

8 November 2024

Mendell Helium plc

("Mendell Helium" or the "Company")

M3 Helium acquires further producing wells in the Hugoton gas field

Mendell Helium is pleased to announce that M3 Helium Corp. ("M3 Helium") has acquired interests in three further wells on the western side of the Hugoton gas field in Kansas. Two of these wells are in production and the third is believed to be suitable for conversion into a water disposal well.

As announced on 27 June 2024, the Company has an option to acquire M3 Helium Corp., a producer of helium which is based in Kansas and now holds an interest in nine wells following this acquisition. There is no certainty that the Company's option to acquire M3 Helium will be exercised, nor that the enlarged group will successfully complete its re-admission to trading on the AQSE Growth Market.

Highlights

- Acquisition of interests in two further producing wells takes M3 Helium's total number of wells to eight (not including disposal wells)
- No consideration was payable on the acquisition
- M3 Helium's management have identified a path of action to bring the wells to profitability

M3 Helium has acquired an 85 per cent. interest in the Bearman, Demmit and Cockerham wells which are all located on the western side of the Hugoton gas field in Stanton County, Kansas. The Bearman and Demmit wells are currently producing 25 Mcf/day in aggregate with a helium composition of approximately 0.6 per cent. The Cockerham well is not currently in production.

The wells are connected to Scout Energy's Jayhawk gas processing plant via a pipeline operated on vacuum by Energy Transfer LP, one of the largest and most diversified midstream energy companies in North America. These wells are located outside of the area designated in the farm in agreement announced on 6 November 2024.

Taking account of water disposal costs, the three wells break even financially at present and, as a consequence, M3 Helium was able to acquire them for nil consideration. The rationale for the acquisition is that M3 Helium's management have identified certain steps to take to bring the wells to profitability:

1. In common with many older wells in the region, helium produced at the Bearman and Demmit wells is not accounted for by the processor, Scout Energy. Only the value of methane and natural gas liquids are paid to the producer. If M3 Helium is able to obtain a price for the helium produced then, noting the higher value of helium relative to the other components, this could be transformational for the economics of the two wells.
2. To date, water produced by the Bearman and Demmit wells is hauled by truck to a disposal site. With the (current) low production, this is a disproportionately high expense of operating the wells. If the Cockerham well was converted to a water disposal well, the cost of which is estimated at approximately US\$30,000, then it would be economic to increase the frequency of pumping at the Bearman and Demmit wells. This would produce more water, which would then be efficiently disposed of through the Cockerham well, and it could likely lead to an increase in gas production. M3 Helium estimate that this would be at least an additional 25 Mcf/day.
3. Acidising the wells is expected to increase production of gas although it would produce additional water. Whilst this is not economic at present, it could be a valuable addition to the wells once a disposal well is in place.

Nick Tulloch, Chief Executive Officer of Mendell Helium, said:*"Today's acquisition is a further example of the progress that M3 Helium is able to make due to its connections in the Kansas region. Whilst these are not going to be significant producing wells, the incremental production they will provide M3 Helium is at minimal cost. There is no obligation to spend any funds on the wells but, once the management evaluate the potential advantages of a disposal well, M3 Helium will be able to assess the economics of extending their production capabilities."*

The Directors of the Company are responsible for the release of this announcement.

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Overview of M3 Helium and the Hugoton North Play

Mendell Helium, formerly Voyager Life plc, announced on 27 June 2024 that it has entered into an option agreement to acquire the entire issued share capital of M3 Helium through the issue of 57,611,552 new ordinary shares in Mendell Helium to M3 Helium's shareholders. The exercise of the option will constitute a reverse takeover pursuant to AQSE Rule 3.6 of the Access Rule Book and is subject to, inter alia, publication of an admission document.

M3 Helium has interests in nine wells in South-Western Kansas of which five (Peyton, Smith, Nilson, Bearman and Demmit) are in production. Eight of the company's wells are within the Hugoton gas field, one of the largest natural gas fields in North America. Significantly these wells are in the proximity of a gathering network and the Jayhawk gas processing plant meaning that producing wells can quickly be tied into the infrastructure.

The ninth well is in Fort Dodge and was tested in July 2024 as containing 5.1% helium composition. Although not within direct access to the gathering network, M3 Helium owns a mobile Pressure Swing Adsorption production plant which could be used to purify the helium on site.

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