

COMPANY	Melbana Energy Limited (MAY)	12 <sup>th</sup> June 2024
MCAP	\$235m; Current share price \$0.072/share	
VALUATION	Our risked valuation is \$0.145/share	
NEWS	<b>EOG receive greenlight to drill Beehive well – a positive for MAY</b> <b>PAC Partners - Flash Desk Note: 13 June 2024</b>	

*Reference report:* Introduction report to MAY: [RR\\_MAY230828](#)

MAY's activities are focused on Cuba, but MAY does retain important and potentially valuable interests in Australia linked to Northern Australian petroleum acreage.

Melbana Energy Ltd (ASX: MAY) today congratulated the EOG team in their work towards receiving environmental approval to drill the Beehive exploration well in WA-488-P, offshore Western Australia.

This event has positive implications for MAY.

- MAY sold WA-488-P that contains the Beehive Prospect in late 2021 for US\$7.5 million;
- MAY is also entitled to future contingent cash payments of US\$5 million and royalties of US\$10 million per each 25 mmboe produced.
- Success by EOG at Beehive has positive implications for MAY's two adjoining 100%-owned licences – **WA-544-P & NT/P87**.  
In an EOG success case – MAY could encourage farminees to fund exploration of look-a-like structures, again with minimal to no cash contribution.

We see a current heavily *risked potential value of A\$40m* for the large Hudson prospect that straddles **WA-544-P & NT/P87, with factors of upside on a drilling success case, subject to the value of any farmin achieved by MAY.**

For more details - please review pp 12-13 of our MAY introduction report: [RR\\_MAY230828](#)

Melbana Energy Ltd MAY	Basin \$0.070	Operator	Equity Melbana	Resource Best	Resource Best	Resource Best	Valuation per boe	Residual Net of Risk	Risk Valn Melbana
AUDUSD	0.675		%	Gas BCF	Oil mm bbl	mm boe	A\$/boe	%	A\$m
NT/P87, WA-544-P									
Hudson+Barnett+Turtl e	Bonapart e WA/NT	Melbana	100.0%	466.0	105.0	98.8	\$9.02	4.5%	40

### Free ride on EOG's success

- A discovery of commercially producible petroleum at Beehive prospect provides a combination of cash payments for progressively larger cumulative production.
- Melbana has no funding commitments in this permit. This means the potential revenue upside comes with no future cost to MAY shareholders.
- **Beehive is aimed at testing a large Carbonate Platform opportunity that could contain up to 1.4 billion barrels of oil** (Prospective Resource, high estimate). *Yes that's a lot of 25 mm boe increments for royalties to MAY.*

**Melbana also retains 100% of the adjacent WA-544-P & NT/P87 exploration permits** containing lookalike Carbonate Platform opportunities with similar resource potential as WA-488-P.

Melbana is seeking farminee(s) to fund a forward work programme (3D seismic survey and contingent drilling option) in the Permits.

See map below or our August 2023 Introduction report to MAY: [RR\\_MAY230828](#)

## FEATURES OF KEY AUSTRALIAN ASSETS

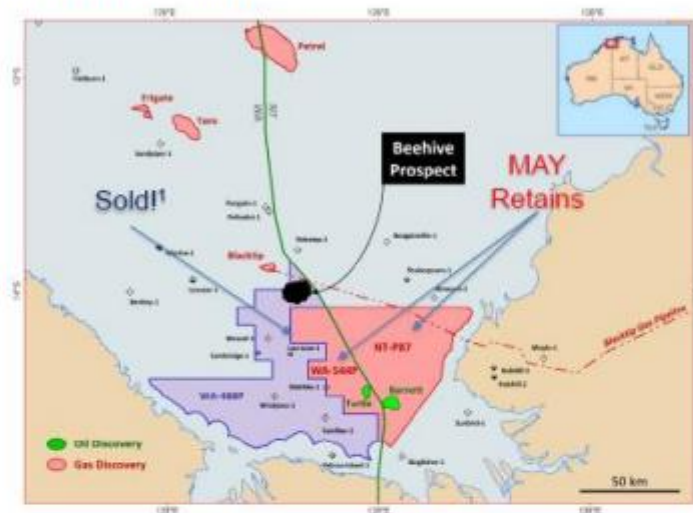
### Australian Assets Location



#### WA-488-P – EOG LIKELY TO DRILL IN 2024 BEEHIVE PROSPECT

MAY sold its interest in WA-488-P to EOG in 2021 for cash – see purple shaded block in map below. Should EOG proceed to drill the Beehive prospect in WA-488-P MAY is entitled to up to US\$5m in cash and US\$10m for every 25 mm bbl of oil equivalent production.

The Beehive prospect is close to an existing gas pipeline from the mature Blacktip gas field to Darwin for domestic gas contracts. While oil is a target at Beehive, a gas discovery has an enhanced chance of development to supplement NT domestic needs or backfill spare capacity in LNG facilities given the Bayu-Undan field is in steep decline and Santos' Barossa development faces uncertain delays.



Source: MAY June 2023 presentation

#### WA-544-P AND NT-P87 – MAY SEEKS FARMOUT TO DRILL BIG HUDSON PROSPECT

East of and adjacent to WA-488-P, the WA-544-P and NT-P87 blocks were retained by MAY with an 100% equity interest. Two existing small oil discoveries, Barnett and Turtle confirm a working hydrocarbon system in the oil phase. These are adjacent to the Hudson feature.

Hudson is north and west of Turtle and Barnett on border of WA/NT. The play is an isolated Carbonate Platform from the Devonian over 360m years ago. Porosity is perhaps preserved by lack of land-based brines that can clog pore spaces. In Kazakhstan the Tengiz oil field is an analogue with 25 billion bbl oil-in-place and over 6 billion recoverable.

Gross Prospective Resources*				
Oil Only (mmbbl)	P90	P50	Mean	P10
STOOIP	9	371	1,573	4,845
Recoverable	2	90	395	1,184
Gas Only (bcf)	P90	P50	Mean	P10
GIIF	16	700	3,070	10,097
Recoverable	11	466	2,034	6,741

We have used the probability 50% (P50) figure of half of 90 mm bbl oil and half 466 bcf of gas, plus 15 mmbbl for Turtle and Barnett for our estimated risk value of \$40m for this prospect. Clearly there is upside as we risk down to 4.2% of full value. See details in the table on the next page.

## Recommendation Criteria

### Investment View

PAC Partners Investment View is based on an absolute 1-year total return equal to capital appreciation plus yield. A Speculative recommendation is when a company has limited experience from which to derive a fundamental investment view. **Speculative buy** = We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have strong capital appreciation but also has a high degree of risk and there is a significant risk of capital loss.

Speculative Buy
>20%

Buy	Hold	Sell
>20%	20% – 5%	<5%

### Risk Rating

PAC Partners has a four tier Risk Rating System consisting of: Very High, High, Medium, and Low. The Risk Rating is a subjective rating based on: Management Track Record, Forecasting Risk, Industry Risk and Financial Risk including cash flow analysis.

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- The author of this report – **Lawrence Grech**.
- A member of the immediate family of the author of this report

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