

30 July 2021

The Manager
Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Non-Renounceable Entitlement Offer

Melbana Energy Limited (ACN 066 447 952) (**ASX: MAY**) (**the Company**) is seeking to raise up to approximately \$7,128,773 (before costs) through a pro rata non-renounceable entitlements offer of two (2) fully paid ordinary shares in the capital of the Company (**Share**) for every thirteen (13) Shares held by eligible shareholders on 10 August 2021 at an issue price of \$0.02 per Share together with one (1) free attaching option for every two (2) Shares subscribed for, exercisable at \$0.035 each on or before 12 months from the date of issue (**Option**) (**Entitlement Offer**). The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited, who is also acting as Lead Manager.

Indicative use of proceeds of Entitlement Offer

The Company proposes to use the proceeds of the Entitlement Offer as follows:

Use	Approximate amount to be allocated assuming Full Subscription under the Entitlement Offer (A\$)	%
Exploration drilling, Block 9, Cuba	6,026,162	84.5%
Business Development initiatives	250,000	3.5%
Expenses of the offer	581,539	8.2%
Working Capital	271,072	3.8%
Total	7,128,773	100%

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time.

Summary of the Entitlement Offer

1. The Entitlement Offer comprises two (2) new Shares for every thirteen (13) existing Shares held by existing eligible shareholders on the record date (10 August 2021) at \$0.02 per Share together with one (1) free attaching Option for every two (2) Shares subscribed for.
2. Eligible shareholders will comprise those shareholders with a registered address in Australia or New Zealand or any other shareholders in other jurisdictions to whom the Company decides to make offers.
3. The Entitlement Offer is fully underwritten subject to certain terms and conditions by Canaccord Genuity (Australia) Limited (**Underwriter**). The Underwriter is also acting as Lead Manager to the Entitlement Offer.
4. Any fractional entitlements arising from the Entitlement Offer will be rounded down.
5. Shares issued under the Entitlement Offer will rank equally with existing Shares on issue on the record date. The Company will make application for official quotation of the new Shares proposed to be issued under the Entitlement Offer. Share entitlements are non-renounceable and will not be tradeable on the ASX or otherwise transferable.
6. Up to approximately 356,438,678 Shares and 178,219,339 Options will be issued pursuant to the Entitlement Offer. The Options are proposed to be quoted on the ASX, subject to ASX granting official quotation, and are each exercisable into one Share at an exercise price of \$0.035 until the expiry date of 12 months from the date of issue. Shareholders who do not take up all or any part of their entitlement will not receive any payment or value in respect of the entitlement not taken up and their equity interest in the Company will be diluted.

Timetable

Further details of the Entitlement Offer, including details on how to accept and the key risks of the Entitlement Offer together with a summary of the key terms of the underwriting agreement including termination events, will be set out in a prospectus which is expected to be released to the ASX on 4 August 2021 and dispatched to shareholders on 13 August 2021. Outlined below is a timetable of relevant events and dates relating to the Entitlement Offer. These events and dates are indicative only and subject to change. Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Entitlement Offer closing date.

Event	Date
Announcement of the Offer and lodgement of Appendix 3B with ASX	Pre market open 30 July 2021
Lodgement of Prospectus with the ASIC and ASX	4 August 2021
Ex date	9 August 2021
Record Date for determining Entitlements	5.00pm (AEST) on 10 August 2021
Prospectus sent out to Eligible Shareholders and Opening Date of the Offer	13 August 2021
Last day to extend the Closing Date of the Offer	Pre noon (AEST) on 31 August 2021
Closing Date*	5.00pm (AEST) on 3 September 2021
Securities quoted on a deferred settlement basis from market open	6 September 2021
Announcement of results of the Offer	7 September 2021
Issue date, Securities entered into Shareholders' security holdings and lodgement of Appendix 2A with ASX	10 September 2021
Quotation of Shares issued under the Offer	13 September 2021

Application for new Shares and Options under the Entitlement Offer may only be made by completing the Application Form which accompanies the prospectus. Shareholders eligible to participate in the Entitlement Offer should read the prospectus carefully and consult professional advisers as necessary.

The Company has also agreed to issue 12,000,000 Options to the Underwriter on the same terms as the options to be issued under the Entitlement Offer as an underwriting fee. Additionally, the Company has agreed to issue each sub-underwriter of the Entitlement Offer with 1 Option for every 1 Share which is underwritten (up to a maximum of an additional 356,438,678 Options), again on the same terms as the options to be issued under the Entitlement Offer.

Authority

This announcement has been authorised for release by the Board of Melbana Energy Limited.

Enquiries

Any enquiries regarding the Entitlement Offer should be directed to:

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Company Secretary

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Email: theo.renard@melbana.com.au This release does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer or sale would be illegal. This release may not be distributed or released in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the securities referred to in this release in any jurisdiction outside Australia. In particular, the new shares and options to be offered in the Entitlement Offer have not been, and none of them will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the new shares and options may not be offered, directly or indirectly, to, any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.