

TRANSFORMATIVE ACQUISITION OF KANSAS NATURAL HYDROGEN PROJECT

\$6M RAISED FROM EXISTING AND NEW SOPHISTICATED INVESTORS

Top End Energy (ASX: **TEE** or the **Company**) is pleased to announce it has entered into a binding conditional Share Purchase Agreement (**SPA**) to acquire 100% of Serpentine Energy Pty Ltd (ACN 671 865 526) (**Serpentine**) and its 100% owned and operated natural hydrogen project in Kansas, USA.

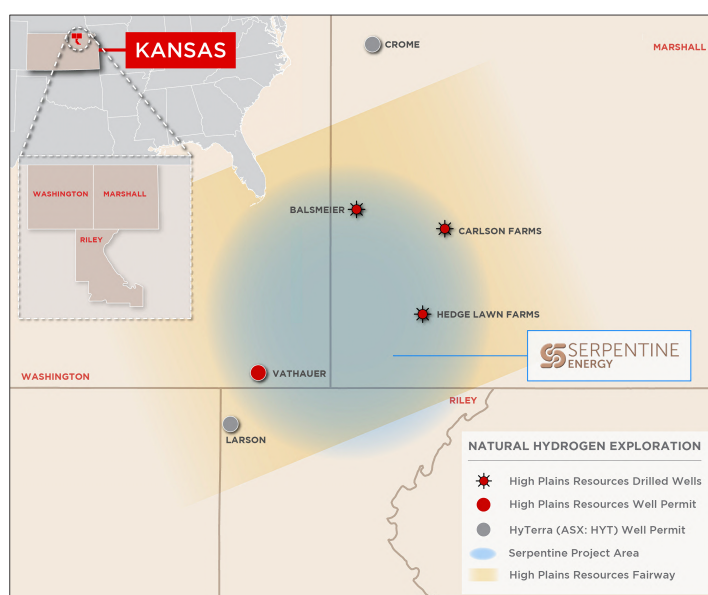
Highlights

- The Company has entered into a binding conditional SPA to acquire Serpentine, along with its wholly owned subsidiaries and 100% working interest in the Serpentine Natural Hydrogen Project (the **Project**) in Kansas, USA.
- The Project is strategically located in the heart of an active land rush, fuelled by historical observations of natural hydrogen and a surge in recent exploration activity, including seismic surveys, drill site permitting, drilling and testing operations.
- In parallel with the acquisition, the Company has successfully raised \$6 million at the last closing price of \$0.10 through a placement to existing and new sophisticated investors.
- Funds will be promptly deployed to expand the Project's lease holdings, ahead of drilling programs being planned by multiple explorers, as well as geological evaluation for the Company's own drilling program in 2H, 2025.

About the Serpentine Natural Hydrogen Project

Between January and November 2024, Serpentine negotiated and executed more than 100 leases with private landowners (**Leases**) totalling approximately 20,000 acres across Marshall, Washington and Riley counties, Kansas.

The Project area is situated in a highly sought-after play fairway that has seen a significant increase in operations, mostly led by High Plains Resources LLC, a 'stealth-mode' operating company.



Additionally, the Project benefits from regional access to rail, road, and gas pipelines, to support the efficient delivery of hydrogen feedstock to downstream customers and the potential future production of clean ammonia to meet growing Mid-Western demand.

Pursuant to each of the Leases, Serpentine is granted the exclusive right to explore and produce all gases, including hydrogen and helium.

Under Kansas law, ownership of gases is vested in the mineral rights owner, who holds the right to transfer or lease those rights to a third party. While the specific commercial terms can vary, Serpentine retains a 100% working interest and 80% net revenue interest (with the remaining 20% revenue interest held by the mineral owner and/or other parties, as is customary in US leasing), for a period of 5 to 10 years (inclusive of an optional extension). All Leases were negotiated on an arm's length basis and represent market-based terms.

Further details on the Leases is set out in Schedule A to this announcement.

About Serpentine Energy

Serpentine Energy is an Australian private company, established in October 2023, with a focus on advancing the exploration of naturally occurring hydrogen. Its Kansas based project is capitalising on prime average and access to the expansive Mid-Western markets, to drive America's next energy boom. The Directors and significant shareholders of Serpentine are Luke Velterop and Paul Garner. Serpentine has 46 shareholders. Further details on the sale arrangements are set out in Transaction Terms below.

Luke Velterop, Founder of Serpentine *"I'm thrilled to join forces with TEE to build a successful and impactful clean energy business. Our Serpentine Project delivers a strategic foothold in one of the world's most competitive and fast-moving plays for natural hydrogen. This sector is capturing the attention of major energy players, as an opportunity to discover and unlock the first new primary source of energy in nearly a century."*

Unique Geological Setting and Project Prospectivity

Northeastern Kansas is a focal point of immense evaluation due to the unique combination of critical geological factors required for the generation, migration and preservation of natural hydrogen.

Hydrogen is generated through naturally occurring geochemical processes within the neighbouring Mid-Continental Rift system. One of the key processes is serpentinization, in which subsurface aquifers interact with iron-rich rocks and release hydrogen gas as a by-product. Buoyant hydrogen gas migrates along fractures and faults before accumulating in geological traps.

East of the Mid-Continental Rift are two key structural features; the Nemaha Uplift and Humboldt Fault, which extend laterally through the Project. The Nemaha Uplift is the culmination point for the migration of hydrogen gas, with numerous historical exploration wells drilled on the structure observing natural hydrogen of significant concentrations.

It is this presence of a working, subsurface natural hydrogen system which first spurred targeted exploration drilling in the area in 2023.

Transaction Terms

The Company has entered into the SPA with the major vendors/founders of Serpentine to acquire 100% of Serpentine (**Proposed Transaction**).

Completion under the SPA is subject to a number of pre-conditions, including:

- (a) entry into, and completion under, Share Purchase Agreements with the minor vendors. To date the Company has already executed binding conditional Share Purchase Agreements with minor vendors, which when combined with the SPA, comprise 99% of total issued securities in Serpentine;
- (b) the Company raising not less than \$4 million by way of a placement of Company shares at an issue price of \$0.10 per share;
- (c) the Company completing due diligence on Serpentine;
- (d) the Company entering into a service agreement with Luke Velterop (**Service Agreement**); and
- (e) the Company obtaining all necessary shareholder and regulatory approvals.

Under the terms of the Proposed Transaction, the Company has paid \$300,000 in cash to Serpentine and shall issue 107,000,000 Shares and 26,750,000 Options to the major and minor vendors (**Vendors**). The Options shall have an exercise price of 15c and expire 3 years from the date of issue (**Options**).

In addition, the Company has agreed to pay Inyati Capital Pty Ltd (**Inyati**) a facilitation fee of 15% in shares and options, for introducing the Proposed Transaction to the Company and facilitation services provided in respect of the Proposed Transaction. The facilitation fee will be satisfied by the issue of 16,500,000 Shares and 4,012,500 Options to Inyati (and/or its nominees). Inyati is not a related party of the Company.

Of the Shares issued to the Vendors and Inyati, 25% will be subject to a 3 month voluntary escrow, 25% will be subject to a 6 month voluntary escrow, 25% will be subject to a 12 month voluntary escrow and 25% will not be subject to escrow.

Placement Terms

The Company has received firm commitments from sophisticated investors to raise \$6 million (before costs) by way of the placement of 60,000,000 Shares at an issue price of \$0.10 per Share (**Placement**). The Placement has been done at the most recent closing price of the Company's shares on ASX. The Placement will be conducted in two tranches.

Tranche 1, which is being undertaken with the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A., will consist of issuing 22,070,313 Shares to raise approximately \$2,207,031. Tranche 2, which will comprise issuing 37,929,687 Shares to raise approximately \$3,792,969 under ASX Listing Rule 7.1 is subject to shareholder approval.

The Placement was managed by Inyati Capital. Inyati will receive a 2% management fee and 4% capital raising fee, based on gross proceeds. In addition, the Company will issue up to 8m Options to holders of AFSIs who have assisted with the Placement.

Use of Funds

Funds raised from the Placement, along with existing funds shall be applied to:

- Development of the Project, including:
 - Increase lease holdings in Kansas;
 - Technical studies;
 - Exploration drilling preparation; and
 - Potential expansion to additional US States;
- Continued development of the Company's existing assets; and
- Working capital

Appointment of Luke Velterop

The Company is pleased to advise that it has, with immediate effect, retained the services of Serpentine's founder, Luke Velterop as Vice President, US Operations. Mr Velterop shall be US based and responsible for all aspects of driving the development of the Project and Serpentine's US Hydrogen Operations generally.

Mr Velterop will be paid USD\$16,667 per month and be otherwise retained on standard terms. This arrangement will run until Completion of the Proposed Transaction, at which time it will be replaced with the Service Agreement.

Subject to shareholder approval and completion of the Proposed Transaction, Mr Velterop (and/or his nominee) will be entitled to receive the following performance rights that are convertible into fully paid ordinary shares in the Company on a 1-for-1 basis (**Performance Rights**) on reaching the following milestones:

- (a) 7.5 million Performance Rights upon the Company reaching a lease holding of 25,000 acres at the Project, with all acres acquired post-completion of the Proposed Transaction to be contiguous to existing leases and/or consistent with the Company's geological model, expiring 2 years from their date of issue;
- (b) 7.5 million Performance Rights upon the Company reaching a share price of not less than \$0.25 or a market capitalisation of \$62.5 million (in each case based on a 20-day VWAP), expiring 2 years from their date of issue;
- (c) 7.5 million Performance Rights upon the drilling of an exploration well on acreage owned by the Company with recovery from a primary reservoir of a gas sample (through well test or downhole sampling tool) containing greater than 50% combined volume of hydrogen and helium, expiring 3 years from their date of issue; and
- (d) 7.5 million Performance Rights upon the Company announcing that it has secured an off-take or downstream joint venture partner in relation to the US Hydrogen Operations expiring 5 years from their date of issue.

Board

Composition of the Board will not change as a result of the Proposed Transaction. The Board, subject to shareholder approval, shall be issued with 17.5 million Options as part of the Proposed Transaction.

Emmanuel Correia has stepped down as Chairman and will remain on the Board as a Non-Executive Director. The Board thanks Mr Correia for his excellent leadership of the Company and looks forward to his ongoing contribution.

Non-Executive Director Patrick Burke will assume the role of Executive Chair, being the sole executive on the Board. He shall be paid \$180,000 p.a. (excluding super), be subject to a three-month termination period and otherwise on standard terms for an Executive Chair. Subject to the shareholder approval, Mr Burke shall also be issued with an additional 5 million Options as part of his appointment.

General Meeting

The Company anticipates holding a general meeting of the Company in or around late January/early February 2025 (**General Meeting**) to seek, among other things, shareholder approval to ratify the issue of the Tranche 1 Placement Shares and seek shareholder approval for the issue of the:

- (a) Tranche 2 Placement Shares;
- (b) consideration securities to the Vendors;
- (c) facilitation securities to Inyati;
- (d) Options to holders of AFSs who have assisted with the Placement;
- (e) Board Options; and
- (f) Performance Rights to Luke Velterop

The Company will also lodge a transaction-specific prospectus with the Australian Securities and Investments Commission to facilitate the issue and secondary sale of the securities to be issued to the Vendors (**Prospectus**). By the same Prospectus, the Company proposes to issue the remaining securities to facilitate their secondary sale.

The Company will also apply for official quotation of the Options.

- END -

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

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

Schedule A

Lease Details (Approx)

Kansas County	No. of Leases	Acres	Nature of interest
Marshall	70	13,400	Leasehold
Washington	10	1,200	Leasehold
Riley	25	5,200	Leasehold
Total	105	19,800	Leasehold