

Entitlements Offer

a two for thirteen fully underwritten non-renounceable entitlements offer to raise \$7.1 million in support of the upcoming drilling operations in Cuba

4 August 2021



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Contingent and Prospective Resources: Unless otherwise specified, the information that relates to Contingent Resources and Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Mr. Dean Johnstone, who is an employee of the company and has more than 34 years of relevant experience. Mr. Johnstone is a member of the American Association of Petroleum Geologists. Mr. Johnstone consents to the publication of the resource assessments contained herein. The Contingent Resource and Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules. Conversion factors: 6 Bscf gas equals 1 MMBoe; 1 bbl condensate equals 1 boe

Entitlements Offer Overview

Offer Size & Structure	<ul style="list-style-type: none"> • Seeks to raise \$7.1 million by way of a fully underwritten entitlement offer • 2 new shares for every 13 existing shares held • 1 free attaching option for every 2 new shares, exercisable at \$0.035 with a 12 month expiry
Offer Price	\$0.02 per share
Record Date	10 August 2021
Use of Proceeds	<ul style="list-style-type: none"> • Drilling of two exploration wells in Block 9, Cuba • New business development • Working capital

Previous Trading ¹		Offer Price Discount
Last Price (27 July 2021)	\$0.0240	16.7%
5-day VWAP	\$0.0231	13.6%
10-day VWAP	\$0.0226	11.6%
15-day VWAP	\$0.0231	13.5%
TERP	\$0.0234	14.8%



Casing being unloaded in Cuba – July 2021

¹ prior to announcement of Entitlements Offer on 30 July 2021

Entitlements Offer Timetable

Event	Date
Announcement of the Offer and lodgement of Appendix 3B with ASX	Pre market open 30 July 2021
Lodgement of Prospectus with the ASIC and ASX	4 August 2021
Ex date	9 August 2021
Record Date for determining Entitlements	5.00pm (AEST) on 10 August 2021
Prospectus sent out to Eligible Shareholders and Opening Date of the Offer	13 August 2021
Last day to extend the Closing Date of the Offer	Pre noon (AEST) on 31 August 2021
Closing Date	5.00pm (AEST) on 3 September 2021
Securities quoted on a deferred settlement basis from market open	6 September 2021
Announcement of results of the Offer	7 September 2021
Issue date, Securities entered into Shareholders' security holdings and lodgement of Appendix 2A with ASX	10 September 2021
Quotation of Shares issued under the Offer	13 September 2021

Entitlements Offer Overview (continued)

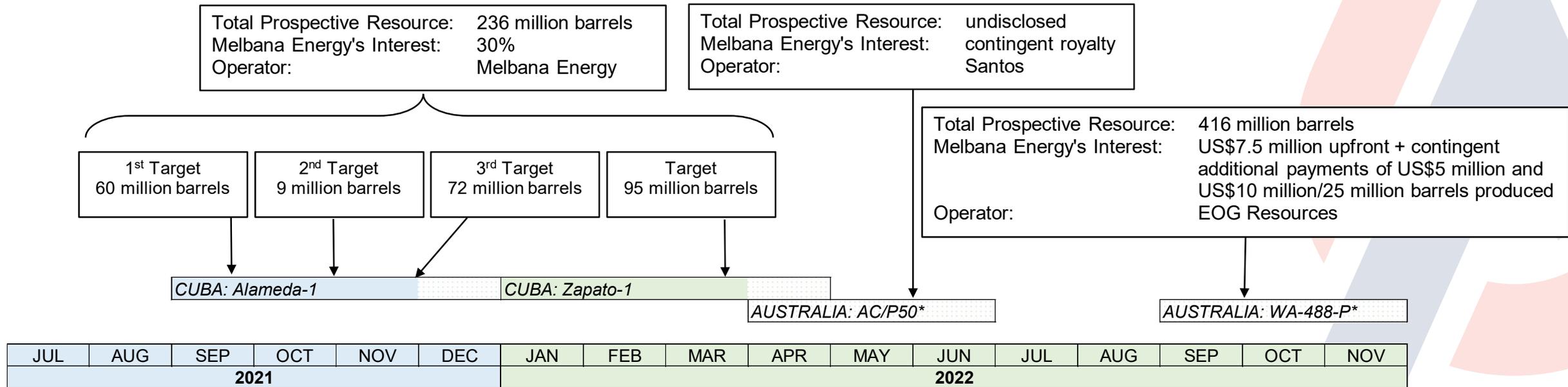
- 2 high-impact onshore exploration wells to be drilled in Block 9, Cuba, commencing September 2021
- Testing 4 separate targets - combined Prospective Resource (Best Estimate) of 236 million barrels of oil¹
- Melbana is operator of the drilling program – partnered with Sonangol (the National Oil Company of Angola)
- Funds sought to be raised from this Entitlements Offer would meet Melbana's 15% working (30% participating) share of the total budgeted cost of USD36.5 million (including contingency) of this drilling program
- The Directors intend to take up their respective Entitlement in whole, subject to sufficient funds being available before the Closing Date



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 are Prospective Resources (Best Estimate) and have been taken from Independent Expert McDaniel & Associates Competent Persons Report, released to ASX on 7 August 2018, as adjusted by Melbana Energy 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.

Drilling Schedule

MELBANA ENERGY HAS INTERESTS IN FOUR UPCOMING EXPLORATION WELLS TESTING >650 MILLION BARRELS^α OF PROSPECTIVE RESOURCE



* Timing of the two Australian exploration wells as estimated by Melbana Energy. Exact dates are at the Operator's discretion and dependent on receipt of various regulatory approvals, rig availability etc.

^α 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 are Prospective Resources (Best Estimate) and have been taken from Independent Expert McDaniel & Associates Competent Persons Report, released to ASX on 7 August 2018, as adjusted by Melbana Energy 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.

Corporate Overview

Company Data A\$ (27 July 2021)

ASX Code	MAY
Shares on Issue	2,316m
Last Close	2.4 cps
Market Capitalisation	\$55m
Cash (30 June 21)	\$10.7m
Debt	nil

Shareholders

Board & Management	11.00%
Terrace Management	5.22%



Experience of the Board & Management

Andrew Purcell

BEng (Elec), MBA
Executive Chairman

Investment banking (Credit Suisse, Macquarie Bank), Australia and Hong Kong. Experienced in resources banking, cross border financing, commodity hedging and corporate turnarounds. 20 years as a public company director in Australia and abroad. Chairman of AJ Lucas Group Limited (ASX: AJL).

Peter Stickland

BSc (Hons) (Geology) GDipAppFin
Technical Director

30 years global experience in oil and gas exploration commencing with BHP Billiton. CEO of Melbana Energy (2014–2018) and Tap Oil (ASX: TAP, 2008–2010). APPEA Board member (2009-2017).

Michael Sandy

BSc (Hons) (Geology)
Non-Executive Director

40 years oil and gas exploration experience, managing assets in PNG, Asia the Middle East and the USA. 20 years as a public company director involved in numerous acquisitions and divestments.

Errol Johnstone

BSc (Hons) (Geology/Geophysics)
Chief Geoscientist

29 year career with ExxonMobil in a variety of exploration and appraisal roles. Recognised industry expert in several key geoscientific disciplines. Responsible for generating many new exploration initiatives internationally resulting in several significant discoveries.

Dean Johnstone

BSc (Hons) (Geology/Geophysics)
Senior Geoscientist

30 years experience in oil and gas exploration, development and production with ExxonMobil and Delhi Petroleum. Mature field opportunity generation a specialty. International experience in Canada, PNG and SE Asia.

Ken Hendrick

BEng (Civil), MEngSc, MBA
Implementation Manager

Decades of experience in senior project management roles safely executing complex multi-discipline developments for the resources sector, particularly in the offshore oil and gas industry.

Project Locations and Summary



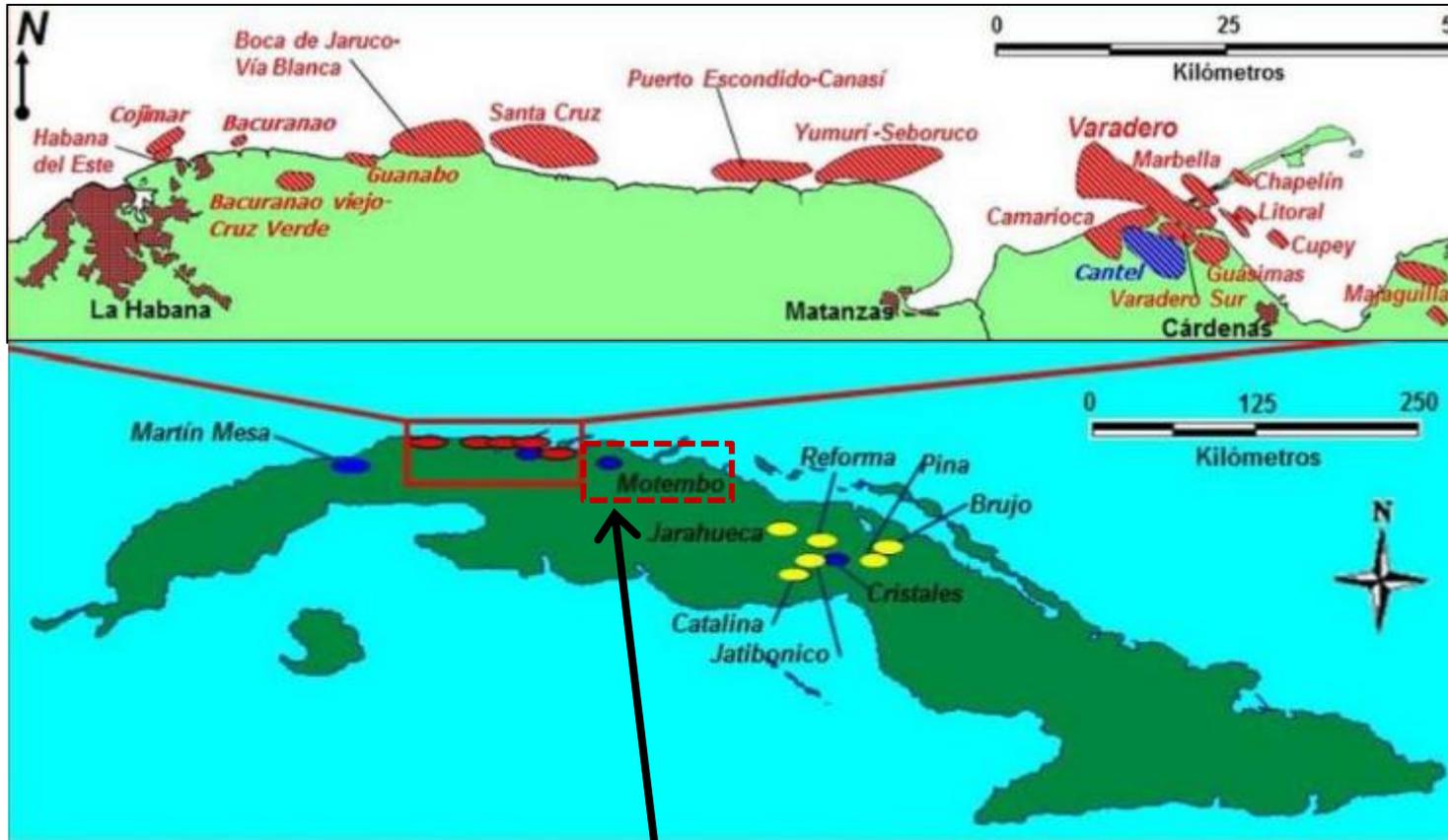
- Two high-impact onshore exploration wells – **commencing September 2021**
- Testing a combined resource of **236 million barrels of oil****
- Proven hydrocarbon system, proximity to good oil storage and export infrastructure and existing large oilfields
- Drilling program to test four separate targets
- Melbana is operator, partnered with the National Oil Company of Angola (Sonangol)
- International contractors with extensive Cuban experience



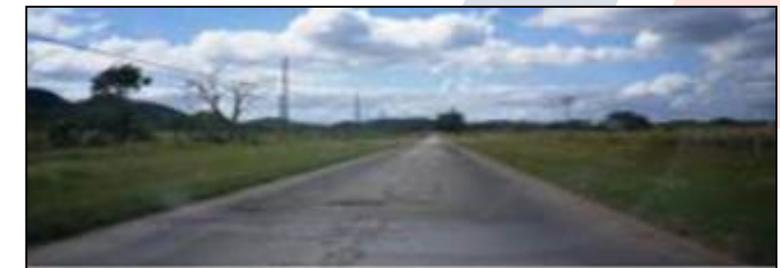
- Two offshore exploration wells to be drilled testing a combined resource of at least **416 million barrels of oil/equivalent****
- Melbana to receive USD7.5 million from sale of its permit WA-488-P, subject to satisfaction of conditions precedent (which include receipt of regulatory approvals for sale)
- Planning underway for **2022** drilling season
- Experienced operators (Santos and US Fortune 500 company)
- Melbana has no funding commitment to these wells
- Melbana would receive royalties/cash+royalties in success case

** See Prospective Resources Cautionary Statement on page 5

Operating in Cuba



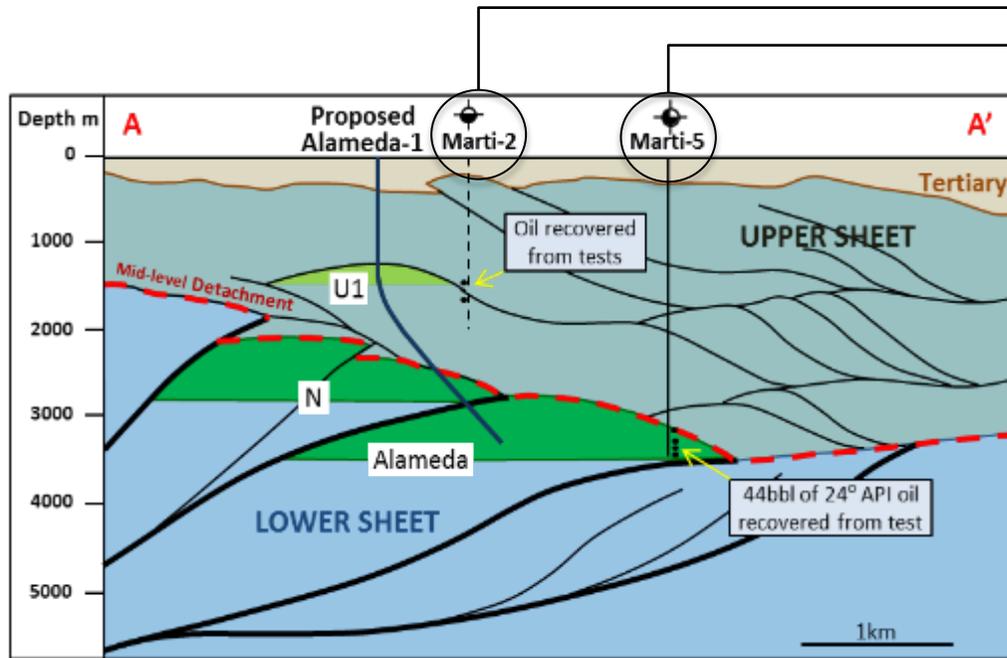
Flat easy country, accessible by sealed roads, close proximity to oil terminals and storage facilities



Fiscal terms attractive
oil sold at international benchmarks
proactive and experienced regulator
Permit has strong legal protections

- Melbana's Block 9 contract area is on trend with numerous operating oil fields (red, blue and yellow areas are all existing oil fields)
- adjacent to the giant 11 billion barrel Varadero field
- Close to oil export terminal and storage facilities

Cuba, Block 9 (1st well, Alameda-1)



Marti-5 wellsite (2003)



Marti-2 wellsite (2003)

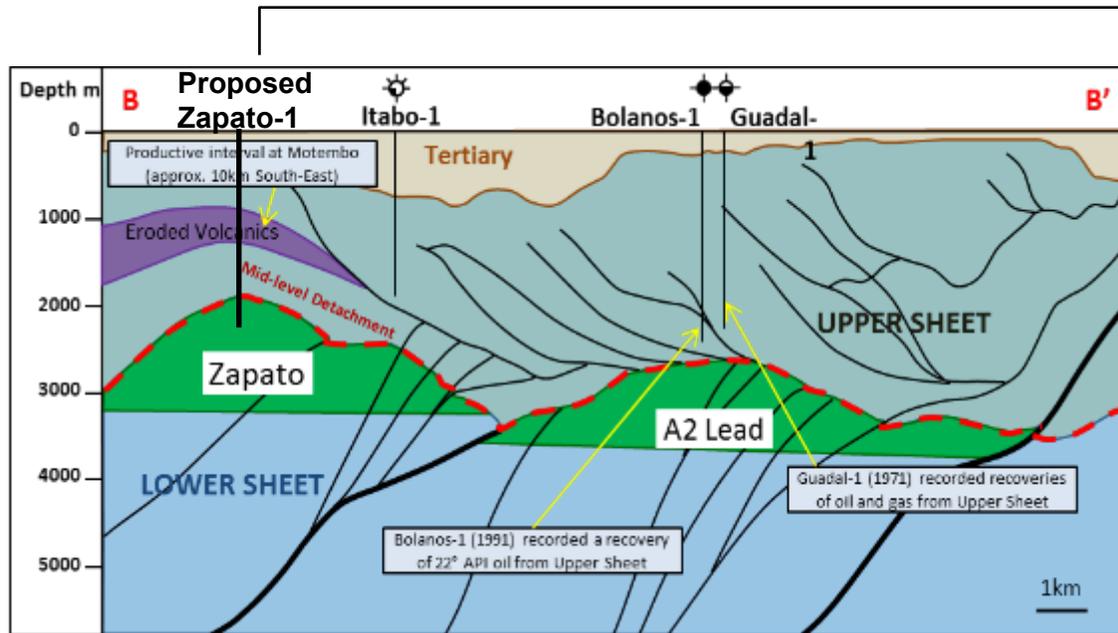
Alameda Prospective Resources (100%, MMstb)**					
Objective	CoS*	Low	Best	High	Mean
U1	15%	24	60	132	71
N	23%	4	9	20	11
Alameda	32%	39	72	128	79

- 1st well Alameda-1 designed with mild (30°) deviation to allow testing of 3 separate targets
- To be drilled adjacent to previous discoveries that flowed oil to the surface
- Well pad constructed and ready for operations
- Contractor mobilisation order imminent

* Chance of Success (independently assessed)

** See Prospective Resources Cautionary Statement on page 5

Cuba, Block 9 (2nd well, Zapato-1)



Motembo area

- 2nd well Zapato-1 to test a structure identified by strong gravity and magnetic results that aligns with structural interpretation derived from seismic and surface data
- The well is adjacent to the shallower Motembo oil field which produced high quality light crude (50 – 64.5° API)
- Zapato-1 will be drilled immediately following the completion of Alameda-1

Zapato Prospective Resource (100%, MMstb) **

	CoS*	Low	Best	High	Mean
Zapato	23%	38	95	214	114

* Chance of Success (independently assessed)

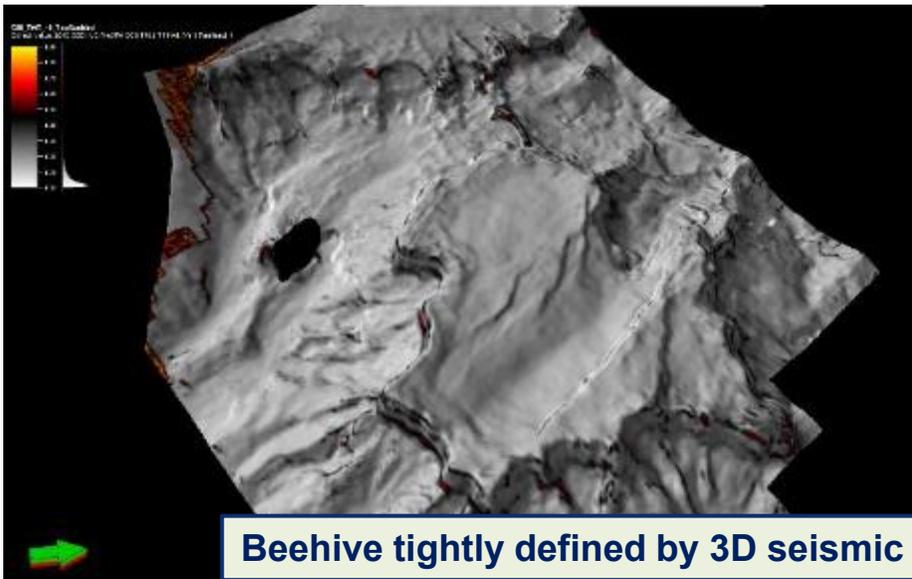
** See Prospective Resources Cautionary Statement on page 5

Australia, WA-488-P (Beehive Prospect)

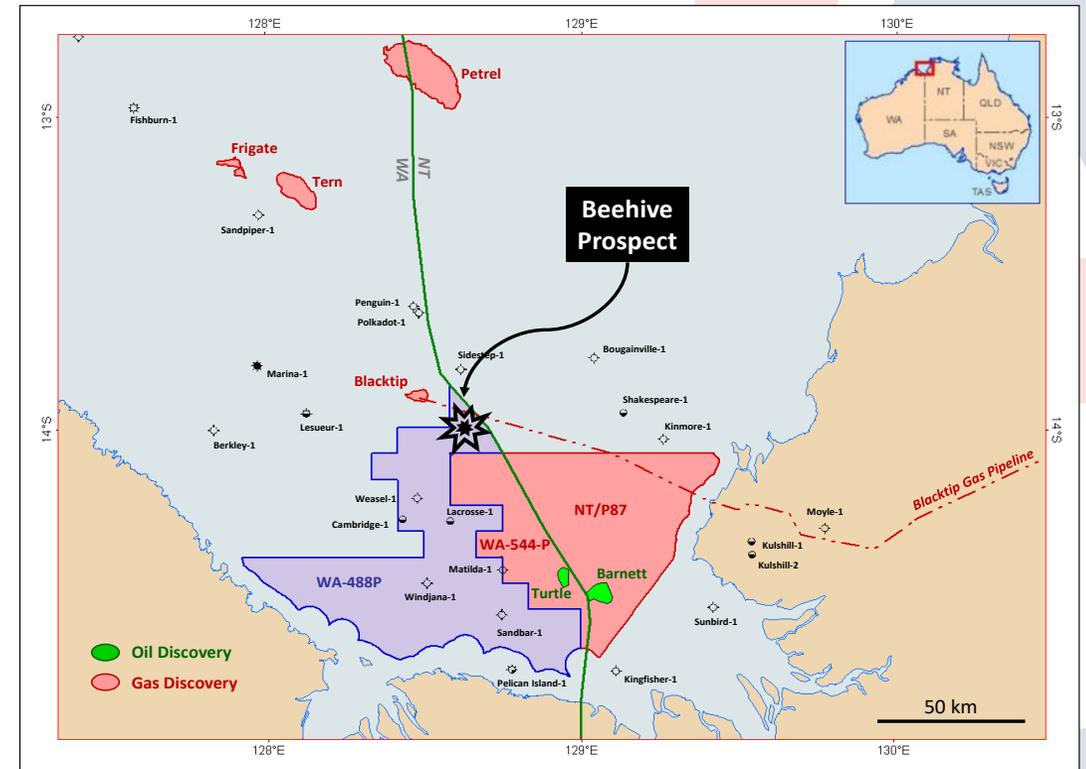
- Permit WA-488-P sold in April 2021 to a US\$60 billion Fortune 500 O&G company. Planning underway for 2022 drilling
- Melbana to receive US\$7.5 million initial payment (upon receipt of regulatory approvals/ satisfaction of conditions precedent)
- Contingent additional payments of US\$5 million and US\$10 million per 25 million barrels produced (in success case)
- Beehive is a carbonate build up, a formation that tends to work big on success (upper estimate 1.4 billion barrels**)
- Melbana has mapped similar carbonate build ups to Beehive in its adjacent permits WA-544-P and NT/P87 (Melbana 100%), which also contain the undeveloped oil discoveries Turtle and Barnett

Prospective Resources (100%, MMboe)**

Beehive	CoS*	Low	Best	High	Mean
Carboniferous objective	20%	37	416	1,424	599



* Chance of Success (independently assessed)



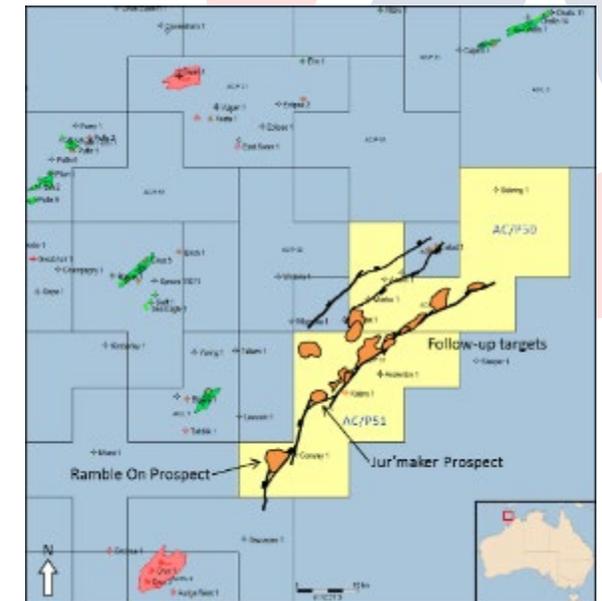
** See Prospective Resources Cautionary Statement on page 5

Other Permits/Investments

- AC/P50 sold to Santos/Sapura OMV. Melbana received cash and is entitled to receive future royalty payments if the exploration well is successful - planning underway for 2022 drilling
- AC/P51 under option to Santos/SapuraOMV. If exercised, Melbana would receive similar consideration for the sale of AC/P50
- Tassie Shoal Projects have received environmental approvals (valid to the early 2050s) to build methanol and LNG plants on the Tassie Shoal, using the discovered but undeveloped gas resources available in the area
- Melbana has completed the divestment of its holdings in two other ASX O&G companies, Metgasco and Byron Energy, effective 3 August 2021. Net cash proceeds realised approximately \$2.9 million



Tassie Shoal Projects



AC/P50 and AC/P51



Melbana Energy Limited
ABN 43 066 447 952

Level 15, 9 Hunter Street
Sydney NSW 2000
AUSTRALIA

Telephone: +61 (2) 8323 6600
Mobile: +61 488 660 222

Contact
Andrew Purcell
Executive Chairman
andrew.purcell@melbana.com

