

## West Erregulla 2P Reserves upgraded by 41%

- **41% upgrade of West Erregulla gas field to 422 PJ gross 2P Reserves, independently certified by Netherland, Sewell & Associates, Inc. ("NSAI")**
- **Upgrade follows the successful drilling and positive appraisal results of the WE-3 well in the Northern Area of the West Erregulla gas field**

Warrego Energy Limited ("Warrego" or the "Company") (ASX: WGO) is pleased to announce an upgrade of Reserves and Resources for the West Erregulla gas field, located in EP469 in the northern Perth Basin, WA. The upgrade follows an independent review of the field by Netherland, Sewell & Associates Inc. ("NSAI") post the successful drilling of the WE-3 well in the Northern Area of the field<sup>1</sup>.

Independent Reserves certifier NSAI have incorporated the excellent petrophysical results of the logs from the successful appraisal drilling at WE-3 into their subsurface modelling and resource estimation within the Kingia Sandstone. This review has yielded a substantial 41% increase in the quantity of gross 2P sales gas estimated for the field to 422 PJ (211 PJ Warrego share) and a gross 2C Contingent Resource of 30 PJ (15 PJ Warrego share).

The upgrade to the West Erregulla Reserves after the drilling of WE-3 has come from a recognised extension of the field's boundary to the north-west which was not previously included in the initial NSAI assessment of the field as at 31 August 2021<sup>2</sup>, and an increase in quality and thickness of the field's Kingia reservoir properties.

A summary of the key findings is contained in the tables below.

Table 1. West Erregulla (EP469) Gas Reserves & Resources (PJ, gross, unrisks)									
	1P	2P	3P	1C	2C	3C	1U	2U	3U
<b>Gross Reserves @ 27 July 2022</b>	324	422	502	-	-	-	-	-	-
Gross Reserves @ 31 August 2021	233	300	372	-	-	-	-	-	-
<b>Gross Contingent Resources @ 27 July 2022</b>	-	-	-	19	30	42	-	-	-
Gross Contingent Resources @ 31 August 2021	-	-	-	93	128	140	-	-	-
<b>Gross Prospective Resources @ 27 July 2022</b>	-	-	-	-	-	-	67	109	161
Gross Prospective Resources @ 31 August 2021	-	-	-	-	-	-	148	198	258

*Note: Refer additional information at the end of this announcement in relation to the preparation of Reserves and Resources.*

<sup>1</sup> Refer Strike Energy (ASX: STX) ASX Announcement on behalf of the EP469 JV on 1 July 2022, "Excellent WE3 results confirm extension of field to the north"

<sup>2</sup> Refer Warrego Energy (ASX: WGO) ASX Announcement of 11 October 2021, "West Erregulla Independent Reserves Certification"

<b>Table 2. West Erregulla (EP469) Gas Reserves &amp; Resources (PJ, net to WGO, unrisked)</b>									
	1P	2P	3P	1C	2C	3C	1U	2U	3U
<b>Warrego share (50%) Reserves @ 27 July 2022</b>	162	211	251	-	-	-	-	-	-
Warrego share (50%) Reserves @ 31 August 2021	116	150	186	-	-	-	-	-	-
<b>Warrego share (50%) Contingent Resources @ 27 July 2022</b>	-	-	-	9	15	21	-	-	-
Warrego share (50%) Contingent Resources @ 31 August 2021	-	-	-	46	64	70	-	-	-
<b>Warrego share (50%) Prospective Resources @ 27 July 2022</b>	-	-	-	-	-	-	34	55	81
Warrego share (50%) Prospective Resources @ 31 August 2021	-	-	-	-	-	-	74	99	129

*Note: Refer additional information at the end of this announcement in relation to the preparation of Reserves and Resources.*

#### Cautionary Statement

Prospective Resources are those quantities of hydrocarbons 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 announcement are probabilistically determined and unrisked 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.

#### **Warrego Energy's Group CEO, Dennis Donald, said:**

"The success of the WE-3 appraisal well has resulted in a significant increase in Reserves attributable to the Northern Area of the West Erregulla gas field. This outcome is consistent with our view that gas has migrated through the basin from south to north, filling West Erregulla and spilling into structures to the north and north-east.

"We are also evaluating recently acquired data that indicates there may be additional Reserves potential in the Central Area of West Erregulla. However, further analysis, mapping and modelling is required before we can draw any substantive conclusions."

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Authorised by the Board of Warrego Energy Limited and issued in accordance with the Company's disclosure policy.

#### **The Joint Venture Partners in EP469 are:**

Warrego Energy Limited (via subsidiaries)	50%
Strike Energy Limited (via subsidiaries)	50%, Operator

## About Warrego Energy Limited

Australia's prolific Perth Basin the Company holds a 50% interest in EP469, including the West Erregulla gas project, and 100% of STP-EPA-0127, covering 8,700 km<sup>2</sup> (2.2 million acres). In Spain, the Company holds an 85% working interest in the Tesorillo gas project in the Cadiz region and a 50.1% working interest in the El Romeral gas to power facility in the Seville region.

## Glossary

1P, 2P, 3P	Levels of Reserves classification
1C, 2C, 3C	Levels of Contingent Resources classification
1U, 2U, 3U	Levels of Prospective Resources classification
EP	Exploration Permit
JV	Joint Venture
Km	Kilometre
NSAI	Netherland, Sewell & Associates, Inc
PJ	petajoules
PRMS	Petroleum Resources Management System
SPE	Society of Petroleum Engineers
WE-2,3,4,5	West Erregulla wells

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## Important Notices

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied. Proved Reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible Reserves are those additional Reserves which are sequentially less certain to be recovered than proved Reserves. The 1P Reserves in Table 1 and Table 2 are inclusive of proved developed non-producing and proved undeveloped Reserves. There are no proved developed producing Reserves at this point in time.

Contingent Resources are those quantities of petroleum estimated as of a given date to be potentially recoverable from known accumulations by the application of development projects not currently considered to be commercial owing to one or more contingencies. The Contingent Resources shown in this announcement are contingent upon acquisition of additional technical data that demonstrate producing rates and volumes sufficient to sustain economic viability, and commitment to develop the resources. If these contingencies are successfully addressed, some portion of the Contingent Resources may be reclassified as Reserves. Based on analogous field developments it appears that the best estimate Contingent Resources in Table 1 and Table 2 have a reasonable chance of being economically viable.

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. The Prospective Resources shown in this announcement should not be construed as Reserves or Contingent Resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. Based on analogous field developments it appears that the unrisks best estimate Prospective Resources in Table 1 and Table 2 have a reasonable chance of being economically viable.

### **Additional Information in respect to Reserves and Resources required by the ASX Listing Rules (LRs):**

The updated reported Reserves, Contingent Resource and Prospective Resources in the Kingia, High Cliff, Wagina/Dongara within Exploration Permit EP469 have been estimated by Netherland, Sewell & Associates, Inc. (NSAI) based on data current at 27 July 2022.

All Reserves and Resources figures in this document are net to Warrego unless otherwise stated. Warrego holds a 50% interest in Exploration Permit EP469 to which the Reserve and Resource estimates relate.

The Reserves and Resources have been prepared in accordance with definitions and guidelines in the Society of Petroleum Engineers (SPE) 2018 Petroleum Resources Management System (PRMS), and have been categorised and reported in the most specific category that reflects the degree of uncertainty in the estimated quantities, that is 1P, 2P and 3P in the case of Reserves, 1C, 2C and 3C in the case of Contingent Resources, and low (1U), best (2U) and high (3U) in the case of Prospective Resources.

The probabilistic evaluation methods have been used to calculate the Reserves and Resources.

The Contingent and Prospective Resource estimates are un-risked and have a risk of development.

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements (see below).

In respect to the Reserve estimates:

- LR 5.26.4 (Lease Fuel) – The Reserves estimates does not include fuel and flare gas consumption. The Operator, Strike Energy Limited, estimates that approximately 2.7TJ/d will be required by the gas processing facilities, however this energy consumption may be displaced with the provision of up to 20 MW of renewable electricity from the Mid-West region. Shrinkage of sales gas from raw gas was estimated at 5.8% in NSAI's report with the energy content of the gas 1.081 PJ per BCF measured at a standard temperature and pressure;
- LR 5.26.5 (Reference Point) – The reference point at which these reserves have been estimated is the inlet to the Dampier to Bunbury Natural Gas Pipeline on the outlet of the Australian Gasfields Infrastructure Group (AGIG) export pipeline and processing facilities;
- LR 5.26.7 and 5.26.8(Aggregation)- The Reserves have been aggregated by arithmetic summation by category, that is 1P, 2P and 3P. As recommended by the PRMS, the 1P, 2P and 3P Reserves have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation;
- LR 5.31.1 (Material economic assumptions) - All economic assumptions that form the basis of the commerciality test were provided as actual or planned expenditures and revenues by the Operator to NSAI. Any assumptions on capital or operating costs were based on authorisations for expenditure or actual costs, or near final agreed pricing. These assumptions are commercially sensitive. Economic consideration has been applied for all State based royalties and federal taxes when assessing the resulting net project cashflows.
- LR 5.32.1 (New data and information) – The new data and information that has resulted in the change to the original Reserve estimate as at 31 August 2021 and reported on 11 October 2021 is the petrophysical analysis of logging-while-drilling (LWD) logs from the successful appraisal drilling at WE3.
- LR 5.32.2 (Effect of new information on estimate) – The effect of the new data and information is an increase in the Reserve estimates from the original Reserve estimates as at 31 August 2021 and reported on 11 October 2021, as described on page 1 this announcement.



- LR 5.32.3 (Changes to information provided under LR5.31.1 to LR5.31.7) – Warrego confirms there is no change to the information provided in accordance with LR 5.31.1 to 5.31.7 in respect to the original Reserve estimate as at 31 August 2021 and reported on 11 October 2021\*, save as follows:
  - LR 5.31.5 (Estimated Quantities to be recovered) – All reserves listed under the NSAI report are deemed as 'under development' and the resulting recoverable quantities of gas reflect the ultimate recoveries of the existing well inventory including the deepening of WE3, recompletion of WE5 and future drilling of WE6 (location TBC).
  - LR 5.31.6 (Development timeline) - Construction of the upstream gathering network and midstream processing facilities is expected to commence in 1H 2023 following the endorsement of upstream and midstream final investment decisions and receipt of necessary permits and approvals, with first gas expected in late 2024.

In respect to the Contingent Resource estimates:

- LR 5.27.3 and 5.27.4 (Aggregation) - The Contingent Resources have been aggregated by arithmetic summation by category, that is 1C, 2C and 3C. As recommended by the PRMS, the 1C, 2C and 3C Contingent Resources have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1C may be a very conservative estimate and the aggregate 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.
- LR 5.34.1 (New data and information) – The new data and information that has resulted in the change to the original Contingent Resource estimate as at 31 August 2021 and reported on 11 October 2021 is the petrophysical analysis of logging-while-drilling (LWD) logs from the successful appraisal drilling at WE3.
- LR 5.34.2 (Effect of new information on estimate) – The effect of the new data and information is a conversion of the original Contingent Resource estimate as at 31 August 2021 and reported on 11 October 2021 to a Reserve estimate and a commensurate reduction in the Contingent Resource estimate and a general increase in the average quality of the field.
- LR 5.34.3 (Changes to information provided under LR5.33.1 to LR5.33.5) – Warrego confirms there is no change to the information provided in accordance with LR 5.33.1 to 5.33.5 in respect to the original Contingent Resource estimate as at 31 August 2021 and reported on 11 October 2021.

In respect to the Prospective Resource estimates:

- LR 5.36.1 (New data and information) – The new data and information that has resulted in the change to the original Prospective Resource estimate as at 31 August 2021 and reported on 11 October 2021 is the petrophysical analysis of logging-while-drilling (LWD) logs from the successful appraisal drilling at WE3.
- LR 5.36.2 (Effect of new information on estimate) – The effect of the new data and information is reduction in the original Prospective Resource estimate as at 31 August 2021 and reported on 11 October 2021 and reclassification to Contingent Resource or removal.
- LR 5.36.3 (Changes to information provided under LR 5.35.1 to LR 5.35.4) – Warrego confirms there is no change to the information provided in accordance with LR 5.35.1 to 5.35.4 in respect to the original Prospective Resource estimate as at 31 August 2021 and reported on 11 October 2021

## Competent person's statements

Regarding NSAI:

The information in this announcement that relates to oil and gas Reserves, Contingent Resources and Prospective Resources estimates is based on and fairly represents information prepared by or under the supervision of Mr. John. G. Hattner Sr Vice President at Netherland, Sewell & Associates, Inc. (NSAI). Mr. John. G. Hattner holds an MBA from Saint Mary's College, California, a MS from Florida State University and a BS from the University of Miami, Florida and is a member of the Dallas Geological Society, Houston Geological Society, American Association of Petroleum Geologists, Rocky Mountain Association of Geologists, Dallas Geophysical Society, Society of Petroleum

Engineers, Australian Institute of Mining and Metallurgy, and Society of Exploration Geologists. Mr Hattner is not an employee of the Company and has worked in the petroleum industry as a geophysicist for over 40 years. Mr Hattner has reviewed the Reserves and Resources disclosures in this announcement and consents to the presentation of the information in the form and context in which it appears.

**Regarding Strike Energy (Operator):**

The information in this release that relates to the NSAI certified reserve and resource estimates is based on information compiled or reviewed by Mr. Andrew Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers (SPE), and the Petroleum Exploration Society of Australia (PESA). Mr. Farley is the Exploration Manager for Strike Energy and has worked in the petroleum industry as a practicing geologist for more than 20 years. Mr. Farley has consented to the form and context in which the estimated petroleum reserves, contingent resources and prospective resources and the supporting information are presented.

**Forward Looking Statements**

Statements contained in this release are or may be forward looking statements. All statements in this release regarding the outcomes of preliminary and definitive feasibility studies, projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Warrego. Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

**ENDS**