

Block 9, Cuba – Operations Update

Highlights:

- Drilling operations on Alameda-1 well forecast to commence on 13 September 2021
- Mobilisation dates agreed with contractors
- Shipments of remaining equipment and inventory scheduled to arrive in Cuba this month
- Inspection of drilling rig undertaken and satisfactorily completed
- Civil works related to second exploration well (Zapato-1) commenced
- Entitlements offer launched to fund Melbana's share of remaining projected commitments (inclusive of contingency)
- Block 9 drilling program is for the drilling of two exploration wells testing four separate targets. Total Prospective Resource 236 million barrels of oil (Best Estimate)* - Melbana 30%.

* Prospective Resources Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related 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. All quoted volumes have been taken from Independent Expert McDaniel & Associates Competent Persons Report, released to ASX on 7 August 2018, as adjusted by Melbana for area relinquishment. Melbana is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

SYDNEY, AUSTRALIA (16 AUGUST 2021)

Melbana Energy Limited (ASX: MAY) (**Melbana**) is pleased to provide this update on progress made towards the drilling of its two high impact exploration wells onshore Cuba in its Block 9 contract area ("**Block 9 PSC**").

Melbana has a 30% interest in the 236 million barrels of Prospective Resource (Best Estimate)* being tested in this drilling program. Drilling operations for the Alameda-1 well is currently forecast to commence on 13 September 2021, subject to remaining equipment, materials and personnel arriving in Cuba on schedule. Under the terms of its agreement with Sonangol¹, Melbana is required to fund half of the 30% interest it has in this drilling program. Melbana is also operator of the drilling program.

¹ See ASX announcement dated 27 May 2020

Drilling Readiness Status

The majority of inventory items sourced by Melbana have now been received in Cuba and been transported to the lay down yard in Varadero. Remaining shipments are due to arrive this week and next.

Shipments of equipment and materials organised by contractors to the drilling operations are similarly scheduled to arrive in Cuba prior to the commencement of drilling operations.

Additional personnel required to support drilling operations have been engaged and, where relevant, travel arrangements are being finalised.

Melbana's inspection of the drilling rig has been completed and found all equipment to generally be in a satisfactory condition. Melbana is working with the contractor to address several matters identified by the inspection, but these are not expected to impact the commencement of drilling operations on the forecast date in September.



Figure 1 – Liner hangers packed for transport from manufacturer's yard



Figure 2 – Unpacking inventory at the lay-down yard in Varadero, Cuba



Figure 3 - Mast of rig to be used in upcoming drilling operations

In August Melbana completed a two-day virtual workshop to test and discuss readiness and planning for the commencement of drilling operations. The workshop was attended by over 60 people, comprised of representatives of Melbana's contractors, suppliers, partners and regulators.

Key dates for the commencement of drilling operations have been communicated to all stakeholders. It is expected that mobilisation of the camp will commence next week so that drilling operations for the purposes of setting the conductor pipe can commence on 9 September 2021.

Civil works related to the second exploration well, Zapato-1, have also commenced.



Figure 4 – Sherritt's Rig No. 1 will be used for Melbana's forthcoming Block 9 drilling program (shown here at a previous drilling operation)

Entitlements Offer

On 30 July 2021, Melbana announced a non-renounceable entitlement offer seeking to raise approximately \$7.1 million to provide it with additional funding for its expected share of commitments to the forthcoming drilling program in Block 9, Cuba. Shareholders as of the record date of 10 August 2021 that subscribe for two (2) new shares at \$0.02 per share for every thirteen (13) shares currently held would also receive one (1) free attaching option (exercisable at \$0.035 each on or before 12 months from the date of issue) for every two (2) shares subscribed for.

The Offer is fully underwritten and lead managed by Canaccord Genuity (Australia) Limited.

For and on Behalf of the Board of Directors:

Mr Andrew Purcell
Executive Chairman

Ends -

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