

Sale of Beehive Prospect

Highlights:

- Sale of WA-488-P to a subsidiary of EOG Resources, Inc. (NYSE: EOG). EOG intends to drill an exploration well targeting the Beehive Prospect in 2022.
 - Houston based EOG is a Fortune 500 company with an enterprise value of US\$32 billion. In 2020 it produced the equivalent of more than 275 million barrels of oil. This transaction is EOG's first Australian venture.
 - Consideration payable for the sale:
 - An upfront payment of US\$7.5 million, subject to satisfaction of Conditions Precedent
 - Contingent payments of US\$5.0 million, subject to EOG making certain future elections with regards to the permit following completion of the exploration well
 - Production linked payments of US\$10.0 million for each 25 million barrels of oil equivalent produced, in the event of a commercial discovery
- NB: An independent expert appointed by Melbana has estimated the Prospective Resource of the Beehive Prospect to be 416 million boe¹ (Best Estimate) up to 1.4 billion boe (High Estimate)²
- The sale of WA-488-P to an experienced and well-resourced party such as EOG delivers upfront cash and an interest in any future production without exposure to the cost of appraising and developing a discovery.
 - Full ownership retained of adjacent permit areas, WA-544-P and NT/P87, containing the undeveloped Turtle and Barnett oil discoveries.

¹ Barrels of oil equivalent. 6 billion scf gas = 1 million boe

² Prospective Resources Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. All quoted volumes have been taken from Independent Expert McDaniel & Associates Competent Persons Report, released to ASX on 7 August 2018, as adjusted by Melbana in August 2020. Melbana is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

MELBOURNE, AUSTRALIA (23 April 2021)

Melbana Energy Limited (ASX: MAY) (**Melbana**) is pleased to announce that its wholly owned subsidiary, Finniss Offshore Exploration Pty Ltd (**Finniss**), has entered into a sale and purchase agreement (**SPA**) to sell its WA-488-P permit (**Permit**) to EOG Resources Australia Block WA-488 Pty Ltd (**EOG Australia**), a wholly owned subsidiary of EOG Resources, Inc. (NYSE: EOG).

Under the terms of the SPA, subject to satisfying certain conditions precedent, EOG Australia will acquire a 100% interest in the Permit, an approximately 700 square km 3D survey and an extensive amount of 2D seismic coverage.

The Conditions Precedent include:

- various usual regulatory approvals for a transaction of this type;
- approval to suspend and extend the remaining permit obligations to allow additional time to drill the initial exploration well; and
- no objection to the proposed acquisition from the Foreign Investment Review Board.

EOG Australia intends to drill an exploration well targeting the Beehive Prospect in 2022.

Finniss would receive the following payments in consideration for its sale of the Permit:

- US\$7.5 million upon satisfaction of the conditions precedent.
- US\$5.0 million in contingent payments
 - 50% payable contingent on EOG Australia entering the final year of the exploration permit (the current commitment for which is the drilling of another well)
 - 50% payable contingent on EOG Australia being awarded a production licence in the Permit.
- future payments of US\$10.0 million for each 25 million barrels of oil equivalent produced, sold and delivered by EOG Australia from the Permit area.

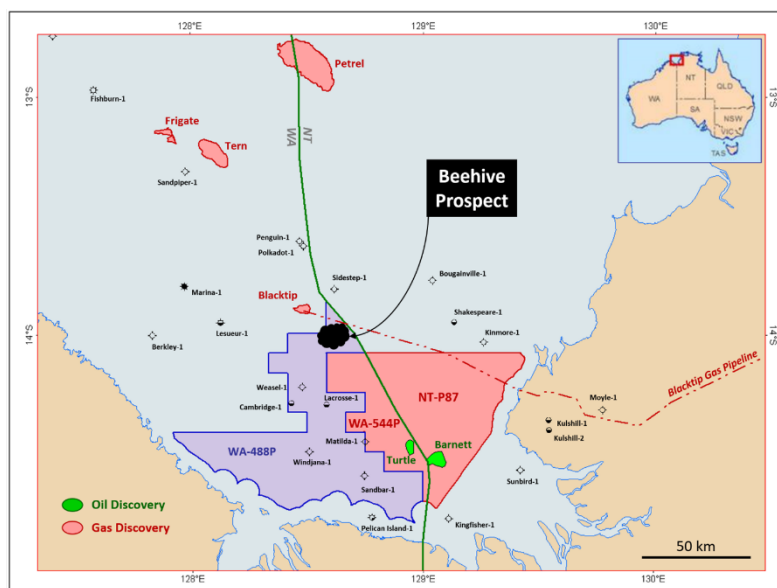


Figure 1 - Location of WA-488-P and the other permit areas in the Joseph Bonaparte Gulf

EOG Australia

EOG Australia is a wholly owned subsidiary of EOG Resources, Inc. EOG is headquartered in Houston, Texas, USA.

It is currently ranked 186th in the Fortune 500 and is thus one of the largest crude oil and natural gas production companies in the United States.

For the financial year ending 31 December 2020, EOG reported production of 275.9 million barrels of oil equivalent and total revenues of US\$11.0 billion. Total assets at the end of the period were US\$35.8 billion.

EOG is focused on being among the lowest cost, highest return and lowest emissions producers, playing a significant role in the long-term future of energy.

More information on EOG and its subsidiaries can be found on its website: <https://www.eogresources.com/>, including its annual reports and other periodic reports (<https://investors.eogresources.com/investors/default.aspx>).

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

"We are very pleased to have reached this agreement with a company of the calibre of EOG and look forward with great enthusiasm to the drilling of the first exploration well into the exciting Beehive Prospect. This transaction allows Melbana to retain significant exposure to the upside of a potential Beehive discovery without being exposed to the costs of offshore appraisal and development, which can be expensive and challenging for a junior oil and gas company.

The testing of this new and exciting play type in Australia, responsible for some of the world's largest hydrocarbon discoveries, is what all the years of effort have been for and we are heartened that such an experienced and well-resourced company as EOG, known for being ahead of the curve when it comes to identifying new areas, will be responsible for the final stage of this journey.

We are also appreciative of the time and energy invested by our friends at Moyes & Co., an oil and gas upstream advisory firm, who helped with this transaction."

For and on Behalf of the Board of Directors: For further information please contact

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