

Operational Update

Highlights:

- **Cuba (Block 9) - Civil works tender evaluation for Alameda-1 drilling pad completed**
- **Cuba (Block 9) - Drilling rig identified and negotiations proceeding positively with preferred operator for first Block 9 exploration well**
- **Australia - Beehive 3D survey acquisition expected to be commenced in July and completed before the end of August 2018**
- **New Zealand – Operator reports Pukatea-1 flow test, JV reviewing various production scenarios over medium term to bring the Puka field back online**

MELBOURNE, AUSTRALIA (2 July 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:

Permitting and Drilling Rig

Preparatory work is continuing in Cuba in readiness for the planned drilling program in Block 9. From a permitting perspective, intermediate approvals are continuing to be obtained for both the Alameda and Zapato exploration wells as progress is made towards submissions for the final Approval to Drill permits.

Civil works contract scope definition has progressed and the civil works tender evaluation for the Alameda-1 drilling pad was completed and the preferred contractor identified. Melbana’s Cuba based team has undertaken a number of site visits and community liaison sessions to support potential civil works.

Preferred contractor has been identified and discussions are continuing with the preferred drilling rig provider, which is an established local entity, with a drilling rig being identified and a drilling window nominated as notionally commencing in December 2018. The proposed rig is currently planned to be refurbished and upgraded for maintenance and operational purposes in late 3Q 2018. The final decision on drilling contractor, drilling target and timing will be influenced by a number of factors, including any incoming party into Block 9 and their plans, their preferred drilling targets and confirmation of drilling rig availability.

Farm out

Block 9 farmout activities are continuing, with multiple interested multinational parties engaged in assessing the prospectivity of the Block.

A short video on Cuba Block 9 is available on the Melbana website (melbana.com) under News and Broadcasts / Broadcasts and Videos.

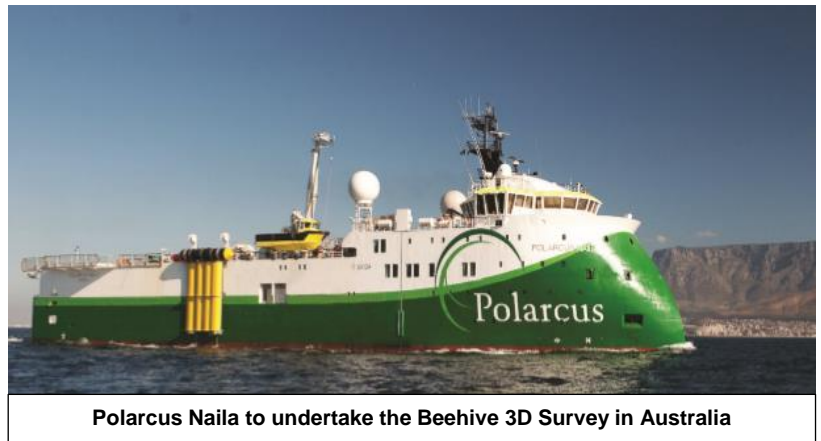
Santa Cruz

Work is continuing on the evaluation of the Santa Cruz Incremental Oil Recovery (IOR) opportunity.

Australia: WA-488-P (Beehive):

The Polarcus Naila is expected to commence acquisition of the Beehive 3D Seismic Survey in July and be completed before the end of August 2018. The survey will take a maximum of 30 days. The giant Beehive Prospect is one of the largest undrilled hydrocarbon structures in Australia.

The Beehive 3D Seismic Survey is being operated by Australian energy company Santos pursuant to an Operations Services Agreement and is fully funded by French major Total and Santos.



A short video on Beehive is available on the Melbana website (melbana.com) under News and Broadcasts / Broadcasts and Videos.

New Zealand: PEP51153

On 26 March, 2018, TAG Oil (70% and Operator) announced that the Pukatea-1 well was completed at the Mt. Messenger formation, where 12.9m of oil-and-gas bearing sands were perforated. The Operator has reported that over a 12-hour test period using a 24/64" choke setting, the well flowed at a stabilized rate of approximately 276 boe/d (74% oil) without the need for artificial lift. The Joint Venture will review various production scenarios over the medium term to bring the Puka field online.

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.

Tassie Shoal Projects

Recent reports that the Barossa Joint Venture has entered FEED to replace declining Bayu Undan gas availability for the Darwin LNG plant (*see Santos Limited media release 23 April 2018*) highlights that there remains a number of discovered gas fields in the region of Tassie Shoal that are undeveloped and stranded. The Tassie Shoal LNG and/or Methanol Projects, with their long term environmental approvals in place, remain potential development paths for stranded resources, including Evans Shoal gas. The Tassie Shoal LNG Project, with its shallow water platform fixed to seabed design, remains a low cost development option for LNG production should a means of disposing of the the high CO₂ content in Evans Shoal gas be economically achieved. Alternatively the Tassie Shoal Methanol Project, with its ability to receive and process raw gas at the field with up to a 30% CO₂ content, remains an alternative development path should the titleholders prefer to proceed with an achievable low cost development plan for high CO₂ gas.

Corporate

The Company is considering an number of corporate business development initiatives. Following recent marketing initiatives in the UK, a potential dual listing on the UK's Alternative Investment Market (AIM) is being actively considered, as it is clear there is strong UK investor interest in Cuba as an investment destination and in particular, Melbana's world class portfolio. A General Meeting (GM) will shortly be scheduled to, amongst other things, provide the necessary constitutional changes required to enable an AIM listing should the Melbana Board determine to do so in the future. These proposed changes to the constitution are preparatory only and will provide flexibility but have no effect unless the Board determines to proceed with an AIM listing. To facilitate our business development activities Melbana has engaged McDaniel & Associate Consultants, an independent expert with substantial Cuban experience, to assess the prospective resources available in Block 9 with their assessment report expected to be available in the third quarter.

Robert Zammit
Chief Executive Officer

** TAG Oil media release of 20 June 2017*