

## Warrego's commercial focus delivers first half success; West Erregulla increasingly important to meeting WA future gas needs

Warrego Energy Limited ("Warrego" or the "Company") (ASX: WGO) today released its Interim Financial Report for the six months to 31 December 2020.

### Highlights

- No fatalities, no Lost Time Incidents, no reportable environmental incidents
- Secured major long term, 155 PJ gas sales contract with Tier 1 customer which underpins the West Erregulla development case
- Binding Heads of Agreement aligns EP469 Joint Venture (JV) partners for Phase 1 development of the West Erregulla gas field and includes an upsized (80 TJ/d) production facility
- Three well appraisal drilling campaign underway at West Erregulla
- Initial detailed sub-surface evaluation of highly prospective EPA-0127 block complete and Native Title negotiations progressing
- Relocated head office from Sydney to Perth and transitioned to Australian-based operations management with highly experienced WA-based team
- Acquisition of EL Romeral project received Spanish government approval to transfer licences
- Warrego had unrestricted cash at 31 December 2020 of \$33.4 million and no debt

The successful appraisal and development of the West Erregulla gas field, located in EP469 onshore Perth Basin, WA, remains Warrego's primary near term goal. The six months to 31 December 2020 was a critical period in the development of West Erregulla, with Warrego playing a leading role in the delivery of major project milestones.

Following the Company's decision to move its head office to Perth and transition to an Australian-based management and operations team, Warrego successfully executed a strategy in 2020 that provided the commercial underpinnings for West Erregulla field development, specifically:

- independent certification of West Erregulla's gas resources (May 2020);
- a large scale (155 PJ), long-term gas sales contract with a tier 1 customer (September 2020); and
- ensuring the development concept was of sufficient scale to deliver optimal returns (October 2020).

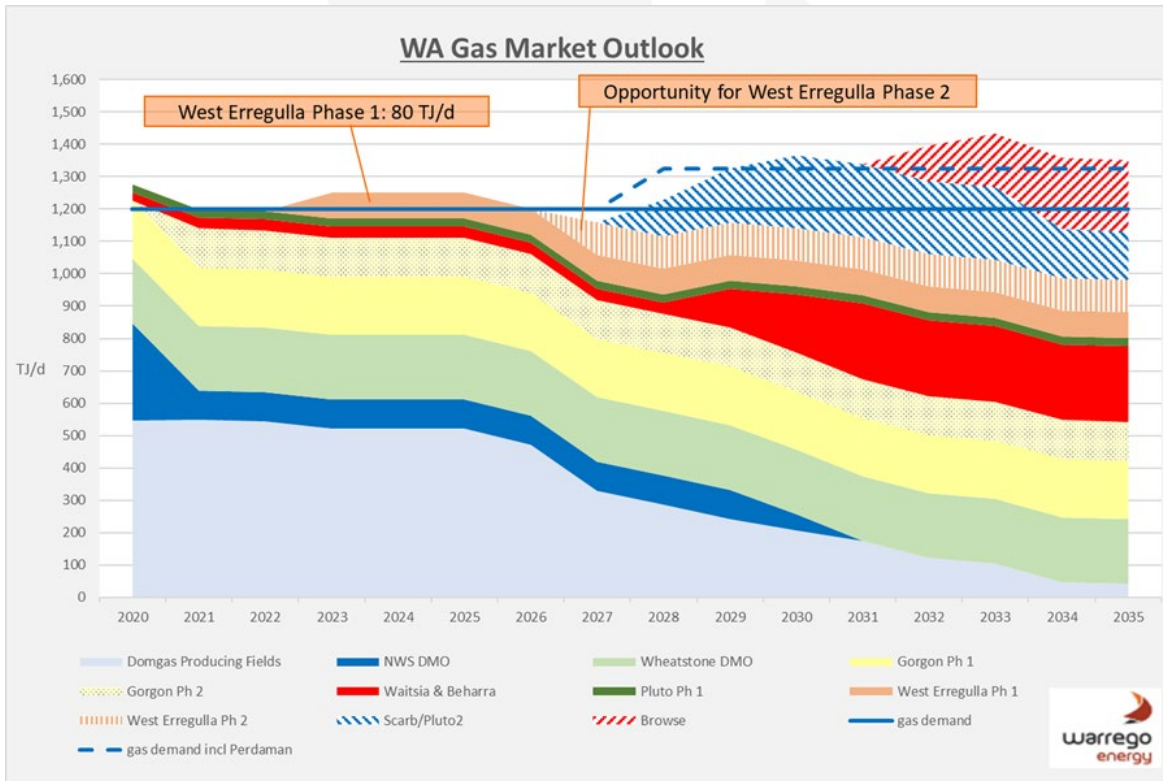
Warrego's significant technical and commercial contribution was acknowledged in October 2020 when the EP469 JV partners signed a binding Heads of Agreement that aligned both parties for the Phase 1 development of the West Erregulla gas field.

### Warrego's Managing Director and Group CEO, Dennis Donald, said:

"West Erregulla is a world-class asset and we are working hard to ensure we achieve the optimal long-term outcome for our shareholders and customers.

"We have assembled a first-rate team in Perth, who have done a lot of the heavy lifting in the past 6-12 months under the direction of our Australian CEO David Biggs, and we will continue to build out our technical and commercial capabilities.

"Our successful 'ground up' strategy is centred on creating sustainable, long-term value in a market that is likely to be short of gas over the medium term, and we remain committed to progressing West Erregulla in a focused and logical manner to ensure the project is positioned as a supplier of choice in the WA domestic gas market."

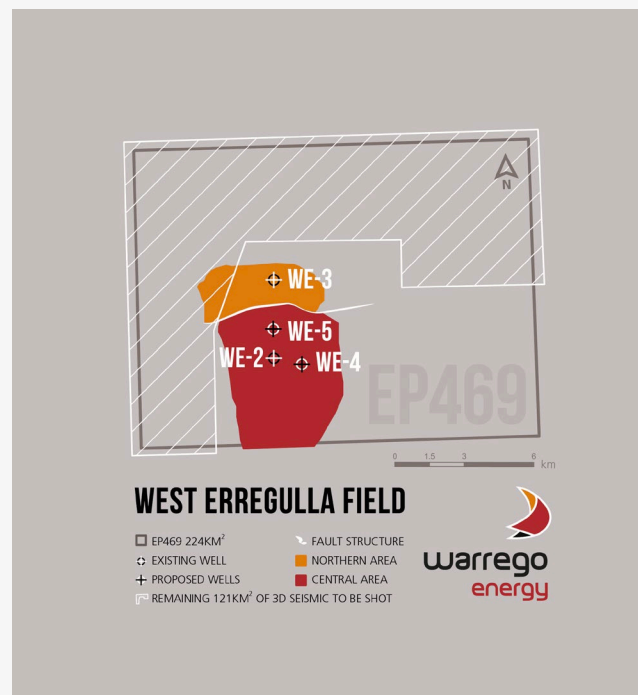


With at least half of the reserves at the nearby Waitsia gas field approved for export, the South Erregulla prospect potentially earmarked for a urea production facility, and the deferral of major offshore gas developments, gas from West Erregulla is becoming increasingly important to meeting the needs of WA domestic customers from 2023 onwards.

The EP469 JV is currently drilling the West Erregulla-4 (WE-4) well, the second in a three well appraisal campaign, which is making good progress and drilling ahead towards the primary targets in the Kingia and High Cliff sandstones.

“Positive results from WE-4 drilling and testing should allow us to increase the field’s total reserves and resources. We have observed hydrocarbon shows on prognosis and data from the well to this point is analogous to the WE-2 discovery well, which is a very positive indicator. Success at WE-4 will be another important step towards achieving a Final Investment Decision once project finance and other necessary arrangements are in place,” Mr Donald said.

The Company has also begun laying the groundwork for its next exploration project in WA, recently completing a detailed sub-surface review of STA-EPA-0127 which covers a highly prospective region of the northern onshore Perth Basin.



Warrego holds 100% and is the Operator of the Exploration Permit Application and upon final grant it will cover 2.2 million acres (8,700 km<sup>2</sup>) making it the largest exploration permit in the Basin.

“Warrego’s sub-surface team have undertaken a detailed evaluation of the block and identified and prioritised multiple high-quality gas and liquid hydrocarbon prospects. We are now preparing a revised conventional exploration work program, including 2D seismic, that could be approved and implemented once the application is granted.

“The disruptions to Native Title negotiations in 2020 due to COVID are behind us and we are progressing negotiations with representative groups. Finalising Native Title agreements is the last major hurdle to clear before the regulator can issue an Exploration Permit. Once the Permit is issued, we intend to farmout a minority interest in the block at the appropriate time,” Mr Donald said.

In Europe, Warrego’s small UK team has focused on completing the El Romeral acquisition. Approval to transfer the operating licences was received from the Spanish government in late 2020, and approval from local government authorities was received subsequent to the end of the half year in late February 2021. The acquisition, which has an economic date of July 2019, completed on 28 February 2021.

Warrego’s UK team is currently evaluating a number of strategic options to unlock shareholder value from the El Romeral and Tesorillo projects, both of which include gas discoveries and are close to excellent infrastructure and markets with high demand for gas and power.

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Authorised by the Board and issued in accordance with the Company’s disclosure policy.

### About Warrego Energy Limited

Warrego is a dynamic and growing energy company focused on exploration, development and production, primarily in Australia. It applies proven technical, marketing and commercial strengths to identify and unlock the value creation potential of underexplored or undeveloped onshore assets. Listed on the ASX in 2019, Warrego has a 50% interest in EP469, located onshore Perth Basin, WA, which includes the world-class West Erregulla gas discovery. Warrego also holds a number of early-stage exploration assets in WA and Spain. Warrego was added to the ASX All Ordinaries Index in June 2020.

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