

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

Dear Sir / Madam

**Warrego Energy Limited (ASX:WGO) – Takeover offer from Hancock Energy (PB) Pty Ltd**

We attach, as required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of the target's statement (**Target's Statement**) of Warrego Energy Limited (ACN 125 394 667) (**Warrego**) in response to the off-market takeover bid by Hancock Energy (PB) Pty Ltd (ACN 663 446 642) (**Hancock**), a wholly owned subsidiary of Hancock Prospecting Pty Ltd (ACN 008 676 417), for all the ordinary shares in Warrego.

The Target's Statement has been sent to Hancock and lodged with the Australian Securities & Investments Commission today. The Target's Statement will be sent to Warrego shareholders by the following means:

- 1 Warrego shareholders who have nominated an electronic address for the purposes of receiving electronic copies of shareholder communications will receive an email with a link to an electronic copy of the Target's Statement; and
- 2 Warrego shareholders who have not nominated an electronic address for the purposes of receiving electronic copies of shareholder communications will receive a letter from Warrego to their registered postal address, which will contain details of a link to an electronic copy of the Target's Statement.

Warrego shareholders may also request a hard copy of the Target's Statement be sent to them (if in Australia, by pre-paid ordinary post or by courier, or, if outside Australia, by pre-paid airmail post or by courier) by contacting the Warrego Shareholder Information Line on 1300 130 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

Authorised for release by:



Dennis Donald  
**Managing Director**

# TARGET'S STATEMENT



THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
YOU SHOULD READ ALL OF THE DOCUMENT. IF YOU ARE IN DOUBT AS TO WHAT YOU SHOULD  
DO, YOU SHOULD CONSULT YOUR INVESTMENT, FINANCIAL, TAXATION OR OTHER  
PROFESSIONAL ADVISER.

Warrego is currently the subject of two off-market takeover bids, being the unconditional cash takeover offer by Hancock Energy (PB) Pty Ltd (the "Hancock Offer") and the subsequent scrip takeover offer by Strike Energy Limited through its wholly-owned subsidiary, Strike West Holdings Pty Ltd (the "Strike Offer"). As required by the Corporations Act, this Target's Statement has been issued in response to the Hancock Offer, but also sets out the Warrego Directors' views in relation to the Strike Offer.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE WARREGO SHAREHOLDER  
INFORMATION LINE ON 1300 103 401 (WITHIN AUSTRALIA) OR +61 2 9066 4063 (OUTSIDE  
AUSTRALIA), MONDAY TO FRIDAY BETWEEN 9.00AM AND 5.00PM (SYDNEY TIME).

Financial Adviser



Capital  
Markets

Legal Adviser

Allens & Linklaters

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## Important Notices

### Nature of this Document

This document is a Target's Statement dated 30 December 2022 given by Warrego Energy Limited (ACN 125 394 667) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Hancock Energy (PB) Pty Ltd (ACN 663 446 642) for all the ordinary shares in Warrego. However, it also contains information in relation to the off-market takeover bid by Strike West Holdings Pty Ltd (ACN 616 395 398), an indirect wholly-owned subsidiary of Strike Energy Limited (ACN 078 012 745), for all of the ordinary shares in Warrego.

### ASIC and ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to the ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

### Defined Terms and Interpretation

Capitalised terms used in this Target's Statement are defined in Section 10.1 (*Definitions*). In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

Section 10.2 (*Interpretation*) also sets out some rules of interpretation that apply to this Target's Statement.

### No Account of Personal Circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice. The recommendations and other information contained in this Target's Statement should not be taken as personal, financial or taxation advice, as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. Your Warrego Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept the Offer.

### Forward Looking Statements

Some of the statements appearing in this Target's Statement are forward looking statements. All statements other than statements of historical fact are forward looking statements and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Shareholders should note that those forward looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of Warrego. Actual values or results, performance or achievements may differ materially from those expressed or implied by such statements. The risks,

variables and other factors that may affect the forward looking statements include matters specific to the industry in which Warrego operates as well as economic and financial market conditions; legislative, fiscal or regulatory developments; the price performance of Warrego Shares, commodity price fluctuations, input price fluctuations, currency fluctuations, actual demand, geotechnical factors, political conditions in various countries, approvals and cost estimates, gas reserve estimates, operating results including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of Warrego. Further information can be found in Section 2 (*Risks Associated with an Investment in Warrego*).

None of Warrego, its Subsidiaries or any of their respective officers and employees, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Warrego and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

### Resources disclosure

The NSAI-certified Reserves, Contingent Resources and Prospective Resources for EP469 referred to in this Target's Statement were released to the ASX by Warrego on 28 July 2022 in an announcement entitled 'West Erregulla 2P Reserves upgraded by 41% - Replacement' which is available to view on the Warrego website at [www.warregoenergy.com](http://www.warregoenergy.com). These estimates must be read in conjunction with the full text of such ASX release.

The Erregulla Deep Prospective Resources referred to in this Target's Statement are derived from work completed by Warrego and its technical consultants and were released to the ASX by Warrego on 9 June 2022 in an announcement entitled 'Warrego high-grades Erregulla Deep Structure in EP 469'.

The NSAI-certified El Romeral Contingent Resources and Prospective Resources referred to in this Target's Statement were released to the ASX by Warrego on 17 December 2019 in an announcement entitled 'Warrego acquires operational gas power project in Spain'.

The NSAI-certified Tesorillo Prospective Resources referred to in this Target's Statement were released to the ASX by Warrego on 7 May 2015 in an announcement entitled 'Oil & gas certification for Spain'.

Warrego is unaware of any new information that materially impacts the information in these releases and confirms that all the material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.

#### **Cautionary Statement on Prospective Resources**

Prospective Resources are those quantities of petroleum which are estimated as of a given date to be potentially recoverable from undiscovered accumulations by the application of future development projects. These estimates have both an associated risk of discovery and a risk of development. The Prospective Resources shown in this Target's Statement are probabilistically determined and un-risked and should not be construed as Reserves or Contingent Resources; they represent exploration opportunities and quantify the development potential in the event a hydrocarbon discovery is made. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

#### **Effect of rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Discrepancies between totals in tables and or in calculations are due to rounding.

#### **Disclaimer as to information about Hancock, Strike West and Strike**

The information in this Target's Statement about Hancock, Strike West and Strike has been compiled from or is otherwise based on information obtained from public sources, and has not been independently audited or verified by Warrego or its advisers. If the information obtained from publicly available sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. Accordingly, Warrego does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of any information in relation to Hancock, Strike West or Strike. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

#### **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been

prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

#### **Diagrams and charts**

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

#### **Websites are not part of this Target's Statement**

Any website links in this Target's Statement are for your reference only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

#### **Privacy**

Warrego has collected your information from the Warrego Share Register for the purpose of providing you with this Target's Statement. The type of information Warrego has collected about you includes your name, contact details and information on your shareholding (as applicable) in Warrego. Without this information, Warrego would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to external service providers (including the Warrego Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Warrego, please contact the Warrego Share Registry on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

#### **Warrego Shareholder Information Line**

Warrego has established the Warrego Shareholder Information Line, which Warrego Shareholders may call if they have any queries in relation to the Hancock Offer. The telephone number for the Warrego Shareholder Information Line is 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time). Calls to the Warrego Shareholder Information Line may be recorded.

#### **Risk Factors**

Warrego Shareholders should note that there are a number of risks that they should have regard to before deciding how to respond to the Offer. Further information about those risks can be found in Section 2 of this Target's Statement.

## Your Choices in Relation to the Hancock Offer

You should read this Target's Statement in full as it will assist you in making an informed decision on whether or not to accept the Hancock Offer.

If you have any questions, please call the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

### ACCEPT

To accept the Hancock Offer, return your completed Hancock Acceptance Form before the end of the Offer Period.

To validly accept the Hancock Offer for your Warrego Shares, your acceptance must be received before 7.00pm (Sydney time) on Tuesday, 31 January 2023, unless the Offer Period is extended.

### REJECT

To reject the Hancock Offer, you do not need to take any action (although see the other choices below).

If you reject the Hancock Offer, you may:

- (i) do nothing, and retain your Warrego Shares;
- (ii) choose to accept the Strike Offer (once open), in which case you should refer to the Strike Bidder's Statement for details of how to accept the Strike Offer; or
- (iii) hold or sell some or all of your Warrego Shares.

## Key Dates

Hancock Offer announced and Hancock Bidder's Statement lodged with ASIC and the ASX	30 November 2022
First Supplementary Hancock Bidder's Statement lodged with ASIC and the ASX	2 December 2022
Second Supplementary Hancock Bidder's Statement and Replacement Hancock Bidder's Statement lodged with ASIC and the ASX	9 December 2022
Completion of despatch of Hancock Bidder's Statement	14 December 2022
Hancock Offer Period opens	14 December 2022
Third Supplementary Hancock Bidder's Statement lodged with ASIC and the ASX	20 December 2022
Fourth Supplementary Hancock Bidder's Statement lodged with ASIC and the ASX	21 December 2022
Fifth Supplementary Hancock Bidder's Statement lodged with ASIC and the ASX and Hancock Offer declared unconditional	23 December 2022
Date of this Target's Statement	30 December 2022
Hancock Offer Period closes – 7.00pm (Sydney time)	31 January 2023*
Payment to Shareholders who accept the Hancock Offer	No later than 10 Business Days after the date on which you accept the Hancock Offer

\* unless the Offer Period is extended or the Hancock Offer is withdrawn in accordance with the Corporations Act

## Chairman's Letter

30 December 2022

Dear Warrego Shareholder,

Following the receipt of multiple control proposals for Warrego Energy Limited (**Warrego**) over the past few months<sup>1</sup>, there are currently two off-market takeover bids for Warrego on the table, as follows:

- 1 **Hancock Offer**: an unconditional off-market takeover offer by Hancock Energy (PB) Pty Ltd (**Hancock**) for all of the Shares in Warrego for cash consideration of \$0.28 per Share<sup>2</sup>; and
- 2 **Strike Offer**: an off-market takeover offer by Strike West Holdings Pty Ltd (**Strike West**), an indirect wholly-owned subsidiary of Strike Energy Limited (**Strike**), for all of the Shares in Warrego for scrip consideration of 1 new Strike Share per Warrego Share.

A summary of the material terms of the Hancock Offer and the Strike Offer is set out in the table below:

Item	Hancock Offer	Strike Offer
Form of consideration	Cash	Scrip
Offer consideration	\$0.28 per Share in cash	1 new Strike Share per Warrego Share <sup>3</sup>
Conditions	Unconditional	"Prescribed occurrences" condition only
Offer open	14 December 2022	Expected to be 6 January 2023 <sup>4</sup>
Offer period expires	7.00pm (Sydney time), 31 January 2023	Not earlier than one month after the Strike Offer opens
Date for payment / issue of offer consideration	Within 10 Business Days of the date Hancock receives acceptance of the Hancock Offer	Within 7 business days of the later of (i) the date Strike West receives acceptance of the offer; and (ii) the date the Strike Offer becomes unconditional

You should now have received the Hancock Bidder's Statement setting out the terms of the Hancock Offer. The Strike Bidder's Statement was lodged with ASIC and ASX on 23 December 2022.

This Target's Statement is required by the Corporations Act and contains:

- the recommendation of each Warrego Director in respect of the Hancock Offer;
- the reasons for that recommendation; and
- other important information you should consider when deciding whether to accept or reject the Hancock Offer.

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<sup>1</sup> See Section 1.4(b) for a summary chronology of the various proposals received for Warrego since the announcement of Strike's earlier scheme proposal on 10 November 2022.

<sup>2</sup> Hancock announced its Offer on 30 November 2022 at an offer price of \$0.23 per Share, which was subsequently increased to \$0.28 per Share on 2 December 2022.

<sup>3</sup> Under the Strike Offer, Ineligible Foreign Warrego Shareholders and Small Warrego Shareholders (as defined in the Strike Bidder's Statement) who accept the offer will not receive Strike Shares, but will instead have the shares they would have received allotted to a sale nominee for sale. See item 14 of schedule 1 of the Strike Bidder's Statement for details.

<sup>4</sup> Under the Corporations Act, this must be not less than 14 days and not more than 28 days after the date of the Strike Bidder's Statement, which was 23 December 2022.

Warrego will prepare a separate target's statement in relation to the Strike Offer after it opens, however, this Target's Statement responding to the Hancock Offer, which Warrego is required to despatch now, also sets out the Warrego Directors' views in relation to the Strike Offer versus the Hancock Offer.

**The Warrego Board's, and each individual Director's, recommendation in relation to the Hancock Offer and the Strike Offer**

After careful consideration by the Warrego Board and its advisers, the Warrego Board recommends, by majority resolution of the Board, that Shareholders accept the Hancock Offer in the absence of a superior proposal. The recommendation is not unanimous. There are four Directors on the Warrego Board, and the position is that:

- Greg Columbus, Chairman and Independent Non-Executive Director, recommends that Shareholders reject the Hancock Offer and accept the Strike Offer (once open) in the absence of a superior proposal, for the reasons set out in Section 1.3 and Section 1.4;
- Michael Atkins, Independent Non-Executive Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.2 and Section 1.4;
- Mark Routh, Non-Executive Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.1 and Section 1.4; and
- Dennis Donald, Managing Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.1 and Section 1.4.

Mr Atkins, Mr Routh and Mr Donald also note that, since the revised Hancock Offer was announced on 2 December 2022, Warrego Shares have been trading above the \$0.28 per share Offer Price and, for those Shareholders who do wish to sell their Shares for cash, they may be able to sell their Shares on the ASX during the Offer Period at prices at or above the Hancock Offer Price and be paid on a T+2 basis.

**All of the Warrego Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Warrego Shares.**

**What to do if you wish to accept the Hancock Offer**

The Hancock Offer is scheduled to close at 7.00pm (Sydney time) on Tuesday, 31 January 2023, unless withdrawn or extended.

To accept the Hancock Offer, please refer to the acceptance instructions set out in section 11.4 of the Hancock Bidder's Statement and in the Hancock Acceptance Form that accompanies the Hancock Bidder's Statement.

The Hancock Offer is unconditional. Warrego Shareholders who accept the Hancock Offer will receive payment for their Warrego Shares within 10 Business Days of the date Hancock receives the acceptance.

**Please read this Target's Statement and seek advice where appropriate**

Please read this Target's Statement, the Hancock Bidder's Statement and the Strike Bidder's Statement carefully, and in their entirety, as they will assist you in making an informed decision on whether or not to accept the Hancock Offer or the Strike Offer. If you are in any doubt as to what you should do, I encourage you to seek advice from independent and appropriately licensed financial, legal, taxation and other professional advisers before making your decision in relation to your Warrego Shares.

If you have any questions in relation to the Hancock Offer, the Strike Offer or this Target's Statement, you may also contact the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

I also take this opportunity to thank you for your continued support of Warrego.

Yours sincerely,



**Greg Columbus**

Chairman

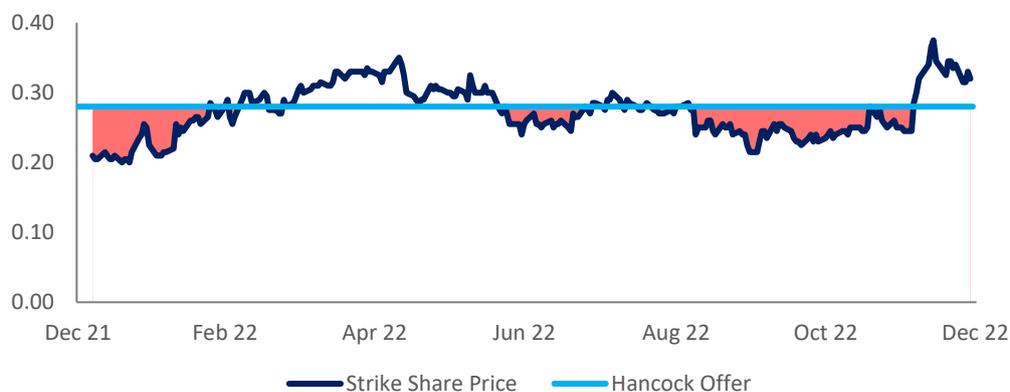
Warrego Energy Limited

## 1 WARREGO DIRECTORS' RECOMMENDATIONS

### 1.1 Reasons for the recommendation of Dennis Donald and Mark Routh to accept the Hancock Offer

Mr Donald and Mr Routh recommend that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons, and subject to the qualifications, in this Section 1.1 and in Section 1.4:

- (a) The Strike Offer is a scrip offer, which means that the implied value of the offer will depend on the price of the Strike Shares at any particular time. While the implied value of the Strike Offer, if based only on Strike's closing share price on the Last Practicable Trading Date, is higher than the Offer Price under the Hancock Offer, the Strike Share price has shown considerable variability, trading below \$0.28 for extended periods over the past 12 months and trading as low as \$0.215 as recently as 27 September 2022. The implied value of the Strike Offer based on a three-month volume weighted average price (*VWAP*) of Strike Shares up to the Last Practicable Trading Date was \$0.303. In contrast, the Hancock Offer provides Warrego Shareholders with cash certain value for their Shares.



**Figure 1.1 – Closing Strike Share price during the period 30 December 2021 to 29 December 2022 vs. \$0.28 Offer Price under the Hancock Offer**

- (b) Under the Strike Offer, Warrego Shareholders would be taking exposure to Strike's other assets (being those assets other than the 50% interest in West Erregulla which it has in common with Warrego). Those other Strike assets include Strike's interest in the South Erregulla field, the Walyering field and Strike's proposed fertiliser plant (which it calls 'Project Haber'). Those assets are subject to various risks, including development, financing, permitting and reserves risks. Following the receipt of Strike's earlier scheme proposals, Warrego conducted due diligence in conjunction with its technical advisors on certain of those assets. Based on its findings, there are some concerns around the risks inherent in a number of those assets and developments.
- (c) Under the Strike Offer, Warrego Shareholders would continue to be exposed to the risks of development of Warrego's assets, in addition to the risks of development of Strike's other assets. These risks are outlined further in Section 2.
- (d) There is a risk that Strike West does 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. This risk is elevated given the opportunity for Warrego Shareholders to accept the Hancock Offer. While acknowledging that Warrego Shareholders who accept the Hancock Offer may also be subject to capital gains tax on the disposal of their Shares to Hancock, if Shareholders accept the Strike Offer (once open) and Strike West does not satisfy the conditions for capital gains tax rollover relief, including acquiring the 80% or more of Warrego Shares required, then those Warrego Shareholders who are subject to capital gains tax would need to separately cash fund that liability.

Mr Donald and Mr Routh also note that, since the revised Hancock Offer of \$0.28 per Share was announced on 2 December 2022, Warrego Shares have been trading above the Offer Price and, for those Shareholders who do wish to sell their Shares for cash, there may be an opportunity for some Shareholders to sell their Shares on the ASX during the Offer Period at prices above the Hancock Offer Price. For this reason, Warrego Shareholders should continue to monitor the trading price of Warrego Shares on the ASX during the Offer Period for the Hancock Offer.

## **1.2 Reasons for the recommendation of Michael Atkins to accept the Hancock Offer**

Mr Atkins recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons, and subject to the qualifications, in this Section 1.2 and in Section 1.4. While Mr Atkins recommends acceptance of the Hancock Offer, 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 (once open) over the Hancock Offer, including in order to retain ongoing exposure to any potential future upside associated with Warrego's and Strike's assets. The reasons for Mr Atkins' recommendation are as follows:

- (a) As discussed above, the Strike Offer is a scrip offer, which means that the implied value of the offer will depend on the price of the Strike Shares at any particular time. While the implied value of the Strike Offer, if based only on Strike's closing share price on the Last Practicable Trading Date, is higher than the Offer Price under the Hancock Offer, the Strike Share price has shown considerable variability, trading below \$0.28 for extended periods over the past 12 months and trading as low as \$0.215 as recently as 27 September 2022.
- (b) In comparison, the Hancock Offer provides Warrego Shareholders with a cash certain value for their Shares now.
- (c) Accepting the all cash Hancock Offer enables Warrego Shareholders to avoid the risks associated with the development of Warrego's assets (as outlined in Section 2), as well as the risks associated with the development of Strike's assets, if Shareholders were to accept the Strike Offer (once open) (including the risk of further exploration required to confirm and expand reserves, and in development, financing, and government policy and permitting).
- (d) While Mr Atkins recommends acceptance of the Hancock Offer, he recognises that some Warrego Shareholders may, depending on their individual circumstances and risk appetite, and after obtaining their own independent expert advice on the risks of an investment in Strike Shares, prefer to accept the Strike Offer (once open) in order to retain ongoing exposure to potential future upside associated with Warrego's and Strike's assets. For example:
  - Under the Strike Offer, Warrego Shareholders will retain the potential upside from successful exploration on Warrego's assets, including EP469, EPA-0127 and its Spanish Assets. In addition, under the Strike Offer, Warrego Shareholders will gain exposure to Strike's assets, including in the South Erregulla field, the Walyering field and Strike's proposed fertiliser plant (which it calls 'Project Haber').
  - While there is risk, it is acknowledged that there is considerable potential upside in Strike, being a major Perth Basin player, and with further exploration the value of such assets could increase, and Warrego Shareholders may wish to be exposed to such potential upside.
- (e) There is a risk that Strike West does 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. Warrego Shareholders may be subject to capital gains tax on the disposal of their Shares to either Hancock or Strike. If Shareholders accept the Strike Offer (once open) and Strike West does not satisfy the conditions for capital gains tax rollover relief, including acquiring the 80% or more of Warrego Shares required, then those Shareholders who are subject to capital gains tax would need to separately cash fund that liability.

Mr Atkins also notes that there may be an opportunity for some Shareholders to sell their Shares on the ASX during the Offer Period at prices above the Hancock Offer Price. For this reason, Shareholders should continue to monitor the trading price of Warrego Shares on the ASX during the Offer Period.

### 1.3 Reasons for the recommendation of Greg Columbus to reject the Hancock Offer and accept the Strike Offer

Mr Columbus recommends that Shareholders reject the Hancock Offer and accept the Strike Offer (once open), in the absence of a superior proposal, for the reasons, and subject to the qualifications, in this Section 1.3 and Section 1.4 below. Mr Columbus believes that the Strike Offer is in the interests of a majority of Warrego Shareholders, being those Shareholders with less liquidity constraints, having regard to the implied value, and the intrinsic value, of the Strike Offer against the Hancock Offer.

The reasons for Mr Columbus' recommendation are as follows:

- (a) The implied value of the Strike Offer, based on the closing price of Strike Shares on the Last Practicable Trading Date, was \$0.32 per Warrego Share, which represents a 14.3% premium to the \$0.28 per Warrego Share being offered under the Hancock Offer. While the implied value of the Strike Offer will depend on the price of the Strike Shares at any particular time, and while it is acknowledged that the Strike Share price has been variable over time, this current implied value represents a material premium to the Hancock Offer Price. In other words, Shareholders who accept the Hancock Offer would be accepting a lower price than the implied value of the Strike Offer as at the Last Practicable Trading Date prior to this Target's Statement, and a lower price than the price of Warrego Shares on the ASX on that date.
- (b) While accepting the Hancock Offer may mean that Warrego Shareholders will no longer be exposed to the risks and uncertainties associated with Warrego's assets, it also puts a final and terminal value on their investment in Warrego and means that Shareholders will forego any future potential upside associated with the development of the combined assets.
- (c) By accepting the Strike Offer (once open), Shareholders may participate in future potential upside associated with the development of Warrego's existing assets and integration with Strike's assets. In this respect, Mr Columbus notes:
  - (i) The announcement released by Strike on 20 December 2022 entitled 'EP469JV commits to nearfield exploration drilling' which notes the approval by the EP469 Joint Venture of the nearfield drilling campaign of Erregulla Deep-1 and Southwest Erregulla-1, with Strike currently finalising negotiations with a rig provider to procure rig slots supporting drilling of these wells in late 2023 and early 2024, which indicates the potential for upside in reserves. This potential upside will be foregone by Shareholders who elect to accept the Hancock Offer.
  - (ii) The presentation given by Mr Dennis Donald, Managing Director of Warrego, on 7 September 2022 at the Good Oil Conference entitled 'Beyond West Erregulla', including specifically, in the section 'EP469 – unlocking future growth potential', the slides 'South Erregulla may unlock more Reserves for West Erregulla' and 'High grade exploration target at Erregulla Deep'. The presentation slides provide that 'Strike Energy (Operator of EP469 and EP503) indicates communication between West Erregulla and South Erregulla'.
  - (iii) In the same presentation, in the section 'EPA-0127 – the Next Perth Basin?', the slide entitled 'Potential massive structures identified'. There is potential for Shareholders to participate in the upside in EPA-0127 if they elect to accept the Strike Offer (once open), which potential will be foregone by Shareholders who elect to accept the Hancock Offer.
  - (iv) Strike announced to ASX on 23 December 2022 that the Strike Board of Directors has determined that the optimal location for a domestic gas processing plant to service its Greater Erregulla portfolio of assets is on its 100%-owned Mid West Low Carbon Manufacturing Precinct. The Strike Bidder's Statement indicates that, if the Strike Offer is successful, Strike will endeavour to take advantage of the potential operational benefits of

a coordinated development of the Greater Erregulla region, which may potentially allow for the integration of the West Erregulla gas field with Strike's South Erregulla and Mid West Low Carbon Manufacturing Precinct. If Hancock achieves control of Warrego through the Hancock Offer, then there remains a question as to how Warrego's share of gas from EP469 will be processed efficiently and effectively.

- (v) Shareholders who elect to accept the Strike Offer (once open) and accept Strike Shares in exchange for their Warrego Shares will be able to participate in any upside from Warrego's Spanish Assets. This potential upside will be foregone by Shareholders who elect to accept the Hancock Offer. This includes the ongoing cashflow generated at the El Romeral gas to energy plant when prices are at 40-year highs. Warrego's Dennis Donald noted in the 2022 Annual Report to Shareholders that Warrego continues to see upside driven by the increase in European energy prices at its Tesorillo gas project in the Cadiz region. The Annual Report states that *'The project comprises two petroleum exploration licences estimated to contain 830 Bcf of gross unrisks Prospective Resources'*. The Annual Report goes on to state that *'an 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 approval. Discussions with the Spanish Ministry have made good progress and, subject to requests for further information, Warrego anticipates a response in the first half of 2023'*. The Strike Bidder's Statement provides that *'based on the information available to Strike at the Announcement Date<sup>5</sup>, Strike intends to completely divest the Spanish Assets'*.
- (vi) There is potential for upside through the ability for Strike to negotiate gas sales agreements for the combined business without the need for a gas balancing agreement between the EP469 Joint Venture participants.
- (vii) Strike may also be able to achieve operational synergies through the integration of West Erregulla with Strike's other operations, providing a large asset platform in a rising gas market. If Warrego Shareholders accept the Strike Offer (once open), they will receive Strike Shares, and may be able to participate in any potential operational synergies which are created, as a shareholder in Strike.
- (d) Accepting the Strike Offer will not preclude Shareholders from receiving any further change of control premium in the event a takeover proposal is ultimately received for Strike following successful close of the Strike Offer.
- (e) A combined Warrego and Strike business could create a more substantial resource and energy company on the ASX with potential upside, with Strike Shares that would have an enhanced equity market presence, greater liquidity and potentially a stronger institutional share register, all of which could make the combined business a greater target for further takeover activity.
- (f) A combined Warrego and Strike company would be overseen by a highly experienced commercial board and management team at Strike with material experience in the growth of ASX companies.

## 1.4 Other relevant considerations

Shareholders should also consider the following in deciding whether or not to retain their Warrego Shares or to accept the Hancock Offer or the Strike Offer.

### (a) Premium to historical trading prices

The Offer Price for the Hancock Offer represents an attractive premium to the levels at which Warrego Shares were trading up to and including 9 November 2022, being the last full trading day prior to Warrego's announcement of Strike's earlier scheme proposal (see Section 1.4(b) below).

The Offer Price for the Hancock Offer represents a:

- 65% premium to Warrego's closing price of \$0.170 on 9 November 2022;

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<sup>5</sup> The Announcement Date under the Strike Bidder's Statement is 23 December 2022.

- 92% premium to Warrego's one-month VWAP of \$0.146 up to and including 9 November 2022;
- 92% premium to Warrego's three-month VWAP of \$0.146 up to and including 9 November 2022; and
- 105% premium to Warrego's six-month VWAP of \$0.137 up to and including 9 November 2022.

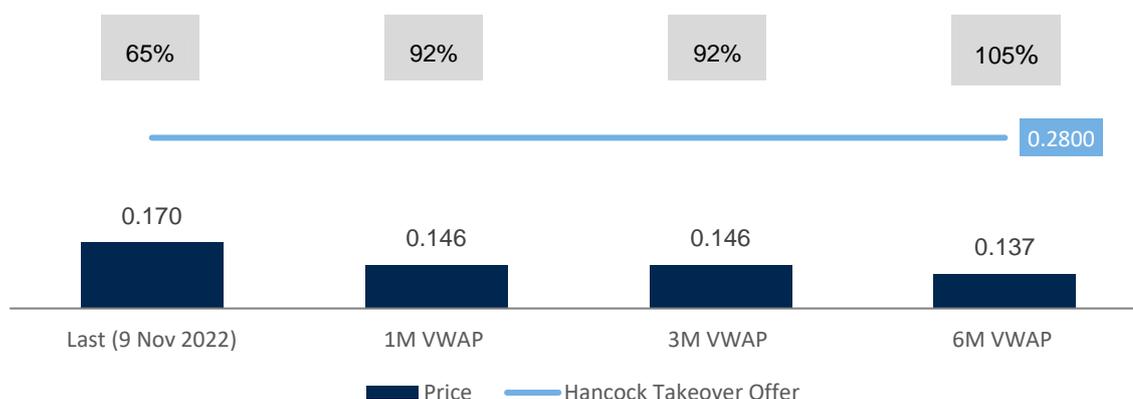


Figure 1.2 – Implied value of the Hancock Offer compared to historical trading prices (\$ per Share)

(b) **Chronology of proposals received for Warrego since announcement of Strike's earlier scheme proposal on 10 November 2022**

As Shareholders will be aware, the receipt of the Hancock Offer and the Strike Offer came after a number of competing proposals had been made for Warrego over the past few months.

A summary chronology of proposals received for Warrego since the announcement of Strike's earlier scheme proposal on 10 November 2022 is set out in the table below.

Date	Event
10 November 2022	Warrego announced receipt of a non-binding scheme proposal from Strike with an upfront scrip consideration of 0.775 new Strike Shares for each Warrego Share, together with contingent scheme consideration if Warrego's Spanish Assets were sold within 12 months of implementation of the scheme.
14 November 2022	Warrego entered into a Scheme Implementation Deed with Beach Energy Limited ( <b>Beach</b> ) in relation to a scheme proposal from Beach with an upfront cash consideration of \$0.20 per Warrego Share, together with contingent scheme consideration if Warrego's Spanish Assets were sold within 12 months of implementation of the scheme ( <b>Beach SID</b> ).
30 November 2022	Hancock announced the Hancock Offer with an original offer price of \$0.23 per Warrego Share.
2 December 2022	Beach increased the upfront cash consideration under its scheme proposal to \$0.25 per Warrego Share.
2 December 2022	Hancock increased the offer price under the Hancock Offer to \$0.28 per Warrego Share.

Date	Event
9 December 2022	Beach advised that it did not intend to match the revised Hancock Offer. Warrego later announced that the Warrego Board had withdrawn its previous recommendation in favour of the Beach scheme proposal, and that the Warrego Board unanimously recommended that Warrego Shareholders accept the Hancock Offer, in the absence of a superior proposal.
19 December 2022	Strike announced its intention to make the Strike Offer for scrip consideration of 1 new Strike Share per Warrego Share.

(c) **Shareholders who do wish to sell their Warrego Shares for cash may be able to do so on the ASX at prices above the Hancock Offer Price**

Since the revised Hancock Offer of \$0.28 per Share was announced on 2 December 2022, Warrego Shares have been trading above the Offer Price and, for those Shareholders who do wish to sell their Shares for cash, there may be an opportunity for some Shareholders to sell their Warrego Shares on the ASX at prices above the Hancock Offer Price. For this reason, Shareholders should continue to monitor the trading price of Warrego Shares on the ASX during the Offer Period for the Hancock Offer.

(d) **There are risks to remaining a Shareholder in Warrego**

The Board believes if neither the Hancock Offer nor the Strike Offer is successful, and no further alternative proposal emerges, then the Warrego Share price may fall, given that the current price is well above the trading levels prior to the disclosure by Warrego of Strike's earlier scheme proposal on 10 November 2022 (see Figure 1.1 and Figure 1.2 above).

There are a number of risks associated with remaining a Warrego Shareholder. Section 2 of this Target's Statement sets out the key risks which may affect the future performance of Warrego and the value of Warrego Shares.

If you do not accept the Hancock Offer, maintaining your investment in Warrego may also involve the following risks, depending on the outcome of the Hancock Offer:

- The Shares acquired by Hancock under the Offer (and by Strike West under its offer) will reduce the number of Shares that can be expected to be available for trading on ASX. Depending on the level of acceptances, this is likely to reduce the liquidity of Shares, and may adversely affect the price at which they might otherwise be expected to trade.
- If Hancock acquires control of Warrego under the Offer, it will have enhanced capacity to influence the manner in which Warrego's business is conducted. Hancock's intentions for Warrego are described in section 7 of the Hancock Bidder's Statement, but those intentions may change, particularly as a result of the review which Hancock states that it will undertake. Changes to the business which are implemented by Hancock may mean that if you subsequently choose to dispose of your Shares you may be doing so at a time when market conditions are less favourable than those prevailing at the date of this Target's Statement.
- If you choose not to accept the Offer, and if Hancock becomes entitled to exercise compulsory acquisition rights upon acquiring Relevant Interests in 90% or more of Warrego Shares, and Hancock subsequently exercises those rights, you are likely to be paid later than Shareholders who accept the Hancock Offer.

Similar considerations apply in respect of the Strike Offer.

## 2 RISKS ASSOCIATED WITH AN INVESTMENT IN WARREGO

The risks and uncertainties that apply to holding Warrego Shares include risks that Warrego has in common with others in the oil and gas industry, risks specific to Warrego, and risks relating to the outcome of the Offer. Many of these risks are outside the control of Warrego and its Directors.

This Section 2 describes some of the material risks that apply to holding Warrego Shares. These are not the only risks Warrego faces. Some risks may not be known to Warrego, and some that Warrego currently believes to be immaterial could later turn out to be material. One or more or a combination of these risks could materially impact Warrego's future operating and financial performance, and the value of the Shares.

### (a) **Financing risk**

The continued operations of Warrego, including in respect of West Erregulla, are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations.

There is a risk that Warrego may not be able to access capital from debt or equity markets for current or future projects or developments on acceptable terms or at all, depending on future performance and cash flows which are affected by various factors, some of which are outside Warrego's control, such as interest rates, exchange rates, general economic conditions and global financial markets and sentiment. Depending on these factors, Warrego may be unable to secure capital or may be unable to obtain financing on acceptable terms.

Further, if Warrego is unable to manage climate risk and decarbonise its operations as investors and financial organisations seek to manage climate risk within their portfolio, then Warrego may be subject to increased costs of capital.

These matters could adversely affect the longer-term prospects and financial performance of Warrego's business.

### (b) **Joint ventures**

As is common in the oil and gas industry, many of Warrego's assets are held, or in the future may be held, in joint ventures which enables Warrego and its joint venture partners to share the technical, operational and commercial risks associated with oil and gas activities.

With some exceptions, decisions regarding the exploration, development and production activities of joint ventures require approval of a specific majority of participants in the joint venture. Whether or not Warrego holds a majority interest in a joint venture, or holds the position of operator for the joint venture, joint venture participants may:

- have commercial or other interests or objectives for the joint venture which may not be aligned to those of Warrego;
- exercise voting rights for joint venture decisions to prevent or delay activity which Warrego considers to be in the best interests of the joint venture and the commercial objectives of Warrego; or
- be unable or unwilling to fulfil their respective obligations, including contributing their proportionate share of joint venture capital and operating costs.

Where Warrego is not the operator of the joint venture, Warrego monitors the performance of the operator and may seek to influence joint venture activities by providing technical advice, but Warrego has limited control over the day-to-day conduct of the activities of the joint venture.

Improper management of joint venture activities, including a failure to have effective policies and systems in place, may adversely affect the value of Warrego's interests in the relevant joint venture and, by extension, may result in damage to the reputation of Warrego which may impact on Warrego's other assets and access to new opportunities.

(c) **Development Risk**

Warrego's development activities may be delayed or may be unsuccessful for many reasons, including cost overruns, restricted access to capital, unanticipated financial, operational or political events, decline in commodity prices or demand, equipment and labour shortages, technical concerns, increases in operating costs, community or industrial action, failure to obtain necessary government approvals or permits, extreme weather conditions and weather events and general project delays.

Material delays, cost overruns or failures to successfully complete Warrego's development activities may have a material adverse effect on the operating performance of Warrego or its future prospects.

(d) **Failure to adapt to changes in the business environment or market conditions**

Warrego's business model may be impacted by incremental or rapid changes in the business environment in which Warrego conducts its business or market conditions, such as:

- adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending and sentiment, and levels of unemployment, amongst others; and
- movements in oil and gas prices which may impact profitability.

The above risks are outside the control of Warrego and may result in declining or more volatile future revenue streams and key cost inputs and could have a material impact on Warrego's operational and financial performance.

(e) **Commodity prices**

The financial performance and results of Warrego will be heavily influenced by the price realised for its future possible gas production. The financial performance of Warrego will be exposed to fluctuations in the price of gas.

In general terms, commodity prices may be influenced by numerous factors and events which are beyond the control of Warrego, including supply and demand fundamentals, currency exchange rates, interest rates, general economic, political and regulatory conditions, speculative activities and other factors. These factors may have a positive or negative effect on Warrego's development projects and production plans and activities, together with the ability to fund those plans and activities.

In addition, the price of any commodity is variable and can be volatile, as a result of a number of factors outside of the control of Warrego, including general economic and geopolitical conditions, and supply and demand dynamics.

A material decline in the realised price for the commodities produced by Warrego may have a material adverse impact on the financial results and future prospects of Warrego.

Declines in the price of, and demand for, these commodities may also lead to revisions of the medium and longer term price assumptions for these commodities from future production, which, in turn, may lead to either or both of a revision of the carrying value of some of Warrego's assets and a reduction of Reserves estimates.

(f) **Exploration and production**

The business of exploration and project development involves a degree of risk. The success of the Warrego Group depends on factors that include:

- successful acquisition of appropriate exploration licences;
- successful exploration and the establishment of gas resources and reserves;
- design, construction and operation of efficient production infrastructure; and
- managerial performance and efficient marketing of the products.

Exploration activity is a high-risk endeavour which is subject to geological and technical risks and uncertainties. Warrego's development activities may be delayed or may be unsuccessful for many reasons, including extreme weather conditions and weather events, unanticipated financial, operational or political events, cost overruns, decline in commodity prices or demand, equipment and labour shortages, technical concerns, increases in operating costs, community or industrial action, failure to obtain necessary government approvals or permits and general project delays. Material delays or failures to successfully complete Warrego's development activities may have a material adverse effect on the operating performance of Warrego or its future prospects.

(g) **Oil and gas reserve and resource estimates**

Oil and gas resource estimates are expressions of judgement based on knowledge, experience and industry practice. Warrego has experienced significant volatility in its reserves estimates over the past three years, including downwards as well as upwards revisions. Estimates, which are valid at a certain point in time, may alter significantly or become uncertain when new oil and gas reservoir information becomes available through additional drilling or reservoir engineering work over the life of the field, or if forward economic and commercial assumptions change materially. As resource estimates change, development and production plans may be altered in a way that may affect operating performance of Warrego or its future prospects.

Oil and gas resources are booked in accordance with industry standards and according to Warrego's entitlement to the producible volumes. If that entitlement changes, Warrego's resource bookings will change.

(h) **Drilling activities**

Oil and gas exploration, development and production activities typically involve drilling operations. Drilling operations are high-risk and subject to hazards, including unexpected geological conditions, infrastructure failure and other incidents, or conditions which could result in damage to plant or equipment or harm to people or the environment. Although it is intended to take adequate precautions to minimise risks associated with drilling activities, there can be no guarantee that Warrego will not experience one or more material incidents in the context of drilling activities which may have an adverse impact on the operating and financial performance of Warrego, including costs associated with control of well operations, recovery of plant and equipment, and environmental rectification and compensation, along with delays or other impacts on anticipated results. The drilling activities in block EP469 are complex and have involved drilling some of the deepest onshore wells ever undertaken in Australia to date. In addition, these wells have several technical challenges, including abnormally high well pressures and temperatures, drilling very hard and variable strata, and performing at the upper limits of available drilling rigs and equipment.

(i) **Regulatory risk and changes in government policy**

Warrego is subject to a number of governmental laws and regulations in Australia and Spain. Regulatory or legal actions may impact the status of licences or operatorship or granting of governmental regulatory approvals for certain operations. Retention of licences can also be impacted when government development expectations are not met, or in the event of non-compliance with relevant licence commitments.

Changes in governments, government policy, fiscal regimes, regulatory regimes, legislative frameworks and policy positions held by government regulators could impact Warrego's business, results from operations, asset valuations or financial condition and performance.

Participants in the oil and gas industry may be required to pay direct and indirect taxes, royalties and other imposts in addition to normal company taxes. Warrego's profitability may be affected by changes in government taxation and royalty policies. In addition to changes in existing tax laws, risk also arises in relation to changes in interpretation or application of the law by courts or taxation authorities, especially where specific guidance is unavailable or has not been tested in the relevant tax jurisdiction.

(j) **Approvals, permits and licences**

Warrego's operations and projects are dependent on Warrego's ability to obtain and maintain certain government licences, permits, authorisations, concessions and other approvals in connection with its activities (**Operating Approvals**). Warrego's ability to carry on its business will therefore be subject to its ability to obtain and maintain, and various governments' willingness to renew and not revoke, such Operating Approvals.

There can be no guarantee that Warrego will be able to obtain all necessary Operating Approvals on reasonably acceptable terms or in a timely manner. The duration, cost and success of applications for Operating Approvals depend on many factors, some of which are outside the control of Warrego. Any such failure may have a material adverse impact on Warrego's business, results of operations, financial condition or future development prospects.

(k) **Land access and native title**

Land access is critical to Warrego's operations. Immediate and continuing access to and within Warrego's permit areas cannot in all cases be guaranteed as Warrego may be required to obtain consent to access from owners and occupiers of the land or surrounding areas. Compensation may be required to be paid by Warrego in order for the Company to undertake its activities.

In addition, Warrego operates in areas within Australia that are, or may become, the subject of claims and applications for native title, which have the potential to introduce delays in the granting or renewal of petroleum licences and other permits and, consequently, may have an effect on the timing and cost of exploration, development and production licences, as well as in respect of operating costs associated with such licences and permits.

(l) **Environmental regulations**

The Warrego Group's operations are subject to significant environmental and other regulations applicable to the oil and gas industry. The Warrego Group's exploration and development programmes are subject to approval by government authorities before the Warrego Group can undertake activities which are likely to impact the environment. Failure to obtain such approvals may have a material adverse effect on the operating performance of Warrego or its future prospects.

New environmental laws and regulations may be passed in the future which could materially increase the Warrego Group's cost of doing business or affect its operations in any area. New environmental laws, regulations and stricter enforcement policies, once implemented, may require the Warrego Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the operating performance of Warrego or its future prospects.

(m) **Climate change and carbon regulation risks**

The regulatory response to the risk of climate change, including unilateral and collective action by Australia and other countries, may affect demand for the Warrego Group's products, and the competitiveness of such products in the world energy market.

Extensive government regulations relating to climate change impose costs on the operations of Warrego, and future regulations could increase those costs, limit Warrego's ability to produce, or reduce demand for, Warrego's hydrocarbon products.

The operations of Warrego are focused on the production of gas resources. The physical and non-physical impacts of climate change may impact Warrego's assets, production and the markets where its product is sold. These impacts may include policy and regulatory change, weather patterns (both immediate (for example, cyclones and fires) and longer term (for example, sustained movement in temperature)) and resource demand responses.

There is an increasing interest by stakeholders regarding the potential risks and opportunities to Warrego's business and the broader sector as a result of shifts towards a lower-carbon economy. Climate change is a complex risk that requires action at all levels of society. It can heighten existing physical and non-physical risks and introduce new ones that can affect business performance in the near and long-term.

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 Stakeholder Capitalism framework, a set of 21 core ESG metrics for sustainable value creation.

(n) **Sovereign and international risks**

As described in Section 5, Warrego's key assets are located in Australia and Spain. There are certain risks inherent in doing business across different jurisdictions, including internationally, such as economic, social, or political instability or change, nationalisation, expropriation of property without fair compensation, cancellation or modification of contract rights, hyperinflation, currency non-convertibility or instability, and changes of laws affecting foreign ownership, government participation, royalties, taxation, working conditions, foreign nationals work permits, rates of exchange, exchange control, exploration licensing, minerals export licensing, export duties, government control over product pricing, and other risks arising out of foreign governmental sovereignty over the areas in which the Warrego Group's operations are conducted, as well as risks of loss due to pandemics, civil strife, acts of war, terrorism, guerrilla activities and insurrections.

The Warrego Group's operations may also be adversely affected by laws and policies of Australia and Spain affecting foreign trade, taxation and investment.

In the event of a dispute arising in connection with its operations, the Warrego Group may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or Spain (as applicable) or enforcing Australian or Spanish judgements (as applicable) in foreign jurisdictions.

(o) **Foreign exchange risk**

Warrego's financial performance is affected by fluctuations in foreign exchange rates because it operates across different jurisdictions in various foreign currencies.

Variations in foreign currency appreciation against the Australian dollar which are not effectively hedged may increase Warrego's operating costs. There can be no assurance that Warrego will successfully manage its foreign exchange risk or that changes in foreign exchange rate fluctuations will not have a material adverse effect on Warrego's financial position and performance.

(p) **Management and key personnel risk**

The conduct of Warrego's operations relies on the experience of its directors, key senior management and staff generally. The loss of any key personnel could cause disruption to the conduct of Warrego's business in the short-term and may have a material adverse impact on the business, financial condition and results of Warrego.

(q) **Tax risk**

Warrego's financial position and performance relies on certain existing taxation treatments. There can be no assurance that these tax rules or their interpretation in relation to Warrego will not change, or that regulators (including the Commissioner of Taxation) will agree with the tax position adopted by Warrego.

Following the COVID-19 crisis, governments may need to engage in further budget repair measures which may impact corporate or other taxation treatments, rates and charges, which may have a material adverse impact on the business, financial condition and results of Warrego.

(r) **Cybersecurity risk**

The integrity, availability and reliability of data within Warrego's information technology systems may be subject to intentional or unintentional disruption.

Given the increasing level of sophistication and scope of potential cyber-attacks, these attacks may lead to significant breaches of security that could jeopardise the sensitive information and financial transactions of Warrego (from a cyber perspective) and property and environmental damage (from a physical perspective). This risk may be elevated as a result of the increase in remote working by

the Warrego Group's staff and contractors. Any of these circumstances may have a material adverse impact on the business, reputation, financial condition and results of Warrego.

(s) **Insurance risks**

Warrego has insurance policies in place across its business to protect against major operating and other identified risks having regard to the nature of activities being conducted. However, not all risks and liabilities are insurable or insured by its existing insurance coverage. There is no assurance that adequate insurance cover for all potential liabilities and losses will be available in the future on acceptable terms. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Warrego.

(t) **Counterparty risk**

Credit risk arises from the risk of default of customers. While this risk is mitigated by entering into contracts with parties of high credit standing, Warrego is unable to predict whether these parties will maintain such credit standing or default on their obligations.

In addition, customers and counterparties have termination rights under underlying contracts if Warrego defaults on its obligations or if certain other events occur. Termination of these contracts may have a material adverse impact on the business, financial condition and results of Warrego.

(u) **Litigation risk**

Warrego may be subject to litigation in the course of its business, including commercial, contractual claims, injury claims, environmental claims and prosecutions, claims related to land access issues, occupational health and safety claims, employee claims, and regulatory disputes.

Even if Warrego is ultimately successful in defending claims against it (or in pursuing claims made by it), reputational harm may be inflicted and substantial legal and associated costs may be incurred that may not be recoverable from other parties, which may have a material adverse impact on Warrego's financial position and performance.

(v) **Unknown risks**

Additional risks and uncertainties not currently known to Warrego may also have a material adverse effect on Warrego's financial and operational performance. The information set out in this Section 2 does not purport to be, nor should it be construed as representing, an exhaustive list of all the risks affecting Warrego, its business or an investment in Warrego.

### 3 FREQUENTLY ASKED QUESTIONS

This Section 3 answers some frequently asked questions about the Hancock Offer and also the Strike Offer. It is not intended to address all issues relevant to Warrego Shareholders. This Section 3 should be read together with all other parts of this Target's Statement.

Question	Answer
1 <b>What is the Hancock Bidder's Statement?</b>	<p>The Hancock Bidder's Statement is the document setting out the terms of the Hancock Offer. Hancock lodged a replacement Hancock Bidder's Statement with ASIC on 9 December 2022 and sent the Hancock Bidder's Statement to Warrego Shareholders on 14 December 2022.</p> <p>A copy of the Hancock Bidder's Statement is available on the Warrego website (<a href="http://www.warregoenergy.com">www.warregoenergy.com</a>) and on the ASX website (<a href="http://www.asx.com.au">www.asx.com.au</a>).</p>
2 <b>What is the Strike Bidder's Statement?</b>	<p>The Strike Bidder's Statement is the document setting out the terms of the Strike Offer. Strike West lodged the Strike Bidder's Statement with ASIC on 23 December 2022 and the earliest date Strike West can send the Bidder's Statement to Warrego Shareholders is 6 January 2023.</p> <p>A copy of the Strike Bidder's Statement is available on the Warrego website (<a href="http://www.warregoenergy.com">www.warregoenergy.com</a>) and on the ASX website (<a href="http://www.asx.com.au">www.asx.com.au</a>).</p>
3 <b>What is this Target's Statement?</b>	<p>This Target's Statement has been prepared by Warrego and provides Warrego's response to the Hancock Offer. This Target's Statement also contains information in relation to the Strike Offer. It contains your Directors' recommendations in respect of both offers.</p>
4 <b>Will a Target's Statement be prepared in relation to the Strike Offer?</b>	<p>Yes. Warrego is required to prepare a Target's Statement in response to the Strike Offer. The Target's Statement in response to the Strike Offer must be lodged with ASIC and ASX within 15 days after completion of despatch of the Strike Offer to Warrego Shareholders.</p>
5 <b>What is Hancock offering for my Warrego Shares?</b>	<p>Hancock is offering \$0.28 in cash for every Warrego Share that you hold.</p>
6 <b>What is Strike offering for my Warrego Shares?</b>	<p>Once the Strike Offer opens for acceptance, Strike West will be offering 1 new Strike Share for every Warrego Share that you hold.</p> <p>If you are an 'Ineligible Foreign Warrego Shareholder' or a 'Small Warrego Shareholder' (as defined in the Strike Bidder's Statement), you will not receive Strike Shares. Instead, the Strike Shares to which you would otherwise be entitled will be allotted to a sale nominee for sale. Refer to item 14 of schedule 1 of the Strike Bidder's Statement for further details.</p>
7 <b>Does Hancock already have an interest in Warrego Shares?</b>	<p>As at close of trading on the Last Practicable Trading Date, Hancock held a Relevant Interest in approximately 14.54% of Warrego Shares.</p>

Question	Answer
<p>8 <b>Does Strike already have an interest in Warrego Shares?</b></p>	<p>As at close of trading on the Last Practicable Trading Date, Strike West, Strike and Neville Joseph Power<sup>6</sup>, a director of Strike, held a Relevant Interest in approximately 19.94% of Warrego Shares.</p> <p>Strike West indicated in its Strike Bidder's Statement, that Strike has received statements of intent from various Warrego Shareholders in aggregate holding 15.45% of Warrego Shares. In these statements, the Warrego Shareholders informed Strike of their intention to accept the Strike Offer on the date that is 21 days after the opening of Strike's Offer, subject to no superior proposal emerging.</p>
<p>9 <b>What are your Directors recommending?</b></p>	<p>Greg Columbus, Chairman and Independent Non-Executive Director, recommends that you reject the Hancock Offer and accept the Strike Offer (once open), in the absence of a superior proposal. The reasons for, and the qualifications to, this recommendation, are set out in Sections 1.3 and 1.4.</p> <p>Michael Atkins, Independent Non-Executive Director, recommends that you accept the Hancock Offer, in the absence of a superior proposal. The reasons for, and the qualifications to, this recommendation, are set out in Sections 1.2 and 1.4.</p> <p>Mark Routh, Non-Executive Director, also recommends that you accept the Hancock Offer, in the absence of a superior proposal. The reasons for, and the qualifications to, this recommendation, are set out in Sections 1.1 and 1.4.</p> <p>Dennis Donald, Managing Director, also recommends that you accept the Hancock Offer, in the absence of a superior proposal. The reasons for, and the qualifications to, this recommendation, are also set out in Sections 1.1 and 1.4.</p> <p>If there is a change in your Directors' recommendations or there are any material developments in relation to the Hancock Offer, Warrego will make the appropriate supplementary disclosure.</p>
<p>10 <b>What do the Warrego Directors intend to do with their Warrego Shares?</b></p>	<p>Dennis Donald and Mark Routh intend to accept, or procure the acceptance of, the Hancock Offer in respect of Warrego Shares which they hold or control, in the absence of a superior proposal (or, where Warrego Shares are trading above the Hancock Offer Price at the relevant time, they may decide to sell their Warrego Shares on the ASX at that higher price).</p> <p>Greg Columbus intends to accept, or procure the acceptance of, the Strike Offer in respect of Shares which he holds or controls, in the absence of a superior proposal.</p> <p>Michael Atkins does not have a Relevant Interest in any Warrego Shares.</p> <p>The Relevant Interests of the Directors in Warrego Shares are set out in Section 7.3.</p>

<sup>6</sup> The substantial holder notice released on 28 December 2022 states that Strike West, Strike and Strike's Subsidiaries hold 242,489,618 Shares (19.83%) and Neville Joseph Power and Myube Investments Pty Ltd (ACN 619 855 533) as trustee for Myube Trust hold 1,400,000 Shares (0.11%).

Question	Answer
11 <b>What choices do I have in response to the Hancock Offer?</b>	<p>As a Shareholder, you have four choices available in relation to the Hancock Offer. You can choose to:</p> <ul style="list-style-type: none"> <li>• accept the Hancock Offer;</li> <li>• sell your shares on ASX (unless you have already accepted the Offer or any other offer for your Shares);</li> <li>• accept the Strike Offer (once open); or</li> <li>• take no action.</li> </ul> <p>Refer to Section 4 for further details of the choices you have. If you are in any doubt as to what to do, your Directors recommend that you consult with your investment, financial, taxation or other professional adviser.</p>
12 <b>How do I accept the Hancock Offer?</b>	<p>Details of how to accept the Hancock Offer are set out in section 11.4 of the Hancock Bidder's Statement and in the accompanying Hancock Acceptance Form.</p> <p>The Offer is open for acceptance during the Hancock Offer Period, which commenced on 14 December 2022 and ends at <b>7.00pm (Sydney time), on 31 January 2023</b>, unless it is withdrawn or the Hancock Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by Hancock before the end of the Hancock Offer Period. Instructions on how to accept the Hancock Offer are set out in the Hancock Bidder's Statement and on the Hancock Acceptance Form that accompanies the Hancock Bidder's Statement. If you want to accept the Hancock Offer, then you should follow these instructions carefully to ensure that your acceptance is valid.</p> <p>If your Warrego Shares are in a CHESS holding and you want to accept the Offer, then you should give instructions to your broker in sufficient time before the end of the Hancock Offer Period to allow your broker to initiate your acceptance under the CHESS system. If your Warrego Shares are in an issuer sponsored holding and you want to accept the Hancock Offer, then you should complete and deliver the Hancock Acceptance Form in sufficient time that it is received by Hancock before the end of the Hancock Offer Period.</p>
13 <b>How do I accept the Strike Offer?</b>	<p>Details of how to accept the Strike Offer are set out in section 1 of the Strike Bidder's Statement and in the accompanying acceptance form.</p> <p>The Strike Offer will be open for acceptance during the Strike Offer Period which will commence on the date that Strike West despatches the Strike Offer to Warrego Shareholders (expected to be 14 days after the date of the Strike Bidder's Statement (i.e. 6 January 2023)).<sup>7</sup> The Strike Offer must remain open for a minimum of one month from the date on which Strike Offers are despatched to Warrego Shareholders, unless the Strike Offer is withdrawn or the Strike Offer Period is extended in accordance with the Corporations Act.</p>
14 <b>When does the Hancock Offer close?</b>	<p>The Hancock Offer is currently scheduled to close at <b>7.00pm (Sydney time) on 31 January 2023</b>, unless withdrawn or extended. Your Directors will keep you informed if there are any material developments in relation to the Offer.</p> <p>Warrego Shareholders are also encouraged to monitor the Warrego website (<a href="http://www.warregoenergy.com">www.warregoenergy.com</a>) for any updates on the Offer.</p>

<sup>7</sup> Strike West must send a copy of the Strike Bidder's Statement to Warrego Shareholders within 14 to 28 days after 23 December 2022, being the date on which the Strike Bidder's Statement was sent to Warrego.

Question	Answer
15 <b>If I accept the Hancock Offer now, can I withdraw my acceptance?</b>	If you accept the Hancock Offer, you will be bound to sell your Shares and will not be able to withdraw your acceptance as the Hancock Offer is now unconditional.
16 <b>If I choose to accept the Hancock Offer, when will I receive my consideration?</b>	If you accept the Hancock Offer, then Hancock will provide the consideration due to you for your Shares to which you are entitled under the Offer by no later than 10 Business Days after the date you accept the Hancock Offer.  Section 11.7 of the Hancock Bidder's Statement describes in more detail the payment of consideration.
17 <b>What are the tax implications of accepting the Hancock Offer?</b>	A general outline of the tax implications of accepting the Hancock Offer for Warrego Shareholders is set out in Section 8.  As the outline is a general outline only, you are encouraged to seek your own specific professional advice as to the taxation implications applicable to your circumstances.
18 <b>What happens if the Offer Price is raised?</b>	If you have already accepted the Hancock Offer and Hancock subsequently raises the Offer Price, then you will be entitled to the increased Offer Price (see also the response to question 16 above).  Your Directors will carefully consider any revised Offer and advise you accordingly.
19 <b>During the period of the Offer, can I sell my Warrego Shares on ASX?</b>	Yes. However, you cannot trade your Shares if you accept the Hancock Offer or the Strike Offer (once open).
20 <b>What are the conditions of the Offer?</b>	The Hancock Offer is unconditional.  Hancock has issued a Notice of Status of Conditions under section 650F of the Corporations Act <sup>8</sup> , giving notice that the Offer and each contract resulting from acceptance of the Offer are freed from the conditions detailed in section 10.1 and Annexure A to the Hancock Bidder's Statement.
21 <b>What are the consequences of accepting the Hancock Offer now?</b>	If you accept the Hancock Offer now, then you will not be able to accept the Strike Offer (once open), sell your Warrego Shares on market or to any other bidder that may make a takeover offer, or deal with them in any other manner.  If you accept the Hancock Offer and Hancock subsequently raises its Offer Price, then you will receive the higher price for your Warrego Shares.
22 <b>What if there is a competing proposal?</b>	If another competing proposal (i.e. in addition to the Strike Offer) is received prior to the end of the Hancock Offer Period, then this will be announced to the ASX and the Directors will carefully consider the proposal and advise Shareholders of their recommendations.  If you have already accepted the Offer, then you will not be able to participate in any competing proposal which may emerge.  Refer to question 21 above for further information.
23 <b>Is there likely to be a competing proposal from another party?</b>	Other than the Strike Offer, as at the date of this Target's Statement, the Warrego Board is not aware of any new competing proposal.

<sup>8</sup> This Notice of Status of Conditions accompanies Hancock's Fifth Supplementary Bidder's Statement as Annexure A.

Question	Answer
24 <b>Can I accept the Hancock Offer for only some of my Warrego Shares?</b>	<p>No. You can only accept the Offer for all of your Warrego Shares, unless you hold the Shares as trustee or nominee for, or otherwise on account of, another person.</p> <p>A person holding Warrego Shares as trustee or nominee for, or otherwise on account of, another person should refer to section 11.1(f) of the Hancock Bidder's Statement.</p>
25 <b>Who should I call if I have questions?</b>	<p>You can contact the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time), or you can speak to your investment, financial, taxation or other professional adviser.</p>
26 <b>Who is Hancock?</b>	<p>According to the Hancock Bidder's Statement and publicly available information:</p> <ul style="list-style-type: none"><li>• Hancock is a special purpose proprietary company limited by shares that was incorporated in Australia on 28 October 2022 for the purpose of acquiring the Warrego Shares.</li><li>• Hancock is a wholly-owned subsidiary of Hancock Prospecting Pty Ltd (<b>HPPL</b>). HPPL, the parent company of Hancock, is an Australian proprietary company limited by shares; and</li><li>• HPPL's voting shares are owned by the following shareholders:<ul style="list-style-type: none"><li>• Georgina Hope Rinehart – 76.55%; and</li><li>• Bianca Hope Rinehart, as trustee for The Hope Margaret Hancock Trust (of which Mrs Rinehart's four children are the beneficiaries) – 23.45%.</li></ul></li></ul> <p>Sections 5 and 7 of the Hancock Bidder's Statement contain further information on Hancock and HPPL, and Hancock's intentions in relation to Warrego.</p>

## 4 YOUR CHOICES AS A SHAREHOLDER IN RELATION TO THE HANCOCK OFFER

The Board encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Warrego Shares.

As a Shareholder, you currently have four choices available to you:

### 4.1 Choice 1: Accept the Hancock Offer

You may choose to accept the Hancock Offer.

This is the approach recommended by three of your Directors, Dennis Donald, Mark Routh and Michael Atkins, for the reasons, and subject to the qualifications, set out in Section 1.

Details of the payment that you will receive if you accept the Hancock Offer are set out in Section 6.2 as well as in the Hancock Bidder's Statement.

The consequences of accepting the Hancock Offer are discussed in Section 6.7. If you accept the Hancock Offer, then you will not be able to participate in the Strike Offer or in any other competing proposal which may emerge, and you will not be able to sell your Warrego Shares on market.

If you accept the Hancock Offer, then you may be liable for CGT or income tax as a result of your acceptance. An overview of the taxation consequences for Shareholders of selling their Shares under the Hancock Offer is provided in Section 8.

The Hancock Offer is open for acceptance during the Offer Period, which commenced on 14 December 2022 and ends at **7.00pm (Sydney time), on 31 January 2023**, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by Hancock before the end of the Offer Period. Instructions on how to accept the Offer are set out in the Hancock Bidder's Statement and on the Hancock Acceptance Form. If you want to accept the Hancock Offer, then you should follow these instructions carefully to ensure that your acceptance is valid.

If your Warrego Shares are in a CHESS holding and you want to accept the Offer, then you should give instructions to your broker in sufficient time before the end of the Offer Period to allow your broker to initiate your acceptance under the CHESS system. If your Warrego Shares are in an issuer sponsored holding and you want to accept the Offer, then you should complete and deliver the Hancock Acceptance Form in sufficient time that it is received by Hancock before the end of the Offer Period.

Warrego encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Shares.

### 4.2 Choice 2: Sell your Shares on ASX

During the Hancock Offer Period, you may sell your Shares through ASX for cash, provided you have not accepted the Hancock Offer or any other offer for those Shares (or, if you have accepted another offer (other than the Hancock Offer which is now unconditional), provided you have validly withdrawn that acceptance).

If you sell your Warrego Shares on market, then you may receive the consideration for your Shares sooner than if you accept the Hancock Offer.

If you sell your Warrego Shares on market, you will lose the ability to accept the Hancock Offer and receive the Offer Price of \$0.28 per Share (and any subsequent increase in the Offer Price) in relation to those Shares pursuant to the Hancock Offer.

You should contact your broker for information on how to sell your Shares on ASX and your tax adviser to determine your tax implications from such a sale.

### 4.3 Choice 3: Accept the Strike Offer when it opens

You may choose to accept the Strike Offer.

This is the approach recommended by one of your Directors, Greg Columbus, for the reasons, and subject to the qualifications, set out in Section 1.

The Strike Offer will be open for acceptance during the Strike Offer Period which will commence on the date that Strike West despatches the Strike Offer to Warrego Shareholders (expected to be 14 days after the date of the Strike Bidder's Statement (i.e. 6 January 2023)). The Strike Offer period must remain open for a minimum of one month from the date on which Strike Offers are despatched to Warrego Shareholders, unless it is withdrawn in accordance with the Corporations Act.

Details of how to accept the Strike Offer are set out in section 1 of the Strike Bidder's Statement, and will also be set out in the Target's Statement which Warrego is required by the Corporations Act to prepare in relation to the Strike Offer.

#### **4.4 Choice 4: Take no action**

If you do not wish to sell your Shares on market and do not wish to accept the Hancock Offer or the Strike Offer, then you should take no action. Simply disregard the documents sent to you by Hancock and Strike West in relation to the Hancock Offer and the Strike Offer.

You should note that:

- if you choose not to accept the Hancock Offer, then you will not receive any money from Hancock unless Hancock and its associates have Relevant Interests of at least 90% of the Shares at the end of the Hancock Offer Period. In that event, Hancock will become entitled to compulsorily acquire those Shares that it does not already own. Hancock intends to exercise this right (refer to Section 6.9 for further information regarding compulsory acquisition); and
- if Hancock acquires more than 50% but less than 90% of the Shares, and you continue to hold Warrego Shares, then you will be exposed to the risks associated with being a minority shareholder of Warrego. Some of these risks are explained in Section 6.10.

## 5 INFORMATION ON WARREGO

### 5.1 Business overview

Warrego is a petroleum exploration, development and production company based in Australia with assets in Australia and Spain. It was listed on the ASX on 12 December 2007 and trades under the ticker 'WGO'.

The principal activity of the Warrego Group is the exploration for and development of oil and gas resources, focusing on the development of onshore assets in Australia and Spain.

### 5.2 Overview of Warrego's key assets

Warrego's key assets in Australia are as follows:

(a) **West Erregulla Gas Project – EP469 (50% interest)**

The West Erregulla Gas Project is situated 230km north-east of Perth in the North Perth Basin and comprises an area of 224km<sup>2</sup>. Warrego holds a 50% interest in the Project, alongside its joint venture partner and the operator of the Project, Strike EP469 (50%).

The Project is currently progressing through the environmental permitting process with the Environmental Protection Authority of WA. These approvals, along with 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.

On 28 September 2020, Warrego announced that Warrego EP469 had entered into a gas sales agreement with Alcoa of Australia Limited (**Alcoa**) to deliver 155 PJ of gas from the West Erregulla gas field over a period of at least 10 years commencing in January 2024 (**Alcoa GSA**). Warrego has been working with Alcoa to seek to agree amendments to the Alcoa GSA required to reflect the current project schedule.

(b) **Erregulla Deep and Southwest Erregulla – EP469 (50% interest)**

Warrego is continuing discussions with Strike to enable a comprehensive technical assessment of the Erregulla Deep prospect in order to select and mature a drillable exploration target. Warrego anticipates this technical work could be completed by early 2023 given the cooperation of relevant parties. The upcoming 2023 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.

(c) **EPA-0127 (100% interest, Operator)**

EPA-0127 is an exploration permit application covering an area of 8,700km<sup>2</sup> (2.2 million acres), located onshore in the Coolcalalaya Sub-basin in WA, targeting conventional gas reservoirs.

Warrego is seeking formal authorisation from the traditional owner groups with native title rights and interests in the permit area. Warrego is working towards finalising all native title agreements, which are required to enable the grant of an exploration permit.

On 22 December 2021, Warrego executed a farm-out agreement with Mitsui E&P Australia Pty Limited (**MEPAU**), a wholly-owned Subsidiary of Mitsui & Co. Ltd., for a 50% working interest in EPA-0127. 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.

The Warrego Group's assets in Spain comprise an interest in Tarba Energia S.L. (**Tarba**) which holds the following interests:

(d) **El Romeral Gas to Power Facility (50.1% interest, Operator)**

El Romeral is an integrated gas production and power station operation located on 76,600 acres in the Guadalquivir basin in southern Spain, immediately east of Seville.

El Romeral comprises three production licences, a 100%-owned 8.1 megawatt power station supplied by three producing wells, 22 prospects and multiple low-cost development opportunities with the potential to increase gas production, electricity generation and revenue. El Romeral is one of only four producing gas-fired electricity generating assets in Spain.

Drilling and production permit applications were submitted to the Spanish Ministry for Ecological Transition and the Demographic Challenge (**MITECO**) prior to the Climate Change and Energy Transition Act<sup>9</sup> being introduced and are currently being assessed.

(e) **Tesorillo Project (85% interest, Operator)**

The Tesorillo Project in the Cadiz Province of Southern Spain covers 94,000 acres and comprises two petroleum exploration licences, the Tesorillo and Ruedalabola Permits, and a conventional gas discovery at the El Almarchal-1 well.

Warrego is targeting conventional sandstone reservoirs and there are currently no financial or drilling commitments attached to the permits.

Warrego's joint venture partner in respect of the Spanish Assets is Prospex Energy Plc, an AIM-quoted gas production and electricity generation investment portfolio. Mark Routh, a Non-Executive Director of Warrego, is also the Managing Director of Prospex Energy Plc.

An application for progression to a production permit for Tesorillo was submitted to MITECO along with a field development plan for approval in the final quarter of 2021.

### 5.3 Reserves and resources

The determined Reserves and Resources detailed in this Section 5.3 are summaries of technical assessments that have been disclosed to the ASX in previous announcements by Warrego.

West Erregulla (EP469) Gas Reserves and Resources (PJ, unrisks)<sup>10</sup> as announced to ASX on 28 July 2022 are set out in the table below.

	Reserves			Contingent Resources			Prospective Resources		
	1P	2P	3P	1C	2C	3C	1U	2U	3U
Gross Reserves	324	<b>422</b>	502	-	-	-	-	-	-
Gross Contingent Resources	-	-	-	19	<b>30</b>	42	-	-	-
Gross Prospective Resources	-	-	-	-	-	-	67	<b>109</b>	161
Warrego Share (50%) Reserves	162	<b>211</b>	251	-	-	-	-	-	-
Warrego Share (50%) Contingent Resources	-	-	-	9	<b>15</b>	21	-	-	-
Warrego Share (50%) Prospective Resources	-	-	-	-	-	-	34	<b>55</b>	81

<sup>9</sup> Ley 7/2021, de 20 de mayo, de cambio climático y transición energética.

<sup>10</sup> Estimates of Reserves and Resources independently determined by NSAI and announced to ASX on 28 July 2022.

Erregulla Deep Unrisked Prospective Resources (Bcf)<sup>11</sup> as announced to ASX on 9 June 2022 are set out in the table below.

	Unrisked Prospective Resources		
	1U	2U	3U
Gross	165	267	403
Warrego Share (50%)	82	133	201

El Romeral Contingent Resources and Prospective Resources (Bcf)<sup>12</sup> as announced to ASX on 17 December 2019 are set out in the table below.

	Contingent Resources			Unrisked Prospective Resources		
	1C	2C	3C	1U	2U	3U
Gross	3.10	5.01	7.53	48.35	89.75	153.93
Warrego Share (50.1%)	1.55	2.51	3.77	24.23	44.96	77.12

Tesorillo Unrisked Prospective Resources (Bcf)<sup>13</sup> as announced to ASX on 7 May 2015 are set out in the table below.

	Unrisked Prospective Resources		
	1U	2U	3U
Gross	220	830	2,289
Warrego Share (85%)	187	705	1,946

## 5.4 Strategy

Following the Warrego Board's decision in March 2022 to pursue the development potential of the Company's assets in Spain, Warrego has refined its strategy to focus on:

- developing quality assets in high value markets in Australia and Europe;
- supporting three primary workstreams:
  - Natural Gas – focus on onshore conventional exploration and production;
  - Power Generation – flexible and scalable gas to power facilities, supplemented by renewable co-generation (for example, solar and wind); and
  - Hydrogen and CCS – new venture opportunities (for example, Blue/Green Hydrogen), carbon offsets; and
- a commitment to achieving net zero emissions by 2050.

The Warrego Board considers that this strategy allows Warrego to leverage its existing high quality international assets during a period of increasing energy demand and transition over time into a low carbon energy provider.

<sup>11</sup> Probabilistically derived estimates of unrisked Prospective Resources inside EP469 only. Net of shrinkage.

<sup>12</sup> Estimates of Contingent Resources and Prospective Resources independently determined by NSAI and announced to ASX on 17 December 2019.

<sup>13</sup> Estimates of Unrisked Prospective Resources independently determined by NSAI on 5 May 2015 and announced to ASX on 7 May 2015.

## 5.5 Board and management

### (a) Warrego Board

As at the date of this Target's Statement, the Warrego Board comprises the following Warrego Directors:

Name	Current position
Gregory (Greg) Columbus	Independent Non-Executive Director and Chairman
Dennis Donald	Group Chief Executive Officer and Managing Director
Mark Routh	Non-Executive Director
Michael Atkins	Independent Non-Executive Director

### (b) Warrego's key management personnel

As at the date of this Target's Statement, Warrego's key management personnel are each of the Warrego Directors and the following individuals:

Name	Current position
Jani Surjan	Chief Financial Officer
Catherine McKeagney	General Manager
John Newman	Manager, New Ventures and ESG / General Counsel

## 5.6 Substantial shareholders

As at the Last Practicable Trading Date, the substantial holders of Warrego Shares are as follows.

Name	Number of Shares <sup>14</sup>	Percentage <sup>15</sup>
Strike Energy Limited and Neville Joseph Power <sup>16</sup>	244,285,808	19.94%
Mrs Georgina Hope Rinehart, HPPL, Hancock and subsidiaries of HPPL	177,843,056	14.54%
Duncan MacNiven <sup>17</sup>	139,061,136	11.37%
Dennis Donald	139,061,136	11.37%
Regal Funds Management Pty Ltd and its associates	110,743,111	9.05%

The table above does not include information in regard to substantial holdings arising, changing or ceasing after this time, or in respect of which the relevant announcement is not available on the ASX's website ([www.asx.com.au](http://www.asx.com.au)).

## 5.7 Historical trading prices

Warrego Shares are listed on the ASX under the ticker 'WGO'.

<sup>14</sup> This refers to the number of shares held by each substantial holder is as disclosed to Warrego by the shareholders in substantial holding notices filed with the ASX as at the Last Practicable Trading Date.

<sup>15</sup> The relevant interest percentage has been calculated on the basis of Warrego's issued share capital on an undiluted basis as at the Last Practicable Trading Date (being, 1,223,122,326 Warrego Shares).

<sup>16</sup> The substantial holder notice released on 28 December 2022 states that Strike West, Strike and Strike's Subsidiaries hold 242,489,618 Shares (19.83%) and Neville Joseph Power and Myube Investments Pty Ltd (ACN 619 855 533) as trustee for Myube Trust hold 1,400,000 Shares (0.11%).

<sup>17</sup> Mira LasNubes LLP and Angela MacNiven, the registered holders of such securities, may have accepted the Hancock Offer but, as at the Last Practicable Trading Date, a substantial holding notice has not been filed with the ASX confirming any such acceptance.

Warrego announced receipt of Strike's earlier scheme proposal on 10 November 2022. The closing Share price on 9 November 2022, being the last full trading day prior to the announcement of Strike's earlier scheme proposal, was \$0.17 per Warrego Share.

On 14 November 2022, Warrego announced that it had entered into the Beach SID, under which Beach had agreed to acquire all of the Warrego Shares for upfront cash consideration of \$0.20 per Share<sup>18</sup> by way of scheme of arrangement. The closing price of Warrego Shares on 11 November 2022, being the last trading day prior to the announcement of the Beach SID, was \$0.18 per Share.

The graph below shows the closing Warrego Share price starting on 30 December 2021 and ending on 29 December 2022:



## 5.8 Public information available for inspection

Warrego is a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require Warrego to notify ASX of information about specified matters and events as they arise for the purposes of ASX making that information available to participants in the market. Warrego has an obligation under the ASX Listing Rules (subject to some exceptions) to notify ASX immediately upon becoming aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of the Shares.

Warrego's recent ASX announcements are available on ASX's website ([www.asx.com.au](http://www.asx.com.au)). Further announcements will continue to be made available on the ASX website after the date of this Target's Statement.

Pursuant to the Corporations Act, Warrego is required to prepare and lodge with ASIC and ASX both annual and half yearly financial statements accompanied by a Directors' statement and report, with an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office, on ASX's website ([www.asx.com.au](http://www.asx.com.au)) and on Warrego's website ([www.warregoenergy.com](http://www.warregoenergy.com)).

Any continuous disclosure document and Warrego's announcements to ASX (as well as third party announcements to ASX concerning Warrego) between the lodgement of Warrego's 2022 Annual Report on 21 October 2022 and the date of this Target's Statement are available on ASX's website ([www.asx.com.au](http://www.asx.com.au)) and on Warrego's website ([www.warregoenergy.com](http://www.warregoenergy.com)).

<sup>18</sup> Together with contingent scheme consideration if Warrego's Spanish Assets were sold within 12 months of implementation of the scheme. For completeness, Beach announced an increase to its upfront cash consideration to \$0.25 per Share on 2 December 2022.

## 5.9 Capital structure

As at the Last Practicable Trading Date, Warrego has on issue:

Security	Number
Warrego Shares	1,223,122,326
Options	9,999,999
Performance Rights	7,934,831
Employee Share Rights	631,874

### (a) Options

Warrego currently has 9,999,999 Options on issue, which are held by two current Warrego Directors and one former Warrego Director, in equal proportions as follows:

Option holder	Position	Number
Gregory (Greg) Columbus <sup>19</sup>	Independent Non-Executive Director and Chairman	3,333,333
Mark Routh	Non-Executive Director	3,333,333
David Biggs <sup>20</sup>	Former Director	3,333,333
<b>Total</b>		<b>9,999,999</b>

The Options were granted on 16 July 2020 and have an exercise price of \$0.28 per Option. The Options vested in accordance with their terms on the date on which the Share price reached \$0.28 per Share, being 2 December 2022. Accordingly, each Option holder is entitled to pay the exercise price and to receive one Warrego Share for each exercised Option.

The Hancock Offer does not extend to the Options, but it does extend to Warrego Shares that are issued on the exercise of the Options during the Offer Period. If the Options are not exercised during the Offer Period, then they will expire on 21 July 2023.

At section 6.7 of the Hancock Bidder's Statement, Hancock states that if it becomes entitled to compulsorily acquire the Options under Part 6A.2 of the Corporations Act, it does not intend to do so. Hancock notes that it may be required, under section 663A of the Corporations Act, to give notice to holders of the Options of their rights to have Hancock to acquire their Options in accordance with Part 6A.1 of the Corporations Act.

### (b) Performance Rights

Warrego currently has 7,934,831 Performance Rights on issue, which have been granted to Warrego key management personnel and employees under the Warrego Long Term Incentive Plan. Dennis Donald, the Warrego Group's Chief Executive Officer and Managing Director, holds 1,912,568 Performance Rights.

Subject to the satisfaction of certain vesting conditions, each Performance Right will be exercisable over one Warrego Share. Subject to Corporations Act and ASX Listing Rule limitations, the exercise

<sup>19</sup> Options are held by Discovery Investments Pty Ltd as trustee for Columbus Family Trust.

<sup>20</sup> Options are held by the trustee for David Biggs Family Trust.

of a Performance Right occurs immediately upon vesting of the Performance Right. The relevant Warrego Shares will be issued upon exercise of the Performance Rights for nil consideration.

Under the terms of the Warrego Long Term Incentive Plan, the Warrego Board has a discretion to determine that some or all of the Performance Rights will vest where a takeover bid is made for Warrego and the Board recommends acceptance of the takeover bid by Warrego's Shareholders (as is the case here). The Board has not yet exercised its discretion, but intends to make a decision as to vesting during the Offer Period having regard to acceptances under the Hancock Offer and the Strike Offer at that time.

The Hancock Offer does not extend to the Performance Rights, but it does extend to Warrego Shares that are issued on the vesting and exercise of the Performance Rights during the Hancock Offer Period. As a result, holders of such Performance Rights will be entitled to participate in the Hancock Offer in respect of the Shares issued in connection with the vesting of those rights.

(c) **Employee Share Rights**

Warrego currently has 631,874 Employee Share Rights on issue, all of which have been granted to Catherine McKeagney, the General Manager. The Employee Share Rights were issued for nil consideration and, subject to vesting conditions approved by the Warrego Board, give Ms McKeagney a right to one Warrego Share per Employee Share Right.

The Employee Share Rights expire on 3 February 2023, however, the Board has determined to extend this date to 31 March 2023 in light of the current takeover proposals, subject to any necessary ASX approvals for such extension.

The Employee Share Rights will vest in the event of a change of control of Warrego. Accordingly, if a change of control under the Hancock Offer occurs before the end of the Offer Period, then the Employee Share Rights will vest and Ms McKeagney will be entitled to participate in the Offer in respect of the Employee Share Rights that are converted to Shares.

## **5.10 Break Fee and Transaction Costs**

(a) **Break Fee**

Under the Beach SID, a break fee of \$2.44 million (plus GST) became payable by Warrego following the Warrego Board previously changing its recommendation to recommend the Hancock Offer as announced to ASX on 9 December 2022. Warrego has since terminated the Beach SID and paid the break fee (plus GST) to Beach.

(b) **Transaction Costs**

Warrego has incurred, or will incur, external transaction costs (including legal and financial advisory fees) in relation to the Strike scheme proposal, the Beach scheme proposal, the Hancock Offer and the Strike Offer. As at the date of this Target's Statement, and since the receipt of the initial Strike scheme proposal in September 2022, Warrego has incurred external transaction costs of approximately \$1.7 million (excluding GST), not including the break fee paid to Beach referred to in section 5.10(a). Warrego estimates that it is likely to incur additional actual and contingent transaction costs after the date of this Target's Statement in the range of \$10.7 million to \$10.8 million (excluding GST), noting that approximately \$9.95 million of this amount is contingent on a change of control occurring in relation to Warrego.

## 6 OTHER IMPORTANT INFORMATION ABOUT THE HANCOCK OFFER

Hancock announced the Offer to Shareholders to acquire all of the Warrego Shares for an Offer Price of \$0.23 per Share and released a copy of the Hancock Bidder's Statement to ASX on 30 November 2022.

On 2 December 2022, Hancock released a copy of the First Supplementary Hancock Bidder's Statement which varies the terms of the Offer, increasing the Offer Price to \$0.28 per Share. Hancock released a Second Supplementary Hancock Bidder's Statement and a replacement Hancock Bidder's Statement on 9 December 2022, a Third Supplementary Hancock Bidder's Statement on 20 December 2022, and a Fourth Supplementary Hancock Bidder's Statement on 21 December 2022. Hancock released a Fifth Supplementary Hancock Bidder's Statement on 23 December 2022, in which it declared the Hancock Offer unconditional.

### 6.1 The Hancock Offer

Hancock is offering to acquire all of your Shares, including any rights attaching to those Shares.

Unless you hold some of your Warrego Shares as a trustee or nominee for, or otherwise on account of, another person, you may only accept the Offer in respect of all of your Warrego Shares. You cannot accept the Offer in respect of only some of your Warrego Shares.

### 6.2 Offer Price

Hancock is offering \$0.28 in cash for every Warrego Share that you hold.

### 6.3 Offer Period and acceptance

The Offer is open for acceptance during the Hancock Offer Period, which commenced on 14 December 2022 and ends at 7.00pm (Sydney time) on 31 January 2023, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by Hancock before the end of the Offer Period. Instructions on how to accept the Offer are set out in the Hancock Bidder's Statement and on the Hancock Acceptance Form. If you want to accept the Hancock Offer, then you should follow these instructions carefully to ensure that your acceptance is valid.

If your Warrego Shares are in a CHESS holding and you want to accept the Offer, then you should give instructions to your broker in sufficient time before the end of the Offer Period to allow your broker to initiate your acceptance under the CHESS system.

If your Warrego Shares are in an issuer sponsored holding and you want to accept the Offer, then you should complete and deliver the Hancock Acceptance Form in sufficient time that it is received by Hancock before the end of the Offer Period.

### 6.4 Extension of the Offer Period

Hancock may extend the Offer Period at any time before the end of the Offer Period.

Hancock must extend the Offer Period if, within the last seven days of the Offer Period, Hancock improves the price offered or Hancock's voting power in Warrego increases to more than 50%. If that happens, then the Offer must be extended so it ends 14 days after that event.

### 6.5 Withdrawal of the Offer

Hancock may not withdraw the Offer if you have already accepted it.

Before you accept the Offer, Hancock may be able to withdraw the Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.

### 6.6 Hancock's Offer is unconditional

The Hancock Offer is unconditional.

Hancock issued a Notice of Status of Conditions under section 650F of the Corporations Act, giving notice that the Offer and each contract resulting from acceptance of the Offer are freed from the conditions detailed in section 10.1 and Annexure A to the Hancock Bidder's Statement. This Notice of Status of Conditions accompanies the Fifth Supplementary Hancock Bidder's Statement as Annexure A.

## 6.7 Effect of acceptance

Accepting Hancock's Offer would:

- **prevent you from accepting the Strike Offer or any higher takeover bid** that may be made by a third party or any alternative transaction proposal (should a third party bid or alternative transaction proposal emerge) that may be recommended by the Warrego Board; and
- **prevent you from selling your shares on ASX** in the event that the Warrego Shares trade at prices above the \$0.28 being offered to you by Hancock.

If Hancock improves the Offer Price, then all Warrego Shareholders who accept the Hancock Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved price.

The effect of acceptance of the Hancock Offer is explained in more detail in section 11.6 of the Hancock Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Warrego Shares and the representations and warranties that you are deemed by Hancock to give to it by accepting the Hancock Offer.

## 6.8 No withdrawal rights

On 23 December 2022, Hancock announced that the Hancock Offer is now unconditional. If you accept the Hancock Offer, then you will not be able to withdraw your acceptance.

## 6.9 Compulsory acquisition

### (a) Post-bid compulsory acquisition

As noted in section 7.4 of the Hancock Bidder's Statement, Hancock will be entitled to compulsorily acquire any outstanding Warrego Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, Hancock (taken together with its associates) has a Relevant Interest in at least 90% (by number) of Shares.

If the compulsory acquisition thresholds are met, then Hancock will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Warrego Shareholders who have not accepted the Offer, but it may choose to commence compulsory acquisition as soon as the relevant thresholds are satisfied.

A Warrego Shareholder has statutory rights to challenge compulsory acquisition, but this will require the relevant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Warrego Shares. Warrego Shareholders should be aware that, if their Warrego Shares are acquired compulsorily, they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

### (b) General compulsory acquisition

Hancock's general compulsory acquisition rights may be triggered even if Hancock does not reach the 90% compulsory acquisition threshold described in Section 6.9(a).

Under Part 6A.2 of the Corporations Act, Hancock will be entitled to compulsorily acquire any Warrego Shares if Hancock (either alone or together with a related body corporate) holds full beneficial interests in at least 90% (by number) of Warrego Shares.

If this threshold is met, Hancock will have six months after Hancock becomes a 90% holder within which to give compulsory acquisition notices to the relevant Warrego Shareholders. The compulsory acquisition notices sent to the Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give 'fair value' for the Shares concerned and the independent expert's reasons for forming that opinion.

If Warrego Shareholders with at least 10% of the Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), then Hancock may apply to the court for approval of the acquisition of the Warrego Shares covered by the notice. The costs incurred by any Warrego Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by Hancock, unless the court is satisfied that the Shareholder acted improperly, vexatiously or otherwise unreasonably.

### **6.10 Implications of Hancock acquiring less than 90% of Warrego Shares**

If Hancock acquires a majority but not all of the Warrego Shares, then the number of Warrego Shares traded on ASX could be significantly reduced, thereby potentially lessening the price at which the Shares held by Warrego Shareholders who do not accept the Offer trade. Warrego Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value.

There are a number of further possible implications, including:

- Hancock will be in a position to cast the majority of votes at a general meeting of Warrego. This will enable it to control the composition of the Warrego Board and senior management and to control the strategic direction of Warrego and its Subsidiaries;
- Hancock has stated in section 7.5 of the Hancock Bidder's Statement that, subject to the Corporations Act and the Warrego Constitution, Hancock intends to replace some members of the Warrego Board with nominees of Hancock, so that the proportion of such nominees is broadly similar to the voting power of Hancock;
- Hancock has stated in section 7.5 of the Hancock Bidder's Statement that, if Hancock acquires 75% or more of the Warrego Shares, it intends to ask the Warrego Directors to review whether Warrego should remain listed on the ASX or be removed from the official list of the ASX, having regard to considerations such as the costs associated with maintaining that listing, Hancock's final level of ownership, the number of remaining Warrego Shareholders and the level of trading in Warrego Shares; and
- if Hancock acquires 75% or more of the Warrego Shares, it will be able to pass special resolutions at meetings of Warrego Shareholders. This will enable Hancock to, among other things, change the Warrego Constitution.

## 7 DIRECTORS' RECOMMENDATIONS AND INTERESTS

### 7.1 Directors' recommendations

In assessing the Hancock Offer, the Warrego Directors have taken into account many considerations, including the information set out in the Hancock Bidder's Statement, the Strike Bidder's Statement, and this Target's Statement.

Based on this assessment:

- Greg Columbus, Chairman and Independent Non-Executive Director, recommends that Shareholders reject the Hancock Offer and accept the Strike Offer (once open) in the absence of a superior proposal, for the reasons set out in Section 1.3 and Section 1.4;
- Michael Atkins, Independent Non-Executive Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.2 and Section 1.4;
- Mark Routh, Non-Executive Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.1 and Section 1.4; and
- Dennis Donald, Managing Director, recommends that Shareholders accept the Hancock Offer in the absence of a superior proposal, for the reasons set out in Section 1.1 and Section 1.4.

In considering whether you wish to follow any of these recommendations, you should:

- read this Target's Statement in its 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.

If you hold Warrego Shares as a short term investment, and you decide that you wish to sell your Warrego Shares now, you should also consider either accepting the Hancock Offer or, if the ASX price for the Shares (less brokerage costs) is above the Offer Price, selling your Warrego Shares on ASX.

### 7.2 Intentions of the Directors

Dennis Donald and Mark Routh intend to accept, or procure the acceptance of, the Hancock Offer in respect of Shares which they hold or control, in the absence of a superior proposal (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).

Greg Columbus intends to accept, or procure the acceptance of, the Strike Offer in respect of Shares which he holds or controls, in the absence of a superior proposal.

Michael Atkins does not have a Relevant Interest in any Warrego Shares.

### 7.3 Directors' interests and dealings in Warrego securities

#### (a) Relevant Interests and dealings in Warrego securities

As at the date of this Target's Statement, the Warrego Directors have the following Relevant Interests in Warrego Shares:

Warrego Director	Number of Shares
Gregory (Greg) Columbus <sup>21</sup>	38,863,398

<sup>21</sup> Mr Columbus also holds 3,333,333 Options. Refer to Section 5.9(a) for a description of the treatment of the Options under the Hancock Offer.

Warrego Director	Number of Shares
Dennis Donald <sup>22</sup>	139,061,136
Mark Routh <sup>23</sup>	14,114,064
Michael Atkins	No Relevant Interest in Warrego Shares

No Warrego Director acquired or disposed of any marketable securities in Hancock within the period of four months immediately preceding the date of this Target's Statement.

(b) **Relevant Interests and dealings in Hancock securities**

No Warrego Director had a Relevant Interest in any securities of Hancock as at the date immediately before the date of this Target's Statement.

No Warrego Director acquired or disposed of a Relevant Interest in any securities in Hancock in the four month period ending on the date immediately before the date of this Target's Statement.

(c) **Benefits and agreements**

Except as disclosed in this Target's Statement:

(i) **Benefits in connection with retirement from office or transfer of property**

No Warrego Director, company secretary or executive has been or will be given any payment or other benefit (other than a payment or other benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Warrego or any related body corporate of Warrego as a result of the Offer, or in connection with the transfer of the whole or any part of the undertaking or property of Warrego.

(ii) **Agreements connected with or conditional on the Offer**

There are no agreements made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Warrego Shares, Options, Performance Rights or Employee Share Rights.

(iii) **Benefits from Hancock**

None of the Warrego Directors has agreed to receive, or is entitled to receive, any benefit from Hancock or any related body corporate of Hancock which is conditional on, or is related to, the Offer, other than in their respective capacity as a holder of Warrego Shares, Options, Performance Rights or Employee Share Rights.

(iv) **Interests of Warrego Directors in contracts with Hancock**

None of the Directors has any interest in any contract with Hancock, or a related body corporate of Hancock, other than in their capacity as a holder of Warrego Shares, Options, Performance Rights or Employee Share Rights.

(v) **No pre-transaction benefits**

During the period of four months before the date of this Target's Statement, neither Warrego nor any associate of Warrego gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

<sup>22</sup> Mr Donald also holds 1,912,568 Performance Rights. Refer to Section 5.9(b) for a description of the treatment of the Performance Rights under the Hancock Offer.

<sup>23</sup> Mr Routh also holds 3,333,333 Options. Refer to Section 5.9(a) for a description of the treatment of the Options under the Hancock Offer.

- (A) vote in favour of the Hancock Offer; or
  - (B) dispose of their Shares,
- and which will not be provided to all Warrego Shareholders.

## 8 AUSTRALIAN TAXATION CONSIDERATIONS

### 8.1 Introduction

The following is a general summary of the Australian income tax, goods and services tax (**GST**), and stamp duty implications for certain Warrego Shareholders who either accept the Hancock Offer and dispose of their Warrego Shares to Hancock, or whose Warrego Shares are compulsorily acquired by Hancock in accordance with Part 6A.1 of the Corporations Act. This summary assumes that the Hancock Offer will be implemented in accordance with the terms described in the Hancock Bidder's Statement.

The following does not address the tax consequences of accepting the Strike Offer. A general summary of the Australian tax consequences for certain Australian tax resident Warrego Shareholders who accept the Strike Offer will be provided in the target's statement to be issued by Warrego in relation to the Strike Offer.

The summary provided below is not applicable to all Warrego Shareholders. This summary is relevant to Warrego Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Warrego Shares on capital account for Australian tax purposes and does not apply to Warrego Shareholders who:

- hold their Warrego Shares on revenue account (such as share trading entities or entities who acquired their Warrego Shares for the purposes of resale at a profit) or as trading stock;
- hold their Warrego Shares under an employee share scheme offered by Warrego or otherwise hold Options that will vest under the Offer where those Warrego Shares or Options remain subject to deferred taxation under Division 83A of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**);
- may be subject to special tax rules, such as partnerships, tax exempt organisations, insurance companies, dealers in securities or shareholders who change their tax residency while holding their Warrego Shares;
- have a functional currency for Australian tax purposes other than an Australian functional currency;
- are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in respect of their Warrego Shares;
- are foreign residents of Australia who hold their Warrego Shares in carrying on a business through a permanent establishment in Australia; or
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Warrego Shares.

This summary is based on the provisions of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**), the ITAA 1997, the *Taxation Administration Act 1953* (Cth) (**TAA**) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (**GST Act**) as at the date of this Target's Statement. The laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities.

This summary is general in nature only, and it is not intended to be an authoritative or complete statement of the tax laws applicable to the particular circumstances of a Warrego Shareholder. The precise implications of ownership or disposal of their Warrego Shares will depend upon each Warrego Shareholder's specific circumstances. This summary should not be viewed as a substitute for advice from an appropriate professional advisor having regard to each Warrego Shareholder's individual circumstances.

Warrego Shareholders are urged to consult their own tax adviser for independent tax advice regarding the specific tax consequences of the Offer which are tailored to their own particular circumstances. Warrego Shareholders should not solely rely on this summary in relation to the taxation implications of accepting the Offer.

This summary does not take into account the tax law of countries other than Australia Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

To persons receiving this document in Australia:

The information contained in this Section 8 does not constitute "financial product advice" within the meaning of the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act.

Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

## 8.2 Australian Resident Warrego Shareholders

### (a) CGT Event on the disposal of Warrego Shares to Hancock

Acceptance of the Offer by a Warrego Shareholder will result in the disposal of their Warrego Shares to Hancock in exchange for cash consideration. This disposal of the Warrego Shares to Hancock will give rise to a capital gains tax (**CGT**) event A1 for Warrego Shareholders.

The timing of the CGT event should be the date you accept the Offer.

If a Warrego Shareholder does not dispose of their Warrego Shares under the Offer and their Warrego Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Warrego Shareholders will also be treated as having disposed of their Warrego Shares for CGT purposes. In this case, the timing of the CGT event should be the date when Hancock becomes the owner of the Warrego Shares.

Broadly, the following tax consequences are expected to arise for Warrego Shareholders that acquired (or are deemed to have acquired) their Warrego Shares on or after 20 September 1985:

- make a 'capital gain' if the capital proceeds received by the Warrego Shareholders from the disposal of their Warrego Shares exceeds the cost base of their Warrego Shares; or
- make a 'capital loss' if the capital proceeds received by the Warrego Shareholders from the disposal of their Warrego Shares are less than the reduced cost base of their Warrego Shares.

Warrego Shareholders who make a capital gain on the disposal of their Warrego Shares will be required to include the net capital gain (if any) for the income year in their assessable income.

A capital loss realised on the disposal of the Warrego Shares may be used to offset other capital gains derived by a Warrego Shareholder in the income year in which the capital loss is realised, or may be carried forward to offset capital gains derived by the Warrego Shareholder in future income years. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. Warrego Shareholders should obtain their own tax advice in relation to the operation of these rules.

### (b) Capital Proceeds

The capital proceeds for the CGT event arising from the disposal of Warrego Shares under the Offer will consist of the money received, or entitled to be received, by a Warrego Shareholder. Accordingly, the capital proceeds should include the cash consideration (being \$0.28 per Warrego Share) received under the Offer.

### (c) Cost base

The cost base of a Warrego Share will generally include the amount paid, or the market value of any property given, to acquire the Warrego Share, plus any incidental costs of acquisition (for example, brokerage fees, legal costs and stamp duty). The reduced cost base of a Warrego Share is usually determined in a similar but not identical manner to the cost base although some differences in the calculation of reduced cost base do exist depending on the Warrego Shareholder's individual circumstances.

(d) **Indexation of the cost base of a Warrego Share**

Certain Warrego Shareholders who acquired their Warrego Shares at or before 11:45am on 21 September 1999 can choose to increase the cost base of their Warrego Shares for indexation based on the “consumer price index” movement from the date of acquisition to 30 September 1999. Only individuals, complying superannuation funds, trusts and listed investment companies can choose to apply indexation. Other types of taxpayers do not qualify.

Warrego Shareholders who choose to apply indexation forego the opportunity to apply the CGT discount (discussed below at Section 8.2(e)). In addition, indexation is not included in determining the reduced cost base. This means that indexation cannot increase the amount of a capital loss.

(e) **CGT discount**

The CGT discount may apply to Warrego Shareholders who are individuals, trusts, or complying superannuation funds that have held Warrego Shares for at least 12 months at the time of disposal (not including the date of acquisition or the date of disposal) at the time of their disposal of the Warrego Shares to Hancock.

The applicable CGT discount is:

- 50% if the Warrego Shareholder is an individual or trustee: meaning only 50% of the capital gain (without any allowance for indexation) will be included in assessable income;
- 33 1/3% if the Warrego Shareholder is a trustee of a complying superannuation entity: meaning only 66 2/3% of the capital gain (without any allowance for indexation) will be included in assessable income.

The CGT discount is not available for Warrego Shareholders that are companies or Warrego Shareholders who choose for indexation to apply (described above).

If the Warrego Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the Warrego Shareholder’s net capital gain for the income year and included in assessable income.

As the rules relating to discount capital gains for trusts are complex, Warrego recommends that Warrego Shareholders who are trustees seek their own independent advice on how the CGT discount provisions will apply to them and the trust’s beneficiaries.

(f) **Non-Australian tax resident Warrego Shareholders**

For a Warrego Shareholder who:

- is a foreign resident, or the trustee of a foreign trust for CGT purposes; and
- has not used their Warrego Shares at any time in carrying on a business through a permanent establishment in Australia,

the disposal of the Warrego Shares will generally only result in Australian CGT implications if, in broad terms:

- that Warrego Shareholder together with their associates (as defined under Australian taxation law, and broadly discussed below) held an interest of 10% or more in Warrego at the time of disposal or for at least a 12-month period during the 24 months preceding the disposal of their Warrego Shares (referred to as a 'non-portfolio interest'); and
- the aggregate market value of Warrego’s assets which are taxable Australian property (being direct and indirect interests in Australian real property, including land, leases of land mining tenements and property affixed to land) exceeds the aggregated market value of Warrego’s assets which are not taxable Australian property (referred to as the 'principal asset test').

The term “associate” for these purposes is very broad. It includes:

- entities that have majority ownership (50% or more of the voting shares) of, or otherwise control, the foreign tax resident Warrego Shareholder;
- entities which are majority-owned or controlled by the foreign tax resident Warrego Shareholder;
- a trustee of a trust where the foreign tax resident Warrego Shareholder is capable of benefiting (whether directly or indirectly) under the trust; and
- (generally) an associate of an associate.

As at the date of this Target's Statement, Warrego management anticipate that the aggregate market value of Warrego's assets, which are taxable Australian property, exceeds the aggregate market value of Warrego's assets which are not taxable Australian property. Accordingly, any foreign tax resident Warrego Shareholder that holds, together with their associates, a 10% or more interest in Warrego Shares (at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Warrego Shares) should be subject to Australian CGT.

Any non-resident Warrego Shareholder that may be subject to Australian CGT on the disposal of their Warrego Shares may have some of their cash consideration withheld and remitted to the ATO under the 'foreign resident capital gains withholding' rules (discussed below).

Foreign tax resident Warrego Shareholders who, together with their associates, do not hold a 10% or more interest in Warrego Shares (at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Warrego Shares), should not be subject to CGT on the disposal of their Warrego Shares and therefore, there should be no obligation for Hancock to withhold a portion of the cash consideration under the 'foreign resident capital gains withholding' (discussed below).

Warrego Shareholders that are non-Australian tax residents should seek independent tax advice as to the tax implications of the Offer, including tax implications in their country of residence.

### 8.3 Foreign Resident Capital Gains Withholding Tax

Under the 'foreign resident capital gains withholding' regime, Hancock may have an obligation to withhold and pay to the ATO an amount equal to 12.5% of the cash consideration on certain indirect interests in Australian real property from 'relevant foreign residents' (discussed below).

#### (a) Warrego Shareholder – relevant foreign resident

A 'relevant foreign resident' is any Warrego Shareholder who:

- (i) Hancock knows or reasonably believes their Warrego Shares to constitute an indirect Australian real property interest (that is, if the 'non-portfolio interest' test and the 'principal asset' test discussed above at Section 8.2 are satisfied); and
- (ii) either:
  - (A) Hancock:
    - knows or reasonably believes that a Warrego Shareholder is a foreign resident; or
    - does not reasonably believe that the Warrego Shareholder is an Australian resident, and either has an address outside Australia or Hancock is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or
  - (B) has a connection outside Australia of a kind specified in the regulations.

#### (b) CGT Declaration form

A Warrego Shareholder that does not meet the conditions of the foreign resident CGT withholding tax rules described above should provide Hancock with a signed and completed declaration (**CGT Declaration**). This includes either of the following:

- Warrego Shareholders who are Australian residents for tax purposes;

- Warrego Shareholders who are foreign tax residents, and whose Warrego Shares are 'membership interests' but not 'indirect Australian real property interests' (as those terms are defined in the Tax Act).

The CGT Declaration is contained in the Hancock Acceptance Form, accompanying the Hancock Bidder's Statement. Each Warrego Shareholder should read the CGT Declaration in full and follow the instructions provided on the form.

(c) **Withholding payment**

Where a valid declaration has been made by a relevant Warrego Shareholder, Hancock will not be required to withhold any amount on account of foreign resident capital gains withholding from the cash consideration.

Where no valid declaration has been made by a relevant Warrego Shareholder, and Hancock is required to pay the ATO an amount under section 14-200 of Schedule 1 of the TAA:

- Hancock may deduct an amount equal to 12.5% (or some lesser amount approved by the Commissioner of Taxation) of the cash consideration payable to that Warrego Shareholder;
- Hancock will be required to pay to the Commissioner of Taxation the amounts deducted from the cash consideration; and
- the amount payable to the Warrego Shareholder will not be increased to reflect the deduction and the amount payable to the Warrego Shareholders will be taken to be in full and final satisfaction of the amounts owing to the Warrego Shareholder.

Generally, Warrego Shareholders who have an amount withheld under section 14-200 of Schedule 1 of the TAA should be entitled to a credit for that amount upon lodging an Australian income tax return.

Warrego Shareholders that are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Offer, including in relation to the foreign resident capital gains withholding regime.

(d) **GST and stamp duty**

There should be no GST payable by Warrego Shareholders in respect of the disposal of Warrego Shares under the Offer.

Where a Warrego Shareholder is not registered or required to be registered for GST, the disposal will be outside the scope of the GST. Otherwise, the sale of the Warrego Shares will be an input taxed financial supply. Where this is the case, Warrego Shareholders should obtain independent advice in relation to whether there is an ability to claim any input tax credits for the costs (such as legal or professional fees) associated with the disposal of the Warrego Shares.

No stamp duty should be payable by Warrego Shareholders on the disposal of Warrego Shares under the Offer. Any stamp duty payable in connection with the transfer of the Warrego Shares to Hancock must be paid by Hancock.

## 9 OTHER MATERIAL INFORMATION

### 9.1 Potential impact of the Hancock Offer on Warrego's material contracts

Under the EP469 JOA, Strike EP469 has the right to exercise pre-emptive rights to acquire Warrego EP469's participating interest under the EP469 JOA in the event of a 'Change in Control' of Warrego EP469. These pre-emptive rights do not apply in circumstances where the change in control results from a change of control of Warrego where the change of control has been recommended by Warrego's Board to the Warrego Shareholders.

Warrego is not, after due inquiry, aware of any financing arrangement or other contract that has been entered into by Warrego or any of its Subsidiaries, that Warrego considers to be material in the context of Warrego or the Warrego Group taken as a whole, that contains a change of control provision that may be triggered if Hancock acquires Warrego Shares as a result of the Offer.

Although Warrego and various of its Subsidiaries have entered into other contracts that contain change of control provisions that may be triggered if Warrego acquires Warrego Shares as a result of the Offer, Warrego does not consider any of those contracts to be material in the context of Warrego or the Warrego Group taken as a whole.

### 9.2 Changes in financial position

As at the date of this Target's Statement, within the knowledge of the Warrego Directors, there have been no material changes to the financial position of Warrego since 30 June 2022, being the date of Warrego's latest Financial Report, except as disclosed in this Target's Statement or in Warrego's announcements to the ASX since 30 June 2022.

### 9.3 Material litigation

As at the date of this Target's Statement, there is no current litigation of a material nature against any member of the Warrego Group.

For completeness, Warrego notes the disclosure by Strike West in section 3.12 of the Strike Bidder's Statement that Strike West has received a dispute notice from Baker Hughes Australia Pty Limited relating to a 'Master Goods and Services Agreement No. EP469-005' in Strike West's capacity as operator of the EP469 Joint Venture (in which Warrego holds a 50% interest). Warrego understands that the amount which is the subject of the dispute notice is approximately \$4 million, so that even if Strike West was unsuccessful in defending the claim, Warrego's share would be approximately \$2 million only.

### 9.4 ASIC modifications and exemptions

ASIC has published various 'class order' instruments providing for modifications to, or exemptions from, the Corporations Act that apply generally to all persons, including Warrego.

ASIC has also granted the following relief to Warrego:

- (a) a modification to items 11 and 12 of the table in section 633(1) of the Corporations Act to extend the time in which Warrego is required to send this Target's Statement to Shareholders, and to lodge a copy with ASIC and release on ASX, from 15 days to 22 days; and
- (b) a modification to sections 648B and 648C of the Corporations Act to allow delivery of this Target's Statement and any supplementary or replacement Target's Statement, and any other document related to the takeover (together, the **Takeover Documents**), to Warrego Shareholders as follows:
  - (i) Warrego Shareholders who have nominated to receive communications from Warrego in hard copy will receive Takeover Documents in hard copy;
  - (ii) Warrego Shareholders who have nominated an electronic address for the purpose of receiving communications from Warrego will receive Takeover Documents by electronic mail (**Email Notification**); and
  - (iii) Warrego Shareholders who are not receiving an Email Notification and who have not made an election to receive documents from Warrego in hard copy will be sent a letter or

'postcard', providing details on how the Shareholder may access the Takeover Documents.

## 9.5 Consents

The following persons have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to:

- be named in this Target's Statement in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement; and
- the inclusion of other statements in this Target's Statement that are based on or referable to statements made in those reports or statements, or that are based or referable to other statements made by those persons in the form and context in which they are included.

<b>Name of Person</b>	<b>Named As</b>	<b>Reports or Statements</b>
Allens	Legal adviser (other than in relation to taxation)	N/A
Royal Bank of Canada (trading as RBC Capital Markets)	Financial adviser	N/A
PricewaterhouseCoopers (ABN 52 780 433 757)	Tax adviser	Section 8
Boardroom Pty Limited (ACN 003 209 836)	Warrego Share Registry	N/A

Each of the above persons:

- does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this Section 9.5 with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by Warrego. Pursuant to this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of those statements in this Target's Statement. As required by ASIC Class Order 13/521, any Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

See Section 9.7 of this Target's Statement for further details.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to that Class Order, the consent of persons to whom such statements are attributed is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from IRESS without its consent.

## **9.6 Reliance on information obtained from Hancock or public sources**

The information in this Target's Statement about Hancock has been compiled from or is otherwise based on information obtained from Hancock or publicly available sources, and has not been independently audited or verified by Hancock or its advisers. If the information obtained from Hancock or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

## **9.7 Publicly available information**

This Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or given to the ASX, or announced on the Company Announcements Platform of the ASX, by Hancock.

As required by ASIC Class Order 13/521, any Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

## **9.8 Continuous disclosure**

Warrego is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Warrego to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Warrego has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information that a reasonable person would expect to have a material effect on the price or value of Warrego Shares.

Copies of the documents filed with ASX may be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

In addition, Warrego will make copies of the following documents available for inspection at its registered office (between 9.00am and 5.00pm on business days):

- Warrego's Annual Report for the year ended 30 June 2022;
- Warrego's Constitution; and
- any continuous disclosure document lodged by Warrego with ASX between the lodgement of its 2022 Annual Report on 21 October 2022 and the date of this Target's Statement.

Copies of the documents are also available on the Warrego website ([www.warregoenergy.com](http://www.warregoenergy.com)) or may be requested to be provided free of charge by contacting the Warrego Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia), Monday to Friday between 9.00am and 5.00pm (Sydney time).

## **9.9 Other information**

This Target's Statement is required to include all the information Warrego Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Hancock Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Warrego Director.

The Warrego Directors are of the opinion that the information that Warrego Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Hancock Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- the information contained in Warrego's releases to ASX, and in the documents lodged by Warrego with ASIC, prior to the date of this Target's Statement; and
- the information contained in this Target's Statement.

Warrego and the Warrego Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Hancock Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, neither Warrego nor the Warrego Directors take any responsibility for the contents of the Hancock Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Warrego Directors have had regard to:

- the nature of the Warrego Shares;
- the matters Warrego Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Warrego Shareholders; and
- the time available to Warrego to prepare this Target's Statement.

## 10 DEFINITIONS AND INTERPRETATION

### 10.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise.

**AIM** means the Alternative Investment Market of the London Stock Exchange.

**Alcoa** means Alcoa of Australia Limited (ACN 004 879 298).

**Alcoa GSA** has the meaning given in Section 5.2(a).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by it.

**ASX Settlement** means ASX Settlement Pty Limited (ABN 49 008 504 532).

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to, or replacement of, ASX Settlement or of any applicable CS facility licensee.

**ATO** means the Australian Tax Office.

**Bcf** means billion cubic feet.

**Beach** means Beach Energy Limited (ACN 007 617 969) (ASX:BPT).

**Beach SID** means the Scheme Implementation Deed dated 14 November 2022 between Warrego and Beach which has since been terminated by Warrego.

**Business Day** means a day on which the banks are open for business in Perth and Sydney, other than a Saturday, Sunday or public holiday in Western Australia or New South Wales.

**CCS** means carbon capture and storage.

**CGT** means capital gains tax.

**CGT Declaration** has the meaning given in Section 8.3(b).

**CHESS** means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

**Contingent Resources** means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development oil and gas projects, but which are not currently considered to be commercially viable due to one or more contingencies.

**Corporations Act** means the *Corporations Act 2001* (Cth), as modified or varied by ASIC.

**CS facility licensee** means a person who holds a licence under the Corporations Act that authorises the person to operate a clearing and settlement facility.

**Email Notification** has the meaning given in Section 9.4(b).

**Employee Share Right** means an employee share right issued to a Warrego employee that is convertible into one Warrego Share.

**EP469** means Exploration Permit 469.

**EP469 JOA** means the joint operating agreement dated 24 July 2018 between Strike EP469 and Warrego EP469 relating to EP469.

**EP469 Joint Venture** means the joint venture established under the EP469 JOA.

**EPA-0127** means exploration permit application EPA-0127.

**ESG** means environmental, social and governance.

**GST** means goods and services tax.

**GST Act** means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Hancock** means Hancock Energy (PB) Pty Ltd (ACN 663 446 642).

**Hancock Acceptance Form** means the transfer and acceptance form provided to you by Hancock with the Hancock Bidder's Statement containing instructions on how to accept the Offer.

**Hancock Bidder's Statement** means the bidder's statement dated 30 November 2022 lodged by Hancock with ASIC in relation to the Offer (as replaced by Hancock on 9 December 2022), and includes any further Supplementary Hancock Bidder's Statement issued by Hancock.

**Hancock Offer** or **Offer** means the offer by Hancock for all of the Warrego Shares under the terms and conditions set out in the Hancock Bidder's Statement as subsequently varied in accordance with the Corporations Act.

**Hancock Offer Period** or **Offer Period** means the period within which the Hancock Offer is open for acceptance in accordance with the Hancock Bidder's Statement and the Corporations Act.

**Hancock Offer Price** or **Offer Price** means the price offered by Hancock for each Warrego Share, pursuant to the Hancock Bidder's Statement, being \$0.28 cash per Warrego Share.

**HPPL** means Hancock Prospecting Pty Limited (ACN 008 676 417).

**ITAA 1936** means the *Income Tax Assessment Act 1936* (Cth).

**ITAA 1997** means the *Income Tax Assessment Act 1997* (Cth).

**km** means kilometres.

**Last Practicable Trading Date** means 29 December 2022, being the last practicable trading date before the date of this Target's Statement.

**Listing Rules** or **ASX Listing Rules** means the listing rules of ASX.

**MEPAU** means Mitsui E&P Australia Pty Limited (ACN 108 437 529).

**MITECO** means the Spanish Ministry for Ecological Transition and the Demographic Challenge.

**Notice of Status of Conditions** means Hancock's notice disclosing the status of the conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.

**NSAI** means Netherland, Sewell & Associates, Inc.

**Operating Approvals** means government licences, permits, authorisations, concessions and other approvals.

**Option** means an unlisted option over a Warrego Share.

**Performance Right** means a performance right issued under the Warrego Long Term Incentive Plan, as approved at a general meeting of Shareholders on 10 August 2021.

**PJ** means petajoules.

**Prospective Resources** means those quantities of petroleum which are estimated as of a given date to be potentially recoverable from undiscovered accumulations by the application of future development projects.

**Relevant Interest** has the meaning given in sections 608 and 609 of the Corporations Act.

**Reserves** means those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Petroleum reserves must satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development projects applied.

**Spanish Assets** means the Warrego Group's 85% interest in class A shares, and its 50.1% interest in class B shares, of Tarba, together with any shareholder loans from the Warrego Group to Tarba.

**Strike** means Strike Energy Limited (ACN 078 012 745) (ASX:STX).

**Strike Bidder's Statement** means the bidder's statement dated 23 December 2022 lodged by Strike West with ASIC in relation to the Strike Offer, and includes any further supplementary bidder's statement issued by Strike West.

**Strike EP469** means Strike West Pty. Ltd. (ACN 625 161 846), an indirect wholly-owned Subsidiary of Strike.

**Strike Offer** means the offer by Strike West for all of the Warrego Shares on the terms and conditions set out in the Strike Bidder's Statement as subsequently varied in accordance with the Corporations Act.

**Strike Offer Period** means the period within which the Strike Offer is open for acceptance in accordance with the Strike Bidder's Statement and the Corporations Act.

**Strike Share** means a fully paid ordinary share in Strike.

**Strike West** means Strike West Holdings Pty Ltd (ACN 616 395 398), an indirect wholly-owned Subsidiary of Strike.

**Subsidiary** has the meaning given in Part 1.2, Division 6 of the Corporations Act.

**Supplementary Hancock Bidder's Statement** means any supplementary bidder's statement despatched by Hancock in accordance with sections 643 and 647 of the Corporations Act.

**TAA** means the *Taxation Administration Act 1953* (Cth).

**Takeover Documents** has the meaning given in Section 9.4(b).

**Tarba** means Tarba Energia S.L., a company incorporated in Spain.

**Target's Statement** means this document, being the statement of Warrego under Part 6.5 of the Corporations Act in relation to the Hancock Offer.

**Tax Act** means the ITAA 1936 or the ITAA 1997, or both as the context requires.

**VWAP** means volume weighted average price.

**WA** means Western Australia.

**Warrego** or the **Company** means Warrego Energy Limited (ACN 125 394 667).

**Warrego Board** or **Board** means the board of directors of Warrego from time to time.

**Warrego Constitution** means the Constitution of Warrego, as amended from time to time.

**Warrego Director** or **Director** means a director of Warrego.

**Warrego EP469** means Warrego Energy EP469 Pty Ltd (ACN 133 046 787), an indirect wholly-owned Subsidiary of Warrego.

**Warrego Group** means Warrego and each of its Subsidiaries, other than Tarba and any subsidiary of Tarba. A reference to a member of the Warrego Group is a reference to Warrego or any such Subsidiary.

**Warrego Long Term Incentive Plan** means the Warrego Group Limited Long Term Incentive Plan Rules adopted on 10 August 2021, as amended.

**Warrego Share** or **Share** means a fully paid ordinary share in Warrego.

**Warrego Share Register** means the register of Warrego Shareholders kept by Warrego.

**Warrego Share Registry** means the manager from time to time of the Warrego Share Register (currently Boardroom Pty Limited (ACN 003 209 836)).

**Warrego Shareholder** or **Shareholder** means a person who is registered as the holder of a Warrego Share in the Warrego Share Register.

**Warrego Shareholder Information Line** means the information line open Monday to Friday between 9.00am and 5.00pm (Sydney time), the telephone number for which is 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia).

## 10.2 Interpretation

- (a) Headings are for convenience only and do not affect interpretation.
- (b) The following rules apply unless the context requires otherwise.
  - (i) The singular includes the plural, and the converse also applies.
  - (ii) A gender includes all genders.
  - (iii) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
  - (iv) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
  - (v) A reference to a section is a reference to a section of this Target's Statement.
  - (vi) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules (as is appropriate to the context).
  - (vii) A reference to an agreement or document (including a reference to this Target's Statement) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this Target's Statement or that other agreement or document, and includes the recitals, schedules and annexures to that agreement or document.
  - (viii) A reference to a party to any agreement or document includes the party's successors, permitted substitutes and permitted assigns (and, where applicable, the party's legal personal representatives).
  - (ix) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
  - (x) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
  - (xi) A reference to dollars or \$ is to Australian currency.
  - (xii) A reference to time is to time in Perth, Australia.
- (c) All numbers in this Target's Statement, unless otherwise stated, have been rounded to two decimal places.

## **11 AUTHORISATION**

This Target's Statement has been approved by a resolution passed by the Warrego Directors. Each Warrego Director voted in favour of the resolution authorising this Target's Statement.

Dated 30 December 2022.

Signed for and on behalf of Warrego:



**Greg Columbus**

Chairman and Independent Non-Executive Director

## Corporate Directory

<b>Registered office and principal place of business</b>	<b>Warrego Energy Limited</b> Level 6, London House 216 St George's Terrace Perth WA 6000
<b>Legal adviser</b>	<b>Allens</b> Deutsche Bank Place Corner Hunter and Phillip Streets Sydney NSW 2000
<b>Financial adviser</b>	<b>Royal Bank of Canada (trading as RBC Capital Markets)</b> Level 59 25 Martin Place Sydney NSW 2000
<b>Warrego Share Registry</b>	<b>Boardroom Pty Ltd</b> Level 8 210 George Street Sydney NSW 2000 Share registry telephone: 1300 737 760 (within Australia) and +61 2 9290 9600 (outside of Australia)
<b>Stock exchange listing</b>	Warrego Energy Limited shares are quoted on the Australian Securities Exchange (ASX:WGO)
<b>Company website</b>	<a href="http://www.warregoenergy.com">www.warregoenergy.com</a>