News Release

21 November 2024

CEO'S ADDRESS TO SHAREHOLDERS AT THE 2024 ECHELON SHAREHOLDERS' AGM

Kia ora and G'day,

Thank you for joining us today as we reflect on a transformative year of execution and growth.

Let me begin with a key highlight: this year, we declared a dividend of 4.5 pence per share, representing a yield of over 10% based on our average trading price. Few oil and gas producers on the ASX can match this.

Financial Performance

Our underlying NPAT increased by 43%, though overall results were impacted by an impairment at Kupe in New Zealand, which I will address shortly.

We completed the acquisition of an additional 25% stake in the Mereenie asset, an asset we see upside in, which we funded strategically through vendor financing in a great market. This transaction boosted our reserves by 41% and was executed cost-effectively through collaboration with Horizon Oil, and as we already owned a stake the ownership costs going forward will be low.

We also consolidated our listing on the ASX, positioning ourselves in a larger market with a deeper understanding of the resources sector.

Operational Highlights

This year, we signed two long-term gas sales agreements with high-quality counterparties. These contracts, reflecting the reliability of our supply in a constrained market, will underpin our operations for the next six years and help us pay down our Mereenie acquisition loan.

Additionally, we also changed our name to something that resonates with our ambitions. Echelon.

A Growing Portfolio

Our revenue has increased by approximately 150% over the past five years, and with only one month of the newly acquired Mereenie contribution in FY24, this figure is set to grow further. The results highlight Australia's dominant role in our portfolio and the increasing contribution of gas as a core revenue driver.

Mereenie Operations

At Mereenie, we continue to enhance our geological understanding. There is a lot of rock at Mereenie, and a lot of gas. The trick is to get the gas out of the rock and into a pipeline. Our scientists, working closely with the joint venture, have applied innovative techniques informed by detailed data reviews.

The result: two underbalanced wells are planned to prevent fluid ingress into the Pacoota reservoir. The first well, Mereenie West 29, will commence within weeks, followed immediately by MW30. These wells are expected to contribute to the new gas contracts in Q1.

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Beyond this, we are exploring the Stairway formation and drilling additional producers at Palm Valley, positioning Mereenie for sustained growth.

Perth Basin Exploration

In the Perth Basin, the Booth prospect delivered disappointing results. The science was right. While the geology was promising—excellent rocks, structures, and depths—the gas had not migrated across the Allanooka Fault. Despite the outcome, the drilling campaign was executed efficiently, setting a basin record and coming in 20% under budget.

Looking ahead, we recently signed a rig contract for the Becos oil prospect, a shallow target (1000m) in an area known for hydrocarbon activity near the Mount Horner oil field. Drilling is anticipated in late Q1.

Indonesia Operations

Our subsidiary Cue remains active in Indonesia:

- In onshore Sumatra, Cue is maintaining plateau production of 6,000 barrels per day at the Mahato Oil Field, with nine wells remaining in the current drilling campaign.
- In offshore East Java, we are advancing towards a Final Investment Decision for the Paus Biru development, which will sustain gas production from the permit.

New Zealand Operations

In New Zealand we drilled the KS9 well at Kupe. While safely drilled and under budget, and we are only 4% of it, it fell short of expectations on a few fronts. The target block was lower than anticipated, with lower gas pressures and communication with a neighbouring block. Despite efforts, the well remains liquid-loaded and unreliable. We will revisit remedial efforts during the upcoming summer campaign.

Forward Plans

As outlined, our forward activities aim to optimise production and maximise the value of our developed asset base. Echelon presents a sound investment proposition, with:

- A balanced portfolio of cash-generating assets,
- Clear growth prospects,
- And a demonstrated commitment to shareholder returns, highlighted by our 4.5 cents dividend paid out over the year.

This has been a landmark year for Echelon. We have emerged stronger and are well-positioned for sustained success.

"Landmark year passes,
Echelon springs forth so
strong, Summer spin that bit."

Thank you for your continued support.

For further information please contact the Group on:
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About Echelon Resources Limited

Echelon Resources Limited trading as Echelon (ASX:ECH) is a nimble Australasia-focused energy commodity exploration and production company, headquartered in Wellington, New Zealand. The company is committed to undertaking development and exploration activities that are ethical and values-based, and underpinned by quality relationships, skills and values. It also strives to deliver strong ESG standards that meet the benchmarks expected by communities and regulators.

The Company's portfolio comprises a spread of wholly - and partly owned onshore and offshore oil and gas assets, located in Australia, New Zealand and Indonesia. These stakes are held either directly by the company, or indirectly through its circa 50% stake in ASX-listed Cue Energy Resources Limited (ASX:CUE).

Echelons team of experienced energy sector experts, along with those of its key partners, are now working together to explore and develop multiple assets on the Company's books. These activities have comprised multiple exploration programs that continue to validate prospectivity within Echelons asset portfolio. At the same time, the company along with its joint venture partners remain on the lookout for opportunities to acquire additional value-accretive producing and exploration assets.

To learn more, please visit: www.echelonresources.com