

15 July 2021

UK SOUTHERN GAS BASIN PHASE I CONCEPT SELECT – OPERATIONAL & UK GAS MARKET UPDATE

Hartshead Resources NL (**Hartshead**, **HHR** or the **Company**) is pleased to announce an update regarding the 217¹ Bcf Phase I Concept Select work program covering the development of the Victoria & Viking Wx fields in the UK Southern Gas Basin and an update on the UK gas market.

- **Key Development Planning Tasks Performed**

- Subsurface Interpretation & Modelling
 - Re-mapping of Victoria & Wx complete
 - Petrophysical re-evaluation of well logs complete
 - Commenced construction of geo-cellular static reservoir models
- Frac Modelling & Design
 - Analysis of three historically fraced production wells complete
- Development Well Planning
 - Review of potential development well trajectories complete
 - Well design and cost estimation underway
- Production Facilities Planning
 - CAPEX estimation complete
 - OPEX estimation underway
- Commercial Gas Transportation
 - Executed NDAs with multiple infrastructure owners
 - Workshops with third party owners scheduled.

- **Gas Market**

- UK Spot price **increased over 80%** in last 6 months, now in excess of 85 p/therm compared to 47 p/therm in February 2021²
- Near Term gas price **increased 105%** since acquisition of Hartshead projects
- Long term gas price forecast as indicated by the UK Gas Futures Curve is above 45 p/therm.

¹ Volumetric estimates are from Oilfield Production Consultants (OPC) Ltd, Independent Competent Persons Report (CPR) entitled "Contingent Resources Review and Audit (Victoria and Viking Wx)" dated October 2020. See Qualified Persons Statement for contingent resource reporting notes.

² Source: Intercontinental Exchange – UK Natural Gas Daily Futures

Subsurface Interpretation & Modelling

The geophysical re-mapping of the Victoria and Viking Wx gas fields, based on the interpretation of existing 3D seismic datasets, has now been completed by Xodus Group (**Xodus**). Building of geo-cellular static field models of each field has commenced, which combines the new mapping with the recently updated petrophysical well log interpretations. This, in turn will be used to construct full field dynamic reservoir simulation models, which will then be history matched to the historic gas production from the fields. The reservoir simulation models will be used to generate production profiles and updated resource outputs for the Concept Select, third party infrastructure hosts and engineers for the optimisation of production well frac design.

Frac Modelling & Design

Fenix Consulting Delft (**Fenix**) have completed an analysis of three historically fraced production wells in the Victoria and Viking Wx fields. The analysis has provided information on the fracture characteristics, such as near wellbore permeabilities, fracture dimensions and proppant concentrations achieved during the previous operations. The results from this review will be used to assist in the design and optimisation of new fracs in planned future development wells on the Phase I fields.

Development Well Planning

A review of the potential development well trajectories for the Victoria and Viking Wx fields from a single or multiple well centres has been completed by Fraser Well Management (**FWM**). FWM are now developing well designs and costings for drilling from single and dual well centres which are capable of reaching the furthest extents of the Victoria and Viking Wx fields, whilst simultaneously allowing optimal levels of well fracturing to be achieved.

Production Facilities Planning

The Greenfield Concept Select study is underway as part of the Petrofac contract and is interfacing with subsurface, well and frac engineering and HSEQ. Petrofac have completed CAPEX estimations for various elements of the possible development concepts and are underway with OPEX estimations. Support is also being provided to progress tie-in and offtake options with third party infrastructure hosts.

Commercial Gas Transportation

Discussions are underway with a number of potential third party infrastructure hosts where possible export routes for gas from the Victoria and Viking Wx fields have been identified. A series of workshops are planned in the near future with the potential host operators to commence feasibility studies for the tie-in of Hartshead's facilities and gas offtake. The feasibility studies will commence once

Hartshead Terms of Reference (TOR) for the tie-ins have been established and will be evaluated prior to entering an indicative commercial agreement.

Gas Markets

UK Domestic and European gas markets continue to support a strong UK gas price with a current spot price of 85 pence per therm² (**p/therm**) and a near-term NBP futures of circa 100 p/therm compared to 47.5 p/therm at the time of the acquisition of HRL in February 2021. The UK gas futures curve also points to a long term price in excess of 45 p/therm. Hartshead's own economic evaluation of the Phase I development has used a gas price assumption of 45 p/therm which demonstrates robust project economics.

Chris Lewis, CEO, commented: "Progress is on track with the subsurface, development drilling and production facilities aspects of the Concept Select work. It is also very encouraging that we are now engaged in discussions with multiple third party infrastructure owners to secure an export route to monetise our gas resources. This progress, coupled with a strong gas price forecast, is the best possible start we could have aimed for with our Phase I gas development planning".

-Ends-

CONTACTS

The Board of Directors of Hartshead Resources NL authorised this announcement to be given to ASX.

For further information on this announcement, visit www.hartshead-resources.com.au or contact:

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Notes to Editors:

Hartshead Resources NL

ASX-listed Hartshead Resources NL and is focussed on building a financially, technically and environmentally responsible European Energy business.

Hartshead's goal is to secure and invest in projects where resources can be extracted and delivered to meet Europe's growing energy demand while supporting the transition to a low carbon future.

In progressing this strategy Hartshead is focused on its 100% owned Production Seaward License P2607 comprising of five blocks which contain four existing gas fields in the UK Southern Gas Basin.

Hartshead brings together a highly experienced oil and gas team with specialised knowledge covering subsurface, engineering, commercial, QHSE and capital markets with the required skillsets needed to successfully and safely deliver oil and gas upstream projects.

UK Southern North Sea Production Seaward License P2607 – Contingent and Prospective Resources

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX Announcement dated 14 December 2020 (see Schedule 3). The Company is not aware of any new information or data that materially affects the information about the contingent resource and prospective resource estimates included in this announcement and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

Contingent resources reported herein have been estimated and prepared using the probabilistic method.

CONTINGENT RESOURCES (BCF)						
PHASE I PROJECTS			1C	2C	3C	
VICTORIA	49/17b		84	125	177	
VIKING-WX	49/17b		62	90	124	
COMBINED ³	49/17b		161	217	285	

CONTINGENT RESOURCES (BCF)			1C	2C	3C	GCOS
PHASE II	49/6c, 49/11c	Tethys North	14	39	70	100%
	48/15c	Audrey NW	35	100	387	100%

³ Volumes combined stochastically to give portfolio volume

PROSPECTIVE RESOURCES ⁴			P90	P50	P10	GCoS
PHASE III	49/17b	Vixen SW	29	56	94	50%
EXPLORATION	49/17b	Vixen SE	43	85	142	30%

Forward Looking Statements

This document has been prepared by Hartshead Resources NL (HHR). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

HHR's operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements. Although HHR believes that the expectations raised in this document are reasonable there can be no certainty that the events or operations described in this document will occur in the timeframe or order presented or at all.

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Qualified Person's Statement

⁴ Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These prospective resources estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS). The Contingent Resource estimates and Prospective Resource estimates presented in this report were originally disclosed to the market in an announcement released 14 December 2020. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcement and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed. The information in this announcement that relates to Contingent Resource information in relation to the Phase I Victoria and Viking-Wx fields is based on information compiled by technical employees of independent consultants, Oilfield Production Consultants Ltd, which information was subsequently reviewed by Mr Christopher Lewis. The information in this announcement that relates to Contingent Resource information in relation to the Phase II Audrey NW and Tethys North fields and the Prospective Resource information in relation to the Vixen SW and Vixen SE prospects is based on information compiled by Mr Christopher Lewis and information compiled by technical consultants contracted to Hartshead which has been subsequently reviewed by Mr Christopher Lewis. Mr Lewis has consented to the inclusion of such information in this announcement in the form and context in which it appears and the resources information in this report is based on, and fairly represents, information and supporting documentation reviewed by, or prepared under the supervision of, Mr Christopher Lewis. Mr Lewis is a Director of Hartshead and has a BSc from the Imperial College, University of London and is a member of The American Association of Petroleum Geologists (AAPG) and the European Association of Geoscientists and Engineers (EAGE). Mr Lewis is qualified in accordance with the requirements in ASX Listing Rule 5.41.