

## Block 9, Cuba – Operations Update

### Highlights:

- Construction of well pad for Alameda-1 proceeding
- Joint venture approval for order of long lead items (tubulars, accessories etc.) received
- Border restrictions in Cuba easing. Frequency of international flights increasing
- Block 9 drilling program is for the drilling of two exploration wells testing four separate targets with a total Prospective Resource of 236 million barrels of oil (Best Estimate)<sup>1</sup>
  - First well (Alameda-1) expected to commence drilling in March 2021 and take about 75 days. Three targets with a combined Prospective Resource of 143 million barrels of oil (Best Estimate)<sup>1</sup> to be tested, each of which have previously recovered hydrocarbons and the best of which has an independently assessed 32% chance of success.
  - Second well (Zapato-1) to immediately follow Alameda-1, expected to commence drilling in June 2021 and take about 55 days. Single target near to the shallower Motembo oil field (which has historically produced a high-quality light oil) with a Prospective Resource of 95 million barrels of oil (Best Estimate)<sup>1</sup>.
- Melbana has a significant (30%) interest in this opportunity and is carried for half of its share of costs for this two well drilling program

<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 October 2020)

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 March 2021.

## Site Preparations

Preparation of the well site for Alameda-1 has completed its third week.

Following completion of an aerial photographic survey of the undisturbed sites for the two well pads that are to be built, a survey was undertaken at the first well site to mark the location of the well pad and access roads. Camp facilities were then constructed and crews and machinery arrived on site and commenced work in early October. Construction of the roads and the well pad for Alameda-1 have been slower than projected due to heavy rains but are expected to be completed by the end of the year. Construction of the roads and well pad for the second well, Zapato-1, is planned to commence immediately thereafter.

Melbana gives a high priority to safety during field operations. To date there has been no lost time due to injuries or other safety issues.



## Funding

Melbana has now received its Past Costs for Block 9<sup>1</sup>, approximately A\$5.7 million, in accordance with the terms of the Farm-in Agreement<sup>2</sup>. These funds have been allocated to Melbana's net 15% share of the cost of drilling operations in Block 9.

In addition to the above, Melbana has also received into the JV account monies called from its partner to meet anticipated spending requirements for the rest of 2020.

## Project Timeline

A tender for the supply of tubulars, casings etc. was completed late last month. Recommendations made by Melbana, as Operator, based on the findings from this process were then approved by the committee representing the joint venture parties and then subsequently submitted to the administration committee for Block 9. Upon receipt of this committee's approval, contracts will be entered into for the supply of these materials.

The manufacture and supply of some of these items lie on the critical path to the commencement of drilling operations. Subject to an order being placed this month and the accuracy of quoted delivery lead times, drilling operations are forecast to commence in March 2021.

	Oct 20				Nov 20				Dec 20				Jan 21				Feb 21				Mar 21				Apr 21				May 21				Jun 21				Jul 21			
Block 9 Drilling Program	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4
Civil works Alameda-1	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Civil works Zapato-1																																								
Delivery of tubulars, casings etc.					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drilling operations Alameda-1																					█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Drilling operations Zapato-1																																					█	█	█	█

Suggested dates  
 Company Milestones

The next order of business following the order of long lead items will be the execution of contracts with drilling and other service providers. Although these do not lie on the critical path, it is our preference to have these agreements completed this year. A final draft of the drilling contract has been completed and is now being circulated amongst relevant stakeholders for their approval prior to signing. Draft agreements have been provided to potential service providers and their commercial proposals are currently being analysed.

Last week, Cuba began relaxing coronavirus restrictions, allowing shops and government offices to open and welcoming locals and tourists at airports across the island (except for Havana). Several Asian and European countries have now resumed flights to Cuba. The wearing of face masks and social distancing remain mandatory, although authorities no longer isolate those who have been in contact with suspected cases of COVID-19.

Given the assumptions and developments summarised above, plans are being made for senior members of Melbana's Project Management Team to start arriving in Cuba before the end of the year. The rest of the team is projected to arrive, as required, during Q1 2021.

<sup>1</sup> See ASX announcement dated 22 October 2020

<sup>2</sup> See ASX announcement dated 27 May 2020

Melbana is in the process of developing a contingency plan that should allow drilling operations to continue should coronavirus restrictions be reinstated over the course of next year.

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

*“Activity towards the commencement of drilling operations is now fully underway and we look forward to providing regular updates as milestones are reached. We have an experienced project team eager to deliver this project on time and within budget and look forward to finally testing these exciting prospects.”*

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

Mr Andrew Purcell  
Executive Chairman

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**For further information please contact**

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