

4 December 2023

FUNDING SOLUTION FOR 100% OF PROJECT DEVELOPMENT COSTS SECURED

Highlights:

- JV partners Hartshead and Viaro Energy's subsidiary RockRose have negotiated the option for Hartshead to divest an additional 20% licence interest for an **uncapped free carry** provided by RockRose, covering the total costs of the Phase 1 project development (**Financing Backstop**).
 - Existing farm-out agreements amended, providing security of **funding for 100% of Phase 1 project development costs**.
 - Following Final Investment Decision (**FID**), Hartshead will have the option to exercise the Financing Backstop **at the point that the current RockRose carry for Phase 1 has been fully expended**.
 - Exercising the Financing Backstop would increase the total committed project funding to over **A\$800 million**.
 - Hartshead maintains the **flexibility to retain its 40% interest** and select alternative funding.
 - Existing Phase 1 cash bonus has been converted and increases to an **additional A\$54.7m** in work programme carry in the event Hartshead retains its 40% interest.
 - The JV continues to make good progress on the development and towards FID.
 - Phase 2 bonuses of **A\$9.0 million cash** remain.
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Hartshead Resources NL (**Hartshead, HHR** or the **Company**) and UK North Sea independent Viaro Energy Ltd. (**Viaro**) are pleased to announce that their respective wholly owned subsidiaries, Hartshead Resource Ltd (**HRL**) and RockRose Energy (**RockRose**), have agreed amendments to the Farm-out Agreement (**FOA**) and Joint Operating Agreement (**JOA**), providing Hartshead with an option to divest an additional 20% equity interest in its UK Southern Gas Basin License P2607, in return for an **uncapped free carry of all gross costs for the Phase 1 project development (Financing Backstop)**. The Financing Backstop may be exercised after Final Investment Decision has been taken and upon full expenditure of the current RockRose carry for Phase 1 project development costs.

The total gross consideration previously under the FOA, for a 60% divestment of License P2607 was approximately A\$196.3m, comprising of reimbursement of past costs, a partial carry on HRL's share of development costs, bonus milestone payments and A\$48.4m of UK government Investment & Capital Allowance (refer ASX announcement 5 April

2023). The amendments to the FOA and JOA now provide a **firm financial backstop for funding of HRL's share of costs for Phase 1**, should alternative funding not be agreed on acceptable terms to HRL.

HRL maintains, at its sole discretion, the ability to not proceed with the Financing Backstop and to source alternative financing to maintain its current 40% interest. This election is to be made once the existing carry commitment from RockRose has been fully spent. Current capital projections anticipate this would be by Q2 2025, providing Hartshead with more than 12 months to put in place project debt finance.

The Financing Backstop via an uncapped carry is a major achievement for the Company de-risking the project financing, providing a clear pathway to development and cashflow, and positions HRL with the option of a fully, debt-free funded remaining project interest.

Chris Lewis, Hartshead CEO, commented *"The execution of the amendments to the farm-out agreement and joint operating agreement with RockRose, allows us to advance the Phase 1 development of the Anning and Somerville gas fields by securing the option of an uncapped carry for our interest of the project. Hartshead is in a unique position as it has the added ability of being able to retain its 40% interest via alternative financing whilst ensuring it is now able to progress to take Final Investment Decision and progress towards project development, now that it has a Financing Backstop provided.*

The Joint Venture team between Hartshead and RockRose has integrated exceptionally well over the last few months and I would like to personally thank RockRose for their support in the Joint Venture on licence P2607 and the significant progression of the Phase 1 development.

Francesco Mazzagatti, CEO of Viaro Energy, commented *"I am quite pleased with the restructuring of our original farm-in agreement with Hartshead, as it provides us with complete certainty that the development of Anning and Somerville will be fully funded to completion. Giving our partner the option of a financing backstop ensures stability for the JV, a particular challenge for North Sea operators nowadays with the shrinking pool of traditional capital providers for E&P opportunities. With the amendments in place, we can now confidently proceed to the FID. I am grateful to the Hartshead team for a smooth and seamless cooperation at every stage of our developing partnership."*

Hartshead will continue to pursue the option to introduce project debt and maintain the current 40% equity interest in Licence P2607 however the Financing Backstop enables the Company to progress the Final Investment Decision and accelerate project development.

Project Funding

Discussions with funding providers suggest that the project maintains a conservative target debt level, which with debt funding would see the Company funded through its estimated share of development costs.

Hartshead has been progressing discussions with various debt providers and will continue these discussions on development finance through a combination of one or more of the following instruments:

- Reserve Based Lending (RBL)
- Corporate/Nordic Bonds
- Prepayment/Commodity Offtake Facility
- Infrastructure Funds

Board Update

Mr Bevan Tarratt will be transitioning from Non-Executive Chairman to an Executive Chairman role, aligning with the Company's strategic objectives and evolving operations.

The decision for this transition stems from the substantial increase in workload, particularly in areas crucial to the Company's growth and sustainability. These areas include funding, project divestments & acquisitions, and capital markets activities.

In his executive role, he will take on more direct responsibilities, focusing on optimising the project portfolio, enhancing capital market engagement and assisting the Company's acquisition and divestment strategies. The material terms of Mr Tarratt's remuneration as Executive Chairman is set out in Schedule 1.

-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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For further information and to stay up to date with Company developments, please follow us on social media by clicking the links below:

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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 the development of Production Seaward License P2607 (60% owned RockRose Energy/40% Hartshead) 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 (60% owned RockRose Energy/40% Hartshead) 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.

RESERVES ¹						
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		

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%

¹ Reserves estimates are from ERC Equipoise 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.

² Hartshead management estimates

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 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.

Schedule 1 – Material Terms Executive Chair Remuneration

Item	Term
1. Position	Executive Chairman
2. Commencement Date	1 December 2023
3. Fixed Remuneration	£1,000 per day exclusive of superannuation
4. Notice Period	N/A