

Operational update

Highlights:

- Cuba (Block 9) – turn key option being evaluated for drilling programme
- Cuba (Santa Cruz) - oil field incremental oil recovery evaluation commenced
- Australia - Beehive 3D planned for mid 2018 with environmental permit application submitted
- New Zealand - Pukatea well testing continuing

MELBOURNE, AUSTRALIA (11 April 2018)

Melbana Energy Limited (ASX: **MAY**) (“**Melbana**” or “the **Company**”) is pleased to provide the following update with regard to its portfolio of projects.

Cuba:

Drilling Rig & Services

A tender has been completed for the supply of a drilling rig for Block 9 in late 2018. Bids are currently being evaluated, including options that provide for a “turn key” type arrangement submitted by an established operating entity in Cuba. This option is potentially attractive for this initial drilling program as it uses established local logistics, materials and service providers.

The procurement process for major service contractors and long lead items has also commenced. Melbana’s Cuba based team have undertaken a number of site visits for potential civil works and supporting contractors.



Permitting

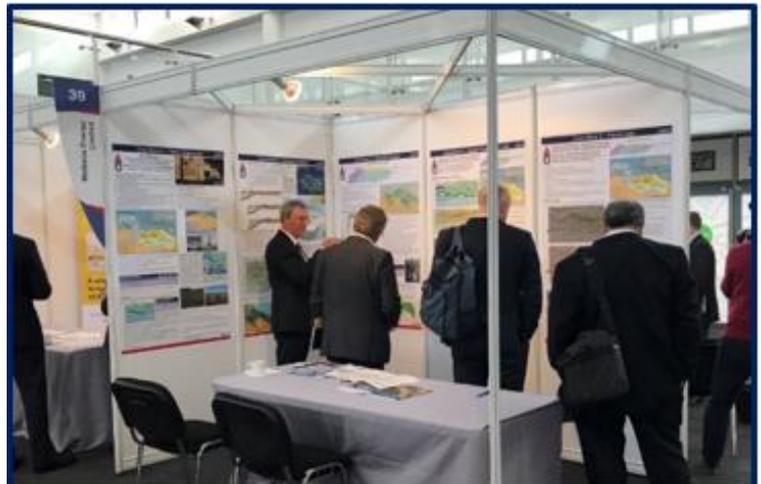
Melbana’s Cuba in-country team has been actively progressing permitting activities for the planned two well program in Block 9. Stakeholder engagement is continuing, with town hall type meetings being held with local residents, regional councils and other interested parties for each wellsite. The meetings are an opportunity for local stakeholders to directly hear of Melbana’s plans and address any concerns they may have. The program has been well received, with strong support offered by local authorities.



Melbana’s Cuba Representative Dr Rafael Tenreiro reviews plans for drilling with local stakeholders

Farm out

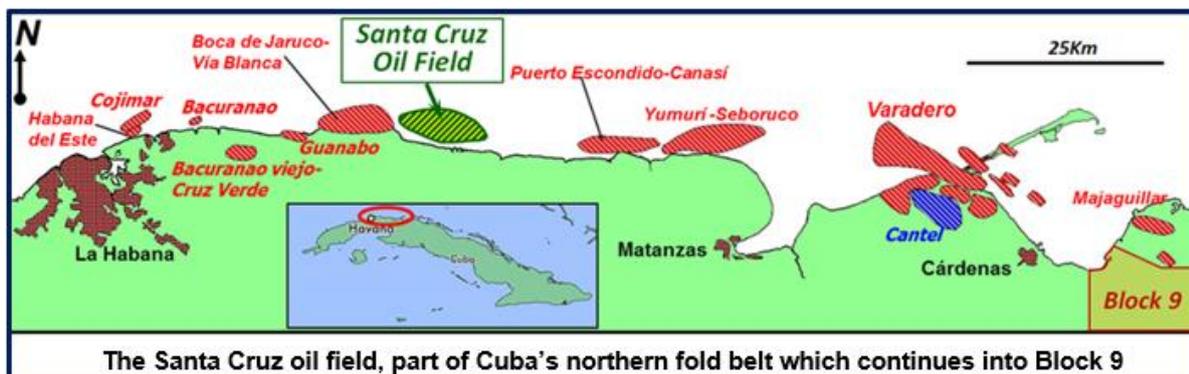
Block 9 farmout activities are continuing, with multiple interested parties engaged in assessing the prospectivity of the Block. In late February, Melbana highlighted Cuba as an investment destination by presenting a technical overview of Block 9 during the international APPEX conference in London. There was solid industry engagement with a number of international industry participants at Melbana’s exhibit.



Melbana’s Chief Geoscientist Errol Johnstone discusses Cuba Block 9 acreage during London APPEX Conference

Santa Cruz Incremental Oil Recovery Opportunity

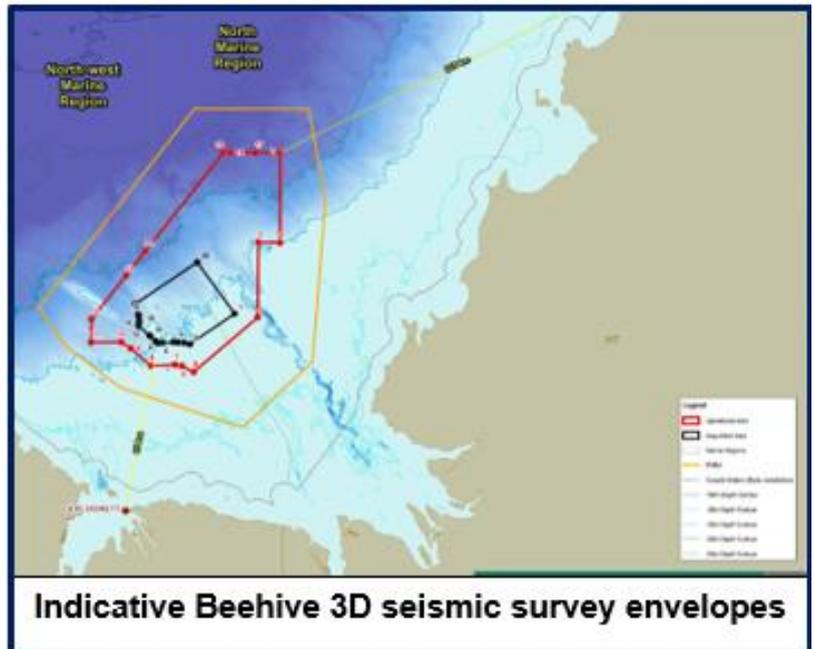
Work on the Santa Cruz incremental oil opportunity (see ASX Release 8 March 2018) has commenced, with the technical team developing an initial work plan and commencing activities to identify opportunities for optimizing oil production with a view to developing a proposed work program as a basis for a commercial negotiation to secure a long term incremental oil recovery contract.



Australia: WA-488-P (Beehive):

Pursuant to a commercial Operations Services Agreement, Melbana has engaged Santos to perform certain operational services in connection with the acquisition of 3D seismic survey data over the Beehive prospect. The Beehive 3D survey is a typical 3D survey using methods and procedures similar to others conducted in Australian waters. No unique or unusual equipment or operations are proposed. Melbana submitted an application for an environmental permit to the Australian regulator (NOPSEMA) in February 2018 to undertake the Beehive 3D Survey.

The survey acquisition area is approximately 975 km² with a larger operational area around it to allow for vessel turns and testing of equipment. The operational area is located in the Joseph Bonaparte Gulf, approximately 225 km west-southwest from Darwin.



The survey will take a maximum of 30 days and is targeting to be undertaken within the period of 1 May to 31 October 2018.

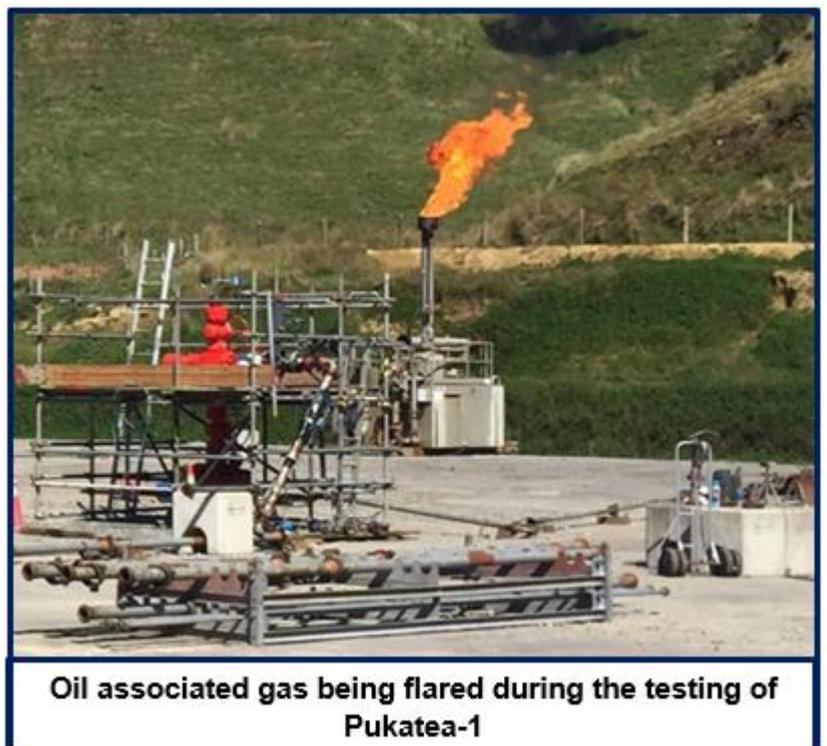
Bids have been received from service providers for the conduct of the survey and are currently being evaluated.

New Zealand: PEP51153

The oil flow testing of the Pukatea-1 well is currently continuing with the testing report to be prepared once gauges are pulled from the wellbore and information assessed.

The Joint Venture (TAG 70% and Operator) is currently in the process of planning the work to review the potential field development and appraisal options for the currently suspended Puka field once all testing information is available.

TAG operates a number of oil fields in the area. An independent expert valued TAG's nearby 2P reserves at ~A\$20/barrel* NPV10 basis.



Corporate

The Company is considering a number of corporate business development initiatives. Following recent marketing initiatives in the UK, it is apparent that there is considerable investment interest in Melbana's world class exploration portfolio. The Company has also implemented a restructuring of our operational and administrative capabilities to allow for the introduction of the broader range of capabilities needed going forward, particularly as Melbana continues to prepare for Block 9 drilling, commences technical work on assessing Santa Cruz Oil Field incremental oil recovery opportunities and evaluate field development opportunities in New Zealand; whilst also decreasing our overall cost of operations. The program includes a voluntary exchange of salary for Melbana shares by senior staff under the Exercisable Performance Rights Program previously approved by shareholders.

Robert Zammit
Chief Executive Officer

** TAG Oil media release of 20 June 2017*