

Block 9, Cuba – Operations Update

Highlights:

- Equipment and inventory for the two well drilling program started to arrive in Cuba late last week. Customs clearance and transport of goods to storage facilities occurred quickly and without incident. Additional shipments are scheduled to arrive this week and then regularly going forward. All items are scheduled to arrive in Cuba by late August.
- Contracts signed for materials to be sourced locally (cement, fuel)
- Inspection of drilling rig scheduled to take place this month
- Construction of well pad for second exploration well (Zapato-1) planned to commence this month
- Mobilisation instruction to contractors scheduled for August
- Drilling operations forecast to commence in September
- Block 9 drilling program is for the drilling of two exploration wells testing four separate targets. Total Prospective Resource 236 million barrels of oil (Best Estimate)* - Melbana's interest 30%.

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

SYDNEY, AUSTRALIA (13 JULY 2021)

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

Melbana has a 30% interest in the 236 million barrels of Prospective Resource (Best Estimate)* being tested in this drilling program projected to start in September 2021. Under the terms of its

agreement with Sonangol¹, Melbana is required to fund half of the 30% interest it has in this drilling program, the cost of which is largely covered by the approximately \$5 million it received upfront as compensation for previous expenditure incurred. Melbana is also operator of the drilling program.

Inventory for Drilling Operations

Preparations for the two well drilling program in Block 9, Cuba, are moving ahead rapidly as the Company prepares for the imminent spud of the first well, Alameda-1, in September 2021.

Parts and materials required for this drilling program started to arrive in Cuba late last week with additional shipments scheduled to arrive this week and then regularly going forward with all items scheduled to arrive before the start of drilling operations. The Company has to date satisfactorily managed multiple challenges to delivery timetables as a result of the impact of COVID-19 on shipping and air freight, however all the requisite parts and materials have now been sourced and arrangements made for their delivery.



Figure 1 - Wellheads



Figure 2 – Drill bits



Figure 3 - Underreamers

¹ See ASX announcement dated 27 May 2020

Drilling Contractor Preparations

The Company's drilling contractor, a subsidiary of Sherritt International (TSE: S), is advanced in its preparations for mobilisation which is expected to commence next month following completion of the Company's inspection.

Site Preparations

The Alameda-1 well pad and related site infrastructure are complete and ready for the installation of the drilling rig and associated camp facilities. Construction of the well pad for the second well (Zapato-1) is expected to commence soon and is forecast to be completed prior to the completion of drilling of the first well (Alameda-1).

Deployment of Project Management Team

Deployment of international staff to Cuba is near complete, with the remaining members of the project management team due to arrive as required between now and the start of final preparation and testing activities prior to the commencement of drilling operations.

Priority has been given to the engagement of local personnel, where possible, given the high level of requisite skills available in country and the cultural and operational familiarity they bring to the team.

The Company's project office, adjacent to Sherritt's operations base in Varadero, has now been fully furnished and operational control of planning for drilling operations is now being successfully conducted by the team based there in close consultation with Melbana's technical team in Australia.

Melbana's Cuban personnel will continue to manage local administrative, regulatory and community liaison requirements and other important local issues associated with this drilling programme. Several new local employees have been recently added to the team to manage this increased workflow.



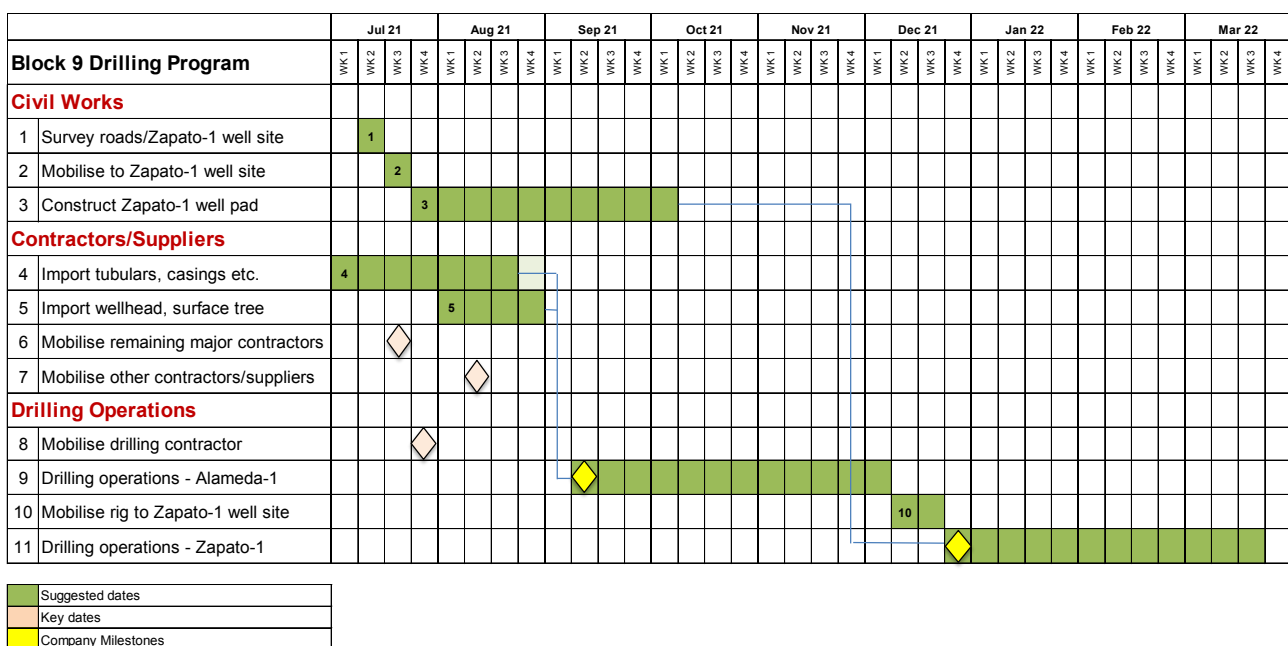
Figure 4 - Melbana's Cuban Representative (centre) with CUPET management

COVID-19

Cuba continues to grapple with incidents of COVID-19 infections but, uniquely for any Caribbean or even Latin American country, it has successfully developed its own vaccines which have reportedly proven over 90% effective against the coronavirus in late stage clinical trials. Cuba's biotech sector has a long history of vaccine development, producing 80% of vaccines used in the country and exporting some of them.

Only one of Melbana's local staff in Cuba has to date been infected with COVID-19, but this has not materially impacted operations or resulted in any other of the Company's personnel becoming infected. Health management practices remain a high priority for the Company.

Project Timeline



Melbana Energy's Executive Chairman, Andrew Purcell, said:

"Our preparations for the commencement of drilling operations have been progressing satisfactorily thanks to the tireless efforts of our project management team in managing the numerous daily issues always associated with a project of this sort (which have been exacerbated by the unusual circumstances the world currently finds itself in). With equipment and inventory now starting to arrive in Cuba activity levels are increasing ahead of the commencement of drilling operations which are forecast to commence in September."

For and on Behalf of the Board of Directors:

Mr Andrew Purcell
Executive Chairman

Ends -

For further information please contact

Mr Theo Renard
Company Secretary
+61 2 83 23 66 00