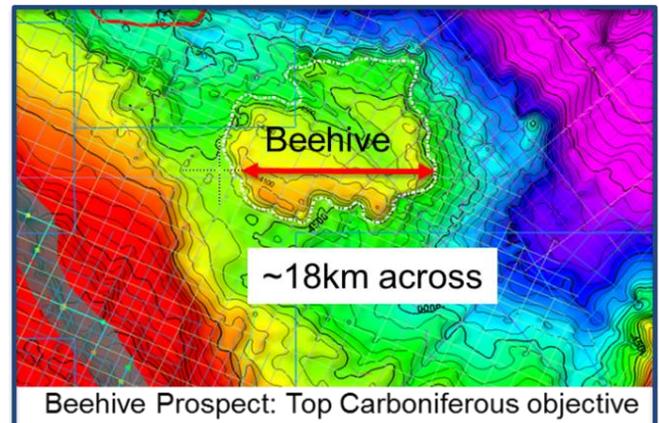
Commercial

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.

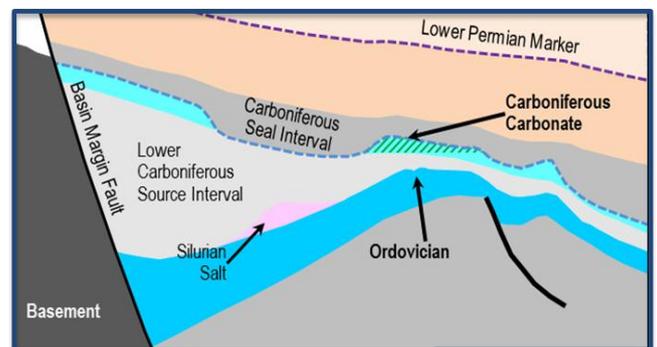


Technical

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.

Potentially the largest undrilled hydrocarbon prospect in Australia, the Beehive prospect is characterised 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*

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