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Mendell Helium PLC
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Mendell Helium plc

("Mendell Helium" or the "Company")

Nilson well update & Extension of Option

Mendell Heliumis pleased to provide an update on the rapidly growing production at the Nilson well in Kansas, USA owned by M3 Helium Corp. ("M3 Helium") which is now ranked in the top 1% of producing wells (by volume) in the Hugoton gas field. The Company also announces that, further to the announcement on 1 October 2024, the Company and M3 Helium Corp. ("M3 Helium") have agreed to extend the date by which the option the Company has to acquire M3 Helium (the "Option"), to 31 March 2025 and provides an update on the proposed acquisition of M3 Helium transaction.

As announced on 27 June 2024, the Company has an option to acquire M3 Helium, a producer of helium which is based in Kansas and holds an interest in nine wells. 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

- Nilson production has passed 100 Mcf/day at the start of the week and continues to rise by over 2 Mcf per day
- Based on Scout Energy Partners' ("Scout Energy") data, Nilson is in the top 1% of producing wells (by volume) in the Hugoton (Kansas)
- Performance of the well provides evidence of the viability of producing from the Towanda zone, thereby creating a new strategy in the Hugoton
- This performance further enhances the potential value of the farm in to Scout Energy's acreage

Background

On 26 September 2024, the Company announceda second, significantly larger frack, on the Nilson well owned by M3 Helium. This programme was innovatively funded by local investors and one of the contractors who committed US$170,000 in aggregate to cover the costs for a 25% economic interest in the well. The frack injected 210,126 gallons of slickwater along with 128,500

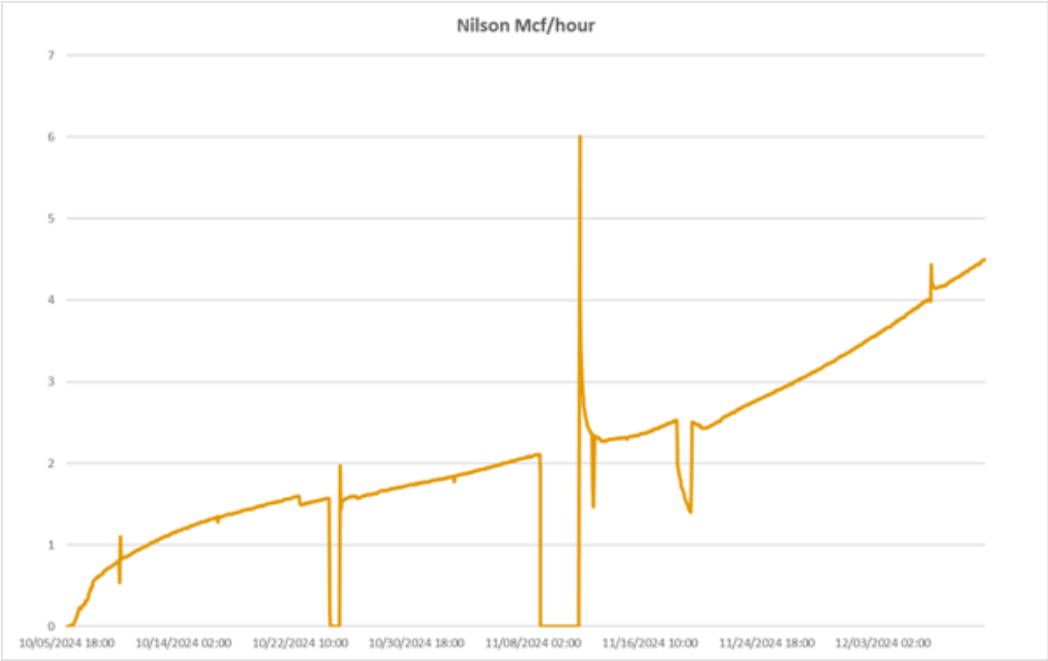
pounds of sand. As far as M3 Helium's management are aware, this was the Hugoton field's first large water-based frack stimulation in several decades.

Typically, post-frack production results in an upward spike and then a subsequent decline in the well's production. However, in Nilson's case, production has been steadily rising each day. When the Company announced its initial findings on Nilson on 11 November 2024, it reported that the well's production was increasing by a little under 1 Mcf per day. However, since then, production has been accelerating and, based on the past seven days, is now increasing by over 2 Mcf per day.

At current levels, Nilson is producing a little under 20 Mcf of helium each month (based on a helium composition of 0.6%).

This is illustrated in the graph below:

The



Company expects Nilson's production to continue to grow until water levels within the well reduce. At present, there is insufficient data to determine where the Nilson well might peak but thetable below illustrates the well revenue capability between its existing production rate through to higher levels.

Production (Mcf/day)	**100**	**150**	**200**	**250**	**300**
Daily revenue ($)	285	428	570	713	855
Monthly revenue ($)	8,550	12,825	17,100	21,375	25,650
Annual revenue ($)	102,600	153,900	205,200	256,500	307,800

The above figures are based on a helium sale price of US$350 per Mcf and a NGL (natural gas liquids) sale price of US$0.75 per Mcf. Helium composition is assumed to be 0.6%.

As with all producing wells owned by M3 Helium (other than Rost), the Nilson well is connected to Scout Energy's gathering system and, from there, to the Jayhawk processing plant. M3 Helium's

business model delivers gas production from the wellhead to the gathering system with no requirement to separate, refine or otherwise transport the production. Scout Energy accounts for the production to M3 Helium on a monthly basis.

The theory behind Nilson

M3 Helium's strategy on the Nilson well was based on a"gas bubble theory" or transition zone theory that offers the potential of accessing what could be a substantially untapped gas reservoir below the water level that, to date traditional oil & gas explorers would treat with caution. The Hugoton gas field has been prolific with over 7,000 wells and over 18.5 trillion cubic feet of gas produced. However, conventional drilling focused on the interior of the field where water levels were low and gas production was consistent. As the field has been in production for over 90 years, flow rates in the interior are not as significant as they once were.

The Nilson well has gone some way to prove:

- The Hugoton is not depleted - modern or unconventional techniques can produce significant results
- The lower Towanda reservoir is potentially a significant source of gas and helium
- Sizeable fracks in the tight rock in this part of the Hugoton can yield impressive results
- Water production within the wells is manageable at present

The significance of Nilson's performance, aside from the value within this well, is that it provides a reference point and a pathway with which to develop other wells in the region, particularly within the farm in agreement with Scout Energy referred to above. With the success of this well, M3 Helium is now exploring the idea of a larger frack on future wells to stimulate even greater production.

The Towanda reservoir

The Hugoton field produces from five different formations (or members) which are collectively called the "Chase Group". Each of the five members mostly consist of dolomite but there are also lithological and petrophysical elements. Each member progressively dips eastward into a transition zone where gas containing helium and water coexist. That is the target area for M3 Helium and, specifically, the fourth member called Towanda.

The Nilson well's Towanda formation consists of a 40 foot thick section of dolomite which is likely cherty and tight with shale breaks. M3 Helium's frack applied methods employed by the shale industry, as opposed to methods applied to conventional gas reservoirs.

M3 Helium believes that the Towanda, and each other member, will have its own transitional fairway where significant reserves could be untapped and management believes that the methods being employed will lead to a deeper understanding of the field.

Transaction update

Since the Option was granted, M3 Helium's business has undergone some significant but very positive developments:

- It has signed a farm in agreement with Scout Energy over 161,280 acres of the Hugoton gas field, one of the largest natural gas fields in North America
- The Nilson well has proved a new strategy for production in the Hugoton
- The Rost well at Fort Dodge, with a 5.1% helium content, has shown potential to be a far higher producer than originally envisaged
- M3 Helium has acquired two further producing wells (Bearman, Demmit) on the western side of the Hugoton gas field in Stanton County, Kansas

Due to the ongoing change to M3 Helium's activities, the Company and M3 Helium have agreed to extend the date by which the Option can be exercised to 31 March 2025. Terms under theLoan Facility have been correspondingly extended. As previously announced, 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 (the "**Admission Document**"). Substantial progress has been made on preparing a competent person's report for M3 Helium's assets, including the new opportunities described above.

There are no other changes to the Option which will beexercised through the issue of 57,611,552 new ordinary shares in Mendell Helium to M3 Helium's shareholders. At the current share price, this would value the enlarged group at approximately £3.5 million.

As announced on 6 November 2024, Nick Tulloch, CEO of Mendell Helium, was appointed as Chairman of the board of M3 Helium and the two companies are working closely together both to finalise the exercise of the Option and to continue the ongoing development of M3 Helium.

Nick Tulloch, Chief Executive Officer of Mendell Helium and Chairman of M3 Helium, said:*"The Hugoton has been one of the most prolific gas fields in the world, producing for over 90 years. Conventional wisdom is to stay in the centre of the field where production is dependable and water levels are low.*

"M3 Helium has challenged - and changed - that conventional wisdom. The Nilson well, located on the eastern edge of the field and drilled into the lower Towanda reservoir has indicated not only that this reservoir is highly prospective for gas and helium but that a significant frack can stimulate production, even with higher water levels. The frack was 10 weeks ago but production at the well is still rising. Already Nilson is one of the best performing wells in terms of gas volume in the Hugoton and, at the moment, is continuing to increase in volume.

"The success of Nilson provides a blueprint for our strategy with respect to the agreed Scout Energy farm in over 161,280 acres in the Hugoton. This acreage includes land within the transition zone and that is where we intend to focus our resources. Interest from local partners, including a preliminary indication of support from a Kansas bank, gives us confidence that there will be funding available for our operations.

"M3 Helium's model demonstrates that economic volumes of helium can be produced within an hour's drive of one of the world's biggest helium processing plants and with full access to the local gathering system."

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

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Overview of M3 Helium

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

FORWARD LOOKING STATEMENTS

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or "similar" expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking

statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law.

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