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Quarterly Activities Summary for Period Ended 31 December 2018

Highlights:

Cuba - Block 9 PSC – 100%[4]

- Binding Farmout Contract signed
  - Alameda (140 million bbl target[1,2,3]) and Zapato (95 million bbl target[1,2,3]) prospects to be drilled by November 2019; a third well by July 2020
  - Melbana fully carried for 100% of all activities and costs for remainder of term of Block 9 PSC (20+ yrs)
  - Farmout partner to provide any required guarantees
  - Melbana to retain 12.5% of profit oil
  - Melbana back-costs recouped in event of development

Cuba – Santa Cruz Incremental Oil Recovery Contract – 100%

- Santa Cruz Incremental Oil Recovery (IOR) binding contract finalised with Cuba's national oil company, CubaPetroleo

Australia – WA-488-P (Beehive) – 100%[5]

- Beehive drilling planning accelerated by Total and Santos to ensure drilling achieveable by 3Q 2020, in case of option exercise

MELBOURNE, AUSTRALIA (15 January 2019)

Melbana Energy Limited (ASX: **MAY**) ("**Melbana**" or the "**Company**") provides the following summary in relation to its activities during the quarter ended 31 December 2018.

Cuba - Block 9 (Melbana 100%[4])

During the quarter, Melbana and Anhui Guangda Mining Investment Co Ltd ("**AGMI**") progressed the previously signed non-binding Block 9 farmin Letter of Intent (See ASX Release 2 January 2019) into a binding farmin agreement with Anhui Modestinner Energy Co., Ltd. ("**AMEC**"), a wholly owned and guaranteed subsidiary of AGMI.

Under the terms of the farmout agreement, AGMI has corporately guaranteed the performance of AMEC which will fully fund 100% of all costs associated with the Block 9 PSC from 1 January 2019, including the drilling of at least three wells. The first two of these wells will be drilled prior to 1 November 2019 on Melbana's preferred exploration targets Alameda and Zapato. In the event of a discovery, the third well may be either an appraisal well on Alameda or Zapato or, if no discovery, an exploration well on the Piedra prospect. In all cases, the third well will be drilled prior to July 2020. AMEC is also responsible for providing any required guarantees and will provide Melbana with 12.5% of any Profit Oil[6]. In the event of a development, Melbana will recoup its Block 9 back costs (approx. US$3.5M) over time from the Cost Oil[6] in proportion to its relative spend versus AMEC. The farmout agreement has a number of conditions precedent, including Cuban and Chinese regulatory approvals, milestone related terms with respect to any required guarantees and finalization of a Joint Operating Agreement acceptable to both parties. Provisions in the agreement allow for an orderly transition of operatorship to AMEC once all contract conditions precedent have been met.

AGMI have indicated a preference to bring their own rig into Cuba in early 2019 to undertake the drilling program to ensure the committed drilling occurs within the agreed timeline.

Cuba - Santa Cruz Incremental Oil Recovery Project - (Melbana 100%)

During the quarter, Melbana announced it had finalised a binding Incremental Oil Recovery Production Sharing Contract ("PSC") with the national oil company of Cuba, CubaPetroleo, subject to standard Cuban regulatory approvals. The PSC was finalized during the 2nd Oil and Gas Conference in Havana, Cuba, in December 2018 which was proudly sponsored by Melbana.

CubaPetroleo's Chief of New Business Mr Jesús Marrero and Melbana CEO Robert Zammit finalise the Santa Cruz IOR Contract at the 2nd Oil and Gas Conference in Havana, Cuba, December 2018.

This provides Melbana with a long term right to further develop and share in any enhanced production from the Santa Cruz oil field and a path to potentially becoming an oil producer and booking reserves in Cuba. Melbana has commenced assembling a multi disciplinary project team to evaluate opportunities to enhance near term production via facilities optimization, mature infill drilling targets to address potential unrecovered oil within the known pools and identify deeper potential targets.

Australia - WA-488-P Beehive Prospect (Melbana 100%[5])

During the quarter, Melbana reached commercial agreement with Total and Santos to accelerate drilling planning work. The new agreement provides for Total and Santos to undertake preliminary well planning activities between February and July 2019 as required to ensure the viability of spudding the Beehive-1 exploration well during 3Q 2020, in case of option exercise, including drafting of an environment plan, well concept identification and commencement of rig selection activity. The requirement of Total and Santos to undertake additional advanced seismic processing has been removed as it was regarded as no longer necessary to prepare for drilling and would have been on the critical path, which would have delayed readiness for drilling. Melbana, Total and Santos also agreed to lock in a firm backstop date for acceptance

of the seismic data to trigger the start of the 6 month window for exercise of their option. A final data set is due to be received by early February 2019.

Portfolio Optimisation

During the quarter Melbana progressed its non-binding Letter of Intent into a binding agreement for the sale of its 30% interest in the PEP51153 permit to the current Operator and joint venture participant (CX Oil Limited) for A$100,000. The sale is subject to regulatory approval. If the transaction completes, Melbana will be relieved of future permit expenditure and any rehabilitation requirements. Divestment options were sought to allow for Melbana to focus its resources on its core Cuban and Australian assets.

Corporate

The Company ended the quarter with a cash balance of A$8 million. Subsequent to the quarter end, the Company fully repaid its borrowings ahead of schedule.

At the Annual General Meeting, Melbana shareholders approved the placement of 5,626,863 shares and 1,875,621 unlisted options to Melbana's Chairman Andrew Purcell in return for a payment of A$101,283. The placement was a deferred component of the September placement to qualified institutional and sophisticated investors and on identical terms, being $0.018 per share plus one accompanying unlisted share option per three shares placed exerciseable at $0.03 per option expiring 18 months from grant date.

During the quarter, Melbana continued to originate and monitor potential corporate opportunities. It also attended and presented at the 121 Oil & Gas conference in London.

Commenting on the Quarter's activities Melbana Energy's CEO Robert Zammit said:

"It was very pleasing that we were able to end the year with great momentum with our three core assets, having achieved our stated objectives of finalizing both the Santa Cruz IOR binding agreement and the Block 9 binding farmout with our Chinese partners. Adding to these significant achievements was the agreement with Total and Santos to accelerate the well planning work for Beehive. We can anticipate an exciting year ahead with two wells to be drilled in Cuba and a potential election from Total and/or Santos to elect to drill the giant Beehive prospect in Australia. We are also monitoring very closely the industry activity and potential availability of gas around our Tassie Shoal methanol and LNG infrastructure projects and continuing to assess the opportunity to dual list its shares on an exchange in the United Kingdom.

Footnotes:

[1]Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018

[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.

[3]**Contingent and Prospective Resources:** The information that relates to Contingent Resources and Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Dean Johnstone, Senior Geologist at Melbana. Mr Johnstone B.Sc has over 34 years of relevant experience, is a member of the American Association of Petroleum Geologists, 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.

[4] Cuba Block 9 binding Farmout agreement signed with subsidiary of Anhui Guangda Mining Investment Co subject to regulatory approval. Melbana retains a 12.5% Profit Oil[6] interest following agreement becoming unconditional.

[5] Total and Santos hold a cumulative 80% option to acquire a Participating Interest in WA-488-P

[6] About Profit Oil and Cost Oil: In a PSC, costs incurred are accumulated and in the event of a discovery, revenue is allocated against the cost pool until a surplus of revenue arises. The amount of oil allocated against the cost pool is referred to as Cost Oil. The surplus is referred to as Profit Oil and is shared in fixed proportions, depending upon the quality and quantity of oil produced between the national oil company (CubaPetroleo) and the Contractor (Melbana). The detailed splits when sharing Profit Oil are commercial in confidence and not typically disclosed publicly.

Cuba

As an early mover into Cuba, Melbana is now one of the few western companies (and the only ASX listed company) with an established footprint in the high potential Cuban hydrocarbon sector. The geology of Cuba has analogies to petroleum systems in which Melbana's technical personnel have significant experience. Melbana sees substantial hydrocarbon potential in Cuba overall and Block 9 in particular, which is on-trend with Cuba's northern fold belt.

Santa Cruz Incremental Oil Opportunity

The Santa Cruz oil field is located approximately 45km from Havana between Boca de Jaruco and Canasí oil fields and approximately 150 km west of Melbana's existing Block 9. Santa Cruz is in the northern foldbelt of Cuba – the trend that is responsible for the vast majority of Cuba's oil and gas production (see Figure 1).

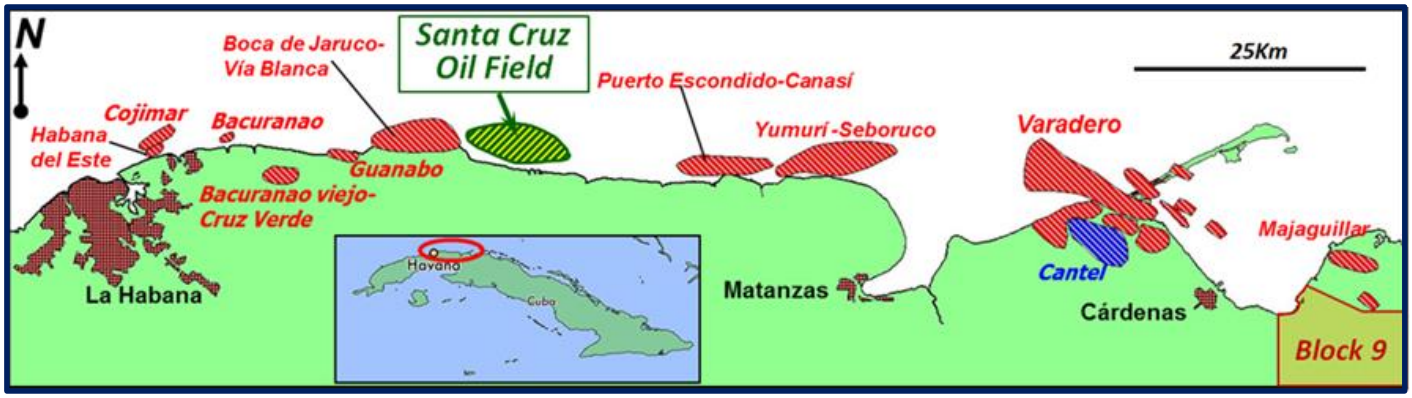


Figure 1 - The Santa Cruz oil field, part of Cuba's northern fold belt which continues into Block 9

The Santa Cruz oil field was discovered in 2004 when drilled via a land based rig with a deviated well out to the offshore structure. It initially tested at 1,250 barrels per day, with oil quality varying from 10° API to 22° API, typical of most Cuban oil production. Initial estimates reported that Santa Cruz had up to 100 million barrels of recoverable oil with appraisal drilling confirming a field area of greater than 20km^2 and a significant oil column of 250 metres. Santa Cruz was declared commercial in 2006 and produced in excess of 1 million barrels in the first year. By 2012 production was approximately 1,600 barrels/day and the field had produced 7.4 million barrels from 18 wells.

Melbana has finalised a binding Incremental Oil Recovery ("IOR") Production Sharing Contract ("PSC") with the national oil company of Cuba, CubaPetroleo, subject to standard Cuban regulatory approvals. This provides Melbana with a long term right to further develop and share in any enhanced production from the Santa Cruz oil field. The Santa Cruz IOR

PSC is split into multiple phases, with an initial study period of desk-based technical work followed by an implementation phase. The initial study period phase will last a maximum of 8 months at which point Melbana may elect to proceed to the next implementation phase, which includes a minimum program of two side-track wells from existing well bores to new geological targets. To accelerate opportunities to enhance oil production as soon as possible, Melbana has already engaged a Canadian consultant with extensive Cuban IOR experience to identify possible debottlenecking opportunities.

Under an IOR contract, additional production above an agreed base production rate is shared as depicted in Figure 2 below. In general, the commercial terms are consistent with exploration PSC terms, such as those that apply to Melbana's Block 9 PSC, with provisions for cost recovery and sharing of profit oil.

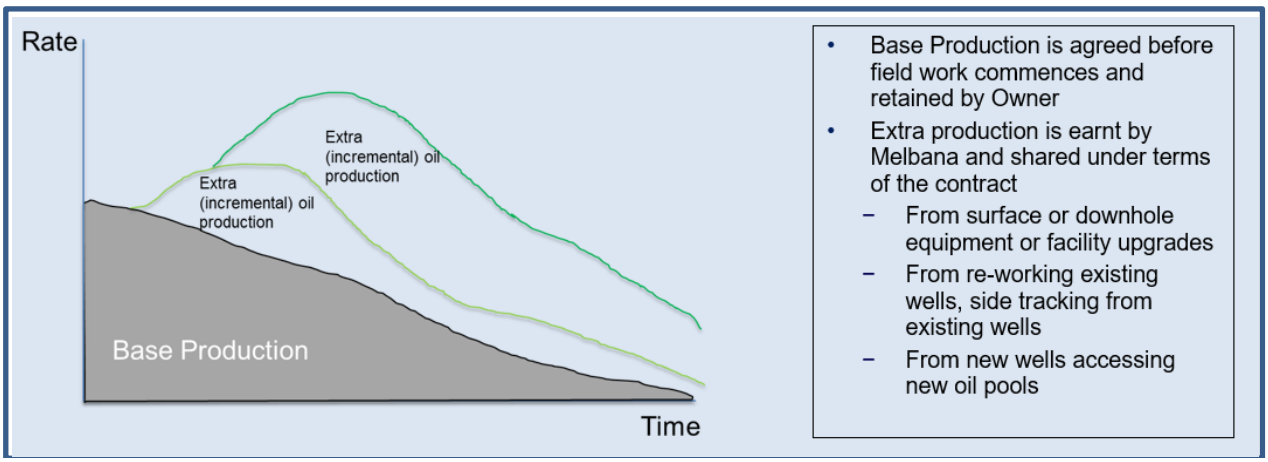


Figure 2 – Graphical portrayal of Santa Cruz Incremental Oil Recovery Concept

Recently, Cubapetroleo (Cuba's national oil company) reported to Cuban media a significant discovery of light oil in the Bacuranao structure in the northern fold belt. The discovery was made late in 2017 and has been undergoing long term testing since then. Cupet representatives reported that oil produced from the field has a density of 22° API and it is the highest quality oil discovered in the area. The discovery is encouraging for oil exploration activities in the northern fold belt trend that continues into Melbana's Block 9 and is in close proximity to the Santa Cruz oil field.

Block 9 Production Sharing Contract

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

Overview

Block 9 PSC (Block 9) covers 2,380km^2 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 Block 9 on 3 September, 2015. Melbana's established position in Cuba provides it with a strong early mover advantage.

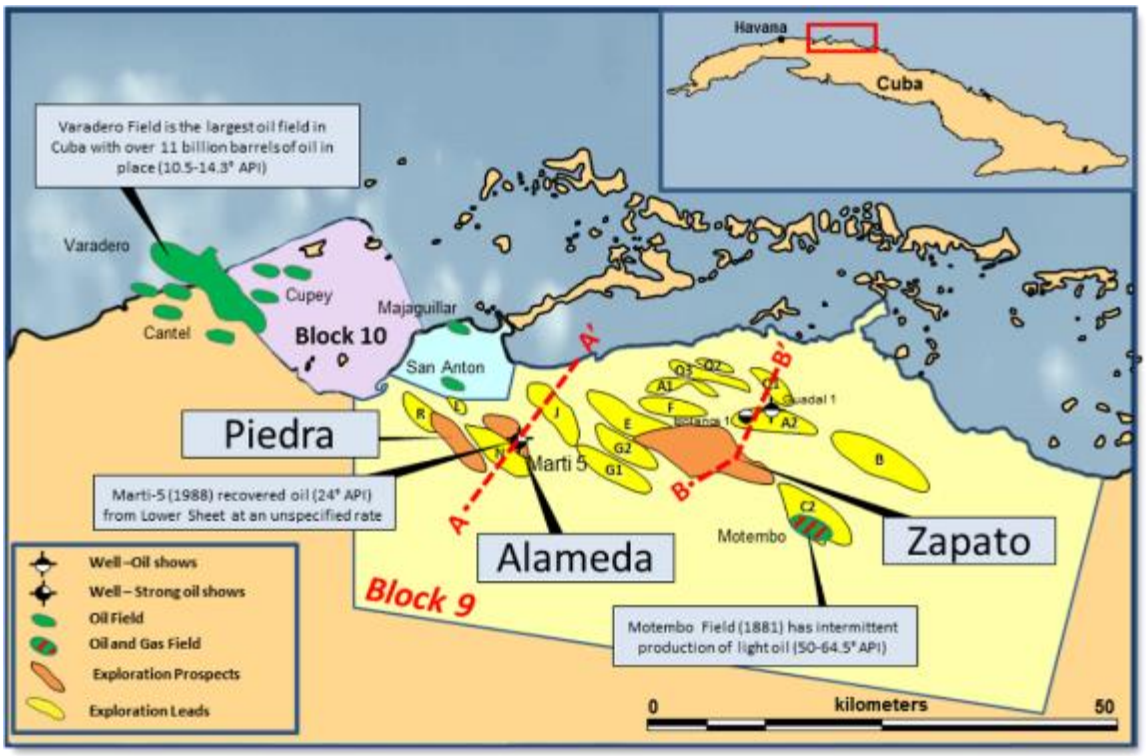


Figure 3 - Block 9 PSC map showing location of key drilling targets

Background

Alameda Prospect

The Alameda Prospect is currently the highest ranked exploration target in Block 9 PSC. Alameda is a large structure located in the western part of Block 9 and is in a similar structural position to the Varadero field, the largest oil field in Cuba, approximately 35km away (see Figure 3).

The proposed Alameda-1 well which will test a combined exploration potential of over 2.5 billion barrels Oil-in-Place and 140 million barrels of recoverable oil on a 100% best estimate basis[1,2,3] and 279 million recoverable barrels aggregate high side potential[1,2,3] (see Table 1). The primary objective at Alameda ranges in depth from approximately 3,000 to 3,700 metres. The presence of oil in the Alameda structure is supported by the Marti-5 well drilled within the prospect closure in a down flank position nearly 30 years ago and which recovered 24° API oil and had numerous oil shows extending over a 850 metre gross interval from the Lower Sheet section (see Figure 4).

This exploration well has been designed as a mildly deviated well, with a total measured depth of 4,000 metres to enable the well to penetrate three independent exploration objectives; the primary Alameda objective as well as the shallower N and Amistad (formerly U1) objectives.

While characterised as an exploration well, the chance of success at Alameda-1 benefits from two old wells, Marti-2 and Marti-5, both of which recovered oil from Amistad/ U1 and Alameda objectives respectively. The Amistad/U1 objective is a structure indicated on seismic as being updip of the tested oil recoveries in the Marti-2 well. Alameda-1 is estimated to take approximately 80 days to drill. In the event of a discovery at Alameda there would be significant follow up potential, with a number of additional leads in close proximity.

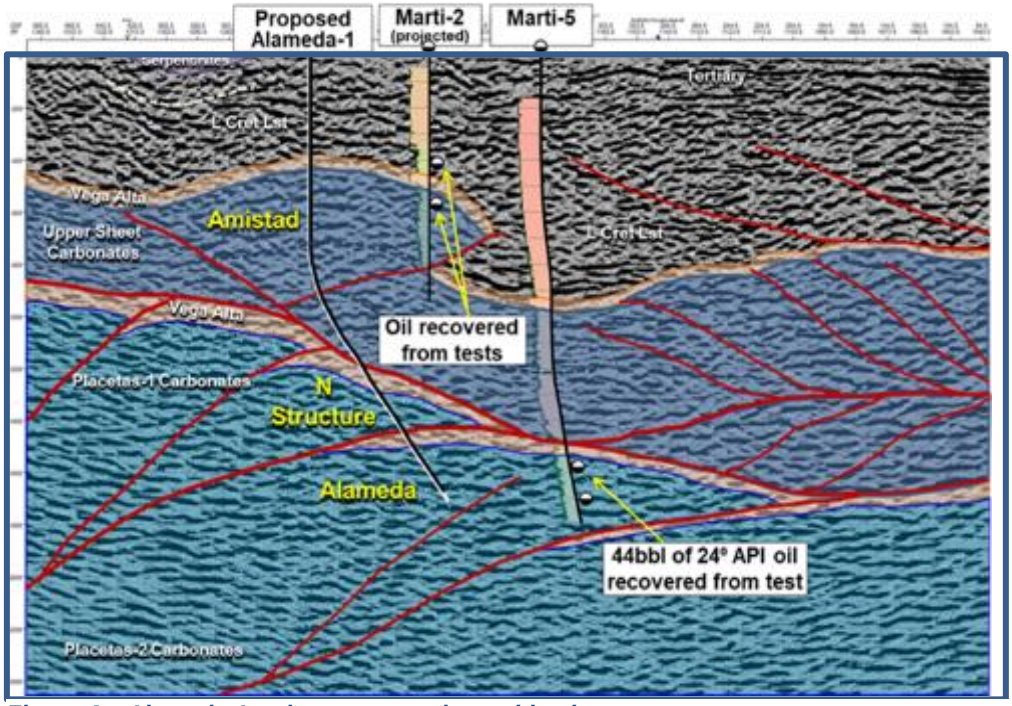


Figure 4 – Alameda-1 trajectory tests three objectives

Objective	Chance of Success	Recoverable Prospective Resource (MMstb)[1,2]			
		Low	Best	High	Mean
Amistad/U1	15%	24	60	132	71
N	23%	4	9	19	10
Alameda	32%	39	72	128	79
Totals		**67**	**141**	**279**	

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

[1]Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018

[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.

Zapato Prospect

The proposed Zapato-1 well location is in the central portion of Block 9 and is designed to test a Lower Sheet closure in close proximity to the shallower Motembo oil field, which has historically produced a high quality light oil. The Zapato feature has a crest at approximately 2,000 metres and is a robust structure with nearly 1,000 metres of vertical relief (see Figure 5).

A recently completed gravity and magnetic study commissioned by Melbana and undertaken by Cuba's specialist technical laboratory CEINPET over the Zapato prospect has indicated a strong gravity and magnetic alignment with the structural interpretation Melbana's technical team derived from seismic and surface data. This result is supportive of Melbana's assessment of the prospectivity of Zapato as a large carbonate duplex structure along strike from the Motembo discovery which produced light 56° API oil.

Block 9 has high quality detailed pre-existing gravity and magnetic data sets. In the type of geology present in Cuba it is common to use a combination of seismic, magnetic and gravity data sets to define prospectivity.

Carbonate duplex structures such as Zapato are being targeted by Melbana due to their potential to contain Varadero style oil accumulations and are able to be identified using this technique by their combined gravity and magnetic response which differentiates them from low prospectivity intervals.

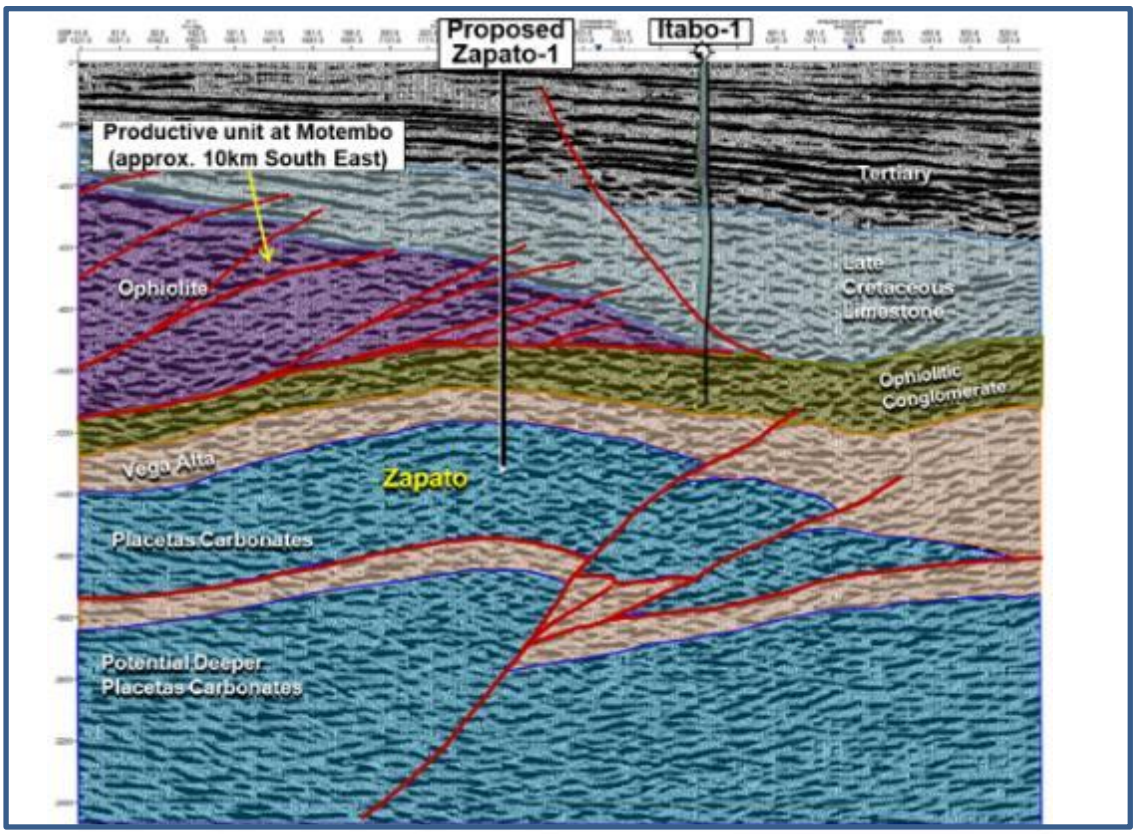


Figure 5 - Zapato Prospect seismic profile and well path

Objective	Chance of Success	Recoverable Prospective Resource (MMstb)[1,2]			
		Low	Best	High	Mean
Zapato	23%	38	95	214	114

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

[1]Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018

[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.

Piedra Prospect

The Piedra prospect is a large robust structure targeting fractured carbonate objective, adjacent to the San Anton oil discovery. It is a seismically mapped structure that coincides with a large closed gravity high, which have been successfully drilled in the past (eg Varadero). The San Anton oil field recovered 19.5º API oil from the shallow section and at Piedra a lighter more mature oil can be expected at its depth. The crest of Piedra is at approximately 1,700 metres with nearly 1,400 metres vertical relief (See Figures 6 & 7).

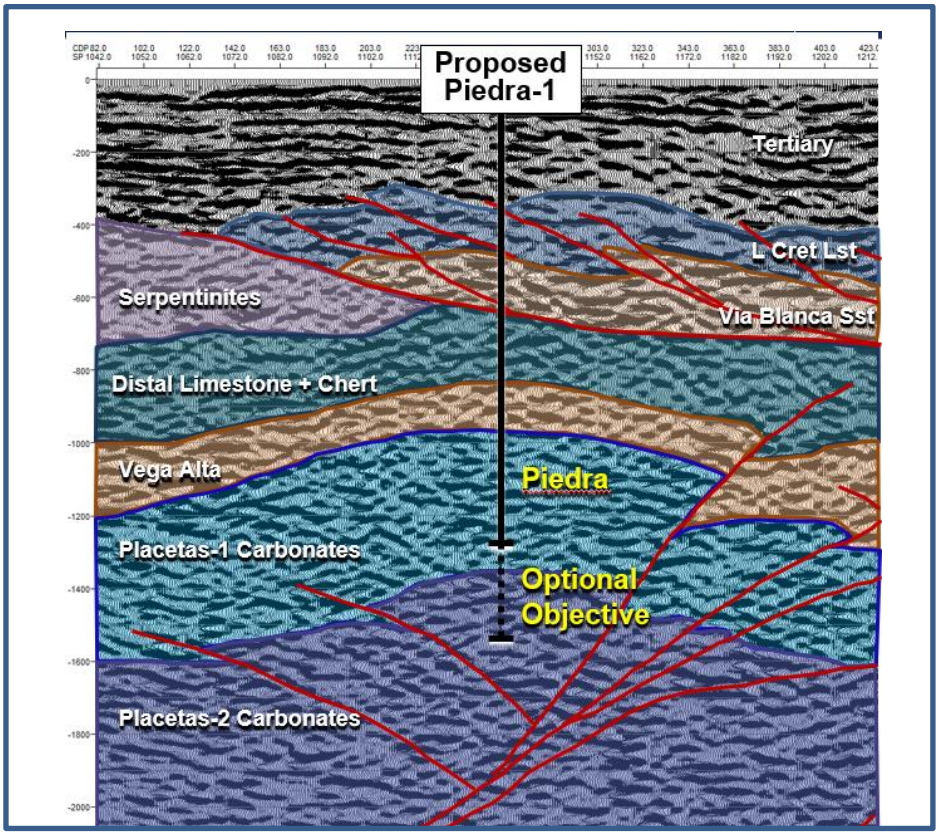


Figure 6 - Piedra Prospect Seismic Profile and Well Path

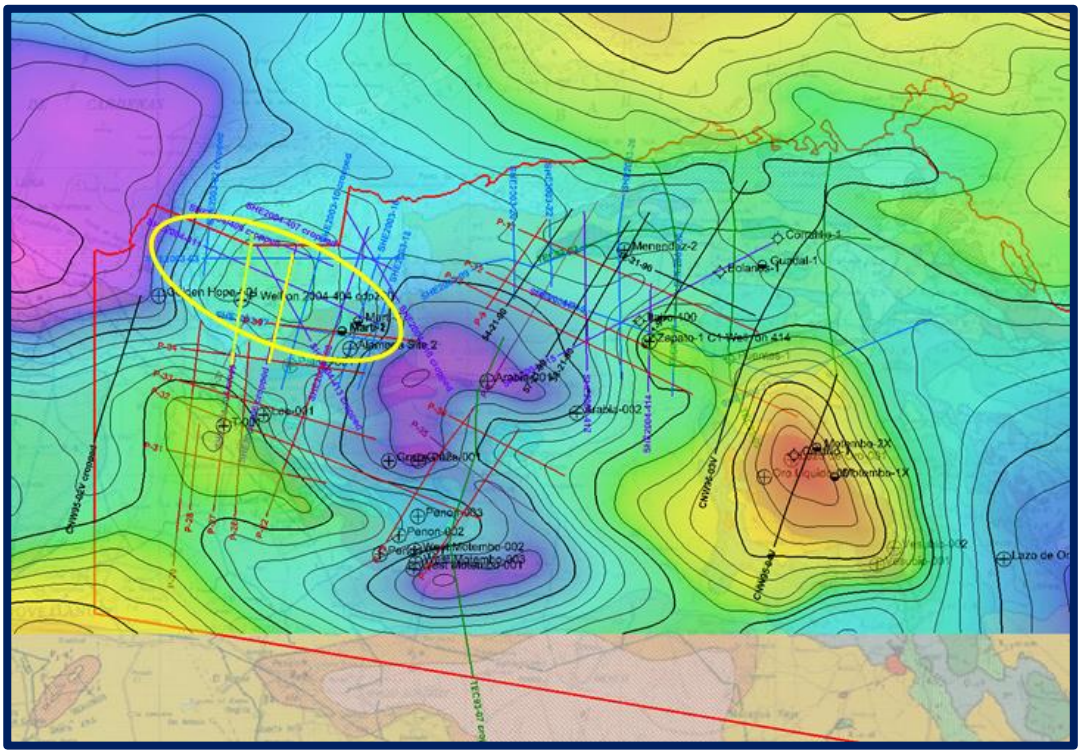


Figure 7 - Gravity high over Piedra Prospect

Table 3 - Exploration Prospective Recoverable Resource estimates for objectives of Piedra well

Objective	Chance of Success	Recoverable Prospective Resource (MMstb)[1,2]			
		Low	Best	High	Mean
Piedra	23%	14	34	76	40

[1]Independent Expert McDaniel & Associates Competent Persons Report June 30, 2018

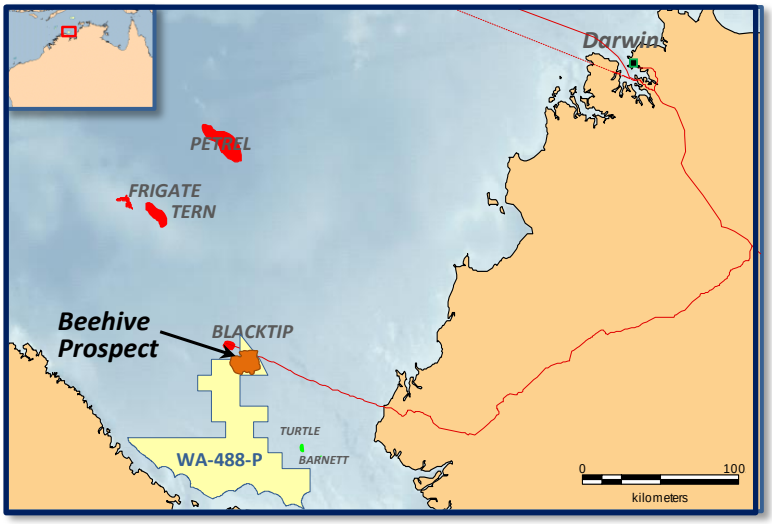
[2]**Prospective Resources Cautionary Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Australia

Bonaparte Gulf: Petrel sub-Basin: WA-488-P (Melbana 100%[5])

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

WA-488-P is located in the southern Bonaparte Gulf and covers an area of 4,105km^2. The permit was awarded to Melbana in May 2012 as part of the acreage Gazettal Round.



Leveraging the 2011 Ungani-1 oil discovery in Carboniferous aged reservoirs in the nearby Canning Basin, Melbana has identified the giant Beehive prospect, analogous to the giant Tengiz field in the Caspian Sea but a new play type within the Bonaparte Basin.

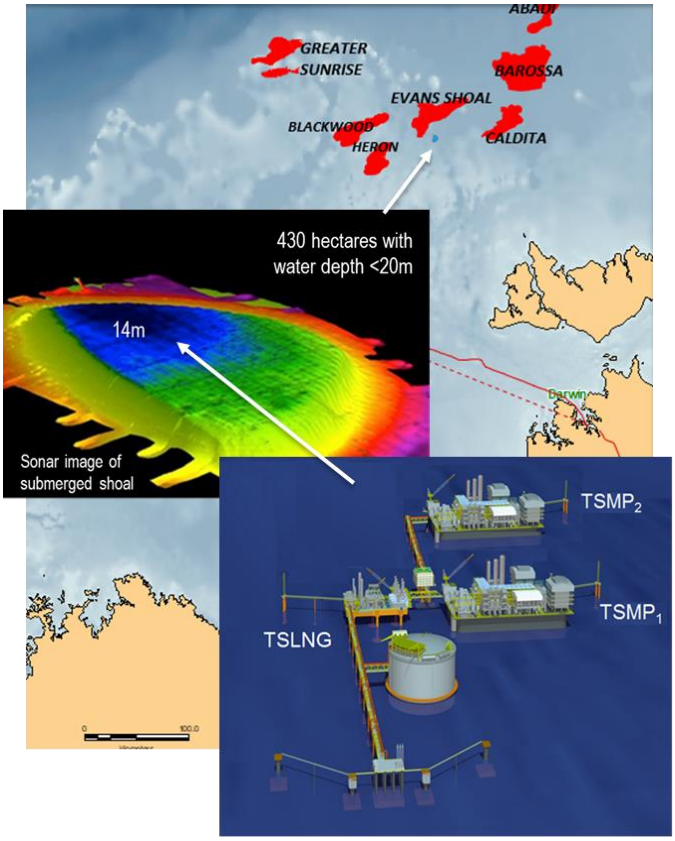
On 12 December 2017, a Seismic Funding and Farmin Option Agreement was signed with Total and Santos. The agreement provides for Total and Santos to fully fund 100% of the cost of a 3D seismic survey over the Beehive prospect in consideration for which, they are granted an option (exercisable together or individually) to acquire a direct 80% participating interest in the permit. If the option is exercised, Total and/or Santos will fully fund the costs of all activities until completion of the first well in the WA-488-P permit. The option is exercisable by either Total or Santos at any time but no later than 6 months from the receipt of processed seismic survey data. In the event of a commercial discovery, Melbana will repay carried funding from its share of cash flow from the Beehive field. Melbana will have no re-payment obligations for such carried funding in the event there is no commercial discovery and development in WA-488-P.

The Beehive 3D Seismic Survey was completed in August 2018 by the Polarcus Niala safely and without incident having been extended by ~100km^2 (~16%) to provide coverage over the newly identified lead (Egret) that is partially within the boundary of WA-488-P. The Beehive 3D Seismic Survey, including the extension over the Egret lead, was fully funded by Santos and Total. The 3D Seismic Survey data is currently being processed and a final dataset is expected to be received around February, 2019. In December, 2018 Melbana reached an agreement with Total and Santos to modify the current commercial agreement between the parties. The agreement provides for Total and Santos to undertake preliminary well planning activities between February and July 2019 as required to ensure the viability of spudding the Beehive-1 exploration well during the third Quarter of 2020, in case of option exercise, including drafting of an environment plan, well concept identification and commencement of rig selection activity.

Polarcus Niala which undertook the Beehive 3D Seismic Survey

[5] Total and Santos hold a cumulative 80% option to acquire a Participating Interest in WA-488-P

Tassie Shoal Gas Processing Projects (Melbana 100%)



Melbana has Federal & State Government Environmental approvals valid to 2052 to build two world scale methanol plants and one LNG plant offshore in Commonwealth waters on a shallow water area ("Tassie Shoal") surrounded by discovered and undeveloped gas.

Tassie Shoal was selected as the site for the processing plants after an exhaustive assessment of the lowest cost environmentally acceptable locations close to stranded gas resources.

Development costs are reduced as proximity to gas fields allows the minimization of the length of any required pipelines to transport raw gas from the field to the processing facilities and the shallow water site allows facilities to be fixed to the sea bed, avoiding any complexities associated with floating facilities and facilitating construction in modules in a low cost location and transport to the final site.

Methanol is a globally traded liquid with a deep international market and many industrial and energy uses. Approximately 45 per cent of the world's methanol is used in energy-related applications. Methanol can be used on its own as a vehicle fuel or blended directly into gasoline to produce a high-octane, efficient fuel with lower emissions than conventional gasoline. Methanol gasoline blends have widespread use in China and have been introduced in several countries outside of China. As an industrial chemical, methanol is used as a feedstock to produce chemicals such as acetic acid and formaldehyde, which in turn are used in products like adhesives, foams, plywood subfloors, solvents and windshield washer fluid. With Melbana's choice of methanol production process, methanol production is optimised with high CO_2 gas (up to 30%) as feedstock which is consistent with the CO_2 content of Evans Shoal raw gas.

The Tassie Shoal LNG Plant is an alternative to onshore LNG or FLNG.

In July 2017 it was reported by ConocoPhillips that the Barossa gas field is proposed to be developed as feedstock to the Darwin LNG facility from 2023[7]. According to Santos, the Barossa FEED decision consolidates its position as the leading candidate for Darwin LNG backfill when Bayu-Undan production ceases in the early 2020s[8]. Similarly. Evans Shoal Gas field (~28% CO_2) has reported it is also seeking to backfill Darwin LNG.

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 high CO_2 content in Evans Shoal or Barossa gas be economically achieved. Alternatively, the Tassie Shoal Methanol Project, with its ability to receive and process raw gas with a 30% CO_2 content, remains an alternative development path should the titleholders prefer to proceed with a known achievable low cost development plan with existing environmental approval.

There is potential for value creation for Melbana via a carried interest and/or tolling income in a methanol or LNG development on Tassie Shoal utilizing its concept and environmental approvals.

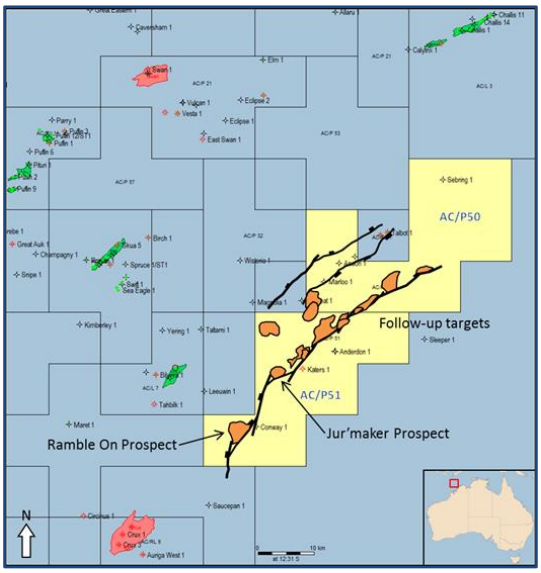
[7] ConocoPhillips announcement 13 July 2017

[8] Santos announcement 23 April 2018

Ashmore Cartier Region, Timor Sea: Vulcan Sub-Basin

AC/P50 and AC/P51 (Melbana interest in event of sale or farmout by Rouge Rock)

In August 2018 Melbana executed binding agreements with Rouge Rock Pty Ltd ("Rouge Rock") for the sale of its wholly owned subsidiary that holds the AC/P50 and AC/P51 Permits, Vulcan Exploration Pty Ltd. The agreements provide for Melbana retaining exposure to the upside outcomes of a subsequent sale or farmout of either of the Permits by Rouge Rock.



The agreements are structured such that if Rouge Rock enters into an arrangement in future for cash, Melbana earns 10% of the cash benefit received by Rouge Rock. If Rouge Rock enters into an arrangement in future that provides for a full or partial carry on a well, Melbana has the right to back-in for a 5% interest after the well is drilled, effectively providing a carried interest during the drilling process and avoiding costs associated with the drilling process.

AC/P51 contains the Ramble On prospect, a new play type that has proven analogues in other Basins.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MELBANA ENERGY LIMITED

ABN	**Quarter ended ("current quarter")**
43 066 447 952	31 December 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	24	24
1.2	Payments for		
	(a) exploration & evaluation	(328)	(641)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(75)	(215)
	(e) administration and corporate costs	(295)	(605)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	30	30
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	(129)
1.8	Other (one-off redundancy payment)	-	(334)
1.9	Other (Return of share of JV funds in NZ)	100	100
1.10	**Net cash from / (used in) operating activities**	**(545)**	**(1,771)**

* Some staff costs are reallocated in exploration & evaluation

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(2)	(2)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (deposits paid net of refunds)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2)**	**(2)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	101	3,499
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	200
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(226)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**99**	**3,473**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,366	6,120
4.2	Net cash from / (used in) operating activities (item 1.10 above)	(545)	(1,771)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	99	3,473

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.5	Effect of movement in exchange rates on cash held	111	209
4.6	**Cash and cash equivalents at end of period**	**8,029**	**8,029**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,727	5,165
5.2	Call deposits	2,050	44
5.3	Bank overdrafts	-	-
5.4	USD cash term deposit	3,244	3,149
5.5	Other	8	8
5.6	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,029**	**8,366**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	69
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director's fees and salaries paid to directors during the December 2018 quarter.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

-

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	3,525	3,525
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

On 19 April 2018, Melbana announced it had executed a loan facility agreement for US$2.5 million. The key terms of the loan are:

1. Annualised interest rate of 15%;
2. The loan was repaid in January 2019;
3. Granting of first ranking security;
4. A personal guarantee from Melbana's Chairman, Mr Purcell, in favour of the lender

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	228
9.2	Development	-
9.3	Production	-
9.4	Staff costs	118
9.5	Administration and corporate costs	277
9.6	Other (TransAsia Loan payment for US$2,492,708)	3,584
9.7	**Total estimated cash outflows**	**4,207**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-		-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-		-	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Date: 14 January 2019

Company Secretary

Print name: Melanie Leydin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

LIST OF PETROLEUM TENEMENTS

PERMIT	LOCATION	MELBANA INTEREST (%)
Australia		
WA-488-P[1]	Bonaparte Basin Offshore	100
New Zealand		
PEP51153[2]	Taranaki Basin Onshore	30
Cuba		
Block 9[3]	Onshore Cuba	100
Santa Cruz[4]	45km from Havana	100

[1]Total and Santos hold a cumulative 80% option to acquire a Participating Interest in WA-488-P

[2]The consolidated entity has executed a binding Sales and Purchase Agreement for the divestment of PEP51153 to its Joint Venture partner for AUD$100K cash which is subject to NZ regulatory approval.

[3]Binding farmout agreement (FOA) signed with Anhui Guangda Mining Investment Co Ltd farming out Block 9, subject to a number of conditions, including Regulatory Approvals in China and Cuba. Melbana retains a 12.5% entitlement to Profit Oil and is fully carried for all costs in event FOA completes

[4]Binding Agreement finalised and subject to Cuban regulatory approval

LIST OF ENVIROMENTAL APPROVALS

PERMIT	LOCATION	MELBANA INTEREST (%)
Australia		
Tassie Shoal Methanol Project*	Tassie Shoal Offshore	100
Tassie Shoal LNG Project*	Tassie Shoal Offshore	100

*Environmental Approvals are valid until 2052.