

ASX & Media Release

Close of Entitlement Offer & Notification of Under Subscriptions

MELBOURNE, AUSTRALIA (11 September, 2017)

Melbana Energy Limited (Melbana or the Company) (ASX: **MAY**) confirms that its partially underwritten, non-renounceable entitlement offer to raise up to approximately \$4.8 million (before costs) (**Entitlement Offer**) closed at 5.00pm EST on Wednesday, 6 September 2017. Eligible shareholders had the opportunity to acquire one new fully paid ordinary Melbana share (**Share**) for every two Shares held at an issue price of \$0.01 per new Share, together with 1 unlisted Option exercisable at \$0.02 and expiring 31 August 2018 for every 3 new Shares issued under the Entitlement Offer.

The Company accepted applications from eligible shareholders for the subscription of 152,185,161 new Shares under the Entitlement Offer, representing approximately 31% of the new Shares offered, to raise \$1,521,851 (before costs). This amount is subject to confirmation that all subscription proceeds received by cheque have cleared before the date of allotment and issue of new Shares and Options to participating shareholders (expected to be 13 September 2017). The Company expects to issue approximately 50,728,387 Options to eligible shareholders who participated in the Entitlement Offer.

The following table sets out the number of new Shares subscribed for by eligible shareholders:

| Offer Details: | Number of new Shares | Gross Proceeds (\$) | Percentage of maximum (%) |
|---|----------------------|-----------------------|---------------------------|
| Total number of new Shares offered under the Entitlement Offer | 483,753,233 | \$4,837,532.33 | 100% |
| Less: Total number of new Shares applied for by eligible shareholders under the Entitlement Offer | 126,207,135 | \$1,262,071.35 | 26% |
| Less: Total number of new Shares applied for by eligible shareholders under the Shortfall Facility | 25,978,026 | \$259,780.26 | 5% |
| Total Entitlement Offer (including Shortfall Facility) subscriptions | 152,185,161 | \$1,521,851.61 | 31% |
| Entitlement Offer Shortfall | 331,568,072 | \$3,315,680.72 | 69% |

Patersons Securities Limited (Underwriter) has agreed to partially underwrite up to 342,000,000 new Shares and 114,000,000 Options under the Entitlement Offer. Accordingly, the Underwriter is obliged to subscribe for 189,814,939 new Shares, raising a further \$1,898,149 (before costs) in accordance with the underwriting arrangements summarised in section 5.4 of the Prospectus issued in relation to the Entitlement Offer. Further, the Company expects to issue approximately 63,271,613 Options, subject to the effects of rounding, to the Underwriter in accordance with the underwriting arrangements. The issue of the new Shares to the Underwriter under the Shortfall (and the attaching Options) is expected to occur on 15 September 2017.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, and after the Underwriting Agreement, to place any remaining Shortfall at their absolute discretion. Shares and Options offered pursuant to the Shortfall Placement will be issued at the same issue price as the Shares offered to Eligible Shareholders under the Offer (and Shares and Options under the Shortfall Placement must be issued within 3 months after the closing date of the Offer).

Melbana's MD and CEO Peter Stickland, commented on the announcement:

"On behalf of the Board of Directors, I would like to thank shareholders for their continued support in the Company, as we look to progress Cuba Block 9 pre-drilling activities."



Peter Stickland
Managing Director & Chief Executive Officer