

Cuba – Appointment of Drilling Planning Coordinator

Highlights:

- Melbana appoints Drilling Planning Coordinator at Cuban office to support preparations for Block 9 drilling commencing mid-2018

MELBOURNE, AUSTRALIA (9 November 2017)

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

Melbana has expanded the operational capability of its Cuban office with the appointment of Mr Heriberto Vasco Mufioz as Drilling Planning Coordinator. Mr Vasco has had an impressive career specialising in oil and gas drilling and operations spanning more than 40 years working with both Cuban and international oil companies operating in Cuba and internationally.

Melbana Energy’s MD and CEO Peter Stickland said:

“Melbana is very pleased to have appointed a Drilling Planning Coordinator of the calibre and experience of Mr Vasco. This appointment is an important step as we build our organisational capability to progress through the permitting, procurement and logistics phases in preparation for the drilling of up to two wells in Block 9 PSC commencing mid-2018. Mr Vasco’s experience gives him particular insight into the work that lays ahead for Melbana.”



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 1). 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 Block 9 on 3 September, 2015. 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.

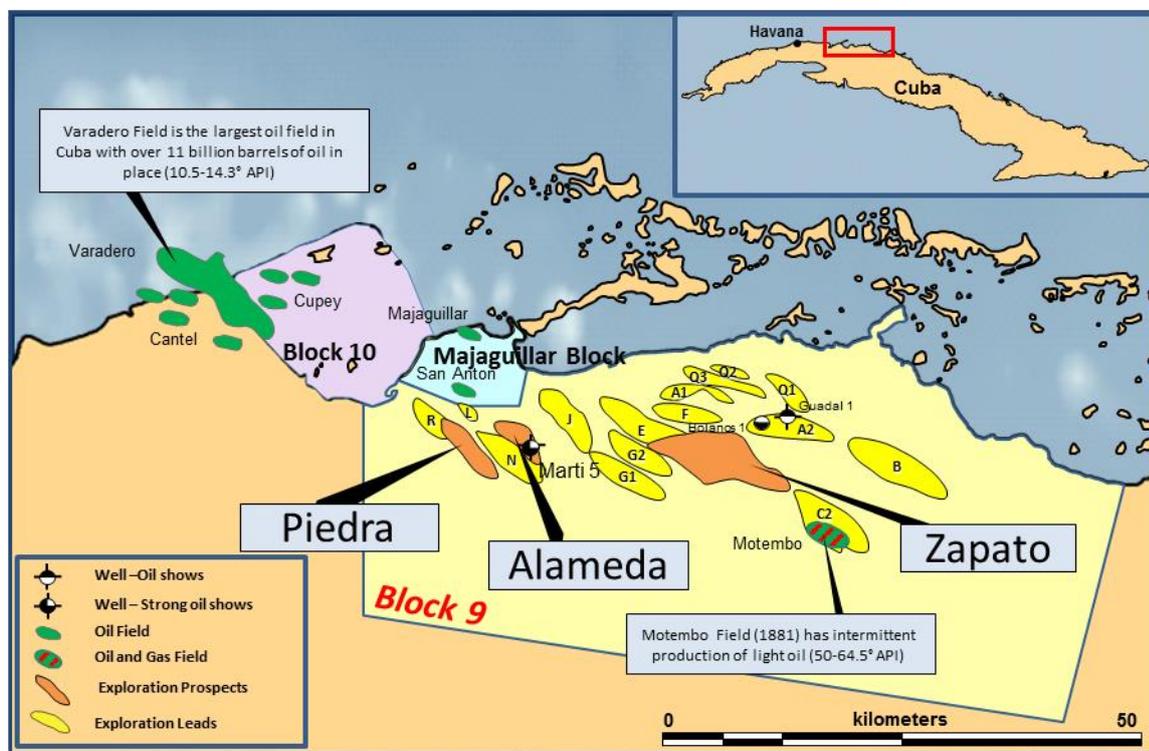


Figure 1. Block 9 PSC with high graded drilling targets