Cuba Update

Highlights:

Block 9

- Negotiations progressing with potential partners, including an international oil company with Cuban experience

- Application made for a minimum one year extension to the current drilling commitment

Santa Cruz

- Commercial negotiations on IOR contract advancing

MELBOURNE, AUSTRALIA (22 July 2019)

Block 9 PSC

Melbana continues to progress discussions with potential farminees to Block 9 with the objective of securing funding for a minimum two well drilling program in 2020 to test the world class oil exploration potential of Block 9.

To ensure there is sufficient time to complete a satisfactory farmout and drilling preparations, Melbana has applied to CubaPetroleo for a minimum 12 month extension to the second sub-period of the Block 9 production sharing contract ("PSC") which currently finishes on 3 November 2019. The second sub-period has a minimum work program including the completion of a gravity study and the drilling of one exploration well. Melbana has completed the gravity study component of the work program.   With respect to the Block 9 guarantee obligation, CubaPetroleo has previously provided a waiver of the obligation until 30 April 2019. A further extension of the waiver to the end of the applied extension to the sub period has been applied for.

Santa Cruz

The approval process for the Incremental Oil Recovery PSC, which was agreed between Melbana and CubaPetroleo in late 2018, has identified some issues that require further commercial clarification. Negotiation of these matters between Melbana and the relevant Cuban parties has commenced.

The Santa Cruz field commenced production in 2006 and was reported to initially estimated to have up to 100 million barrels of recoverable oil. Melbana has completed an initial assessment of Santa Cruz, which has identified a number of promising opportunities to enhance production from the Santa Cruz oil field.