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16 January 2023

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Warrego Energy Limited – Second Supplementary Target's Statement in relation to takeover offer from Hancock Energy (PB) Pty Ltd

We act for Warrego Energy Limited (ACN 125 394 667) (**Warrego**).

On behalf of Warrego, we attach a supplementary target's statement dated 16 January 2023 (**Second Supplementary Target's Statement**), which supplements Warrego's target's statement dated 30 December 2022 in response to the off-market takeover offer from Hancock Energy (PB) Pty Ltd (**Hancock**) for all the ordinary shares in Warrego.

The Second Supplementary Target's Statement has been lodged with the Australian Securities & Investments Commission and served on Hancock today.

Yours sincerely



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Our Ref 121036424
WTBS 802592021v1 121036424



Second Supplementary Target's Statement in relation to Hancock Offer

warrego
energy

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the second supplementary target's statement (**Second Supplementary Target's Statement**) issued by Warrego Energy Limited (ACN 125 394 667) (**Warrego**) in relation to the off-market takeover bid made by Hancock Energy (PB) Pty Ltd (ACN 663 446 642) (**Hancock**) for all the ordinary shares in Warrego. This document supplements, and should be read together with, Warrego's target's statement dated 30 December 2022 (**Target's Statement**) as supplemented by the first supplementary target's statement dated 5 January 2023 (**First Supplementary Target's Statement**).

Unless otherwise specified, capitalised terms used but not defined in this Second Supplementary Target's Statement have the same meaning given to them in the Target's Statement. This Second Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

A copy of this Second Supplementary Target's Statement is being lodged with ASIC today. Neither ASIC nor any of its officers take any responsibility for its contents. A copy of this Second Supplementary Target's Statement has also been provided to the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this document.

1. Update on takeover offers for Warrego

- 1.1 Warrego refers to the two takeover bids for Warrego which are currently on the table, being:
- the Hancock cash offer at \$0.28 per Warrego Share, which will increase to \$0.36 per Warrego Share if Hancock receives acceptances under the offer totalling 40% or more of Warrego's Shares (the **Hancock Offer**); and
 - the Strike scrip offer of 1 new Strike Share per Warrego Share (the **Strike Offer**).
- 1.2 Both offers are now open for acceptance. The Hancock Offer is scheduled to close at 7.00pm (Sydney time) on Tuesday, 31 January 2023, unless withdrawn or extended. The Strike Offer is scheduled to close at 7.00pm (Perth time) on Monday, 13 February 2023, unless withdrawn or extended. The Hancock Offer is unconditional. The Strike Offer is subject only to a prescribed occurrence condition, although Strike has indicated that it intends to waive that condition shortly.¹

2. Hancock Conditional Offer Price / Hancock Acceptance Facility

- 2.1 It is uncertain whether Hancock will receive acceptances totalling 40% or more of Warrego Shares (the **40% Acceptance Condition**), which is the pre-condition for the offer price under the Hancock Offer to be increased from \$0.28 per Share to \$0.36 per Share (the **Hancock Conditional Offer Price**). With regard to this:
- Hancock has to date received acceptances totalling 26.1% of Warrego Shares, so therefore still requires further acceptances from Warrego Shareholders holding in aggregate 13.9% of Warrego Shares to satisfy the 40% Acceptance Condition and pay the \$0.36 per Warrego Share price.
 - Of the remaining Shares in Warrego, Strike holds approximately 19.9% of the Shares. Strike has also advised in its second supplementary bidder's statement dated 6 January 2023, which followed Hancock's announcement of the conditional increase to its offer price to \$0.36 per Share, that Strike continues to hold statements of intention from Shareholders holding an additional 10.68% of Warrego Shares that they intend to accept

¹ As set out in section 9.7 of Strike's bidder's statement, the Strike Offer is also subject to a statutory condition under section 625(3) of the *Corporations Act 2001* (Cth) relating to admission to official quotation by the ASX of the Strike Shares to be issued under the Strike Offer.

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the Strike Offer within 21 days after the offer opens, in the absence of a superior proposal. Warrego assumes from this that Strike has confirmed with the holders of those Shares that their statement of intention remains current and that they do not regard the conditional increase to the Hancock Offer Price as a superior proposal. However, this position is not entirely clear.

- On 6 January 2023, Mineral Resources Limited (**MinRes**), through a subsidiary, announced that it had acquired a 16.35% shareholding in Warrego. As at the date of this Second Supplementary Target's Statement, MinRes has not disclosed its intentions in relation to this shareholding.
- Since the announcement of the current offers for Warrego, there has been considerable buying of Warrego Shares by hedge funds. It is likely that these funds will ultimately accept one of the offers currently on the table for Warrego.

2.2 Hancock has now established an acceptance facility (the **Hancock Acceptance Facility**) which enables Warrego Shareholders to indicate their intention to accept the Hancock Offer, but without being obliged to do so until the 40% Acceptance Condition has been satisfied. If a Warrego Shareholder participates in the Hancock Acceptance Facility, their Warrego Shares will be counted in determining whether the 40% Acceptance Condition is met. However, until the 40% Acceptance Condition is satisfied, Shareholders may withdraw their Warrego Shares from the Hancock Acceptance Facility for any reason by giving a withdrawal notice to the Facility Agent, and then dealing with their Warrego Shares as they wish. Details of the Hancock Acceptance Facility are set out in Annexure A of Hancock's seventh supplementary bidder's statement dated 11 January 2023.

3. Update on Warrego Directors' recommendations and intentions

3.1 Each of the Warrego Directors has considered whether the changed circumstances since the release of Warrego's Target's Statement in response to the Hancock Offer impact on their respective recommendations given in the Target's Statement, and provides the following update to Shareholders.

3.2 **Mr Columbus** continues to recommend that Shareholders reject the Hancock Offer and accept the Strike Offer in the absence of a superior proposal, for the reasons given in Section 1.3 of the Target's Statement. Mr Columbus also notes the following:

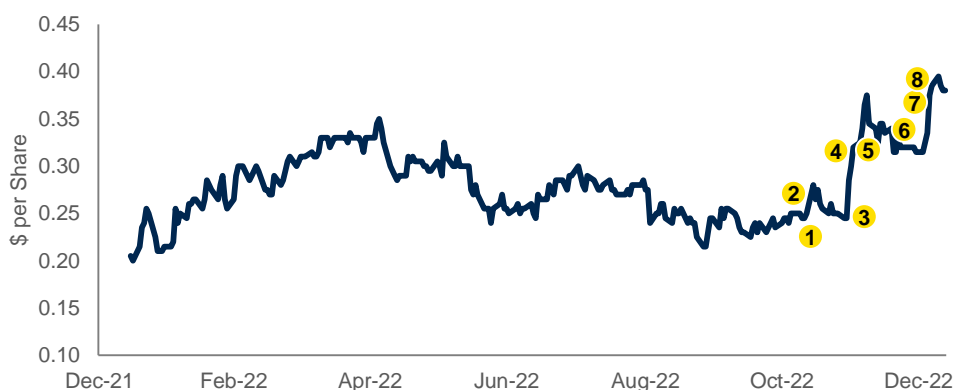
- That any increase in the Hancock Offer price to \$0.36 per Share is subject to the 40% Acceptance Condition being met, and that, in Mr Columbus' view, there is considerable uncertainty as to whether Hancock will attain the additional 13.9% acceptances required to satisfy this condition, particularly given the recent material sales on market by Regal Funds Management Pty Limited and others at approximately \$0.35 - \$0.38 per Share.
- That Warrego continues to trade at a considerable premium to the current Hancock Offer Price of \$0.28 per Share, and also at a premium to the Hancock Conditional Offer Price of \$0.36 per Share.
- That Strike shares also continue to trade at a considerable premium to the current Hancock Offer Price of \$0.28 per Share, and also at a premium to the Hancock Conditional Offer Price of \$0.36 per Share.

3.3 **Mr Atkins** continues to support the Hancock Offer over the Strike Offer, for the reasons given in Section 1.2 of the Target's Statement, but as set out in that section, he wishes to emphasise 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 over the Hancock

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Offer, including in order to retain ongoing exposure to any potential future upside associated with Warrego's and Strike's assets. Mr Atkins also notes the following:

- While Mr Atkins continues to support the Hancock Offer, he recommends that Shareholders do not accept into the Hancock Offer at this time, but rather that Shareholders should give a nomination form to participate in the Hancock Acceptance Facility referred to in section 2.2 above. The Hancock Acceptance Facility gives Shareholders the ability to indicate their intention to accept the Hancock Offer, but without being obliged to do so, until the 40% Acceptance Condition is satisfied. If a Warrego Shareholder participates in the Hancock Acceptance Facility, their Warrego Shares will be counted in determining whether the 40% Acceptance Condition is met, but until the 40% Acceptance Condition is satisfied, they may withdraw their Warrego Shares from the Hancock Acceptance Facility for any reason.
- Since the announcement of the conditional increase in Hancock's Offer Price on 5 January 2023, Warrego Shares have continued to trade on ASX at levels above the Hancock Conditional Offer Price of \$0.36 per Share. If this continues, those Shareholders who do wish to sell their Shares for cash may wish to sell their Shares on the ASX during the Hancock Offer Period and be paid on a T+2 basis.
- While Strike shares have, during the period since the announcement of the Hancock Conditional Offer Price on 5 January 2023, continued to trade at a considerable premium to the current Hancock Offer Price of \$0.28 per Share, and also at a premium to the Hancock Conditional Offer Price of \$0.36 per Share, Strike's share price has shown considerable variability over the past 12 months, as shown below. Further, the increase in Strike's share price since the Hancock Offer was announced on 30 November 2022 has largely tracked the increase in Hancock's Offer Price, also shown below.



Strike Energy Share Price from 31 December 2021 to 12 January 2023

1	10 November 2022	Announcement of receipt of Non-Binding and Indicative proposal from Strike offering 0.775 Strike Shares for each Warrego share
2	14 November 2022	Warrego enters into a Scheme Implementation Deed with Beach Energy Limited (Beach) for scheme consideration of \$0.20 per Share, together with contingent scheme consideration if Warrego's Spanish Assets were sold within 12 months of implementation of the scheme
3	30 November 2022	Hancock announces off-market takeover bid for a cash offer price of \$0.23 per Share
4	2 December 2022	Announcement of counterproposal from Beach to increase the cash consideration under its scheme proposal to \$0.25 per Share

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5	2 December 2022	Hancock announces an increase in the cash offer price under its takeover offer to \$0.28 per Share
6	23 December 2022	Strike announces off-market takeover bid for scrip consideration of 1 Strike share for each Warrego Share
7	4 January 2023	Mineral Resources Limited acquires a 16.35% stake in Warrego on market at approximately \$0.35 per Share
8	5 January 2023	Hancock announces conditional increase in offer price to \$0.36 per Share on satisfaction of the 40% Acceptance Condition

3.4 **Mr Routh** continues to support the Hancock Offer over the Strike Offer, for the reasons given in Section 1.1 of the Target's Statement. Mr Routh also notes the following:

- While Mr Routh continues to support the Hancock Offer, he recommends that Shareholders participate in the Hancock Acceptance Facility referred to in section 2.2 above and thereby mitigate their risk until more certainty is achieved regarding whether Hancock receives the acceptances totalling 40% or more of Warrego Shares necessary to satisfy the 40% Acceptance Condition². The Hancock Acceptance Facility gives Shareholders the ability to indicate their intention to accept the Hancock Offer, but without being obliged to do so, until the 40% Acceptance Condition is satisfied. If a Warrego Shareholder participates in the Hancock Acceptance Facility, their Warrego Shares will be counted in determining whether the 40% Acceptance Condition is met, but until the 40% Acceptance Condition is satisfied, they may withdraw their Warrego Shares from the Hancock Acceptance Facility for any reason.
- Since the announcement of the conditional increase in Hancock's offer price on 5 January 2023, Warrego Shares have continued to trade on ASX at levels above the Hancock Conditional Offer Price of \$0.36 per Share. If this continues, those Shareholders who do wish to sell their Shares for cash may wish to sell their Shares on the ASX during the Hancock Offer Period and be paid on a T+2 basis. He recognises that this is an individual decision based on exposure to brokerage fees, tax and other personal considerations.
- Mr Routh also notes the volatility in the Strike share price and that, as at the close of trading on 13 January 2023 (being the last trading day prior to the date of this Second Supplementary Target's Statement), Warrego Shares are currently trading above the price of Strike shares.

3.5 **Mr Donald** continues to support the Hancock Offer over the Strike Offer, for the reasons given in section 1.1 of the Target's Statement. Mr Donald also notes the following:

- While Mr Donald continues to support the Hancock Offer, he recommends that Shareholders participate in the Hancock Acceptance Facility referred to in section 2.2 above and and thereby mitigate their risk until more certainty is achieved regarding whether Hancock receives the acceptances totalling 40% or more of Warrego Shares necessary to satisfy the 40% Acceptance Condition³. The Hancock Acceptance Facility gives Shareholders the ability to indicate their intention to accept the Hancock Offer, but without being obliged to do so, until the 40% Acceptance Condition is satisfied. If a

² To participate in the Hancock Acceptance Facility, Shareholders should complete the 'Appointment Form' included in Hancock's Eighth Supplementary Bidder's Statement dated 12 January 2023, and return the completed Appointment Form and their Hancock Acceptance Form by email in accordance with the instructions provided in Annexure A to the Seventh Supplementary Bidder's Statement dated 11 January 2023 (custodians holding Warrego Shares should complete the Custodian Direction included in Hancock's Eighth Supplementary Bidder's Statement rather than the Acceptance Form).

³ As per footnote 1 above.

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Warrego Shareholder participates in the Hancock Acceptance Facility, their Warrego Shares will be counted in determining whether the 40% Acceptance Condition is met, but until the 40% Acceptance Condition is satisfied, they may withdraw their Warrego Shares from the Hancock Acceptance Facility for any reason.

- Since the announcement of the conditional increase in Hancock's offer price on 5 January 2023, Warrego Shares have continued to trade on ASX at levels above the Hancock Conditional Offer Price of \$0.36 per Share. If this continues, those Shareholders who do wish to sell their Shares for cash may wish to sell their Shares on the ASX during the Hancock Offer Period and be paid on a T+2 basis. He recognises that this is an individual decision based on exposure to brokerage fees, tax and other personal considerations.
- Mr Donald notes the volatility of the Strike share price and the fact that, as at the close of trading on 13 January 2023 (the last trading day prior to the date of this Second Supplementary Target's Statement), Warrego Shares are currently trading above the price of Strike shares.
- Given acceptances to date of the Hancock Offer (26.1% as at 12 January 2023), Strike will not obtain the necessary acceptances of the Strike Offer to acquire the 80% or more of Warrego Shares required to provide capital gains tax rollover relief for eligible Warrego Shareholders unless Hancock were to accept the Strike Offer in respect of its Shares.
- Mr Donald further notes that, assuming Warrego Shareholders accepting the Strike Offer cannot obtain capital gains tax rollover relief, there may be downward pressure on the Strike share price if those Shareholders sell some of their Strike shares in order to fund their tax liabilities.

3.6 All of the Directors are of the view that Shareholders should accept one of the offers or sell on-market at current prices, rather than electing to do nothing and retain their stake in Warrego. Due to the current large shareholdings of Hancock, Strike and MinRes in Warrego, it is uncertain that any party will reach the 90% threshold required to compulsorily acquire all outstanding shares. As a result, remaining minority shareholders are likely to face significantly reduced share trading liquidity following the expiry of the takeover offers and may have difficulty realising a price equivalent to either of the current available offers or current market prices. Shareholders are advised to be aware of the closing date for each respective offer and take action prior to the relevant date.

3.7 The Directors give the following updates in relation to the intentions for the Warrego Shares in which they hold a relevant interest:

- (a) Mr Columbus has a relevant interest in 38,863,398 Warrego Shares⁴, held directly or through his family trust entities⁵. Mr Columbus has given notification to Strike indicating he intends to accept the Strike Offer on the date that is 21 days after the opening of the Strike Offer, subject to no superior proposal emerging.
- (b) Mr Routh and a related party have a relevant interest in 14,114,064 Warrego Shares.⁶ Based on information available as at the date of this Second Supplementary Target's Statement, Mr Routh and his related party intend to either participate in the new Hancock Acceptance Facility or, where Warrego Shares are trading above the Hancock Offer Price at the relevant time, they may decide to sell their Shares on the ASX at that higher price.

⁴ Mr Columbus also holds 3,333,333 Options through Discovery Investments Pty Ltd (ACN 103 750 312) as trustee for the Columbus Family Trust.

⁵ Discovery Investments Pty Ltd in its personal capacity and as trustee for the Rascol Family Superannuation Fund and the Columbus Family Trust.

⁶ Mr Routh also holds 3,333,333 Options.

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- (c) At the time of the Target's Statement, Mr Donald held a relevant interest in 139,061,136 Warrego Shares⁷, with 137,878,873 Shares held by Condor Energy Investments LLP (**Condor Energy**) and 1,182,263 Shares held by Margaret Donald. Condor Energy and Ms Donald have accepted the Hancock Offer in respect of those Shares.
- (d) Mr Atkins does not hold a relevant interest in any Warrego Shares.

3.8 In considering whether you wish to follow any of the Directors' recommendations, you should:

- read the Target's Statement in response to the Hancock Offer and subsequent supplementary Target's Statements in their entirety;
- consider your individual risk profile, investment strategy, tax position and financial circumstances; and
- obtain independent advice from your investment, financial, taxation or other adviser.

4. Authorisation

This Second Supplementary Target's Statement has been approved by a resolution passed by the Directors of Warrego Energy Limited (ACN 125 394 667).

Dated 16 January 2023.

Signed for and on behalf of Warrego:



Greg Columbus

Chairman

⁷ Mr Donald also holds (and continues to hold) 1,912,568 Performance Rights.