

Quarterly Activities Summary - Period Ended 31 March 2023

HIGHLIGHTS

Cuba

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

- Preparations continued during the quarter for the commencement of the first of the two well appraisal well drilling program planned for 2023, designated Alameda-2
- Program start delayed due to drilling contractor completing another work program
- All personnel, equipment and permits in place to commence drilling once rig arrives
- Alameda-2 has a planned total depth of 1,960mMD (1,840mTVD). Its general objective is to allow oil to flow from the three productive units encountered previously in the shallowest of the three oil bearing reservoirs (designated Amistad)
- The volumes of the Amistad structure have been independently estimated as 1.9 billion barrels of Oil in Place and 88 million barrels of Prospective Resource (unrisked gross best estimate)¹.

Corporate

- The Company announced a Small Holding Share Sale Facility
- \$37.5 million cash available at the end of the quarter

¹ **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 dated 8 March 2022, 4 July 2022 and 28 July 2022. 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 (21 April 2023)

Melbana Energy Limited (ASX: MAY) (**Melbana** or the **Company**) provides the following summary in relation to its activities during the quarter ended 31 March 2023.

CUBA

Block 9 PSC (Melbana 30%, Operator)

Preparations continued during the quarter for the commencement of the two appraisal well drilling program off the Alameda pad located near to the town of Marti. This was the pad used for the drilling of Alameda-1, completed in 2022, which encountered three oil bearing formations.

Civil works on the Alameda pad, which involved some remediation of the pad and access roads but also modifications to accommodate the expanded scope of this year's program, were completed during the quarter (see Figure 1).



Figure 1 - Alameda pad ready for drilling operations

Also during the quarter, the Company was advised by its drilling contractor of an estimated five week delay due to it completing another nearby drilling program, thus delaying the start of Melbana's Alameda-2 appraisal well. Subsequent to the end of the quarter, the contractor advised that it had commenced drilling the second (and final) well of this other drilling program and that it would be mobilising the rig directly to the Alameda pad once it is completed.

Also subsequent to the end of the quarter, the final shipment of casing for the 2023 appraisal well program was received in country and stored in the Company's laydown yard in Varadero (see Figure 2).

The principal goal of the Alemada-2 well, the first of two appraisal wells planned for 2023, is to test the first (and shallowest) reservoir (Amistad) encountered by the Alameda-1 well by allowing oil to flow from each of the three oil-bearing Amistad units (see Figure 3).



Figure 2 – Casing racks in Melbana's laydown yard in Varadero, Cuba

More specifically, Alameda-2's objectives are to:

- recover oil to surface from each of the three units of the Amistad reservoir;
- evaluate the quality of the recovered oil;
- assess the production characteristics of these reservoirs;
- take cores to determine petrophysical properties; and,
- increase reported net oil and gas pay from the current estimate of 48 metres by successfully logging the ~290 metres of gross pay excluded previously due to poor hole conditions.

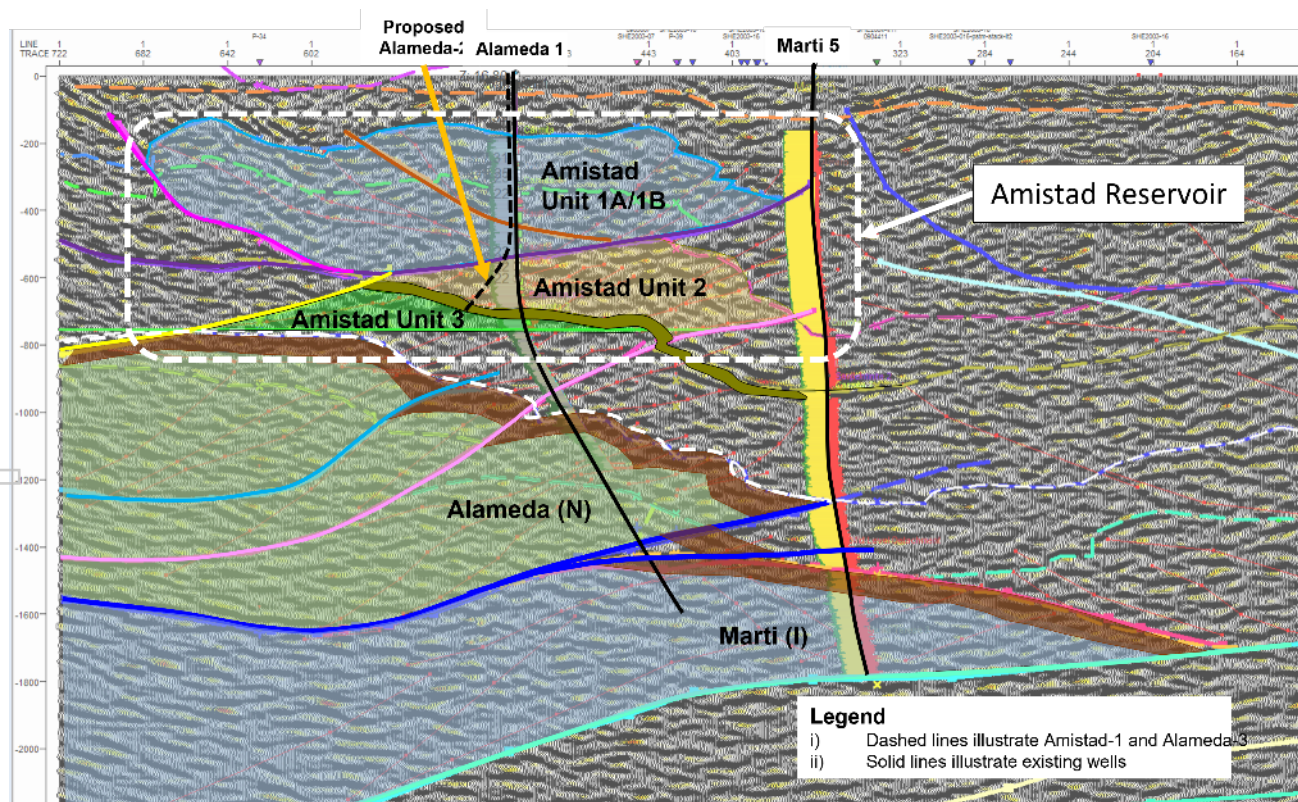


Figure 3 - Alameda-2 well will test the three units of the Amistad formation

The top of the Amistad interval demonstrated strong oil shows over a gross interval of 1,426mMD commencing almost immediately below the surface casing shoe at 466mMD, entered about a week after drilling commenced.

The three units of the Amistad reservoir have been independently assessed to contain 1.9 billion barrels of oil in place and 88 million barrels or Prospective Resources (unrisked gross best estimate)¹ (see Figure 4).

Amistad Reservoir (all units)	Gross (100%) Unrisked Oil (MMbbl)			
	Low (1U)	Best (2U)	Mean	High (3U)
Oil in Place	799	1,939	2,490	4,751
Prospective Resource	30	88	119	240

Figure 4 – Independently assessed volumes for the Amistad Reservoir



Figure 5 - Engineering and accounting personnel in Melbana's Varadero office

Health and Safety

No lost time incidents occurred during the reporting period.

AUSTRALIA

During the reporting period the application by the holder of WA-488-P for a suspension and extension was approved. The primary term, during which the drilling of one exploration well must take place, now ends in August 2024. Melbana has no financial exposure to the cost of drilling this well, but it is entitled to further cash payments upon certain elections being made in future by the title holder. It

also has an economic interest in any production that may be generated from within this licence area should this exploration well discover commercial accumulations of hydrocarbons².

Also during the reporting period, the holder of AC/P50 had its application to surrender this licence approved. Melbana had an entitlement to any future farmout or sale of this licence³.

Subsequent to the end of the reporting period, Melbana had its application for a suspension and extension of AC/P70 approved⁴. Permit Year 1-3 will now end on 14 February 2027 and the permit term will end on 14 February 2030.

CORPORATE

On 20 February 2023, the Company announced a Small Parcel Share Sale Facility (**Sale Facility**) that enabled eligible holders of small parcels of Melbana's ordinary shares (valued at less than \$500) to sell their shareholding without incurring brokerage or handling costs. At the closing market price of \$0.081 on the Record Date, that equated to shareholdings of 6,170 shares or less (**Small Holdings**). The Company offered this Sale Facility to over 2,100 of the Company's approximately 10,000 shareholders. The purpose of the Sale Facility was to substantially reduce the Company's administrative cost of managing these Small Holdings. The Sale Facility closed subsequent to the end of the reporting period, with the final number of impacted shares totalling 5.9 million. These have now been placed and the Company has removed 1,824 shareholders from its register.

Payments to related parties and their associates, totalling \$194 thousand as outlined in Section 6 of the accompanying Appendix 5B, related to payment of directors' fees.

The Company had total cash on hand of \$37.5 million as at 31 March 2023.

For and on Behalf of the Board of Directors:

Mr Andrew Purcell
Executive Chairman

Ends -

For further information please contact

Ms Cate Friedlander
Company Secretary
+61 2 8323 6600

² See ASX announcement dated 23 April 2021

³ See ASX announcement dated 7 May 2021

⁴ See ASX announcement dated 19 April 2023

APPENDIX – TENEMENTS

INTERESTS HELD AT THE END OF THE QUARTER

TYPE	LOCATION	OWNER	INTEREST
PSC Block 9	Cuba	Melbana Energy Limited	30%
PSC Santa Cruz	Cuba	Melbana Energy Limited	100% ⁵
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 ⁶
PEL AC/P51	Australia	Vulcan Exploration Pty Limited, Rouge Rock Pty Limited	Cash, contingent on option exercise, then Royalty, contingent on exploration success ⁷
PEL AC/P70	Australia	Melbana Energy AC/P70 Pty Limited	100%

INTERESTS DISPOSED OF DURING THE QUARTER

TYPE	LOCATION	OWNER	INTEREST
PEL AC/P50	Australia	Santos Offshore Pty Limited, SapuraOMV Upstream (Western Australia) Pty Limited	Royalty, contingent on exploration success ⁷

⁵ Award subject to receiving all regulatory approvals, some of which are outstanding

⁶ See ASX announcement dated 24 November 2021

⁷ See ASX announcement dated 7 May 2021

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")

31st March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	19
Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
1.2 (c) production	-	-
(d) staff costs*	(463)	(1,294)
(e) administration and corporate costs	(408)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	107	107
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(64)	(475)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(14)	(14)
1.9 Net cash from/(used in) operating activities	(842)	(2,934)
<i>*Some staff costs are reallocated in exploration & evaluation</i>		
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	(9,380)	(31,225)
(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	-	(76)
2.4 Dividends received (see note 3)	-	-
2.5 Other (Contributions from JV Partner)	8,503	21,252
2.6 Net cash from/(used in) investing activities	(877)	(10,049)

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$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	-	15,808
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)	-	(42)
3.10	Net cash from/(used in) financing activities	-	15,766
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	39,095	35,569
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(842)	(2,934)
4.3	Net cash from/(used in) investing activities (item 2.6 above)	(877)	(10,049)
4.4	Net cash from/(used in) financing activities (item 3.10 above)	-	15,766
4.5	Effect of movement in exchange rates on cash held	132	(844)
4.6	Cash and cash equivalents at end of period	37,508	37,508
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	Previous quarter
		\$A'000	\$A'000
5.1	Bank balances	37,508	39,095
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)	37,508	39,095
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	194	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
<i>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</i> Director fees, salaries & superannuation expenses.			
7. Financing facilities <i>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</i>		Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end			
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			

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

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from/(used in) operating activities (item 1.9)	(842)
8.2	Payments for exploration & evaluation classified as investing activities (item 2.1 (d))	(9,380)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(10,222)
8.4	Cash and cash equivalents at quarter end (item 4.6)	37,508
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	37,508
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.67
<i>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</i>		
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:	
<i>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</i>		

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:

20-Apr-23

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 authorised 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.