

ASX ANNOUNCEMENT

27 February 2024

Acquisition of Granted NT Acreage and \$2.1m Capital Raising

Top End Energy Limited (**Top End** or the **Company**) (ASX:TEE) is pleased to advise of the execution of a binding term sheet to acquire granted acreage in the Northern Territory (**NT**) from wholly owned subsidiaries of Hancock Prospecting Pty Ltd (**Hancock**). The acquired acreage is considered highly prospective for natural Hydrogen and Helium, plus conventional and unconventional hydrocarbons.

HIGHLIGHTS

- Acquisition of granted NT Exploration Permits (**EP**) 144, 153 and 154 (the **Permits**) from Minerals Australia Pty Ltd and Jacaranda Minerals Limited, wholly owned subsidiaries of Hancock (together, the **Vendors**).
- Multiple plays identified:
 - All key play elements for **natural Hydrogen and Helium** identified; geological similarities with Top End's EP 257 and close to historical concentrations of natural Hydrogen and Helium including 6.91% Hydrogen in the Wyworrie-1 well immediately adjacent to EP153.
 - **Beetaloo Basin margin / flank play** – liquids-rich unconventional hydrocarbon potential identified on EP 153 and EP 154.
 - **Frontier South Nicholson Basin play opening targets identified** – conventional natural gas, natural Hydrogen and Helium prospectivity on EP 144.
- Clear operational and technical synergies with Top End's current Beetaloo / McArthur Basin portfolio.
- No upfront consideration and limited near-term expenditure commitments.
- Four-fold increase in Top End's granted licence tenure with flexibility to accelerate high-value activities.
- Top End is developing a detailed forward work program and plans to update the market on this following transaction completion.
- Simultaneously, the Company has raised \$2.1 million in an oversubscribed placement to fund forward work program and corporate working capital.

Commenting on the acquisition, Managing Director Oliver Oxenbridge said:

"This transaction represents an enormous opportunity for us to add highly prospective and complementary granted acreage to the TEE portfolio and accelerate execution of our exploration strategy. The location and play types are well-known to our team and fully aligned with our existing technical focus."

"In short, this purchase delivers us an attractively priced option on multiple high impact play types – including both the extension of the proven natural gas play in the Beetaloo Basin and the underexplored McArthur Basin natural Hydrogen and Helium potential. This acquisition is fully consistent with our strategy of leveraging TEE's foothold and relationships in the NT to enhance the company's portfolio and advance our corporate objectives. We look forward to providing an update on our plans for these permits following transaction completion."

Commenting on the transaction, a spokesperson from Hancock Energy said:

"Following a routine review of our energy investments, we have made a decision to divest our Northern Territory petroleum interests to Top End Energy (TEE). We will retain an economic interest in this prospective acreage and look forward to seeing TEE progress the project."

ACREAGE OVERVIEW AND PROSPECTIVITY

The Permits cover a combined area of 27,885km² across the northern flank of the Beetaloo and South Nicholson basins in the NT. Refer Figures 1 and 2. The Permits are underexplored with several independent play types identified representing the opportunity for transformative resource potential.

EP 153 and EP 154

Of particular focus for the Company is the natural Hydrogen and Helium potential over EP153 and 154, which Management interprets as a natural extension of the play fairway mapping completed by the Company in 2023 over its existing EP application 257. The presence of granitoid basement geology and the Urapunga Fault Trend provide potential charge and migration focus for natural Hydrogen and Helium. The Cambrian aged limestones present in the area are also interpreted to be conduits for thermal fluids migrating to surface and provide an initial focus area for sampling and other early-stage exploration activities.

Drilling and testing activities currently being undertaken in the core Beetaloo area of the McArthur Basin continue to mature the unconventional natural gas potential of the sub-basin. Key well testing result announcements from other basin operators are expected in the coming months, as well as development of plans for respective pilot plants, potentially paving the way for expansion of operations and commercialisation of discovered resources. It has been interpreted that unconventional gas bearing reservoirs extend into the southern margins of EP 153 and 154. Both permits are strategically located to be able to benefit from future development activities and provide an avenue to commercialisation for any discovered resources.

EP 144

EP 144 covers the Southern Nicholson Basin and of particular interest to the Company is the Paleoproterozoic aged Wonarah Basement High, where historical remote sensing geophysical data interpretation has identified basement related lineaments and structural trends that could provide migration focus for both natural Hydrogen and Helium, as well as conventional hydrocarbons. The regional structural trends identified are largely

underexplored and all key play system elements have been interpreted to exist, providing a focus for on ground exploration.

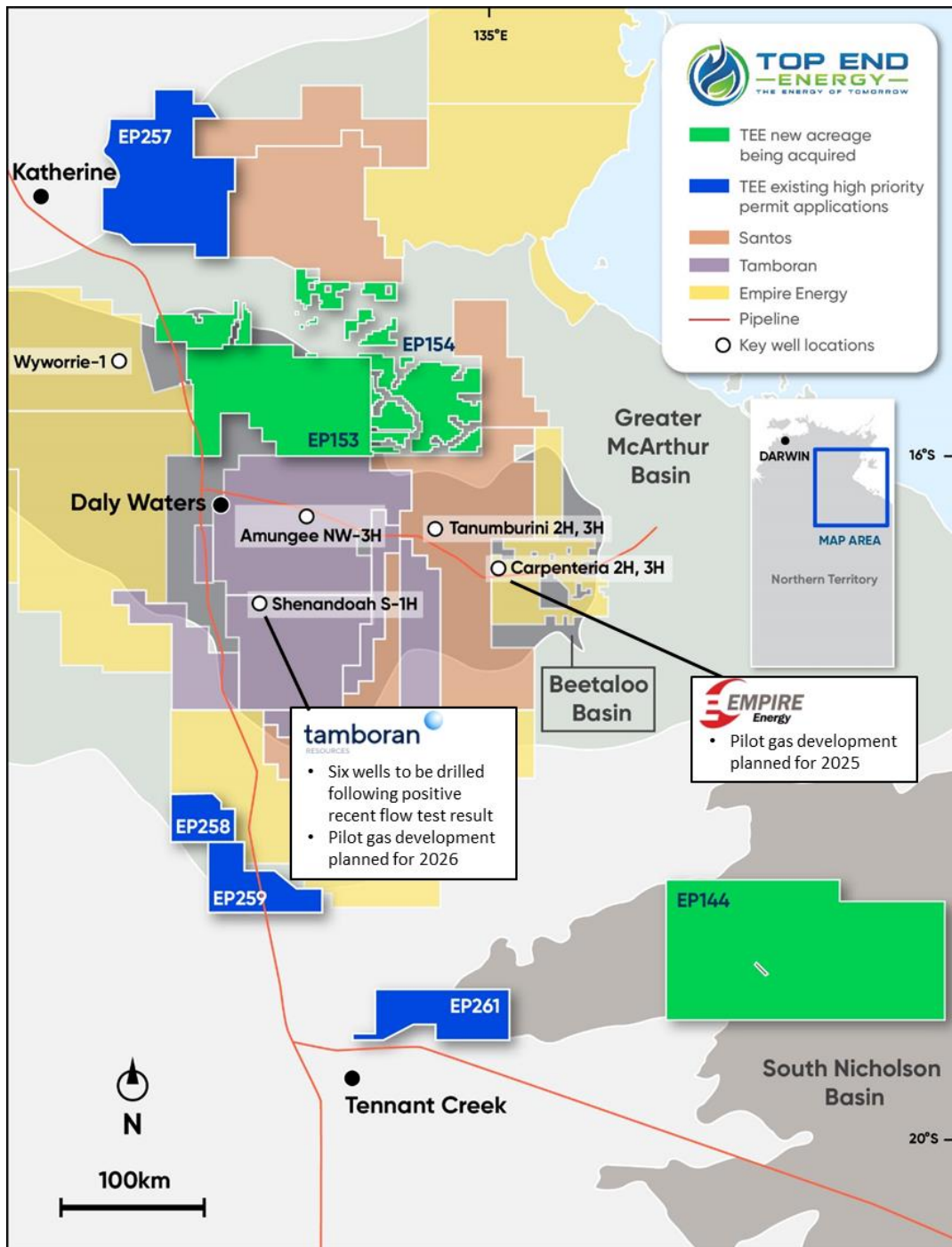


Figure 1: Acquired permits and Top End's existing prioritised permit applications¹²³

¹ Legend refers to permit operators.

² Empire Energy Group (ASX: EEG); Q4 2023 Quarterly Report – 23 January 2024.

³ Tamboran Resources (ASX: TBN); Shenandoah South IP30 Flow Test Results – 26 February 2024.

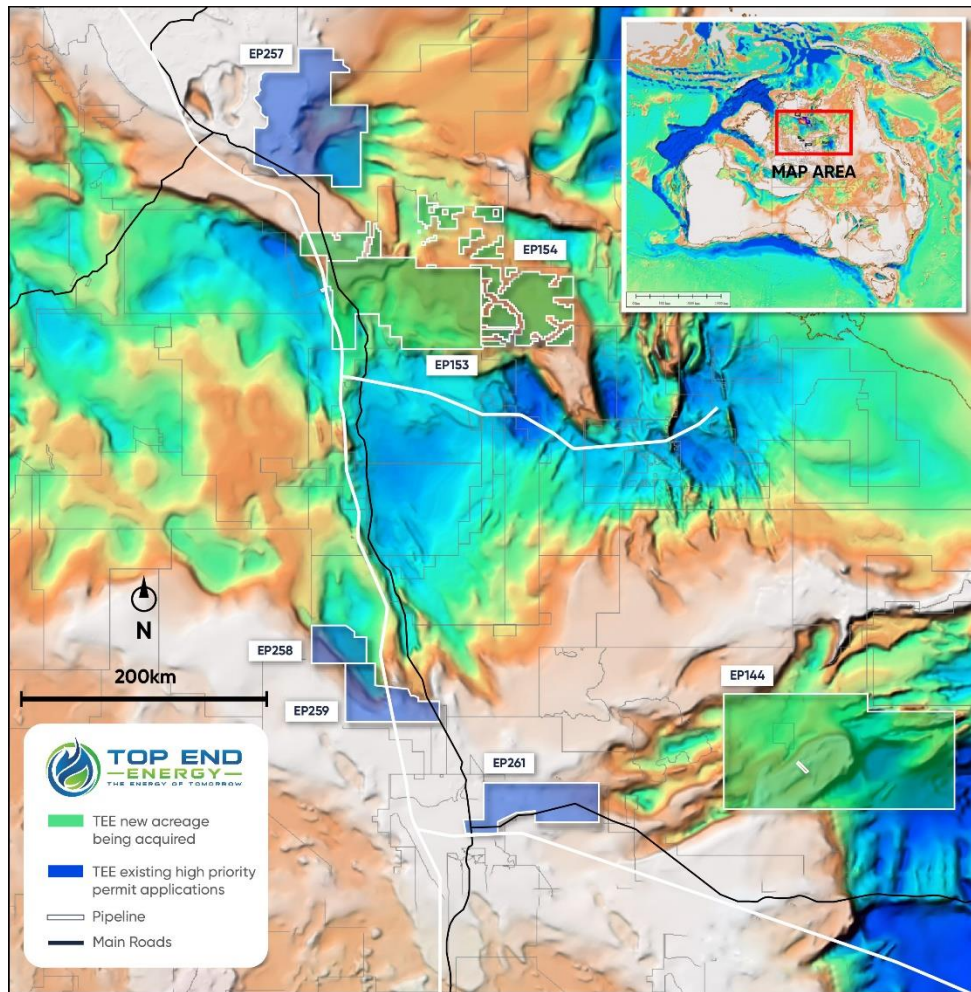


Figure 2: Acquired permits overlying the Beetaloo and South Nicholson basins

All three permits are currently in year three of the initial five-year exploration period, and renewable for up to two further periods of up to five years each.

TRANSACTION BACKGROUND

The Transaction follows the Company's assessment and pursuit of multiple strategic growth opportunities intended to complement the Company's existing portfolio and corporate objectives. Top End has progressed this opportunity to execution as it addresses the following key criteria:

- (i) highly prospective tenure in proven hydrocarbon basins with multiple play potential;
- (ii) consistent with the Company's technical focus on basin margin play opportunities;
- (iii) granted permits with key native title agreements in place and progressed land access and regulatory approvals;

- (iv) high equity interests allowing the Company to farm-down ahead of drilling;
- (v) proximity to existing infrastructure; and
- (vi) compelling entry point given respective strategic priorities of vendor and purchaser.

NEXT STEPS

The Company will refine the work program for the Permits during the completion phase of the transaction and provide a further update to the market on detailed next steps.

The key objectives of work program activities will be to mature both:

- (i) the identified natural Hydrogen and Helium potential along the northern margins of both the Beetaloo / McArthur and South Nicholson basins; and
- (ii) the liquids-rich hydrocarbon potential of the Beetaloo Basin unconventional play.

Land access agreements and Aboriginal Areas Protection Authority certificates are already in place across parts of the acquired acreage and Environmental Management Plans and Well Operations Management Plans have been submitted and approved for both EP 144 and EP 153, allowing for fast-track of on ground activities. Top End intends to undertake additional geological and geophysical workstreams before finalising any potential drilling decisions and has received guidance from the NT regulator that variations to the current work program requirements will be possible to accommodate the Company's plans.

The Company continues to wait for the Ministerial grant of its existing EP application 258. While the Company has satisfied all requirements on its side, the process has been delayed given the recent appointment of a new Minister for Mining and Industry and the fact this will be the first EP to be granted in nine years. The transaction provides the opportunity to re-deploy activities intended for EP 258 to the acquired permits.

KEY TRANSACTION TERMS

Consideration for Top End's acquisition of the Permits is:

- (a) the grant of a royalty to the Vendors equal to 2.5% of any gross revenue (measured and determined at the wellhead) received by Top End from sale, removal, or other disposal of any petroleum from the Permits; and
- (b) the assumption of the Vendor's obligations under an existing royalty deed with Jacaranda Coal Pty Ltd (ACN 131 388 942) (formerly Jacaranda Coal Limited) for a royalty equal to 1% of the gross revenue (measured and determined at the wellhead) received by Top End from sale, removal, or other disposal of any petroleum from the Permits.

Completion of the acquisition is conditional upon and subject to:

- (a) parties entering into definitive documents;
- (b) receipt of regulatory approval for the transfer of title to the Permits; and
- (c) obtaining all other consents or approvals required in connection with the transaction.

The Company will also be required to replace existing bank guarantees in connection to the Permits on and from completion.

CAPITAL RAISING

The Company has received firm commitments from sophisticated investors to raise circa \$2.1 million (before costs) via a placement of 17,406,250 fully paid ordinary shares (**Shares**) at an issue price of \$0.12 per Share (**Placement Shares**).

The placement price represents a circa 15% discount to the 15-day volume weighted average price of the Company's shares.

Allotment of the Placement Shares is expected to occur on or around 8 March 2024. The Placement Shares will be issued pursuant to the Company's ASX Listing Rule 7.1 (10,443,750 Shares) and 7.1A placement capacity (6,962,500 Shares). The Placement Shares will rank equally with existing shares on issue.

The funds raised from the placement will be used primarily to fund near-term exploration activities on the Permits, ongoing holding costs following completion of the acquisition of the Permits and ongoing corporate working capital.

The placement was managed by Inyati Capital Pty Ltd (**Inyati**). Pursuant to the mandate with Inyati, the Company will pay Inyati a 6% commission on funds raised under the placement and issue Inyati 2,610,938 options to purchase Shares (**Broker Options**). The Broker Options will be issued subject to shareholder approval and will be exercisable at \$0.25 each on or before 3 years from the date of issue.

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This announcement was authorised for release by the Board of Directors of Top End Energy Limited.

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About Top End Energy Limited

Top End aims to be a leading Australian diversified energy provider at the forefront of the energy transition. Combining an attractive portfolio of granted and in-application petroleum permits across Australia, intending to pursue complementary clean energy solutions and achieve a target of net zero (Scope 1 and 2) emissions.

For further information on Top End Energy Limited please visit www.topendenergy.com.au