

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Melbana Energy Limited (MAY)

ABN

43 066 447 952

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Fully paid ordinary shares ( <b>Shares</b> )<br><br>Unlisted options ( <b>Options</b> )   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | Issue of up to approximately 476,621,943 Shares and 158,873,981 Unlisted Options pursuant to the Company's non-renounceable pro rata entitlement offer ( <b>Entitlement Offer</b> )                                       |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | The Shares will rank equally with existing fully paid ordinary shares. The terms of the Shares are set out in the Company's Constitution.<br><br>Unlisted options exercisable at \$0.02 each, expiry date 31 August 2018. |

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes – upon issue the Shares will rank equally with existing fully paid ordinary shares in the capital of the Company.</p> <p>Options – upon exercise of the Options, the Shares issued will rank equally in all respects with the existing fully paid ordinary shares from the date of allotment.</p>
<p>5 Issue price or consideration</p>	<p>Shares - \$0.01 per Share</p> <p>Options – nil. The Options are attached to the Shares issued under the Entitlement Offer on the basis of one free attaching Option for every 3 Shares issued.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Non-renounceable entitlement offer to fund:</p> <ul style="list-style-type: none"> <li>(a) Cuba drilling preparation related activities (but excluding drilling itself) including permitting, procurement, short term guarantees and long lead items;</li> <li>(b) Corporate costs and general working capital.</li> </ul>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>3 November 2016</p>
<p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of <sup>+</sup>securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	Issue of up to approximately 476,621,943 Shares and 158,873,981 Unlisted Options pursuant to a non-renounceable pro-rata entitlement offer.	
6g	If <sup>+</sup> securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the <sup>+</sup> issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If <sup>+</sup> securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1	Nil
		7.1A	Nil
7	<sup>+</sup> Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	13 September 2017	
8	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX ( <i>including</i> the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		1,429,865,829 (assuming full subscription of the Entitlement Offer and the shortfall offer (if required) under the Company's prospectus dated 15/8/2017)	Fully paid ordinary shares.
		<b>Does not include</b> 178,733,229 ordinary shares expected to be issued pursuant to share placement announced on 14 August 2017	

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	5,333,333	Exercisable Share Performance Rights expiring 29 November 2018
		158,873,981 (assuming full subscription of the Entitlement Offer and the shortfall offer (if required) under the Company's prospectus dated 15/8/2017)	31/8/2018 Options Exercise Price \$0.02
		20,940,032	Exercisable Share Performance Rights expiring 31 January 2019
		4,000,000	3/11/2019 Options Exercise Price \$0.065
		9,250,000	27/9/2020 Options Exercise Price \$0.032
		<b>Does not include</b> 59,577,743 options expected to be issued pursuant to share placement announced on 14 August 2017 "(subject to transfer restrictions)"	31/8/2018 Options Exercise Price \$0.02
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

## Part 2 - Pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new Share for every 2 Shares held on the Record Date and 1 free attaching Option for every 3 Shares issued.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares Unlisted share options

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	7:00pm (Melbourne time) on 18 August 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No, all holdings are on one register.
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded up to the nearest whole number.
18	Names of countries in which the entity has security holders who will not be sent new offer documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Brunei Darussalam; China; Denmark; France; Greece; Hong Kong; Japan; Lichtenstein; Malaysia; Netherlands; Oman; Papua New Guinea; Portugal; Sweden; Thailand; United Arab Emirates; United Kingdom; United States of America.
19	Closing date for receipt of acceptances or renunciations	5:00pm (Melbourne time) on 6 September 2017
20	Names of any underwriters	Patersons Securities Limited
21	Amount of any underwriting fee or commission	The Company will pay Patersons Securities Limited an underwriting fee of approx\$190,000 (plus GST)
22	Names of any brokers to the issue	Hartleys Limited and Patersons Securities Limited are lead managers to the issue.

23	Fee or commission payable to the broker to the issue	<p>Hartleys Limited will be paid a fee of 2.5% (plus GST) of the amount raised under the Offer (including the Shortfall Facility) and a fee of 6% (plus GST) of the amount raised under any subsequent Shortfall Placement to clients of Hartleys Limited (reduced to 1% (plus GST) for any Shortfall Placement to parties that are Melbana substantial shareholders or not introduced by Hartleys Limited, and no fee is payable for any Shortfall Placement to the Board, Company management and their associates who have participated directly (with the exception of institutions, and AFSL holders). Melbana has also conditionally agreed to issue to Hartleys Limited (or its nominee) unlisted options over fully paid ordinary shares (each with an exercise price of \$.018 and expiring 3 years from the date of issue) (Hartleys Options) as consideration for capital raising services, as noted in section 2.3 of the Prospectus. The exact number of Hartleys Options to be issued will depend on the amount of equity capital raised by Melbana in the four month period from 7 August 2017 (Hartleys Period). Melbana will be obliged to issue 4,000,000 Hartleys Options pro-rata for every \$1 million raised by Melbana through the issue of equity securities during the Hartleys Period up to a maximum of 20,000,000 Hartleys Options. The issue of the Hartleys Options will be subject to shareholder approval.</p> <p>Patersons Securities Limited will be paid 6% (plus GST) on any Shortfall Placement and Underwriting, which fee reduces to 4.5% (plus GST) in relation to funds raised from any party on an agreed list not introduced by Patersons Securities Limited who have participated directly (including Melbana Directors but excluding institutions, AFSL holders and any Patersons Securities Limited clients). Patersons Securities Limited will not receive a fee on funds raised through the take up of Entitlements by Eligible Shareholders (including funds raised under the Shortfall Facility).</p>
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	22 August 2017

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	15 August 2017
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	<sup>+</sup> Issue date	13 September 2017

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a)  <sup>+</sup>Securities described in Part 1
- (b)  All other <sup>+</sup>securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders [*Note: in relation to Options, to be provided when known*]
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories [*Note: in relation to Options, to be provided when known*]
- 1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

38 Number of +securities for which +quotation is sought 

N/A
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39 +Class of +securities for which quotation is sought 

N/A
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40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?  
  
If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A
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41 Reason for request for quotation now  
  
Example: In the case of restricted securities, end of restriction period  
  
(if issued upon conversion of another +security, clearly identify that other +security)

N/A
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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	N/A	N/A

+ See chapter 19 for defined terms.

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

(Company secretary)

Date: **15 August 2017**

Print name:

**Colin Naylor**

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	891,204,960
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p style="text-align: right;">15,138,926 ordinary shares pursuant to the 2016 Share Purchase Plan.</p> <p style="text-align: right;">46,900,000 ordinary shares</p> <p style="text-align: right;">Nil</p>
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	953,243,886

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	142,986,583
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	83,408,840 Shares and 59,577,743 Unlisted Options pursuant to the ASX Announcement dated 15 August 2017.
“C”	142,986,583
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	142,986,583
<b>Subtract</b> “C” <i>Note: number must be same as shown in Step 3</i>	142,986,583
<b>Total</b> [“A” x 0.15] – “C”	Nil <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	953,243,886
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	95,324,389
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	95,324,389 Shares pursuant to the ASX Announcement dated 15 August 2017.
<b>“E”</b>	95,324,389

+ See chapter 19 for defined terms.

<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	95,324,389
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	95,324,389
<b>Total</b> [“A” x 0.10] – “E”	Nil  <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.