ACN 125 394 667

Interim Financial Report

For the Half Year ended 31 December 2019

Half Year Financial Report

31 December 2019

Contents

Directors' Report

The Directors of Warrego Energy Limited ("WGO") present the consolidated interim financial report for the half year ended 31 December 2019. The consolidated entity consists of Warrego Energy Limited (the "Company" or "Parent Entity") and the entities it controlled during the half year.

DIRECTORS

The Directors in office during the half year in its entirety and up to the date of this report are:

Greg Columbus	Non-executive Chairman
Dennis Donald	Managing Director, Group Chief Executive Officer
Duncan MacNiven	Executive Director - Approvals, HS&E
Owain Franks	Executive Director – Finance, Strategy & Delivery
Mark Routh	Non-executive Director
David Biggs	Non-executive Director

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the exploration for and development of oil and gas resources. Its objective is to generate shareholder wealth.

OPERATING RESULTS

The net loss of the consolidated entity for the period was $2,499,300 (2018: $441,840). There was no impairment expense for the six months to 31 December 2019 (2018: nil)

FINANCIAL POSITION

The net assets increased by $10,768,807 in the period up to 31 December 2019 made up of an increase in total assets of $9,631,682 and a decrease in total liabilities of $1,137,125. The company raised a net amount of $12,048,107 during the half-year from a share placement and Share Purchase Plan.

REVIEW OF OPERATIONS

During the period the Group undertook the following activities:

EP469 (50%) West Erregulla Gas Fields

West Erregulla-2 (WE-2) was spudded in early June 2019 and was drilled to total depth of 5,100m yielding three material Permian gas discoveries across the basal Wagina, Kingia and High Cliff sandstones with the potential to deliver significant volumes of Reserves and Contingent Resources.

Basal Wagina sandstones

The top of the Wagina Sandstone was intersected at 4102m on 23 July 2019 with gas flows to surface coincident with clean porous sands between 4111m and 4117m. Once mud weights were adjusted to allow the drilling to continue safely, the well was progressed to a section Total Depth (TD) of 4229m.

Kingia sandstones

The first of two primary targets, the Kingia Sandstone, was intersected in early September 2019, close to prognosis at 4,753m Measured Depth Below Rotary Table (MDRT). The formation was substantially thicker than anticipated, extending to a depth of 4,870m MDRT. A 97m gas column was identified which includes a 67m section comprising several high-quality large units of clean sand with thick blocky porosity development and high gas saturation. Net pay is estimated at 58m with average porosity of 14.3% and peaks up to 19%.

The net pay of 58m is significantly thicker than analogues in the Waitsia field and underlines the potential of West Erregulla and EP469 to become an important future source of gas production in Western Australia.

The Kingia reservoir was tested using down hole tools and gas samples were collected to surface. The reservoir was recorded as having pressures between 6,814 psia to 6,828 psia. These pressures suggest a gross column height of 220 metres, in line with the company's modelling of the areal extent of the field.

Permeability was measured at 102mD which is an exceptional result. Gas samples were recovered at surface and compositional analysis with primary components were 92% methane and 5.8% CO_2. This result is considered to be supportive of a competitive gas development and augurs well for further additional discoveries at depth within the Permit. Sidewall cores were cut in the Kingia sandstone and retrieved to surface. These samples have been analysed to refine key reservoir characteristics.

High Cliff sandstones

The second primary target, the High Cliff Sandstones (HCSS), was intersected, in late September 2019, close to prognosis at 4,918m MDRT and generally in line with pre-drill expectations and Waitsia analogues. A gross gas column of 22m was encountered with well-developed porosity throughout. The entire 22m section is gas saturated with a net pay of 10m, an average porosity of 10.3% and sections of up to 16%.

TD of 5,100m was achieved in the Holmwood Shale. The well did not encounter a gas water contact, consistent with the seismic amplitude modelling which supports the proposed field boundaries.

WE-2 Flow test

The flow testing program was designed to determine well deliverability from the Kingia Sandstone reservoir at the West Erregulla field, and to collect additional well data and gas samples for compositional analysis to feed into reserve certification calculations and gas marketing conversations.

During October 2019, three intervals totalling 48 metres, from 4,799 metres to 4,851 metres MDRT, were perforated and flowed. After well clean-up operations on 24 October 2019, the well flowed at a maximum rate of 69 million standard cubic feet of gas per day (MMscf/d) on a 2-inch choke at ~ 700 psig well head pressure over a one hour period. The flow test confirms excellent conventional reservoir quality, well deliverability, and production potential.

West Erregulla Resource Update

On 11 November 2019, the Operator of EP469, released to ASX its initial 2C Contingent Resources estimate of 1,185BCF for the Kingia and High Cliff Sandstones and updated its Prospective Resource estimate for the Wagina Sandstones at West Erregulla from work undertaken by its own geological advisers. To assist in its gas marketing efforts Warrego is currently undertaking its own independent certified Contingent Resources estimate.

West Erregulla Appraisal

The Joint Venture has approved a work program and budget for the drilling of a further well (West Erregulla-3) in the northern section of the West Erregulla structure with planning and well design currently underway.

The Operator has commenced detailed work on the Appraisal Plan for EP469 which must be provided to Warrego by June 2020.

Spain

El Romeral (acquiring a 50.1% indirect interest)

On 17 December 2019 Warrego announced the acquisition, via its subsidiary Tarba Energía SL ("Tarba"), of a 50.1% indirect interest in El Romeral, an integrated gas production and power station operation located in the Guadalquivir basin in southern Spain.

El Romeral, is an integrated gas production and power station operation located in the Guadalquivir basin in southern Spain immediately east of Seville. El Romeral comprises three production licences, a 100%-owned 8.1 MW power station supplied by three producing wells, 13 prospects and multiple low-cost development opportunities with the potential to significantly increase gas production, electricity generation and revenue.

Eleven wells have been drilled since the 1950s including seven post-1983 which discovered gas. Three wells are currently producing 150 mscfd net with two shut-in gas wells with low cost workover potential.

The profitable El Romeral power station operating 16h/d provides immediate revenues and a low-cost route to commercialisation for future gas discoveries. The project generates monthly and cash-flow positive revenues via sales to the Spanish electricity grid.

El Romeral contains its own 25 km local gas pipeline connecting the well heads of production sites to the power station. This will provide the infrastructure back bone for any future tie-ins, with the average, as the crow flies, less than 3.5km from infrastructure.

There is a low cost and rapid route to commercialisation via tie-ins to the Project-owned power station in the later part of 2020 and in 2021. Planning for this has begun.

Tarba entered into an Asset Purchase Agreement ("APA") with Petroleum Oil & Gas España, S.A. ("Petroleum") in December 2019 to acquire El Romeral for an initial consideration of €750,000. Further deferred consideration of €250,000 per well drilled will be due to Petroleum on drilling each of the next three wells. The parties have agreed an economic date commencing July 2019.

The acquisition will complete on the transfer of licences to Tarba which are subject to customary regulatory approval which was still awaited as at 31 December 2019.

Tesorillo (85% ownership of Operator and permits)

The Tesorillo Project in the Cadiz province of Southern Spain continues to maintain an active program of stakeholder engagement.

More substantive activity awaits the resolution of the open permitting issues with the Government. Now that a coalition Government has been sworn into place, Warrego anticipates that work on permitting will result in resolution of the permitting issues in the first half of CY2020.

STP-EPA-0127 (100%, Operator)

The STP-EPA-0127 Application was acquired in March 2019, and upon final grant it will cover 2.2 million acres (8,700 km^2) and will be the largest exploration permit in the onshore Perth Basin. Native Title negotiations are advancing toward conclusion which is the final step before the Exploration Permit can be issued by the West Australian Department of Mines, Industry Regulation and Safety.

Corporate

Warrego is reorganising its Australian operations to ensure that the development phase for West Erregulla is fully supported and resourced. As part of that process, Group CEO and Managing Director, Dennis Donald, will relocate to Australia for a period from the UK in early 2020, and the company will open a Perth office in the first quarter of 2020 to facilitate commercial, development and gas marketing activities for West Erregulla gas during 2020.

On 16 September 2019 the Company completed a $12 million institutional share placement at an issue price of A$0.29 per share (41,379,311 fully paid ordinary shares). The proceeds from the Institutional Placement will be used for the EP469 exploration and appraisal program, Exploration and appraisal program in Spain and preliminary work on EPA-0127.

SUBSEQUENT EVENTS

No matter has arisen in the interval since 31 December 2019 and up to the date of this report that in the opinion of the directors has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial periods other than the following:

(a) On 28 January 2020, Warrego funded the initial El Romeral consideration of €750,000 in accordance with the asset purchase agreement with Petroleum Oil and Gas España S.A. Prospex elected to take up to its 49.9% interest in the Project and paid its share of the consideration on 21 February 2020. The acquisition will be accounted for as a business combination on completion.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors.

Dennis Donald

Managing Director and Chief Executive Officer

11 March 2020

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DECLARATION OF INDEPENDENCE BY LEAH RUSSELL TO THE DIRECTORS OF WARREGO ENERGY LIMITED

As lead auditor for the review of Warrego Energy Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Warrego Energy Limited and the entities it controlled during the period.

L Russell.

Leah Russell
Partner

BDO East Coast Partnership

Sydney, 11 March 2020

Directors' Declaration

The directors of Warrego Energy Limited declare that:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of directors made pursuant to section 303 (5) (a) of the Corporations Act 2001.

On behalf of the directors

Dennis Donald
Managing Director and Chief Executive Officer
11 March 2020

Statement of Profit or Loss and Other Comprehensive Income

for the Half Year ended 31 December 2019

	Note	Half year 31 December 2019 (Consolidated) $	Half year 31 December 2018 (Consolidated) $
Interest income		5,188	260
Foreign exchange gains / (losses)		22,762	(76,926)
Total Income		27,950	(76,666)
Director's fees		(137,246)	(3,000)
Employee benefit expenses		(1,331,151)	(50,340)
Depreciation and amortisation right-of-use assets		(58,563)	(1,517)
Finance expenses		(136,899)	-
General and administrative expenses		(863,391)	(310,317)
Total Expenses		(2,527,250)	(365,174)
Loss from operations before income tax expense		**(2,499,300)**	**(441,840)**
Income tax expense		-	-
Loss from operations after income tax expense		**(2,499,300)**	**(441,840)**
Foreign currency translation		-	73,354
Other comprehensive income for the period, net of tax		-	73,354
Total comprehensive loss for the period, net of tax		**(2,499,300)**	**(368,486)**
Loss for the period is attributable to:			
Owners of Warrego Energy Limited		(2,499,300)	(441,840)
		(2,499,300)	(441,840)
Total comprehensive loss for the period attributable to:			
Owners of Warrego Energy Limited		(2,499,300)	(368,486)
		(2,499,300)	(368,486)
Loss per share from continuing operations attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (cents per share)		(0.07)	(0.1)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 31 December 2019

	Note	31 December 2019 (Consolidated) $	30 June 2019 (Consolidated) $
ASSETS			
Current Assets			
Cash and cash equivalents		9,111,059	7,342,791
Other current assets		305,590	265,517
Restricted cash		118,250	118,987
Total Current Assets		**9,534,899**	**7,727,295**
Non-Current Assets			
Exploration and evaluation expenditure	2	9,397,122	1,768,865
Plant and equipment		17,934	19,601
Right-of-use asset	4	197,488	-
Goodwill		7,045,872	7,045,872
Total Non-Current Assets		**16,658,416**	**8,834,338**
Total Assets		**26,193,315**	**16,561,633**
LIABILITIES			
Current Liabilities			
Trade and other payables		912,324	1,605,821
Employee benefits		118,000	95,044
Convertible notes payable	3	-	1,115,396
Lease liabilities	4	112,984	-
Total Current Liabilities		**1,143,308**	**2,816,261**
Non-Current Liabilities			
Employee benefits		289	23,205
Provisions	5	428,415	-
Payable to associate		115,710	75,424
Lease liabilities	4	90,043	-
Total Non-Current Liabilities		**634,457**	98,629
Total Liabilities		**1,777,765**	**2,914,890**
Net Assets		**24,415,550**	**13,646,743**
EQUITY			
Contributed equity	6	92,233,115	79,073,008
Reverse acquisition reserve		(53,288,653)	(53,288,653)
Foreign currency translation reserve		22,105	22,105
Options reserve	7	103,773	-
Accumulated losses		(14,677,854)	(12,182,781)
Equity attributable to owners of the Parent		**24,392,486**	**13,623,679**
Non-controlling interests		23,064	23,064
Total Equity		**24,415,550**	**13,646,743**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flow

for the Half Year ended 31 December 2019

	Note	Half year ended 31 December 2019 (Consolidated) $	Half year ended 31 December 2018 (Consolidated) $
Cash Flows From Operating Activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(2,043,450)	(279,443)
Interest received		5,561	260
Net cash used in Operating Activities		**(2,037,889)**	**(279,183)**
Cash Flows From Investing Activities			
Proceeds from recoup of exploration and evaluation expenditure from farmout		-	250,000
Purchase of plant and equipment		(2,581)	(18,532)
Payments for exploration and evaluation expenditure		(8,111,222)	(35,375)
Payment for investment		(140,450)	-
Net cash (used in) / from Investing Activities		**(8,254,253)**	**196,093**
Cash Flows From Financing Activities			
Proceeds from issue of shares (net of costs)		12,048,107	-
Proceeds from borrowings		40,401	-
Payments for lease liabilities		(50,616)	-
Net cash from Financing Activities		**12,037,892**	**-**
Net increase / (decrease) in cash held		**1,745,750**	**(83,090)**
Cash at the beginning of the Period		7,342,791	294,921
Net foreign exchange difference		22,518	(3,573)
Cash at the end of the Period		**9,111,059**	**208,258**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the Half Year ended 31 December 2019

	Issued Capital	Foreign Currency Translation Reserve	Options Reserve	Reverse Acquisition Reserve	Accumulated Losses	Total	Non-controlling Interests	Total equity
	$	$	$	$	$	$	$	$
Balance at 1 July 2019	**79,073,008**	**22,105**	**-**	**(53,288,653)**	**(12,182,781)**	**13,623,679**	**23,064**	**13,646,743**
Loss from continuing operations	-	-	-	-	(2,499,300)	(2,499,300)	-	(2,499,300)
Foreign currency movements	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(2,499,300)**	**(2,499,300)**	**-**	**(2,499,300)**
Transactions with owners in their capacity as owners								
Share based payments		-	108,000	-	-	108,000	-	108,000
Exercise of options	-	-	(4,227)	-	4,227	-	-	-
Issue of share capital	14,103,843	-	-	-	-	14,103,843	-	14,103,843
Transaction costs arising on share issue	(943,736)	-				(943,736)	-	(943,736)
Total transactions with owners in their capacity as owners	**13,160,107**	**-**	**103,773**	**-**	**4,227**	**13,268,107**	**-**	**13,268,107**
Additional contribution of equity by NCI	-	-	-	-	-	**-**	-	
Balance at 31 December 2019	**92,233,115**	**22,105**	**103,773**	**(53,288,653)**	**(14,677,854)**	**24,392,486**	**23,064**	**24,415,550**
Balance at 1 July 2018	**4,973,291**	**(39,533)**	**-**	**-**	**(4,649,923)**	**283,835**	**-**	**283,835**
Loss from continuing operations	-	-	-	-	(441,840)	(441,840)	-	(441,840)
Foreign currency movements	-	73,354	-	-	-	73,354	-	73,354
Total comprehensive income for the period	**-**	**73,354**	**-**	**-**	**(441,840)**	**(368,486)**	**-**	**(368,486)**
Balance at 31 December 2018	**4,973,291**	**33,821**	**-**	**-**	**(5,091,763)**	**(84,651)**	**-**	**(84,651)**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of significant accounting policies

The interim financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

This financial report covers Warrego Energy Limited as a consolidated entity consisting of Warrego Energy Limited and the entities it controlled and was authorised for issue in accordance with a resolution of Directors on 11 March 2020.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. The half year financial report should be read in conjunction with the annual financial report of Warrego Energy Limited as at 30 June 2019 and any public announcement made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Warrego Energy Limited is a public company, listed on the Australian Stock Exchange, incorporated and domiciled in Australia. The consolidated entity's operations comprise exploration for oil and gas resources. The main interests of the consolidated entity are located in Western Australia and Spain.

a) Basis of preparation

The financial report has been prepared on the historical cost basis except as disclosed in the notes to the financial report. Cost is based on the fair value of the consideration given in the exchange for assets.

b) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2019, other than the adoption of accounting standards noted below.

Adoption of AASB 16 Leases

The Group adopted AASB 16 leases using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 July 2019), without restatement of comparatives figures. On adoption of AASB 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. This is disclosed in note 4.

c) Going Concern

These financial statements have been prepared on the going concern basis which contemplates the consolidated entity's ability pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

During the period, the company raised a net amount of $12,048,107 from a share placement and Share Purchase Plan to finance the EP469 exploration and appraisal program, exploration and appraisal program in Spain and preliminary work on EPA-0127.

The Group had cash outflows from operations in the period ending 31 December 2019 of $2,037,889 (2018: $279,183). The Group recorded a net loss after tax from operations of $2,499,300 for the six-month period to 31 December 2019 (2018: $441,840). The Group's net cash outflow from investing activities in the period ended 31 December 2019 was $8,254,253 (2018: inflow $196,093). The

Group's net current assets as at 31 December 2019 were $8,391,591 (30 June 2019: $4,911,034). The company has indicated its intention to drill a minimum of one well and a acquire seismic in EP469 and potentially a modest drilling program at EL Romeral.

These conditions indicate the existence of a material uncertainty that may cast significant doubt over the consolidated entity's ability to continue as a going concern over the next 12 months and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated entity has prepared a cash flow forecast, which indicates that it will not have sufficient cash from operations to meet its ongoing planned expenditure. The directors are confident, based on past performance that they will be successful in their plan to raise further funds from the issue of equity, or farm-out of core tenements or other corporate activity designed to fund the Group's ongoing planned expenditure. As such, these financial statements have been presented on a going concern basis.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when the fall due.

2. Exploration and evaluation expenditure

	31 December 2019 $	30 June 2019 $
Movement During the Period / Year		
At beginning of period / year	1,768,865	117,131
Additions at cost period / year	7,202,097	1,185,356
Provision for well site restoration	428,415	-
Recouped costs from EP469 farmout	-	(250,000)
RTO fair value adjustment	-	466,378
STP-EPA-0127 acquisition at fair value	-	250,000
Foreign currency translation	(2,255)	-
At end of period / year	**9,397,122**	**1,768,865**

3. Convertible notes payable

	31 December 2019 $	30 June 2019 $
Convertible notes	-	1,250,000
Deferred convertible notes interest	-	(134,604)
At end of period / year	**-**	**1,115,396**

There were 9,951,076 shares issued for all convertible notes converted during the period.

4. Leases

Details of right-of-use assets net carrying amount recognised on the balance sheet as follows:

	Office Building $
Movement During the Period / Year	
At beginning of period / year	-
Initial recognition on transition to AASB 16 01 July 2019	251,348
Depreciation charge for the period / year	(53,860)
At end of period / year	**197,488**

Details of lease liabilities net carrying amount recognised on the balance sheet as follows:

	31 December 2019 $
Current	112,984
Non-current	90,043
	203,027

	31 December 2019 $
Movement During the Period / Year	
Initial recognition on transition to AASB 16 01 July 2019	251,348
Finance expenses	2,295
Lease payment	(50,616)
	203,027

The Group has identified all lease contracts on a lease-by-lease basis by recognising a right-use-of asset and lease liability at the present value of the contractual payments except for where certain expedients have been adopted:

- Leases of low value assets; and
- Leases with a duration of 12 months or less at initial application date.

Lease payments are discounted using the interest rate in accordance with the lease contract during the lease term, lease payment with short term leases and leases with low value assets as an expense on a straight-line basis over the lease term.

The Group elected to apply modified retrospective approach which the right-of-use asset is recognised at the date of transition at an amount equal to the lease liability, using the interest rate implicit in the lease contracts.

At the commencement date, the carrying amount of lease liability includes the following payments for the right to use the underlying asset during the lease term not yet paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;
(b) amounts expected to be payable by the lessee under residual value guarantees;
(c) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
(d) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The right-use-of assets are initially recognised at the carrying amount of lease liability includes the following:
(a) the amount of the initial measurement of the lease liability;
(b) any lease payment made at or before the commencement date, less any incentives received;
(c) any initial direct costs incurred;
(d) an estimate costs to be incurred by the Group is obligated under the contract to dismantle, remove or restore of the underlying asset to the condition required by the term and conditions of the lease.

Subsequent to initial measurement lease liability increase and decrease the carrying amount as a result of interest charged at the constant rate on the balance and lease payments made respectively. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Group leasing's maturity related to right-of-use asset recognised on the balance sheet as follows:

Right-of-use asset	No. of right-of-use assets leased	Remaining term
Office building	1	1.8 years

The Group has elected not to recognise a lease liability for short term leases and leases with low value assets. The expense associated with payments not included in the measurement of the lease liability is as follows:

	31 December 2019 $
Short-term leases	39,057
Leases with low value assets	339
	39,396

AASB 16 adoption Profit and Loss impact:

	Post to AASB 16 adoption $	Prior to AASB 16 adoption $	Difference $
Rental expense	-	50,616	(50,616)
Interest expense	2,295	-	2,295
Depreciation expense	53,860	-	53,860
Impact on Loss for the period / year	**56,155**	**50,616**	**5,539**

5. Provisions

The provision for well site restoration recognised by the Group as follows:

	31 December 2019 $	30 June 2019 $
Movement During the Period / Year		
At beginning of period / year	-	-
Additions at cost period / year	428,415	-
At end of period / year	**428,415**	**-**

6. Contributed equity

(a) Share capital

	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 $	30 June 2019 $
Ordinary shares (net of capital raising costs)	**709,091,778**	**609,355,769**	**92,233,115**	**79,073,008**

(b) Movements in equity

Date	Details	Number of Shares	Issue Price	$
1 July 2019	Opening balance	609,355,769		79,073,008
	Less: opening unlisted shares			(1,501,332)
04 July 2019	Share purchase plan	5,473,727	0.0950	520,004
04 July 2019	Shares issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at Extraordinary General Meeting on 15 March 2019	3,500,000	0.0240	84,000
25 July 2019	Shares issued on conversion of Convertible Notes	6,706,009	0.0932	625,000
22 August 2019	Shares issued to Chairman Mr Greg Columbus under share placement in accordance with shareholder approval of resolution 4 at Extraordinary General Meeting on 15 August 2019	3,157,895	0.0950	300,000
29 August 2019	Shares issued on conversion of Convertible Notes	3,245,067	0.1926	625,000
20 September 2019	Share placement	41,379,311	0.2900	12,000,000
20 September 2019	Shares issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at Extraordinary General Meeting on 15 March 2019	36,000,000	0.0240	864,000
30 October 2019	Shares issued on exercise of unlisted options	274,000	0.1235	33,839
		709,091,778		**92,623,519**
	Add: Unlisted shares yet to be issued to Warrego Energy UK Limited shareholders as reserve acquisition consideration in accordance with shareholder approval of Resolution 2 at EGM on 15 March 2019	7,117,713	0.0240	553,332
	Less: Transaction costs arising on share issue			(943,736)
31 December 2019	**Closing balance**			**92,233,115**

7. Option reserves

	Options Reserve $
Movement During the Period / Year	
At beginning of period / year	-
Share-based payment – unlisted alignment options issued to Lead Manager	108,000
Expired / vested options	(4,227)
At end of Period / Year	**103,773**

8. Options

Unlisted

Date	Details	Number of Options	Expiry Date	Exercise Price $
1 July 2019	Opening balance	7,000,000		0.1235
30 October 2019	Exercise	(274,000)		0.1235
31 December 2019	**Closing balance**	**6,726,000**		

9. Segment information

Identification of reportable segments

The Group has identified its operating segments based on the two geographical areas in which the Group operates. In Australia the Group has 50% interest in the West Erregulla exploration licence. In Cadiz Spain the Group has an 85% interest in the Tesorillo and Ruedalabola gas exploration licences.

Revenue and profit and loss information of consolidated entity's operating segments

Consolidated	Australia $	Spain $	Total $
Six month ended 31 December 2019			
Revenue from external customers	-	-	-
Segment expenses	(1,107,135)	-	(1,107,135)
Corporate and unallocated expenses			(1,420,115)
Total operating expenses			**(2,527,250)**
Other income	-	-	-
Segment loss before income tax	(1,110,336)	-	(1,110,336)
Corporate and unallocated loss before tax			(1,388,964)
Total loss before tax			**(2,499,300)**

Consolidated	Australia $	Spain $	Total $
Six month ended 31 December 2018			
Revenue from external customers	-	-	-
Segment expenses	(98,469)	-	(98,469)
Corporate and unallocated expenses			(266,705)
Total operating expenses			**(365,174)**
Other income	-	-	-
Segment loss before income tax	(172,773)	-	(172,773)
Corporate and unallocated loss before tax			(269,067)
Total loss before tax			**(441,840)**

Assets and liabilities information of consolidated entity's operating segments

Consolidated	Australia $	Spain $	Total $
31 December 2019			
Segment non-current assets	15,760,035	887,121	16,647,156
Corporate and unallocated			11,260
Total non-current assets			**16,658,416**
Segment assets	24,696,986	1,054,831	25,751,817
Corporate and unallocated			441,498
Total assets			**26,193,315**
Segment liabilities	941,583	145,020	1,086,603
Corporate and unallocated			691,162
Total liabilities			**1,777,765**
30 June 2019			
Segment non-current assets	8,159,683	660,687	8,820,370
Corporate and unallocated			13,968
Total non-current assets			**8,834,338**
Segment assets	13,945,917	825,000	14,770,917
Corporate and unallocated			1,790,716
Total assets			**16,561,633**
Segment liabilities	1,753,941	825,000	2,578,941
Corporate and unallocated			335,949
Total liabilities			**2,914,890**

10. Events occurring after the reporting date

The Directors are not aware of any matters or circumstances that have arisen since the end of the period that has significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of its affairs, other than the following:

(a) On 28 January 2020, Warrego funded the initial El Romeral consideration of €750,000 in accordance with the asset purchase agreement with Petroleum Oil and Gas España S.A. Prospex elected to take up to its 49.9% interest in the Project and paid its share of the consideration on 21 February 2020. The acquisition will be accounted for as a business combination on completion.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Warrego Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Warrego Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134

Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

L Russell

Leah Russell
Partner

Sydney, 11 March 2020