

Cuba - Field work commences with topographic survey of well site

Highlights:

- Cuba Block 9 PSC field works commences
- Contractors complete survey of Alameda-1 well site, camp site and access road
- Benign surface conditions encountered at well site locations

MELBOURNE, AUSTRALIA (22 August 2017)

Melbana Energy Limited (ASX: **MAY**) (“**Melbana**” or “**the Company**”) is pleased to provide the following update on its 100% owned¹ onshore Cuba Block 9 Production Sharing Contract (“Block 9 PSC”).

Field work has commenced on the Company’s Block 9 PSC acreage with local contractors undertaking initial site surveys of the area around the proposed Alameda-1 well location, the nearby supporting campsite and local access roads.



Figure 1. Cuban Contractor at proposed well site area (left) and proposed location of access to drilling pad (right)

On completion of the well site survey, the proposed Alameda-1 survey area was marked with a permanent marker.

¹ Subject to a conditional 40% back-in option to be exercised no later than 2 September 2017 held by Petro Australis Limited.



Figure 2. Melbana’s Cuban Representative, Dr Tenryero, marks the location of the proposed Alameda-1 well (left) and completed permanent marker for Alameda-1 topographic survey (right)

The Company has initiated field work with experienced local Cuban contractors who are currently undertaking the engineering design for the surface facilities associated with the well and will also facilitate the permitting process, including environmental approvals required to begin exploration drilling targeted for mid-2018.

Melbana Energy’s MD and CEO Peter Stickland said:

“The commencement of field survey work for Block 9 PSC is a significant milestone in our preparation towards the drilling of up to two exploration wells in mid-2018 in our world-class Cuban acreage. The Company is looking forward to progressing the required permitting and regulatory steps to support our exploration program.”

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

Peter Stickland
Managing Director and Chief Executive Officer

Overview of Block 9 PSC, Onshore Cuba

Block 9 PSC (Block 9) covers 2,380km² onshore of the north coast of Cuba. It is in a proven hydrocarbon system with multiple producing fields within close proximity, including the Majaguillar and San Anton fields immediately adjacent to it and the multi-billion barrel Varadero oil field further west (see figure 3). 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 Block 9 on 3 September, 2015, subject to a conditional 40% back-in option to be exercised no later than 2 September 2017 held by Petro Australis Limited. Melbana’s established position in Cuba provides it with a strong early mover advantage.

Melbana’s ambition to drill up to two wells in Block 9 in Cuba is consistent with the Cuban national oil company’s announced strategy to accelerate oil exploration. Cuba’s reported current production is around 45,000 barrels per day of oil and 3 million cubic metres (approximately 100 million standard cubic feet) per day of gas with international operators reporting globally competitive operating costs in Cuba of ~US\$7/barrel. Most of the oil and gas produced is currently used for electricity generation, the demand for which is expected to rise.

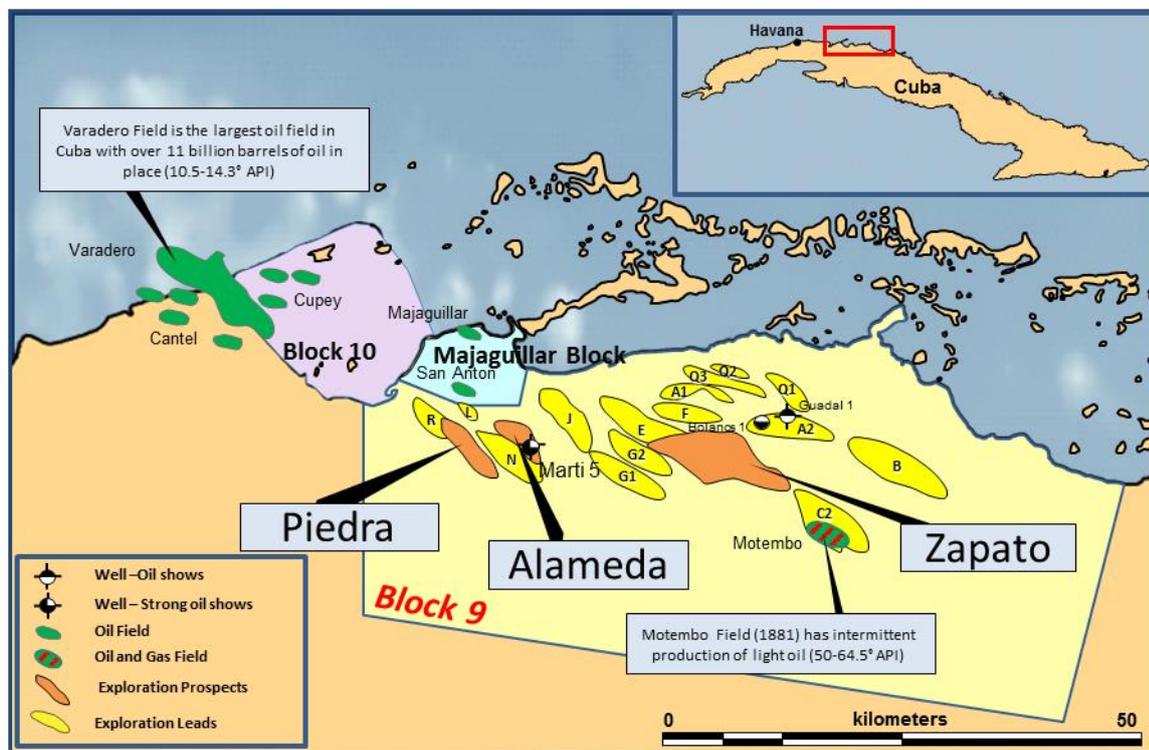


Figure 3. Block 9 PSC with high graded drilling targets