



Investor Webinar

30th November 2022

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Compliance Statements



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Recommended Transaction with Beach Energy



Warrego has entered into a Scheme Implementation Deed (SID) with Beach Energy

Beach Energy Limited (ASX:BPT) (Beach) Offer	<ul style="list-style-type: none">• Beach has agreed to acquire all the shares in Warrego by way of a scheme of arrangement under which Warrego shareholders would receive:<ul style="list-style-type: none">• Cash consideration of \$0.20 per share; and• If Warrego's Spanish assets are sold, and such sale completes, within 12 months of implementation of the Scheme, the proceeds of such sale net of costs and taxes
Attractive premium and cash certain value	<ul style="list-style-type: none">• \$0.20 per share cash consideration represents a 36% premium to Warrego's 1-month VWAP to 9 November 2022¹• Delivers all-cash certain value to Warrego shareholders for their shares
Recommendation	<ul style="list-style-type: none">• Warrego Board unanimously recommends Warrego shareholders vote in favour of the Beach Scheme, and Each Warrego director intends to vote in favour of the Scheme, in each case in the absence of a Superior Proposal and subject to an Independent Expert concluding the Scheme is in the best interests of Warrego shareholders
Next Steps	<ul style="list-style-type: none">• Scheme is subject to Warrego shareholder approval at the Scheme Meeting, and approval by the Court, as well as other customary conditions• A Scheme Booklet² will be dispatched to Warrego shareholders anticipated during January 2023 in advance of the Scheme Meeting

1. 9 November 2022 was the last trading day prior to the announcement of the Strike Energy Limited proposal by Warrego on 10 November 2022.

2. Scheme Booklet to contain information relating to the Scheme, reasons for the Warrego Directors' recommendation, Independent Expert's Report and details of Scheme Meeting

Background to the Beach Energy Transaction



- Prior to Warrego entering into the SID with Beach on 14 November 2022, the Warrego Board had for a number of months been investigating the possibility of a change of control transaction for Warrego.
- During that period, the Board had granted non-exclusive due diligence access to a number of parties, including Strike Energy Limited ('Strike') and Beach.
- Warrego received an initial proposal from Strike on 16 September 2022, followed by revised proposals on 16 October 2022 and 27 October 2022, which increased the exchange ratio being offered by Strike from 0.7142 to 0.775 Strike shares for each Warrego share. Warrego had also undertaken reverse due diligence on Strike, which included a detailed review of Strike's non-West Erregulla assets and liabilities.¹
- During the period, Warrego also received an initial proposal from Beach on 25 October 2022, followed by a revised proposal on 11 November 2022, which increased the cash being offered by Beach from \$0.17 per Warrego share to \$0.20 per Warrego share.²

1. 0.775 Strike shares for each Warrego share

2. \$0.20 per Warrego share

Background to the Beach Energy Transaction..

Cont..



- Under both the Strike proposal and the Beach proposal, in addition to receiving the base scheme consideration (Strike shares in the case of the Strike proposal and cash in the case of the Beach proposal), Warrego shareholders would receive their pro-rata share of the proceeds of sale of Warrego's Spanish assets, net of costs and taxes, if those Spanish assets are sold, and such sale completes, within 12 months of implementation of the scheme.
- Based on Strike's closing share price of \$0.25 on 11 November 2022 (the last trading day before entry into the Beach SID), Beach's cash consideration (\$0.20 per share) was superior to the implied value of Strike's proposed scrip consideration (\$0.194 per share).
- Having considered the upside and downsides of the Strike scrip proposal and Beach's cash proposal, on balance, the Warrego Board determined that the Beach proposal provided an attractive offer for all shareholders due to the cash value being offered

Warrego Board's assessment of the Strike proposal



Strike Energy Limited (ASX:STX) (Strike) Offer

- Prior to entry into the Beach SID, Warrego had received a non-binding proposal from Strike under which Warrego shareholders would receive:
 - 0.775 new Strike shares for each Warrego share held; and
 - If Warrego's Spanish assets are sold, and such sale completes, within 12 months of implementation of the scheme the proceeds of such sale net of costs and taxes
- Warrego shareholders would own approximately 30.35% of the combined group¹
- Warrego would have the right to appoint 1 Board member to the Board of the combined group

Warrego Board's assessment of offers

- Based on Strike's closing share price of \$0.25 on 11 November 2022 (last trading day before entry into the Beach SID), Beach's cash consideration (\$0.20 per share) was superior to the implied value of Strike's proposed scrip consideration (\$0.194 per share)
- Strike's proposal is a scrip proposal, so that the implied value of the proposal will depend on the price of Strike's shares at any particular time. While the Strike proposal would have given Warrego shareholders exposure to any future increases in Strike's share price, it also would have exposed them to any decline in Strike's share price in the future. In contrast, the Beach offer provides Warrego shareholders with cash certain value for their shares.
- Under the Strike proposal, Warrego shareholders would be taking exposure to Strike's other assets. Those other Strike assets include Strike's interest in the South Erregulla field, and its proposed fertiliser plant (which it calls Project Haber), which does not have financing and is at a conceptual stage only. There is no certainty that the development of these other assets will proceed.

¹ Assuming diluted share capital of Warrego of 1,231,689,031 comprising 1,223,122,326 fully paid ordinary shares, and 7,934,831 performance rights and 631,874 employee share rights that convert into fully paid ordinary shares on a 1:1 basis.

Warrego Board's recommendation is subject to no superior proposal being received



- Importantly, the Warrego Board's recommendation of the Beach offer is subject to no superior proposal being received.
- If a competing proposal is received, and the Warrego Board forms the view that the competing proposal is a superior proposal to the Beach offer, then, subject to compliance with the provisions in the SID, including Beach's matching right, the Warrego directors can change their recommendation to recommend that competing proposal.
- In these circumstances, Warrego would then be required to pay the 1% break fee to Beach.

Questions on proposed Scheme



If you have any questions about the proposed Scheme, please contact the Warrego Energy Shareholder Information Line:

- 1300 103 401 (within Australia)
- +61 2 9066 4063 (outside Australia).

Lines are open Monday to Friday:

6am – 2pm AWDT
9am – 5pm AEDT



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Thank you

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