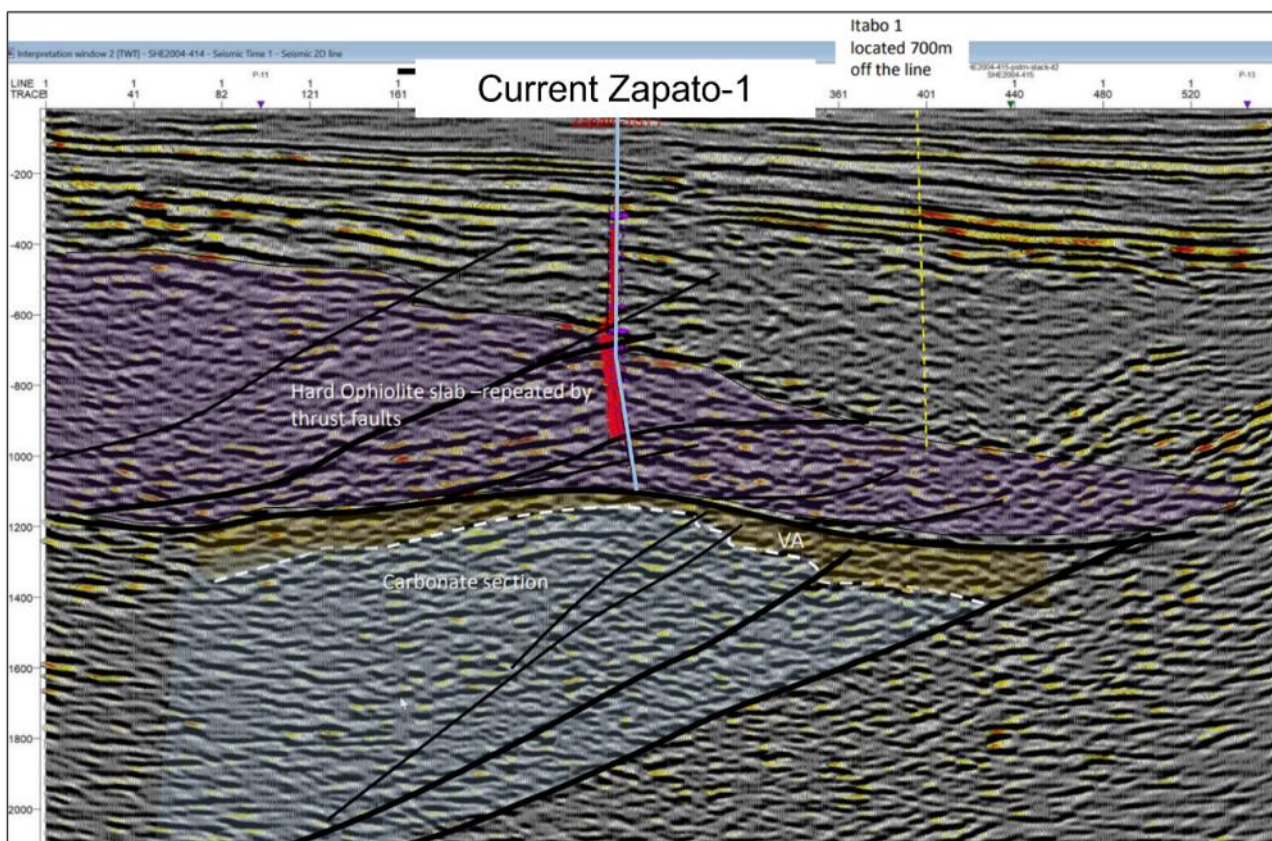


Zapato-1ST Drilling Update

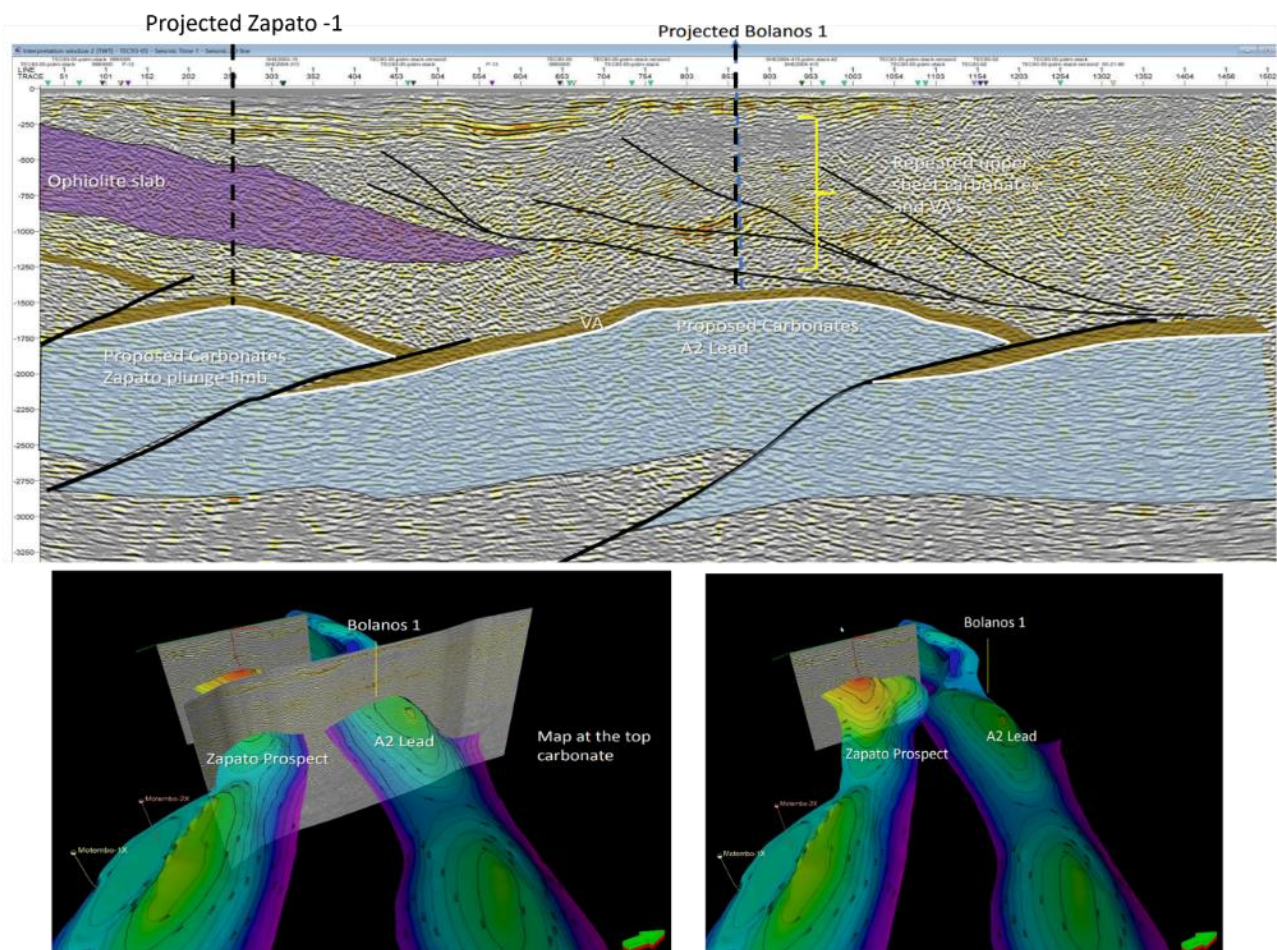
SYDNEY, AUSTRALIA (17 OCTOBER 2022)

Melbana Energy Limited (ASX: MAY) (**Melbana**) is pleased to report that the Zapato-1 exploration well being drilled in its Block 9 PSC onshore Cuba (Melbana 30%) continues to drill ahead in hard volcanics, having reached a depth of 2,880 mMD earlier today. Based on interpretation of the available information, the well is now possibly immediately above the seismic reflector which represents the base of the ophiolite sequence.



Melbana Energy's Executive Chairman, Andrew Purcell, commented: "We continue to persist with the drilling of Zapato-1 as we believe there must be a productive hydrocarbon zone underneath the volcanics we're drilling through, given the light crude that existed in the shallow section at Motembo. We chose the Zapato structure for our second exploration well not just for its potential in its own right but because establishing the validity of this thesis unlocks the potential for similar and multiple very large plays in adjacent structures in Block 9, such as the A2 lead. As previously flagged, the massive adjacent Varadero field that has been in production since the late 70s was drilled on a similar gravity anomaly and that those rocks are the same as what has been thrust deeper at Zapato. As such, we will continue drilling Zapato in the immediate term with the aim of discovering a productive hydrocarbon zone. Concurrently, we are planning a return to Alameda so we can start appraising the material volumes of moveable hydrocarbons we found there. Recent option conversions have strengthened our cash balance and we are well-placed for an extensive works program."

For the more technically inclined, the depth of the base of the ophiolitic sequence has been updated with the benefit of a synthetic log-based well to seismic tie derived from information gathered on the logging run of the previous section of Zapato-1. The greatest unknown presently in the interpretation is the velocity of the sequence. It has been demonstrated that the initial pre-drill velocity was much slower than the actual velocities of the sequence. A re-interpretation of the depth of the base of the ophiolites using the updated velocity estimates the base of the ophiolites at around 3000 mMD. However, with the velocities we are experiencing, one seismic couplet represents approximately 150 metres of depth, giving a large margin of error for our predictions of when we might encounter the target formation. Whilst the velocity required to match the drilling result has changed, the initial seismic interpretation of the sequence has not changed. There is a confident seismic horizon tie with the Bolanos-1 well to the north-east, which reached total depth in Vega Alta shales, the interpreted top seal to the prospective A2 lead.



For and on Behalf of the Board of Directors: For further information please contact

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