

## Block 9, Cuba – Operations Update

### Highlights:

- Construction of access roads and well pad for first exploration well (Alameda-1) completed.
- Contractor selected for civil works at second well site (Zapato-1). Land access agreements and relevant permits secured. Construction to commence mid-May.
- Drilling contractor's preparations for the commencement of drilling operations on schedule.
- Contracts for supply of long lead items (tubulars, well casings etc.) continue to be awarded. Initial shipments projected to arrive in Cuba in June, on schedule. Orders for drill bits and other equipment required for drilling operations placed.
- Negotiations with other service, equipment and inventory providers in process.
- Melbana's Drilling Manager now resident in Cuba and advancing drilling preparations. Several other senior members of the project management team scheduled to arrive in May.
- Additional Cuban personnel hired to assist with preparations for drilling operations (logistics, accounting etc.). Havana head office relocated to larger premises and a second operations/engineering office opened in Varadero (closer to contractors and site operations).
- International flight and shipping schedules remain below pre-COVID19 levels, potentially leading to longer lead times for certain items than originally forecast.
- 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)<sup>1</sup> - Melbana's interest 30%.

<sup>1</sup> 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.

## MELBOURNE, AUSTRALIA (28 April 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)<sup>1</sup> being tested in this drilling program projected to start in Q3 2021.

### Site Preparations

Construction of the Alameda-1 well pad, related site infrastructure and access road was completed during the quarter with no lost time due to injury and no incidence of COVID-19 amongst the personnel working on site. The site is now ready for the commencement of drilling operations. Land access agreements and relevant permits are in place.

A tender for the construction of the well pad for the second well, Zapato-1, was subsequently finalised and construction operations projected to commence mid-May. The tender produced a considerably lower forecast cost for these works than what had been budgeted.



Figure 1 - Completed well pad at Alameda-1



Figure 2 - Zapato-1 well-pad location

### Drilling Contractor Preparations

Melbana’s drilling contractor, a subsidiary of Sherritt International Corporation (**Sherritt**), has advised the date it is expected to be ready to commence drilling operations is in advance of when drilling operations are expected to commence. Sherritt has decades of experience operating in Cuba and in that time has drilled hundreds of oil and gas wells.

Sherritt has also been providing Melbana’s project management team with logistics and project management support, as agreed in the drilling contract. The teams are working well together towards the start of the two well drilling program.

### Inventory for Drilling Operations

Orders were placed during the quarter for the manufacture and supply of the wellhead equipment and accessories as well as other items needed for the drilling program (e.g., liner hangers, reamers, various tool etc.). As nearly all items needed for the upcoming drilling program need to be imported into Cuba, limited shipping and aircraft arrivals (relative to the pre-COVID state) means lead times

are longer than originally forecast and otherwise are on or close to the critical path. Commencement of drilling operations in the third quarter are therefore currently considered to be 'best case'.

Contracts for the supply of the remaining other key items of inventory are being finalised and expected to be signed shortly. Melbana anticipates taking receipt of initial equipment supplies in Cuba before the end of this quarter.

### Project Timeline

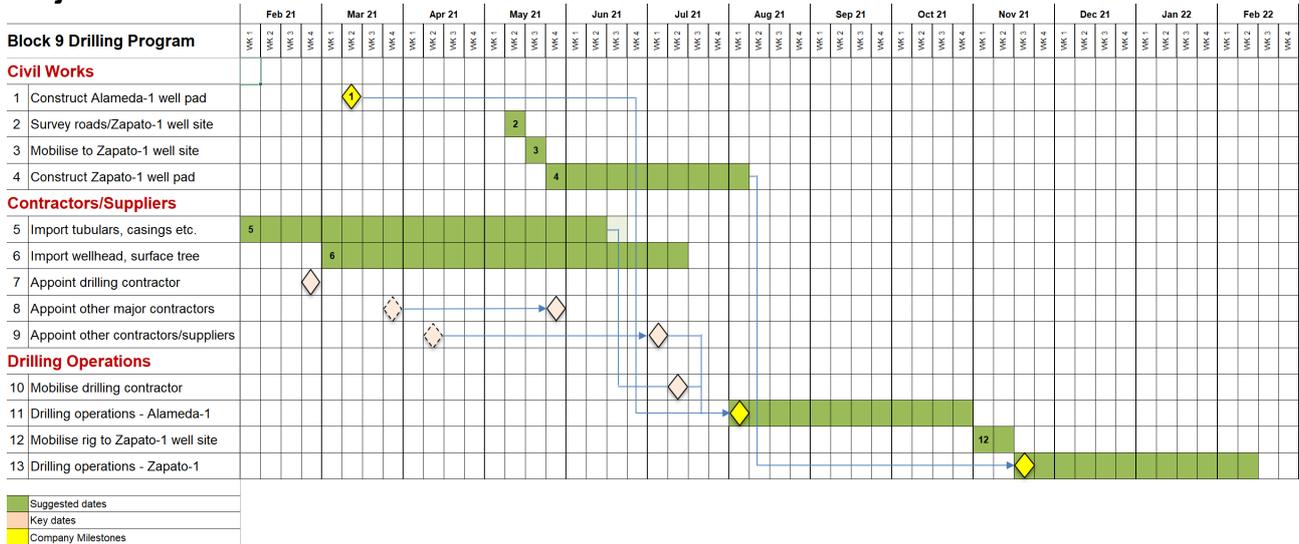


Figure 5 – Projected timeline for drilling operations in Block 9, Cuba

### Mobilisation of Key Project Management Personnel

Melbana’s Drilling Manager, a Colombian national, arrived in Cuba and completed the mandatory quarantine in early March and is now co-ordinating preparations for the commencement of drilling operations. Several senior members of Sonangol’s technical team, who will also form part of the project management team, will relocate to Cuba within the next month.

### Cuban staffing and second office

Melbana’s Cuban personnel will continue to manage local administrative requirements, regulatory and community liaison 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 3 - Varadero Office

A second office has been opened in Varadero for the project management team. This office is adjacent to Sherritt’s base of operations in Varadero and near to other key contractors who are based there.

The new office also has the advantage of being closer to the site of the upcoming drilling operations.



Figure 4 - Proximity of Varadero Office to Block 9

## COVID-19

Cuba's management of the pandemic has been widely praised and its prevention and control policy remains enacted with COVID-19 containment protocols still being enforced across the island. Melbana's operations have not been impacted due to compliance with these protocols, which include limiting overnight mobility, and find them contributory to the zero rate of infection it has experienced with its operations to date.

## Political Environment

Melbana notes the retirement of Raul Castro as First Secretary of the Communist Party of Cuba. It is not expected to impact Melbana's operations in Cuba.

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

*"The countdown to drilling the potential of the target prospects in Block 9 is now well underway with the arrival of our Drilling Manager in country, establishment of a second local office and completion of the well pad at Alameda. With both the IEA and OPEC forecasting higher global oil demand we look forward to examining the first results from this drilling campaign in the second half 2021."*

### For and on Behalf of the Board of Directors:

Mr Andrew Purcell  
Executive Chairman

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