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**By online lodgement**

30 December 2022

**FOR IMMEDIATE RELEASE TO THE MARKET**

Dear Sir/Madam

### **Strike West Holdings Pty Ltd – Supplementary bidder's statement**

We act for Strike West Holdings Pty Ltd ACN 616 395 398 (**Strike West**), a wholly owned subsidiary of Strike Energy Limited ACN 078 012 745 (ASX: STX) (**Strike**), in relation to its off-market takeover bid to acquire all of the shares in Warrego Energy Limited ACN 125 394 667 (ASX: WGO) (**Warrego**) that Strike does not already own (**Takeover Bid**) and have been authorised by the board of Strike to provide this release.

On behalf of Strike West, we attach a supplementary bidder's statement, dated 30 December 2022 (**Supplementary Bidder's Statement**), which supplements Strike West's bidder's statement dated 23 December 2022 in relation to its Takeover Bid.

The Supplementary Bidder's Statement has been lodged with the Australian Securities and Investments Commission and sent to Warrego today.

Yours sincerely

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Partner

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**DLA Piper Australia**



# First Supplementary Bidder's Statement

In relation to the Offer by  
**STRIKE ENERGY LIMITED**

through its wholly owned subsidiary  
Strike West Holdings Pty Ltd  
ACN 616 395 398

to acquire Your Warrego Shares for  
one Strike Share for every one  
of Your Warrego Shares

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**THIS IS AN IMPORTANT DOCUMENT AND  
REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in doubt as to how to deal with it,  
you should consult your financial, legal or other  
professional adviser as soon as possible

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MACQUARIE

Financial Adviser



DLA PIPER

Legal Adviser



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## IMPORTANT INFORMATION

This document is the first supplementary bidder's statement (**First Supplementary Bidder's Statement**) under section 643 of the Corporations Act issued by Strike West Holdings Pty Ltd (ACN 616 395 398) (**Strike West**) in relation to its off-market takeover offer to acquire all of the shares in Warrego Energy Limited (ACN 125 394 667) (**Warrego**) that Strike Energy Limited (ACN 078 012 745) (**Strike**) does not already own (**Offer**) contained in Strike West's bidder's statement dated 23 December 2022 (**Original Bidder's Statement**).

This First Supplementary Bidder's Statement supplements, and should be read together with, the Original Bidder's Statement. This First Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC and provided to ASX on 30 December 2022. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this First Supplementary Bidder's Statement or the merits of the Offer. This First Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of Strike and Strike West.

Words and phrases defined in this First Supplementary Bidder's Statement have the same meaning as in the Original Bidder's Statement unless the context requires otherwise.

## SUPPLEMENTARY INFORMATION

### 1. Warrego Chairman Greg Columbus recommends Warrego Shareholders reject the Hancock Revised Offer and accept the Strike Offer in the absence of a superior proposal

The target's statement released by Warrego on 30 December 2022 in response to the Hancock Revised Offer (**Target's Statement – Hancock**) contained a split recommendation of the Warrego Board.<sup>1</sup>

Mr Greg Columbus, the Independent Chairman of Warrego, recommends that Warrego Shareholders reject the Hancock Revised Offer and accept the Strike Offer (once open), in the absence of a superior proposal, for the reasons, and subject to the qualifications, described in the Target's Statement – Hancock at sections 1.3 and 1.4. Mr Columbus believes that the Strike Offer is in the interests of a majority of Warrego Shareholders, being those Warrego Shareholders with less liquidity constraints, having regard to the implied value, and the intrinsic value of the Strike Offer against the Hancock Revised Offer.

The reasons for Mr Columbus' recommendation, as set out in section 1.3 of the Target's Statement - Hancock are as follows:

- (a) The implied value of the Strike Offer, based on the closing price of Strike Shares on 29 December 2022, was \$0.32 per Warrego Share, which represents a 14.3% premium to the \$0.28 per Warrego Share being offered under the Hancock Revised Offer. While the implied value of the Strike Offer will depend on the price of the Strike Shares at any particular time, and while it is acknowledged that the Strike Share price has been variable over time, this current implied value represents a material premium to the Hancock Revised Offer. In other words, Warrego Shareholders who accept the Hancock Revised Offer would be accepting a lower price than the implied value of the Strike Offer as at 29 December 2022, and a lower price than the price of Warrego Shares on the ASX on that date.

<sup>1</sup> The Warrego Board recommends by a majority of 3:1 that Warrego Shareholders accept the Hancock Revised Offer in the absence of a superior proposal for the reasons and subject to qualifications set out at sections 1.3 and 1.4 of the Target's Statement – Hancock. While Mr Michael Atkins recommends acceptance of the Hancock Revised Offer, Mr Atkins emphasised that the decision is not clear cut and that Warrego Shareholders may, depending on their particular circumstances and risk appetite, wish to choose to accept the Strike Offer (once open) over the Hancock Revised Offer, including in order to retain ongoing exposure to any potential future upside associated with Warrego's and Strike's assets.

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- (b) While accepting the Hancock Revised Offer may mean that Warrego Shareholders will no longer be exposed to the risks and uncertainties associated with Warrego's assets, it also puts a final and terminal value on their investment in Warrego and means that Warrego Shareholders will forego any future potential upside associated with the development of the combined assets.
- (c) By accepting the Strike Offer (once open), Shareholders may participate in future potential upside associated with the development of Warrego's existing assets and integration with Strike's assets. In this respect, Mr Columbus notes:
- (i) The announcement released by Strike on 20 December 2022 entitled 'EP469JV commits to nearfield exploration drilling' which notes the approval by the EP469 joint venture of the nearfield drilling campaign of Erregulla Deep-1 and Southwest Erregulla-1, with Strike currently finalising negotiations with a rig provider to procure rig slots supporting drilling of these wells in late 2023 and early 2024, which indicates the potential for upside in reserves. This potential upside will be foregone by Warrego Shareholders who elect to accept the Hancock Revised Offer.
  - (ii) The presentation given by Mr Dennis Donald, Managing Director of Warrego, on 7 September 2022 at the Good Oil Conference entitled 'Beyond West Erregulla', including specifically, in the section 'EP469 – unlocking future growth potential', the slides 'South Erregulla may unlock more Reserves for West Erregulla' and 'High grade exploration target at Erregulla Deep'. The presentation slides provide that 'Strike Energy (Operator of EP469 and EP503) indicates communication between West Erregulla and South Erregulla'.
  - (iii) In the same presentation, in the section 'EPA-0127 – the Next Perth Basin?', the slide entitled 'Potential massive structures identified'. There is potential for Warrego Shareholders to participate in the upside in EPA-0127 if they elect to accept the Strike Offer (once open), which potential will be foregone by Warrego Shareholders who elect to accept the Hancock Revised Offer.
  - (iv) Strike announced to ASX on 23 December 2022 that the Strike Board of Directors has determined that the optimal location for a domestic gas processing plant to service its Greater Erregulla portfolio of assets is on its 100%-owned Mid West Low Carbon Manufacturing Precinct. The Original Bidder's Statement indicates that, if the Strike Offer is successful, Strike will endeavour to take advantage of the potential operational benefits of a coordinated development of the Greater Erregulla region, which may potentially allow for the integration of the West Erregulla gas field with Strike's South Erregulla and Mid West Low Carbon Manufacturing Precinct. If Hancock achieves control of Warrego through the Hancock Revised Offer, then there remains a question as to how Warrego's share of gas from EP469 will be processed efficiently and effectively.
  - (v) Warrego Shareholders who elect to accept the Strike Offer (once open) and accept Strike Shares in exchange for their Warrego Shares will be able to participate in any upside from Warrego's Spanish Assets. This potential upside will be foregone by Warrego Shareholders who elect to accept the Hancock Revised Offer. This includes the ongoing cashflow generated at the El Romeral gas to energy plant when prices are at 40-year highs. Warrego's Dennis Donald noted in the 2022 Annual Report to Shareholders that Warrego continues to see upside driven by the increase in European energy prices at its Tesorillo gas project in the Cadiz region. The Annual Report states that 'The project comprises two petroleum exploration licences estimated to contain 830 Bcf of gross unrisked Prospective Resources'. The Annual Report goes on to state that 'an application for progression to a production permit for Tesorillo, including a field development plan, has progressed from the regulator to the Ministry for review and approval. Discussions with the Spanish Ministry have made good progress and, subject to requests for further information, Warrego anticipates a response in the first half of 2023'. The Original Bidder's Statement provides that 'based on the information available to Strike at the Announcement Date, Strike intends to completely divest the Spanish Assets'.
  - (vi) There is potential for upside through the ability for Strike to negotiate gas sales agreements for the combined business without the need for a gas balancing agreement between the EP469 joint venture participants.

- (vii) Strike may also be able to achieve operational synergies through the integration of West Erregulla with Strike's other operations, providing a large asset platform in a rising gas market. If Warrego Shareholders accept the Strike Offer (once open), they will receive Strike Shares, and may be able to participate in any potential operational synergies which are created, as a shareholder in Strike.
- (d) Accepting the Strike 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 the Strike Offer.
- (e) A combined Warrego and Strike business could create a more substantial resource and energy company on the ASX with potential upside, with Strike Shares that would have an enhanced equity market presence, greater liquidity and potentially a stronger institutional share register, all of which could make the combined business a greater target for further takeover activity.
- (f) A combined Warrego and Strike company would be overseen by a highly experienced commercial board and management team at Strike with material experience in the growth of ASX companies.

See section 1.4 of the Target's Statement – Hancock for other relevant considerations.

Further to Mr Columbus' recommendation, Strike has received notification from Mr Columbus indicating that he intends to accept the Offer from Strike on the date that is 21 days after the opening of Strike's Offer, subject to no superior proposal emerging. See section 2 of this First Supplementary Bidder's Statement for further details.

## 2. Additional and updated shareholder intention statements

On 29 December 2022 Strike received notification from Warrego Shareholders Dr Christopher Ross, Mrs Kim Fong Ross, and Pine Street Pty Ltd as trustee for Pine Street Trust and on 30 December 2022 from Mr Greg Columbus (Warrego's Independent Chairman) indicating they intend to accept the Offer from Strike on the date that is 21 days after the opening of Strike's Offer, subject to no superior proposal emerging.

On 29 December 2022 Strike received updated notifications from Warrego Shareholders, TR1 Master Fund, Harvest Lane Asset Management Pty Ltd and 31 May Pty Ltd indicating they intend to accept the Offer from Strike on the date that is 21 days after the opening of Strike's Offer, subject to no superior proposal emerging. The updated shareholder intention statements were made in respect of increased shareholdings. The increased shareholdings are shown in the table below.

The notifications noted above together with shareholder intention statements disclosed in the Original Bidder's Statement mean that, collectively, Warrego Shareholders controlling 20.5% of Warrego Shares<sup>2</sup> have indicated their intention to support a merger of Strike and Warrego. An updated list of the Warrego Shareholders who have indicated their intention to support a merger of Strike and Warrego is set out in the table below:

**Figure 1: Updated list of Warrego Shareholders intending to accept the Offer**

Shareholder	Warrego Shares owned	Percentage interest <sup>3</sup>
Regal Funds Management as trustee for various funds	120,127,669	9.82%
Mr Greg Columbus	38,863,398 <sup>4</sup>	3.18%
Harvest Lane Asset Management Pty Ltd and 31 May Pty Ltd	36,184,239	2.96%
TR1 Master Fund	27,401,386	2.24%

<sup>2</sup> Based on an aggregate 250,775,396 Warrego Shares held by Warrego Shareholders who have provided shareholder intention statements. See Figure 1 for further details.

<sup>3</sup> Based on 1,223,122,326 Warrego Shares on issue as at the date of this First Supplementary Bidder's Statement.

<sup>4</sup> Mr Greg Columbus also holds 3,333,333 Warrego Options which, if exercised prior to or during the Offer Period, will convert into Warrego Shares.

Rookharp Holdings Pty Ltd, Rookharp Capital Pty Ltd, Rookharp Investments Pty Ltd, David Michal Rooke and Leesa Jane Rooke	12,594,451	1.03%
Dr Christopher Ross	4,765,649	0.39%
Professional Consulting Pty Ltd as trustee for various funds	4,093,367	0.33%
Pine Street Pty Ltd as trustee for Pine Street Trust	3,250,000	0.27%
Alan Fletcher	2,000,000	0.16%
Mrs Kim Fong Ross	1,338,099	0.11%
Vabetu Pty Ltd as trustee for Kulkarni Super Fund	542,857	0.04%
Nelson Consulting Pty Ltd	476,190	0.04%
SK Advisory Pty Ltd ATF SK Superannuation Fund	476,190	0.04%
<b>Total</b>	<b>250,775,396</b>	<b>20.5%</b>

The Warrego Shareholders listed above in Figure 1 have consented to the disclosure of their statements of intention in this First Supplementary Bidder's Statement and have not withdrawn that consent before the date of this First Supplementary Bidder's Statement.

Each of the Warrego Shareholders who have provided a statement of intention to accept Strike's Offer has also provided a signed confirmation that:

- there is no agreement, arrangement or understanding between the Warrego Shareholder and Strike or any of Strike's associates in respect of Warrego or any Warrego Shares; and
- other than as expressly contemplated in the statement of intention, the statement of intention does not restrict, prohibit or require:
  - the disposal of any Warrego Shares; or
  - the exercise of any rights attaching to any Warrego Shares by the Warrego Shareholder.

### 3. Intention in relation to No Prescribed Occurrences Conditions

Warrego has requested clarification from Strike West as to whether any issue of Warrego Shares prior to the end of the Offer Period as a result of the exercise, vesting or conversion of any of the 9,999,999 Warrego Options, 631,874 Warrego Share Rights and 7,934,831 Warrego Performance Rights existing at the Register Date will constitute a breach of the no prescribed occurrences condition in items 8.1(d) and 8.2 of Schedule 1 (respectively) of the Original Bidder's Statement (**No Prescribed Occurrences Conditions**).

Item 8.1(d) of the no Prescribed Occurrences Condition makes it a defeating condition of the Offer if any member of the Warrego Group issues shares or grants an option over its shares or agrees to make such an issue or grant such an option during the Offer Period. The no prescribed occurrences condition in item 8.2 of Schedule 1 makes it a defeating condition of the Offer should such an event occur in the period between the Announcement Date and the commencement of the Offer Period.

Strike West confirms that, provided no other event occurs resulting in non-fulfilment of either of the No Prescribed Occurrences Conditions, it will not rely on and will formally waive the No Prescribed Occurrences Conditions to the extent otherwise triggered by any issue of Warrego Shares prior to the end of the Offer Period due to the exercise, vesting or conversion of the 9,999,999 Warrego Options, 631,874 Warrego Share Rights and 7,934,831 Warrego Performance Rights existing at the Register Date.

The foregoing does not require Strike West to waive, or in any way limit Strike West's discretion to rely on or waive, the No Prescribed Occurrences Conditions should any other event occur which results non-fulfilment of either of the No Prescribed Occurrences Conditions.

## 4. Amendments to statements in Original Bidder's Statement.

On 23 December 2022, Hancock released a copy of its fifth supplementary bidder's statement (**Hancock's Fifth Supplementary Bidder's Statement**) in relation to Hancock's Revised Offer, as well as a formal notice declaring Hancock's Revised Offer unconditional in accordance with section 650F of the Corporations Act.

Strike West's Original Bidder's Statement had already been lodged with ASIC at the time Hancock's Fifth Supplementary Bidder's Statement was released to ASX on 23 December 2022 and accordingly did not take into account the information contained in Hancock's Fifth Supplementary Bidder's Statement.

The following statements in Strike West's Original Bidder's Statement are amended in light of Hancock's Revised Offer being declared unconditional:

Statement	Amendment
<p><b>"4. Strike's Offer has lower conditionality than Hancock's Revised Offer</b></p> <p><i>In contrast to Hancock's Revised Offer, Strike's Offer does not contain any pre-emptive rights condition. Pursuant to the EP469 Joint Operating Agreement between Strike West and Warrego, Strike West as the operator for EP469 has a pre-emptive right to acquire Warrego's interest in EP469 in the event of change of control transaction for Warrego which has not been recommended by the Warrego board.</i></p> <p><i>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 almost entirely within the control of the Warrego board. Given the limited conditionality associated with Strike's Offer, Strike may waive the condition and declare the Offer unconditional at any point.</i></p> <p><i>Similar to Hancock's Revised Offer, Strike's Offer does not contain a minimum acceptance condition or a material adverse change condition." (page 3, Letter from the Chairman and page 6, Why you should accept Strike's Offer)</i></p>	Delete in its entirety

## 5. Consents

This First Supplementary Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX including the Target's Statement – Hancock. Under the terms of ASIC Class Order 13/521, the persons making those statements are not required to consent to, and have not consented to, the inclusion of those statements, or of statements based on those statements, in this First Supplementary Bidder's Statement.

If you would like to receive a copy of the Target's Statement – Hancock free of charge, please call Strike's Company Secretary on (+61) 8 7099 7400 between 9.00am and 5.00pm (Perth time), Monday to Friday and a copy will be provided to you within 2 Business Days of the request. Calls to these numbers may be recorded.

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# APPROVAL OF FIRST SUPPLEMENTARY BIDDER'S STATEMENT

This First Supplementary Bidder's Statement has been approved by unanimous resolutions of the directors of Strike West and Strike.



Signed by John Poynton,  
Chairman of Strike  
30 December 2022



Signed by Stuart Nicholls,  
Director of Strike West  
30 December 2022