

Cuba Block 9 PSC Drilling Update

Highlights:

- On track for two-well drilling campaign in Cuba Block 9 PSC with first well anticipated to spud in first half of CY2018
- High priority Alameda and Zapato wells are targeting exploration potential of 130 and 71 million barrels of recoverable oil respectively (100% unrisks, best estimate basis)*
- Block 9 PSC well design studies underway
- Cuban engineering consultancy firm engaged
- Melbana staff inspect well locations and nearby drill rig during recent site visit

MELBOURNE, AUSTRALIA (5 June 2017)

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

Forward Drilling Program for Block 9 PSC Advances

With the recent 50% upgrade in volumes to Melbana’s Block 9 PSC on 22 March 2017 the Company confirmed its Cuban acreage as one of the world’s most exciting exploration plays. Melbana is currently focused on accelerating a 2018 drilling campaign to test the two highest ranked drilling opportunities on Block 9 PSC.

The Alameda and Zapato wells, which are currently the two highest priority prospects, are targeting exploration potential of 130 and 71 million barrels of recoverable oil respectively on a 100% unrisks, best estimate basis* (Figure 1 and Tables 1 and 2).

***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.

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

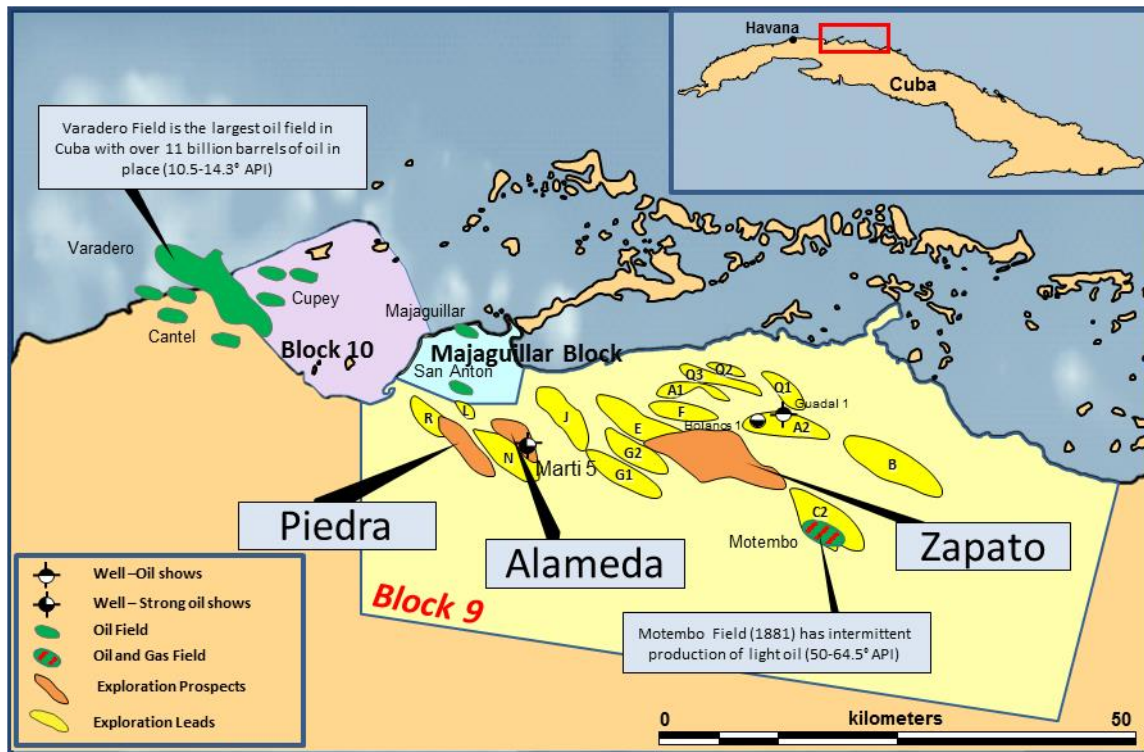


Figure 1. Block 9 PSC with high graded drilling targets

Well design studies in respect of a number of prospects, including Alameda and Zapato, are underway. It is anticipated that the first well in the campaign will spud in approximately 12 months time, during the first half of CY2018.

In support of this accelerated drilling campaign, Melbana recently engaged an experienced Cuban engineering consultancy firm to undertake some aspects of well design and manage the regulatory permitting process for drilling incorporating operating and environmental licences as well as civil approvals.

Melbana staff also recently undertook a site visit to Block 9 PSC to survey potential surface locations for the Alameda and Zapato well sites and were encouraged by the terrain, which appears to offer reliable access to both sites (Refer Figures2 and 3 below).

Objective	Chance of Success	Alameda-1 Recoverable Prospective Resource (MMstb)*			
		Low	Best	High	Mean
U1	17%	2	25	93	38
N	22%	4	41	129	56
Alameda	32%	3	65	214	91

Table 1: Exploration Prospective Recoverable Resource estimates for objectives of proposed Alameda-1 well

Possible Well	Chance of Success	Zapato-1 Recoverable Prospective Resource (MMstb)*			
		Low	Best	High	Mean
Zapat0	25%	5	71	297	118

Table 2: Exploration Prospective Recoverable Resource estimates for objectives of proposed Zapato-1 well

*Refer to Prospective Resources Cautionary statement on Page 1



Figure 2. Approximate surface location of Alameda-1, Block 9 Cuba.



Figure 3. Approximate surface location of Zapato-1, Block 9 Cuba.

Recently the Melbana team also visited a drilling rig which is currently operating in northern Cuba and has the capacity to drill the Company's prospects in Block 9 PSC.

Melbana Energy's CEO and MD Peter Stickland said:

"Having demonstrated that Block 9 PSC represents some of the world's most exciting exploration acreage, Melbana is now focused on the detailed planning phase to support our ambition of a two well drilling campaign commencing in approximately 12 months. The two highest priority targets have a combined explorational potential of over 200 million barrels of recoverable oil meaning success in just one of the wells would be a company maker for Melbana.

To that end we are pleased to be working with experienced engineering consultants who have considerable local expertise. Further, our recent site visits to the potential Alameda and Zapato surface locations suggest that these are both suitable and readily accessible for the equipment necessary for drilling.

It has also been valuable to visit an active drill rig, currently operating within 2 hours drive of Block 9, as the detailed procurement process for key equipment will commence shortly.

The Company is looking forward to this next phase of the project and keeping the market informed as milestones are met."

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

Peter Stickland
Managing Director and Chief Executive Officer

Contingent and Prospective Resources: The information in this presentation that relates to Contingent Resources and Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, the Managing Director and Chief Executive Officer of Melbana. Mr Stickland B.Sc (Hons) has over 25 years of relevant experience, is a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, and consents to the publication of the resource assessments contained herein. The Contingent Resource and Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules. Conversion factors: 6 Bscf gas equals 1 MMboe; 1 bbl condensate equals 1 boe