

Media Release

Cuba Block 9 Update

Key points:

- **Melbana receives extension to the Block 9 PSC first exploration sub-period**
- **Melbana continuing its accelerated technical program, focussing on completing the resource prospectivity assessment for the remaining two play types and identifying early drilling opportunities**

MELBOURNE, AUSTRALIA (23rd November, 2016)

Melbana Energy Limited (ASX: **MAY**) (“Melbana” or “Company”) is pleased to provide the following update in relation to its onshore Block 9 Production Sharing Contract (“Block 9 PSC”), located on the north coast of Cuba.

The national oil company Union Cuba Petróleo (“CUPET”), has approved an adjustment to the Block 9 PSC exploration sub-periods such that the first exploration sub-period, which commenced in September 2015 (for an 18 month period) and includes an initial activity of evaluating the existing exploration data in the block and reprocessing selected 2D seismic data, has been extended by eight months to November 2017 with a corresponding reduction in the term of future sub-periods. As a result, the overall Block 9 PSC exploration period remains unchanged at eight and a half years and will continue until March, 2024.

The adjustment to the exploration sub-periods provides Melbana with additional exploration program flexibility and is in recognition of the substantial data compilation and aggregation effort undertaken by Melbana which underpins the resource prospectivity assessment currently being completed.

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

“This extension provides Melbana with additional time and flexibility to complete the first sub-period assessment program and is due recognition of the substantial amount of work Melbana has undertaken on Block 9 since acquiring it in late 2015. Melbana is now well advanced in the preliminary assessment of Block 9 based on the historical exploration data, having already identified exploration potential for 8.183 billion barrels of Oil-in-Place with Prospective Resources of 395 million barrels just in the “Lower Sheet Play” alone, and we are continuing to focus our efforts on the potential for early drilling opportunities in Block 9. Melbana also looks forward to updating investors on the results of its ongoing analysis of Block 9’s full resource potential.”

A handwritten signature in blue ink, appearing to read 'Peter Stickland'.

Peter Stickland
Managing Director & Chief Executive Officer

Overview of Block 9 PSC, Onshore Cuba

The Block 9 PSC, covering 2,380km² onshore the north coast of Cuba, is in a proven hydrocarbon system with multiple producing fields within close proximity, including and the Majaguillar and San Anton fields immediately adjacent to Block 9 and the multi-billion barrel Varadero oil field. Block 9 contains the Motembo field, the first oil field discovered in Cuba. Melbana is prequalified as an onshore and shallow water operator in Cuba and was awarded a 100% interest in the Block 9 PSC on 3rd September, 2015. Melbana has secured a 100% interest in Block 9, subject to a conditional 40% back-in option to be exercised no later than September 2017 held by Petro Australis Limited. Melbana's established position in Cuba provides a strong early mover advantage ahead of ongoing strengthening of diplomatic relations between Cuba and the US.

The first of three identified oil plays on Block 9 has been assessed by Melbana to contain exploration potential for 8.183 billion barrels of Oil-in-Place with a Prospective (Recoverable) Resource of 395 million barrels (Best Estimate, 100% basis)* of potentially high quality light oil. Further work on the other, shallower oil plays, which also have significant oil potential, is continuing and will be reported on as available.

***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.