

# Divestment of AC/P50 and AC/P51

## Highlights:

- Melbana divests its 55% interest in AC/P50 and AC/P51 to Rouge Rock, the cost of all future activities across both permits to be met by them
- Melbana retains exposure to upside in both permits
- Divestment allows Melbana to further concentrate its resources on its high impact Cuban and Australian assets ahead of expected significant increase in activity levels

MELBOURNE, AUSTRALIA (22 August 2018)

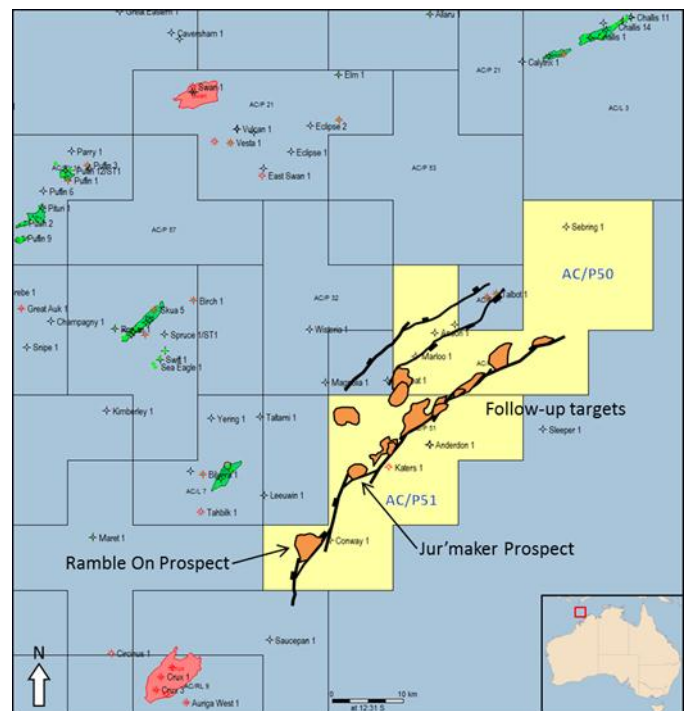
Melbana Energy Limited (ASX: **MAY**) (“**Melbana**” or “**the Company**”) is pleased to provide the following update on its non-core offshore Australian Exploration Permits AC/P50 and AC/P51 (“**Permits**”) (Melbana 55%<sup>1</sup> and operator<sup>2</sup>).

Melbana has executed binding agreements with Rouge Rock Pty Ltd (“**Rouge Rock**”) for the sale of its wholly owned subsidiary that holds the Permits, Vulcan Exploration Pty Ltd. Rouge Rock is a current joint venture participant in the Permits holding a 45% participating interest.

The forward work program for the current permit year includes geological and geophysical studies including interpretation and mapping of reprocessed inversion seismic data with an estimated aggregate cost of A\$500,000 and the next permit year commencing 19 May 2019 includes an exploration well in each permit.

The agreements provide for Melbana retaining exposure to the upside outcomes of a subsequent sale or farmout of either of the Permits by Rouge Rock.

The agreements are structured such that if Rouge Rock enters into an arrangement in future for cash, Melbana earns 10% of the cash benefit received by Rouge Rock. If Rouge Rock enters into an arrangement in future that provides for a full or partial carry on a well, Melbana has the right to back-in for a 5% interest after the well is drilled, effectively providing a carried interest during the drilling process and avoiding costs associated with the drilling process.



As previously highlighted by Melbana (see ASX Release 4 July 2019) divestment options for the AC Blocks were sought to allow for Melbana to focus its resources on its Cuban and other Australian assets.

**Melbana Energy's CEO, Robert Zammit, said:**

*"While we consider the AC permits to be prospective, we believe it's in the interest of our shareholders that we focus our financial and human resources on leveraging our strategic position in the Cuban energy sector and our high impact Beehive Australian acreage. I am pleased that we have been able to maintain exposure to the upside in the event of a successful farmout or cash sale of the Permits by Rouge Rock."*

<sup>1</sup> Subject to a 5% back-in option held by Far Cape Pte Ltd

<sup>2</sup> Participating interest held in 100% owned subsidiary Vulcan Exploration Pty Ltd