

Media Release

Cuba Block 9 Update

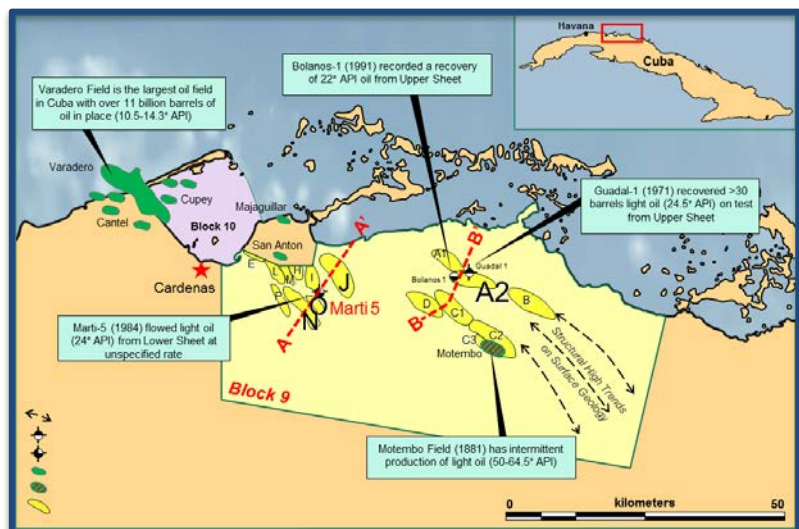
MELBOURNE, AUSTRALIA (6th December, 2016)

Key points:

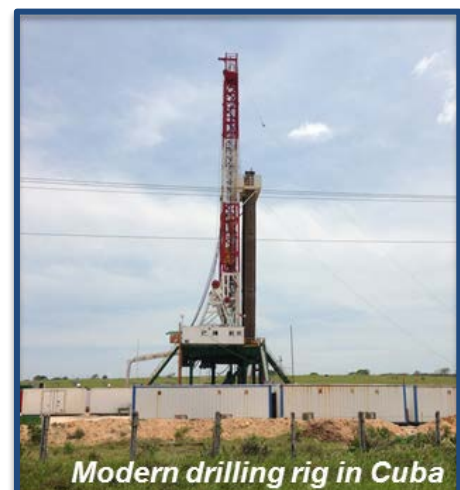
- Plans maturing for a potential accelerated Cuba drilling program
- Targeting finalisation of well proposals by Q1, 2017

Melbana Energy Limited (ASX: **MAY**) (“Melbana” or “Company”) is pleased to provide the following update on its Cuba Block 9 activities. Melbana is currently focussed on two major activities in Cuba: completing its initial Block 9 resource assessment and developing plans for the potential drilling of up to two wells in an initial drilling program.

As previously announced Melbana has identified three potential play types in Block 9 (see ASX Release dated 7/7/2016), and characterised the prospective potential identified in the Lower Sheet play. Since that time there have been considerable ongoing studies and analysis undertaken by Melbana’s expert geological team to enhance this potential and to understand the potential of the other two identified play-types; the Upper Sheet and Tertiary plays. This next stage of the Block 9 resource assessment is approaching completion.



To support the potential drilling program, Melbana is undertaking a detailed investigation of the in-country operating environment. Melbana recently had a team in Cuba liaising with the Cuban regulator and in-country Cuban and international service providers to determine the local permitting requirements, the availability of appropriate equipment and the capability of local contractors relevant to the anticipated activity in Block 9. So far these investigations suggest that good quality equipment and contractors are available for drilling in Block 9 in a



reasonable time period.

Engineering and cost studies are also being undertaken to determine the optimal well designs for the types of drilling targets anticipated in Block 9 and also develop cost estimates for funding and/or farm out purposes.

Overall, plans for the potential drilling of an accelerated initial program of up to two exploration wells in Block 9 are maturing, with a target of finalising well proposals by Q1, 2017. Melbana's ambition to accelerate drilling 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 meters (approximately 100 million standard cubic feet) per day of gas with international operators reporting a globally competitive operating cost in Cuba of ~US\$7 per barrel. Most of the oil and gas produced is currently used for electricity generation, the demand for which is expected to rise.

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

"Melbana continues to be encouraged by the world-class prospectivity it is identifying in Block 9. We are working towards accelerating drilling in Block 9 and we are on track to have one or more well proposals ready by Q1, 2017. Further, based on our understanding so far, we anticipate drilling in Block 9 could commence approximately twelve months after committing to such activity."

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

Peter Stickland
Managing Director & Chief Executive Officer