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Annual Report 2024

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About Melbana Energy

Melbana Energy is an Australian ASX listed, independent oil and gas company that has a portfolio of attractive exploration, appraisal and development stage opportunities in Cuba and Australia.

Our mission is to create a world class E&P company by using the skills of our people to identify and successfully develop attractive oil and gas exploration and project development opportunities.



Chairman's Letter



It is with pleasure that I present to you the 2024 Annual Report for Melbana Energy Limited, yet another busy year for your Company.

During the reporting period we completed the appraisal of the three oil bearing formations we had previously discovered in our Block 9 PSC, onshore Cuba. This marks the end of a successful exploration program commenced back in 2021, the best result of which (so far) is the definition of a Contingent Resource of 46 million barrels¹ of relatively high-quality and easily accessible oil at a location close to existing oil field infrastructure.

The next stage of this project's development is to export the first trial cargo of oil from Cuba before the end of this calendar year. To meet this aggressive but achievable goal has meant driving a number of parallel work streams. These included obtaining the necessary approvals to export and sell Block 9 oil production offshore, establishing an offshore subsidiary for marketing this production, agreeing offtake terms with international commodity traders, developing the necessary logistical capabilities to transport the oil domestically and ship it internationally and negotiating access to the Cuban national oil company's processing facilities, oil terminal and supertanker base.

In addition, preparations for drilling the first production wells into the shallow Unit 1B reservoir have continued apace. We plan to kick that program off in late 2024 once permitting and civil works are completed. In the interim, we plan to undertake workover of the existing Unit 1B completion in our Alameda-2 appraisal well. Our previously stated ambition of 5,000 barrels of oil per day by the end of 2024 is now probably not achievable given we were unable to complete Alameda-3 as another production well. However, a successful workover of the existing completion in Unit 1B and the first couple of additional Unit 1B production wells will hopefully see us reach that goal in the first or second quarter of next year.

¹ Independent best estimate (P50), 100% share.

“The promise of a substantial reward for our considerable efforts to date in Cuba remains very much alive and we and our partners remain committed to delivering it as soon as possible.”

The Alameda-3 appraisal of the deeper two reservoirs was a disappointment, of course. We know those structures contain moveable hydrocarbons accompanied by considerable formation pressure, so the task before us is to take these learnings and adapt our drilling practices to recover these accumulations without damaging the reservoirs. The results of the workover techniques we will soon trial in the Amistad structure, some of which have been successfully applied previously on similar formations in Cuba, will be informative. It is important to remember, however, that the stable (choked) 1,200 barrels per day of production we initially measured from Unit 1B was delivered through perforated casing and only over 20% of the net pay. The next production wells are designed to allow production from the entire net pay (346 metres TVD).

The promise of a substantial reward for our considerable efforts to date in Cuba remains very much alive and we and our partners remain committed to delivering it as soon as possible (whilst also sharing your frustration at the unexpected obstacles that appear to test our patience).

We have also found time during the reporting period to add to our portfolio of exploration plays here, in offshore Australia, targeting large possible accumulations of hydrocarbons. We have a good track record of identifying such targets then presenting our analysis of them to larger players better funded to test our ideas, hence we continue to work up and market our ideas, but progress has been slow these past few years given

the Federal Government's lack of enthusiasm for new fossil fuel projects. We suspect that the slower and more expensive transition to the new energy economy coupled with the projected looming shortfall of the gas needed to fuel this transition is forcing a practical re-examination of this position.

Significantly, Melbana was one of only a handful of companies to be offered new acreage for the first time in several years. Our Company now has an attractive portfolio of opportunities and we are well positioned to take advantage of the returning enthusiasm for upstream exploration.

Finally, I commend our team for their excellent technical work and diligent application of their efforts to realising our goals. It has been a challenging year but a significant reward is within our reach. A lesser team would not have achieved what we have achieved.



Andrew Purcell
Chairman

Highlights

Cuba

Block 9 Appraisal Program Completed

The Alameda-1 exploration well, completed in 2022, identified three vertically stacked and geologically independent oil-bearing formations (called Amistad, Alameda and Marti). The recently completed two well appraisal program was designed to collect more information on the oil quality in these formations, their production and geological characteristics and the capabilities of the oil processing facilities and related oil storage and logistics.

ALAMEDA-2² (Our first appraisal well) had the objective of testing the different sections (called Units 1, 2 and 3) of the Amistad (shallowest) structure.

Highlights include:

- Successfully reached target total depth on time and on budget;
- Unit 1 shown to comprise two different productive units, Unit 1A and Unit 1B;
- Unit 1A: 12° API oil recovered at surface without assistance;
- Unit 1B: 19.8° API low (<3%) sulphur oil recovered at surface without assistance at a controlled rate of 1,235 BOPD;

² Also referred to as Amistad-1.



- Unit 2: No oil encountered at the tested location;
- Unit 3: 16.9° API oil unable to be recovered at surface without assistance, implied flow rate of 750 BOPD;
- Unit 1B: Completed as a production well then shut in to allow for drilling of the Alameda-3 appraisal well. Subsequently put on extended production to better understand reservoir performance and capability of surface operations. Restarted flow of 300 BOPD suggests reservoir damage;
- Net Pay for the Amistad structure calculated to be 346 metres TVD (615 metres TVD when natural fracturing incorporated);
- Updated³ independent estimates of resource volumes⁴:
 - Unit 1A: 32 million barrels of Prospective Resource
 - Unit 1B: 46 million barrels of Contingent Resource
 - 90 million barrels of Prospective Resource

- 3 Previous independent estimate 88 million barrels of Prospective Resource for entire Amistad structure (100% share, best estimate).
- 4 100% share, best estimate.

ALAMEDA-3 (second appraisal well) had the objective of testing the two deeper reservoirs (called Alameda and Marti):

Results highlights include:

- Successfully reached target total depth but neither on time nor budget due to operational and drilling issues;
- Management of these issues resulted in down hole conditions unlikely to be conducive to optimum reservoir performance;
- Neither reservoir successfully flowed oil to surface, despite being minimally offset to Alameda-1 trajectory where extensive accumulations of energetic and moveable hydrocarbons were encountered;
- Cores and high quality logs were obtained, indicating highly fractured reservoir; and
- Well suspended whilst studies undertaken to determine possible causes of unexpected results and to formulate reservoir workover strategies.

Australia

Significant progress with offshore exploration opportunities

- Melbana was one of only a handful of recipients to be awarded a new offshore exploration permit in the first offshore acreage release in years;
- Hudson Prospect (100%) – Advisor appointed to seek a partner to fund next stage of exploration work on a structure estimated⁵ to hold a Prospective Resource of either 466 BCF of gas or 90 million barrels of oil. Request for additional time to allow a new partner time to receive permits to conduct next state of exploration program formally approved;
- AC/P70 (100%) – Interpretation and mapping of reprocessed seismic survey received significantly progressed. Request for additional time to complete studies and attract a partner formally approved; and
- WA-488-P (contingent cash and royalty interest) – Operator received environmental approval to drill an exploration well. Application made for additional time to meet drilling commitment.

5 Internal estimate – 100% share, best estimate.



Cuba

Block – 9 (Melbana 30%)

We are into the next phase of developing our high-impact Cuban oil discovery. The next step is to get oil on a boat by mid FY2025 and to continue to drill development wells in the Alameda structure in Block 9.

Every trip to Cuba provides a learning opportunity. Whilst driving several potential investors down the road from Havana to the Alameda-3 drilling area earlier in 2024, they were surprised by the number of well heads, nodding donkeys and obvious oil and gas activity along the side of the highway.

When added to the obvious pride our technical team and drilling contractor have in the field operations, it combines to make potential investors sit up and take notice. Melbana is not alone in recognising the potential of Cuba but retains first mover advantage and access to some of the most prospective acreage in the country.

Some learnings however are less welcome than others. Whilst there has been success at Alameda-2 and plans are progressing at pace to develop that reservoir interval, the drilling and testing of the deep horizons at Alameda-3 was slow, challenging and ultimately, disappointing, with no flow obtained to surface.

The Company's analyses indicate there is a resource worth chasing in the deeper reservoirs, but for now, the focus will be on developing the shallow Amistad Unit 1B reservoir and bringing as much oil to market as quickly as possible.

On the plus side, the Amistad Unit 1B reservoir has now been certified to hold a contingent resource⁶ of 46 million barrels of oil (2C) and a further 90 million barrels of prospective resource (2U), with 32 million barrels of prospective resource (2U) in the shallower Amistad Unit 1A reservoir.

6 100% best estimate.

In Cuba, the government continues to be very supportive of the Company's plans: while working on our field development plan the Company identified oil storage constraints and the government responded proactively with an offer of access to government-owned oil tank storage infrastructure at the supertanker port at Matanzas, a very welcome development.

The Company continues to work hard on several fronts, including talking to providers of new funding and finalising plans and commercial agreements for oil trucking, storage, shipping and sales to make the plan of bringing first oil to world markets by mid FY2025 a reality.

Upper Sheet Development all systems go

Alameda-2 was spudded in June 2023 and reached total depth on 3 July 2023. The well was drilled ahead of time and within budget and had no significant complications or HSE issues. The well was focused on logging, coring and flow testing the Amistad Units-1A, 1B, 2 & 3 units with the following results:

- The Amistad Unit 1A test recovered 40 barrels of 12° API oil with 3,783 cP viscosity at surface;
- Moveable oil of a similar quality to Amistad Unit 1A was confirmed in Unit 3 and testing indicated the potential to flow at about 750 bopd;
- The Amistad Unit 2 test did not demonstrate moveable hydrocarbons to surface at the location tested;
- The Amistad Unit 1B test recovered 19° API oil with 30 cP viscosity at surface from a perforated section of less than 20% of the total Net Pay for Unit 1B (when incorporating fractures); and
- Stabilised unassisted flow to surface was measured at 1,235 barrels of oil per day, peaking at 1,903 barrels of oil per day.

An EPT was then conducted. Production was run for a total of 10 days, with 20 tanker loads of oil produced and delivered to offsite storage, successfully testing export logistics.

Flow peaked at 1,183 barrels of oil per day but averaged 300 barrels of oil per day, significantly less than the stabilised flow in the original test.

Analysis of the EPT results suggests the reservoir formation was damaged, possibly during completion operations: at press, the Company is planning a workover program aimed at restoring the higher flow rates observed during the original test.

The Amistad Unit 1B section was completed for future production, whilst Amistad Units 1A and 3 were suspended for potential future development and production.



The Company's independent resource certifiers updated the Amistad Units 1B and Unit 1A resource certification to 46 million barrels (2C) and 90 million barrels (2U) for Amistad Unit 1B and 32 million barrels (2U) for Amistad Unit 1A.

The Company is now focussed on near-term commercialisation of the Amistad Unit 1B discovery. The proposed phased development plan is for a series of new Amistad Unit 1B production wells to be drilled based on existing 2D seismic to develop the 1C resource (16 million barrels) with subsequent development wells to be located via new 3D seismic.

A complete assay of Amistad Unit 1B oil confirmed that the oil has API gravity of 19.8° and sulphur content of <3% and has been proven to be attractive to international oil refineries.

Production is initially planned to be delivered by truck to the Matanzas Supertanker port, located a short distance from Block 9, where it will be stored in a dedicated tank awaiting export via ship.



Commercial discussions regarding offtake options and forward development plans are well advanced with both oil traders and potential farminees.

The goal remains to achieve the first export of oil before the end of 2024.

More thinking required for Marti and Alameda reservoirs

The Alameda-3 well was spudded on 15 December 2023 and reached Total Depth of 3880mMD on 17 June 2024. The well was significantly delayed due to operational challenges: a side track at 2908m due to hole stability issues and an inflatable external casing packer running tool was stuck for some time in the 7" liner section (TD 3642m).

The objective of the Alameda-3 well was to test the lower two geologically independent oil-bearing reservoirs intercepted by the Alameda-1 well (these reservoirs being designated Alameda and Marti respectively). The goal of the well was to prove up the nearly 179 million barrels of best estimate Prospective Resource certified for these lower two reservoirs.

Wireline logging, including FMI, of both the Alameda and Marti reservoir sections was undertaken, indicating a naturally highly fractured reservoir and over 100m of conventional (not fracture dependent) pay in the Alameda reservoir.

Flow testing was then undertaken on both the Marti and Alameda reservoirs. The objective of the testing was to determine oil quality and flow rates for the reservoirs to gain a broader understanding of the reservoirs' production characteristics.

In both tests, there were positive indications of high pressure at surface, however minimal returns were observed at surface: the complete removal of drilling mud and downhole fluids from the test string was not achieved, and oil did not flow to surface.

Although no uncontaminated oil samples were obtained in either the Marti or Alameda reservoirs, oil samples were recovered on reverse circulation of the test string in the Marti reservoir and were analysed to have API of 19° with 2.3% sulphur.



The inability of the well to flow did not fit with previous observations and expectations, given wireline and FMI over both intervals indicated substantial fracturing in the Marti reservoir interval and good quality conventional (i.e. not fracture dependent) pay in the Alameda reservoir interval.

The well is currently suspended, test string removed, and pressure gauges extracted, and the rig has been demobilised from site to reduce costs.

The Company continues to study the results of all available data and analogous wells. If these studies suggest that the lack of flow was likely due to reservoir formation damage, the Company intends to design and execute a potential future workover plan.

Moving forward, we are drawing on our network of international and local expert knowledge to ensure critical lessons learned are captured for incorporation into future activities.

Board of Directors



Andrew Purcell
Executive Chairman

Andrew Purcell founded the Lawndale Group (formerly Teknix Capital) in Hong Kong over 15 years ago, a company specialising in the development and management of projects in emerging markets across heavy engineering, petrochemical, resources and infrastructure sectors. Prior to this, Mr Purcell spent 12 years working in investment banking across the region for Macquarie Bank and then for Credit Suisse. Mr Purcell also has significant experience as a public company director, both in Australia and across Asia.



Peter Stickland
Non-Executive Director

Peter Stickland has over 30 years' global experience in oil and gas exploration. Mr Stickland was CEO and subsequently Managing Director of the Company from 2014 until January 2018 and then became a Non-Executive Director. Previously, Mr Stickland was CEO and subsequently Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a Southeast Asia/Australia focused E&P company. Prior to joining Tap Oil, Mr Stickland had a successful career with BHP Petroleum (now part of Woodside) including a range of technical and management roles. Mr Stickland is also a life member of the Australian Energy Producers Limited (AEP).



Michael Sandy
Non-Executive Director

Michael Sandy is a geologist with over 40 years' experience in the resources industry – mostly focused on oil and gas. In the early 1990s he was Technical Manager of Oil Search Limited, based in PNG. He was involved in establishing Novus Petroleum Ltd and preparing that company for its \$186m IPO in April 1995 and over 10 years, he held various senior management roles with the Company. Subsequently Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L, has set up and taken companies to IPO and has built extensive experience on the boards of listed and unlisted companies, including Tap Oil, Burleson Energy and Hot Rock.

 See pages 22 to 23 for further information.

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Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Melbana Energy Limited (referred to hereafter as 'Melbana', the 'Company' or 'Parent') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of Melbana Energy Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Purcell
(Executive Chairman)

Michael Sandy
(Non-Executive Director)

Peter Stickland
(Non-Executive Director)

Principal activities

The principal activities of the Consolidated Entity during the year were oil and gas exploration in Cuba and Australia together with development concepts for the Tassie Shoal Methanol and LNG Project.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Review of operations

International Operations

Cuba – Block 9 (Melbana 30%)

During the reporting period, the Company completed the drilling, logging and testing of its Alameda-2 well, including definitive oil discovery tests of the Amistad Unit 1A and Unit 1B reservoirs. The Amistad Unit 1B, tested in DST4 was most notable with an average rate of 1235 bopd being achieved with no formation water. Oil samples from DST4 indicated a high-quality crude of API 19°.

Following test operations, the well was completed as a future Unit 1B producer using standard oilfield practices and the drilling rig stacked on location for upgrades.

An EPT was conducted on Alameda-2 over a 38-day period comprising flow and shut-in periods, SGS and a MPLT survey. Flows during the EPT averaged approximately 300 bopd with no formation water and several oil samples were obtained for further analysis. Analysis of the EPT results suggests the reservoir formation was damaged, possibly during completion operations.

The EPT also provided highly encouraging information. It confirmed that the majority of flow was from the deeper fractured reservoir section and indicated some flow contribution from behind uncemented casing, further extending the most likely oil column in Unit 1B. Extended testing also provided data on the logistics of oil transport from location with 20 tanker loads being sent to off-site storage.

Alameda-2 has provided a wealth of geological, reservoir performance, engineering and commercial information and delivered confirmation of the oilfield's commercial potential.

The definitive discovery and subsequent analyses are forming the basis of new development plan concepts. The Joint Operation is now focussed on near-term commercialisation of the Amistad Unit 1B discovery and recently received an updated resource certification for the Amistad Unit 1B and Amistad Unit 1A reservoirs (see Table 1,2,3 & 4).

Melbana is developing a well workover program that aims to restore the higher flow rates observed in the Alameda-2 Unit 1B production well during the original DST prior to it being killed and shut in for an extended period.

Laboratory analysis of fluid and rock samples recovered from this unit, analytical reservoir modelling and Cuban experience of successfully remediating reservoirs that have behaved similarly in the past have been useful inputs to the selection of the preferred well workover strategy to return the flow to levels observed in the original DST.

The initial field development plan, focused on the relatively shallow Unit 1B of the Amistad sheet, was reviewed with the Company's Joint Operation partner, Sonangol and the Cuban regulator in a series of workshops and field trips held in Cuba in May 2024.

The proposed phased field development plan (see Figure 1) is to rapidly commercialise the Alameda field by drilling and producing from simple, low-cost production wells drilled into the Unit 1B reservoir using existing 2D seismic.

This phased development of the 1C resource (16 million barrels) will generate early revenue whilst the Company prepares to acquire 3D seismic data to optimally locate subsequent development wells and develop the entire reservoir volume more efficiently.

This plan would also continue to appraise, de-risk and upgrade the contingent and prospective resources estimated by the Company's independent reserves and resources certifier.

The Company's core goal and focus remains to achieve a first export of oil before the end of calendar year 2024.

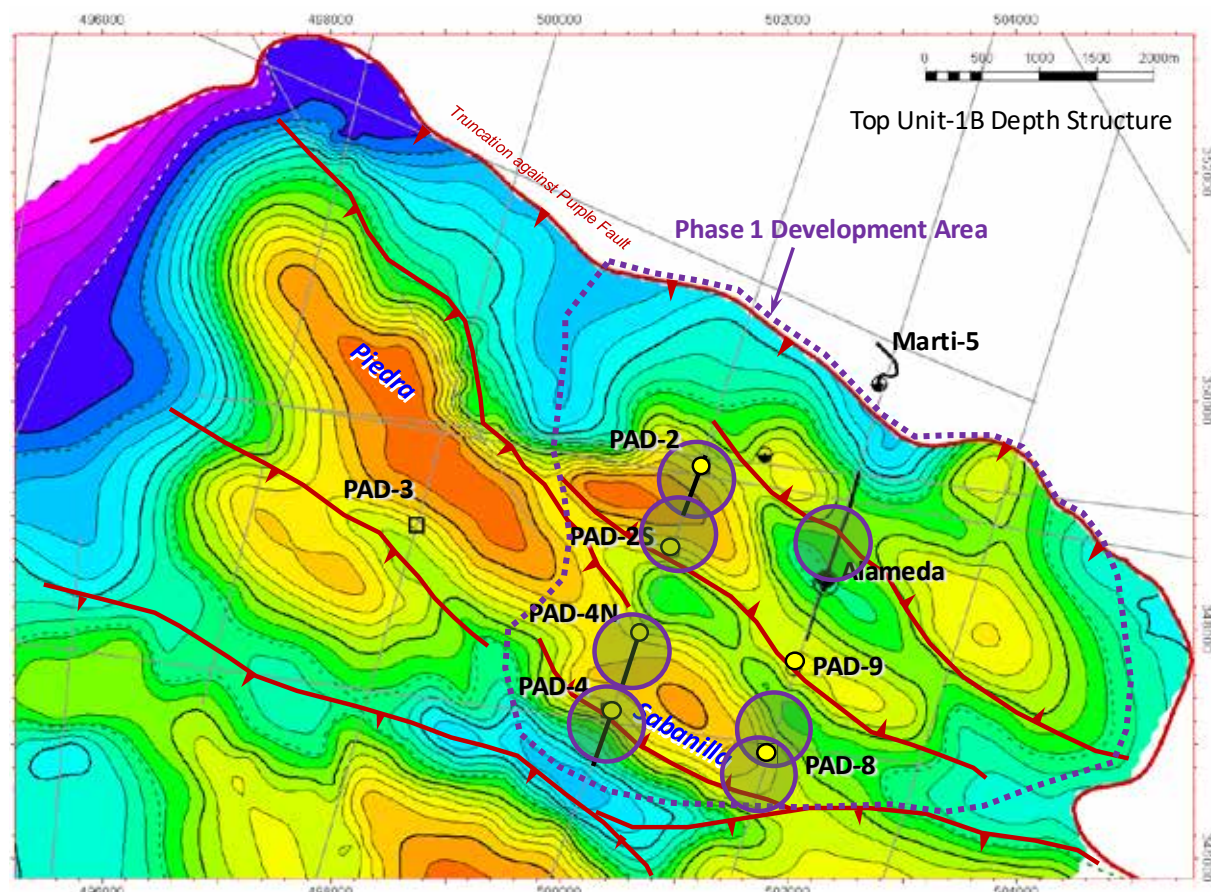


Figure 1 - Planned Unit 1B wells targeting 1C resource in eastern part of Alameda field

As part of this process to achieve early exports, a complete assay of Unit 1B oil was sourced from specialist laboratories which confirmed that Unit 1B oil from the Amistad sheet has API gravity of 19.8° and sulphur content of 2.7%.

The assay results indicate that the crude is marketable to refineries that specialise in such crudes. Meetings have been held with potential oil purchasers who indicated that the crude has a relatively high share of the more valuable crude components in the distillation range of 65° to 350°C, which broadly corresponds with the production of gasoline, jet/ kerosene and diesel. The percentage of oil in this range is ~40% compared with <30% typical for crudes of similar API.

Over the past year, Melbana's engineering team have continued to optimise their plans for the development of the Amistad Unit 1B reservoir through to first oil production. Initial production is now planned to be delivered by truck to the Matanzas Supertanker port, located a short distance from Block 9, where it will be stored in a dedicated tank awaiting export.

McDaniel & Associates Consultants LLC (Mc Daniel), a Canadian based independent certifier of oil and gas reserves and resources assessed a Contingent Resource with a Sub-Categorisation of Development Pending for Unit 1B in the eastern part of the Alameda structure and provided a Prospective Resource Category (but with a Chance of Discovery of 70% if an appraisal well was drilled) for Unit 1B in the western part of the structure.

Directors' Report

continued

McDaniel also assessed a Prospective Resource Category for Unit 1A (but with a Chance of Discovery of 70%) that could be similarly derisked by drilling an additional appraisal well and testing on pump in that area.

The total resources for Unit 1A and Unit 1B are summarised in Tables 1, 2, 3 & 4.

Table 1 – Amistad Unit 1B: Summary of OIIP Estimates

		OIIP – Unrisked ⁹ Gross (100%)			Chance of Discovery ⁸
		Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Contingent Resources⁷					
Amistad Unit 1B East	Development Pending	130	331	909	100%
Prospective Resources					
Amistad Unit 1B West	Prospect	229	656	1,831	70%

		OIIP – Unrisked ⁹ Melbana's Interest (30%)			Chance of Discovery ⁸
		Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Contingent Resources⁷					
Amistad Unit 1B East	Development Pending	39	99	273	100%
Prospective Resources					
Amistad Unit 1B West	Prospect	69	197	549	70%

Table 2 – Amistad Unit 1B: Summary of Resources Estimates

		Resources – Unrisked ¹⁰ Gross (100%)			Chance of Discovery ⁸
		Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Contingent Resources⁷					
Amistad Unit 1B East	Development Pending	16	46	129	100%
Prospective Resources					
Amistad Unit 1B West	Prospect	29	90	264	70%

		Resources – Unrisked ¹⁰ Melbana's Interest (30%)			Chance of Discovery ⁸
		Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Contingent Resources⁷					
Amistad Unit 1B East	Development Pending	5	14	39	100%
Prospective Resources					
Amistad Unit 1B West	Prospect	9	27	79	70%

7 The key contingencies which prevent the Contingent Resources from being classified as Reserves include finalisation of the draft development plan and associated economics, internal and joint venture and regulatory approvals, contractual arrangements and commitment to project finance.

8 The Chance of Discovery (COD) does not include the chance of development, which McDaniel estimates to be 80%. Quantifying the COD requires consideration of both economic contingencies and other contingencies such as legal, market access, political, social licence, internal and external approvals and commitment to project finance and development timing. As many of these factors are as yet unknown, they must be used with caution.

9 Volumes listed are in-place estimates and the recoverable estimates are shown in a separate table.

10 Volumes listed are full life volumes, prior to any cutoffs due to economics.

Table 3 – Amistad Unit 1A: Summary of OIIP Estimates

		OIIP – Unrisked ⁹ Gross (100%)			Chance of Discovery ¹¹
	Maturity	Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Prospective Resources					
Amistad Unit 1A	Prospect	292	711	1,788	70%

		OIIP – Unrisked ⁹ Melbana's Interest (30%)			Chance of Discovery ¹¹
	Maturity	Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Prospective Resources					
Amistad Unit 1A	Prospect	88	213	536	70%

Table 4 – Amistad Unit 1A: Summary of Resources Estimates

		Resources – Unrisked ¹⁰ Gross (100%)			Chance of Discovery ¹¹
	Maturity	Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Prospective Resources					
Amistad Unit 1A	Prospect	11	32	88	70%

		Resources – Unrisked ¹⁰ Melbana’s Interest (30%)			Chance of Discovery ¹¹
	Maturity	Low (P90) MMbbl	Best (P50) MMbbl	High (P10) MMbbl	
Prospective Resources					
Amistad Unit 1A	Prospect	3	10	26	70%

Alameda-3 was spudded on 15 December 2023 and drilled to Total Depth of 3880mMD during the reporting period.

The well was significantly delayed due to drilling operations issues: the well was sidetracked at 2908m as a result of hole stability issues and an inflatable ECP running tool was stuck for some considerable time in the 7" liner section (TD 3642m).

Specialist milling and fishing tools and personnel successfully retrieved the fish and subsequent casing integrity logs and pressure testing confirmed the integrity of the 7" liner.

Wireline logging, including FMI, over both the Alameda and Marti reservoir sections were undertaken, indicating a naturally highly fractured reservoir and over 100m of conventional (not fracture dependent) pay in the Alameda section.

Flow testing was then undertaken on both the Marti and Alameda reservoirs. The Marti reservoir was tested via a 4-½" slotted liner over the interval 3642–3880mMD with a packer set at 3531mMD. The Alameda reservoir was tested via perforation of the uncemented casing between 3272mMD and 3450mMD (see Figure 2).

The objective of the testing was to determine oil quality and flow rates for the reservoirs, which are separated by effective seal rocks (see Figure 3), to gain a broader understanding of the reservoirs' production characteristics.

Both reservoirs were tested individually in a part of the geological section interpreted to contain the highest porosity and productivity interval, as indicated by conventional log analysis and FMI.

¹¹ The Chance of Discovery (COD) does not include the chance of development, which McDaniel estimates to be 50%. Quantifying the COD requires consideration of both economic contingencies and other contingencies such as legal, market access, political, social licence, internal and external approvals and commitment to project finance and development timing. As many of these factors are as yet unknown, they must be used with caution.

Directors' Report

continued

Both tests demonstrated positive indications of high pressure at surface. In the case of the Alameda test, immediately upon firing the perforation guns there was positive indication of pressure at surface, which confirmed the perforations had been successful. The pressure then quickly built to 3034 PSI.

Test gauges were opened on various choke sizes and shut in periods were performed to build pressure. However, minimal returns were achieved at surface from either test and the complete removal of drilling mud and downhole fluids from the test string not achieved: oil did not flow to surface.

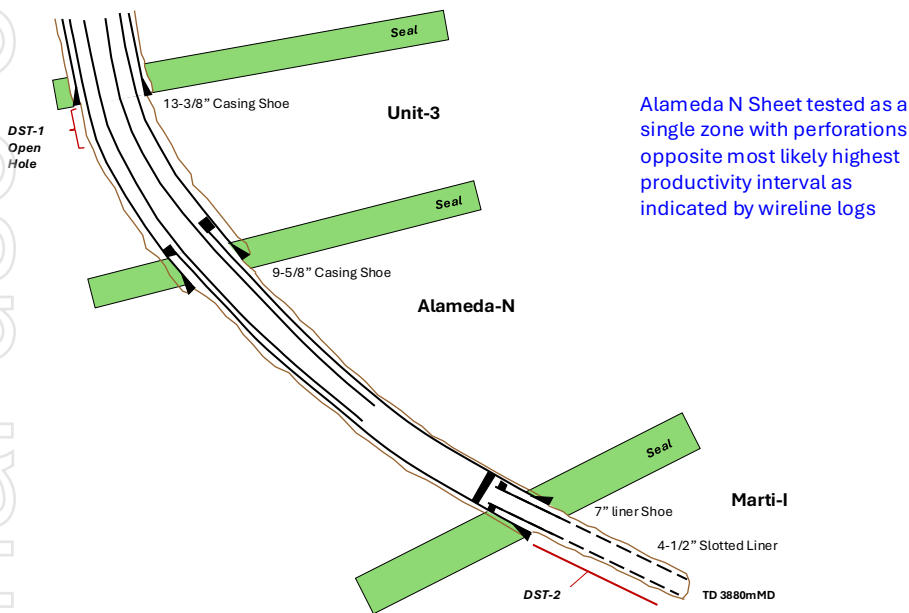


Figure 2: Positioning of the Alameda and Marti reservoirs where flow testing was undertaken at depth

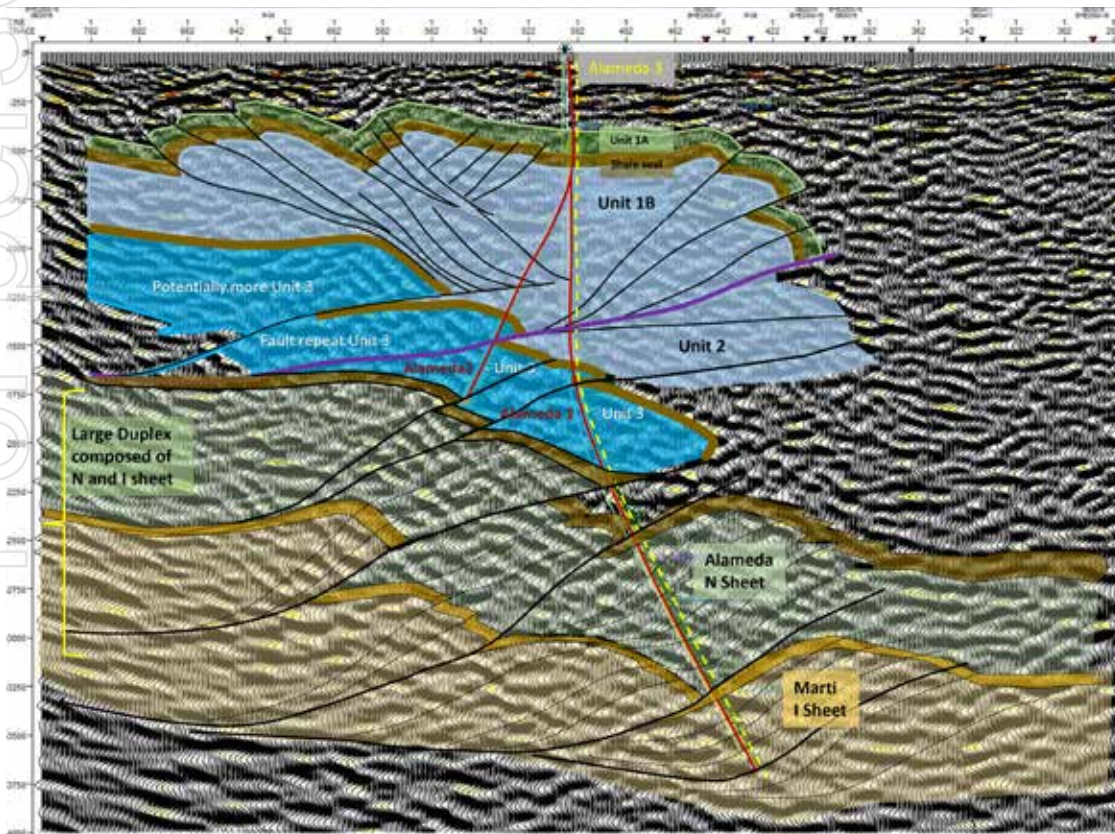


Figure 3: Depth of the Alameda and Marti reservoirs

Although no uncontaminated oil samples were obtained in either the Marti or Alameda reservoirs, oil samples were recovered on reverse circulation of the DST string in the Marti reservoir and were analysed to have API of 19° with 2.3% sulphur.

The inability of the well to flow did not fit with previous observations and expectations; wireline and FMI over both intervals indicated substantial fracturing in the Marti reservoir interval and good quality conventional (i.e. not fracture dependent) pay in the Alameda reservoir interval.

The well was suspended, the DST string removed and pressure gauges extracted with the rig demobilised from site to reduce costs.

The Company continues to study these results and all available data and analogous wells, including the Company's Alameda-2 well, which could contribute to a potential future well workover plan if the issue is considered most likely due to a treatable reservoir formation damage mechanism.

International and local expert knowledge is being drawn upon to analyse samples and data, and to ensure critical lessons learned are captured for incorporation in future activities.

Australian Operations

WA-488-P (Melbana contingent cash and royalty interest)

The Company sold its 100% interest in permit area WA-488-P to the Australian subsidiary of a US oil major in November 2021. The purchaser became the Operator and made a country entry to drill the giant Beehive Prospect located within the WA-488-P exploration permit.

The Beehive Prospect was independently estimated to contain a Prospective Resource¹² of 388 million barrels of oil equivalent (boe) (Best Estimate, 100% basis)¹³ and a high estimate of 1.6 billion boe. Melbana revised these estimates¹⁴ to a Prospective Resource¹² of 416 million boe (Best Estimate, 100% basis) with a high estimate of 1.4 billion boe following its assessment of the 3D seismic data acquired across the prospect in 2018¹⁵.

Under the terms of the sale and purchase agreement, the Company is entitled to receive contingent future payments of USD5.0 million (subject to the purchaser making certain future elections with regards to the permit) and USD10.0 million for each 25 million barrels of oil equivalent in the event oil is produced from the permit area should the exploration well be a commercial success.

Beehive received environmental approval for its drilling program during the period and the new Operator has a permit to drill within the next 12-18 months, subject to rig availability.

The Company has no exposure to the cost of this exploration well.

Beehive will test a large Carbonate Platform Prospect similar to that defined by the Company in the adjacent exploration permits NT/P87 and WA-544-P.

12 This estimate should be read with reference to the footnote "Notes regarding Contingent and Prospective resource estimates" on page 36.

13 See ASX announcement dated 7 August 2018.

14 See ASX announcement dated 24 August 2020.

15 See ASX announcement dated 14 August 2018.

Directors' Report

continued

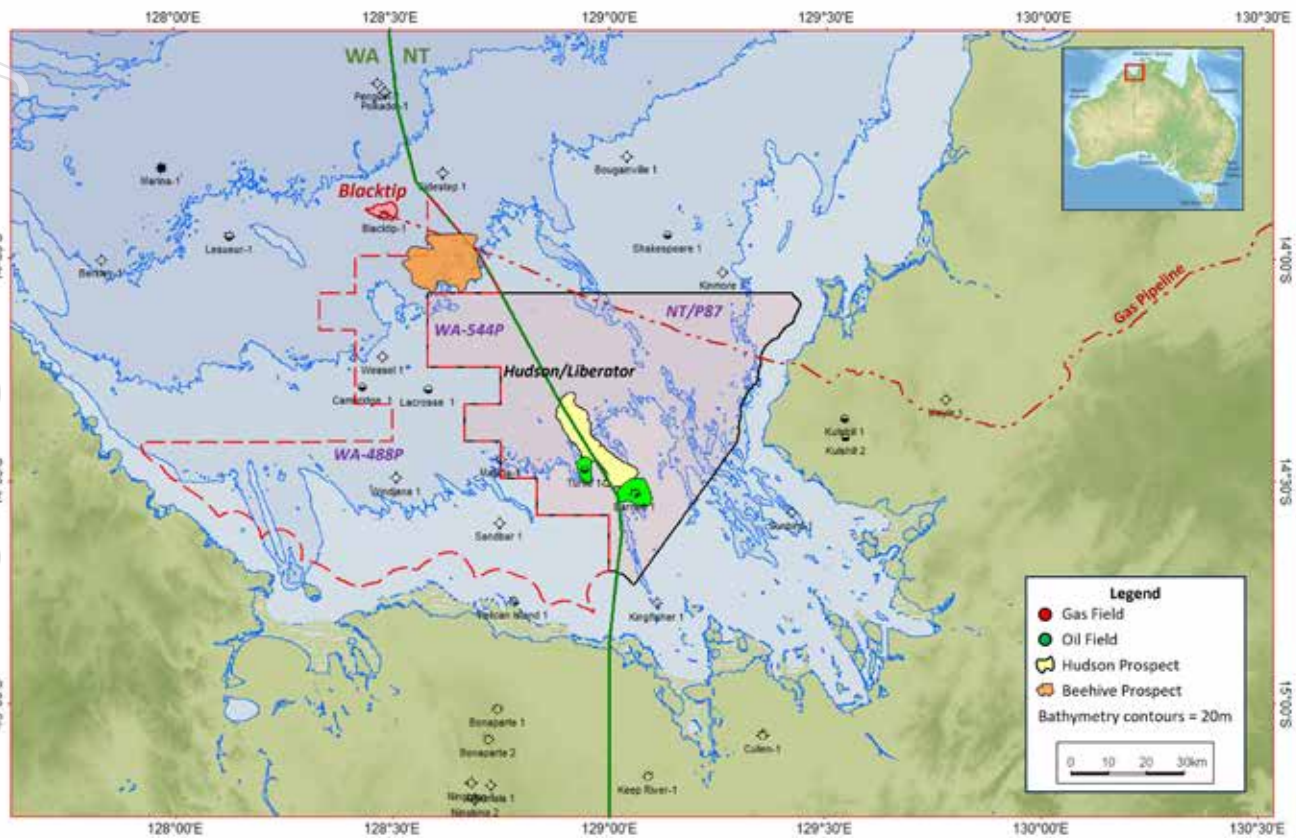


Figure 4 - The location of WA-488-P relative to the Company's other licence areas WA-544-P and NT/P87

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

These permit areas, containing the undeveloped Turtle and Barnett oil discoveries, were granted to the Company in 2020 under the Australian Government's 2019 Offshore Petroleum Exploration Acreage Release.

They are in shallow water (20 to 40 metres deep) and located about 300 kilometres southwest of Darwin, Australia. The Blacktip gas field lies to the northwest and its pipeline transects the northern boundary of NT/P87, allowing potential access to the Darwin LNG facility and/or the east coast gas market.

The exploration permits host similar Carbonate Platform opportunities with similar resource potential as the adjacent WA-488-P exploration permit, which contains the Beehive drilling Prospect.

During the reporting period the Company was granted an 18-month suspension and extension to the primary term of these permits and reported a Prospective Resource of over 466 bcf of gas or 90 million barrels of oil (unrisked best estimate recoverable, 100%) for the Hudson Prospect.

The Company is continuing with its efforts to find a farm-in partner for the Exploration Permits.

AC/P70 (Melbana 100%)

On 16 February 2022, the Company announced that it had been granted petroleum exploration permit AC/P70, located in the Territory of Ashmore and Cartier Islands, for an initial period of six years. Melbana made an application for this permit under the Australian Government's 2020 Offshore Petroleum Exploration Acreage Release (See Figure 5).

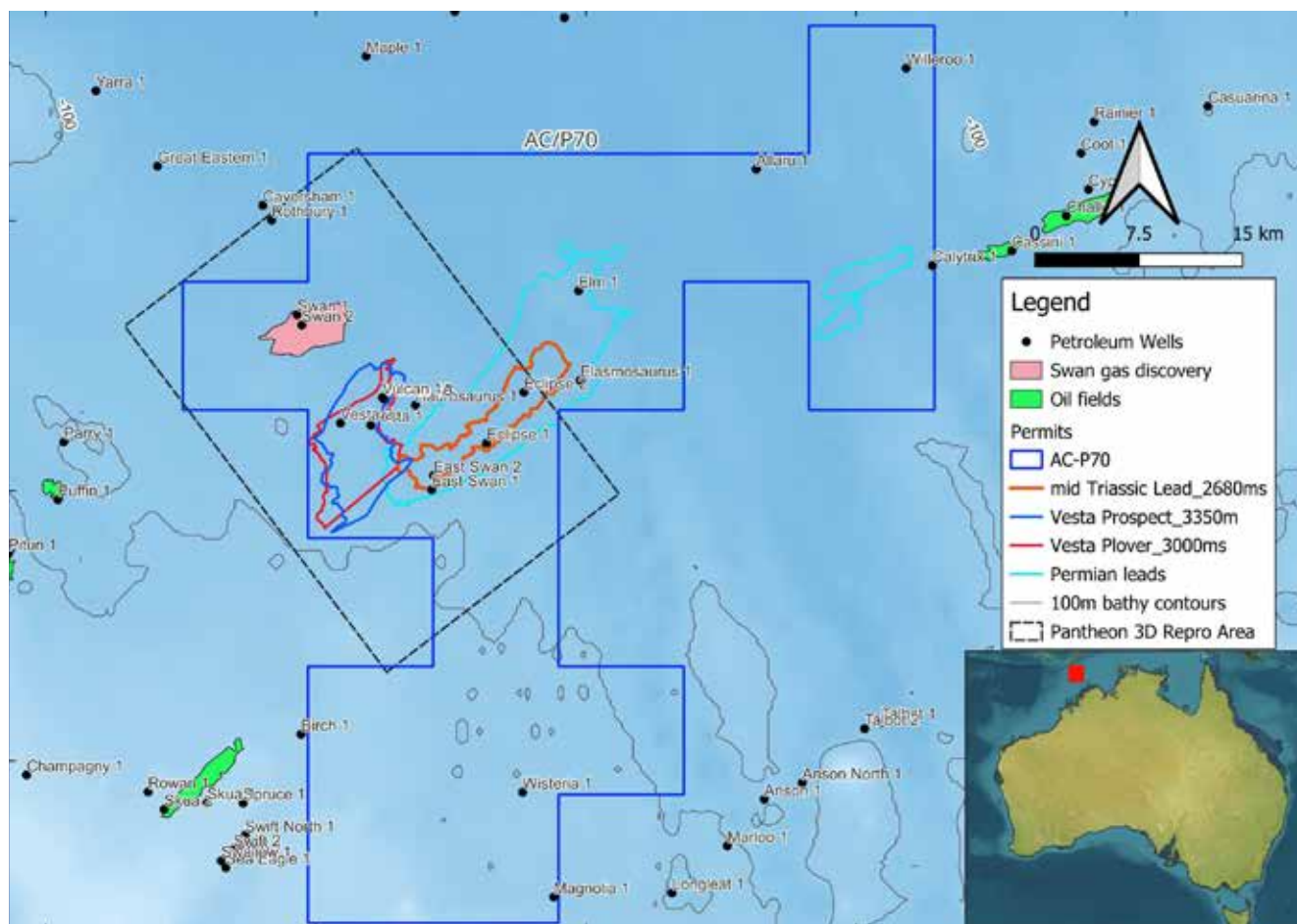


Figure 5 – Location of Exploration Permit AC/P70

Since being awarded the permit, the Company has licensed various datasets and undertaken considerable work to better understand what exploration opportunities might exist there. The undeveloped Vesta-1 oil discovery (drilled in 2005) lies within the permit area and an appraisal well drilled in 2007 identified a gas cap.

During the reporting period the Company undertook and completed reprocessing of the 500km² legacy Pantheon 3D seismic survey. Seismic interpretation and mapping work on the new reprocessed volume is underway.

The Company intends to farm out the exploration permit prior to the February 2027 drilling commitment.

AC/P51 (Melbana contingent cash and royalty interest)

During the reporting period a third party surrendered petroleum exploration permit AC/P51. The Company had no direct interest in this permit area nor any financial liability to it, but it did have a small indirect cash interest, contingent on certain elections being made by the titleholders.

Tassie Shoal (Melbana 100%)

The Company has Australian Government environmental approvals to construct, install and operate two stand-alone world scale 1.75 Million tonnes per annum (Mtpa) methanol plants – collectively referred to as the Tassie Shoal Methanol Project – and a single 3 Mtpa LNG plant – known as the Tassie Shoal LNG Project – on Tassie Shoal, an area of shallow water in the Australian waters of the Timor Sea approximately 275 km northwest of Darwin, Australia. These environmental approvals are valid until 2052. These projects uniquely provide a development option for discovered but undeveloped gas resources in the region.

Progress for these projects is dependent on securing access to proximate gas supply on suitable commercial terms. No material progress was made in this regard during the reporting period.

Directors' Report

continued

Results for the year

The net profit after tax of the Consolidated Entity for the financial year was \$3,259,760 (2023: net loss after tax of \$1,001,999). The profit for the year was mainly due to the reimbursement from the joint operating partner to the Company for cost overruns incurred on past wells due to administrative delays to the program by the joint operating partner of \$6,856,227.

During the year, the Consolidated Entity incurred net operating cash outflows of \$3,670,961 (2023: outflows of \$3,126,076) net investing cash outflows of \$18,666,009 (2023: outflows of \$13,363,748) and net financing cash inflows of \$nil (2023: inflows of \$15,766,348).

The successful drilling and commercialisation of any oil and gas discoveries in Cuban and Australian exploration permits and/or the development/sale of the Consolidated Entity's methanol and LNG Projects could ultimately lead to the establishment of a profitable business or result in a profit to the Company if an asset sale occurs. While the Consolidated Entity is in the exploration/appraisal stage of drilling for hydrocarbons in its offshore Australian exploration permit and overseas acreage and in the project development phase for its other offshore Australian interests, funding will be provided by asset sales, equity capital raised from the issue of new shares and/or farm out or joint development arrangements with other companies.

Review of financial position

The net assets increased by \$2,938,574 to \$55,931,168 at 30 June 2024 (30 June 2023: \$52,992,594). During the year, the Consolidated Entity capitalised \$26,044,200 (2023: \$8,140,867) on exploration, mainly in relation to Block 9 in Cuba.

The main driver of the Consolidated Entity's financial condition is the Profit after tax earned of \$3,259,760 (2023: Loss of \$1,001,999).

The working capital position as at 30 June 2024 of the Consolidated Entity results in an excess of current assets over current liabilities of \$10,910,423 (30 June 2023: \$33,859,932). The cash balances, including term deposits, as at 30 June 2024 were \$12,322,890 (2023: \$34,976,625).

Corporate

The Consolidated Entity's future prospects are centred on its ability to secure quality exploration, development and producing opportunities and seeking to maximise the value to shareholders of its current portfolio, identifying and securing additional value-accretive projects, and/or undertaking a corporate transaction.

Funding for the coming Financial Year is sufficient to meet the Company's forecast corporate costs, however additional funding is required to meet the field development and other work program commitments. Discussions with several potential new partners who have demonstrated interest in participating in the development of Block 9 are currently underway as well as potential purchasers of the oil expected to be produced and sufficiently advanced that the Consolidated Entity expects to progress with the planned field development activities successfully. In the event that the Consolidated Entity cannot meet its share of work program commitments through funding structures currently being negotiated, the Consolidated Entity may look to raise additional funding through a capital raise. An unsuccessful capital raise may require permits to be surrendered or to potential asset sales.

Significant changes in the state of affairs

On 4 July 2023 the Company reported its maiden estimate of Prospective Resources for the Hudson Prospect a carbonate build up located in licence areas WA-544-P and NT/P87 (Melbana 100%). The Company's internal estimates are that there is a Prospective Resource of either 466 billion cubic feet (Bcf) of gas or 90 million barrels of oil (unrisked best estimate recoverable, 100%).

On 4 August 2023, during the drilling of the Alameda-2 appraisal well, the Company reported an increase in Logged Net Pay for Amistad Units 1A, 1B reservoirs to 243m (from 84m previously).

On 15 August 2023, the Company further reported results from Alameda-2 that moveable oil was observed in the Amistad Unit 3 reservoir indicating potential to flow at about 750 barrels of oil per day, with total Net Pay for the Amistad interval estimated to be 346 metres TVD, increasing to 615 metres TVD when natural fracturing was incorporated.

On 28 August 2023, the Company announced that during testing of the Amistad Unit 1B in the Alameda-2 well, a peak flow rate of 1,903 barrels of oil per day was achieved, with a stabilised average flow rate of 1,235 barrels of oil per day. The oil was significantly lighter (19° API) and lower viscosity (30 cP) oil compared to other units in the Amistad reservoir.

On 11 September 2023, the Company announced the issuance of 17,031,840 performance rights as part of the staff Long Term Incentive (LTI) scheme.

On 2 November 2023, the Company announced the completion of an EPT operation from the Amistad Unit 1B reservoir in the Alameda-2 appraisal well. Production was run for a total of 10 days, the flow peaked at 1,183 barrels of oil per day, and 20 tanker loads of oil were produced and delivered to offsite storage.

On 6 November 2023, the Company announced that a member of the Board of Directors, Andrew Purcell, acquired 1,574,000 FPO shares, increasing his holding in the Company to 236,200,097 securities.

On 15 December 2023, the Company announced the commencement of the drilling of the Alameda-3 appraisal well. The primary objectives of the well were the appraisal of the two deeper and geologically independent Alameda and Marti reservoirs discovered by the Company in 2022. These reservoirs were estimated to contain a combined 179 million barrels of Prospective (recoverable) Resource (Unrisked Gross Best Estimate).

On 5 February 2024, the Company announced the issuance of 16,115,750 performance rights to one of its Key Management Personnel (KMP) as part of the staff Long Term Incentive (LTI) scheme.

On 12 February 2024, the Company announced that the primary term work conditions for WA-544-P and NT/P87 (Melbana 100%) had been suspended for 18 months and the terms of the Permits similarly extended by 18 months.

On 25 March 2024, the Company announced that McDaniel and Associates had upgraded the Amistad Unit 1B resource estimate to contain 46 million barrels of Contingent Recourses and 90 million barrels of Prospective Resources (100% share, best estimate).

On 18 April 2024, the Company announced that the Alameda reservoir section Total Depth (TD) was called at 3645 mMD in the Alameda-3 appraisal well.

On 17 June 2024, the Company announced that TD was reached in the Alameda-3 appraisal well at 3880mMD. Well test operations were run in the Marti reservoir over a 238mMD interval, with oil observed on the drill string and high formation pressure observed. No uncontaminated oil samples were able to be obtained at surface.

On 27 June 2024, the Company announced the successful perforation of casing between 3272 and 3450 mMD in the Alameda reservoir in the Alameda-3 appraisal well. Drill string fluids were unable to be recovered during flow testing, and no uncontaminated oil samples were obtained. Oil samples were recovered on reverse circulation of the DST string and were sent for lab analysis.

Resource upgrades

During the reporting period the Company made significant announcements pertaining to the upper sheet Amistad Unit 1A and Unit 1B oil-bearing formations encountered by both the Alameda-1 exploration well and Alameda-2 appraisal well in its Block 9 PSC onshore Cuba (see Table 1,2,3 & 4 above).¹⁶

Matters subsequent to the end of the financial year

On 15 July 2024, the Company announced that a member of the Board of Directors, Michael Sandy, acquired 1,000,000 FPO shares, increasing his holding in the Company to 7,300,000 securities.

On 15 July 2024, the Company announced that a member of the Board of Directors, Peter Stickland, acquired 1,000,000 FPO shares, increasing his holding in the Company to 14,827,419 securities.

On 16 July 2024, the Company announced that a member of the Board of Directors, Andrew Purcell, acquired 4,500,000 FPO shares, increasing his holding in the Company to 241,100,097 securities.

On 31 July 2024, the Company announced the resignation of Cate Friedlander and appointment of Uno Makotsvana as Company Secretary.

On 11 September 2024, the Company announced the approval of Block 9 Amistad field development stating that the Company remains on target to exporting its first trial cargo of oil by the end of calendar year 2024.

On 19 September 2024, the Company announced that one of its wholly owned subsidiaries had been granted petroleum exploration permit WA-552-P located offshore Western Australia in the Dampier Sub-basin of the Northern Carnarvon basin.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

16 Independent certifier McDaniel and Associates, see ASX announcement dated 1 August 2022.

Directors' Report

continued

Likely developments and expected results of operations

The Consolidated Entity will continue to pursue its interests in:

- Block 9 PSC in Cuba in partnership with Sonangol. Appraisal drilling results from Alameda-2 have demonstrated the presence of significant intervals of moveable hydrocarbons in the shallowest Amistad reservoir and these are being studied to inform a field development proposal for the exploitation of the resource therein;
- EOG Australia is making preparations for the drilling of its Beehive-1 exploration well in WA-488-P in the Joseph Bonaparte Gulf in northern Australia which may begin in the following reporting period. The Consolidated Entity has no exposure to the cost of the drilling of this well or to the permit but is entitled to receive cash and royalty interests contingent on future elections made by EOG Australia in WA-488-P and commercial success from the drilling of the exploration well;
- Permit areas NT/P87 and WA-544-P by seeking a farmout partner to fund the acquisition of a 3D seismic survey to further derisk the Hudson Prospect;
- Permit areas AC/P70 by seeking a farmout partner to fund the future work program leading to the planning and drilling of an exploration well; and
- Its other permit areas and licences.

Health Safety and Environmental regulation

The Consolidated Entity holds participating interests in a number of oil and gas areas. The various authorities granting such tenements require the licence holder to comply with the terms of the grant of the licence and all directions given to it under those terms of the licence.

Your Board of Directors believe that all workplace injuries are avoidable. Policies and procedures are in place to ensure employees and contractors conduct all activities in a safe manner. Melbana has adopted an environmental, health and safety policy and conducts its operations in accordance with international best practice, where reasonably practicable.

There have been no known breaches of any tenement conditions, no lost time due to injury during the reporting period.

There was a minor recordable but non reportable spill during the reporting period.

Information on Directors

Name:	Andrew Purcell
Title:	Executive Chairman
Qualifications:	B Eng, MBA
Experience and expertise:	Andrew Purcell founded the Lawndale Group (formerly Teknix Capital) in Hong Kong over 15 years ago, a company specialising in the development and management of projects in emerging markets across heavy engineering, petrochemical, resources and infrastructure sectors. Prior to this, Mr Purcell spent 12 years working in investment banking across the region for Macquarie Bank and then for Credit Suisse. Mr Purcell also has significant experience as a public company director, both in Australia and across Asia.
Other current directorships:	AJ Lucas Group Limited (ASX: AJL), GB Energy Ltd
Former directorships (last three years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee
Interests in securities:	236,600,097 fully paid ordinary Shares

Name:	Peter Stickland
Title:	Non-Executive Director
Qualifications:	BSc, Hons (Geology), GDipAppFin (Finsia), GAICD
Experience and expertise:	Peter Stickland has over 30 years' global experience in oil and gas exploration. Mr Stickland was CEO and subsequently Managing Director of the Company from 2014 until January 2018 and then became a Non-Executive Director. Previously, Mr Stickland was CEO and subsequently Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a Southeast Asia/Australia focused E&P company. Prior to joining Tap Oil, Mr Stickland had a successful career with BHP Petroleum (now part of Woodside) including a range of technical and management roles. Mr Stickland is also a life member of the Australian Energy Producers Limited (AEP).
Other current directorships:	Nillumbik Community Health Services Pty Ltd
Former directorships (last three years):	None
Special responsibilities:	Chairman of Reserves Committee, Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee
Interests in securities:	13,827,419 fully paid ordinary shares

Name:	Michael Sandy
Title:	Non-Executive Director
Qualifications:	BSC Hons (Geology), MAICD
Experience and expertise:	Michael Sandy is a geologist with over 40 years' experience in the resources industry – mostly focused on oil and gas. In the early 1990s he was Technical Manager of Oil Search Limited, based in PNG. He was involved in establishing Novus Petroleum Ltd and preparing that company for its \$186m IPO in April 1995 and over 10 years, he held various senior management roles with the Company. Subsequently Mr Sandy has been the principal of energy consultancy company Sandy Associates P/L, has set up and taken companies to IPO and has built extensive experience on the boards of listed and unlisted companies, including Tap Oil, Burleson Energy and Hot Rock.
Other current directorships:	Omega Oil and Gas Ltd (ASX:OMA)
Former directorships (last three years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee, member of the Remuneration and Nomination Committee and a member of Reserves Committee
Interests in securities:	6,300,000 fully paid ordinary shares

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last three years) quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors' Report

continued

Company Secretary

Cate Friedlander, B.A/LLB GradDipACG AGIA – appointed 6 December 2022 and resigned on 30 July 2024

Cate Friedlander is a well-known member of the Australian corporate legal community, with extensive experience in the upstream resources and energy sectors across Australasia, South-East Asia, Middle East and the US. This includes a number of years living and working in Asia.

Cate has worked for significant listed and unlisted entities in the sector – Novus Petroleum (General Counsel and Company Secretary), Anzon Australia, Esso Australia and BP and more recently has consulted to Pilot Energy, Bridgeport Energy and Beach Energy.

Cate's experience extends to both asset/industry and corporate related work (M&A, IPO's, contractual, corporate governance and risk and advisory). Her asset and industry related experience is extensive – covering oil, gas and LNG sale agreements, FEED and construction of production infrastructure, exploration and development joint venture related dealings, drilling and governmental negotiations.

In addition to her corporate experience, Cate has previously worked in private practice with top tier firms, across a variety of commercial and resource matters.

Cate also holds a Graduate Diploma in Applied Corporate Governance from, and is an Associate Member of the Governance Institute of Australia.

Uno Makotsvana, BCompt , CA (ANZ), Grad Dip BA (Manchester) – appointed on 30 July 2024

Uno Makotsvana is a highly experienced CFO with more than 25 years of experience across resources, infrastructure and government services sectors specialising in commercial management and strategy, corporate finance, funding and investor relations.

Uno commenced his career at Deloitte, progressing into senior roles in the professional services space before transitioning into a commercial finance role in a large ASX listed company. Uno previously served as CFO in both public and private companies including Capital Limited, a UK Listed mining services company – a role he held for three and a half years from 2012.

He has held other senior leadership roles with both Australian and International organisations. Uno has a Bachelor of Accounting from the University of South Africa, a Graduate Diploma in Business Administration from the Alliance Manchester Business School (UK) and is a Chartered Accountant (Australia and New Zealand).

Meetings of Directors

The number of meetings of the Company's Board of Directors (Board) and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board		Reserves Committee		Audit and Risk Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Andrew Purcell	6	6	0	1	2	2	1	1
Michael Sandy	6	6	1	1	2	2	1	1
Peter Stickland	6	6	1	1	2	2	1	1

Held: represents the number of meetings held during the reporting period and the Director held office or was a member of the relevant committee.

The Remuneration and Nomination Committee held one meeting during the reporting period to review employee salaries, senior executive performance evaluations and the terms and participants of the Company's LTI plan. The non-conflicted members of the Committee met alone prior to the meeting to propose amended remuneration terms to be offered to the Executive Chairman with effect from 1 July 2024.

Remuneration Report (audited)

The Board is pleased to present the 2024 Remuneration Report which sets out remuneration information for the Company's Non-Executive Directors, Executive Director and key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practices for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Consolidated Entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Remuneration and Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

The performance of the Consolidated Entity depends upon the quality of its directors and executives. To prosper, the Consolidated Entity must attract, motivate and retain highly skilled directors and executives.

To this end, the Consolidated Entity embodies the following principles in its remuneration framework:

- Offer competitive remuneration benchmarked against the external market to attract high calibre executives
- Where appropriate, provide executive rewards linked to shareholder value
- Encourage Non-Executive Directors to hold shares in the Company

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Remuneration Report (audited)

continued

Non-Executive Directors' remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee receives independent market data when undertaking this annual review process.

The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

The Remuneration and Nomination Committee did not use the services of a remuneration consultant during the year.

The Chairman's fees are determined independently to the fees of other Non-Executive Directors based on comparative roles in the external market.

The Chairman is not present at any discussions relating to the determination of his own remuneration.

The 4th edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council (Council) specifies that it is generally acceptable for Non-Executive Directors to receive securities as part of their remuneration to align their interest with the interests of other security holders, however Non-Executive Directors should not receive performance-based remuneration as it may lead to bias in their decision making and compromise their objectivity. Generally Non-Executive Directors do not receive performance-based bonuses and/or other incentives and prior shareholder approval is required to participate in any issue of equity.

The Board has determined that Non-Executive Directors will be entitled to charge the Consolidated Entity at a rate of \$1,200 per day unless that Non-Executive Director is serving in the capacity of Technical Director in which case the rate would be \$2,000 per day. These rates apply for any work performed in excess of five days per calendar month and subject to receiving the prior approval of the Executive Chairman.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The most recent determination was at the Annual General Meeting held on 18 November 2010, where the shareholders approved a maximum annual aggregate remuneration of \$500,000. The combined payment to all Non-Executive Directors does not exceed this aggregate amount.

Executive remuneration

The Consolidated Entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has the following components:

- Fixed remuneration
- Variable remuneration consisting of Short-Term Incentive (STI) and Long-Term Incentive (LTI).

The combination of these comprises the executive's total remuneration. The mix between fixed and variable remuneration is established for the executive by the Remuneration and Nomination Committee.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the executive. Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee and, where appropriate, external advice on policies and practices. As noted above, the Remuneration and Nomination Committee has access to external advice independent of management.

The STI program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators (KPI) being achieved. KPIs include share price performance, safe execution of the Company's projects, business development and organisational management.

The LTI comprised of options and/or performance rights awarded to executives and vest conditional upon the recipient meeting service objectives and share price hurdles.

Consolidated Entity performance and link to remuneration

Remuneration for certain executives granted options or performance rights is linked to the performance of the Consolidated Entity, as an improvement in the Company's share price will correspondingly increase the benefits to the executive. This will align the interests of the executive and the shareholders. Refer to the section "Additional information" below for details of the earnings and share price movements for the last five years.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Consolidated Entity are set out in the following tables.

Directors:

- Andrew Purcell - Executive Chairman
- Michael Sandy - Non-Executive Director
- Peter Stickland - Non-Executive Technical Director

Key Management Personnel:

- Uno Makotsvana - Chief Financial Officer and Company Secretary
- Christopher Thompson - Chief Operating Officer
- Duncan Lockhart - Exploration Manager

30-Jun-24	Post Employment					Total \$
	Short-term benefits		Benefits	Long-term Benefits		
	Salary and fees \$	Cash Bonus \$	Super-annuation \$	Long Service Leave \$	Equity Settled \$	
Non-Executive Directors:						
Michael Sandy	100,000	–	–	–	–	100,000
Peter Stickland	100,000	–	–	–	–	100,000
Executive Director:						
Andrew Purcell	506,292	84,000	27,500	–	–	617,792
Key Management:						
Uno Makotsvana	350,000	–	38,500	–	–	388,500
Christopher Thompson ¹⁷	349,447	–	11,084	–	–	360,531
Duncan Lockhart	395,000	–	43,450	–	–	438,450
	1,800,739	84,000	120,534	–	–	2,005,273

The Executive Director's Cash Bonus was paid in the reporting period and related to an award of 44% of the maximum possible STI for the financial year ended 30 June 2023.

¹⁷ Christopher Thompson commenced as a full time employee of Melbana on the 1st December 2023, prior to that he had been a contractor for 3 months. This amount is the full payment for both full time employment and contracting services.

Remuneration Report (audited)

continued

30-Jun-23	Post Employment					
	Short-term benefits		Benefits	Long-term Benefits		
	Salary and fees \$	Cash Bonus \$	Super-annuation \$	Long Service Leave \$	Equity Settled \$	Total \$
Non-Executive Directors:						
Michael Sandy	100,448	–	–	–	–	100,448
Peter Stickland	103,557	–	–	–	–	103,557
Executive Director:						
Andrew Purcell	440,000	191,250	46,200	–	–	677,450
Key Management:						
Uno Makotsvana ¹⁸	204,166	–	21,438	–	–	225,604
Duncan Lockhart ¹⁹	296,250	–	31,106	–	–	327,356
	1,144,421	191,250	98,744	–	–	1,434,415

The proportion of remuneration linked to performance and the fixed proportion are as follows:

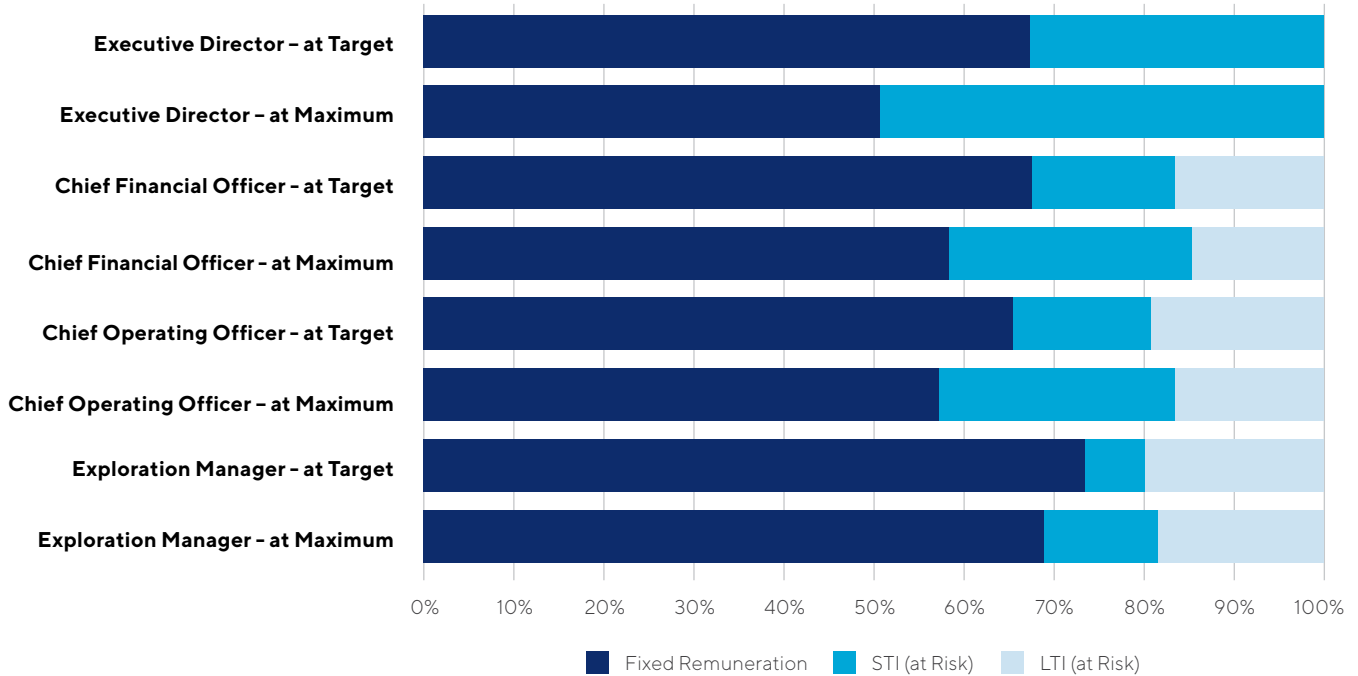
	Fixed Remuneration		At Risk (STI)		At Risk (LTI)	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
Non-Executive Directors:						
Michael Sandy	100%	100%	–	–	–	–
Peter Stickland	100%	100%	–	–	–	–
Executive Director:						
Andrew Purcell	86.4%	71.7%	13.6%	28.3%	–	–
Key Management						
Uno Makotsvana	100%	100%	–	–	–	–
Christopher Thompson	100%	–	–	–	–	–
Duncan Lockhart	100%	100%	–	–	–	–

During the financial year the directors have reviewed the composition of Key Management Personnel (KMP) in view of the changing business against the definition of KMP. They determined that based on their responsibilities Errol Johnstone and Dean Johnstone previously disclosed as KMP do not fall within that definition.

¹⁸ This represents remuneration for part of the year as the KMP commenced during the financial year

¹⁹ This represents remuneration for part of the year as the KMP commenced during the financial year

The Remuneration and Nomination Committee has considered remuneration mix both from a “Target” and “Maximum” opportunity perspective to ensure targets that are set are challenging to achieve, and any over-performance paid is a result of significant and measurable achievement. The remuneration mix for Key Management Personnel for FY24 at award is as follows:



There was no LTI component for the Executive Director in the reporting period.

Service agreements

Name:	Andrew Purcell
Title:	Executive Chairman
Agreement commenced:	1 April 2021
Term of agreement:	No fixed term
Details:	<p>Mr Purcell’s fixed remuneration was \$580,000 per annum (inclusive of statutory superannuation), effective 1 July 2022.</p> <p>The STI will be up to 50% of the fixed remuneration and paid in cash or shares or both at the discretion of the non-conflicted members of the Remuneration and Nomination Committee in consultation with the executive.</p> <p>The Executive Chairman’s LTI was not approved at the last general meeting. There is currently no LTI in place for the Executive Chairman.</p> <p>The executive can terminate the agreement with 3 months’ notice. The Company can terminate the agreement with 3 months’ notice, or payment in lieu thereof.</p>

Remuneration Report (audited)

continued

Name:	Uno Makotsvana
Title:	Chief Financial Officer
Agreement commenced:	2 December 2022
Term of agreement:	No fixed term
Details:	<p>Mr Makotsvana's fixed remuneration is \$350,000 per annum (exclusive of statutory superannuation).</p> <p>The STI will be up to 25% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive.</p> <p>The LTI will issue once every three years equating to a total value of \$315,000.</p> <p>The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.</p>

Name:	Christopher Thompson
Title:	Chief Operating Officer
Agreement commenced:	1 December 2023
Term of agreement:	No fixed term
Details:	<p>Mr Thompson's fixed remuneration is \$400,000 per annum (exclusive of statutory superannuation).</p> <p>The STI will be up to 25% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive.</p> <p>The LTI will issue once every three years equating to a total value of \$360,000.</p> <p>The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.</p>

Name:	Duncan Lockhart
Title:	Exploration Manager
Agreement commenced:	5 September 2022
Term of agreement:	No fixed term
Details:	<p>Mr Lockhart's fixed remuneration is \$395,000 per annum (exclusive of statutory superannuation).</p> <p>The STI will be up to 10% of the fixed remuneration and paid in cash or shares or both at the discretion of the Board in consultation with the executive.</p> <p>The LTI will issue once every three years equating to a total value of \$355,500.</p> <p>The executive can terminate the agreement with 3 months' notice. The Company can terminate the agreement with 3 months' notice, or payment in lieu thereof.</p>

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2024 (2023: Nil).

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

Performance rights

The terms and conditions of each grant of performance rights affecting remuneration of key management personnel in this financial year or future reporting years are as follows:

	Type of Performance Right	Vesting Close Date	No of Performance Rights	Lapsed/Vested	Balance as at 30 June 2024	Value per Right at Grant Date \$	Target Price \$
Uno Makotsvana	LTI - Tranche 1	2 May 2024	7,103,554	(7,103,554)	–	0.022	0.120
	LTI - Tranche 2	2 Dec 2025	5,129,624	–	5,129,624	0.031	0.192
Duncan Lockhart	LTI - Tranche 1	28 May 2024	8,016,868	(8,016,868)	–	0.022	0.120
	LTI - Tranche 2	28 Nov 2025	5,789,147	–	5,789,147	0.031	0.192
Christopher Thompson	LTI - Tranche 1	1 Jun 2025	9,473,684	–	9,473,684	0.0190	0.163
	LTI - Tranche 2	1 Dec 2026	6,642,066	–	6,642,066	0.0271	0.260

Conditions for vesting of the performance rights include a) the Company's share price closing at or greater than the Target Price for 20 consecutive trading days by Vesting Close Date and, b) continued employment at time of vesting.

Additional information

The earnings of the Consolidated Entity for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Profit/(loss) after income tax	3,259,760	(1,001,999)	6,332,812	(1,398,123)	(2,157,906)

The factors that are considered to affect total shareholder return are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Share price at financial year end	0.03	0.07	0.08	0.02	0.01
Basic earnings (cents per share)	0.10	(0.03)	0.24	(0.06)	(0.11)

Remuneration Report (audited)

continued

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out on the next page:

	Balance at the start of the year	Exercise of performance rights/options	Additions	Disposals/ Other	Balance at the end of the year
Ordinary shares					
Andrew Purcell	234,626,097	–	1,974,000	–	236,600,097
Michael Sandy	6,300,000	–	–	–	6,300,000
Peter Stickland	13,827,419	–	–	–	13,827,419
Uno Makotsvana	200,000	–	800,000	–	1,000,000
Christopher Thompson	–	–	100,000	–	100,000
	254,953,516	–	2,874,000	–	257,827,516

Option holding

There were no options holdings held and no movements during the financial year ended 30 June 2024.

Performance Rights Holding

2024	Balance at the start of the year	Granted	Exercised	Other Changes	Balance at the end of the year	Vested and exercisable	Unvested
Performance rights over ordinary shares							
U. Makotsvana	12,233,178	–	–	(7,103,554)	5,129,624	–	5,129,624
D. Lockhart	13,806,015	–	–	(8,016,868)	5,789,147	–	5,789,147
C. Thompson	–	16,115,750	–	–	16,115,750	–	16,115,750
	26,039,193	16,115,750	–	(15,120,422)	27,034,521	–	27,034,521

This concludes the Remuneration Report, which has been audited.

Indemnity and insurance of officers or Auditors

The Group has in place a contract insuring the directors, the company secretary and all executive officers of the Group and any related body corporate against a liability incurred by a director, company secretary or executive officers to the extent permitted by the *Corporations Act 2001*.

The Group has indemnified the directors, the company secretary and all executive officers of the Group for costs incurred, in their capacity as officers of the Group, for which they may be held personally liable, except where there is a lack of good faith.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to the auditors of the Group or any related entities against a liability incurred by the auditors.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 22 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 22 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former Directors of MNSA

There are no officers of the Company who are former Directors of MNSA.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Auditor

MNSA continues in office in accordance with section 327 of the *Corporations Act 2001* (Cth).

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th edition. A copy of the company's Corporate Governance Statement is available at the company's website at the following address: <https://www.melbana.com/site/About-Us/Corporate-governance>.

ESG Report

The Company is committed to improving the lives of our employees and the communities in which we operate, as well as striving to have our operations benefit all of our stakeholders. Our field operations are conducted in accordance with international best practice, regardless of whether this is of a higher standard than what local regulations or practice require in the countries where we operate. We also prioritise the hiring of suitably qualified people from the countries in which we operate so as to transfer financial and educational benefits to local communities and to show, by example, the emphasis we place on healthy, safe and diverse workplaces and protection of the environment. Our goal is to build sustainable operations that enhance the lives of our stakeholders, including staff, customers, communities and shareholders.

Governance and Risk

Risk Identification and Management

The Company recognises that the management of risk is a critical component in achieving its purpose of delivering growth in shareholder value. The Company has a framework to identify, understand, manage and report risks. As specified in its Board Charter, the Board has responsibility for overseeing the Company’s risk management framework and monitoring its material business risks. The Board continues to be committed to embedding risk management practices to support the achievement of business objectives. As such the Board has established the Audit and Risk Committee which is responsibility for reviewing and overseeing the risk management strategy of the Group and for ensuring it has an appropriate corporate governance structure. The Board discusses with management and the external auditors at least bi-annually:

- Internal controls systems;
- Policies and procedures to assess, monitor, and manage business, economic, environmental and social sustainability risks;
- Insurance program having regard to the insurable risks and the cost of this cover; and
- Legal and regulatory compliance programs.

As part of the Company’s risk management structure, risk registers are maintained and reported to the Audit and Risk Committee periodically and at least annually, detailing likelihood and severity of risks occurring. Management undertakes a review of its insurable risks each year in order to fully consider potential impacts and how they are financed in terms of limits and scope under the Company’s insurance program.

The Company’s material exposures to risk, and how the Company responds and manages these risks, is detailed below.

Material Risks	Risk Management Approach
Cuba Country Risks The Company’s main operations currently are in Cuba. As a result, Melbana is exposed to the political, economic, environmental and other risks and uncertainties associated with operating there. Cuba is currently subject to sanctions imposed by the United States and while they remain in place, access to equipment and personnel of United States origin in support of operations in Cuba is restricted. These sanctions also restrict access to the project financing, banking and insurance markets of the United States and may also impact the Company’s ability to sell and transport abroad to the United States any oil discovered there.	<p>The United States is the only country that maintains sanctions against Cuba, and these only apply to people and corporations subject to the laws of the United States. The Company is domiciled in Australia and is therefore not subject these sanctions. Australia does not have sanctions against Cuba.</p> <p>To ensure it does not fall within the scope of the United States’ sanctions against Cuba, the Company has structured its international banking, operations and insurance relationships in countries other than the United States. These countries also afford the Company an avenue to sell and transport any oil that will be produced in the future.</p> <p>In relation to its Cuban operations, the Company also does not transact with United States individuals or corporations, source or use prohibited goods originating or manufactured in the United States or conduct any transaction in United States Dollars.</p> <p>The Company monitors the country risk of operating in Cuba and keeps appraised of the status of the United States’ Cuba sanctions.</p>
Permits and Tenure Risks All licences, permits and production sharing contracts in which the Company has interests are subject to renewal and completion of minimum work conditions which will be at the discretion of relevant organs of government in the countries in which it operates. The maintenance of licences and permits, obtaining renewals or getting licences and permits granted often depends on the Company being successful in obtaining required statutory approvals for proposed activities and/or satisfying the various financial obligations associated with the ongoing maintenance of such licences and permits, amongst other obligations.	<p>The Company actively monitors the obligations in all its licenses, permits and production sharing contracts. There is in place an established process to determine whether licenses and permits are retained, extended, or surrendered after considering the overall value of the license or permit to the Company’s portfolio as a whole and therefore decide whether capital should be allocated to those permits.</p>

Material Risks

Joint Operations Risk

The Company is party to a joint operation arrangement and may enter into further joint operations. Although The Company has sought, and will seek, to protect its interests, existing and future joint operations necessarily involve special risks, including but not limited to inconsistent goals with joint operations partners and potential reputational risk by association to a partner.

Funding Risks

The oil and gas industry is a capital-intensive industry with regulator mandated minimum work program obligations and financial support for those. There can be no assurances that all the Company's future business activities will in fact be met without future borrowings or further capital raisings, and whether such funding will be available and on terms favourable to The Company.

Exploration Risks

Development of the Company's petroleum exploration permits is contingent upon securing funding and obtaining satisfactory exploration results. Petroleum exploration and development is expensive and risky, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate.

Reserves and Resources Risks

Estimates of Reserves, Contingent Resources and Prospective Resources are based on limited sampling, are not precise and no assurance can be given that these reserves or resources will be recovered during production.

Production estimates, in addition to being dependent on the above reserve and resource estimates and the risks associated therewith, are further reliant on, among other things, recovery rates.

Climate Change Risks

Increasing regulations and costs associated with the identification, management and reduction of the Company's environmental footprint, along with potential disruption to field operations, are the principal risks associated with public concerns regarding the potential for significant climate change.

Cyber Risks

Cyber risk encompasses the possibility of data breaches, ransomware, hacking, and other cyber incidents that can result in financial losses, reputational damage, privacy breaches, and disruptions to critical infrastructure. Cyber incidents reparatory costs may impact profitability.

Risk Management Approach

The Company has a clearly structured process of contracting with third parties. In addition, The Company will only participate in joint operations where it has a real influence in the operation and is not a dormant partner. The existing Joint Operation the company is the operator and therefore drives execution and oversight of the joint operation.

All future Joint operations will continue to be structured in a manner that ensures an appropriate level of control and direction.

The Company is currently in discussions with several potential new partners and credit providers who have demonstrated interest in participating in the development of Block 9. The Company remains appropriately capitalised to fund its corporate costs as it works to secure the additional funding required for the development of the field.

The Company manages its capital structure and requirements actively and may issue additional equity securities, raise debt or other financing solutions to fund future work program obligations, at the best possible terms.

The Company's corporate strategy has defined limits for how much risk it will assume from any one single exploration activity on a sole risk basis, beyond which it will bring in partners to participate in the exploration.

This capital allocation discipline combined with best-in-class technical expertise and resources is the most practical mitigant to this risk.

The Company has a Reserves Committee that is responsible for establishing and reviewing reserve and resource estimates for the Company's portfolio of prospects. The members of this Committee, and the Company's geoscientists that prepare estimates for this Committee, are experienced professionals with suitable formal qualifications and decades of relevant experience in the oil and gas sector preparing such estimates in accordance with relevant international norms and standards. The recommendations of this Committee are overseen at Board level by competent persons and, where appropriate, independent external certifiers are used to review internal estimates.

The objective of the Company's environmental policy is to minimise the environmental impact of its operations. The Company actively pursues initiatives to minimise waste, spills and emissions to optimise environmental and economic benefits.

The Company also carefully monitors emerging weather conditions that have the potential to impact its field operations and has formal protocols for the securing of site equipment and the safety of its personnel.

The Company does not have any material exposure to cyber risk. Procedures are in place for bank account details on all invoices to be manually checked and confirmed with recipients before any payments are paid. In the case of material banking transactions (cash management and payments to third parties inclusive), multiple signatories are required to authorise payments, all of whom have to satisfy two factor authentication.

Governance and Risk

Notes regarding Contingent and Prospective resource estimates

1. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The information that relates to Prospective Resources for Melbana is based on, and fairly represents, information and supporting documentation compiled by Peter Stickland, a Director of Melbana. Mr Stickland B.Sc. (Hons) has over 30 years of relevant experience, is a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, and consents to the publication of the resource assessments contained herein. The Prospective Resource estimates are consistent with the definitions of hydrocarbon resources that appear in the Listing Rules.
3. Total Liquids = oil + condensate
4. 6 Bcf gas equals 1 MMboe; 1 MMbbl condensate equals 1 MMboe
5. Melbana's share can be derived by pro-rating the resource ranges by its percentage equity

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors



Andrew Purcell

Executive Chairman

27 September 2024

Auditor's Independence Declaration

Sydney | Melbourne | Canberra



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MELBANA ENERGY LIMITED AND CONTROLLED ENTITIES ABN 43 066 447 952

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Melbana Energy Limited and controlled entities.

As the auditor for the audit of the financial report of Melbana Energy Limited and controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 27th of September 2024

MNSA Pty Ltd
ABN 59 133 605 400

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Liability limited by the
Accountants Scheme,
approved under the
Professional Standards
Act 1994 (NSW)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

	Note	30-June-24 \$	30-June-23 \$
Other income	5	7,894,246	2,595,344
Interest income		553,790	626,777
Expenses			
Consultants fees and expenses		(1,150,053)	(723,342)
Employee benefits expenses		(1,406,743)	(1,846,556)
Administration and other expenses		(687,535)	(298,960)
Audit, tax and other compliance related costs		(136,874)	(214,568)
Securities exchange, share registry and reporting costs		(237,516)	(194,707)
Operating lease and outgoing expenses		(134,726)	(104,105)
Investor relations and corporate promotions costs		(66,828)	(54,981)
Travel costs		(224,620)	(95,640)
Depreciation expense		(135,476)	(125,642)
Share Based Payment Expense		(552,807)	(404,684)
Tenement application and other related expenses		–	(88,348)
Foreign exchange loss		(98,692)	241,120
Finance costs	6	(356,406)	(313,707)
Profit/(loss) before income tax expense		3,259,760	(1,001,999)
Income tax expense	7	–	–
Profit/(loss) after income tax expense for the year attributable to the owners of Melbana Energy Limited		3,259,760	(1,001,999)
Other comprehensive incomes			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Profit/(loss) on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		–	–
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(873,993)	555,567
Other comprehensive income/(loss) for the year, net of tax		(873,993)	555,567
Total comprehensive income/(loss) for the year attributable to the owners of Melbana Energy Limited		2,385,767	(446,432)
		Cents	Cents
Basic earnings per share	30	0.10	(0.03)
Diluted earnings per share	30	0.10	(0.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

as at 30 June 2024

	Note	30-June-24 \$	30-June-23 \$
Assets			
Current assets			
Cash and cash equivalents	8	12,322,890	34,976,625
Other receivables	9	7,038,319	3,946,949
Other financial assets	10	–	150,000
Receivables from Joint Operations	16	31,967,395	–
Total current assets		51,328,604	39,073,574
Non-current assets			
Right-of-Use Asset	11	–	128,326
Deposits		125,916	153,707
Exploration and evaluation	12	44,894,829	18,850,629
Total non-current assets		45,020,745	19,132,662
Total assets		96,349,349	58,206,236
Liabilities			
Current liabilities			
Trade and other payables	13	19,136,475	4,499,717
Lease liabilities	14	–	130,824
Provisions	15	727,756	380,971
Advances to Joint Operations	16	–	202,130
Contract Liabilities	16	20,553,950	–
Total current liabilities		40,418,181	5,213,642
Total liabilities		40,418,181	5,213,642
Net assets		55,931,168	52,992,594
Equity			
Issued capital	17	320,473,026	320,473,026
Reserves	18	(445,243)	145,732
Accumulated losses		(264,096,615)	(267,626,164)
Total equity		55,931,168	52,992,594

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

	Issued Capital \$	Share based payment reserve \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	303,177,819	1,453,859	(814,519)	(266,644,897)	37,172,262
Loss after income tax expense for the year	–	–	–	(1,001,999)	(1,001,999)
Total comprehensive income for the year, net of tax	–	–	–	(1,001,999)	(1,001,999)
Exercise of Options	17,295,207	(1,433,127)	–	–	15,862,080
Expiry of Options	–	(20,732)	–	20,732	–
Issue of performance rights	–	404,684	–	–	404,684
Foreign Currency Translation Reserve	–	–	555,567	–	555,567
Balance at 30 June 2023	320,473,026	404,684	(258,952)	(267,626,164)	52,992,594
	Issued Capital \$	Share based payment reserve \$	Other reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	320,473,026	404,684	(258,952)	(267,626,164)	52,992,594
Profit after income tax expense for the year	–	–	–	3,259,760	3,259,760
Total comprehensive income for the year, net of tax	–	–	–	3,259,760	3,259,760
Issue of performance rights	–	977,638	–	–	977,638
Performance Rights Lapsed	–	(694,620)	–	269,789	(424,831)
Foreign Currency Translation Reserve	–	–	(873,993)	–	(873,993)
Balance at 30 June 2024	320,473,026	687,702	(1,132,945)	(264,096,615)	55,931,168

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

for the year ended 30 June 2024

	Note	30-June-24 \$	30-June-23 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,670,961)	(3,036,669)
Exploration and evaluation		–	(88,348)
Interest paid		–	(1,059)
Net cash used in operating activities	29	(3,670,961)	(3,126,076)
Cash flows from investing activities			
Payments for property, plant and equipment		(7,150)	(21,998)
Payments for exploration and evaluation		(65,925,888)	(45,858,329)
Interest Received		634,631	504,260
Proceeds from Joint Operations		46,632,398	32,012,319
Net cash used in investing activities		(18,666,009)	(13,363,748)
Cash flows from financing activities			
Proceeds from exercise of options		–	15,766,348
Net cash provided by financing activities		–	15,766,348
Net decrease in cash and cash equivalents		(22,336,970)	(723,476)
Cash and cash equivalents at the beginning of the financial year		34,976,625	35,570,347
Effects of exchange rate changes on cash and cash equivalents		(316,765)	129,754
Cash and cash equivalents at the end of the financial year	8	12,322,890	34,976,625

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 1. General information

The financial statements cover Melbana Energy Limited as a Consolidated Entity consisting of Melbana Energy Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Melbana Energy Limited's functional and presentation currency.

Melbana Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are disclosed on the Corporate Summary accompanying these financial statements.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The financial report has been prepared on the going concern basis, which assumes that the Consolidated Entity will be able to discharge its liabilities.

At 30 June 2024, the Consolidated Entity:

- had, for the financial year ending on that date, incurred a net profit after tax of \$3,259,760 (2023: loss of \$1,001,999);
- had, for the financial year ending on that date, net cash outflows from operating, investing and financing activities of \$22,336,970 (2023: outflows of \$723,476);
- had cash and cash equivalents of \$12,322,890 (2023: \$34,976,625); and
- had a net working capital position of \$10,910,423 (2023: 33,859,932)

The Consolidated Entity is involved in the exploration and evaluation of oil and gas tenements. Further expenditure will be required on these tenements to ascertain whether they contain economically recoverable reserves. The cash reserves as at 30 June 2024 may not be sufficient to meet the Consolidated Entity's planned exploration, field evaluation and field development commitments and activities for the 12 months from the date of this report. To meet its funding requirements the Consolidated Entity will rely on taking appropriate steps, including:

- Continuing to advance discussions with potential new partners and credit providers who have demonstrated interest in participating in the development of Block 9
- Sale of its entitlement to oil production, subject to the regulator accepting contemplated declaration of commerciality
- Raising capital by one or a combination of the following: placement of shares, pro-rata issue to shareholders, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permit may be surrendered or cancelled; or
- Other avenue that may be available to the Consolidated Entity.

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the event these steps do not provide sufficient funds to meet the Consolidated Entity's exploration commitments, the interest in some or all of the Consolidated Entity's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having assessed the potential uncertainties relating to the Consolidated Entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policy information adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Melbana Energy Limited ('Company' or 'Parent') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Melbana Energy Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 2. Significant accounting policies (continued)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred at fair value;
- (ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and
- (iii) the acquisition-date fair value of any previously held equity interest;

over the acquisition-date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition-date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9: Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the Parent Entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at exchange rates on the date of transaction; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position and allocated to non-controlling interest where relevant. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Revenue recognition

The Consolidated Entity recognises revenue as follows:

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grants

Government grants are recognised in the financial statements at expected values or actual cash received when there is a reasonable assurance that the Consolidated Entity will comply with the requirements and that the grant will be received.

Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 2. Significant accounting policies (continued)

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

To the extent that uncertainty exists as it relates to the acceptability by a taxing authority of the company's tax treatments, the company estimates the probability of acceptance by the taxing authority and, where acceptance is not probable, recognises the expected value of the uncertainty in either income tax expense or other comprehensive income, as appropriate.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Melbana Energy Limited. The members of the tax-consolidated Group are identified in Note 26. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax-consolidated Group in accordance with the arrangement.

Financial Instruments

(i) Trade Receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Consolidated Entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in (ii) below.

(ii) Allowance for expected credit loss

The Consolidated Entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(iii) Trade and other payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 2. Significant accounting policies (continued)

(iv) Loans and borrowings

Loans and borrowings are recognised initially at fair value, being the consideration received, less directly attributable transaction costs, with subsequent measurement at amortised cost using the effective interest rate method. Any gains or losses arising from non-substantial modifications are recognised immediately in the statement of profit and loss and the financial liability continues to amortise using the original effective interest rate. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to assets, and obligations for the liabilities of the joint arrangement. Joint control is the contractual agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Consolidated Entity accounts for its share of the joint operation assets, and liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurs in relation to its interest in the joint operation.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Subsequent measurement of financial assets at fair value through other comprehensive income

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Consolidated Entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Consolidated Entity elected to classify irrevocably its listed equity investment under this category.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income (only debt instruments, not equity instruments). The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income (only debt instruments, not equity instruments), the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all plant and equipment including capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements. The expected useful lives of the Consolidated Group's plant and equipment range from 3 to 15 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Exploration and evaluation assets

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Note 2. Significant accounting policies (continued)

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Farm-outs

- The Consolidated Entity will not record any expenditure made by the farm-in partner on its behalf;
- The Consolidated Entity will not recognise a gain or loss on the farm-out arrangement but rather will redesignate any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration to be received will be credited against costs previously capitalised in relation to the whole interest with any excess to be accounted for by the Consolidated Entity as gain on disposal.

Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 2. Significant accounting policies (continued)

Interest in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 2. Significant accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Issued capital

Ordinary shares are classified as equity and paid-up capital is recognised at the fair value of the consideration received by the Consolidated Entity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Melbana Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management basis its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation costs

Exploration and evaluation costs are accumulated separately for each area of interest and carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development or sale; or
- exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure.

In the judgement of the Directors, at 30 June 2024 exploration activities in Cuba Block 9 has not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to Cuba Block 9 is continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Consolidated Entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

The Consolidated Entity operates in the petroleum exploration industry within Australia and Cuba.

The Board of Directors currently receive regular consolidated cash flow information as well as Consolidated Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Board does not currently receive segmented Statement of Financial Position and Statement of Comprehensive Income information. The Board manages exploration activities of each permit area through review and approval of budgets, joint venture cash calls and other operational information. Information regarding exploration expenditure capitalised for each area is contained in Note 12.

Note 5. Other income

	30-June-24 \$	30-June-23 \$
Operator's indirect expenses charge	1,038,019	2,595,344
Operator charges to Joint Operating Partner – no fault cost overruns	6,856,227	–
Other income	7,894,246	2,595,344

Other income is recognised when it is received or when the right to receive payment is established.

Note 6. Finance costs

	30-June-24 \$	30-June-23 \$
Bank's fees	356,406	312,648
Interest expense	–	1,059
Finance Costs	356,406	313,707

Note 7. Income tax expense

	30-June-24 \$	30-June-23 \$
Numerical reconciliation of income tax expense and tax at statutory rate Loss before income tax expense	3,259,760	(1,001,999)
Tax at the statutory tax rate of 25%	814,940	(250,500)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable non-exempt income	–	–
Other non-deductible expenditure	–	–
	814,940	(250,500)
Tax Losses not brought to account	–	250,500
Utilisation of prior year Tax Losses not brought to account	(814,940)	–
Interest tax expense	–	–
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	183,960,547	187,220,307
Potential tax benefit of 25%	45,990,137	46,805,077

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 8. Cash and cash equivalents

	30-June-24 \$	30-June-23 \$
Current assets		
Cash and cash equivalents	12,322,890	34,976,625

Note 9. Other receivables

	30-June-24 \$	30-June-23 \$
Current assets		
Trade debtors	6,671,414	2,631,741
Other receivables	41,543	176,869
Prepayments	267,482	1,056,542
GST receivable	57,880	81,797
Receivables	7,038,319	3,946,949

Note 10. Other financial assets

	30-June-24 \$	30-June-23 \$
Current assets		
Term deposits	–	150,000

Term deposits represent a term deposit that was in place as security against a corporate credit card facility. The corporate card facility secured by the term deposit is no longer in place and therefore the term deposit matured.

Note 11. Right-of-Use Asset

	30-June-24 \$	30-June-23 \$
Non-current assets		
Office space – right-of-use	323,027	323,027
Less: accumulated depreciation	(323,027)	(194,701)
	–	128,326

Note 12. Exploration and evaluation

	Consolidated	
	30-June-24 \$	30-June-23 \$
Exploration and evaluation Block 9 Cuba – at cost	44,894,829	18,850,629

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Block 9 \$	NT/P87 \$	WA-544-P \$	AC/P70 \$	Total \$
Balance at 1 July 2022	9,246,663	338,282	153,485	971,332	10,709,762
Additions	7,783,306	91,810	133,188	132,563	8,140,867
Disposals	–	–	–	–	–
Balance at 30 June 2023	17,029,969	430,092	286,673	1,103,895	18,850,629
Additions	24,778,336	89,795	111,841	1,064,228	26,044,200
Disposals	–	–	–	–	–
Balance at 30 June 2024	41,808,305	519,887	398,514	2,168,123	44,894,829

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 30 June 2024 exploration activities in each area of interest, where costs are carried forward, have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are continuing and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved. The Directors are continually monitoring the areas of interest and are exploring alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed.

A review of the Consolidated Entity's exploration licenses was undertaken during the financial year and based on the review management identified no impairment indicators on Block 9. Further information on operating activities and development are included in the Directors' report.

Note 13. Trade and other payables

Refer to Note 20 for further information.

	30-June-24 \$	30-June-23 \$
Accounts payable	15,552,586	4,149,766
Other payables	3,583,889	349,951
	19,136,475	4,499,717

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 14. Lease Liabilities

	30-June-24 \$	30-June-23 \$
Current liabilities		
Lease Liability	–	130,824
Reconciliation		
Balance as at 1 July	130,824	–
Additions (New Lease for Sydney Office)	–	231,970
Interest	–	11,467
Repayments	(130,824)	(112,613)
Balance as at 30 June	–	130,824

Note 15. Provisions

	30-June-24 \$	30-June-23 \$
Current liabilities		
Annual leave	314,966	219,649
Personal leave	173,564	–
Long service leave	239,226	161,322
	727,756	380,971

Note 16. Receivables from/Advances to Joint Operations

	30-June-24 \$	30-June-23 \$
Current assets		
Receivables from Joint Operations	31,967,395	–
Current liabilities		
Advances to Joint Operations	–	202,130
Contract Liabilities	20,553,950	–

Receivables from Joint Operating partner are funds called from Sonangol Pesquisa E Produção S.A (Sonangol) by the Company as the operator for the Block 9 drilling program as per the Farm-In Agreement (FIA) which was executed on 25 May 2020. Refer to Note 27 to the financial statements and Directors' report for further information on the arrangement.

Contract Liabilities represent funds called from the Joint Operating partner for portions of the work program that are yet to be performed.

Note 17. Issued capital

Movements in ordinary share capital

	30-June-24 No.	30-June-23 No.	30-June-24 \$	30-June-23 \$
Ordinary shares – fully paid	3,370,204,104	3,370,204,104	320,473,026	320,473,026

	Date	Shares	Weighted Average Issue Price	\$
Opening balance	1 Jul 23	3,370,204,104	0.095	320,473,026
Closing balance	30 Jun 24	3,370,204,104		320,473,026

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share issue costs

Incremental costs directly attributable to the issue of new shares or options, including transactional costs and fees payable to relevant service providers, are shown in equity as a deduction, net of tax, from the proceeds.

Share buy-back

There is no current on-market share buy-back.

Shares under options

During the reporting period nil shares were issued due to exercise of listed options. There were no share options outstanding at 30 June 2024: (2023: Nil).

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to grow its existing businesses.

The Consolidated Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2023 Annual Report.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 18. Reserves

	30-June-24 \$	30-June-23 \$
Share-based payments reserve	687,702	404,684
Foreign Currency Translation	(1,132,945)	(258,952)
	(445,243)	145,732

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Information relating to the Consolidated Entity's details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in the Consolidated statement of changes in equity on page 40.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payment reserve \$	Foreign currency reserve \$	Total \$
Balance at 1 July 2022	1,453,859	(814,519)	639,340
Share Options Exercised	(1,433,127)	–	(1,433,127)
Share Options Expired	(20,732)	–	(20,732)
Performance Rights Issued	404,684	–	404,684
Foreign Currency Translation Reserve	–	555,567	555,567
Balance at 30 June 2023	404,684	(258,952)	145,732
Performance Rights Issued	977,638	–	977,638
Performance Rights Lapsed	(694,620)	–	(694,620)
Foreign Currency Translation Reserve	–	(873,993)	(873,993)
Balance at 30 June 2024	687,702	(1,132,945)	(445,243)

Note 19. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 20. Financial instruments

Financial risk management objectives

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits, the main purpose of which is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations and, as at 30 June 2024. The main risks arising from the Consolidated Entity's financial instruments are credit risk, interest rate risk, exchange rate risk and liquidity risk. The Board of Directors has reviewed each of those risks and has determined that, overall, they are not significant in terms of the Consolidated Entity's current activities. The Consolidated Entity may also enter into derivative financial instruments, principally forward currency contracts. The purpose is to manage the currency risks arising from the Consolidated Entity's operations. Speculative trading in derivatives is not permitted. There are no derivatives outstanding at 30 June 2024 (2023: \$nil).

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the consolidated financial statements.

Market risk

Foreign currency risk

Generally, the Consolidated Entity's main exposure to exchange rate risk relates primarily to trade payables and cash denominated in EUR, arising in relation to its activities in Cuba. Where a payable is significant, EUR may be purchased on incurring the liability or commitment.

The Consolidated Entity's exposure to unhedged financial assets and liabilities at balance date is as follows:

	30-June-24 \$	30-June-23 \$
USD Financial assets		
Cash on hand at bank	5,521,964	6,610,978
USD Financial liabilities		
Payables	88,548	–
EUR Financial assets		
Cash on hand at bank	1,704,258	9,841,314
EUR Financial liabilities		
Payables	7,774,468	1,383,479
CAD Financial liabilities		
Payables	3,606,108	1,431,031

The Consolidated Entity had net liabilities denominated in foreign currencies as at 30 June 2024 of \$5,556,384 (2023: net assets of \$22,212,898). Based on this exposure, had the Australian dollar strengthened by 10% / weakened by 10% (2023: strengthened by 10% and weakened by 10%) against these foreign currencies with all other variables held constant, the Consolidated Entity's profit before tax for the year would have been \$505,126 higher and \$617,376 lower (2023: \$2,019,355 higher / \$2,468,099 lower) and equity would have been \$505,126 higher / \$617,376, lower 2023: (\$2,019,355 lower / \$2,468,099 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months and the spot rate at each reporting date.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 20. Financial instruments (continued)

An analysis of the exchange rate sensitivity by foreign currency is as follows:

	AUD strengthened			AUD weakened		
	Change	Effect on profit before tax	Effect on equity	Change	Effect on profit before tax	Effect on equity
30-Jun-24						
USD net financial assets/liabilities	10%	(740,522)	740,522	10%	905,083	(905,083)
EUR net financial assets/liabilities	10%	886,315	(886,315)	10%	(1,083,274)	1,083,274
CAD net financial assets/liabilities	10%	359,333	(359,333)	10%	(439,185)	439,185
Cash on hand at bank		505,126	(505,126)		(617,376)	617,376

	AUD strengthened			AUD weakened		
	Change	Effect on profit before tax	Effect on equity	Change	Effect on profit before tax	Effect on equity
30-Jun-23						
USD net financial assets/liabilities	10%	(906,483)	906,483	10%	1,107,923	(1,107,923)
EUR net financial assets/liabilities	10%	(1,261,204)	1,261,204	10%	1,541,471	(1,541,471)
CAD net financial assets/liabilities	10%	148,332	(148,332)	10%	(181,295)	181,295
Cash on hand at bank		(2,019,355)	2,019,355		2,468,099	(2,468,099)

Interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's cash and cash equivalents with a floating interest rate. Short term deposits are made for varying periods depending on the immediate cash requirements of the Consolidated Entity and earn interest at the respective short term deposit rates.

Taking into account the current cash balance and prevailing interest rates, a +/- 1.0% movement from the year-end Australian interest rates will not have a material impact on the profit or loss and cash balances of the Consolidated Entity.

Credit risk

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Consolidated Entity trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the results being that the Consolidated Entity's exposure to bad debts is not significant.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. No collateral is held as security. Exposure at balance date is the carrying value as disclosed in each applicable note.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 20. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NON-DERIVATIVE FINANCIAL LIABILITIES

	Average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
30-Jun-24						
Trade/other payables		19,136,475	–	–	–	19,136,475
Total		19,136,475	–	–	–	19,136,475

	Average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
30-Jun-23						
Lease Liabilities		130,824	–	–	–	130,824
Trade/other payables		4,499,717	–	–	–	4,499,717
Total		4,630,541	–	–	–	4,630,541

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. Where appropriate, the fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 21. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	30-June-24 \$	30-June-23 \$
Short-term employee benefits	1,884,739	1,335,671
Post-employment benefits	120,534	98,744
	2,005,273	1,434,415

A percentage of the fixed remuneration of the Key Management personnel is allocated to the exploration assets based on the percentage of time written to each exploration project by each individual.

During the financial year the directors have reviewed the composition of Key Management Personnel (KMP) in view of the changing business against the definition of KMP. They determined that based on their responsibilities Errol Johnstone and Dean Johnstone previously disclosed as KMP do not fall within that definition.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by MNSA, the auditor of the Company:

	30-June-24 \$	30-June-23 \$
Audit services		
Audit or review of the financial statements	49,137	41,750
	49,137	41,750

Note 23. Commitments

Guarantee

The Consolidated Entity has provided no guarantees (2023: nil) at 30 June 2024.

Exploration Commitments

In order to maintain rights of tenure to petroleum exploration tenements, the Consolidated Entity has minimum exploration requirements to fulfil. These requirements are not provided for in the financial statements. If the Consolidated Entity decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the Statement of financial position may require review in order to determine the appropriateness of carrying values. There are no commitments for exploration expenditure on Australian permits over the next fiscal year.

The Company has met all of its exploration commitments for the current exploration sub-period in Block 9 PSC. The next exploration sub-period has a commitment of two exploration wells but this has been informally agreed to be amended to a workover of the Unit 1B completion in Alameda-2 plus one firm well and one optional well. The Company's share of the approved Work Plan and Budget for the coming year is AU\$19m.

For Australian exploration permits in the jurisdiction of the Commonwealth of Australia, the first three-years of a work program are referred to as the primary term. The work program is guaranteed and cannot be reduced. Later years (4, 5 and 6) are referred to as the secondary term and the work program for each year becomes guaranteed upon entry to that year. Whilst failure to complete a guaranteed work program does not result in a financial penalty, it is grounds for cancellation of the permit. Further, the default may be considered by the Regulator in relation to future interactions with the defaulting party for a period of 5 years.

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

In November 2020 the Company was awarded petroleum exploration permits as a result of applications it had made under the Australian Government's 2019 Offshore Petroleum Exploration Acreage Release. These permits, designated as WA-544-P and NT/P87, were awarded for an initial period of six years each with work commitments consisting of reprocessing and various studies in their primary terms (years 1 to 3). The Company may withdraw from the permits prior to entering their secondary terms, which contain more material expenditure commitments.

These permits lie adjacent to WA-488-P and allow the Company to build on the knowledge it has gained in that permit area to pursue other leads in this expanded area. Melbana retains a 100% interest in the adjacent permit areas WA-544-P and NT-P87, which contain the undeveloped oil discoveries Turtle and Barnett. Melbana has recently completed the initial phase of geoscientific studies on this property and there is no obligation to perform any additional studies in the coming financial year.

AC/P70 (Melbana 100%)

On 16 February 2022, the Company announced that it had been granted petroleum exploration permit AC/P70, located in the Territory of Ashmore and Cartier Islands, for an initial period of six years. Melbana made this application for this permit under the Australian Government's 2020 Offshore Petroleum Exploration Acreage Release.

During the first three years of the licence period, the Company must undertake the following activities:

- Licence, reprocess and interpret available seismic survey data
- Drill an exploration well

The Company has recently completed the licensing and reprocessing of available seismic data on this title. There is no immediate commitment to drill any wells due to an extension of the subperiod that was granted by the regulator during the financial year. A farm-in exercise is currently underway to have another participant when the exploration well commitments fall due.

Note 23. Commitments (continued)

Cuba Block 9 (Melbana 30%)

In September 2015, Melbana executed the Block 9 Production Sharing Contract (PSC) with the national oil company of Cuba, *Unión Cuba-Petróleo* (CUPET). The exploration period of the Block 9 PSC is split into four sub-periods with withdrawal options at the end of each sub-period. The Company is currently in the third exploration subperiod, for which all work commitments have been met. The Company has elected to enter the fourth exploration sub-period.

There is an approved work program for the next twelve months, which form part of the development plan for Unit 1B the principal work commitment for which is the drilling of two production wells (one firm, one optional) in the Amistad Structure. The approved work program has a firm and contingent component with the Company's share of the firm component amounting to AU\$19m.

There are no material commitments or contingencies other than as set out in this note.

Note 24. Related party transactions

Parent entity

Melbana Energy Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Key management personnel

Disclosures relating to key management personnel are set out in Note 21 and the remuneration report included in the Directors' report.

Transactions with related parties

None.

The following transactions occurred with related parties:

	30-June-24 \$	30-June-23 \$
Payments for consulting services	–	5,750
Payments for Drilling Supervision Services	–	67,924
	–	73,674

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans from or loans to related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Statement of profit or loss and other comprehensive income

	30-June-24 \$	30-June-23 \$
Loss after income tax	4,285,284	(1,140,487)
Total comprehensive income	4,285,284	(1,140,487)

Statement of financial position

	30-June-24 \$	30-June-23 \$
Total current assets	11,730,133	25,585,145
Total assets	48,655,015	47,529,981
Total current liabilities	163,430	2,311,412
Total liabilities	163,430	2,311,412
Equity		
Issued capital	320,473,026	320,473,026
Share-based payment reserve	687,702	404,684
Accumulated losses	(272,669,143)	(275,659,141)
Total equity	48,491,585	45,218,569

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities

As at 30 June 2024 the parent entity has a contingent liability of US\$225,000 to a third party related to the sale of permit WA-488-P should EOG Australia complete the drilling of an exploration well (currently advised to be drilled in 2024 or 2025) in that permit area. Future additional payments would be owed to this third party related to any future contingent cash and royalty payments the Consolidated Entity may receive.

As at 30 June 2024 the parent entity had no contingent liabilities other than that referred to in the paragraph above.

Capital commitments

Refer Note 23 to the financial statements for the details of the exploration commitments. The parent entity had no other capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 26. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

	Principal place of business / Country of incorporation	Ownership interest	
		30-June-24 %	30-June-23 %
Methanol Australia Pty Ltd	Australia	100	100
LNG Australia Pty Ltd	Australia	100	100
MEO International Pty Ltd	Australia	100	100
Finniss Offshore Exploration Pty Ltd	Australia	100	100
Melbana Operations Pty Ltd	Australia	100	100
Melbana Energy AC/P70 Pty Ltd	Australia	100	100
Melbana Exploration Pty Ltd	Australia	100	100
Melbana Energy Block 9 Pty Ltd	Australia	100	–
MAY Energia España SL	Spain	100	–
MAY Operaciones España SL	Spain	100	–

Note 27. Interest in Joint Operations

Name	Principal place of business / Country of incorporation
Block 9 PSC	Cuba

On 25 May 2020 the Consolidated Entity entered into a Farm-in Agreement (FIA) with Sonangol Pesquisa E Produção S.A (Sonangol). Under the terms of the FIA, Sonangol agreed to fund 85% of the cost of two exploration wells in Block 9 in return for receiving a 70% interest (Promote). The FIA provides Sonangol with a priority in recovery of the initial consideration it paid the Company (approximately equal to the Company's historic costs related to Block 9 at that point) and the Promote it agreed to pay for the initial two exploration wells. On 17 August 2020, the Company announced that formal Cuban regulatory approvals had been received for Sonangol to acquire this 70% interest.

Group Commitments and contingent liabilities

The work commitments for the current exploration sub-period of Block 9 were met in full by the drilling of the two exploration wells, Alameda-1 and Zapato-1. The next exploration sub-period (the fourth and final) has a work commitment of two production wells (one firm, one contingent) and the workover of the Unit 1B completion in Amistad-1. The Joint Operations have elected to enter the next sub-period and will therefore be required to meet this work commitment.

Melbana has met all of its expenditure commitments towards meeting primary term commitments for permits WA-544-P, NT/P87 and AC/P70 and there are no further commitments on these permits for the next fiscal year. The Company is currently exploring farm in partners for these permits to share the cost of future expenditure commitments.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2024

Note 28. Events after the reporting period

On 15 July 2024, the Company announced that a member of the Board of Directors, Michael Sandy, acquired 1,000,000 FPO shares, increasing his holding in the Company to 7,300,000 securities.

On 15 July 2024, the Company announced that a member of the Board of Directors, Peter Stickland, acquired 1,000,000 FPO shares, increasing his holding in the Company to 14,827,419 securities.

On 16 July 2024, the Company announced that a member of the Board of Directors, Andrew Purcell, acquired 4,500,000 FPO shares, increasing his holding in the Company to 241,100,097 securities.

On 31 July 2024, the Company announced the resignation of Cate Friedlander and appointment of Uno Makotsvana as Company Secretary.

On 11 September 2024 the Company announced the approval of the Block 9 Amistad Field Development stating that the Company remains on target to exporting its first trial cargo of oil by the end of calendar year 2024.

On 19 September 2024, the Company announced that one of its wholly owned subsidiaries had been granted petroleum exploration permit WA-552-P located offshore Western Australia in the Dampier Sub-basin of the Northern Carnarvon basin.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 29. Reconciliation of Profit/(Loss) after income tax to net cash used in operating activities

	30-June-24 \$	30-June-23 \$
Profit/(Loss) after income tax expense for the year	3,259,760	(1,001,999)
Adjustments for:		
Depreciation and amortisation	135,476	125,642
Share-based payments	552,807	404,684
Foreign exchange differences	98,692	597,808
<i>Change in operating assets and liabilities</i>		
(Increase) in other receivables	(3,880,430)	(1,620,742)
(Increase) in prepayments	(506,062)	(1,029,986)
(Decrease) in trade and other payables	(3,677,989)	(392,084)
Increase/(decrease) in provisions	346,785	(209,399)
Net cash used in operating activities	(3,670,961)	(3,126,076)

Note 30. Earnings per share

	30-June-24 \$	30-June-23 \$
Profit/(loss) after income tax attributable to the owners of Melbana Energy Limited	3,529,549	(1,001,999)
Weighted average number of ordinary shares used in calculating basic earnings per share	3,370,204,104	3,285,215,346
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,402,159,066	3,317,693,239
	Cents	Cents
Basic earnings per share	0.10	(0.03)
Diluted earnings per share	0.10	(0.03)

Note 31. New and Amended Accounting Policies Adopted by the Group

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2024 along with the adoption of AASB 2022-6. The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

Note 32. New and Amended Accounting Policies Not Yet Adopted by the Entity

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025 along with the adoption of AASB 2023-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7c defers the application of AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101: *Presentation of Financial Statements* to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure. The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

Consolidated Entity Disclosure Statement

30 June 2024

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

Entity Name	Body Corporate, partnership or trust	Place of Incorporation	% of share capital held directly or indirectly by the Company in the body corporate		Australian or Foreign tax resident (for tax purposes)	Jurisdiction for Foreign tax resident
			2024	2023		
Melbana Energy Limited	Body corporate	Australia	–	–	Australian	N/A
Methanol Australia Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
MEO International Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Exploration Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Operations Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
LNG Australia Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Finniss Offshore Exploration Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Energy AC/P70 Pty Ltd	Body corporate	Australia	100%	100%	Australian	N/A
Melbana Energy Block 9 Pty Ltd	Body corporate	Australia	100%	–	Australian	N/A
MAY Energía España SL	Body corporate	Spain	100%	–	Foreign	Spain
MAY Operaciones España SL	Body corporate	Spain	100%	–	Foreign	Spain

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, “Australian resident” has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency
The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes, and the Remuneration report contained in the accompanying Directors' report, comply with the *Corporations Act 2001*, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- In the Directors' opinion, the attached Consolidated Entity Disclosure Statement required by section 295(3A) of the *Corporation Act 2001* is true and correct.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors



Andrew Purcell
Executive Chairman

27 September 2024

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF MELBANA ENERGY LIMITED AND CONTROLLED ENTITIES ABN 43 066 447 952

Report on the Financial Report

Opinion

We have audited the financial report of Melbana Energy Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report also complies with the International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<i>Farm-out arrangement - Cuba Block 9</i> <p>As at 30 June 2024 the Group recognised a receivable of \$31,967,395 in relation to the Farm-out arrangement along with other receivables of \$6,671,414 from Sonangol. In addition, the Group received \$46,632,398 in cash payments as proceeds of the Farm-out arrangement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the recoverability of these balances and its impact to going concern assumptions.</p>	<p>During our audit, we analysed agreements in respect to the transactions, assessed internal reporting and substantiated transactions on a sample basis. We questioned management on treatment and challenged their assessment. Our audit included performing the following:</p> <ul style="list-style-type: none">• Assessed accounting treatment of significant transactions;• Reviewed disclosures within the financial report;• Reviewed mathematical accuracy of calculations.• Reviewed farm-out reporting and communication between Melbana and Sonangol;• Completed substantive tests of detail on expenditure incurred during the period; and• Reviewed subsequent receipts of receivables.

Independent Auditor's Report

continued

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Key Audit Matters (continued)

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<i>Exploration and evaluation assets</i>	
<p>As at 30 June 2024, the carrying value of exploration and evaluation assets was \$ 44,894,829.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>During our audit, we assessed management assumptions when capitalising exploration assets and reviewing for indicators of impairment. Our procedures included:</p> <ul style="list-style-type: none">• Reviewing managements reconciliation of capitalised exploration and evaluation expenditure and ensuring it agrees to the general ledger;• Assessing the impact of farm-out agreements including recovery of prior exploration expenditure in relation to Cuba Block 9;• Evaluating costs capitalised during the period and testing on a sample basis;• Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration areas;• Determining whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;• Assessing management judgement in impairment assessment; and• Reviewing the appropriateness of the related disclosures within the financial statements.

There were no restrictions on our reporting of Key Audit Matters.

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is a true and correct view in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free of material misstatement, whether due to fraud or error, and
- b) the consolidated entity disclosure statement that is a true and correct and is free of material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent Auditor's Report

continued

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Melbana Energy Limited and controlled entities for the year ended 30 June 2024 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA PTY LTD

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 27th of September 2024

Shareholder Information

as at 16 September 2024

The shareholder information set out below was applicable as at 16 September 2024.

Distribution of equity securities

Analysis of number of equity security holders by size of holding as at 16 September 2024.

Securities

FULLY PAID ORDINARY SHARES

Holdings Ranges	Holders	Total Units	%
1-1,000	131	13,063	0.0
1,001-5,000	130	468,276	0.0
5,001-10,000	1148	9,613,190	0.3
10,001-100,000	4269	171,472,949	5.1
100,001-9,999,999,999	2750	3,188,636,626	94.6
Totals	8,428	3,370,204,104	100.0

Securities

PERFORMANCE RIGHTS

Holdings Ranges	Holders	Total Units	%
1-1,000	–	–	0.00
1,001-5,000	–	–	0.00
5,001-10,000	–	–	0.00
10,001-100,000	–	–	0.00
100,001-9,999,999,999	11	55,742,171	100.00
Totals	11	55,742,171	100.00

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted fully paid ordinary shares are listed below:

Name/Address 1	Balance as at 16 September 2024	%
M&A ADVISORY PTY LTD <PURCELL FAMILY A/C>	241,100,097	7.15%
RIDDHI GROUP OF HOTELS PTY LTD	91,116,188	2.70%
MF MEDICAL PTY LTD	57,433,981	1.70%
TERRACE MANAGEMENT PTY LTD <TERRACE A/C>	36,466,284	1.08%
MR JASON MEINHARDT	35,888,888	1.06%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,516,467	0.99%
CITICORP NOMINEES PTY LIMITED	31,233,717	0.93%
FIVE ELEMENTS DESIGN PTY LTD <FIVE ELEMENTS DESIGN A/C>	30,000,000	0.89%
MR JONATHAN GORDON & MRS DANIELLE GORDON <ENERGY IN-VESTMENTS S/F A/C>	28,450,000	0.84%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	28,317,130	0.84%
MR JOHN OLDANI	28,111,111	0.83%
MR MATTHEW DEAN MARSHALL	27,832,695	0.83%
MS HONG NHUNG NGUYEN	25,806,133	0.77%
PSI CONSULTING PL <COGHILL FAMILY A/C>	25,518,548	0.76%
MISS ANITA TSANG & MR BRADLEY GARTH WRIGHT <ATBW INVEST-MENTS SF A/C>	22,928,947	0.68%
DR KONG JUNG AU YONG	21,135,142	0.63%
MR MICHAEL CULLING	20,918,022	0.62%
CROWN ENERGY INVESTMENTS PTY LTD <J O INVESTMENTS SF A/C>	19,200,111	0.57%
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	18,465,766	0.55%
TWINKLE CAPITAL PTY LTD	18,000,000	0.53%
Total Securities of Top 20 Holdings	841,439,227	27.95%
Total of Securities	3,370,204,104	

Less than marketable parcels of ordinary shares (UMP Shares)

The number of holders of less than a marketable parcel of ordinary shares based on the closing share price at 13 September 2024 (\$0.027) is as follows:

Total Shares	UMP Shares	UMP Holders	% of Issued shares held by UMP Holders
3,370,204,104	5,885,983	1,752	0.03%

Shareholder Information

continued

Substantial holders

Below are substantial holders of the Company, as disclosed in substantial holding notices given to the Company:

	Ordinary shares	
	Number held	% of total shares issued
M&A Advisory Pty Limited*	241,100,097	7.15%

* Holder has notified the Company that it manages the relevant shares and therefore has a relevant interest in those shares under section 608(1)(b) or (c) of the *Corporations Act 2001 (Cth)*.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and performance rights

Options and performance rights do not carry voting rights.

There are no other classes of equity securities.

Current on-market buy-back

There is no current on-market buy-back.

Glossary of Key Terms

Term	Meaning
API	American Petroleum Institute measure of oil quality
Barrel	One barrel of oil; 1 barrel = 35 imperial gallons (approx.) or 159 litres (ap-prox.); 7.5 barrels = 1 tonne (approximately, depending on the oil density); 6.29 barrels = 1 cubic metre.
BBL	Barrels
BCF	Billion cubic feet
BOE	Barrels of oil equivalent
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
CUPET	Cuba Petróleo Union, the State owned oil company of Cuba
cP	Centipoise
DST	Drill Stem Test – a procedure for testing the pressure and productive capacity of a geological formation.
ECP	External Casing Packer
EPT	Extended Production Test
FMI	Formation Microresistivity Imaging
M	Thousands
MM	Millions
Metres MD	Metres, Measured Depth
Metres TVD	Metres, Total Vertical Depth
MPLT	Memory Production Log Tool
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.
PSC	Production Sharing Contract
SGS	Static Gradient Survey
Sonangol	Sonangol Pesquisa E Produção S.A, the Angolan national oil company
TCF	Trillion cubic feet
Unrisked	Prior to taking into account the chance of discovery.
Contingent Resource	These are quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from known accumulations, but which are not currently considered commercial.

Corporate Directory

Directors

Andrew Purcell (Executive Chairman)
Michael Sandy (Non-Executive Director)
Peter Stickland (Non-Executive Director)

Company Secretary

Uno Makotsvana

Notice of Annual General Meeting

The Company will hold its Annual General Meeting of shareholders on 19 November 2024

Registered Office & Principal Place of Business

Mezzanine Floor
388 George Street
Sydney NSW 2000 Australia
Telephone +61 (0)2 8323 6600

Share Register

Boardroom Pty Limited
Level 8, 210 George Street
Sydney South NSW 2000
Telephone +61 1300 737 760

Auditor

MNSA Pty Ltd
Level 1, 283 George Street
Sydney, NSW 2000 Australia

Stock Exchange Listing

The securities of Melbana Energy Limited are listed on the Australian Securities Exchange, ASX code: MAY

Website Address

www.melbana.com

Corporate Governance Statement

Corporate governance statements are available at the Company's website. Please refer to <https://www.melbana.com/site/About-Us/corporate-governance>

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