Melbana Energy

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Quarterly Activities Summary - Period Ended 30 September 2024

HIGHLIGHTS

Cuba

Block 9 PSC (Melbana 30% participating interest and Operator)

- Initial development of Unit 1B formally approved and on track for Q1 2025.
- Construction approval received for the next Unit 1B well pad: additional pads progressing through permitting.
- Oil truck/tankers have arrived in country: all export approvals received.
- Oil offtake contract terms being finalised with an international oil trader.
- Workover of existing Unit 1B production well planned for November.
- Export of initial oil cargo on track for end of 2024.

Australia

- Melbana granted petroleum exploration permit WA-552-P (Permit), located offshore Western Australia in the Dampier Sub-basin of the Northern Carnarvon basin.
- Interpretation of the reprocessed 500km^2 3D seismic from the Pantheon Survey in AC/P70 underway.

Corporate

- Appointment of Uno Makotsvana as Company Secretary.
- $9.6 million cash available at the end of the quarter.

SYDNEY, AUSTRALIA (18 October 2024)

Melbana Energy Limited (ASX: MAY) (**Melbana** or the **Company**) provides the following summary in relation to its activities during the quarter ended 30 September 2024.

CUBA: Block 9 PSC (Melbana 30%, Operator)

Field development

The first of the next seven new well pads (see Figure 1) was approved for construction during the quarter. Permitting of the remaining pads is proceeding satisfactorily. Each of the pads will be permitted for two production wells. The contractor for the required civil works is expected to commence work towards the end of the rainy season (usually during November).

The first phase of the field development plan involves the workover of the existing completion in the Amistad Unit 1B reservoir (see below) and the drilling of more production wells into Unit 1B reservoir within the Amistad Structure. The near-term goal remains the export of a first cargo of oil to test and

analyse the performance of logistics, storage and commercial arrangements before the end of this year.

The proposed phased development plan involves drilling a series of shallow wells into the Amistad Unit 1B reservoir based upon existing 2D seismic.

The first of these wells will target the highest confidence (1C) resource of 16 million barrels[1].

Future 3D seismic will allow development wells to be accurately positioned to more efficiently develop and potentially extend the entire recoverable 2C Contingent Resource of 46 million barrels[1].

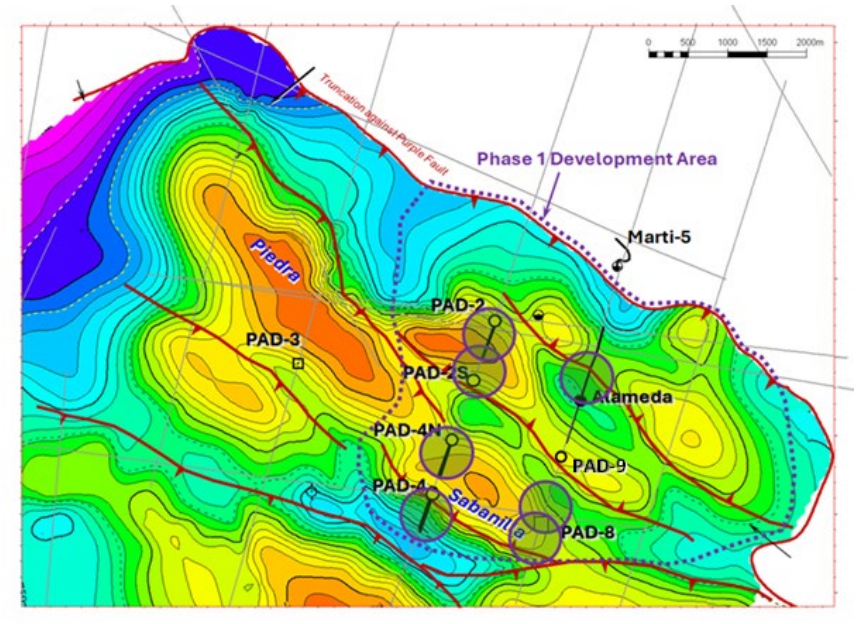

Figure 1 - Planned Unit 1B well pads in eastern part of field

The Basis of Well Design (**BOWD**) concept for the upcoming development wells was completed during the quarter. The revised BOWD incorporates learnings from Alameda-2 and Alameda-3 regarding mud weight, drilling and completion techniques to minimise costs and formation damage whilst maximising flow rates by intercepting the entire net pay zone at optimal orientation (see Figure 2).

Alameda-2 workover and Unit 1B development drilling

Prior to the drilling of the next production wells, we plan to workover Alameda-2 to remedy near-wellbore formation damage that we have identified in Unit-1B via comparison with results from the original Drill Stem Test (**DST**) and Extended Production Test.

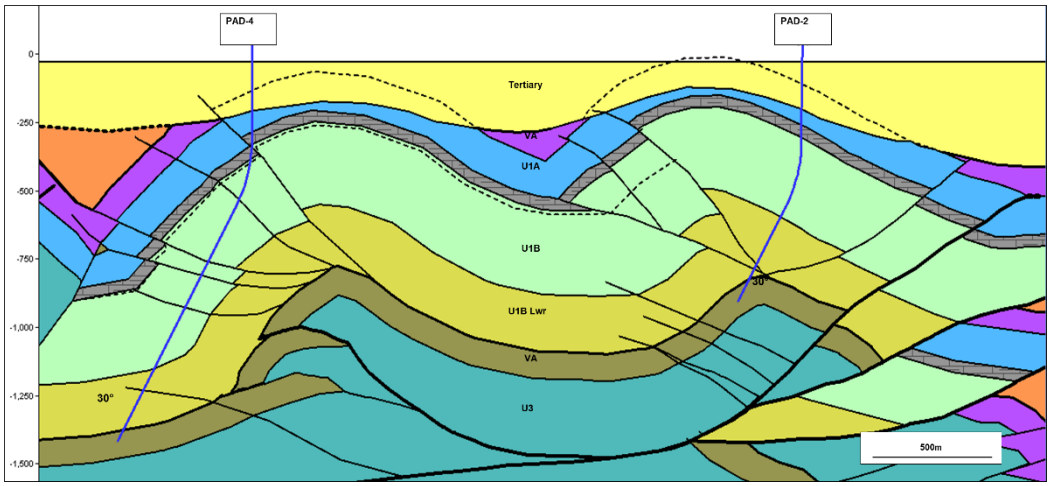

Figure 2 - Planned production well orientations to maximise intercept with net pay

[1] 100% share, best estimate – See ASX announcement dated 25 March 2024

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The goal of the workover program is to return the well to the superior rates observed in the initial DST (stabilised flow rate of 1,235 barrels of oil per day[2]) achieved from perforations cover only about 20% of the net pay zone.

Key steps in the workover program include using a service rig (available in country) to pull the completion, add perforation intervals in the upper and lower Unit 1B and undertake an acid wash and squeeze before re-running the completion.

Alameda-3

During the quarter, Melbana's technical team prepared to commence routine and special core analysis incorporating a formation damage study to inform operations for both the upcoming workover and field development program and to also and determine the best course of action for Alameda-3.

Petrophysical analysis of Alameda-3 well logs and correlation to core has been conducted, with a key finding that up to 480 metres (TVD) of net pay was observed in the Alameda sheet and up to 103 metres (TVD) for the Marti sheet. Given the similarity of these results to logs obtained whilst drilling Alameda-1, it is believed that the observed poor productivity, particularly for the Alameda sheet, was most likely due to a combination of higher than planned mud weight and a long duration of mud/chemical exposure to the reservoir ultimately resulting in formation damage.

Commercialisation

Melbana's engineering and commercial teams continue to develop and optimise their plans for the export of oil produced from Block 9 (see Figure 3).

The plan is to truck crude to receiving pits connected to oil storage tanks at the Matanzas Supertanker port which has multiple oil storage tank options.

The Company is negotiating to gain access to dedicated storage of 250,000 barrels to optimise parcel sizes. At an assumed production rate of 5,000 barrels of oil per day, this would support an uplift every other month. Alternative delivery routes using existing processing and infrastructure are being pursued in parallel.

The Company is in the final stages of formalising a joint marketing and sales agreement with all Block 9 stakeholders to export 100% of production. Negotiations with major international commodity traders interested in purchasing the 19.8° API and 2.7% sulphur Unit 1B crude are also at an advanced stage.

The Company continued its discussions with several potential new partners and credit providers who have demonstrated interest in participating in the development of Block 9.

[2] See ASX announcement dated 28 August 2023

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AUSTRALIA

New exploration permit awarded: WA-552-P (Melbana 100%)

During the quarter the Company, through one of its wholly owned subsidiaries, was granted petroleum exploration permit WA-552-P (**Permit**), located offshore Western Australia in the Dampier Sub-basin of the Northern Carnarvon basin (see Figure 4).

Melbana made an application for this Permit under the Australian Government's 2022 Offshore Petroleum Exploration Acreage Release.

The work program for the Permit is summarised in Table 1, below. The Minimum Work Requirements for the first three years of the Permit are firm, following which Melbana may elect to proceed to Permit year 4 and so on thereafter on a year-by-year basis.

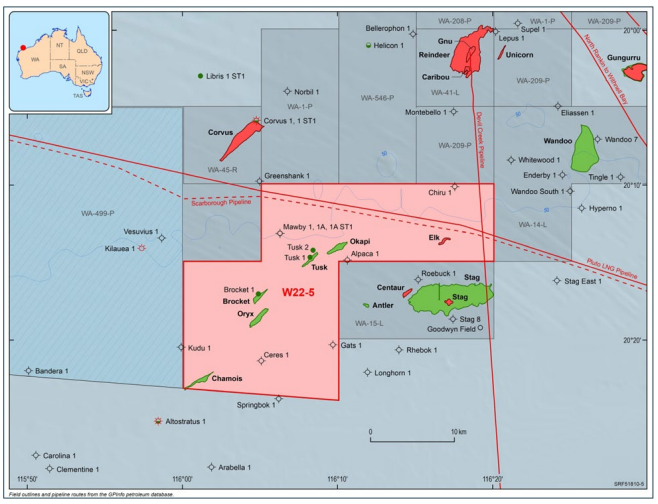

Figure 4 - Location of WA-522-P (formerly W22-5).

Table 1 – Minimum Work Requirements

	Permit Year	Program	Cost (A$m)
Primary	*1-3*	*Reprocess 240km² of the Panaeus 3D seismic survey.*	*0.4*
		Reprocess and 2D modelling of a subset of vintage gravity and magnetic data sets totalling a minimum of 45 lineal kilometres.	*0.1*
		Geological and Geophysical studies.	*0.3*
Secondary	*4*	*Geological and Geophysical studies and ranking of drilling opportunities*	*0.6*
	5	*Studies and operations planning*	*0.2*
	6	*Drill 1 Well*	*30.0*

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

Melbana holds 100% of WA-544-P & NT-P87 exploration permits containing Carbonate Platform opportunities ((see Figure 4). Melbana is seeking farminee(s) to fund a forward work programme (3D seismic survey and contingent drilling option) in the permits. WA-544-P and NT/P87 hold similar resource potential as the adjacent WA-488-P exploration permit, that contains the Beehive drilling prospect, and which is likely to be drilled by the Operator of that exploration permit in 2025.

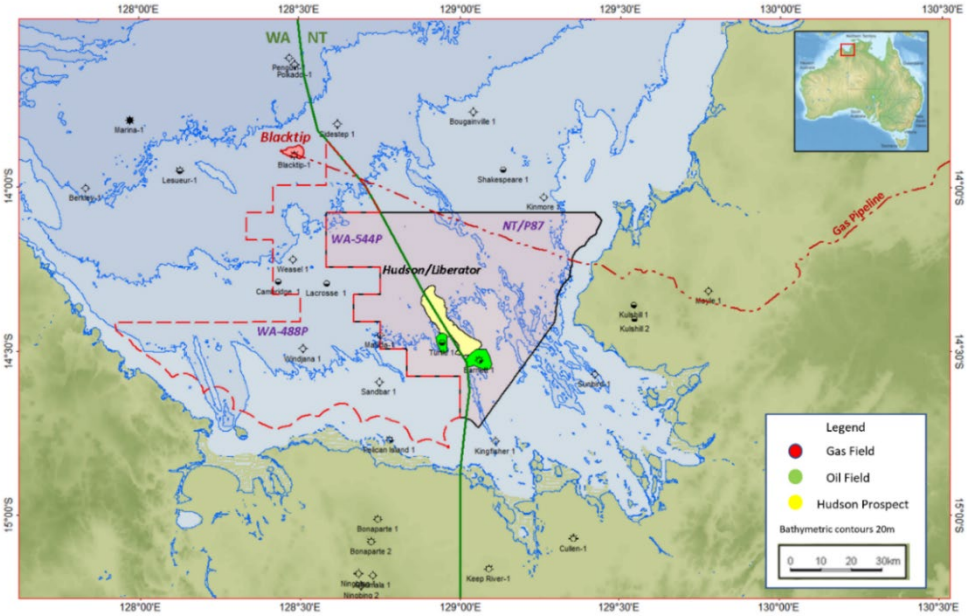

Figure 5 - Location of the Hudson Prospect in northern Australia

AC/P70 Timor Sea (Melbana 100%)

Melbana holds 100% of the AC/P70 exploration permit (see Figure 6). Interpretation and mapping of the reprocessed 500 km^2 Pantheon 3D survey progressed during the quarter. Once complete the Company will commence a farmout process.

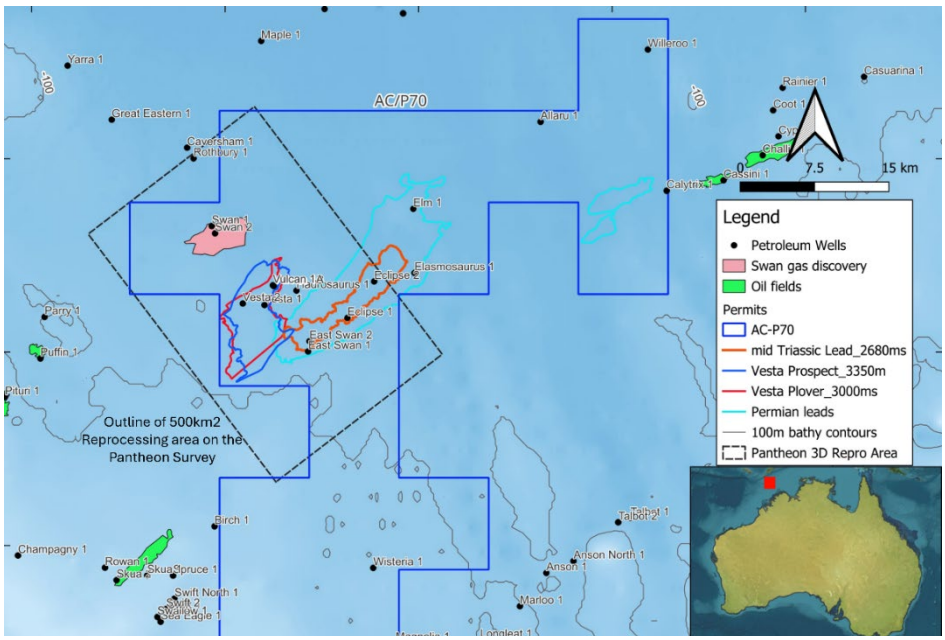

Figure 6 - Location of AC/P70 and reprocessed volume outline

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HEALTH AND SAFETY

No lost time incidents occurred during the reporting period.

CORPORATE

Payments to related parties and their associates, totalling $137,000 as outlined in Section 6 of the accompanying Appendix 5B, related to payment of directors' fees.

The Company had total cash on hand of $9.6 million as of 30 September 2024.

During the quarter, Directors increased their holding of Fully Paid Ordinary (FPO) Shares according to the following:

- Michael John Sandy increased his Direct and Indirect holding of FPO Shares to 7,300,000;
- Peter John Stickland increased his Indirect holding of FPO Shares to 14,827,419; and,
- Andrew Purcell increased his Indirect holding of FPO Shares to 241,100,097.

The Company's Annual Reports was released to the ASX on 27 September 2024.

For and on Behalf of the Board of Directors:

Mr Andrew Purcell
Executive Chairman

For further information please contact:

Dr. Chris McKeown
Chief Commercial Officer
+61 2 8323 6600

Ends -

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APPENDIX B – TENEMENTS

INTERESTS HELD AT THE END OF THE QUARTER

TYPE	LOCATION	TITLEHOLDERS	INTEREST
PSC Block 9	Cuba	Melbana Energy Limited	30%
PSC Santa Cruz	Cuba	Melbana Energy Limited	100%[4]
PEL WA-544-P	Australia	MEO International Pty Limited	100%
PEL NT/P87	Australia	MEO International Pty Limited	100%
PEL WA-488-P	Australia	EOG Resources Australia Block WA-488 Pty Limited	Cash, contingent on certain elections being made with respect to the PEL, and payments, contingent on exploration success[5]
PEL AC/P70	Australia	Melbana Energy AC/P70 Pty Limited	100%

INTERESTS DISPOSED OF DURING THE QUARTER

TYPE	LOCATION	TITLEHOLDERS	INTEREST
N/A			

INTERESTS ACQUIRED DURING THE QUARTER

TYPE	LOCATION	TITLEHOLDERS	INTEREST
PEL WA-552-P	Australia	Melbana Exploration Pty Ltd	100%

[4] Award subject to receiving all regulatory approvals, some of which are outstanding
[5] See ASX announcement dated 24 November 2021

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APPENDIX C – 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
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
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.
Unrisked	Prior to taking into account the chance of discovery.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MELBANA ENERGY LIMITED

ABN

43 066 447 952

Quarter ended
("current quarter")

30 September 2024

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
	Payments for		
	(a) exploration & evaluation	-	-
1.2	(b) development	-	-
	(c) production	-	-
	(d) staff costs*	(456)	(456)
	(e) administration and corporate costs	(657)	(657)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	94	94
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from/(used in) operating activities**	(1,019)	(1,019)

**Some staff costs are reallocated in exploration & evaluation*

2.	**Cash flow from investing activities**		
	Payment to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
2.1	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(12,076)	(12,076)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Contributions from JV Partner)	10,732	10,732
2.6	**Net cash from/(used in) investing activities**	(1,344)	(1,344)

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	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	0
3.10	**Net cash from/(used in) financing activities**	-	0

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	12,387	12,385
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(1,019)	(1,019)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(1,344)	(1,344)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	-	0
4.5	Effect of movement in exchange rates on cash held	(414)	(414)
4.6	**Cash and cash equivalents at end of period**	9,610	9,610

	5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	9,610	12,387
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	9,610	12,387

	6. Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	137
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Director fees, salaries & superannuation expenses.

	7. Financing facilities *Note: the item 'facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other - Outstanding Cash Calls from JV Partner	21,512	-
7.4	**Total financing facilities**	21,512	-
7.5	**Unused financing facilities available at quarter end**		21,512

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from/(used in) operating activities (Item 1.9)	(1,019)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1 (d))	(12,076)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(13,095)
8.4	Cash and cash equivalents at quarter end (item 4.6)	9,610
8.5	Unused finance facilities available at quarter end (item 7.5)	21,512
8.6	Total available funding (item 8.4 + item 8.5)	31,122
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**2.38**

Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer:	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer:	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered

Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement does give a true and fair view of the matters disclosed.

Date: 18 October 2024

Authorised by: The Board of Melbana Energy Limited

Notes

1. The quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.* If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the *[name of board committee - e.g. Audit and Risk Committee]"*. If it has been autopsied for release to the market by a disclosure committee, you can insert here :"By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors, you can wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* , the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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