

Takeover Offer for Warrego

- Strike Energy announces its intention to make an off-market takeover bid to acquire all of the outstanding Warrego Shares for 1 new Strike share for each Warrego share.
- The implied offer price is 33.5 cents per Warrego share based on Strike's last closing price¹ which represents a 19.6% premium to Hancock's latest proposal and a 61.8% premium to Warrego's undisturbed price (based on the 30-day VWAP prior to announcement of Strike's Initial Proposal)².
- Strike's offer is subject only to "no prescribed occurrences" and importantly no minimum acceptance condition and no material adverse change condition.
- Strike currently has a relevant interest in 19.9% of the Warrego Shares and has received statements of intention to accept its proposed offer from Warrego shareholders holding a further ~13% of the Warrego Shares, in the absence of a superior proposal.
- Further details on the Strike's offer will be contained within a bidder's statement which is expected to be lodged with ASIC, provided to Warrego and released to ASX prior to the end of calendar year 2022.

Strike Energy Limited (ASX:STX) (**Strike**) is pleased to announce its intention to make an off-market takeover bid pursuant to Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) to acquire all of the ordinary shares issued in the capital of Warrego Energy Limited (ASX: WGO) (**Warrego and Warrego Shares**) that it does not already own (**Strike's Offer**). Strike currently has a 19.9% interest in the Warrego Shares. Under Strike's Offer, Warrego shareholders will receive 1 new fully paid ordinary share issued in the capital of Strike (**Strike Share**) for each Warrego Share held (**Offer Consideration**).

Background to the Offer

Strike's Offer follows its initial merger proposal put to the Warrego board of directors (**Warrego Board**) on 16 September 2022 and as disclosed in subsequent announcements by Warrego and Strike on 10 November 2022 (**Strike's Initial Proposal**). Shortly thereafter, on 14 November 2022 Warrego entered into a scheme implementation deed with Beach Energy Limited (ASX: BPT) (**Beach**) under which Beach agreed to acquire all of the Warrego Shares via a scheme of arrangement for an upfront cash consideration of \$0.20 per Warrego Share and a deferred pro rata entitlement to any net proceeds from any disposal of Warrego's Spanish assets within 12 months (**Beach's Initial Proposal**).

On 30 November 2022, Hancock Energy PB Pty Ltd (**Hancock**) announced an off-market takeover bid to acquire all Warrego Shares for cash consideration of \$0.23 per Warrego Share (**Hancock's Initial Offer**). On 1 December 2022, the Warrego Board declared Hancock's Initial Offer to be superior to Beach's Initial Proposal. On 2 December 2022, Beach submitted a revised proposal to acquire all Warrego Shares via a scheme of arrangement for \$0.25 per Warrego Share (**Beach's Revised Offer**).

Subsequently, on 2 December 2022, Hancock submitted a revised offer to acquire all Warrego Shares via an off-market takeover for \$0.28 per Warrego Share (**Hancock's Revised Offer**). On 5 December 2022, Warrego declared Hancock's Revised Offer to be superior to Beach's Revised Offer.

On 7 December 2022, Strike entered into Share Purchase Agreements with various Warrego shareholders to increase its shareholding in Warrego to ~19.9% via the swap of Strike ordinary shares for Warrego ordinary shares at a 1:1 share exchange ratio.

On 9 December 2022, Beach declined to match Hancock's Revised Offer. The Warrego Board have indicated they intend to recommend Hancock's Revised Offer in the absence of a superior proposal,

¹ Based on Strike's closing price on 16 December 2022 of A\$0.335.

² Based on Strike's 30-day VWAP to 9 November 2022 of A\$0.2388 and Warrego's 30-day VWAP to 9 November 2022 of A\$0.1476.



which recommendation will be contained within Warrego's target's statement in response to Hancock's Revised Offer.

Transaction rationale

The Strike board of directors (**Strike Board**) believes Strike's Offer is highly attractive to Warrego Shareholders and is superior to Hancock's Revised Offer for a number of reasons, a summary of which is set out below.

1. Strike's Offer currently represents the best value for Warrego Shareholders

As at 16 December 2022, being the last trading day prior to the date of this letter, the Offer Consideration implied an offer price of A\$0.335 per Warrego Share³, which represents:

- a 19.6% premium to Hancock's Revised Offer of \$0.28 per Warrego Share⁴;
- a 44.1% premium to the closing price of Warrego Shares on 9 November 2022, being the trading day immediately prior to the announcement of Strike's first non-binding indicative offer (**Undisturbed Date**)⁵;
- a 61.8% premium to the 30-day VWAP of Warrego Shares before the Undisturbed Date⁶; and
- a 69.3% premium to the 90-day VWAP of Warrego Shares before the Undisturbed Date⁷.

The Offer Consideration, which is a significant improvement to the price under Strike's initial non-binding proposal (an increase of ~30% in the share exchange ratio and >75% in total value), now reflects the value of Warrego's Spanish assets and provides Warrego Shareholders with upfront value for these assets and may also provide Warrego shareholders with capital gains tax rollover relief.

2. Hancock's competing proposal places a final and terminal value on Warrego. Strike's Offer will allow Warrego Shareholders to participate in ongoing potential upside

Under Strike's Offer, Warrego Shareholders will receive Strike Shares, which will not only provide ongoing exposure to Warrego's existing assets, but also provide potential upside exposure to Strike's 100% owned Perth basin asset portfolio. This will allow Warrego Shareholders to participate in the benefits of ongoing exploration success, the potential realisation of operational synergies and the potential re-rating of the price of Strike Shares as its Walyering gas project enters first commercial production in 2023. Importantly, accepting Strike's Offer will not preclude Warrego Shareholders from receiving any further change of control premium in the event a takeover proposal is ultimately received for Strike following successful close of Strike's Offer. Conversely, by accepting Hancock's Revised Offer, 100% of the potential upside arising from the development of Warrego's projects would be retained by Hancock.

3. Warrego Shareholders will retain material ownership in a uniquely positioned energy business with a portfolio of assets in the exciting and emerging Perth Basin

If Strike acquires a total shareholding in Warrego of >50%, Strike will endeavour to take advantage of the potential operational synergies of a coordinated development of the Greater Erregulla region. This may create value for both Warrego Shareholders and Strike Shareholders and may provide an opportunity to accelerate development of the West Erregulla gas field and potentially allow for its integration with Strike's South Erregulla and Mid West low carbon manufacturing Precinct (**The Precinct**). Warrego Shareholders will also retain exposure to the potential in the currently unexplored portions of West Erregulla whilst also gaining exposure from Strike's ongoing exploration potential through its additional Perth Basin acreage, access to near-term cashflows through the development of the Walyering gas project, and entry into Strike's unique net zero 2030⁸ integrated renewables and energy platform across sustainable energy and fertiliser manufacturing.

³ Based on Strike's closing price on 16 December 2022 of A\$0.335.

⁴ Based on Strike's closing price on 16 December 2022 of A\$0.355.

⁵ Based on Strike's closing price on 9 November 2022 of A\$0.245 and Warrego's closing price on 9 November 2022 of A\$0.170.

⁶ Based on Strike's 30-day VWAP to 9 November 2022 of A\$0.2388 and Warrego's 30-day VWAP to 9 November 2022 of A\$0.1476.

⁷ Based on Strike's 90-day VWAP to 9 November 2022 of A\$0.2494 and Warrego's 90-day VWAP to 9 November 2022 of A\$0.1473.

⁸ Refer to Strike's ASX announcement dated 21 May 2021: "Strike commits to net-zero 2030" for further detail regarding Strike's net zero commitment, including the assumptions underpinning and qualifications in respect of that aspirational target.

4. Strike's Offer has lower conditionality than Hancock's Revised Offer

Strike's Offer is subject only to no "prescribed occurrence" occurring, the satisfaction of which, other than in respect of certain insolvency events, should be wholly within the control of the Warrego Board. Importantly, Strike's Offer does not include a minimum acceptance condition or a material adverse change condition. In addition, Strike already controls ~19.9% of the existing Warrego shares.

5. A number of Warrego's shareholders have already agreed to receive the same consideration for their Warrego shares

On 6 December 2022, several Warrego shareholders elected to swap their Warrego Shares for Strike Shares at a ratio of 1 Strike Share for every Warrego Share held. This ratio is consistent with the Offer Consideration under the Offer.

6. Warrego Shareholders holding ~13% have also confirmed their intention to support a merger of Strike and Warrego

Following Strike's announcement on 6 December 2022 that it had acquired an interest of ~19.9% of Warrego's shares outstanding, Strike has received several inbound inquiries from Warrego's shareholders interested in receiving the same consideration for their Warrego Shares. As at 18 December 2022, Strike has received notification from a number of shareholders indicating they intended to accept a takeover Offer from Strike on the date that is 21 days after the opening of Strike's Offer, subject to no superior proposal emerging. Collectively these shareholders control 155,284,448 Warrego shares which represents ~13% of Warrego's total shares outstanding. A list of the Warrego Shareholders who have indicated their intention to support a merger of Strike and Warrego is set out in Schedule 1.

Statements from the Chairman of the Board of Directors, John Poynton:

"The Strike Board has given significant consideration to the events that have unfolded over the past three months. We continue to form the opinion that a combination of Strike and Warrego delivers the best results for all shareholders and so we have resolved to put this Offer forward."

"We continue to focus on our disciplined approach to both strategic M&A and deploying our capital in the most efficient manner possible. We will assess the situation as it develops and continue to focus on securing the best outcome for our shareholders."

Statements from the Managing Director & Chief Executive Officer of Strike, Stuart Nicholls:

"Strike continues to believe a combination of Strike and Warrego will deliver significant value accretion to both Strike and Warrego shareholders. This Offer provides a pathway for Warrego shareholders to maximise value and continue to participate in the potential upside of a focussed Perth Basin business with impending cashflows. Should Strike achieve operational control of Warrego, Strike expects that it can accelerate, maximise and optimise the gas production, cash flows and capital, whilst reducing the carbon footprint of the Erregulla domestic gas project."

"We intend to put this offer directly to the shareholders of Warrego to give them the opportunity to participate in the clear value creation we can see from this transaction. It will also provide them with access to an enhanced equity market presence, greater liquidity and a stronger share register. Regardless of the recommendation of the Warrego board of directors, we trust the Warrego shareholders to recognise the inherent value of their existing interest in West Erregulla and the potential enhancement to that value arising out of a combination of the two companies"

Next steps

Further details on Strike's Offer and how to accept Strike's Offer will be set out in a bidder's statement that will be sent to Warrego shareholders in due course. Strike currently expects the Bidders Statement will be lodged with ASIC, provided to Warrego and released to the ASX prior to the end of calendar year 2022.

Strike has appointed Macquarie Capital (Australia) as financial advisor and DLA Piper as legal advisor.

This announcement is authorised for release by the Board of Strike Energy Limited.



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List of Warrego Shareholders intending to accept Strike's Offer

Each of the following Warrego Shareholders has notified Warrego and Strike of its intention to accept Strike's Offer on the date that is 21 days after the opening of Strike's Offer, in the absence of a superior proposal. Each of the following Warrego Shareholders has consented to the public disclosure of its name, shareholding and intention to accept Strike's Offer.

Shareholder	Shares owned	Percentage interest ⁹
Regal Funds Management as trustee for various funds	120,127,669	9.82%
Harvest Lane Asset Management Pty Ltd, 31 May Pty Ltd	22,562,328	1.84%
Rookharp Holdings Pty Ltd, Rookharp Capital Pty Ltd, Rookharp Investments Pty Ltd, David Michal Rooke and Leesa Jane Rooke	12,594,451	1.04%
Total	155,284,448	12.70%

⁹Based on 1,223,122,326 Warrego Shares on issue.

About Strike Energy Limited and Project Haber and Precinct Development

Strike Energy Limited (ASX:STX) aspires to be Australia's lowest cost and lowest carbon producer of urea, and a substantial supplier of competitive, low cost natural gas. These outcomes will be delivered through Strike's vertically integrated strategy, which will take the Company's low cost, low impurity natural gas endowment from the Perth Basin, combine it with the best-in-class manufacturing technology, and power it with the Mid West's abundant supplies of renewable energy.

The proposed Low Carbon Mid West Precinct development will be contingent on, among other things, successfully re-zoning the land for the intended renewable and industrial uses and obtaining all other required regulatory approvals, licences and authorisations. The successful development of Project Haber is contingent on, among other things, the outcomes of FEED on Project Haber, the proving up of sufficient gas reserves at South Erregulla, access to finance and (where required) equity participation, finalising urea offtake agreements, and obtaining all requisite regulatory and stakeholder permits, approvals and authorisations.

Forward looking statements

Statements contained in this announcement, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike, Warrego or the proposed merged entity, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this document regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike, Warrego and any merged entity. Actual results, performance, actions and developments of Strike, Warrego and any merged entity may differ materially from those expressed or implied by the forward-looking statements in this announcement. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this announcement. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and Warrego and any of each party's respective affiliates and their respective directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this announcement, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of Strike or Warrego since the date of this announcement.