Melbana Energy

Melbana Energy Limited
ABN 43 066 447 952

Annual Report 2025


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About Melbana Energy

Melbana Energy is an Australian ASX listed, independent oil and gas company that has a portfolio of attractive exploration, appraisal and development stage opportunities in Cuba and Australia.

Our mission is to create a world class E&P company by using the skills of our people to identify and successfully develop attractive oil and gas exploration and development opportunities.

Contents

Chairman's Letter

It is with pleasure that I present to you the 2025 Annual Report for Melbana Energy Limited, a year that marked our transition from explorer to producer.

Cuba remains the main near-term value catalyst for the Company. During the reporting period we completed the workover of Alameda-2 and commenced full-time production. This was the first step in commercialising the 46 million barrels[1] Contingent Resource[2] in the shallow Amistad sheet of the greater Alameda oilfield we discovered in our onshore Block 9 PSC. We will continue to focus on the development of oil from the Amistad section, given it's quicker and cheaper to access and contains a relatively higher quality of crude oil. It is important to remember, though, that we have also discovered energetic and freely flowing oil in the lower geologically independent Alameda and Marti sections that provide us with plenty of running room for additional field development. While progress towards increasing production this year has been slower than anticipated, for several reasons outside of our control, the technical insights gained - particularly around reservoir sensitivity - have informed our proprietary drilling fluid design and simplified well architecture, positioning us for success. Preparations for the drilling of our first dedicated production well, Amistad-2, are complete and the rig is currently mobilising to site at the time of writing. This well targets a structurally promising zone expected to deliver enhanced flow rates 200 metres up-dip of the original 1,235 bopd zone discovered in the same sheet by Alamada-2.

1 Independent best estimate (2C), 100% share.

2 See ASX announcement dated 25 March 2024.

To accelerate the rate at which we can produce oil from our contract area in Cuba requires us to gain better and more direct control of our operational inputs without increasing well costs. If our planned future production wells allow us to keep growing production and if these production volumes can be commercialised regularly then we will have taken some important steps towards achieving this goal. We are better prepared to achieve both these things in the year ahead. We are appraising and developing a very large oilfield, one that is comprised of not just one anticline but of several, which together form a very large anticlinal structure, termed an anticlinorium. The scale of the Alameda anticlinorium can be difficult to comprehend.

Turning to Australia, over the last decade or so we have seen increased regulatory and social headwinds against exploring for then developing Australia's natural energy advantage. As I foreshadowed last year, economic reality has forced a rethink of the importance of natural gas as a component of our energy mix, and recent events suggest that this tide may be starting to turn with signs the realisation of the essential contribution of gas toward net zero targets may be sinking in. If so, Melbana is well placed to capitalise with the Company's portfolio of high-quality gas exploration permits offshore Western Australia.

During the reporting period, our Geoscience team interpreted and mapped 3D seismic we had reprocessed, resulting in our maiden resource estimates for the historical Vesta and Swan gas and oil discoveries and adjacent prospects. We have since had good engagement from several potentially interested farminees with proximate activities and an interest in securing more qualified exploration opportunities.

Finally, I commend our team for their continued diligence and scientific approach to problem solving. We have had a year of challenges and frustrations, but this didn't stop them continuing to push toward our goal of delivering an increase in shareholder value.

Andrew Purcell
Executive Chairman

Highlights

Cuba

Block 9 Development Scope Commenced

The Alameda-1 exploration well, completed in 2022, identified multiple vertically stacked and geologically independent oil-bearing structures (called Amistad, Alameda and Marti). The appraisal program consisting of Alameda-2 and Alameda-3 in 2023 and 2024 respectively, led to the independent assessment of a 2C Contingent Resource[3] of 46 million barrels in Unit 1B of the Amistad sheet and an upgrade to the Prospective Resources of the Unit 1A (Best Case 32 million barrels) and Unit 1B (Best Case 90 million barrels). During the year, the Company commenced development operations including the workover of Alameda-2 and design, procurement and site construction for the Amistad-2 and Amistad-3 wells.

ALAMEDA-2[4] was completed in Unit 1 of the Amistad structure in FY2024 and subject to a workover in 2025.This workover was designed to remediate near-well formation damage of the Amistad Unit 1B reservoir and the first step in the establishing full-time production and development of the field.

Workover highlights include:

- First use of the service rig, primarily under 12-hour operations.
- Addition of new perforation intervals in both the upper and lower Unit 1B.
- Acid-squeeze resulted in significant acid and completion fluid losses to the reservoir.
- During clean-up flows static gradient and a memory production log (MPLT) survey were run.
- The MPLT confirmed that a pump would accelerate recovery of the heavy-weight completion brine used to control the well.
- A down-hole pump was run and a second acid treatment conducted.
- After further cleanup flow, the well was shut-in for 12 hours before a 12-hour test was conducted and the service rig rigged-down and released.
- The well was handed to production, all completion brine recovered and the well-produced continuously for the remainder of the period.
- A closing crude inventory of 22,863 barrels was established at the end of the financial year.

ALAMEDA-2 AND ALAMEDA-3 STUDIES

The Alameda-2 and Alameda-3 wells were multi-objective appraisal wells which gathered large amounts of data and samples, all requiring analyses. Studies of these samples and data were largely completed during the year.

Results highlights include:

- Completion of biostratigraphic studies now allows for more direct comparison of the units encountered with the local analogous oil fields;
- Identification of carbonate facies in individual core samples recovered, providing important information for future well targeting; and
- Observation of plugging of some pore spaces with barite and precipitation of minerals in fractures leading to studies defining the best composition of non-damaging fluids.

3 Independent best estimate (2C), 100% share, as per ASX announcement 25 March 2024.
4 Also referred to sometimes as Amistad-1.

DEVELOPMENT DRILLING PROGRAM

Design, permitting, procurement and construction was completed in preparation for the drilling of Amistad-2 and Amistad-3.

Highlights include:

- Successfully developed and lab tested a new non-damaging reservoir drilling fluid to mitigate the risk of formation damage in future Block 9 wells.
- A new, simplified well design for the single-target objective development wells in the shallow Amistad sheet.
- Construction of the Amistad-2 (Pad 9) and Amistad-3 (Pad 4) well locations and associated roads and camp.
- Completed procurement and delivery receipt of all equipment and materials necessary to drill Amistad-2 and Amistad-3.
- Completed procurement of production equipment for Amistad-2.
- Awaiting arrival of the drilling rig to commence drilling of Amistad-2.

Australia

Significant progress with offshore exploration opportunities

- Melbana was formally awarded a new offshore 516km^2 exploration permit, WA-552-P, in the first offshore acreage release in Australia in recent years.
- Hudson Prospect WA-544-P and NT/P87 (100%) – Continued a process to seek a partner to fund next stage of exploration work on a structure estimated to hold a Prospective Resource of either 466 BCF of gas or 90 million barrels of oil[5].
- AC/P70 (100%) – Interpretation and mapping of reprocessed 3D seismic survey was completed resulting in maiden resource assessments[6] for the historical Vesta and Swan gas and oil discoveries and adjacent prospects identified by the Melbana team. A marketing process was commenced with good engagement from several parties; and,
- WA-448-P (contingent cash and royalty interest) – Operator of the permit received environmental approval to drill an exploration well, and applied for additional time to meet drilling commitment.

5 Internal estimate - 100% share, best estimate.

6 See ASX announcement dated 26 February 2025.

Operating Review

"We have undertaken the exploration, made the discovery and analysed the data. As the early stage of development is underway, the production phase has commenced for our high-impact Cuban oil discovery, and we will start seeing that impact in FY2026."

Cuba

Block – 9 (Melbana 30%)

The northern coast of Cuba is a prolific oil province. We're constantly reminded of the fact every time we drive the Via Blanca between Havana and Varadero but it's not just the sight of wellheads, nodding donkeys and tank farms (See Figure 1). On occasions we've stopped by the road and noted the natural and live oil seeps around some of the old oilfields on the coast and this is why at least some of these shallow oilfields were originally drilled and discovered.

Figure 1 - Matanzas Supertanker Base

We also see natural oil seeps within Block 9, some of which were mined for asphalt as was historically common, first by the indigenous Taíno people and subsequently the Spanish, who used it to caulk their ships. In Cuba an oil seep can be a reminder you're in the right spot but when you're chasing a higher quality product, you need to dig a little deeper.

Over the course of the last year we've been frustrated by the rate of our progress on the ground. However, this has afforded us the ability to study in greater detail the vast amount of samples and data we have collected during the exploration phase. We've talked a lot about what we've learned in terms of formation damage and drilling fluid compatibility but we've also learned a lot about the geology and that is, of course, fundamental to developing the large oil discovery that we've made.

It may sound odd, but we've learned a lot from very small to microscopic fossils of ancient marine critters and pollen spores. Literally getting the rock samples under the microscope has allowed us to better understand what's happening in the macro scale with the structure and the various reservoir sheets that have been thrust one on top of another, compressing about 70km of horizontal section into about 10km. We now describe the structural reservoir sheets we've observed to date as the Amistad, Alameda and Marti sheets. Together they form part of a buried mountain range that is the anticlinorium of the greater Alameda field, not dissimilar to what you can see above ground if you cross the Rocky Mountains of North America.

Whilst that's helpful and interesting, this micro-scale work has also allowed us to better understand how the discoveries we've made relate to the numerous nearby oilfields and the local formation terminology. The shallow section of the Amistad sheet (Unit 1A and Unit 1B) is most similar to the massive Varadero field that's produced over 200 million barrels of extra-heavy (<10° API) crude.

We're yet to properly test the shallowest Unit 1A reservoir, locally known as the Santa Teresa Formation. However, most of the Amistad sheet is made up of Unit 1B and is the core of our near-term development focus. Alameda-2 demonstrated the productive potential averaging 1,235 bopd on drill stem testing (DST) of a much lighter, less viscous (19° API) crude than is produced at Varadero.

The quality of crude is important and has a significant impact on its market value. Analysis of the 19° API Amistad crude shows that it is comprised of a significant proportion of valuable middle distillates and surprisingly heavier asphaltenes, which makes it very attractive to oil traders and refiners alike. Our Alameda-2 (aka Amistad-1) oil well is now in full time production, and we are building inventory as we await our first export. We also await the return of the drilling rig to commence our first single-target development well: Amistad-2.

The Amistad Unit 1B reservoir has been assessed as containing a gross contingent resource[2] of 46 million barrels (2C) in the eastern end of the field plus 90 million barrels of gross prospective resource[3] (2U) in the western end of the structure. The shallow Amistad sheet also includes a further 32 million barrels (gross) prospective resource relating to Unit 1A.

The government of Cuba and our joint operations partner remain supportive of the Company's plans for development of the field, which we have commenced on a modest scale thus far. During the year the Company commenced production from the field and is now progressing as expeditiously as economically sensible towards revenue from Block 9. This is an important milestone and one on which we will build to significant scale in the coming years. The Company is fortunate to have been able to acquire such a high-quality exploration asset in such a prolific oil-prone area.

Amistad production commenced

Alameda-2 was spudded in June 2023, reached total depth of 1975m on 31 July 2023 and produced an average of 1,235 bopd of oil during DST-4 of Unit 1B. Extended production testing during 2023 and 2024 demonstrated that the formation had been damaged during well-kill operations following the successful DST. During the period, the well was subject to a remedial workover and acidisation.

The Alameda-2 remedial workover commenced in February 2025 using a service rig, primarily on 12-hour operations, the scope included:

Operating Review continued

- Pulling the completion.
- Adding new perforation intervals in both the upper and lower Unit 1B.
- Undertaking an acid wash and squeeze.
- Re-running the completion.
- Conducting an extended clean-up flow to unload heavy-weight completion brine and spent hydrochloric acid.
- Analysing of static gradient surveys and a MPLT survey to determine that a pump would be required to recover all of the heavy-weight completion brine used to control the well.
- Installing a down-hole pump.
- Conducting a second acid treatment.
- Conducting a further clean-up flow period to recover the bulk of completion fluids.
- Undertaking a short flow test prior to releasing the service rig.

The remedial workover operations were completed in April 2025 and the Alameda-2 well commenced continuous production following demobilisation of the service rig from location.

Total production to the end of the reporting period was 19,259 barrels, bringing the closing crude inventory to 22,863 barrels at the end of the year.

Amistad development

Following the observation of reducing productivity associated with formation damage, particularly in Alameda-2, the Company commenced a significant technical review to determine the most likely damage mechanisms and identify mitigation strategies to reduce this risk in future wells.

This work resulted in the identification of barite (a non-reactive weighting agent in conventional drilling mud) embedment and mineral precipitation, in varying amounts on different core samples. This in turn informed the Company's development of a proprietary reservoir drilling fluid (Melbana RDF).

The Melbana RDF was designed to reduce the quantity of barite required to control high-pressure reservoirs whilst avoiding the use of chemically incompatible fluids. The company tested numerous brine-based fluids.

After identifying the best performing fluid, extensive compatibility testing was conducted to ensure that the RDF would work within the required drilling parameters, but without damaging the formation. This laboratory testing has informed not only the chemical makeup of the fluid but also the operating procedures to ensure the quality of the RDF is maintained throughout.

A further impact on the performance of Alameda-2 is believed to be the physical configuration of the wellbore and its multi-target design. For development drilling, the well design was therefore significantly simplified to a single target with open-hole completion.

Procurement and delivery receipt of all equipment and materials necessary to drill Amistad-2 and Amistad-3 was completed during the period. Construction of the Amistad-2 and Amistad-3 well pads was conducted and all necessary permits to drill were received during the period.

The Amistad-2 well will be directionally drilled to target the Unit 1B approximately 200m up dip and 850m to the south of Alameda-2. This location is expected to intersect the axial crest of a localised anticline and due to the combination of geological structuring, in-situ stresses and brittle formation is expected to encounter a substantially fractured and productive reservoir section. Commencement of the Amistad drilling awaits the arrival of the drilling rig.

The Amistad-2 and subsequent contingent Amistad-3 wells are planned to be completed prior to testing. This is to minimise the potential for formation damage. It also means that as soon as the rig is demobilised from the location, the well will commence production. For these initial wells, each well pad will have its own small production facility, tanks and tanker loading gantry with provision to upgrade and expand as required.

Commercial arrangements have continued to progress through the course of the year. The Company has identified a reliable export pathway for its crude production, enabling early sales and an efficient route to market ahead of the Company establishing more significant volumes. This solution supports timely monetisation of production contributing to development funding.

Board of Directors

Andrew Purcell
Executive Chairman

Andrew Purcell founded the Lawndale Group (formerly Teknix Capital) in Hong Kong over 20 years ago, a company specialising in the development and management of projects in emerging markets across heavy engineering, petrochemical, resources and infrastructure sectors. Prior to this, Mr Purcell spent 12 years working in investment banking across the region for Macquarie Bank and then for Credit Suisse. Mr Purcell also has significant experience as a public company director, both in Australia and across Asia.

Peter Stickland
Non-Executive Director

Peter Stickland has over 30 years' global experience in oil and gas exploration. Mr Stickland was CEO and subsequently Managing Director of the Company from 2014 until January 2018 and then became a Non-Executive Director. Previously, Mr Stickland was CEO and subsequently Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a Southeast Asia/Australia focused E&P company. Prior to joining Tap Oil, Mr Stickland had a successful career with BHP Petroleum (now part of Woodside) including a range of technical and management roles. Mr Stickland is also a life member of the Australian Energy Producers Limited (AEP).

Michael Sandy
Non-Executive Director

Michael Sandy is a geologist with over 40 years' experience in the resources industry – mostly focused on oil and gas. In the early 1990s he was Technical Manager of Oil Search Limited, based in PNG. He was involved in establishing Novus Petroleum Ltd and preparing that company for its $186m IPO in April 1995 and over 10 years, he held various senior management roles with the Company. Subsequently Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L, has set up and taken companies to IPO and has built extensive experience on the boards of listed and unlisted companies, including Tap Oil, Burleson Energy and Hot Rock.

See pages 25 to 26 for further information.

Financial Report

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Melbana Energy Limited (referred to hereafter as 'Melbana', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were Directors of Melbana Energy Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Purcell
(Executive Chairman)

Michael Sandy
(Non-Executive Director)

Peter Stickland
(Non-Executive Director)

Principal activities

The principal activities of the Consolidated Entity during the year were oil and gas exploration in Cuba and Australia together with development concepts for the Tassie Shoal Methanol and LNG Project.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Review of operations

International Operations

Cuba - Block 9 (Melbana 30%)

During the reporting period, the Company conducted routine and special core analysis on samples recovered from Alameda-3. These studies included investigations into the potential sources of formation damage observed in both the Alameda-2 and Alameda-3 wells. Evidence of formation damage was noted in scanning electron microscope (SEM) and computed tomography (CT) images by the presence of barite embedment and crystalline precipitates within pores and fractures and on the surface of core plugs (See Figure 2).

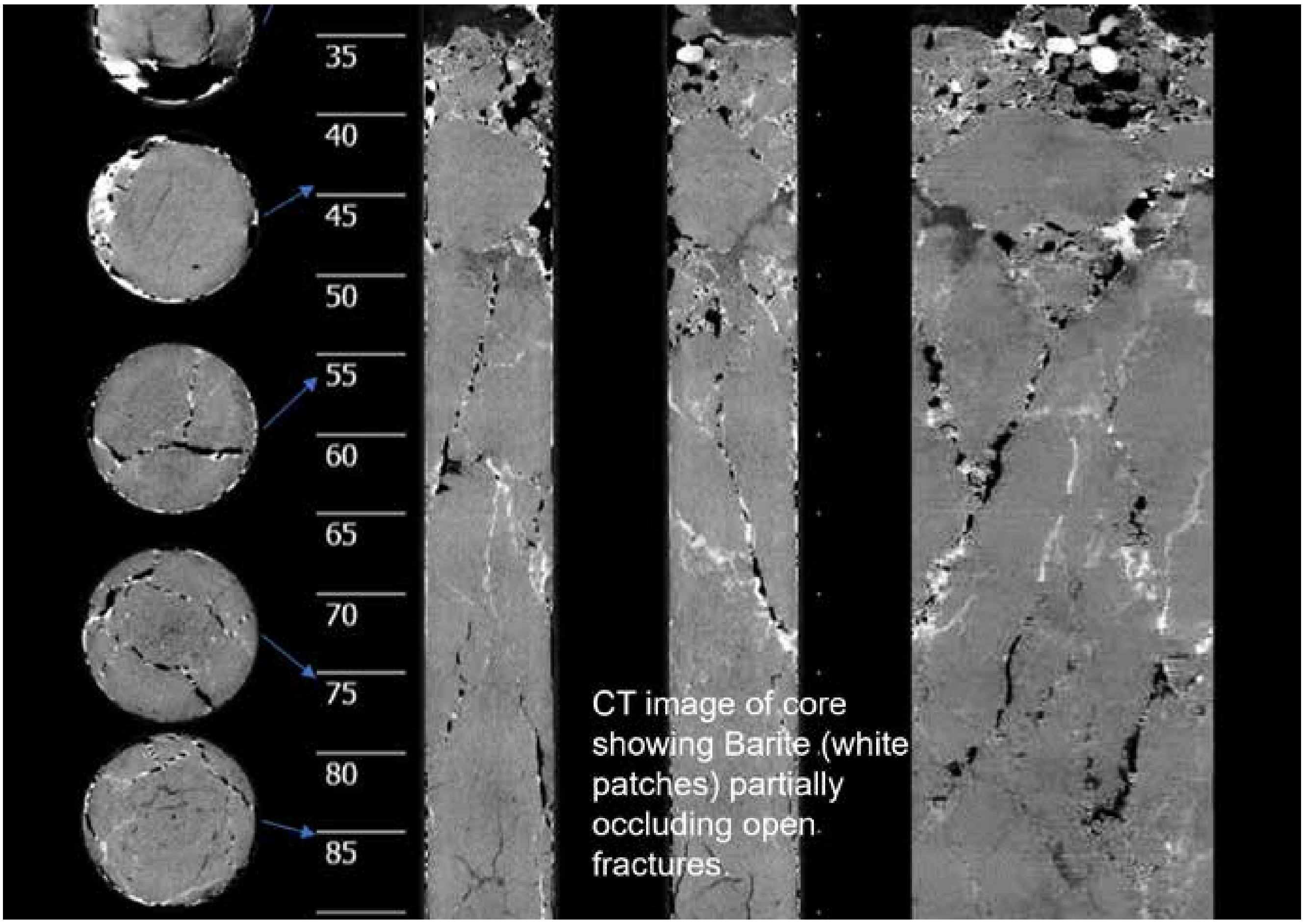


Figure 2 – Evidence of formation damage

These observations informed the extensive chemical analysis, development and final design of a proprietary reservoir drilling fluid (Melbana RDF) to mitigate the risk of formation damage in future drilling operations. Following development, Melbana RDF was subject to extensive fluid and rock compatibility testing, which confirmed its suitability and compatibility with the primary Unit 1B reservoir.

Melbana RDF is a water-based drilling fluid that is designed to minimise the risk of formation damage whilst maintaining the ability to safely and effectively drill the well. The use of RDF is not uncommon for formations susceptible to drilling induced damage but none had previously been developed for use in Cuba (See Figure 3).

Figure 3 – Melbana RDF (Sample 14, LHS) was designed to maximise production well flows by minimising the risk of formation from crystallisation of precipitates, excessive barite and emulsion formation

Directors' Report

continued

A workover and acid stimulation program were conducted on Alameda-2[3] over a 54-day period, operating primarily on 12-hours except as dictated for operational safety and during well flow-back periods.

Key steps in the program included using a service rig to pull the original completion, adding new perforations in both the upper and lower Unit 1B, undertaking an acid wash and squeeze then re-running the completion. Following completion, an extended period of clean-up flow was undertaken to unload heavy-weight completion brine and spent hydrochloric (HCl) acid lost to the formation during operations.

A significant volume of heavy-weight completion brine and stimulation fluid had been lost to the formation during the workover. Static gradient surveys and a MPLT survey were run and confirmed that a pump would accelerate the recovery of the heavy-weight completion brine used to control the well. A down-hole pump was run and a second HCl acid treatment conducted.

A further period of clean-up flow was conducted on Alameda-2 and the well subject to brief test prior to being handed over to production. For the remainder of the period the well was produced on a continuous basis recovering oil and lost completion fluid. Substantially all completion and stimulation fluids lost to the formation had been recovered to surface by the end of the period.

Crude oil produced from Alameda-2 undergoes primary separation and storage on site. This stored production is regularly transported to facilities managed by the national oil company for further processing. The Company continues to increase its stored oil volume and inventory closed at 22,863 barrels at period end (See Figure 4).

Preparations for the drilling of the first purpose designed development well on Block 9, Amistad-2, were conducted throughout the period. The contingent Amistad-3 well is planned to follow.

Well permitting was conducted for four new well pads during the period, each sized to accommodate at least two wells per drilling pad. Amistad-2 is to be drilled from Pad 9, located approximately 850 metres to the southwest of the Alameda-2 well.

All Amistad-2 civil works, comprising well pad, access road and production equipment area, were completed during the period and all non-rig equipment and materials to drill the well received.

The Amistad-2 well was designed considering all lessons learned to date to maximise its flow potential. These design requirements included planning to intersect as many fracture zones as possible, a significantly simplified single-target well design with no cement in the production hole and use of a non-damaging drilling fluid.

Figure 4 – Alameda-2 has been on continuous production since the completion of workover activities in April 2025

To meet these design requirements, Amistad-2 will target an area near the crestal axis of one of the discovery's localised anticlines, approximately 200 metres updip of the top reservoir in Alameda-2, to a total depth (TD) of 1125 metres MD. The well path will orthogonally traverse a series of localised fault and fracture zones and encounter all of the Unit 1B but no further. Drilling will be conducted utilising the company's proprietary Melbana RDF at the minimum fluid weight required to safely drill and the well will be completed open-hole with a contingent slotted liner available if circumstances require.

Civil construction of the Amistad-3 well-pad, access road and rig-camp locations were nearing completion and awaiting final levelling and compaction at the end of the period. The permit to drill is in hand and all necessary material drilling equipment and materials were received.

The contingent Amistad-3 well has been planned under the same design requirements as Amistad-2. Amistad-3 targets the Unit 1B in a similar geological architecture from the Pad-4 location on the next parallel anticline to the south of Amistad-2.

Amistad-3 is planned to be drilled to a TD of 1625 metres MD, shallower than the deepest known oil in the Amistad sheet (See Figure 5). Confirmation of oil saturation to the toe of the well may de-risk the adjacent oil prospect to the southwest.

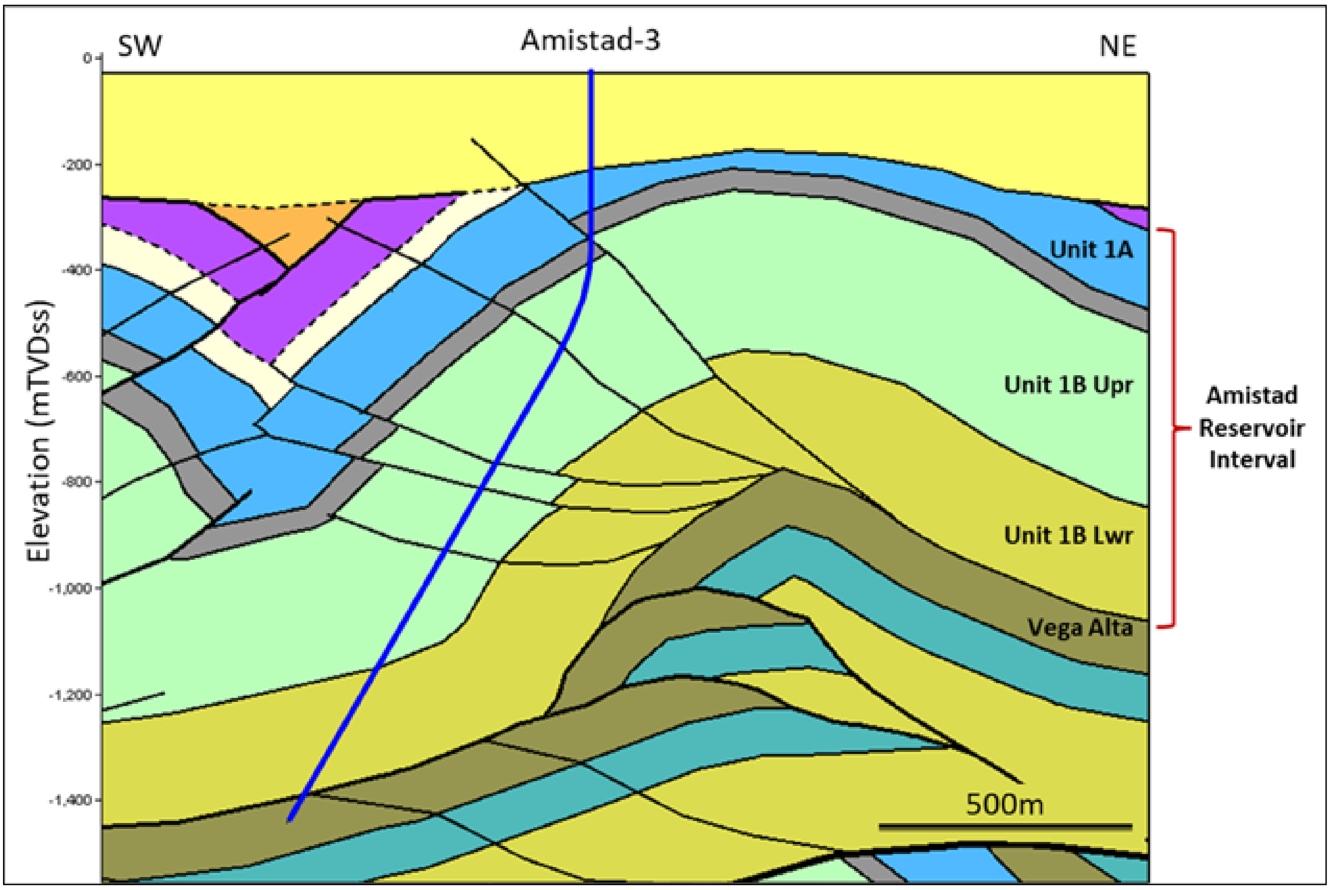


Figure 5 - Trajectory of Amistad-3 showing long intercept of fractured reservoir section

Subsurface development planning continued to progress throughout the course of the year and a focused effort made on defining suitable surface locations which allow the targeting of primarily Amistad sheet reservoirs based on the existing 2D seismic (See Figure 6). This process yielded 30 well concepts which may be justified to continue to appraise and develop the field.

This subsurface development plan is based on revised interpretation of the greater Alameda structure and was reviewed with the Joint Operation partner and the Cuban regulator in April 2025. Our understanding of the stratigraphy observed in the Alameda wells drilled to date has been improved by an extensive biostratigraphic study of microscopic fossils preserved in the rocks and recovered as core and drill cuttings to date. Critically, this work permitted the understanding of the accurate Cuban formation names rather than the generic unit names that had been previously assigned.

Directors' Report

continued

Work on the surface development planning was also progressed during the year, with an engineering study of the existing Alameda-2 temporary facility being conducted. The study recommended modifications to facilitate safe production operations over a longer term than the original temporary test facility had been designed to accommodate. These recommendations will also be carried over to future well-site facilities until such time as a central production processing and storage facility is justified, designed and constructed.

The Joint Operation remains focused on near-term commercialisation of the PSC, taking a pragmatic approach to the simultaneous appraisal and development of the field. This methodology is often used onshore and will allow oil to flow to market quickly, continue to de-risk and upgrade the contingent and prospective resources, and with revenues supporting future field development costs.

Initially, the development drilling activities are planned and proposed within the Unit 1B reservoir in the eastern area of the field in which McDaniel & Associates Consultants LLC (McDaniel), a Canadian based independent certifier of oil and gas reserves and resources with experience of Cuban geology, assessed the Company's Block 9 contingent resource. Continued success in these wells will then lead to further drilling to the west in the adjacent Unit 1B area currently defined by McDaniel and Associates as a prospective resource.

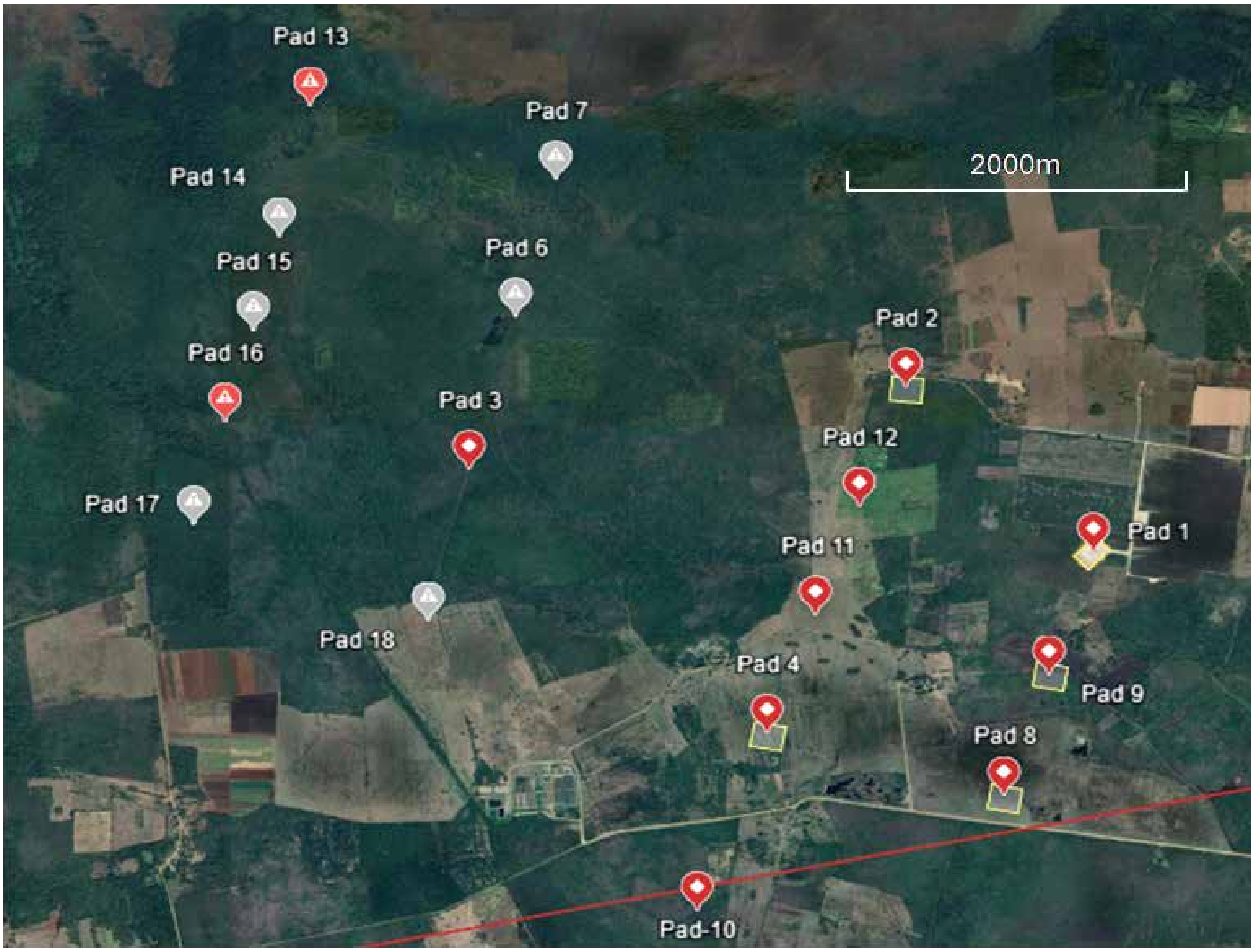


Figure 6 - Planned Unit 1B wells targeting 1C resource in eastern part of Amistad field

With our oil inventory building following the establishment of continuous production from Alameda-2 it remains our goal to deliver our first export in 2025. It is hoped that Amistad-2 will contribute to the volume of oil that is exported.

In 2024, McDaniel assessed a gross (100%) 2C[2] Contingent Resource of 46 MMbbl with a Sub-Categorisation of Development Pending (80% Chance of Development) for Amistad Unit 1B in the eastern part of the structure. McDaniel also assessed a gross (P50) best estimate Prospective Resource of 90 MMbbl (with a Chance of Discovery of 70% if an appraisal well was drilled) for Amistad Unit 1B in the western part of the structure.

McDaniel also assessed a gross (100%) P50 – Best Estimate - Prospective Resource of 32 MMbbl for Amistad Unit 1A (with a Chance of Discovery of 70%) that could be similarly derisked by drilling an additional appraisal well and testing on pump in that area.

Melbana's estimates of Contingent and Prospective Resources have not changed during the period.

Australian Operations

WA-488-P (Melbana contingent cash and royalty interest)

The Company sold its 100% interest in permit area WA-488-P to the Australian subsidiary of a US oil major in November 2021[7]. The purchaser became the Operator and made a country entry to drill the giant Beehive Prospect located within the WA-488-P exploration permit.

The Beehive Prospect was independently estimated to contain a Prospective Resource of 388 million barrels of oil equivalent (Best Estimate, 100% basis)[8] and a high estimate of 1.6 billion boe. Melbana revised these estimates[9] to a Prospective Resource of 416 million boe (Best Estimate, 100% basis) with a high estimate of 1.4 billion boe following its assessment of the 3D seismic data acquired across the prospect in 2018.

Under the terms of the sale and purchase agreement, the Company is entitled to receive contingent future payments of USD5.0 million (subject to the purchaser making certain future elections with regards to the permit) and USD10.0 million for each 25 million barrels of oil equivalent in the event oil is produced from the permit area should the exploration well be a commercial success.

Beehive received approval of its environmental plan for the drilling of up to three wells during the reporting period. The new Operator also applied for and received a suspension of the Permit Year 3 work program obligation to drill one well until October 2026.

The Company has no exposure to the cost of this exploration well.

Beehive will test a large Carbonate Platform Prospect similar to that defined by the Company in the adjacent exploration permits NT/P87 and WA-544-P.

WA-544-P and NT/P87 (Melbana 100%)

These permit areas, containing the undeveloped Turtle and Barnett oil discoveries, were granted to the Company in 2020 under the Australian Government's 2019 Offshore Petroleum Exploration Acreage Release.

They are in shallow water (20 to 40 metres deep) and located about 300 kilometres southwest of Darwin, Australia. The Blacktip gas field lies to the northwest and its pipeline transects the northern boundary of NT/P87, allowing potential access to the Darwin LNG facility and/or the east coast gas market.

The exploration permits host Carbonate Platform opportunities with similar resource potential as the adjacent WA-488-P exploration permit, which contains the Beehive drilling Prospect (See Figure 7).

During the reporting period the Company continued its efforts to identify a farm-in partner for the exploration permit. The permit areas include a Prospective Resource of over 466 BCF of gas or 90 million barrels of oil (unrisked best estimate, 100%) for the Hudson Prospect.

7 See ASX announcement dated 23 April 2021.
8 See ASX announcement dated 14 August 2018.
9 See ASX announcement dated 24 August 2020.

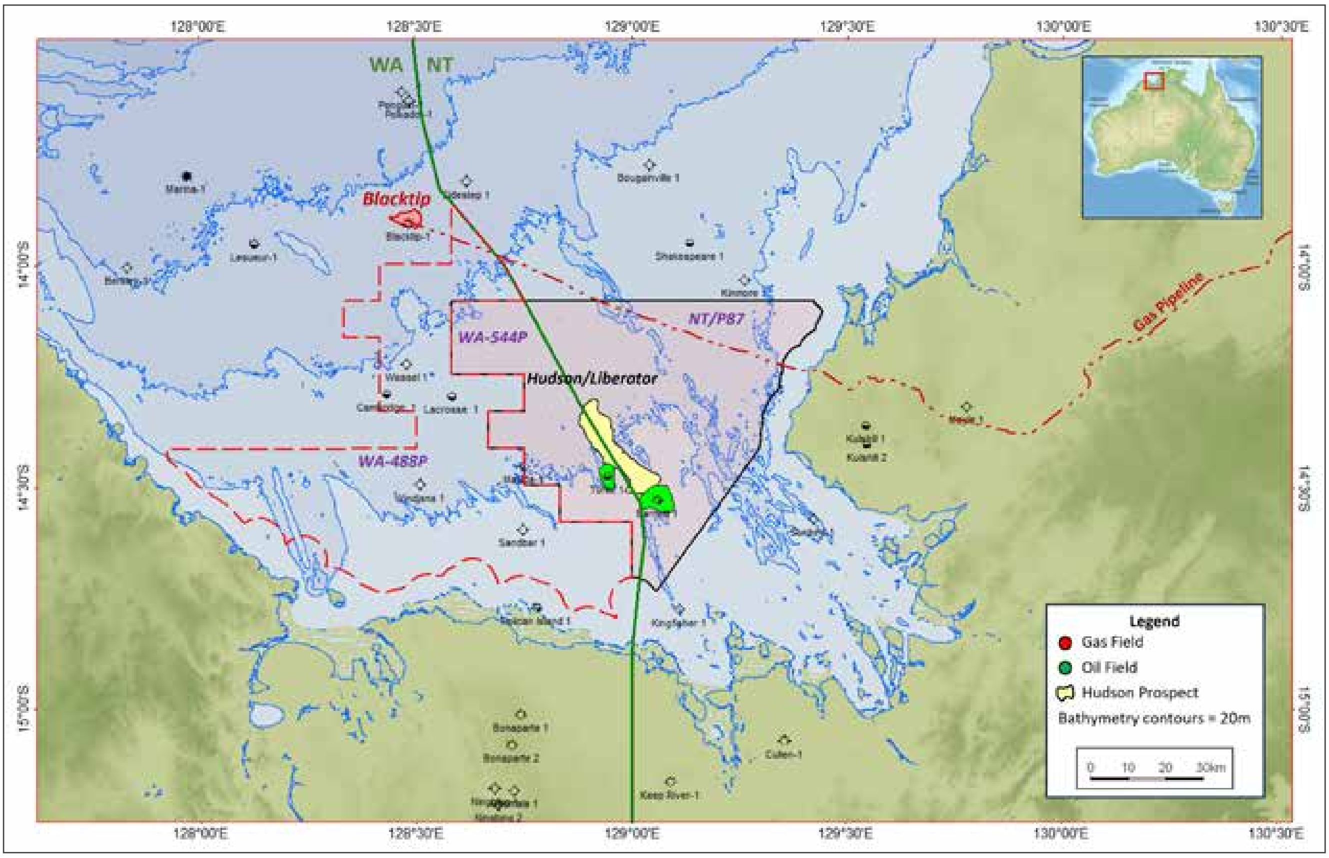


Figure 7 – The location of the Company's Exploration Permits WA-544-P and NT/P87 relative to WA-488-P

AC/P70 (Melbana 100%)

On 16 February 2022, the Company announced that it had been granted petroleum exploration permit AC/P70, located in the Territory of Ashmore and Cartier Islands, for an initial period of six years. Melbana made an application for this permit under the Australian Government's 2020 Offshore Petroleum Exploration Acreage Release (See Figure 8).

Since being awarded the permit, the Company has licensed various datasets and undertaken considerable work to better understand what exploration opportunities might exist there. The undeveloped Vesta-1 oil discovery (drilled in 2005) lies within the permit area and an appraisal well drilled in 2007 identified a gas cap.

During the reporting period the Company completed interpretation of the reprocessed 500km^2 legacy Pantheon 3D seismic survey. The reprocessing significantly improved the seismic data quality allowing the identification and mapping of significantly larger exploration targets within and adjacent to the working petroleum systems of the greater Swan and Vesta discoveries. Some of these areas are updip to the old discovery wells, further increasing the chance of success. The combined unrisked gross best estimate Prospective Resource for the permit is 2,754 Bcf and 43 MMbbl[5, 6].

AC/P70 contains the undeveloped Swan gas field, discovered by Arco in 1973 while exploring for oil and which was further appraised by an additional two wells by BHP in 1991. Wireline pressure data and recovered gas samples from several sands of the Cretaceous Puffin sandstone confirmed a common pressure regime and the presence of mobile gas.

The Vesta oil and gas field was discovered by ENI in 2005, also whilst exploring for oil, and was appraised by a second well. Three DST confirmed the presence of producible oil and gas from the Jurassic "Spec Di" reservoir but the field has not been developed. Significant and relatively high probability-of-geologic success (Pg) prospective resources are interpreted within untested compartments up-dip of the discovery wells.

During the period, the Company assessed the combined best estimate (2C) Contingent Resource volume for the Swan and Vesta fields was 276 Bcf and 34 MMbbl[5].

The permit is adjacent to existing production and facilities offering a clear pathway to commercialisation of any significant discovery.

The Company commenced efforts to identify a farm in partner for the exploration permit during the reporting period.

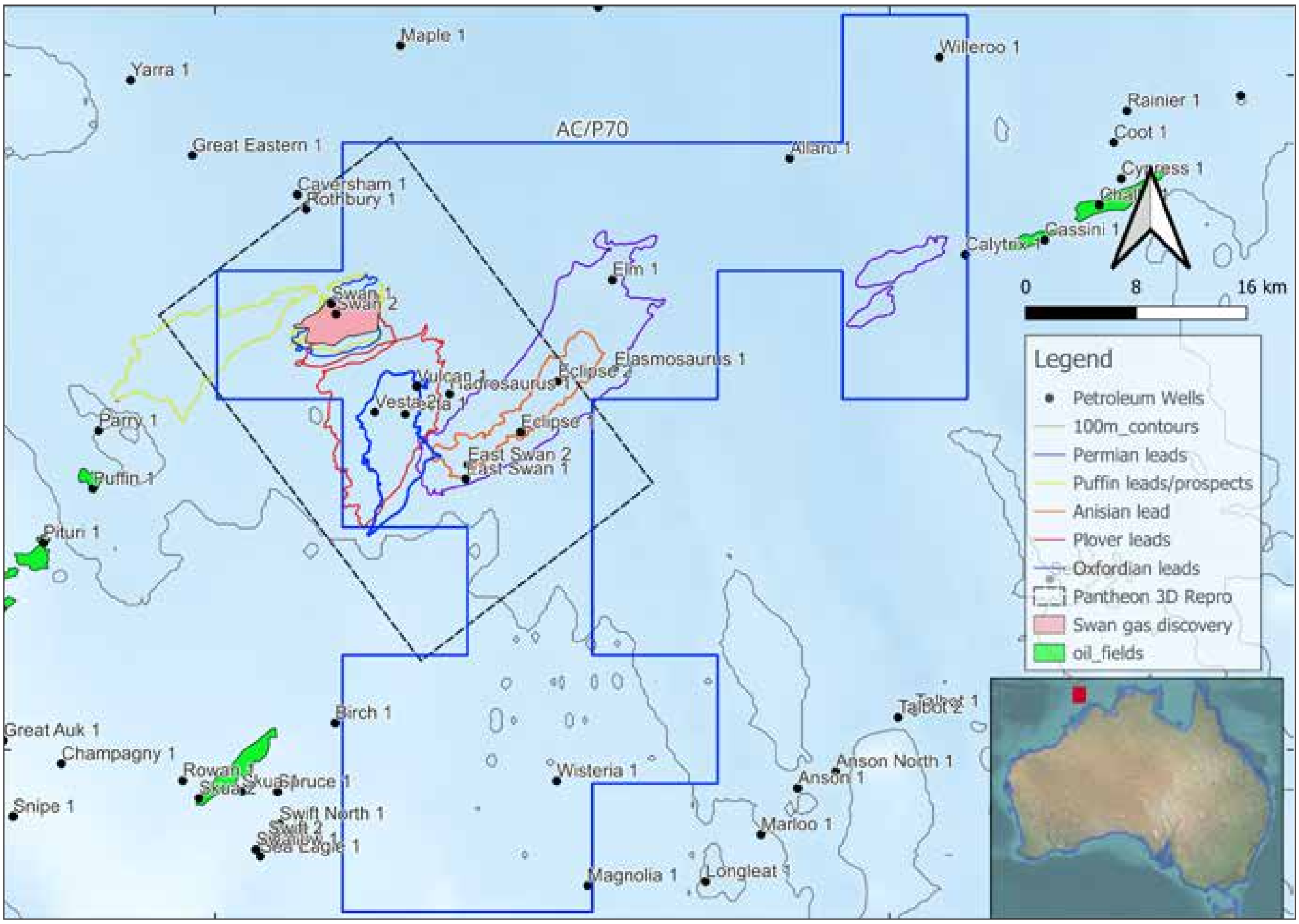


Figure 8 – Location of AC/P70 and reprocessed 3D seismic volume outline

Directors' Report

continued

Field	Hydrocarbon	1C	2C	3C
Vesta – (Spec Di)	Gas (Bcf)	39	105	199
	Oil (MMbbl)	10	30	47
Swan – (Puffin)	Gas (Bcf)	132	171	211
	Oil (MMbbl)	3	4	5
Rec Gas Arithmetic Totals	**Gas (Bcf)**	**171**	**276**	**410**
Rec Oil Arithmetic Totals	**Oil (MMbbl)**	**13**	**34**	**53**

Table 1 – AC/P70 gross un-risked Contingent Resource Summary

Prospect	Hydrocarbon	Pg	Mean	Low 1U	Best 2U	High 3U
Vesta Deep (Plover)	Gas (Bcf)	16%	338	71	231	730
Vesta North (Spec Di)	Gas (Bcf)	42%	200	116	195	287
(Gas Cap on Oil rim)	Oil (MMbbl)	42%	45	22	43	71
Swan Deep (Spec Di)	Gas (Bcf)	23%	222	112	206	352
Swan Deep (Plover)	Gas (Bcf)	16%	143	55	126	253
Swan North-West	Gas (Bcf)	44%	198	155	196	243
East Swan Deep (Triassic)	Gas (Bcf)	18%	702	200	569	1397
East Swan Deep (Permian)	Gas (Bcf)	24%	1402	337	1231	2695
Rec Gas Arithmetic Totals	**Gas (Bcf)**		**3205**	**1046**	**2754**	**5957**
Rec Oil Arithmetic Totals	**Oil (MMbbl)**		**45**	**22**	**43**	**71**

Table 2 – AC/P70 gross un-risked Prospective Resource Summary

WA-552-P (Melbana 100%)

During the period the Company was granted petroleum permit WA-552-P[10], located offshore Western Australia in the Dampier Sub-basin of the Northern Carnarvon basin (See Figure 9).

The permit was applied for under the 2022 Offshore Petroleum Exploration Acreage Release and Melbana was one of only five companies to be awarded a new permit, with the other four all being major oil and gas companies.

The permit was granted for an initial six-year period, with the primary term (first three years) work commitments comprising only desktop studies. Progressing beyond the primary term is at Melbana's election.

The permit area contains several small oil discoveries including Tusk, Okapi, Brocket, Oryx and Chamois and is immediately to the west of the Stag oil field, which has been producing oil since 1998.

Melbana's exploration thesis is that the Dampier Sub-basin may share a similar geological history to the Canning Basin, Petrel and Vulcan Sub-basins by way of salt seal deposition and carbonate reservoir architecture. The Company has been actively pursuing such plays in association with salt tectonics in its other exploration permits, WA-544-P and NT/P87.

10 See ASX announcement dated 19 September 2024.

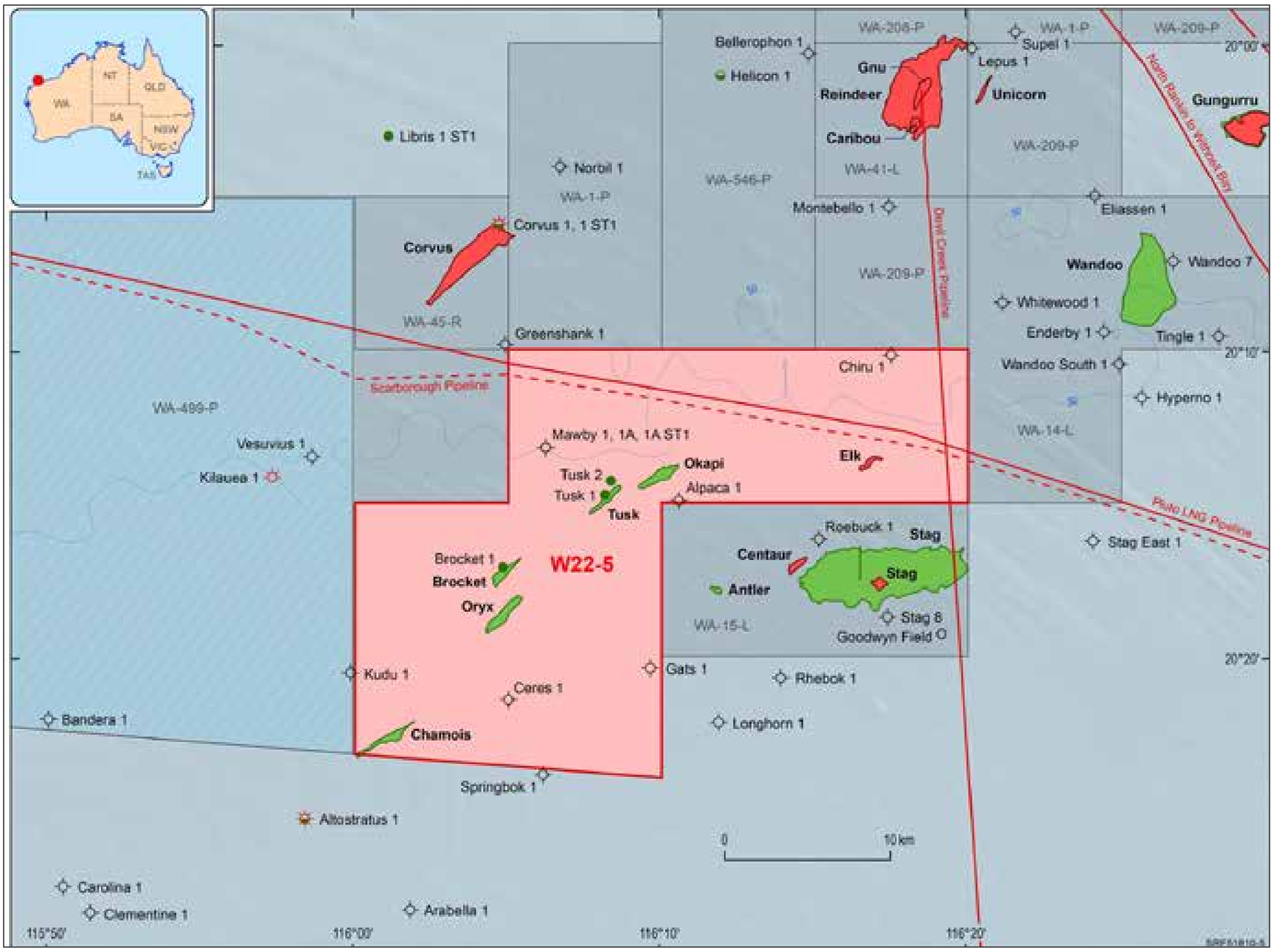


Figure 9 - Location of WA-522-P (formerly W22-5)

Tassie Shoal (Melbana 100%)

The Company has Australian Government environmental approvals to construct, install and operate two stand-alone world scale 1.75 Mtpa methanol plants - collectively referred to as the Tassie Shoal Methanol Project - and a single 3 Mtpa LNG plant - known as the Tassie Shoal LNG Project - on Tassie Shoal, an area of shallow water in the Australian waters of the Timor Sea approximately 275 km northwest of Darwin, Australia (See Figure 10). These environmental approvals are valid until 2052. These projects uniquely provide a development option for discovered but undeveloped gas resources in the region.

Progress for these projects is dependent on securing access to proximate gas supply on suitable commercial terms. No material progress was made in this regard during the reporting period.

Figure 10 - Location of the Tassie Shoal Projects

Results for the year

The net loss after tax of the Consolidated Entity for the financial year was $4,151,446 (2024: net profit after tax of $3,259,760). The loss for the year represents the support costs of the corporate function for Melbana as the majority of the costs are recovered from the Block 9 project.

During the year, the Consolidated Entity incurred net operating cash outflows of $3,623,620 (2024: outflows of $3,670,961), net investing cash outflows of $3,796,677 (2024: outflows of $18,666,009) and net financing cash inflows of $nil (2024: inflows of $nil).

The successful drilling and commercialisation of any oil and gas discoveries in Cuban and Australian exploration permits and/or the development/sale of the Consolidated Entity’s methanol and LNG Projects could ultimately lead to the establishment of a profitable business or result in a profit to the Company if an asset sale occurs. While the Consolidated Entity is in the exploration/appraisal stage of drilling for hydrocarbons in its offshore Australian exploration permits and overseas acreage, and in the project development phase for its other offshore Australian interests, funding will be provided by asset sales, equity capital raised from the issue of new shares, and/or farm-out or joint development arrangements with other companies.

Review of financial position

The net assets remained relatively flat year on year with an end of year balance of $55,926,331 at 30 June 2025 (30 June 2024: $55,931,168). During the year, the Consolidated Entity capitalised $2,795,726 (2024: $26,044,200) on exploration, mainly in relation to Block 9 in Cuba. The balance capitalised to exploration costs for Block 9 was lower than in prior years, reflecting a change in accounting treatment as the Company prepares for multi-well drilling operations during the field development stage. Inventory purchases are no longer fully charged to drilling costs at the time of purchase but are now expensed to drilling costs, and consequently capitalised to exploration costs, when utilised. This change resulted in Drilling Supplies and Material inventory of $12,060,045 at 30 June 2025 (30 June 2024: $nil).

In addition, the Company held $634,142 (at cost) of crude inventory in storage tanks from production at the Amistad-1 well. This crude inventory has been valued on a pre-commercial development basis, which considers only the production costs of Amistad-1 over its estimated production life to 2040. As a result, the unit cost per barrel is higher than would be the case under a full-field development valuation.

The main driver of the Consolidated Entity’s financial condition is the loss after tax of $4,151,446 (2024: Profit of $3,259,760). As the Company is pre-revenue this represents the non-project support costs for the year. The Company is building crude inventory to commence commercial shipment and therefore the earnings picture will change going forward.

The net current assets position as at 30 June 2025 of the Consolidated Entity results in an excess of current assets over current liabilities of $6,726,659 (30 June 2024: $10,910,423). The cash balances, including term deposits, as at 30 June 2025 were $5,115,674 (2024: $12,322,890).

Corporate

The Consolidated Entity’s future prospects are centred on its ability to secure quality exploration, development and producing opportunities and seeking to maximise the value to shareholders of its current portfolio, identifying and securing additional value-accretive projects, and/or undertaking a corporate transaction.

At balance date, available funds were sufficient to meet the Company’s forecast corporate costs. Following the successful capital raise completed on 21 August 2025, the Company is now appropriately funded to deliver on its committed work programs for the coming year. In addition, the planned commencement of crude sales will provide an additional source of funding for the business.

While funding for the coming financial year is sufficient to cover corporate costs, additional capital will be required to meet field development and other work program commitments. Discussions with potential funding partners are well advanced, and the Consolidated Entity expects to progress its planned field development activities successfully. Should the Consolidated Entity be unable to secure the required funding through the structures currently being negotiated, it may seek to raise further capital. In the event of an unsuccessful capital raise, the Consolidated Entity may be required to consider alternative measures, including the surrender of permits or potential asset sales.

Significant changes in the state of affairs

During the financial year ended 30 June 2025, a number of events occurred that changed the state of affairs of the Consolidated Entity:

On 11 September 2024, the Company reported that it had received formal approval for the development of the Amistad oil field within Block 9, Onshore Cuba. Initial development will be concentrating on Unit 1B. This represented a major milestone in moving from an exploration and appraisal focus toward production. The approvals enabled commencement of field development commencing with the remediation of the existing Alameda-2 well ahead of completing it for continuous production. This positions the Company to undertake its first trial oil exports. The approval reflected ongoing progress in Cuba and was a key step in advancing the commercialisation pathway for Block 9.

On 19 September 2024, the Company was granted a new exploration permit, WA-552-P in the Dampier Sub-basin offshore Western Australia. This permit is considered prospective for gas and is located in a proven petroleum province.

On 26 February 2025, the Company published its maiden prospective and contingent resource estimates for its 100% owned AC/P70 exploration permit in the Timor Sea, with a Prospective resource of 2,754 Bcf and 43 MMbbl (unrisked gross best estimate) and a Contingent Resource of 276 Bcf and 34 MMbbl (unrisked gross best estimate).

On 14 May 2025, the Company provided an operations update on Block 9. The Alameda-2 well, following a workover of the Unit 1B reservoir, achieved sustained oil production from mid-April 2025. More than 15,000 barrels of oil had been produced and were in storage, with first export shipment anticipated before the end of June 2025. Civil works were completed for the Amistad-2 production well, civil works commenced for Amistad-3, a LiDAR survey was completed, and the tender for a 3D seismic survey was closed.

Resource upgrades

During the reporting period the Company announced the Company's maiden Contingent and Prospective Resource assessment relating to AC/P70 (Melbana 100%, see Tables 1 and 2 above).

The Company completed interpretation of the reprocessed 500km^2 legacy Pantheon 3D seismic survey during the period. The reprocessing significantly improved the seismic data quality allowing the identification and mapping of significantly larger exploration targets within and adjacent to the working petroleum systems of the greater Swan and Vesta discoveries. Some of these areas are updip to the old discovery wells, further increasing the chance of success. The combined unrisked gross best estimate Prospective Resource for the permit was 2,754 Bcf and 43 MMbbl, the estimates being made probabilistically, with arithmetic aggregation.

The Company assessed the combined best estimate (2C) Contingent Resource[5] volume for the Swan and Vesta fields was 276 Bcf and 34 MMbbl, the estimates were made probabilistically, with arithmetic aggregation. The Swan gas field, discovered by Arco in 1973 while exploring for oil, and was further appraised by an additional two wells by BHP in 1991. The Vesta oil and gas field was discovered by ENI in 2005, also whilst exploring for oil, and was appraised by a second well.

Matters subsequent to the end of the financial year

On 21 August 2025, the Company announced that it had received binding firm commitments to raise approximately $7 million before costs via a placement. The placement involves issuance of 411,764,706 new Fully Paid Ordinary shares at $0.017 per share (Placement Shares), representing a 22.7% discount to the Company's last closing share price on 18 August 2025. Each Placement Share is accompanied by one Attaching Option exercisable at $0.02 and expiring one year from the date of issue. Additionally, for every two Attaching Options exercised, the Option holder will receive one Bonus Option exercisable at $0.03 and expiring three years from the date of issue. Proceeds from the Placement will be applied towards the Company's share of drilling costs for the Amistad-2 production well and for general corporate purposes.

On 21 August 2025, the Company provided an operational update on Block 9 PSC, onshore Cuba. Rig mobilisation had commenced for the drilling of the Amistad-2 production well, with a projected spud date in mid-September and results expected by mid-October. Permitting and civil works have been completed for the Amistad-3 production well. Meanwhile, Alameda-2 continued to produce oil from the Unit 1B formation, with over 30,000 barrels currently in inventory. Additionally, permitting is well advanced for the drilling of further shallow production wells scheduled for 2026.

On 26 August 2025, the Company advised that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a variation of the minimum work requirements for Permit Year 4 of petroleum exploration permits WA-544-P and NT/P87 (Permits) granted to the Company in 2020 (Melbana 100%). The Permits are in the Joseph Bonaparte Gulf offshore northern Australia.

On 27 August 2025, the Company announced the quotation of 411,764,704 Fully Paid Ordinary shares on the ASX following the successful completion of a $7 million placement (before costs). Proceeds from the Placement will be applied towards the Company's share of drilling costs for the Amistad-2 production well and for general corporate purposes.

On 3 September 2025, Riddhi Group of Hotels Pty Ltd. announced it had become a substantial holder of the Company with effect from 27 August 2025, holding 206,280,145 Fully Paid Ordinary Shares and 5.45% voting power.

On 16 September 2025, the Company announced that the Extraordinary General Meeting of Shareholders will be held as a virtual meeting via an online meeting platform at 16:00 (AEDT) on Wednesday, 15 October 2025.

On 19 September 2025, the Company advised that drilling of the Amistad-2 production well commenced on 18 September 2025 (Cuba time) and is planned to reach a total measured depth (MD) of 1,125 metres.

On 19 September 2025, the Company announced an addendum to the Notice of Extraordinary General Meeting dated 16 September 2025 to align the terms of the Joint Lead Manager (JLM) options with the attaching options to be considered at the Extraordinary General Meeting on 15 October 2025.

Likely developments and expected results of operations

The Consolidated Entity will continue to pursue its interests in:

- Block 9 PSC in Cuba in partnership with Sonangol. Appraisal drilling results from Alameda-2 have demonstrated the presence of significant intervals of moveable hydrocarbons in the shallowest Amistad reservoir and these are being studied to inform a field development proposal for the exploitation of the resource therein;
- EOG Australia is making preparations for the drilling of its Beehive-1 exploration well in WA-488-P in the Joseph Bonaparte Gulf in northern Australia which may begin in the following reporting period. The Consolidated Entity has no exposure to the cost of the drilling of this well or to the permit but is entitled to receive cash and royalty interests contingent on future elections made by EOG Australia in WA-488-P and commercial success from the drilling of the exploration well;
- Permit areas NT/P87 and WA-544-P by seeking a farmout partner to fund forward work programme commitments as well as, ideally, the undertaking of a 3D seismic survey to further derisk the Hudson Prospect;
- Permit areas AC/P70 by seeking a farmout partner to fund the future work programme leading to the planning and drilling of an exploration well acquisition; and
- Its other permit areas and licences.

Health Safety and Environmental regulation

The Consolidated Entity holds participating interests in a number of oil and gas areas. The various authorities granting such tenements require the licence holder to comply with the terms of the grant of the licence and all directions given to it under those terms of the licence.

Your Board of Directors believe that all workplace injuries are avoidable. Policies and procedures are in place to ensure employees and contractors conduct all activities in a safe manner. Melbana has adopted an environmental, health and safety policy and conducts its operations in accordance with international best practice, where reasonably practicable.

There have been no known breaches of any tenement conditions, no lost time due to injury and no spills during the reporting period. There was a minor recordable, but not reportable spill during the reporting period.

Information on Directors

Name:	Andrew Purcell
Title:	Executive Chairman
Qualifications:	B Eng; MBA
Experience and expertise:	Andrew Purcell founded the Lawndale Group (formerly Teknix Capital) in Hong Kong over 20 years ago, a company specialising in the development and management of projects in emerging markets across heavy engineering, petrochemical, resources and infrastructure sectors. Prior to this, Mr Purcell spent 12 years working in investment banking across the region for Macquarie Bank and then for Credit Suisse. Mr Purcell also has significant experience as a public company director, both in Australia and across Asia.
Other current directorships:	AJ Lucas Group Limited (ASX: AJL) GB Energy Holdings Pty. Ltd
Former directorships (last three years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee
Interests in securities:	241,100,097 Fully Paid Ordinary Shares

Name:	Peter Stickland
Title:	Non-Executive Director
Qualifications:	BSc, Hons (Geology), GDipAppFin (Finsia), GAICD
Experience and expertise:	Peter Stickland has over 30 years' global experience in oil and gas exploration. Mr Stickland was CEO and subsequently Managing Director of the Company from 2014 until January 2018 and then became a Non-Executive Director. Previously, Mr Stickland was CEO and subsequently Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a Southeast Asia/Australia focused E&P company. Prior to joining Tap Oil, Mr Stickland had a successful career with BHP Petroleum (now part of Woodside) including a range of technical and management roles. Mr Stickland is also a life member of the Australian Energy Producers Limited (AEP).
Other current directorships:	Nillumbik Community Health Services Pty Ltd Omega Oil and Gas Ltd.(ASX:OMA)
Former directorships (last three years):	None
Special responsibilities:	Chairman of Reserves Committee, Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee
Interests in securities:	14,827,419 fully paid ordinary shares

Name:	Michael Sandy
Title:	Non-Executive Director
Qualifications:	BSC Hons (Geology), MAICD
Experience and expertise:	Michael Sandy is a geologist with over 40 years' experience in the resources industry – mostly focused on oil and gas. In the early 1990s he was Technical Manager of Oil Search Limited, based in PNG. He was involved in establishing Novus Petroleum Ltd and preparing that company for its $186m IPO in April 1995 and over 10 years, he held various senior management roles with the Company. Subsequently Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L, has set up and taken companies to IPO and has built extensive experience on the boards of listed and unlisted companies, including Tap Oil, Burleson Energy and Hot Rock.
Other current directorships:	None
Former directorships (last three years):	Omega Oil and Gas Ltd.(ASX:OMA)
Special responsibilities:	Chairman of the Audit and Risk Committee, member of the Remuneration and Nomination Committee and a member of Reserves Committee
Interests in securities:	7,300,000 fully paid ordinary shares

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last three years) quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Uno Makotsvana, BCompt, CA (ANZ), Grad Dip BA (Manchester)

Uno Makotsvana is a highly experienced CFO with more than 25 years of experience across resources, infrastructure and government services sectors specialising in commercial management and strategy, corporate finance, funding and investor relations.

Uno commenced his career at Deloitte, progressing into senior roles in the professional services space before transitioning into a commercial finance role in a large ASX listed company. Uno previously served as CFO in both public and private companies including Capital Limited, a UK Listed mining services company - a role he held for three and a half years from 2012.

He has held other senior leadership roles with both Australian and International organisations. Uno has a Bachelor of Accounting from the University of South Africa, a Graduate Diploma in Business Administration from the Alliance Manchester Business School (UK) and is a Chartered Accountant (Australia and New Zealand).

Meetings of Directors

The number of meetings of the Company's Board of Directors (Board) and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each Director were:

	Full Board		Reserves Committee		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**
Andrew Purcell	7	7	0	2	2	2	1	1
Michael Sandy	7	7	2	2	2	2	1	1
Peter Stickland	7	7	2	2	2	2	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

The Remuneration and Nomination Committee held one meeting during the reporting period to review employee salaries, senior executive performance evaluations and the terms and participants of the Company's LTI plan. The non-conflicted members of the Committee met alone prior to the meeting to propose amended remuneration terms to be offered to the Executive Chairman with effect from 1 July 2025.

Remuneration Report (audited)

The Remuneration Report (as part of the Annual Report) complements, and should be read in conjunction with, the information contained in the corresponding Corporate Governance Statement, which is available at https://www.melbana.com/site/about-us/corporate-governance. Together these documents highlight our commitment to a high-performance culture aimed at strategic growth and value creation.

This report has been prepared in accordance with section 300A of the *Corporations Act 2001 (Cth)* and is audited as required by Section 308(3C) of the Act.

The named Key Management Personnel (KMP) in this report are those individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. The KMP cohort for the financial year ended 30 June 2025 is shown below, and each of the identified KMP members in the cohort was a KMP member for the entire period unless otherwise stated.

Directors:

- Andrew Purcell - Executive Chairman
- Michael Sandy - Non-Executive Director
- Peter Stickland - Non-Executive Technical Director

Key Management Personnel:

- Uno Makotsvana – Chief Financial Officer and Company Secretary
- Christopher Thompson – Chief Operating Officer
- Duncan Lockhart – Exploration Manager

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles Governing the Nature, Amount and Oversight of Remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practices for the delivery of reward.

Board

The Board has an active role in governance, oversight and evaluation of the remuneration approach including the approval of:

- Consolidated entity's remuneration framework
- Director and specific Executive remuneration; and
- Incentive performance standards.

This approach is designed to align and keep in mind:

- The creation of value for the Consolidated Entity's shareholders;
- The Group's values, purpose, strategic objectives and risk appetite;
- The interests of Executives; and
- Transparency

Remuneration and Nomination Committee

The Remuneration and Nomination Committee (the Committee) was established by the Board and operates under a Charter. Its role is to assist and advise the Board on matters relating to the overall remuneration strategies and policies of the Consolidated Entity, including remuneration arrangements for the Executive Chairman, other Executives and Non-Executive Directors.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive outcomes with the creation of long-term shareholder value. The Board has determined that it should seek to enhance shareholders' interests by:

- linking performance measures to the successful advancement of field development, early production milestones, and establishment of marketing arrangements
- maintaining a focus on long term growth in shareholder wealth through delivery of future revenues, reserves development, and position for sustained production
- progressing early-stage licences in a manner that creates strategic optionality, including potential sale or farm-out arrangements
- ensuring executives remain focused on key non-financial drivers of value, including safety, operational readiness, and stakeholder relationships,
- attracting and retaining high calibre executives with the skills required to guide the Company through this critical stage of its transition.

The performance of the Consolidated Entity depends upon the quality of its directors and executives. To prosper, the Consolidated Entity must attract, motivate and retain highly skilled directors and executives.

To this end, the Consolidated Entity embodies the following principles in its remuneration framework:

- Offer competitive remuneration benchmarked against the external market to attract high calibre executives;
- Where appropriate, provide executive rewards linked to shareholder value; and
- Encourage Non-Executive Directors to hold shares in the Company.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee receives independent market data when undertaking this annual review process.

The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Remuneration and Nomination Committee did not use the services of a remuneration consultant during the year.

The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market.

The Chairman is not present at any discussions relating to the determination of his own remuneration.

The 4th edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (Council) specifies that it is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration to align their interest with the interests of other security holders, however Non-Executive Directors should not receive performance-based remuneration as it may lead to bias in their decision making and compromise their objectivity. Generally Non-Executive directors do not receive performance-based bonuses and/or other incentives and prior shareholder approval is required to participate in any issue of equity.

The Board has determined that Non-Executive Directors will be entitled to charge the Consolidated Entity at a rate of $1,200 per day unless that non-executive director is serving in the capacity of Technical Director in which case the rate would be $2,000 per day. These rates apply for any work performed in excess of five days per calendar month and subject to receiving the prior approval of the Executive Chairman. All securities held by Non-Executive Directors have been acquired by them on-market and not granted as performance-based remuneration.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The most recent determination was at the Annual General Meeting held on 18 November 2010, where the shareholders approved a maximum annual aggregate remuneration of $500,000. The combined payment to all Non-Executive Directors does not exceed this aggregate amount.

Executive remuneration structure

The FY 24 remuneration structure comprising of fixed and variable remuneration was carried forward into FY25. Variable remuneration comprised both short-term and long-term incentives. Short-term incentives are intended to be awarded in the form of a cash award based on performance measured against a STI scorecard, which, in turn, drives significant achievements and supports a high-performance culture.

The executive remuneration and reward framework has the following components:

- Total Fixed Remuneration (TFR);
- Short-Term Incentive (STI); and
- Long-Term Incentive (LTI).

When considering the remuneration package components, it was important that the right balance between "at risk" (STI and LTI) and fixed remuneration was achieved to balance the interests of Executives and Shareholders.

Each of the components is outlined in the table below.

	Fixed Component	"At Risk" Components	
	Fixed Remuneration	**Short-Term Incentive**	**Long-Term Incentive**
Purpose	Competitive base remuneration to attract and retain high quality talent appropriate to the business scale, complexity and maturity	Motivate and reward delivery of strong operational and financial performance against the annual plan.	Motivate and reward outcomes that grow long-term shareholder value.
Link to Strategy	Base remuneration aims to provide fair and competitive pay in recognition of day-to-day accountabilities and responsibilities in implementing business strategy.	Rewards achievement of key strategic, financial and operational objectives on an annual basis consistent with longer-term priorities and goals.	Rewards successful delivery of longer-term strategies and sustained shareholder value creation by aligning Executive outcomes to shareholder value.
Form	Cash Salary, superannuation and any salary-sacrificed items.	Cash Payment	Performance Rights are granted under the Company's Long-Term Incentive Plan and are tied to share price performance over a multi-year period, ensuring that executives are only rewarded where there is a demonstrable creation of shareholder value. Vesting occurs progressively in tiers, with portions of the award vesting only as higher share price hurdles are achieved. This tiered approach encourages executives to deliver sustained growth in shareholder value over time and aligns their rewards with the Company's successful transition into development and production.

Consolidated Entity performance and link to remuneration

Remuneration for certain executives granted options or performance rights is linked to the performance of the Consolidated Entity, as an improvement in the Company's share price will correspondingly increase the benefits to the executive. This will align the interests of the executive and the shareholders. Refer to the section "Additional information" below for details of the earnings and share price movements for the last five years.

Remuneration Report (audited)

continued

Details of remuneration

2025 KMP Remuneration Focus Areas

The Approach to FY25 KMP Executive remuneration remains consistent with FY24 Executive Remuneration policy, in that it seeks to motivate individuals who actively engage with, and excel in a high-performance culture. It also ensures, alignment with the Group's overall strategic objectives. This approach aims to:

- attract, reward and motivate Executives based on their position and responsibility relative to business scale and complexity;
- provide competitive remuneration practices appropriate to the Group's needs; and
- drive execution of the Group's strategy

In FY25, Melbana recalibrated its executive remuneration framework to support its progression from exploration activities toward field development and initial production operations. This included a market-informed adjustment to fixed remuneration and a rebalanced mix of at-risk components designed to encourage delivery of near-term development milestones. These changes recognise the growing scale and complexity of the business and place greater emphasis on aligning executive outcomes with the successful advancement of the Company's development and production objectives, while continuing to build long-term shareholder value.

In FY25, the overall structure of executive remuneration, comprising fixed remuneration together with short-term and long-term incentive components, remained unchanged. Within this framework, the variable components placed greater focus on performance measures linked to progressing field development, achieving early production targets, and advancing marketing and sales arrangements. This approach ensures executive outcomes remain closely aligned with the Company's transition toward becoming a revenue-generating producer, while maintaining a long-term focus on building shareholder value.

Amounts of remuneration

	Short-term benefits		Post Employment Benefits	Long-term Benefits		
30-Jun-25	**Salary and fees $**	**Cash Bonus $**	**Super-annuation $**	**Long Service Leave $**	**Equity Settled $**	**Total $**
Non-Executive Directors:						
Michael Sandy	100,000	–	–	–	–	**100,000**
Peter Stickland	100,000	–	–	–	–	**100,000**
Executive Director:						
Andrew Purcell	552,500	124,313	29,168	–	–	**705,981**
Key Management:						
Uno Makotsvana	413,780	117,166	29,320	–	–	**560,266**
Christopher Thompson	400,000	–	29,320	–	–	**429,320**
Duncan Lockhart	426,572	66,368	30,497	–	–	**523,437**
	1,992,852	**307,847**	**118,305**	**–**	**–**	**2,419,004**

The Executive Director's Cash Bonus was paid in the reporting period and related to an award of 22.5% of the maximum possible STI for the financial year ended 30 June 2025. The short-term incentives relate to FY24 performance objectives, the outcome for FY25 performance objectives is still under review.

30-Jun-24	Short-term benefits: Salary and fees $	Short-term benefits: Cash Bonus $	Post Employment Benefits: Super-annuation $	Long-term Benefits: Long Service Leave $	Long-term Benefits: Equity Settled $	Total $
Non-Executive Directors:						
Michael Sandy	100,000	–	–	–	–	**100,000**
Peter Stickland	100,000	–	–	–	–	**100,000**
Executive Director:						
Andrew Purcell	506,292	84,000	27,500	–	–	**617,792**
Key Management:						
Uno Makotsvana	350,000	–	38,500	–	–	**388,500**
Christopher Thompson	349,447	–	11,084	–	–	**360,531**
Duncan Lockhart	395,000	–	43,450	–	–	**438,450**
	1,800,739	**84,000**	**120,534**	**–**	**–**	**2,005,273**

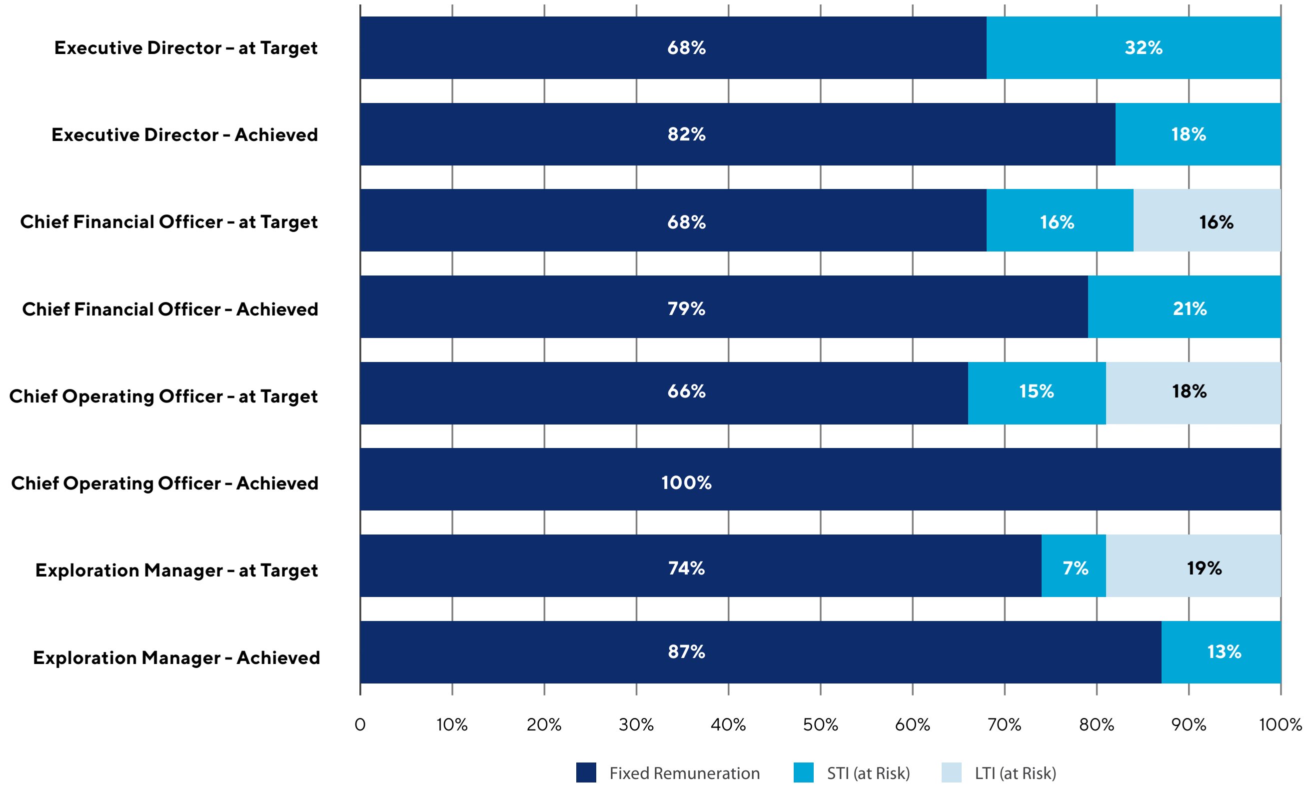
The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration 30-Jun-25	Fixed Remuneration 30-Jun-24	At Risk (STI) 30-Jun-25	At Risk (STI) 30-Jun-24	At Risk (LTI) 30-Jun-25	At Risk (LTI) 30-Jun-24
Non-Executive Directors:						
Michael Sandy	**100%**	100%	**–**	–	**–**	–
Peter Stickland	**100%**	100%	**–**	–	**–**	–
Executive Director:						
Andrew Purcell	**82.4%**	86.4%	**17.6%**	13.6%	**–**	–
Key Management						
Uno Makotsvana	**79.1%**	100%	**20.9%**	–	**–**	–
Christopher Thompson	**100%**	100%	**–**	–	**–**	–
Duncan Lockhart	**87.3%**	100%	**12.7%**	–	**–**	–

Remuneration Report (audited)

continued

The Remuneration and Nomination Committee has considered remuneration mix both from a "Target" and "Maximum" opportunity perspective to ensure targets that are set are challenging to achieve, and any over-performance paid is a result of significant and measurable achievement. The remuneration mix for Key Management Personnel for FY25 at award is as follows:



There was no LTI component for the Executive Director in the reporting period.

Service agreements

Name:	Andrew Purcell
Title:	Executive Chairman
Agreement commenced:	1 April 2021
Term of agreement:	No fixed term
Details:	Mr Purcell's fixed remuneration was $581,820 per annum (inclusive of statutory superannuation), effective 1 July 2022. The STI will be up to 50% of the fixed remuneration and paid in cash or shares or both at the discretion of the non-conflicted members of the Remuneration and Nomination Committee in consultation with the executive. Shareholder approval for his next LTI award will be sought at the company's next general meeting. The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.

Name:	Uno Makotsvana
Title:	Chief Financial Officer
Agreement commenced:	2 December 2022
Term of agreement:	No fixed term
Details:	Mr Makotsvana's fixed remuneration is $416,000 per annum (exclusive of statutory superannuation). The STI will be up to 25% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive. The LTI will issue once every three years equating to a total value of $315,000. The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.

Name:	Christopher Thompson
Title:	Chief Operating Officer
Agreement commenced:	1 December 2023
Term of agreement:	No fixed term
Details:	Mr Thompson's fixed remuneration is $400,000 per annum (exclusive of statutory superannuation). The STI will be up to 25% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive. The LTI will issue once every three years equating to a total value of $360,000. The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.

Name:	Duncan Lockhart
Title:	Exploration Manager
Agreement commenced:	5 September 2022
Term of agreement:	No fixed term
Details:	Mr Lockhart's fixed remuneration is $426,572 per annum (exclusive of statutory superannuation). The STI will be up to 10% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive. The LTI will issue once every three years equating to a total value of $355,500. The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2025 (2024: Nil).

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2025.

Performance rights

The terms and conditions of each grant of performance rights affecting remuneration of key management personnel in this financial year or future reporting years are as follows:

	Type of Performance Right granted	Vesting Close Date	Number of Performance Rights	Lapsed/ Vested	Balance as on 30 June 2025	Value per Right at Grant Date $	Target Price $
Uno Makotsvana	LTI - Tranche 2	2 Dec 2025	5,129,624	–	5,129,624	0.031	**0.192**
Duncan Lockhart	LTI - Tranche 2	28 Nov 2025	5,789,147	–	5,789,147	0.031	**0.192**
Christopher Thompson	LTI - Tranche 1	1 Jun 2025	9,473,684	(9,473,684)	–	0.019	**0.163**
	LTI - Tranche 2	1 Dec 2026	6,642,066	–	6,642,066	0.027	**0.260**

Conditions for vesting of the performance rights include a) the Company's share price closing at or greater than the Target Price for 20 consecutive trading days by Vesting Close Date and, b) continued employment at time of vesting.

Additional information

The earnings of the Consolidated Entity for the five years to 30 June 2025 are summarised below:

	2025 $	2024 $	2023 $	2022 $	2021 $
Profit/(loss) after income tax	**(4,151,446)**	3,259,760	(1,001,999)	6,332,812	(1,398,123)

The factors that are considered to affect total shareholder return are summarised below:

	2025 $	2024 $	2023 $	2022 $	2021 $
Share price at financial year end	**0.02**	0.03	0.07	0.08	0.02
Basic earnings (cents per share)	**(0.12)**	0.10	(0.03)	0.24	(0.06)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out on the next page:

	Balance at the start of the year	Exercise of performance rights/options	Additions	Disposals/ Other	Balance at the end of the year
Ordinary shares					
Andrew Purcell	236,600,097	–	4,500,000	–	**241,100,097**
Michael Sandy	6,300,000	–	1,000,000	–	**7,300,000**
Peter Stickland	13,827,419	–	1,000,000	–	**14,827,419**
Uno Makotsvana	1,000,000	–	300,000	–	**1,300,000**
Christopher Thompson	100,000	–	–	–	**100,000**
	257,827,516	**–**	**6,800,000**	**–**	**264,627,516**

Option holding

There were no options holdings held and no movements during the financial year ended 30 June 2025.

Performance Rights Holding

2025	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year	Vested and exercisable	Unvested
Performance rights over ordinary shares							
U. Makotsvana	5,129,624	–	–	–	5,129,624	–	5,129,624
D. Lockhart	5,789,147	–	–	–	5,789,147	–	5,789,147
C. Thompson	16,115,750	–	–	(9,473,684)	6,642,066	–	6,642,066
	27,034,521	**–**	**–**	**(9,473,684)**	**17,560,837**	**–**	**17,560,837**

This concludes the remuneration report, which has been audited.

Directors' Report

continued

Indemnity and insurance of officers or Auditors

The Group has in place a contract insuring the directors, the company secretary and all executive officers of the Group and any related body corporate against a liability incurred by a director, company secretary or executive officers to the extent permitted by the *Corporations Act 2001*.

The Group has indemnified the directors, the company secretary and all executive officers of the Group for costs incurred, in their capacity as officers of the Group, for which they may be held personally liable, except where there is a lack of good faith.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to the auditors of the Group or any related entities against a liability incurred by the auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 21 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 21 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former directors of MNSA

There are no officers of the Company who are former directors of MNSA.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Auditor

MNSA continues in office in accordance with section 327 of the *Corporations Act 2001 (Cth)*.

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th edition. A copy of the company's Corporate Governance Statement is available at the company's website at the following address: https://www.melbana.com/site/About-Us/Corporate-governance.

ESG Report

The Company is committed to improving the lives of our employees and the communities in which we operate, as well as striving to have our operations benefit all of our stakeholders. Our field operations are conducted in accordance with international best practice, regardless of whether this is of a higher standard than what local regulations or practice require in the countries where we operate. We also prioritise the hiring of suitably qualified people from the countries in which we operate so as to transfer financial and educational benefits to local communities and to show, by example, the emphasis we place on healthy, safe and diverse workplaces and protection of the environment. Our goal is to build sustainable operations that enhance the lives of our stakeholders, including staff, customers, communities and shareholders.

Governance and Risk

Risk Identification and Management

The Company recognises that the management of risk is a critical component in achieving its purpose of delivering growth in shareholder value. The Company has a framework to identify, understand, manage and report risks. As specified in its Board Charter, the Board has responsibility for overseeing The Company's risk management framework and monitoring its material business risks. The Board continues to be committed to embedding risk management practices to support the achievement of business objectives. As such the Board has established the Audit and Risk Committee which is responsibility for reviewing and overseeing the risk management strategy of the Group and for ensuring it has an appropriate corporate governance structure. The Board discusses with management and the external auditors at least bi-annually:

- Internal controls systems;
- Policies and procedures to assess, monitor, and manage business, economic, environmental and social sustainability risks;
- Insurance program having regard to the insurable risks and the cost of this cover; and
- Legal and regulatory compliance programs.

As part of the Company's risk management structure, risk registers are maintained and reported to the Audit and Risk Committee periodically and at least annually, detailing likelihood and severity of risks occurring. Management undertakes a review of its insurable risks each year in order to fully consider potential impacts and how they are financed in terms of limits and scope under the Company's insurance program.

The Company's material exposures to risk, and how the Company responds and manages these risks, is detailed below.

Material Risks	Risk Management Approach
Cuba Country Risks The Company's main operations currently are in Cuba. As a result, Melbana is exposed to the political, economic, environmental and other risks and uncertainties associated with operating there. Cuba remains subject to sanctions imposed by the United States which have been reinforced under the current Trump administration, and while they remain in place, access to equipment and personnel of United States origin in support of operations in Cuba is restricted. These sanctions also restrict access to the project financing, banking and insurance markets of the United States and may also impact the Company's ability to sell and transport abroad to the United States any oil discovered there. The Company cannot guarantee that the Cuban Government will maintain its current policies toward the oil and gas sector, foreign investment, profit repatriation or international oil trade, and changes could adversely affect the Company's operations or ownership interests.	The United States is the only country that maintains sanctions against Cuba, and these only apply to people and corporations subject to the laws of the United States. The Company is domiciled in Australia and is therefore not subject these sanctions. Australia does not have sanctions against Cuba. To ensure it does not fall within the scope of the United States' sanctions against Cuba, the Company has structured its international banking, operations and insurance relationships in countries other than the United States. These countries also afford the Company an avenue to sell and transport any oil that will be produced in the future. In relation to its Cuban operations, the Company also does not transact with United States individuals or corporations, source or use prohibited goods originating or manufactured in the United States or conduct any transaction in United States Dollars. The Company monitors the country risk of operating in Cuba and keeps appraised of the status of the United States' Cuba sanctions.
Permits and Tenure Risks All licences, permits and production sharing contracts in which the Company has interests are subject to renewal and completion of minimum work conditions which will be at the discretion of relevant organs of government in the countries in which it operates. The maintenance of licences and permits, obtaining renewals or getting licences and permits granted often depends on the Company being successful in obtaining required statutory approvals for proposed activities and/or satisfying the various financial obligations associated with the ongoing maintenance of such licences and permits, amongst other obligations.	The Company actively monitors the obligations in all its licenses, permits and production sharing contracts. There is in place an established process to determine whether licenses and permits are retained, extended, or surrendered after considering the overall value of the license or permit to the Company's portfolio as a whole and therefore decide whether capital should be allocated to those permits.

Governance and Risk

continued

Material Risks	Risk Management Approach
Disputes and litigation Risk The Company is not currently aware of any material disputes or litigation, but may be involved in legal proceedings in the future. Any significant or costly dispute or litigation could adversely impact the value of its assets, financial performance or reputation.	The Company maintains robust contractual and governance frameworks, obtains legal advice on key agreements, and implements compliance and risk-management practices designed to prevent and promptly address disputes. Appropriate insurance cover is maintained to help limit potential financial exposure, though some residual risk remains.
Tax Risk The Company is subject to taxation, royalties and other imposts in Australia and other jurisdictions where it operates. It currently benefits from concessionary tax arrangements in Cuba; however, there is no assurance these concessions will remain in place or extend beyond their current agreed periods. Any changes in tax laws, government royalty policies, or their interpretation or enforcement—whether in Australia, Cuba or elsewhere—could increase the Company's effective tax rate, reduce cash flows and profitability, or adversely affect project economics.	The Company actively monitors taxation and royalty regimes in all jurisdictions of operation and investment, engages specialist tax and legal advisers, and structures its operations to comply with applicable laws while optimising available incentives. Financial forecasts incorporate tax and royalty sensitivity analyses, and the Company maintains constructive engagement with relevant tax authorities to help anticipate and manage potential changes. These measures aim to limit the financial impact of any adverse changes, though some residual risk remains.
Schedule Risk The timing of the Company's planned activities may be affected by factors beyond its control, including adverse weather, government actions or delays, industrial action, availability of key equipment, and the actions or funding delays of joint venture partners. Regulatory approvals and permitting in Cuba may also result in drilling or project delays, potentially impacting schedules and costs.	The Company incorporates schedule contingencies and flexible project planning into its programs, engages early and regularly with regulators, and maintains strong relationships with contractors, suppliers and joint venture partners to minimise potential delays. Critical equipment procurement and logistics are closely managed, and alternative suppliers and schedules are assessed to reduce the impact of unforeseen disruptions.
Joint Operations Risk The Company is party to a joint operation arrangement and may enter into further joint operations. Although The Company has sought, and will seek, to protect its interests, existing and future joint operations necessarily involve special risks., including but not limited to inconsistent goals with joint operations partners and potential reputational risk by association to a partner. Partners may also be unable or unwilling to fulfill their obligations under the joint venture or other agreements, such as contributing capital to exploration, expansion or maintenance projects.	The Company has a clearly structured process of contracting with third parties. In addition, The Company will only participate in joint operations where it has a real influence in the operation and is not a dormant partner. The existing Joint Operation the company is the operator and therefore drives execution and oversight of the joint operation. All future Joint operations will continue to be structured in a manner that ensures an appropriate level of control and direction.
Funding Risks The oil and gas industry is a capital-intensive industry with regulator mandated minimum work program obligations and financial support for those. There can be no assurances that all The Company's future business activities will in fact be met without future borrowings or further capital raisings, and whether such funding will be available and on terms favourable to The Company.	The Company successfully raised equity funding to complete its approved future work plans. The Company manages its capital structure and requirements actively and may issue additional equity securities, raise debt or other financing solutions to fund future work program obligations, at the best possible terms.
Drilling Risks Drilling operations are high-risk and subject to hazards often encountered in exploration, development and production drilling programs. These include unexpected geological formations, infrastructure failure and other incidents or conditions which could result in damage to plant or equipment or the environment and which could impact production throughput. Although it is intended to take adequate precautions to minimise risk, there is a possibility of a material adverse impact on the Company's operations and its financial results should any of these hazards be encountered.	The Company manages drilling hazards through rigorous well design and planning, independent technical reviews, engagement of experienced contractors, continuous real-time well monitoring, and strict adherence to recognised HSE standards. It maintains insurance cover considered appropriate for its operations and regularly reviews emergency response plans and critical equipment to minimise downtime. These measures materially reduce the likelihood and potential impact of incidents, though a residual risk of operational or financial disruption remains.

Material Risks	Risk Management Approach
Exploration Risks Development of the Company's petroleum exploration permits is contingent upon securing funding and obtaining satisfactory exploration results. Petroleum exploration and development is expensive and risky, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate.	The Company's corporate strategy has defined limits for how much risk it will assume from any one single exploration activity on a sole risk basis, beyond which it will bring in partners to participate in the exploration. This capital allocation discipline combined with best-in-class technical expertise and resources is the most practical mitigant to this risk.
Development Risk The Company's development projects may be delayed, suspended or fail for a range of reasons, including unanticipated financial, operational or political events; failure to obtain required government approvals or reach a final investment decision; cost overruns or increases in construction and operating costs; sustained declines in petroleum prices or demand; equipment or labour shortages; technical or reserves-related concerns affecting deliverability; contractual issues in securing sales contracts for petroleum products or engineering, procurement and construction services; and community or industrial actions. Counterparty defaults under sales or construction contracts could also adversely affect project economics. Any of these factors may materially impact the timing, cost and commercial viability of the Company's development projects.	The Company undertakes comprehensive planning and feasibility studies and seeks early and ongoing engagement with regulators to secure necessary approvals. Staged investment decisions and rigorous project management, including independent technical and financial reviews, are applied to control cost and schedule risk. Experienced contractors are engaged under clearly defined contracts, with contingency allowances and risk-sharing provisions where appropriate. The Company monitors market conditions to adjust development timing, diversifies sales and offtake arrangements to limit counterparty exposure, and maintains strong stakeholder and community relationships to reduce potential disruption. These measures are designed to reduce the likelihood and impact of delays or cost escalation, though a residual risk remains.
Production Risk The Company's petroleum exploration, development and production activities are subject to a range of operational and technical risks. These include damage to or failure of petroleum properties, production facilities or critical equipment; personal injury; environmental incidents and associated legal liability; and unanticipated operational or technical difficulties. Ongoing production or staged expansion projects may not proceed as planned, leading to delays in targeted production or failure to achieve expected production levels. Such delays, or cost overruns in capital or operating budgets, may create additional funding requirements and result in unplanned equity or debt raisings. Mechanical breakdowns, supply-chain interruptions and other external factors beyond the Company's control may further impact operations and project economics.	The Company applies rigorous engineering and maintenance programs, independent technical reviews and real-time operational monitoring to reduce the likelihood and impact of equipment failures or unplanned downtime. Comprehensive HSE standards, emergency response plans and appropriate insurance coverage provide further protection against environmental and legal exposures. Expansion projects undergo detailed feasibility, cost and schedule reviews with contingencies built into budgets, and are managed by experienced contractors under well-defined contracts to minimise overruns. Funding requirements are regularly stress-tested, with multiple financing options maintained to support continued operations if unforeseen delays or cost increases occur. While these measures materially reduce operational and financial risk, some residual risk remains.
Reserves and Resources Risk Estimates of Reserves, Contingent Resources and Prospective Resources are based on limited sampling, are not precise and no assurance can be given that these reserves or resources will be recovered during production. Production estimates, in addition to being dependent on the above reserve and resource estimates and the risks associated therewith, are further reliant on, among other things, recovery rates. These uncertainties could result in lower production, restatement of Reserves, increased funding needs and adverse impacts on cash flow, profitability and overall project economics.	The Company has a Reserves Committee that is responsible for establishing and reviewing reserve and resource estimates for the Company's portfolio of prospects. The members of this Committee, and the Company's geoscientists that prepare estimates for this Committee, are experienced professionals with suitable formal qualifications and decades of relevant experience in the oil and gas sector preparing such estimates in accordance with relevant international norms and standards. The recommendations of this Committee are overseen at Board level by competent persons and, where appropriate, independent external certifiers are used to review internal estimates.

Governance and Risk

continued

Material Risks	Risk Management Approach
Commodity Price Risk The profitability of the Company's operations is directly linked to commodity prices, particularly oil. These prices fluctuate widely and are influenced by global supply and demand, currency exchange rates, interest rates, inflation expectations, weather conditions, availability of alternative fuels, government and cartel actions, and production levels in key regions—factors largely beyond the Company's control. Sustained price declines could adversely affect project economics, cash flows and the Company's ability to finance exploration, development and production activities.	The Company incorporates conservative price assumptions and sensitivity analyses into project planning and financial forecasts and maintains flexibility to adjust capital expenditure and development schedules in response to market conditions. Where appropriate, the Company may use commodity price hedging and diversified offtake and sales arrangements to help stabilise cash flows. Prudent cost management and disciplined capital allocation further strengthen the Company's ability to withstand commodity price volatility, though some residual exposure remains.
Environmental Risk The Company's oil and gas exploration, development and production activities carry inherent environmental risks, including accidental spills, leaks or other incidents that could cause environmental harm. Such events may result in substantial rehabilitation and remediation costs, third-party claims and regulatory penalties, even when operations are conducted in compliance with environmental laws and regulations.	The Company operates under strict environmental management systems and complies with all applicable environmental laws and permit conditions. Regular monitoring, maintenance and emergency response planning are in place to prevent and contain spills or leaks, and staff and contractors receive training in environmental protection and incident response. Insurance and ongoing engagement with regulators and local stakeholders further reduce potential financial and reputational impacts, though some residual risk remains.
Climate Change Risk The Company's operations and financial performance may be affected by both the physical impacts of climate change and by evolving legislation and regulation addressing greenhouse gas emissions. Potential measures include carbon pricing, emission limits, stricter permitting requirements and mandatory reporting, which could raise energy and production costs, reduce profitability and constrain future development opportunities. Regulation of greenhouse gas emissions in jurisdictions where the Company or its customers operate, combined with shifting market sentiment and reduced investment appetite for hydrocarbon projects, may also limit access to capital or offtake opportunities and negatively affect project economics.	The Company incorporates climate-related physical and regulatory risks into strategic and operational planning. Site selection, facility design and maintenance programs factor in resilience to extreme weather, flooding and temperature variations, while business continuity and emergency response plans are regularly tested. Carbon and energy cost scenarios are embedded in long-term financial models, and operational practices aim to improve energy efficiency and reduce emissions. The Company also engages with regulators, industry groups and investors to stay ahead of evolving policy and market expectations. These actions help reduce exposure to both physical and regulatory climate-related risks, though some residual risk remains.
War, terrorism, and natural disaster risks Geopolitical instability, acts of terrorism, government intervention, trade restrictions, sanctions, and natural disasters such as earthquakes, floods or severe weather can disrupt energy markets, supply chains and trade routes. These events may increase commodity price volatility, restrict access to capital or insurance, and materially impact the Company's operations, financial performance and long-term objectives.	The Company monitors global geopolitical and climate developments, diversifies key suppliers and logistics where possible, and maintains contingency and business continuity plans to limit operational disruption. Insurance cover is reviewed to address political and natural disaster risks, and financial models incorporate sensitivity analyses for commodity price and supply interruptions. While these measures reduce exposure, such external events remain largely outside the Company's control.

Notes regarding Contingent and Prospective resource estimates

1. 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. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The information that relates to Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, a director of Melbana. Mr Stickland B.Sc. (Hons) has over 30 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 Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules.
3. Total Liquids = oil + condensate
4. 6 Bcf gas equals 1 MMboe; 1 MMbbl condensate equals 1 MMboe
5. Melbana's share can be derived by pro-rating the resource ranges by its percentage equity

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors

Andrew Purcell
Executive Chairman

26 September 2025

Auditor's Independence Declaration

Sydney | Melbourne | Canberra

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MELBANA ENERGY LIMITED AND CONTROLLED ENTITIES ABN 43 066 447 952

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Melbana Energy Limited and controlled entities.

As the auditor for the audit of the financial report of Melbana Energy Limited and controlled entities for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 26th of September 2025

MNSA Pty Ltd
ABN 59 133 605 400

Level 1, 283 George St
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2025

	Note	30-June-25 $	30-June-24 $
Other income	5	**63,597**	7,894,246
Interest income		**171,871**	553,790
Expenses			
Consultants fees and expenses		**(1,043,345)**	(1,150,053)
Employee benefits expenses		**(1,126,248)**	(1,406,743)
Administration and other expenses		**(663,410)**	(687,535)
Audit, tax and other compliance related costs		**(126,526)**	(136,874)
Securities exchange, share registry and reporting costs		**(194,619)**	(237,516)
Operating lease and outgoing expenses		**(265,190)**	(134,726)
Investor relations and corporate promotions costs		**(41,588)**	(66,828)
Travel costs		**(166,217)**	(224,620)
Depreciation expense		**(5,892)**	(135,476)
Share based payment expense		**(281,218)**	(552,807)
Foreign exchange loss		**(329,559)**	(98,692)
Finance costs	6	**(143,102)**	(356,406)
Profit/(loss) before income tax expense		**(4,151,446)**	3,259,760
Income tax expense	7	**–**	–
Profit/(loss) after income tax expense for the year attributable to the owners of Melbana Energy Limited		**(4,151,446)**	3,259,760
Other comprehensive incomes			
Items that will not be reclassified subsequently to profit or loss			
Profit/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		**–**	–
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**3,783,082**	(873,993)
Other comprehensive income/(loss) for the year, net of tax		**3,783,082**	(873,993)
Total comprehensive income/(loss) for the year attributable to the owners of Melbana Energy Limited		**(368,364)**	2,385,767

		Cents	Cents
Basic earnings per share	29	**(0.12)**	0.10
Diluted earnings per share	29	**(0.12)**	0.10

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

as at 30 June 2025

	Note	30-June-25 $	30-June-24 $
Assets			
Current assets			
Cash and cash equivalents	8	**5,115,674**	12,322,890
Trade and other receivables	9	**260,996**	7,038,319
Inventory	10	**12,694,187**	–
Receivable from Joint Operations	15	**12,897,075**	31,967,395
Total current assets		**30,967,932**	51,328,604
Non-current assets			
Property, Plant and Equipment	11	**1,358,524**	–
Deposits		**150,593**	125,916
Exploration and evaluation	12	**47,690,555**	44,894,829
Total non-current assets		**49,199,672**	45,020,745
Total assets		**80,167,604**	96,349,349
Liabilities			
Current liabilities			
Trade and other payables	13	**5,729,318**	19,105,811
Provisions	14	**1,101,605**	758,420
Contract liabilities	15	**17,410,350**	20,553,950
Total current liabilities		**24,241,273**	40,418,181
Total liabilities		**24,241,273**	40,418,181
Net assets		**55,926,331**	55,931,168
Equity			
Issued capital	16	**320,473,026**	320,473,026
Reserves	17	**3,486,746**	(445,243)
Accumulated losses		**(268,033,441)**	(264,096,615)
Total equity		**55,926,331**	55,931,168

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

for the year ended 30 June 2025

	Issued Capital $	Share based payment reserve $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2023	**320,473,026**	**404,684**	**(258,952)**	**(267,626,164)**	**52,992,594**
Profit after income tax expense for the year		–	–	3,259,760	3,259,760
Total comprehensive income for the year, net of tax	–	–	–	3,259,760	3,259,760
Issue of Performance Rights	–	977,638	–	–	977,638
Performance Rights Lapsed	–	(694,620)	–	269,789	(424,831)
Foreign Currency Translation Reserve	–	–	(873,993)	–	(873,993)
Balance at 30 June 2024	**320,473,026**	**687,702**	**(1,132,945)**	**(264,096,615)**	**55,931,168**

	Issued Capital $	Share based payment reserve $	Other reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2024	**320,473,026**	**687,702**	**(1,132,945)**	**(264,096,615)**	**55,931,168**
Profit after income tax expense for the year		–	–	(4,151,446)	(4,151,446)
Total comprehensive income for the year, net of tax	–	–	–	(4,151,446)	(4,151,446)
Issue of Performance Rights	–	545,838	–	–	545,838
Performance Rights Lapsed	–	(396,930)	–	214,620	(182,310)
Foreign Currency Translation Reserve	–	–	3,783,082	–	3,783,082
Balance at 30 June 2025	**320,473,026**	**836,610**	**2,650,137**	**(268,033,441)**	**55,926,331**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

for the year ended 30 June 2025

	Note	30-June-25 $	30-June-24 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		**(3,623,620)**	(3,670,961)
Net cash used in operating activities	28	**(3,623,620)**	(3,670,961)
Cash flows from investing activities			
Payments for Exploration and evaluation inventory		**(12,060,045)**	–
Payments for Property, plant and equipment		**(1,364,534)**	(7,150)
Payments for Exploration and evaluation expenditure		**(33,281,466)**	(65,925,888)
Interest received		**213,547**	634,631
Receipts from Joint Operations		**42,695,821**	46,632,398
Net cash used in investing activities		**(3,796,677)**	(18,666,009)
Net (decrease) in cash and cash equivalents		**(7,420,297)**	(22,336,970)
Cash and cash equivalents at the beginning of the financial year		**12,322,890**	34,976,625
Effects of exchange rate changes on cash and cash equivalents		**213,081**	(316,765)
Cash and cash equivalents at the end of the financial year	8	**5,115,674**	12,322,890

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

Note 1. General information

The financial statements cover Melbana Energy Limited as a Consolidated Entity consisting of Melbana Energy Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Melbana Energy Limited's functional and presentation currency.

Melbana Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are disclosed on the Corporate Summary accompanying these financial statements.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 26 September 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial report has been prepared on the going concern basis, which assumes that the Consolidated Entity will be able to discharge its liabilities.

At 30 June 2025, the Consolidated Entity:

- had, for the financial year ending on that date, incurred a net loss after tax of $4,151,446 (2024: Profit of $3,259,760);
- had, for the financial year ending on that date, net cash outflows from operating, investing and financing activities of $(7,420,297) (2024: outflows of $22,336,970);
- had cash and cash equivalents of $5,115,674 (2024: $12,322,890); and
- had a net working capital position of $6,726,659 (2024: $10,910,423)

The Consolidated Entity is involved in the exploration and evaluation of oil and gas tenements. Further expenditure will be required on these tenements to ascertain whether they contain economically recoverable reserves. The cash reserves as at 30 June 2025 may not be sufficient to meet the Consolidated Entity's planned exploration, field evaluation and field development commitments and activities for the 12 months from the date of this report. To meet its funding requirements the Consolidated Entity will rely on taking appropriate steps, including:

- Continuing to advance discussions with potential new partners and credit providers who have demonstrated interest in participating in the development of Block 9
- Sale of its entitlement to oil production, subject to the regulator accepting contemplated declaration of commerciality
- Raising capital by one or a combination of the following: placement of shares, pro-rata issue to shareholders, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permit may be surrendered or cancelled; or
- Other avenues that may be available to the Consolidated Entity.

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Subsequent to the balance date, Consolidated entity completed a placement raising a gross amount of $7m before costs. The placement included attaching options and bonus options to the attaching options, and are subject to shareholder approval at an Extraordinary General Meeting scheduled for mid-October 2025. The approval and subsequent exercise of these securities have potential to provide additional capital to the Company, and thereby further supporting the validity of the going concern assumption.

In the event these steps do not provide sufficient funds to meet the Consolidated Entity's exploration and development commitments, the interest in some or all of the Consolidated Entity's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having assessed the potential uncertainties relating to the Consolidated Entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policy information adopted in the preparation of these financial statements is presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Melbana Energy Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Melbana Energy Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 2. Significant accounting policies (continued)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred at fair value;
(ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
(iii) the acquisition-date fair value of any previously held equity interest over the acquisition-date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition-date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9: Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination. Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the Parent Entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Revenue recognition

The Consolidated Entity recognises revenue as follows:

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grants

Government grants are recognised in the financial statements at expected values or actual cash received when there is a reasonable assurance that the Consolidated Entity will comply with the requirements and that the grant will be received.

Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Note 2. Significant accounting policies (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Melbana Energy Limited. The members of the tax-consolidated Group are identified in Note 25. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

Financial Instruments

(i) Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Consolidated Entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Allowance for expected credit loss

The Consolidated Entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(iii) Trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 2. Significant accounting policies (continued)

(iv) Loans and borrowings

Loans and borrowings are recognised initially at fair value, being the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Any gains or losses arising from non-substantial modifications are recognised immediately in the statement of profit and loss and the financial liability continues to amortise using the original effective interest rate. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to assets, and obligations for the liabilities of the joint arrangement. Joint control is the contractual agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Consolidated Entity accounts for its share of the joint operation assets, and liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurs in relation to its interest in the joint operation.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Subsequent measurement of financial assets at fair value through other comprehensive income

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Consolidated Entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Consolidated Entity elected to classify irrevocably its listed equity investment under this category.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income (only debt instruments, not equity instruments). The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income (only debt instruments, not equity instruments), the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of materials is the purchase cost, determined on a weighted average cost basis.

The cost of crude oil is the cost of extraction, including the appropriate proportion of depreciation, depletion and amortisation and overheads based on normal operating capacity, determined on a weighted average basis.

The net realisable value of crude oil is based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements. The expected useful lives of the Consolidated Group's plant and equipment range from 3 to 15 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Exploration and evaluation assets

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon the area is made.

Note 2. Significant accounting policies (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Farm-outs

- The Consolidated Entity will not record any expenditure made by the farm-in partner on its behalf;
- The Consolidated Entity will not recognise a gain or loss on the farm-out arrangement but rather will redesignate any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration to be received will be credited against costs previously capitalised in relation to the whole interest with any excess to be accounted for by the Consolidated Entity as gain on disposal.

Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Note 2. Significant accounting policies (continued)

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Interest in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 2. Significant accounting policies (continued)

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e.unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Issued capital

Ordinary shares are classified as equity and paid-up capital is recognised at the fair value of the consideration received by the Consolidated Entity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Melbana Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements and key sources of estimation uncertainty

In applying the Consolidated Entity's accounting policies, which are described in Note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Consolidated Entity's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Exploration and evaluation costs

Exploration and evaluation costs are accumulated separately for each area of interest and carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development or sale; or
- exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure.

In the judgement of the Directors, at 30 June 2025 exploration activities in Cuba Block 9 has not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to Cuba Block 9 is continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

Note 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Determining useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

The Consolidated Entity operates in the petroleum exploration industry within Australia and Cuba.

The Board of Directors currently receive regular consolidated cash flow information as well as Consolidated Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Board does not currently receive segmented Statement of Financial Position and Statement of Comprehensive Income information. The Board manages exploration activities of each permit area through review and approval of budgets, joint venture cash calls and other operational information. Information regarding exploration expenditure capitalised for each area is contained in Note 12.

Note 5. Other income

	30-June-25 $	30-June-24 $
Disposal of out of specification material	**63,597**	–
Operator's indirect expenses charge	**–**	1,038,019
Operator charges to Joint Operating Partner – no fault cost overrun recovery	**–**	6,856,227
Other income	**63,597**	7,894,246

Other income is recognised when it is received or when the right to receive payment is established.

Note 6. Finance costs

	30-June-25 $	30-June-24 $
Bank's fees	**143,102**	356,406
Finance Costs	**143,102**	356,406

Note 7. Income tax expense

	30-June-25 $	30-June-24 $
Numerical reconciliation of income tax expense and tax at statutory rate		
Loss before income tax expense	**(4,151,446)**	3,259,760
Tax at the statutory tax rate of 25%	**(1,037,861)**	814,940
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable non-exempt income	**–**	–
Other non-deductible expenditure	**–**	–
	(1,037,861)	814,940
Tax losses not brought to account	**1,037,861**	–
Utilisation of prior year tax losses not brought to account	**–**	(814,940)
Interest tax expense	**–**	–
Tax losses not recognised	**–**	–
Unused tax losses for which no deferred tax asset has been recognised	**184,998,408**	183,960,547
Potential tax benefit @ 25%	**46,249,602**	45,990,137

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

Note 8. Cash and cash equivalents

	30-June-25 $	30-June-24 $
Current assets		
Cash and cash equivalents	**5,115,674**	12,322,890

Note 9. Trade and Other receivables

	30-June-25 $	30-June-24 $
Current assets		
Trade debtors	**–**	6,671,414
Other receivables	**–**	41,543
Prepayments	**208,792**	267,482
GST receivable	**52,204**	57,880
Receivables	**260,996**	7,038,319

Note 10. Inventory

	30-June-25 $	30-June-24 $
Current assets		
Drilling Supplies and Materials	**12,060,045**	–
Crude Inventory	**634,142**	–
	12,694,187	–

Note 11. Property, plant and equipment

	30-June-25 $	30-June-24 $
Non-current assets		
Surface Equipment and Facilities	**1,274,383**	–
Less: Accum Dep on Surface Equipment and Facilities	**–**	–
	1,274,383	–
Motor Vehicles and Trucks	**90,151**	–
Less: Accum Dep on Motor Vehicles and Trucks	**(6,010)**	–
	84,141	–
	1,358,524	–

Note 11. Property, plant and equipment (continued)

Reconciliations

At Cost	Surface Equipment and Facilities	Motor Vehicles and Trucks	Total
Balance at 1 July 2023	**–**	**–**	**–**
Additions	–	–	–
Disposals	–	–	–
Balance at 30 June 2024	**–**	**–**	**–**
Additions	1,274,383	90,151	1,364,534
Disposals	–	–	–
Balance at 30 June 2025	**1,274,383**	**90,151**	**1,364,534**
Accumulated Depreciation			
Balance at 1 July 2023	**–**	**–**	**–**
Charge for the year	–	–	–
Balance at 30 June 2024	**–**	**–**	**–**
Charge for the year	–	(6,010)	(6,010)
Balance at 30 June 2025	**–**	**(6,010)**	**(6,010)**
Carrying Amount at 30 June 2025	**1,274,383**	**84,141**	**1,358,524**
Carrying Amount at 30 June 2024	**–**	**–**	**–**

Note 12. Exploration and evaluation

	Consolidated	
	30-June-25 $	**30-June-24 $**
Exploration and evaluation– at cost	**47,690,555**	44,894,829

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Block 9 $	NT/P87 $	WA-544-P $	AC/P70 $	WA-552-P $	Total $
Balance at 1 July 2023	**17,029,969**	**430,092**	**286,673**	**1,103,895**	**–**	**18,850,629**
Additions	24,778,336	89,795	111,841	1,064,228	–	26,044,200
Disposals	–	–	–	–	–	–
Balance at 30 June 2024	**41,808,305**	**519,887**	**398,514**	**2,168,123**	**–**	**44,894,829**
Additions	2,292,152	53,075	37,918	396,665	15,916	2,795,726
Disposals	–	–	–	–	–	–
Balance at 30 June 2025	**44,100,457**	**572,962**	**436,432**	**2,564,788**	**15,916**	**47,690,555**

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2025 exploration activities in each area of interest, where costs are carried forward, have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed.

Note 12. Exploration and evaluation (continued)

A review of the consolidated entity's exploration licenses was undertaken during the financial year and based on the review management identified no impairment indicators on Block 9. Further information on operating activities and development are included in the Directors' report.

Note 13. Trade and other payables

Refer to Note 19 for further information.

	30-June-25 $	30-June-24 $
Accounts payable	**2,340,179**	15,552,586
Other payables	**3,389,139**	3,553,225
	5,729,318	19,105,811

Note 14. Provisions

	30-June-25 $	30-June-24 $
Current liabilities		
Provision for bonus	**200,000**	30,664
Annual leave	**384,638**	314,966
Personal leave	**191,680**	173,564
Long service leave	**325,287**	239,226
	1,101,605	758,420

Note 15. Receivables from Joint Operating Partner

	30-June-25 $	30-June-24 $
Current assets		
Receivables from Joint Operations	**12,897,075**	31,967,395
Current liabilities		
Contract liabilities	**17,410,351**	20,553,950

Receivables from Joint Operating Partner are funds called from Sonangol Pesquisa E Produção S.A (Sonangol) by the Company as the operator for the Block 9 Drilling Program as per the Farm-In Agreement (FIA) which was executed on 25 May 2020. Refer to Note 26 to the financial statements and Directors' report for further information on the arrangement.

Contract Liabilities represent funds called from the Joint Operating Partner for portions of the work programme that are yet to be performed.

Note 16. Issued capital

Movements in ordinary share capital

	30-June-25 No.	30-June-24 No.	30-June-25 $	30-June-24 $
Ordinary shares – fully paid	**3,370,204,104**	3,370,204,104	**320,473,026**	320,473,026

	Date	Shares	Weighted Average Issue Price	$
Opening balance	1 Jul 24	3,370,204,104	0.095	320,473,026
Closing balance	**30 Jun 25**	**3,370,204,104**		**320,473,026**

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options, including transactional costs and fees payable to relevant service providers, are shown in equity as a deduction, net of tax, from the proceeds.

Share buy-back

There is no current on-market share buy-back.

Shares under options

During the reporting period nil shares were issued due to exercise of listed options. There were no share options outstanding at 30 June 2025 (2024: nil).

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to grow its existing businesses.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2024 Annual Report.

Note 17. Reserves

	30-June-25 $	30-June-24 $
Share-based payments reserve	**836,610**	687,702
Foreign Currency Translation	**2,650,136**	(1,132,945)
	3,486,746	(445,243)

Note 17. Reserves (continued)

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Information relating to the Consolidated Entity's details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in the Consolidated Statement of Changes in Equity on page 45.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payment reserve $	Foreign currency reserve $	Total $
Balance at 1 July 2023	**404,684**	**(258,952)**	**145,732**
Performance Rights Issued	977,638	–	977,638
Performance Rights Lapsed	(694,620)	–	(694,620)
Foreign Currency Translation Reserve	–	(873,993)	(873,993)
Balance at 30 June 2024	**687,702**	**(1,132,945)**	**(445,243)**
Performance Rights Issued	545,838	–	545,838
Performance Rights Lapsed	(396,930)	–	(396,930)
Foreign Currency Translation Reserve	–	3,783,082	3,783,082
Balance at 30 June 2025	**836,610**	**2,650,137**	**3,486,746**

Note 18. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Financial instruments

Financial risk management objectives

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits, the main purpose of which is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations and, as at 30 June 2025. The main risks arising from the Consolidated Entity's financial instruments are credit risk, interest rate risk, exchange rate risk and liquidity risk. The Board of Directors has reviewed each of those risks and has determined that, overall, they are not significant in terms of the Consolidated Entity's current activities. The Consolidated Entity may also enter into derivative financial instruments, principally forward currency contracts. The purpose is to manage the currency risks arising from the Consolidated Entity's operations. Speculative trading in derivatives is not permitted. There are no derivatives outstanding at 30 June 2025 (2024: $nil).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

Note 19. Financial instruments (continued)

Market risk

Foreign currency risk

Generally, the Consolidated Entity's main exposure to exchange rate risk relates primarily to trade payables and cash denominated in EUR, arising in relation to its activities in Cuba. Where a payable is significant, EUR may be purchased on incurring the liability or commitment.

The Consolidated Entity's exposure to unhedged financial assets and liabilities at balance date is as follows:

	30-June-25 $	30-June-24 $
USD Financial assets		
Cash on hand at bank	**3,469,669**	5,521,964
USD Financial liabilities		
Payables	**97,027**	88,548
EUR Financial assets		
Cash on hand at bank	**1,338,450**	1,704,258
EUR Financial liabilities		
Payables	**516,693**	7,774,468
CAD Financial liabilities		
Payables	**491,555**	3,606,108

The Consolidated Entity had net liabilities denominated in foreign currencies as at 30 June 2025 of $6,091,952 (2024: net assets of $5,556,384). Based on this exposure, had the Australian dollar strengthened by 10% / weakened by 10% (2024: strengthened by 10% and weakened by 10%) against these foreign currencies with all other variables held constant, the Consolidated Entity's loss before tax for the year would have been $553,813 higher and $676,883 lower (2024: $505,126 higher / $617,376 lower) and equity would have been $553,813 higher/ 676,883 lower (2024: $505,126 lower / $617,376 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months and the spot rate at each reporting date.

An analysis of the exchange rate sensitivity by foreign currency is as follows:

	AUD strengthened			AUD weakened		
	Change	**Effect on profit before tax**	**Effect on equity**	**Change**	**Effect on profit before tax**	**Effect on equity**
30-Jun-25						
USD net financial assets/liabilities	10%	(469,603)	469,603	10%	573,959	(573,959)
EUR net financial assets/liabilities	10%	(134,180)	134,180	10%	163,998	(163,998)
CAD net financial assets/liabilities	10%	49,970	(49,970)	10%	(61,074)	61,074
Cash on hand at bank		**(553,813)**	**553,813**		**676,883**	**(676,883)**

	AUD strengthened			AUD weakened		
	Change	**Effect on profit before tax**	**Effect on equity**	**Change**	**Effect on profit before tax**	**Effect on equity**
30-Jun-24						
USD net financial assets/liabilities	10%	(740,522)	740,522	10%	905,083	(905,083)
EUR net financial assets/liabilities	10%	886,315	(886,315)	10%	(1,083,274)	1,083,274
CAD net financial assets/liabilities	10%	359,333	(359,333)	10%	(439,185)	439,185
Cash on hand at bank		**505,126**	**(505,126)**		**(617,376)**	**617,376**

Note 19. Financial instruments (continued)

Interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's cash and cash equivalents with a floating interest rate. Short term deposits are made for varying periods depending on the immediate cash requirements of the Consolidated Entity and earn interest at the respective short term deposit rates.

Taking into account the current cash balance and prevailing interest rates, a +/- 1.0% movement from the year-end Australian interest rates will not have a material impact on the profit or loss and cash balances of the Consolidated Entity.

Credit risk

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated Entity trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that the Consolidated Entity's exposure to bad debts is not significant.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security. Exposure at balance date is the carrying value as disclosed in each applicable note.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NON-DERIVATIVE FINANCIAL LIABILITIES

	Average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
30-Jun-25						
Trade/other payables		5,729,318	–	–	–	5,729,318
Total		**5,729,318**	**–**	**–**	**–**	**5,729,318**

	Average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
30-Jun-24						
Trade/other payables		19,136,475	–	–	–	19,136,475
Total		**19,136,475**	**–**	**–**	**–**	**19,136,475**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 19. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. Where appropriate, the fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 20. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	30-June-25 $	30-June-24 $
Short-term employee benefits	**2,300,699**	1,884,739
Post-employment benefits	**118,305**	120,534
	2,419,004	2,005,273

A percentage of the fixed remuneration of the Key Management personnel is allocated to the exploration assets based on the percentage of time written to each exploration project by each individual.

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by MNSA, the auditor of the Company:

	30-June-25 $	30-June-24 $
Audit services		
Audit or review of the financial statements	**50,284**	49,137
	50,284	49,137

Note 22. Commitments

Guarantee

The Consolidated Entity has provided no guarantees (2024: nil) at 30 June 2025.

Exploration Commitments

In order to maintain rights of tenure to petroleum exploration tenements, the Consolidated Entity has minimum exploration requirements to fulfil. These requirements are not provided for in the financial statements. If the Consolidated Entity decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the Statement of financial position may require review in order to determine the appropriateness of carrying values. There are no commitments for exploration expenditure on Australian permits over the next fiscal year.

The Company will satisfy its remaining commitment for the current exploration subperiod under the Block 9 PSC by drilling Amistad-2, with the Company's share of costs estimated at AUD 4 million. In addition, there is provision for one contingent production well, which, if undertaken, would require a further contribution from the Company of AUD 6.9 million.

The Company continues to produce crude oil and build inventory with volumes in storage available for sale. Proceeds from these sales are expected to be applied toward funding future work program obligations. While the Company has not yet declared commerciality, these activities reflect the ongoing preparation for a declaration of commerciality and a transition from meeting statutory exploration requirements to advancing development and production commitments.

For Australian exploration permits in the jurisdiction of the Commonwealth of Australia, the first three-years of a work program are referred to as the primary term. The work program is guaranteed and cannot be reduced. Later years (4, 5 and 6) are referred to as the secondary term and the work program for each year becomes guaranteed upon entry to that year. Whilst failure to complete a guaranteed work program does not result in a financial penalty, it is grounds for cancellation of the permit. Further, the default may be considered by the Regulator in relation to future interactions with the defaulting party for a period of 5 years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

Note 22. Commitments (continued)

WA-544-P and NT/P87 (Melbana 100%)

In November 2020, the Company was awarded petroleum exploration permits as a result of applications it had made under the Australian Government's 2019 Offshore Petroleum Exploration Acreage Release. These permits, designated as WA-544-P and NT/P87, were awarded for an initial period of six years each with work commitments consisting of reprocessing and various studies in their primary terms (years 1 to 3). The Company may withdraw from the permits prior to entering their secondary terms, which contain more material expenditure commitments.

These permits lie adjacent to WA-488-P and allow the Company to build on the knowledge it has gained in that permit area to pursue other leads in this expanded area. Melbana retains a 100% interest in the adjacent permit areas WA-544-P and NT-P87, which contain the undeveloped oil discoveries Turtle and Barnett. Melbana has recently completed the initial phase of geoscientific studies on this property and there is no obligation to perform any additional studies in the coming financial year.

AC/P70 (Melbana 100%)

On 16 February 2022, the Company announced that it had been granted petroleum exploration permit AC/P70, located in the Territory of Ashmore and Cartier Islands, for an initial period of six years. Melbana made this application for this permit under the Australian Government's 2020 Offshore Petroleum Exploration Acreage Release.

During the first three years of the licence period, the Company must undertake the following activities:

- Licence, reprocess and interpret available seismic survey data
- Drill an exploration well

The Company has recently completed the reprocessing and interpretation of available seismic data on this title. There is no immediate commitment to drill any wells due to an extension of the subperiod that was granted by the regulator during the financial year. A farm-in exercise is currently underway to have another participant when the exploration well commitments fall due.

Cuba Block 9 (Melbana 30%)

In September 2015, Melbana executed the Block 9 Production Sharing Contract (PSC) with the National Oil Company of Cuba, Unión *Cuba Petróleo* (CUPET). The exploration period of the Block 9 PSC is split into four sub-periods with withdrawal options at the end of each sub-period. The Company is currently in the fourth exploration subperiod, with the drilling of Amistad-2 the only remaining work commitment left to satisfy.

There is an approved work programme for 2025 with firm and contingent components. The Company's share of the firm component is estimated at AUD4 million and the contingent component, should it proceed, a further AUD6.9 million.

There are no material commitments or contingencies other than as set out in this note.

Note 23. Related party transactions

Parent entity

Melbana Energy Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 25.

Key management personnel

Disclosures relating to key management personnel are set out in Note 20 and the remuneration report included in the Directors' report.

Transactions with related parties

None.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans from or loans to related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30-June-25 $	30-June-24 $
Loss after income tax	**(2,513,281)**	4,285,284
Total comprehensive income	**(2,513,281)**	4,285,284

Statement of financial position

	30-June-25 $	30-June-24 $
Total current assets	**5,787,735**	11,730,133
Total assets	**7,705,851**	48,655,015
Total current liabilities	**1,690,375**	163,430
Total liabilities	**1,690,375**	163,430
Equity		
Issued capital	**320,473,026**	320,473,026
Share-based payment reserve	**836,610**	687,702
Accumulated losses	**(275,294,160)**	(272,669,143)
Total equity	**46,015,476**	48,491,585

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Contingent liabilities

As at 30 June 2025, the parent entity has a contingent liability of USD225,000 to a third party related to the sale of permit WA-488-P should EOG Australia complete the drilling of an exploration well (currently advised to be drilled in 2027) in that permit area. Future additional payments would be owed to this third party related to any future contingent cash and royalty payments the Consolidated Entity may receive.

Capital commitments

Refer Note 22 to the financial statements for the details of the exploration commitments. The parent entity had no other capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

Note 25. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

		Ownership interest	
	Principal place of business / Country of incorporation	30-June-25 %	30-June-24 %
Methanol Australia Pty Ltd	Australia	**100**	100
LNG Australia Pty Ltd	Australia	**100**	100
MEO International Pty Ltd	Australia	**100**	100
Finniss Offshore Exploration Pty Ltd	Australia	**100**	100
Melbana Operations Pty Ltd	Australia	**100**	100
Melbana Energy AC/P70 Pty Ltd	Australia	**100**	100
Melbana Exploration Pty Ltd	Australia	**100**	100
Melbana Energy Block 9 Pty Ltd	Australia	**100**	100
MAY Energia España SL	Spain	**100**	100
MAY Operaciones España SL	Spain	**100**	100

Note 26. Interest in Farm-out arrangements

Name	Principal place of business / Country of incorporation
Block 9 PSC	Cuba

On 25 May 2020, the Consolidated Entity entered into a Farm-in Agreement (FIA) with Sonangol Pesquisa E Produção S.A (Sonangol). Under the terms of the FIA, Sonangol agreed to fund 85% of the cost of two exploration wells in Block 9 in return for receiving a 70% interest (Promote). The FIA provides Sonangol with a priority in recovery of the initial consideration it paid the Company (approximately equal to the Company's historic costs related to Block 9 at that point) and the Promote it agreed to pay for the initial two exploration wells. On 17 August 2020, the Company announced that formal Cuban regulatory approvals had been received for Sonangol to acquire this 70% interest.

Group Commitments and contingent liabilities

During the reporting period, the Company elected to enter the fourth and final exploration sub-period of the Block 9 PSC. It will meet its sole remaining obligations with the drilling of Amistad-2.

Melbana's share of Amistad-2 is estimated at AUD 4 million. A subsequent contingent well called Amistad-3, if drilled, would cost the Company a further AUD 6.9 million. Anticipated proceeds from crude sales and existing inventory are expected to offset these costs.

Melbana has met all primary term work program commitments for permits WA-544-P and NT/P87 (Hudson). Permits AC/P70 and WA-552-P are both in their primary terms and work continues to satisfy their work program commitments, the cost of which in the next fiscal year have been provided. The Company is currently seeking farm in partners for AC/P70 and Hudson to share the expense of meeting work program commitments in subsequent fiscal years.

Note 27. Events after the reporting period

On 21 August 2025, the Company announced that it had received binding firm commitments to raise approximately $7 million before costs via a placement. The placement involves issuance of 411,764,706 new Fully Paid Ordinary shares at $0.017 per share (Placement Shares), representing a 22.7% discount to the Company's last closing share price on 18 August 2025. Each Placement Share is accompanied by one Attaching Option exercisable at $0.02 and expiring one year from the date of issue. Additionally, for every two Attaching Options exercised, the Option holder will receive one Bonus Option exercisable at $0.03 and expiring three years from the date of issue. Proceeds from the Placement will be applied towards the Company's share of drilling costs for the Amistad-2 production well and for general corporate purposes.

On 21 August 2025, the Company provided an operational update on Block 9 PSC, onshore Cuba. Rig mobilisation has commenced for the drilling of the Amistad-2 production well, with a projected spud date in mid-September and results expected by mid-October. Permitting and civil works have been completed for the Amistad-3 production well. Meanwhile, Alameda-2 continues to produce oil from the Unit 1B formation, with over 30,000 barrels currently in inventory. Additionally, permitting is well advanced for the drilling of further shallow production wells scheduled for 2026.

On 26 August 2025, the Company advised that the National Offshore Petroleum Titles Administrator (NOPTA) had approved a variation of the minimum work requirements for Permit Year 4 of petroleum exploration permits WA-544-P and NT/P87 (Permits) granted to the Company in 2020 (Melbana 100%). The Permits are in the Joseph Bonaparte Gulf offshore northern Australia.

On 27 August 2025, the Company announced the quotation of 411,764,704 Fully Paid Ordinary shares on the ASX following the successful completion of a $7 million placement (before costs). Proceeds from the Placement will be applied towards the Company's share of drilling costs for the Amistad-2 production well and for general corporate purposes.

On 3 September 2025, Riddhi Group of Hotels Pty Ltd. announced it had become a substantial holder of the Company with effect from 27 August 2025, holding 206,280,145 Fully Paid Ordinary Shares and 5.45% voting power.

On 16 September 2025, the Company announced that the Extraordinary General Meeting of Shareholders will be held as a virtual meeting via an online meeting platform at 16:00 (AEDT) on Wednesday, 15 October 2025.

On 19 September 2025, the Company advised that drilling of the Amistad-2 production well commenced on 18 September 2025 (Cuba time) and is planned to reach a total measured depth (MD) of 1,125 metres.

On 19 September 2025, the Company announced an addendum to the Notice of Extraordinary General Meeting dated 16 September 2025 to align the terms of the Joint Lead Manager (JLM) options with the attaching options to be considered at the Extraordinary General Meeting on 15 October 2025.

Note 28. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	30-June-25 $	30-June-24 $
Profit/(Loss) after income tax expense for the year	**(4,151,446)**	3,259,760
Adjustments for:		
Non-Operating activity income	**(235,468)**	–
Depreciation and amortisation	**5,892**	135,476
Share-based payments	**281,218**	552,807
Foreign exchange differences	**329,559**	98,692
Change in operating assets and liabilities		
Decrease/(increase) in other receivables	**100,232**	(3,880,430)
Decrease/(increase) in prepayments	**5,676**	(506,062)
Decrease in trade and other payables	**(302,468)**	(3,677,989)
Increase in provisions	**343,185**	346,785
Net cash used in operating activities	**(3,623,620)**	(3,670,961)

Note 29. Earnings per share

	30-June-25 $	30-June-24 $
Profit/(loss) after income tax attributable to the owners of Melbana Energy Limited	**(4,151,446)**	3,529,549
Weighted average number of ordinary shares used in calculating basic earnings per share	**3,370,204,104**	3,370,204,104
Weighted average number of ordinary shares used in calculating diluted earnings per share	**3,416,218,473**	3,402,159,066

	Cents	Cents
Basic earnings per share	**(0.12)**	0.10
Diluted earnings per share	**(0.12)**	0.10

Note 30. New and Amended Accounting Policies Adopted by the Group

AASB 2020-1: Classification of Liabilities as Current or Non-current

The Group adopted AASB 2020-1 which amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It also clarifies the meaning of "settlement of a liability"

The adoption of the amendment did not have a material impact on the financial statements.

Note 31. New and Amended Accounting Policies Not Yet Adopted by the Entity

AASB 2021-7c: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10* and *AASB 128 and Editorial Corrections*; and *AASB 2024-4: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10* and *AASB 128*

AASB 2021-7c defers the application of AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018. However, once AASB 2021-7c expires for periods beginning on or after 1 January 2025, AASB 2024-4 defers the mandatory effective date (of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10) so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2028 instead of 1 January 2025.

The Group plans on adopting the amendments to AASB 10 and AASB 128 within AASB 2021-7c for the reporting period ending 30 June 2026 and within AASB 2024-4 for the reporting period ending 30 June 2029.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

AASB 18: *Presentation and Disclosure in Financial Statements*

AASB 18 will replace AASB 101 to amend the presentation and disclosure requirements in financial statements which includes:

- the presentation of the statement of profit or loss into five categories, namely the operating, investing, financing, discontinued operations and income tax categories, as well as newly-defined operating profit subtotals;
- disclosure of management-defined performance measures (MPMs) in a single note; and
- enhanced requirements for grouping (aggregation and disaggregation) of information.

In addition, the Group will be required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

Note 31. New and Amended Accounting Policies Not Yet Adopted by the Entity (continued)

The Group plans on adopting the amendment for the reporting period ending 30 June 2028. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

AASB 2024-2: *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*

AASB 2024-2 amends AASB 7 and AASB 9 in relation to:

- settling financial liabilities using an electronic payment system;
- assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income, and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The Group plans on adopting the amendment for the reporting period ending 30 June 2027. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2024-3: *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

AASB 2024-3 amends the following:

- AASB 1 to improve consistency between AASB 1 and the requirements for hedge accounting in AASB 9, as well as to improve the understandability of AASB 1;
- AASB 7 to replace a cross-reference and improve the consistency in the language used in AASB 7 with the language used in AASB 13;
- AASB 9 to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished and address inconsistencies between AASB 9 and the requirements in AASB 15 in relation to the term "transaction price";
- AASB 10 in relation to determining de facto agents of an entity; and
- AASB 107 to replace the term "cost method" with "at cost", as the term is no longer defined in Australian Accounting Standards.

The Group plans on adopting the amendment for the reporting period 30 June 2027. The amendment is not expected to have a material impact on the financial statements once adopted.

Consolidated Entity Disclosure Statement

30 June 2025

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

Entity Name	Body Corporate, partnership or trust	Place of Incorporation	% of share capital held directly or indirectly by the Company in the body corporate		Australian or Foreign tax resident (for tax purposes)	Jurisdiction for Foreign tax resident
			2025	**2024**		
Melbana Energy Limited	Body corporate	Australia	–	–	Australian	N/A
Methanol Australia Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
MEO International Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Exploration Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Operations Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
LNG Australia Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Finnis Offshore Exploration Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Energy AC/P70 Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Energy Block 9 Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
MAY Energía España SL	Body corporate	Spain	100%	100%	Foreign	Spain
MAY Operaciones España SL	Body corporate	Spain	100%	100%	Foreign	Spain

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency
  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes, and the Remuneration report contained in the accompanying Directors' report, comply with the *Corporations Act 2001*, Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- In the Directors' opinion, the attached Consolidated Entity Disclosure Statement required by section 295(3A) of the *Corporation Act 2001* is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors

Andrew Purcell
Executive Chairman

26 September 2025

Sydney | Melbourne | Canberra

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
MELBANA ENERGY LIMITED AND CONTROLLED ENTITIES
ABN 43 066 447 952

Report on the Financial Report

Opinion

We have audited the financial report of Melbana Energy Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report also complies with the International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2025. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Review of going concern	
The Key Audit Matter	**How the matter was addressed in the audit**
During the year ended 30 June 2025 the Group recorded a net loss after tax of $4,151,446 (2024: Profit of $3,259,760); had net cash outflows from operating, investing and financing activities of $(7,420,297) (2024: outflows of $22,336,970); had cash and cash equivalents of $5,115,674 (2024: $12,322,890); and had a net working capital position of $6,726,659 (2024: $10,910,423). In assessing going concern of the Group, we note that current assets include $12,897,075 receivable from Sonangol. In our review we see this as significant in relation to the going concern assumption. Accordingly, we considered the appropriateness of the going concern assumptions.	Our audit procedures included the following: • Obtained and reviewed management's cash flow forecasts for the next 12 months to evaluate whether the projected liquidity levels are sufficient to support the Group's operations over this period; • Challenged management's assumptions and obtained explanations for any significant variances in the cash flow forecasts; • Tested the mechanical accuracy of the forecasting model used; and • Ensured appropriate disclosures related to going concern were included in the financial report.

Farm-out arrangement - Cuba Block 9	
The Key Audit Matter	**How the matter was addressed in the audit**
As at 30 June 2025 the Group recognised a receivable of $12,897,075 in relation to the Farm-out arrangement from Sonangol. In addition, the Group received $42,695,821 in cash payments as proceeds of the Farm-out arrangement. This area is a key audit matter due to the significant judgement involved in determining the recoverability of these balances and its impact to going concern assumptions.	During our audit, we analysed agreements in respect to the transactions, assessed internal reporting and substantiated transactions on a sample basis. We questioned management on treatment and challenged their assessment. Our audit included performing the following: • Assessed accounting treatment of significant transactions; • Reviewed disclosures within the financial report; • Reviewed mathematical accuracy of calculations; • Reviewed farm-out reporting and communication between Melbana and Sonongol; • Completed substantive tests of detail on expenditure incurred during the period; and • Reviewed subsequent receipts of receivables.

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Key Audit Matters (continued)

Exploration and Evaluation Assets	
The Key Audit Matter	**How the matter was addressed in the audit**
As at 30 June 2025, the carrying value of exploration and evaluation assets was $ 47,690,555. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	During our audit, we assessed management assumptions when capitalising exploration assets and reviewing for indicators of impairment. Our procedures included: • Reviewing managements reconciliation of capitalised exploration and evaluation expenditure and ensuring it agrees to the general ledger; • Assessing the impact of farm-out agreements including recovery of prior exploration expenditure in relation to Cuba Block 9; • Evaluating costs capitalised during the period and testing on a sample basis; • Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration areas; • Determining whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • Assessing management judgement in impairment assessment; and • Reviewing the appropriateness of the related disclosures within the financial statements.

There were no restrictions on our reporting of Key Audit Matters.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the group are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001; and*

b) *the consolidated entity disclosure statement that is a true and correct view in accordance with the Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free of material misstatement, whether due to fraud or error, and

b) *the consolidated entity disclosure statement that is a true and correct* and is free of material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Melbana Energy Limited and controlled entities for the year ended 30 June 2025 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 26th of September 2025

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Shareholder Information

as at 10 September 2025

The shareholder information set out below was applicable as at 10 September 2025.

Distribution of equity securities

Analysis of number of equity security holders by size of holding as at 10 September 2025.

Securities

FULLY PAID ORDINARY SHARES

Holdings Ranges	Holders	Total Units	%
1-1,000	98	10,826	0.00
1,001-5,000	60	219,674	0.01
5,001-10,000	174	1,407,064	0.04
10,001-100,000	3,198	146,537,257	3.87
100,001-9,999,999,999	2,659	3,633,793,987	96.08
Totals	**6,189**	**3,781,968,808**	**100.00**

Securities

PERFORMANCE RIGHTS

Holdings Ranges	Holders	Total Units	%
1-1,000	–	–	0.00
1,001-5,000	–	–	0.00
5,001-10,000	–	–	0.00
10,001-100,000	–	–	0.00
100,001-9,999,999,999	11	36,540,685	100.00
Totals	**11**	**36,540,685**	**100.00**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted fully paid ordinary shares are listed below:

Name/Address 1	Balance as at 9 September 2025	%
M&A ADVISORY PTY LTD <PURCELL FAMILY A/C>	241,100,097	6.37%
RIDDHI GROUP OF HOTELS PTY LTD	206,280,145	5.45%
MF MEDICAL PTY LTD	65,842,792	1.74%
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	61,151,817	1.62%
CITICORP NOMINEES PTY LIMITED	43,158,523	1.14%
MR JASON MEINHARDT	37,359,476	0.99%
TERRACE MANAGEMENT PTY LTD <TERRACE A/C>	36,466,284	0.96%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	36,023,773	0.95%
FIVE ELEMENTS DESIGN PTY LTD <FIVE ELEMENTS DESIGN A/C>	35,000,000	0.93%
MR MICHAEL CULLING & MRS ELIZABETH CULLING <MELTS SF A/C>	30,287,750	0.80%
MR JONATHAN GORDON & MRS DANIELLE GORDON <ENERGY INVESTMENTS S/F A/C>	30,255,000	0.80%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	29,492,985	0.78%
MR MATTHEW DEAN MARSHALL	29,475,676	0.78%
MR JOHN OLDANI	28,111,111	0.74%
MS HONG NHUNG NGUYEN	27,946,133	0.74%
PSI CONSULTING PL <COGHILL FAMILY A/C>	25,518,548	0.67%
MISS ANITA TSANG & MR BRADLEY GARTH WRIGHT <ATBW INVESTMENTS SF A/C>	22,928,947	0.61%
DR KONG JUNG AU YONG	22,624,688	0.60%
UBS NOMINEES PTY LTD	21,448,265	0.57%
MF MEDICAL PTY LTD	20,588,235	0.54%
Total Securities of Top 20 Holdings	**1,051,060,245**	27.79%
Total of Securities	**3,781,968,808**	

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing share price at 10 September 2025 ($0.017) is as follows:

Total Shares	UMP Shares	UMP Holders	% of Issued shares held by UMP Holders
3,781,968,808	24,326,369	1,391	0.64%

Shareholder Information
continued

Substantial holders
Below are substantial holders of the Company, as disclosed in substantial holding notices given to the Company:

	Ordinary shares	
	Number held	**% of total shares issued**
M&A Advisory Pty Limited*	241,100,097	6.37%
Riddhi Group of Hotels Pty Ltd*	206,280,145	5.45%

* Holder has notified the Company that it manages the relevant shares and therefore has a relevant interest in those shares under section 608(1)(b) or (c) of the *Corporations Act 2001 (Cth).*

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and performance rights
Options and performance rights do not carry voting rights.

There are no other classes of equity securities.

Current on-market buy-back
There is no current on-market buy-back.

Glossary of Key Terms

Term	Meaning
Barrel	One barrel of oil; 1 barrel = 35 imperial gallons (approx.) or 159 litres (approx.); 7.5 barrels = 1 tonne (approximately, depending on the oil density); 6.29 barrels = 1 cubic metre.
BBL	Barrels
BCF	Billion cubic feet
BOE	Barrels of oil equivalent
BOP	Blow out preventer
BOPD	Barrels of oil per day
BSW	Basic sediment and water
Carbonate	Class of sedimentary rocks which mainly contains calcite, aragonite and dolomite.
COS	Geological chance of success
CUPET	Cuba Petróleo Union, the State owned oil company of Cuba
cP	Centipoise
DST	Drill Stem Test – a procedure for testing the pressure and productive capacity of a geological formation.
M	Thousands
MM	Millions
Metres MD	Metres, Measured Depth
Metres TVD	Metres, Total Vertical Depth
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.
Prospective Resources	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
PSC	Production Sharing Contract
Sonangol	Sonangol Pesquisa E Produção S.A, the Angolan National Oil Company
TCF	Trillion cubic feet
Unrisked	Prior to taking into account the chance of discovery.
SGS	Static Gradient Survey
Contingent Resource	These are quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from known accumulations, but which are not currently considered commercial.

Corporate Directory

Directors
Andrew Purcell (Executive Chairman)
Michael Sandy (Non-Executive Director)
Peter Stickland (Non-Executive Director)

Company Secretary
Uno Makotsvana

Notice of Annual General Meeting
The Company will hold its Annual General Meeting of shareholders on 20 November 2025

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Share Register
Boardroom Pty Limited
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Sydney South NSW 2000

Telephone +61 1300 737 760

Auditor
MNSA Pty Ltd
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Sydney, NSW 2000 Australia

Stock Exchange Listing
The securities of Melbana Energy Limited are listed on the Australian Securities Exchange, ASX code: MAY

Website Address
www.melbana.com

Corporate Governance Statement
Corporate governance statements are available at the Company's website. Please refer to
https://www.melbana.com/site/About-Us/corporate-governance

Melbana Energy

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