

FY2019 First half results

MELBOURNE, AUSTRALIA (14 March 2019)

1H 2019 Highlights:

Cuba – Santa Cruz Incremental Oil Recovery Contract

- Santa Cruz Incremental Oil Recovery (IOR) binding contract finalised with Cuba's national oil company, CubaPetroleo

Cuba - Block 9 PSC

- Independent Expert upgraded Prospective Resources
- Farmout Contract signed

Australia – WA-488-P (Beehive)

- Beehive 3D Survey completed safely and without incident
- Beehive drilling planning accelerated by Total and Santos to ensure drilling achievable by 3Q 2020, in case of option exercise

Melbana Energy Limited (ASX: **MAY**) ("**Melbana**" or the "**Company**") today announced its FY2019 first half results, highlighting significant progress in the development of its portfolio.

Melbana finalised the binding Santa Cruz Incremental Oil Recovery Production Sharing Contract ("PSC") with the national oil company of Cuba, CubaPetroleo, subject to standard Cuban regulatory approvals. This provides Melbana with a long term right to develop and share in any enhanced production from the Santa Cruz oil field

With respect to Block 9 in Cuba, Melbana signed a binding farmout agreement with Anhui Guangda Mining Investment Co Ltd ("**AGMI**") subsidiary Anhui Modestinner Energy Co., Ltd. ("**AMEC**"). Under the terms of the farmout agreement AMEC will fully fund 100% of all costs from 1 January 2019, including the drilling of two wells by November 2019 and a third well by July 2020. The farmout agreement has a number of conditions precedent, including Cuban and Chinese regulatory approvals, milestone related terms with respect to any required guarantees and finalization of a Joint Operating Agreement acceptable to both parties. Provisions in the farmout agreement allow for an orderly transition of operatorship to AMEC once all

contract conditions precedent have been met or a mutual right to terminate if they have not been satisfied by 31 March 2019. As of the date of this report, the bank guarantee or equivalent for Block 9 has not been provided by AMEC and a waiver has been granted to Melbana by Cupet until 30 April 2019 to provide the Block 9 bank guarantee or equivalent.

A delegation from Melbana was recently hosted by AMEC in Beijing and then in Kyrgyzstan to inspect their drilling and production operations there. AMEC have advised Melbana and CubaPetroleo of some delay in obtaining Chinese government approvals due to annual government events in China taking place in March and have reconfirmed their commitment to meeting the terms of the farmout agreement, including the drilling of two wells by November 2019.

The Beehive 3D Seismic Survey was completed safely and without incident. Melbana reached commercial agreement with Total and Santos to undertake preliminary well planning activities between February and July 2019 as required to ensure the viability of spudding the Beehive-1 exploration well during 3Q 2020, in case of option exercise, including drafting of an environment plan, well concept identification and commencement of rig selection activity. Initial data from the 3D Survey has been shown to be of excellent quality. A final data set is due to be received by in March, which triggers the start of the 6 month window for exercise of their option to drill.

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