

11th May 2023

Hartshead Completes Transformational Farm-Out Agreement

Highlights:

- Hartshead has completed the Farm-Out Agreement with RockRose Energy for the divestment of a 60% equity interest in its UK Southern Gas Basin License P2607.
 - Farm-out provides Hartshead with a gross consideration of approximately A\$196.3m for Phase I.
 - Farm-out materially de-risks the project and provides A\$536 million of gross project expenditure and a clear pathway to full financing and subsequent project development of the previously producing gas fields.
 - Initial cash payment of over A\$12 million made by RockRose takes Hartshead's cash balance to over A\$35 million.
 - Additionally, A\$135.7 million consideration committed by RockRose for purchasing Hartshead's 60% interest will meet Hartshead's equity requirement for the project development costs of Phase I.
 - Front End Engineering and Design (FEED) is nearing completion and the Field Development Plan (FDP) will be submitted to the NSTA this quarter.
 - Discussions with parties for the funding of Hartshead's remaining expenditure via a bond issue or gas pre-sales are well advanced and are expected to be concluded alongside FID in Q3 2023.
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Hartshead Resources NL (**Hartshead**, **HHR** or the **Company**) is pleased to announce the completion of the Farm-Out Agreement (**FOA**) with established UK North Sea independent RockRose Energy (**RockRose**) for a divestment of a 60% equity interest in its UK Southern Gas Basin License P2607 (**Farm-out**) (Refer ASX Announcement – 5 April 2023).

The FOA will provide Hartshead with a total gross consideration of approximately A\$196.3 million, which includes reimbursement of past costs, a partial carry on HHR's share of development costs, bonus milestone payments, and \$48.4 million of UK government Investment & Capital Allowance.

The completion of the Farm-out is a major milestone for Hartshead, as it materially de-risks the project and provides a clear pathway to the full financing and subsequent development. The transaction implies a significant uplift in value for the project and secures over \$536 million of gross project expenditure, which provides both technical and commercial validation of the Company's gas development.

A Final Investment Decision (**FID**) for Phase 1, which includes the redevelopment and drilling of the Anning and Somerville fields, will be taken in Q3 2023. Six production wells are planned and are forecast to come onstream in 2025 at gross peak production rates of 140 mmcf/d (net 56 mmcf/d to Hartshead, or over 9,000 boepd) (refer ASX announcement 23 June 2022).

The Company has recently advanced discussions with a number of groups on the debt financing of its remaining share of development costs and has strong confidence in successfully concluding these discussions. At this stage the remaining development financing will likely comprise of a bond issue, pre-sale of Hartshead's net gas sales, or a combination of both. The Company is currently working through proposals in order to deliver an optimal solution.

Chris Lewis, Hartshead CEO, stated, *"The completion of our FOA with RockRose Energy represents a significant milestone for the Company, as it not only derisks the project but importantly, with the ~A\$148 million Phase 1 CAPEX contribution as part of the divestment, combined with the cash position of over \$35 million, Hartshead has the equity funding required to meet the Company's share of non-debt project development costs for Phase I. Retaining the EPL tax benefit to Hartshead takes the gross consideration for the divestment of Phase 1 to A\$196m, which is an outstanding achievement for our shareholders. The Hartshead team is advancing the project work streams with completion of FEED and FDP imminent and our FID planned for Q3 of this year."*

-Ends-

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 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 deliver oil and gas upstream projects successfully and safely.

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

Please refer to the qualified person's statement relating to the reporting of reserves on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX announcements dated 23 June 2022. The volumetric estimates used to derive the estimates below have been made by combining probabilistically derived estimates of initial in place gas volumes with assumptions regarding the gas recovery factors from analogous fields, such as the Clipper South and Babbage gas fields located in the UK Southern Gas Basin.

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 or 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.

RESERVES¹						
PHASE I	49/17b	Anning		1P	2P	3P
			Sales Gas (Bcf)	73	145.0	245
			Condensate (MMbbl)	0.081	0.192	0.375
	49/17b	Somerville				
			Sales Gas (Bcf)	107.0	156.5	213
			Condensate (MMbbl)	0.119	0.208	0.325
			Total (MMboe)	31.2	52.4	79.7

¹ Reserves estimates are from ERC Equipose Limited, Independent Competent Persons Report (CPR) entitled "Hartshead Resources NL Somerville and Anning Competent Persons Report" dated June 2022. See Qualified Persons Statement for reserves reporting notes. The Company confirms the material assumptions underlying the report have not materially changed.

CONTINGENT RESOURCES ² (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 (BCF)			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%

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.

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

² Hartshead management estimates

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

The Reserves estimated in this announcement have been made by Dr Adam Law, Director, ERC Equipoise (ERCE), a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. Dr Adam Law is qualified in accordance with ASX listing rule 5.41 and has consented to the use of Reserves estimates, and to the form and context in which these statements appear.

ERC Equipoise Ltd. (**ERCE**) is a leading, employee owned, global energy consultancy headquartered in London with offices in Singapore, Kuala Lumpur and Perth. It's fully integrated team of Geoscientists, Engineers and Economists are specialists in Competent Persons reporting, reserves and resources auditing, technical services, commercial analysis and Expert advisory services. ERCE supports companies in traditional energy sectors as well as providing energy transition and sustainability services.

The Reserves estimates presented in this report were originally disclosed to the market in announcement released on 23 June 2022 and are based on, and fairly represents, information and supporting documentation prepared by Dr Adam Law of ERCE.

The information in this announcement that relates to Reserves estimates is based on information compiled or reviewed by Mr Christopher Lewis. Mr Lewis has consented to the form and context in which the estimated Reserves and the supporting material are presented.

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2018 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 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 holds 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.