

Quarterly Report

For the period ended 31 March 2022

SEAWARD PRODUCTION LICENSE P2607, OFFSHORE UNITED KINGDOM
 (HARTSHEAD RESOURCES 100% AND OPERATOR)

Hartshead Resources NL (**Hartshead, HHR** or the **Company**) Seaward Production License P2607 covers five contiguous blocks (48/15c, 49/6c, 49/11c, 49/12d and 49/17b) located in the Southern North Sea (Figure 1) with four existing discoveries totalling **463 Bcf¹** of 2C Contingent Resources.

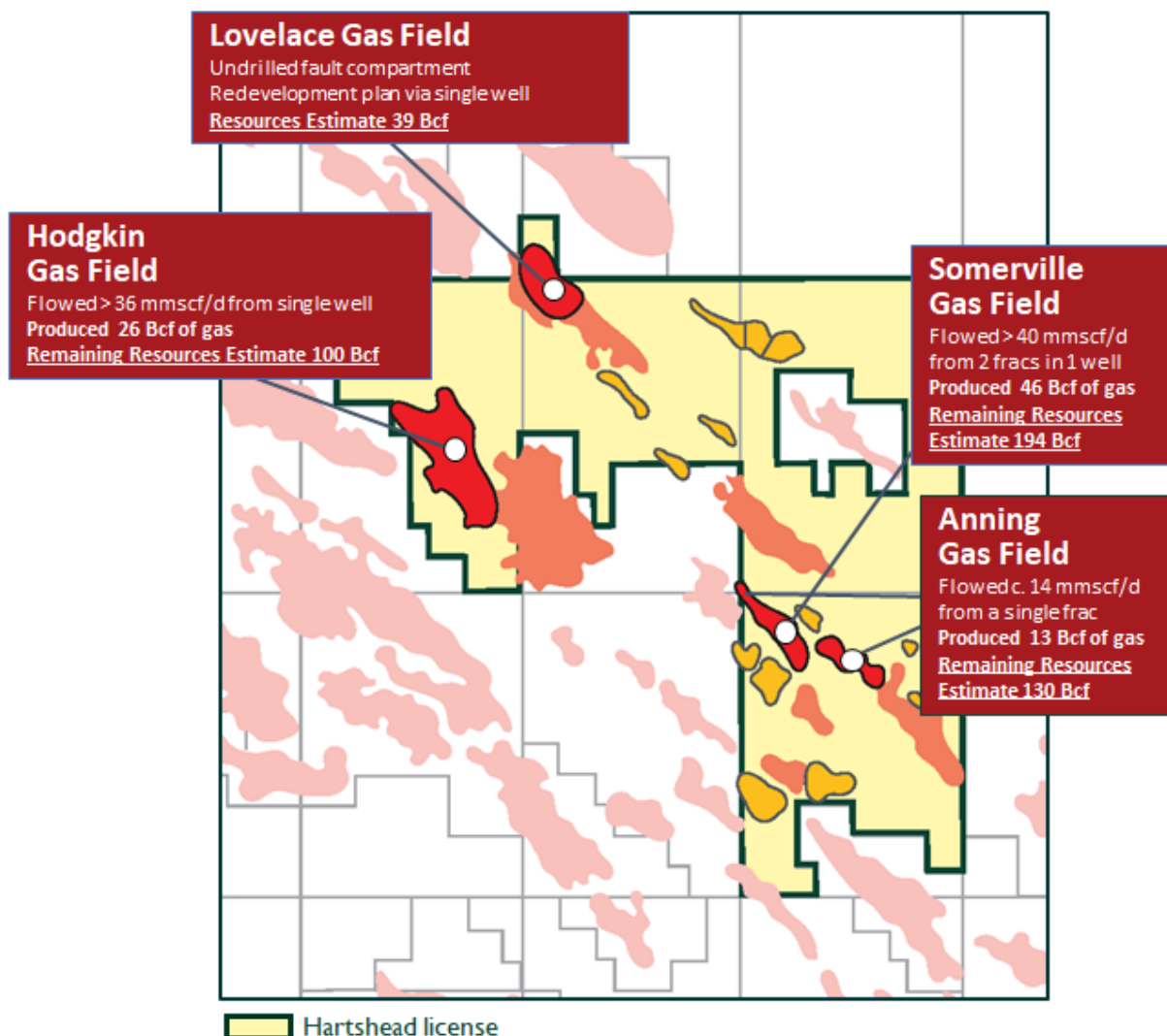


Figure 1. Hartshead Resources Seaward License P2607 holds multiple gas fields and prospects

¹ Hartshead Resources management estimates.

PHASE I FIELD DEVELOPMENT – ANNING AND SOMERVILLE GAS FIELDS

Static and Dynamic Geological Modelling

During the quarterly period a material increase in the Phase I recoverable resources to 324 Bcf was reported based on static geological modelling for the Anning and Somerville fields, completed by Xodus Group (**Xodus**), and production forecasts derived from dynamic reservoir models.

Xodus calculated a total Phase I gas-initially-in-place (GIIP) volume of 587 Bcf representing an overall increase of 18% above the previous Hartshead estimate of 496 Bcf. The revised GIIP volume is split 219 Bcf and 368 Bcf between the Anning and Somerville gas fields, respectively, with the 112 Bcf GIIP increase in the Somerville field due partly to previously unmapped extension of the field.

Dynamic reservoir models for the Anning and Somerville fields were history matched to the previous field production and pressure profiles and used to forecast gas flow rate and production from proposed well trajectories, frac placements, facilities and a new network model assuming connection via third party infrastructure to Bacton Gas Processing Terminal (**Bacton**).

Following the completion of new static and new dynamic reservoir modelling, the technically recoverable gas volumes are shown below (Table 1) and can be compared against with the existing audited 2C contingent resources of 217² Bcf for the Phase I development.

		CONTINGENT RESOURCES ¹ (Bcf)			
		1C	2C	3C	GCoS
PHASE I	Anning	95	130	160	100%
	Somerville	160	194	220	100%
	TOTAL	255	324	380	100%

Table 1. Phase I field development technically recoverable resources.

These revised production profiles will be used as inputs to full field life economics as part of the Phase I Concept Select Report (**CSR**) and will be subjected to a Peer Review and Competent Persons Report (**CPR**) by ERC Equipoise (**ERCE**).

Concept Select Report (CSR)

As part of the Phase I Concept Select and Report preparation and submission, Petrofac have commenced commencing a number of workstreams which include:

- A full field HSE study of shortlisted development options;

² Volumetric estimates are from Oilfield Production Consultants (OPC) Ltd, Independent Competent Persons Report (CPR) entitled “Contingent Resources Review and Audit (Anning and Somerville)” dated October 2020. See Qualified Persons Statement for contingent resource reporting notes.

- An emissions study to generate the life of field (construction, installation, operation and decommissioning) carbon equivalent emissions for each of the greenfield facilities options and the gas offtake routes;
- Pipeline routing options and cost analysis of two potential routes;
- High level summary scope of work and CapEx estimate for the host modifications required applicable to the six options for tie-in of single pipeline arrival to Infrastructure.

These workstreams will provide final inputs to the CSR to be submitted to the North Sea Transition Authority (NSTA) formerly known as the Oil & Gas Authority (OGA).

Commercial

Hartshead are in commercial and technical discussions with a third party on an infrastructure tie-in to the Bacton Gas Processing Terminal with a view to receiving indicative commercial terms (ICTs) and commencing engineering feasibility studies for the tie-in of Hartshead's facilities and gas offtake in the near future.

Hartshead and the third party are currently jointly developing the scope for the next stage of engineering work to define the sub-sea pipeline connection, platform modifications and other work required for the gas export route. This infrastructure, with associated capacity, availability and pressures form the basis of the Phase I gas transportation network model used to generate the recoverable resources of 324 Bcf for the Phase I field development.

PHASE II FIELD DEVELOPMENT – HODGKIN AND LOVELACE GAS FIELDS

The Hodgkin and Lovelace fields are located in the north-west part of License P2607 and are currently estimated to contain a combined 139¹ Bcf of 2C Contingent Resources.

CONTINGENT RESOURCES (BCF)		1C	2C	3C	GCoS	
PHASE II	49/6c, 49/11c	Lovelace	14	39	79	100%
	48/15c	Hodgkin	35	100	387	100%

Table 2. Phase II field development contingent resources.

The Phase II subsurface workstreams have resulted in the construction of a new geological and geophysical database, detailed interpretation of the new 3D seismic data and petrophysical analysis. The next steps of the work programme will include a gas-in-place volumetric calculation, new production forecasts for both the Hodgkin and Lovelace gas fields, and revised recoverable resource

estimates (2C). Following completion of these latter workstreams a decision can be made to proceed with field development planning for the two fields. This will present the opportunity to utilise the Phase I infrastructure in order to monetise the Phase II gas production which may lead to potentially enhanced economics of the Hodgkin and Lovelace fields.

The revised 2C contingent resources at Hodgkin and Lovelace will also be independently audited and the results compiled and announced as part of the ERCE CPR covering License P2607.

PHASE III – EXPLORATION PROSPECT INVENTORY

During Q1 2022 an exploration study across Hartshead’s License P2607 was completed by Xodus and generated a new prospect inventory totalling 14 prospects & leads with un-risked 2U Prospective Resources of 344 Bcf. Twelve new prospects, in addition to the existing Garrod and Ayrton prospects, were identified on the license area. All of the new prospects are undrilled structural traps within the Rotliegendes reservoir and are summarised below (Table 3) along with their respective geological chance of success (GCoS).

Prospect	Recoverable Volume (Bcf)			GCoS
	1U	2U	3U	P50
McLaren	18	27	39	0.54
Stephenson	36	47	60	0.43
Widdowson East	6	29	79	0.32
Widdowson Central	11	21	40	0.50
Lonsdale	5	16	31	0.50
Anderson	5	12	29	0.45
Garrod	16	52	125	0.50
Ayrton	25	74	146	0.41
Wenlock Prospect 1	4	19	55	0.36
Wenlock Prospect 2	1	5	19	0.36
Wenlock Prospect 3	1	5	17	0.36
FFs Prospect 1	3	11	26	0.41
FFs Prospect 2	8	19	37	0.35
FFs Prospect 3	4	9	17	0.34
Arithmetic Total	143	344	719	

Table 3. Phase III exploration portfolio resource table highlighting 2U Prospective Resources.

CORPORATE & FINANCIAL

On 24 January 2022 the Company announced the results of a Share Sale Facility for holders of Unmarketable Parcels of shares in the Company with a market value of less than A\$500, which was initially announced to the market on 19 November 2021. On the closing date of the Facility, 7 January 2022, 710 shareholders had elected to sell a total of 7,502,862 shares at a price pursuant to the Company's constitution. The shares were purchased by members of the board and management team.

On 1 March 2022 Hartshead announced that the Company had issued an Invitation to Tender (ITT) to a number of service providers in respect of the following workstreams:

- **Phase I Concept Select Peer Review:** An independent evaluation of the workstreams completed as part of the Phase I Concept Select, incorporating a Technical Audit of the resource estimates for Phase I and II fields and the Phase III exploration prospect inventory. A key deliverable from the Technical Audit will be a new CPR.
- **ESG Strategy and Reporting:** To assist Hartshead in developing its ESG strategy, including the establishment of an industry standard framework for the measurement and auditing of emissions, and a reporting system to integrate into existing ASX compliance and corporate governance requirements.

Following a technical and commercial bid evaluation process ERCE have been selected and appointed to conduct a Peer Review of the Phase I and II field developments and Phase III exploration portfolio workstreams completed to date. ERCE will also conduct an Independent Technical and Commercial Audit of the reserves and resources on Seaward License P2607 associated with Phases I, II and III for the purposes of the compilation of a CPR.

Hartshead's closing cash and cash equivalents at the end of the quarter were A\$3.7 million.

Pursuant to Listing Rule 5.4.1, Exploration and Evaluation Expenditure during the quarter was A\$388K and was comprised of field development activities; including finalising subsurface reservoir models and discussions with third party infrastructure owners to identify a preferred gas transportation and processing route. Further details of the development activity during the March 2022 quarter is set out in this report.

Pursuant to Listing Rule 5.4.2 there was no substantive oil and gas production activities undertaken during the quarter.

Pursuant to Listing Rule 5.4.5, payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activities report were A\$302K. These payments are related to salaries, superannuation and directors' fees paid to directors and related entities during the March 2022 quarter.

PETROLEUM TENEMENTS HELD AS AT 31 MARCH 2022

	% Interest	Tenement	Location
Held at end of the quarter	100%	Seaward Production License P2607	Offshore United Kingdom

100% ³	Nkembe Block	Offshore Gabon
100% ⁴	Ambilobe Block	Offshore Madagascar

There was no change in the Company's interests in the above tenements during the quarter.

CORPORATE DIRECTORY

Directors

Bevan Tarratt	Non-Executive Chairman
Christopher Lewis	Chief Executive Officer
Andrew Matharu	Chief Financial Officer
Nathan Lude	Executive Director

Company Secretary

Matthew Foy

Registered Office and Principal Place of Business

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 PERTH WA 6000
 Telephone: +61 8 9226 2011
 Facsimile: +61 8 9226 2099
 Web: www.hartshead-resources.com.au
 Email: info@hartshead-resources.com

Share Registry

Computershare
 Level 11, 172 St Georges Terrace
 PERTH, WA 6000
 Telephone: 1300 850 505 (within Australia)
 +61 3 9415 4000 (outside Australia)

The Board of Directors of Hartshead Resources NL authorised this announcement dated 29 April 2022 to be given to ASX.

PETROLEUM REPORTING STATEMENTS

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 announcements dated 6 April 2022 and 8 March 2022. 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 (Bcf)			
		1C	2C	3C	GCoS
PHASE I	Anning	95	130	160	100%
	Somerville	160	194	220	100%
	TOTAL	255	324	380	100%

³ Hartshead's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Nkembe PSC

⁴ Subject to relinquishment as per the terms of the Ambilobe PSC

CONTINGENT RESOURCES (BCF)			1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Lovelace	14	39	70	100%
	48/15c	Hodgkin	35	100	387	100%
PROSPECTIVE RESOURCES ⁵			1U	2U	3U	GCoS
PHASE III EXPLORATION	49/17b	Garrod	16	52	125	50%
	49/17b	Ayrton	25	74	146	41%
	49/17b	McLaren	18	27	39	54%
	49/17b	Stephenson	36	47	60	43%
	49/17b	Widdowson East	6	29	79	32%
	49/17b	Widdowson Central	11	21	40	50%
	49/17b	Lonsdale	5	16	31	50%
	49/17b	Anderson	5	12	29	45%
	49/12d	Wenlock Prospect 1	4	19	55	36%
	49/12d	Wenlock Prospect 2	1	5	19	36%
	49/11c	Wenlock Prospect 3	1	5	17	36%
	49/11c	FFs Prospect 1	3	11	26	41%
	49/11c	FFs Prospect 2	8	19	37	35%
	49/11c	FFs Prospect 3	4	9	17	34%

Note 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.

⁵ 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 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.

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.

No representation or warranty, expressed or implied, is made by HHR or any other person that the material contained in this document will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of HHR, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this document and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this document or any error or omission there from. Neither HHR nor any other person accepts any responsibility to update any person regarding any inaccuracy, omission or change in information in this document or any other information made available to a person nor any obligation to furnish the person with any further information.

Qualified Person's Statement

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 announcement released on 14 December 2020 and updated 8 March 2022 and 6 April 2022. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcements 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 Anning and Somerville fields 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. The information in this announcement that relates to Contingent Resource information in relation to the Phase II Hodgkin and Lovelace fields and the Prospective Resource information in relation to the Phase III exploration portfolio 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HARTSHEAD RESOURCES NL

ABN

11 150 624 169

Quarter ended ("current quarter")

31 MARCH 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(33)
(b) development	-	-
(c) production	-	-
(d) staff costs	(302)	(904)
(e) administration and corporate costs	(323)	(1,279)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(624)	(2,213)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(2)	(7)
(d) exploration & evaluation *	(388)	(994)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on acquisition	-	-
2.6	Net cash from / (used in) investing activities	(390)	(1,001)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,704	6,899
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(624)	(2,213)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(390)	(1,001)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	6
4.6	Cash and cash equivalents at end of period	3,691	3,691

* Prior quarter amounts have been re-positioned for consistency with current quarter disclosures.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,651	4,664
5.2	Call deposits	40	40
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,691	4,704

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	302
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		
<p>Payments of Directors fees and salaries</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(624)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(388)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,012)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,691
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,691
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.