

Cuba Block 9 Work Program Variation Paves Way for Accelerated Drilling Campaign

Highlights:

- Regulatory approval of amended work program granted by CUPET
- Amendment paves way for drilling up to two exploration wells starting in H1 CY2018

MELBOURNE, AUSTRALIA (19 July 2017)

Melbana Energy Limited (ASX: **MAY**) (“**Melbana**” or “**the Company**”) is pleased to provide the following update on its 100% owned¹ onshore Cuba Block 9 Production Sharing Contract (“Block 9 PSC”).

The Cuban national oil company, Union Cuba Petróleo (“CUPET”), has approved an amendment to the Block 9 PSC exploration work program, deferring the obligation to undertake a 200km 2D seismic survey in the second exploration sub-period starting November 2017 to the third sub-period starting November 2019 and accelerating the obligation to drill an exploration well from the third sub-period to the second exploration sub-period. The amendment was requested by the Company due to it being able to define a number of high quality drill targets from the data it received and further studies undertaken during the first sub-period.

The amendment aligns the work program with Melbana’s goal of drilling up to two exploration wells in Block 9, the first of which is expected to spud in the first half of CY2018. The highest priority prospects, Alameda and Zapato (Figure 1), are targeting 130 and 71 million barrels of recoverable oil respectively on a 100% unrisks², best estimate basis*.

***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.

The Company considers that there is sufficient seismic coverage to define the high graded drilling targets. By deferring the requirement to undertake a 2D seismic survey to a future sub-period, after the drilling of at least one exploration well, the Company will be able to re-focus the seismic acquisition to support potential development scenarios.

¹ Subject to a conditional 40% back-in option to be exercised no later than 2nd September 2017 held by Petro Australis Limited.

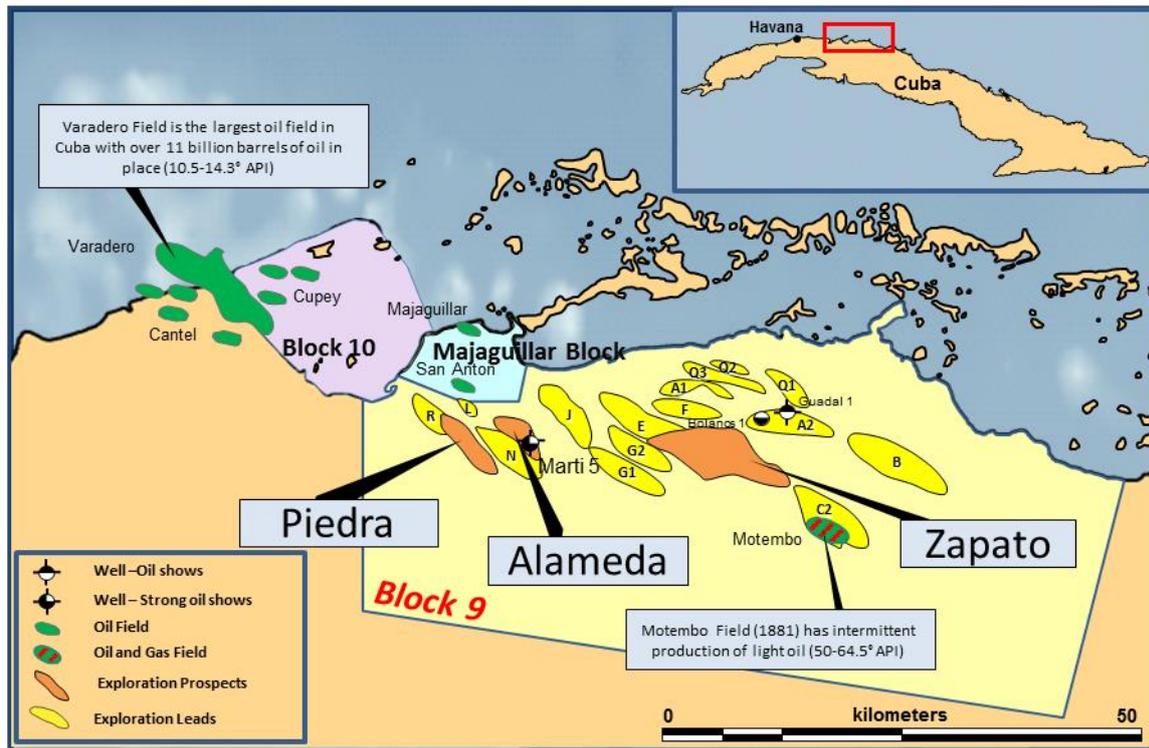


Figure 1. Block 9 PSC with high graded drilling targets

Melbana Energy’s CEO and MD Peter Stickland said:

“The amended Block 9 PSC work program approved by CUPET is now aligned with Melbana’s stated ambition to accelerate drilling of up to two exploration wells in the highly prospective Block 9. The Company is looking forward to this next phase of the project and keeping the market informed as milestones are met.”



Peter Stickland
Managing Director and Chief Executive Officer

Contingent and Prospective Resources: The information in this presentation that relates to Contingent Resources and Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, the Managing Director and Chief Executive Officer of Melbana. Mr Stickland B.Sc (Hons) has over 25 years of relevant experience, is a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, and 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