

ASX/MEDIA RELEASE
24 January 2023

ACTIVITY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

HIGHLIGHTS

West Erregulla Gas Project (EP469), Perth Basin, WA

- The West Erregulla Gas Project is currently progressing through the environmental permitting process with the Environmental Protection Authority of Western Australia (“EPA”).
- These approvals, along with the ministerial consent under Part IV of the Environmental Protection Act 1986 (WA) are on the West Erregulla Gas Project’s critical path.

Erregulla Deep and Southwest Erregulla Exploration, Perth Basin, WA

- Warrego continues to progress its subsurface analysis of EP469, primarily in the area between West Erregulla and Lockyer Deep (EP426).
- On 19 December 2022, the EP469 Joint Venture approved a work program and budget for a 2-well exploration campaign comprising the Southwest Erregulla-1 well and the Erregulla Deep-1 well.

STP-EPA-0127 Exploration Permit Application, Coolcalalaya Sub-basin, WA

- Warrego is in the final stage of seeking formal authorisation from the traditional owner groups with native title rights and interests in the permit area. Upon completion the next step will be permit grant, enabling the work program to commence.
- Updated conventional work program approved by the DMIRS, with Warrego and Mitsui negotiating a Joint Operating Agreement and finalising an accelerated exploration work program, including evaluating the long-term potential for CCS projects.
- The farm-out agreement with MEPAU remains subject to grant of the exploration permit and registration of MEPAU’s participating interest by 22 December 2022 (which date has now passed). Warrego has been working with MEPAU to seek to finalise amendments to the farm-out agreement to extend this date for obtaining the permit to reflect the current permitting schedule.

EI Romeral Gas to Power facility

- Cash proceeds received during the quarter from EI Romeral electricity was \$1,257,000 (gross).
- Warrego has applied to drill five additional infill wells to provide gas feedstock. Warrego is targeting drilling of the additional EI Romeral wells in first half of CY2023, subject to award of permits.
- Project Helios, a proposed renewable co-generation facility via a 5MW solar farm adjacent to EI Romeral, has advanced through the FEED stage. An option for land acquisition has been signed. A tender for an EPC contract will be issued for a planned investment decision end of Q1 2023.

Tesorillo Project, Spain

- The production permit application and field development plan have progressed from the regulator to the Ministry for final review and approval.

Corporate and Financial

- Consolidated cash at 31 December 2022 was \$19,899,000.
- There are current two takeover bids for Warrego capable of acceptance by Warrego shareholders.

Comments from Dennis Donald, Managing Director & CEO:

"This quarter has been dominated by Corporate activity as three of our peers confirmed what we have known about the high-value of our Western Australia gas portfolio with multiple bids and counter bids made during the reporting period.

This takeover activity is ongoing with bids by both Hancock Energy (PB) Pty Ltd (**Hancock**) and Strike West Holdings Pty Ltd (**Strike West**), an indirect wholly-owned subsidiary of Strike Energy Limited (**Strike**) still live at the time of writing.

As part of its due diligence and to ensure the Company and its shareholders received the best corporate support available, Warrego moved quickly to bring on world-class advisor support, which continues.

For more detailed information, shareholders should refer to Warrego's Target's Statement dated 30 December 2022 in response to the off-market takeover bid from Hancock and all supplementary statements; and Warrego's Target's Statement dated 23 January 2023 in response to the off-market takeover bid from Strike.

Takeover Background

Initial Strike Offer

On 10 November 2022 the Company received a non-binding and indicative proposal from Strike (ASX:STK) under which Strike would acquire all of the shares in Warrego that it did not already own via a Scheme of Arrangement (refer ASX announcement dated 10 November 2022 for full details).

Beach Bid and Scheme Implementation Deed

On 11 November 2022, Warrego received a non-binding indicative offer from Beach Energy Limited (ASX:BPT) (**Beach**) under which Beach proposed to acquire all of the shares in Warrego via a scheme of arrangement (refer ASX announcement dated 11 November 2022 for full details).

On 14 November 2022 Warrego Energy announced it had entered into a Scheme Implementation Deed (SID) with Beach under which Beach had agreed to acquire all the issued shares in Warrego by way of scheme of arrangement.

Hancock Bid

On 30 November 2022, Hancock announced an off-market takeover bid to acquire all of the fully paid ordinary shares in Warrego at an offer price of \$0.23 per share subject to a "pre-emptive rights condition" and a "No Prescribed Occurrences Condition" (refer to the Hancock Bidder's Statement announcement dated 30 November 2022 for more details).

Beach issues counterproposal and Hancock increased offer

On 2 December 2022, Warrego received a counterproposal from Beach under which it had increased the upfront cash consideration portion of its scheme proposal from \$0.20 to \$0.25 (refer ASX announcement dated 2 December 2022 for full details). The scheme implementation deed contemplated that if Warrego's Spanish Assets were sold within 12 months of implementation the net proceeds of sale would also be paid to Warrego shareholders.

On the same day, Hancock increased the offer price under its takeover bid from \$0.23 per Warrego share to \$0.28 per Warrego share. The other terms of its offer remained unchanged (refer ASX announcement dated 2 December 2022 for full details).

Beach matching right

On 5 December 2022, Warrego issued a matching rights notice to Beach pursuant to the terms of the Beach Scheme Implementation Deed, which gave Beach five business days to match the revised Hancock Takeover Offer (refer ASX announcement dated 5 December 2022).

On 9 December 2022, Beach advised that it did not intend to match the revised Hancock Takeover Offer. The Warrego Board therefore withdrew its recommendation in favour of the revised Beach scheme proposal, and unanimously recommended that Warrego shareholders accept the Hancock Takeover Offer, in the absence of a superior proposal (refer ASX announcement dated 9 December 2022 for more details).

Strike Increases Bid Price

On 19 December 2022, Strike announced an intention to make an off-market takeover bid to acquire all of the shares in Warrego that it did not already own for a consideration of one new Strike share for each Warrego share (refer ASX announcement dated 19 December 2022 for more details).

Hancock offer unconditional

On 22 December, Hancock's Offer of A\$0.28 per Warrego share became unconditional. A Fifth Supplementary Bidders Statement was dispatched (with the Fourth Supplementary Bidder's Statement dispatched by Hancock the previous day).

Strike releases Supplementary Bidders Statement

On 31 December 2022, Strike reported that it had released a Supplementary Bidder's Statement, which supplemented its Bidder's Statement dated 23 December 2022 in relation to its Takeover Bid for Warrego.

Notable corporate activities subsequent to the end of the reporting period

- 5 January 2023, Warrego announced it had dispatched the First Supplementary Bidder's Statement in relation to the takeover offer from Hancock Energy (PB) Pty Ltd
- 6 January 2023, Strike announced it had dispatched its Second Supplementary Bidder's Statement. Strike noted that it held ~19.9% of Warrego Shares and as at the date of this Second Supplementary Bidder's Statement.
- 8 January 2023, Mineral Resources Limited (ASX:MIN) (**MinRes**) lodged a substantial shareholder notice, which confirmed it had acquired 200 million shares in Warrego Energy Limited, representing a 16.35% interest in Warrego
- 11 January 2023, Warrego announced the dispatch of the Hancock Energy - Seventh Supplementary Bidder's Statement. The Statement noted that Warrego Shareholders who accepted the Hancock Offer would now be paid \$0.36 cash per Warrego Share if Hancock receives acceptances totalling 40% or more of Warrego Shares prior to the close of Hancock's Offer (40% Increase Condition)
- 17 January, 2023, Strike Energy announced that its takeover Offer was now unconditional. The company noted that the defeating condition set out in section 8.2 of its takeover Offer Terms had been fulfilled.

- 17 January 2023, MinRes lodged a substantial shareholder notice, which confirmed it had acquired approximately a further 34 million shares in Warrego Energy Limited totalling approximately 234 million shares, representing a 19.17% interest in Warrego.
- 18 January 2023, MinRes released an ASX announcement that its shareholding is considered to be a strategic stake and MinRes does not intend to make a takeover bid or other offer for Warrego.
- 23 January 2023 Warrego released Target's Statement in relation to Strike bid.
- On 24 January 2024 Hancock advised that based on Offer acceptances received to date, Hancock's voting power in Warrego is 26.07%.

Ongoing Activities

Concurrent with this Corporate activity, the Warrego Western Australian and Spanish teams have continued to progress these high value assets.

The Company strongly believes they hold significant value and it will continue to progress these assets.

WESTERN AUSTRALIA

EP469 (50%) West Erregulla Gas Field

Exploration Permit located onshore northern Perth Basin, WA, targeting conventional gas reservoirs.

West Erregulla Gas Project

The West Erregulla Gas Project is situated 230km north-east of Perth in the North Perth Basin and comprises an area of 224km². Warrego holds a 50% interest in the Project, alongside its joint venture partner and the operator of the Project, Strike EP469 (50%).

The West Erregulla Gas Project is currently progressing through the environmental permitting process with the Environmental Protection Authority of Western Australia ("EPA"). These approvals, along with the ministerial consent under Part IV of the Environmental Protection Act 1986 (WA) are on the West Erregulla Gas Project's critical path and are required before financing and construction agreements can be finalised.

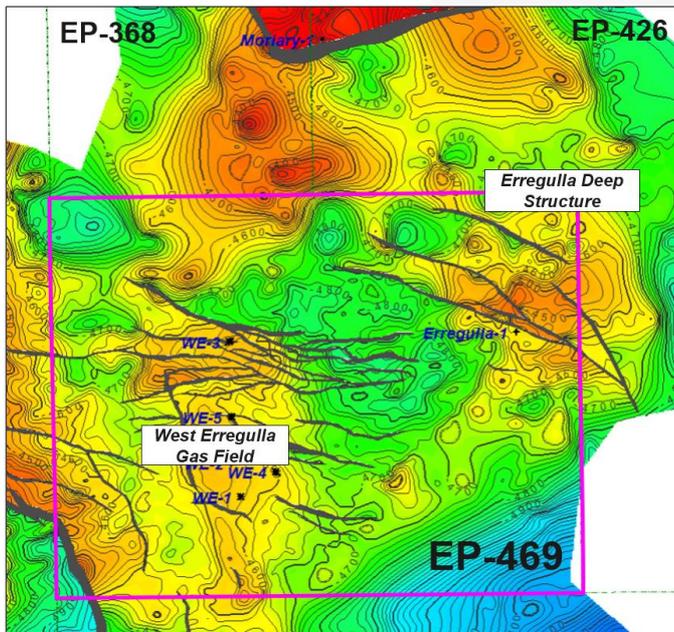
Erregulla Deep and Southwest Erregulla Exploration

Warrego continues to progress its subsurface analysis of EP469, primarily in the area between West Erregulla and Lockyer Deep (EP426). It should be noted that only 1/3rd of Block 469 is currently covered by 3D seismic and the remaining 2/3rd of EP469 has potential for new targets and ultimately reserves upside/additional reserves. Warrego believes that the Natta 3D survey has the potential to uncover yet more reserves.

Warrego has mapped a relatively low risk, high grade conventional gas exploration target in the Erregulla Deep structure, covering over 20 km² at the Kingia level between the West Erregulla and Lockyer Deep gas pools.

The Erregulla structure was previously drilled by the Erregulla-1 (1966) and Erregulla-2 (1980) wells to the Dongara and Eneabba sandstones, respectively. Gas and oil shows were observed but testing failed to flow hydrocarbons to the surface. These earlier Erregulla wells did not drill the deeper prolific Kingia Sandstone.

Warrego is continuing discussions with Strike to enable a comprehensive technical assessment of the Erregulla Deep prospect in order to mature the exploration targets that will be drilled as part of the recently approved Exploration Work Program and Budget. The upcoming 3D seismic programme will further define the Erregulla Deep prospect.



On 21 November 2022, Strike announced plans as operator of the EP469 Joint Venture to propose a two well drilling campaign comprising the Southwest Erregulla-1 well and the Erregulla Deep-1 well. Strike EP469 has now formally notified the EP469 Joint Venture of its proposal to conduct a two well exploration work program and budget for 2023 and 2024. On 19 December 2022, the EP469 Joint Venture approved the proposed work program and budget.

Figure 1. Top Kingia depth map

STP-EPA-0127 (100%, Operator) Coolcalalaya Sub-basin

A 2.2-million-acre (8,700 km²) permit application located onshore Coolcalalaya Sub-basin, Western Australia, targeting conventional gas reservoirs.

EPA-0127 is the largest exploration permit located onshore Western Australia. The permit area is 130km north of the Waitsia and West Erregulla fields and is in the Coolcalalaya Sub-basin.

Warrego is in the final stage of gaining formal authorisation from the traditional owner groups with native title rights and interests in the permit area. Upon completion the next step will be permit grant, enabling the work program to commence.

In relation to the farm-out agreement with Mitsui E&P Australia Pty Limited (MEPAU), Warrego and MEPAU are negotiating a Joint Operating Agreement and are finalising plans to accelerate the approved exploration work programme, as well as evaluating the long-term potential for natural hydrogen and CCS projects. The farm-out agreement with MEPAU remains subject to grant of the exploration permit and registration of MEPAU's participating interest by 22 December 2022 (which date has now passed). Warrego has been working with MEPAU to seek to finalise amendments to the farm-out agreement to extend this date for obtaining the permit to reflect the current permitting schedule. The finalisation of any such amendments to the farm-out agreement remains subject to Warrego Board approval and the execution of binding documentation.

Recent technical work on EPA-0127 has identified it as an asymmetric sub-basin with multiple positive gravity anomalies. These anomalies are likely to be massive structures within the sedimentary sequence and are also likely to be similar in size to those known in the North Perth Basin. Warrego believes that

these substantial features could comprise quality reservoirs and seals and overlie or are adjacent to source rocks in these deep “kitchen” areas.

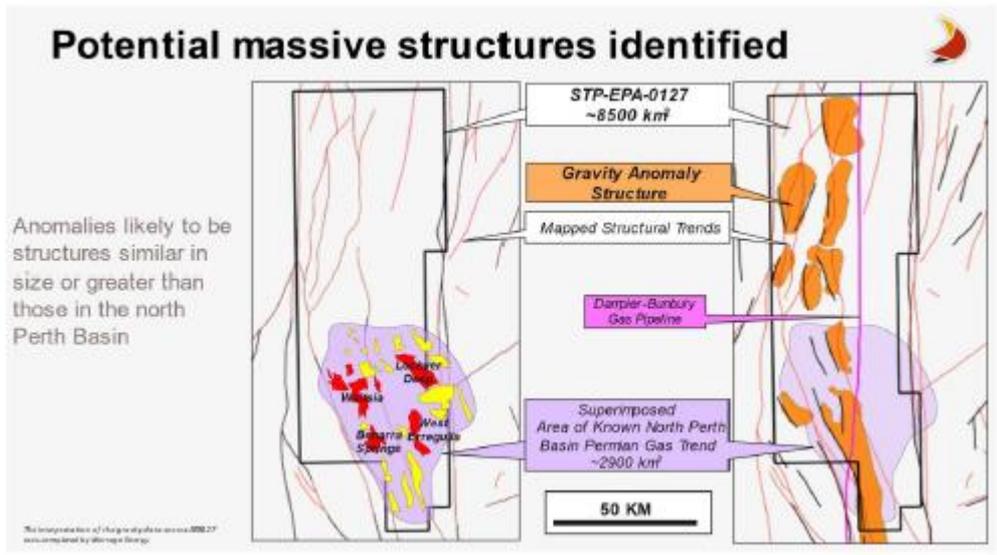


Figure 2. Potential massive structures identified in EPA-0127

SPAIN

Warrego has an established presence in Spain through Tarba Energia S.L. (“Tarba”), a joint venture between Warrego and Prospec Energy Plc.

Warrego’s strategic focus in Spain revolves around progressing the development of its gas and electricity assets:

- Maximise opportunities for the El Romeral gas to power project, including the development of near field gas prospects for the expansion of supply to the domestic electricity market in Spain, and complementary renewable energy technologies such as solar;
- Develop the Tesorillo gas project and supply the domestic gas market in Spain; and
- Investigate the long-term potential for energy storage, CCS and other carbon management technologies, and hydrogen production.

EL ROMERAL PROJECT, Seville Region (50.1% ownership of Operator and permits)

Integrated gas production and power station operation on 76,600 acres in southern Spain. Three producing wells, 22 prospects and multiple low-cost development opportunities with the potential to significantly increase gas production, electricity generation and revenue.

Drilling and production permit applications for El Romeral are currently being assessed. Warrego is anticipating a response in the first half of CY2023. The plant is currently operating at 30% capacity with potential to increase output to 100% if planned infill wells are approved and drilling is successful.

All wells drilled to date at El Romeral have been successful and the typical lifespan per well is close to 20 years.

In a significant policy shift, the EU recently announced that Natural Gas is once again recognised as a transition fuel. This decision will help facilitate government approvals and make it easier to secure project financing for gas projects.

Cash proceeds received during the quarter from El Romeral electricity was \$1,257,000 (gross). Gas and electricity prices have moderated from their unprecedented highs following the introduction of a temporary gas price cap in Spain.

Front-end engineering and design ('FEED') studies for Project Helios have completed. Land for construction has been identified close to the existing Romeral plant and an option for lease has been agreed. A tender for the EPC contract has been compiled and will be issued to arrive at an investment decision by the end of Q1 2023. Project Helios, the second solar generation project, involves the installation of photo-voltaic panels adjacent to the plant which are expected to have a generation capacity of approximately 5 MW.

Both Project Helios and Project Appollo (solar project which was commissioned last quarter) take full advantage of the existing connection to the power grid at El Romeral which has ample capacity to take the increased generation output.

TESORILLO PROJECT, Cadiz Region (85% ownership of Operator and permits)

Targeting conventional sandstone gas reservoirs in 94,000 acres in Southern Spain. There are no financial or drilling commitments attached to the permit.

The Tesorillo Project in the Cadiz province of Southern Spain comprises two petroleum exploration licences, the Tesorillo and Ruedalabola Permits, that include a conventional gas discovery at the El Almarchal-1 well and have excellent proximity to existing pipeline infrastructure. Warrego is targeting conventional onshore sandstone reservoirs.

The 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 approval¹. Discussions with the Ministry have made good progress and, subject to requests for further information, Warrego anticipates a response in the first half of CY2023.

¹ The Tesorillo exploration permit has been temporarily suspended pending the outcome of the application for a production permit.

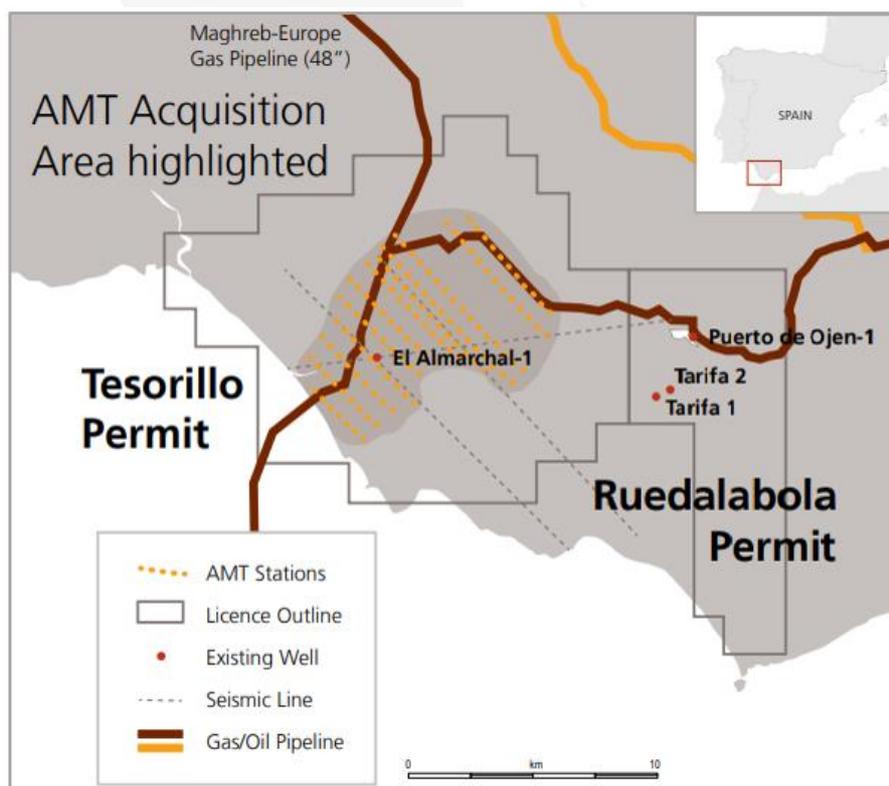


Figure 4. The Tesorillo Project, including the El Almarchal-1 discovery well

ESG & SUSTAINABILITY

In line with Warrego's commitment to achieve net zero emissions by 2050, the Company's future ESG reporting will make disclosures against the World Economic Forum (WEF) Stakeholder Capitalism framework, a set of 21 core ESG metrics for sustainable value creation.

FINANCIAL

Consolidated cash at 31 December 2022 was \$19,899,000.

Principal inflows for the quarter were A\$1,257,000 (gross) relating to El Romeral electricity revenue, whilst principal outflows were \$2,445,000 for West Erregulla exploration and \$3,399,000 transaction costs relating to the takeover of Warrego.

There were \$336,000 in payments made to related parties for non-executive directors' fees and executive director salary, inclusive of FY22 STI payment to Group CEO & Managing Director (section 6.0 of Appendix 5B).

A summary of Warrego's cash flow for the Quarter and year to date is contained in the accompanying Appendix 5B.

This ASX announcement has been issued with the approval of the Warrego Board of Directors.

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About Warrego Energy Limited

Warrego Energy is focused on the development of onshore assets in Australia and Spain. In Western Australia's prolific Perth Basin, the Company holds a 50% interest in EP469, including the West Erregulla gas project, and 100% of STP-EPA-0127, covering 8,700 km² (2.2 million acres). In Spain, the Company holds an 85% working interest in the Tesorillo gas project in the Cadiz region and a 50.1% working interest in the El Romeral gas to power facility in the Seville region.

For more information visit: warregoenergy.com

Glossary

2P	Proved + Probable Reserves
3P	Proved + Probable + Possible Reserves
2C	Best Estimate Contingent Resources
2U	Best Estimate Prospective Resources
3D	Three-dimensional seismic survey
ASX	Australian Securities Exchange
Bbl/d	Barrels per day
Bcf	Billion cubic feet
CY	Calendar Year
EP	Exploration Permit
EPA	Exploration Permit Application
FEED	Front End Engineering and Design
FY	Financial Year
GSA	Gas Sales Agreement
H1,2	First Half, Second half
JV	Joint Venture
Km	kilometres
m	metres
NSAI	Netherland, Sewell & Associates, Inc
PJ	petajoules
Q1,2,3,4	Quarter 1, 2, 3, 4
TJ/d	Terajoules per day
WA	Western Australia
WE-2,3,4,5,6	West Erregulla wells

TENEMENT LISTING

Tenement reference	Location	Nature of interest	Interest at 31 Dec. 2022		Interest at 30 Sep. 2022	
				<u>Gross Acres</u>		<u>Gross Acres</u>
EP469	North Perth Basin Western Australia	Direct JV interest	50.0%	56,000	50.0%	56,000
STP-EPA-0127 application	North Perth Basin Western Australia	Application	100.0%	2,200,000	100.0%	2,200,000
El Romeral 1 [#]	Guadalquivir Basin, Spain	} Via Tarba Energia S.L.	50.1%	} 76,600	50.1%	} 76,600
El Romeral 2 [#]	Guadalquivir Basin, Spain		50.1%			
El Romeral 3 [#]	Guadalquivir Basin, Spain		50.1%			
Tesorillo [^]	Cadiz, Spain	} Via Tarba Energia S.L.	85.0%	68,800	85.0%	68,800
Ruedalabola [^]	Cadiz, Spain		85.0%	10,200	85.0%	10,200
<u>Legacy Assets</u>				<u>Gross Acres</u>		<u>Gross Acres</u>
Piedra Sola	Norte Basin, Uruguay	Via Schuepbach Energy International LLC	41.0%	2,525,000	41.0%	2,525,000

[^] Warrego's 85% working interest in Tesorillo and Ruedalabola will reduce to 50.1% upon notification by Prospex Energy plc that they wish to proceed to the Final Closing of the Prospex Share Purchase Agreement and acquire an additional 34.9% interest.

[#] Government and Regional Administration approval for the Romeral transfer of title was received in Q3 2021.

DISCLAIMER AND RESOURCE DISCLOSURES

This announcement may include forward looking statements. Forward looking statements are only predictions and are subject to known and unknown risks, uncertainties and assumptions which are outside the control of Warrego. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this presentation.

Future appraisal and development projects are subject to approvals such as government approvals, joint venture approvals and Board approvals.

Dates and schedules for planned EP469 activities are subject to change by the Operator.