



PETREL ENERGY LIMITED

ACN 125 394 667
(Company)

Notice of Extraordinary General Meeting

The Extraordinary General Meeting of Shareholders of Petrel Energy Limited will be held at BDO, Level 11, 1 Margaret Street, Sydney NSW 2000 on 15 March 2019 at 12 noon (Sydney time)

BUSINESS

Resolution 1: Consolidation of capital

To consider and, if thought fit, to pass the following ordinary resolution:

"That, for the purpose of section 254H of the Corporations Act and for all other purposes, approval be given for the share capital of the Company to be consolidated through the conversion of every twenty (20) fully paid ordinary shares in the Company into one (1) fully paid ordinary share in the Company and that any resulting fractions of a share be rounded up to the next whole number of shares."

Resolution 2: Issue of consideration securities to Warrego shareholders

To consider and, if thought fit, to pass the following ordinary resolution:

"That, for the purpose of Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 399,906,249 Shares on the terms set out in the Explanatory Statement."

Resolution 3: Change of Company name

To consider and, if thought fit, to pass the following special resolution:

"That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, the name of the Company is changed to Warrego Energy Limited with effect from the date that the Australian Securities and Investments Commission alters the details of the Company's registration in accordance with section 157 of the Corporations Act."

Resolution 4: Election of Mr Mark Routh

To consider and, if thought fit, to pass the following ordinary resolution:

"That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, Mr Mark Routh, who offers himself for election, is elected as director of the Company with effect from the completion of the Warrego Transaction."

Resolution 5: Election of Mr Dennis Donald

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, Mr Dennis Donald, who offers himself for election, is elected as director of the Company with effect from the completion of the Warrego Transaction.”

Resolution 6: Election of Mr Duncan MacNiven

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, Mr Duncan MacNiven, who offers himself for election, is elected as director of the Company with effect from the completion of the Warrego Transaction.”

Resolution 7: Election of Mr Owain Franks

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, Mr Owain Franks, who offers himself for election, is elected as director of the Company with effect from the completion of the Warrego Transaction.”

Resolution 8: Election of Mr David Biggs

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, Mr David Biggs, who offers himself for election, is elected as director of the Company with effect from the completion of the Warrego Transaction.”

Resolution 9: Issue of Shares to unrelated parties on conversion of convertible notes

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 75,000,000 Shares to unrelated parties on the terms and conditions set out in the Explanatory Statement.”

Resolution 10: Issue of Shares to Greg Columbus on conversion of convertible notes

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, for the purposes of Listing Rule 10.11, and for all other purposes, the Company is authorised to issue 15,000,000 Shares to Greg Columbus, Non-Executive Director of the Company, on the terms set out in the Explanatory Statement.”

Resolution 11: Issue of Shares to unrelated parties

To consider and, if thought fit, to pass the following ordinary resolution:

“That, subject to Shareholders approving Resolution 2 and the Warrego Transaction (as detailed in the Explanatory Statement) completing, for the purposes of Listing Rule 7.1 and for all other purposes, the Company is authorised to issue up to 100,000,000 Shares to unrelated parties on the terms and conditions set out in the Explanatory Statement.”

Voting Restrictions

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes on the following Resolutions cast by or on behalf of the following persons:

Resolution	Excluded Party(s)
Resolution 1	None
Resolution 2	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associate of that person
Resolution 3	None
Resolution 4	None
Resolution 5	None
Resolution 6	None
Resolution 7	None
Resolution 8	None
Resolution 9	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associate of that person
Resolution 10	Mr Gregory Columbus, or any of his associates
Resolution 11	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associate of that person

However, the Company need not disregard a vote on a Resolution if it is cast by:

- (a) the person as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form;
or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Ian Kirkham

Company Secretary

6 February 2019

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Extraordinary General Meeting to be held at the office of BDO, Level 11, 1 Margaret Street, Sydney NSW 2000 on 15 March 2019 at 12 noon (Sydney time) (**Meeting**).

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of the Extraordinary General Meeting.

Voting Entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001*, the Company has determined that persons set out in the Company's share register as at 7:00pm (Sydney time) on 13 March 2019, will be entitled to attend and vote at the Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Your Vote is Important

The business of the Meeting affects your shareholding and your vote is important.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above.

Proxy Voting and Undirected Proxies

Shareholders may appoint a proxy to attend the meeting and vote on their behalf. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- post (in the reply-paid envelope) to Petrel Energy Limited, C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia;
- in person to Petrel Energy Limited, C/- Boardroom Pty Limited, Level 12, 225 George Street Sydney NSW 2000; or
- facsimile to Petrel Energy Limited C/- Boardroom Pty Limited on facsimile number + 61 2 92909655,

so that it is received not later than 12 noon (Sydney time) on 13 March 2019.

Proxy Forms received later than this time will be invalid and not accepted.

Resolution 1 – Consolidation of capital

Background

The Company proposes to consolidate its share capital through the conversion of every twenty Shares into one Share.

Under section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of shareholders at a general meeting.

If the consolidation is approved, it is anticipated that trading in consolidated shares on a deferred settlement basis will commence on 19 March 2019, with normal trading to commence from 28 March 2019.

Reasons for Consolidation

The Company currently has 2,399,437,494 Shares on issue due to historical equity-based capital raisings and corporate transactions.

For a company of this size, this is a large number of securities to have on issue and it subjects the Company to a number of disadvantages, including:

- that the Company has a greater number of Shares on issue than comparable companies, meaning that its share price is lower for reasons other than valuation;
- negative perceptions associated with a low share price whatever the cause; and
- administrative inconvenience.

The Directors believe that the Consolidation of the Shares would assist in eliminating or mitigating these disadvantages and would establish a more appropriate and effective capital structure for the Company and a share price more appealing to a wider range of investors within Australia and globally.

The Consolidation will not result in any change to the substantive rights and obligations of Shareholders. The Company's balance sheet and tax position will also remain unaltered as a result of the Consolidation.

Effect of Consolidation

If the proposed share consolidation is approved by shareholders, the number of the Company's shares on issue will be reduced from approximately 2.4 billion to 120 million.

As the consolidation applies equally to all of the Company's shareholders, individual shareholdings will be reduced in the same ratio as the total number of the Company's shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual shareholder in the Company.

Therefore, if a Shareholder currently has 20,000,000 Shares, then if the share consolidation is approved and implemented, that Shareholder will have 1,000,000 Shares following the consolidation, still representing the same percentage the Shareholder held of the Company's issued capital as prior to the consolidation. Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not materially change in any material respect – other than minor changes as a result of rounding – as a result of the share consolidation alone (and assuming no other market movement or impacts occur). The price per Share should logically increase in proportion to reflect the reduced number of Shares on issue. However, as this is a market issue no definite prediction or forecast can be made.

Rounding

Where the consolidation of a Shareholder's holding results in an entitlement to a fraction of a Share, the fraction will be rounded up to the nearest whole number of Shares.

If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's constitution and the Listing Rules. In particular, the Company reserves the right to disregard the division of a Shareholder's shareholding for the purposes of dealing with fractions so as to round up any fraction to the nearest whole number of shares that would have been received but for the division.

Tax implications for shareholders of the Company

Shareholders are encouraged to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them from the proposed share consolidation.

The share consolidation will occur through the conversion of twenty (20) Shares into one (1) Share. Insofar as the Board is aware, no capital gains tax event is expected to occur as a result of the share consolidation and therefore there should

be no taxation implications arising for the Company's shareholders. However, it is emphasised that Shareholders must obtain their own advice on this regard.

Indicative timetable

If approved by Shareholders, the proposed share consolidation will take effect on and from the close of the Meeting. The following is an indicative timetable (subject to change) of the key events:

Key Event	Indicative Date
Extraordinary General Meeting	Friday, 15 March 2019
Notification to ASX that Share Consolidation is approved	Friday, 15 March 2019
Last day for trading in pre-consolidated securities	Monday, 18 March 2019
Trading in the consolidated securities on a deferred settlement basis commences	Tuesday, 19 March 2019
Last day to register transfers on a pre-consolidation basis (Record Date)	Wednesday, 20 March 2019
Despatch of new holding statements	Thursday, 21 March 2019
Deferred settlement trading ends	Wednesday, 27 March 2019
Normal trading starts	Thursday, 28 March 2019

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 1.

Background to Warrego Transaction

On 19 November 2018, the Company announced the signing of a non-binding term sheet setting out the terms of the Company's acquisition of Warrego Energy Limited (**Warrego**), a private UK company, as part of a reverse takeover transaction (**Warrego Transaction**). The terms of the Warrego Transaction were formalised on 21 December 2018 by the signing of a Share Purchase Agreement setting out the detailed terms of the Warrego Transaction (the **SPA**).

The SPA fully defines the Warrego Transaction which will be effected by the acquisition by the Company of all the shares of Warrego. As consideration, Warrego shareholders will receive fully paid ordinary shares in the capital of the Company, which will, on completion of the Warrego Transaction (but before the conversion of any Loan Notes), represent approximately 77% of the issued share capital of the Company.

Simultaneously with the Warrego Transaction, Warrego has put in place a program to allow the issue of up to 7,500,000 convertible loan notes at a 20% discount to the face value of A\$1 per note, to raise a maximum of A\$6,000,000 from sophisticated and professional investors (**Convertible Notes**). A small proportion of the funds raised under the issue of the Convertible Notes has been loaned to the Company as bridge financing to meet the Company's costs associated with the Warrego Transaction. The Convertible Notes are further detailed in explanatory memorandum to Resolutions 8 and 9.

Your Directors believe the proposed transaction is transformative for Petrel and works to provide a pathway to unlock value in both the Perth Basin and Tesorillo in Spain. The combination of Warrego's Perth Basin asset (EP 469) and the Company's Perth Basin asset (EPA-0127), will provide a compelling exploration programme in what is currently Australia's most rewarding oil and gas basin.

Warrego Transaction Structure

The SPA is structured as a share sale agreement under which the Company will acquire all of the outstanding shares in Warrego from the Warrego shareholders.

The completion of the SPA is conditional on the satisfaction of the following key conditions by 21 March 2019:

- the obtaining of necessary shareholder approvals by each of the Company (which are the subject of this Notice) and Warrego (which will be obtained shortly before the date of the Meeting);
- the appointment of 4 Warrego nominees to the Board of the Company (the subject of Resolutions 4 to 7 and discussed further below).

The consideration payable to Warrego shareholders is such number of shares in the capital of the Company which would result in achieving the agreed ratio between incoming Warrego shareholders, and existing Shareholders, of 76.9231 to 23.0769 (respectively), excluding any shares issuable on conversion of the Convertible Notes. Accordingly, the number of shares issuable to Warrego Shareholders will depend on the number of shares on issue at the time of the completion of the Warrego Transaction. Assuming the Company issues no further shares between the date of this Notice and the date of the Meeting, up to 399,906,249 Shares are issuable to Warrego shareholders. In addition, to ensure that no incoming shareholder acquires such number of shares which would result in their voting power in the Company increasing beyond 20%, the issue of some of the consideration Shares issuable to Warrego shareholders will be delayed. The impact of the issue of Shares under the Warrego Transaction is set out further below.

The Company and Warrego give a number of largely reciprocal warranties with respect to the status of each entity, and its assets.

As part of the Warrego Transaction:

- the name of the Company is to be changed to “Warrego Energy Limited” – this is the subject of Resolution 3; and
- the Board of the Company will be rejuvenated, with Mr David Casey, and Mr Alexander Sundich retiring from the Board, and 4 nominees of Warrego, being Mark Routh, Dennis Donald, Duncan MacNiven, and Owain Franks, as well as David Biggs, being appointed to the Board of the Company – this is the subject of Resolutions 4 to 8 (inclusive).

Capital structure following completion of the Warrego Transaction

The capital structure of the Company following the consolidation of the share capital, and issue of the consideration Shares under the Warrego Transaction, are set out below:

	Pre-Consolidation	Post Consolidation, and first tranche of Warrego consideration Shares		Post Consolidation, and issue of all Warrego consideration Shares	
		Shares	%	Shares	%
Existing Shareholders	2,399,437,494	119,971,875	31.37%	119,971,875	23.08%
Warrego Shareholders		262,438,536	68.63%	399,906,249	76.92%
Total	2,399,437,494	382,410,411	100.00%	519,878,124	100.00%

Notes:

1. assumes that the Company does not issue any further Shares between the date of this Notice, and completion under the SPA, including on conversion of the Convertible Notes; and
2. the number of shares issued to Warrego shareholders as part of the ‘first tranche’ represents the reduced number of Shares issued to Warrego shareholders to ensure that no Warrego shareholder acquires a voting power in the Company of greater than 20%. If the Company issues any Shares between the date of this Notice, and occurrence of completion under the SPA (including on conversion of the Convertible Notes), then the number of Shares issued to Warrego shareholders as part of the ‘first tranche’ will increase.

On completion of the Warrego Transaction, and assuming that the Company does not issue any further shares before completion under the SPA (including on conversion of the Convertible Notes):

- Duncan MacNiven, and his associates, will be entitled to receive 145,176,736 consideration Shares. This would represent 27.92% of the Company’s Share capital;
- Dennis Donald, and his associates, will be entitled to receive 145,176,736 consideration Shares. This would represent 27.92% of the Company’s Share capital;
- Owain Franks, and his associates, will be entitled to receive 18,510,558 consideration Shares. This would represent 3.56% of the Company’s Share capital; and
- Mark Routh, and his associates, will be entitled to receive 14,114,064 consideration Shares. This would represent 2.72% of the Company’s Share capital.

However, as referred to above:

- Duncan MacNiven and Dennis Donald will not receive all of the Shares they are entitled to as part of the 'first tranche' of Shares; and
- the percentage of the Company's Share capital represented by the holdings of the directors will be diluted on the issue of any Shares on conversion of the Convertible Notes, or any further Share issues by the Company.

Financials following completion of the Warrego Transaction

A pro-forma balance sheet for the Company as at 31 December 2018, reflecting the effect of the Warrego Transaction on the Company is set out in Appendix A.

Warrego Background

Warrego is a single asset company which holds Exploration Permit 469 in the North Perth Basin, in Western Australia. Warrego farmed out a 50% interest in EP 469 and operatorship to Strike Energy Limited (ASX:STX) (**Strike**) via a joint venture arrangement in June 2018.

Dennis Donald and Duncan MacNiven founded Leading Edge Advantage (**LEA**) an international drilling engineering consultancy which operated worldwide, including Australia and gained a reputation for innovative solutions to rescue stranded reserves the UK, Scandinavia, South America, the Far East and Australia. After having established their expertise in the Australian oil and gas industry, LEA was invited by the Western Australian Government to bid for block 469. The Government at that time was predicting a significant gas shortfall and wanted to attract proven technical expertise and innovative technologies to the Perth Basin. Dennis Donald and Duncan MacNiven who had arranged a number of asset deals by this time had ambitions to move into an operator's role.

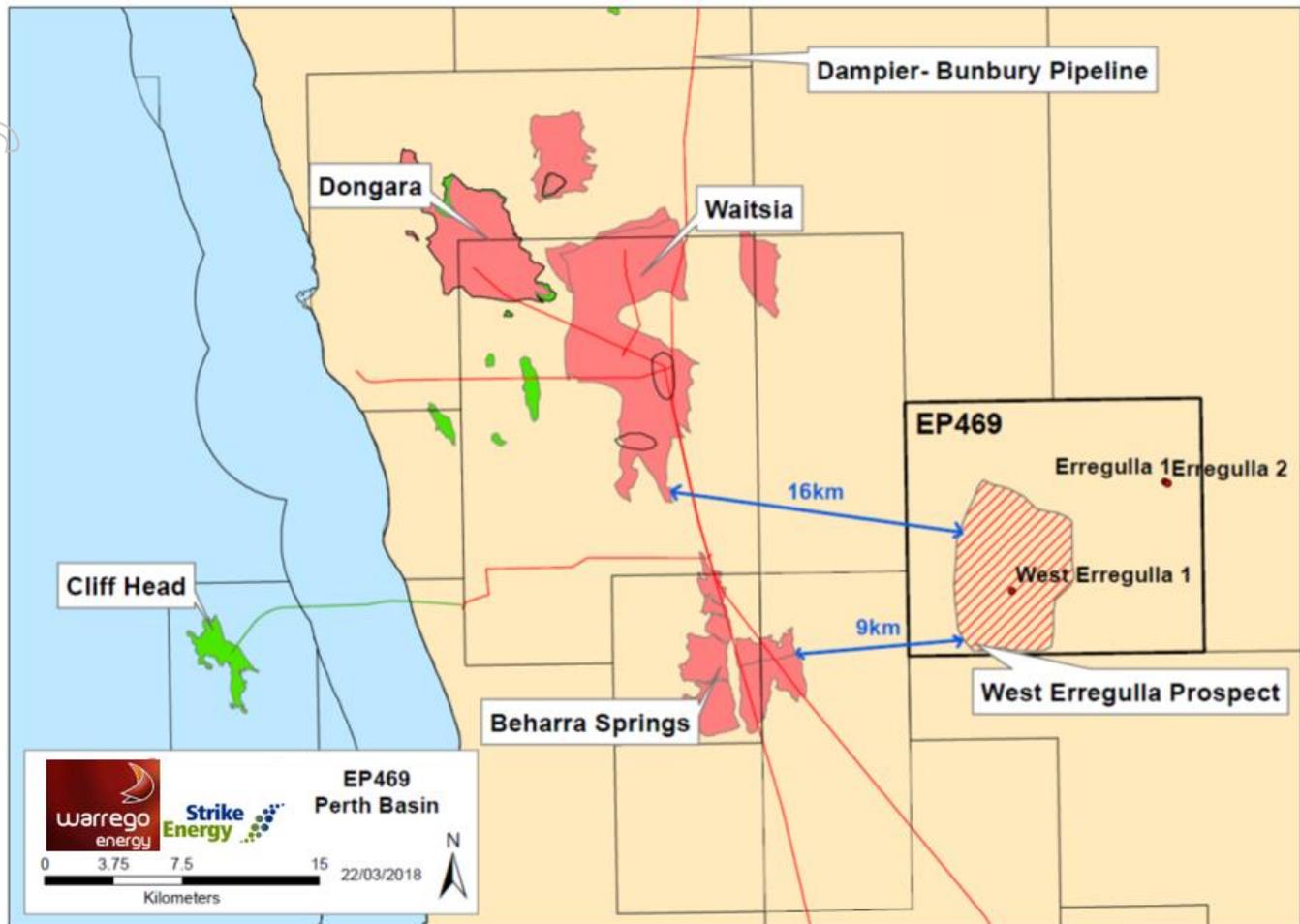
Accordingly, they established Warrego to bid for Exploration Permit 469 via technical competitive tender in late 2007. The permit was awarded and operatorship granted in March 2008, shortly before the Global Financial Collapse. To sustain and build value in Warrego, Messrs MacNiven and Donald sold LEA and their other investments during the course of 2008 and 2009. Following Native Title Agreement, EP 469 was formally awarded in 2010. Later that year, further working capital was raised from a number of high net worth individuals to fund key engineering, environmental, and G&G studies to de-risk and further build the value proposition in the asset. A summary of the highlights of Warrego's 12-year journey culminating in the RTO is given below:

Milestones

- Warrego was founded in 2007 by Dennis Donald and Duncan MacNiven.
- Onshore EP 469 was formally awarded to Warrego in April 2010.
- Warrego worked with the relevant authorities, the indigenous community and other key stakeholders to secure approval to undertake a 3D seismic campaign in Q4 2014.
- Warrego raised a A\$40m commitment from two Dutch Oil and Gas companies in 2013 via a farm-in.
- Seismic operations were undertaken in late 2014, one third of the block was covered by seismic polygon.
- Seismic data processed and interpreted showing significant potential Q1/2 2015.
- Following the oil price collapse in 2015, the Dutch partners exited, and Warrego regained title to the entire block. However, funding for exploration/appraisal wells was very difficult to find in an ongoing low oil price environment.
- Key market factors over the period to early 2018 moved in Warrego's favour (including the oil price recovery, and the nearby Waitsia delineation wells proving significant conventional gas potential for the block). Warrego revisits strategy and targets Waitsia look alike sands shown in seismic data.
- Warrego farmed out 50% of EP469 and operatorship to Strike 2018.
- Strike will fund the cost of drilling and completing one exploration well within EP469 and carrying out related G&G Studies and G&A costs, up to a maximum expenditure amount of A\$11M. West Erregulla-2 well is due to spud in May 2019.
- In pursuit of its diversification strategy Warrego entered into talks with the Company in the fourth quarter of 2018 over a potential reverse takeover.
- The signing of a non-binding Term Sheet was announced on 19 November 2018 followed by a binding Share Purchase Agreement on 21 December 2018.

EP 469

EP 469 is located within the proven, yet underexplored petroleum system in the Northern Perth Basin. EP 469 contains extensions of the known commercial plays from within the basin, which include the recent Kingia-High Cliff sand sequence (Waitsia), Irwin Coal Measures and the Dongara-Wagina formation (Beharra Springs).



Evaluation of the existing 3D seismic has yielded an extremely attractive, top tier, conventional structure in a combined dip and fault closure within the Kingia-High Cliff sequence (Waitsia). Presence of material hydrocarbons is indicated by structurally conformable amplitude anomalies and associated flat-spots. Subject to confirmation from additional model calibration and drilling, the Kingia-High Cliff sands are believed to be present with thickness and porosity development that is interpreted to be similar in quality to that in the adjacent Waitsia gas discovery. Initial assessment of the prospect is that it would be more than sufficient in size to support a stand-alone development.

The permit is approximately 300 km north of Perth and is proximate to the major Dampier to Bunbury and Parmelia Gas pipelines allowing a simple and cost-effective path to market for any commercial hydrocarbons. EP 469 is between 9 and 16 km from the major discoveries within the basin that include Waitsia and Beharra Springs.

EP 469 has 80 km² of high-quality 3D seismic (the majority of which is on Crown land) and has previously had three exploration wells drilled within the permit. Oil and gas were produced to surface from those wells. Warrego data validated by independent oil and gas advisory firm RISC Advisory Pty Ltd, indicates the following prospective resources for EP 469:

West Erregulla Deep prospective resource

West Erregulla Deep Unrisked Resources	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Central Reservoirs						
Basal Wagina	4	78	265	2	39	133
Kingia	9	121	367	5	61	184
High Cliff	3	107	299	1	54	150
North Reservoirs						
Basal Wagina	-	-	-	-	-	-
Kingia	1	35	143	1	18	72
High Cliff	1	36	116	0	18	58
<p>[^] This report is based on, and fairly represents, information and supporting documentation provided by Warrego and has been supervised by Mr Ian Cockerill, Head of Geoscience at RISC Advisory Pty Ltd. Ian is a Petroleum Geologist with 19 years of experience and is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules. He is a full-time employee of RISC and has consented to the inclusion of this information in the form and context in which it appears.</p>						
<p>*Prospective Resource assessments are prepared in accordance with SPE PRMS 2007 standards. Reserves and Contingent Resources cannot be estimated under SPE-PRMS Guidelines with currently available data.</p>						
<p># The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.</p>						

Further details regarding the geology, resources and prospectivity of EP 469 are set out in the Independent Technical Specialist's Report attached at Appendix B. This report also explains the differences in the estimates of prospective resources between the numbers published by Strike and the numbers shown above.

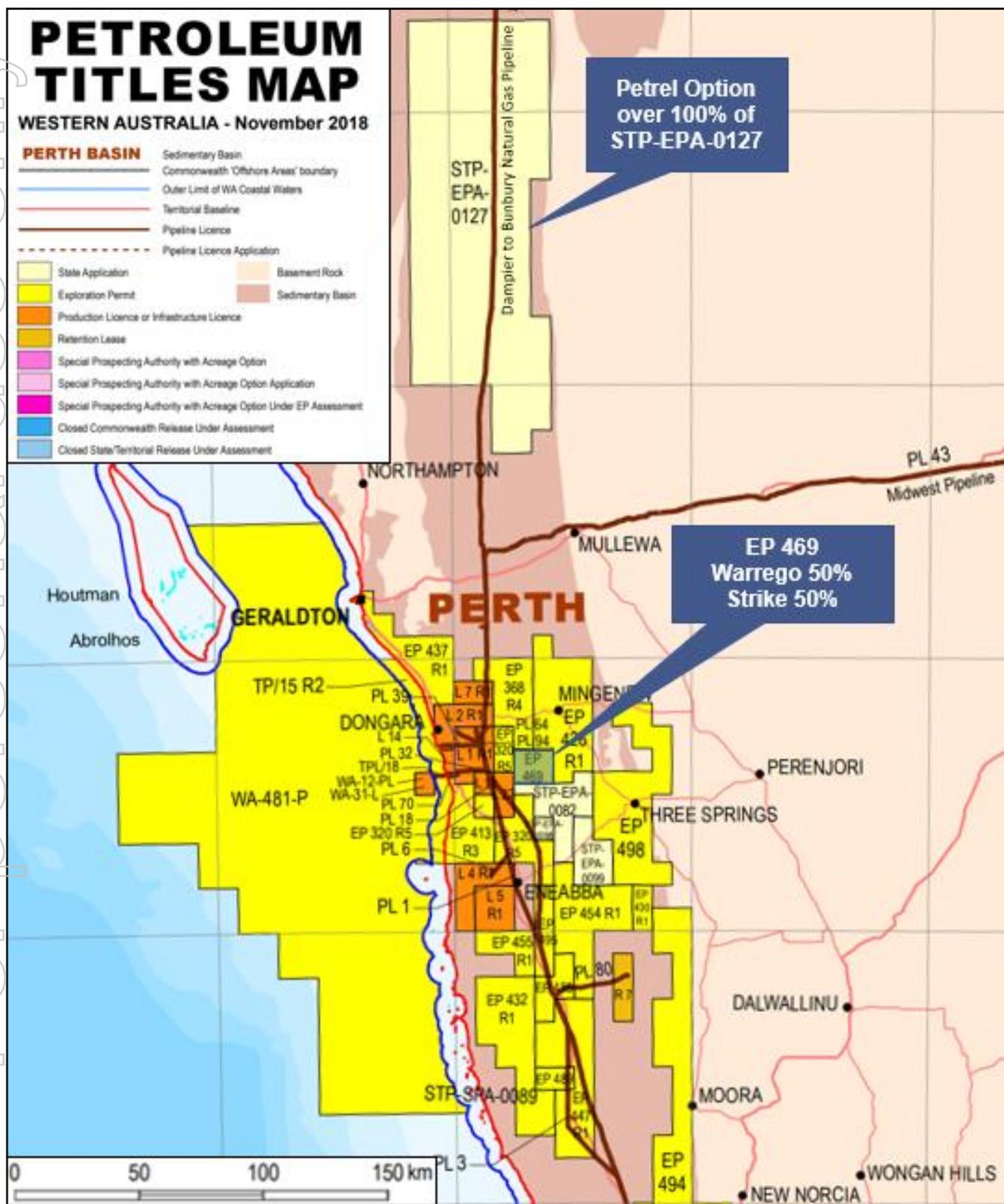
As part of the farm-in agreement between Strike and Warrego, Strike will fund the first A\$11,000,000 of the cost of drilling and completing one exploration well within the area of EP 469 (the West Erregulla 2 well) and carrying out related G&G Studies and G&A costs within 24 months of commencement of the joint venture. It is anticipated that the West Erregulla 2 well will be spudded in H1 2019. The West Erregulla-2 well has very similar attributes to the nearby Mitsui/AWE Waitsia wells. It is adjacent to existing gas infrastructure and two major pipelines. West Erregulla-2 (and any further necessary appraisal wells) represents a material standalone conventional gas prospect with prospective P10 volumes potentially up to 1,190 BCF.

Future Strategy

An overall strategy for Warrego for the next three years will be developed by the new Board. Certain aspects especially for 2019/2020 are already clear:

- a key focus will be the drilling completion and testing of EP 469 and Tesorillo (the latter may not be spudded until 2020);
- the Company will undertake a thorough review of the EPA-0127 Block with a view to securing a farmin partner paving the way for the commencement of exploration activities;
- there will be a full assessment of the way forward for the Uruguayan assets with a view to securing maximum value for shareholders;
- the admission of the Company's securities to the AIM market operated by the London Stock Exchange;
- continuation of the Company's detailed research into possible acquisitions with a view to securing a producing or near producing asset; and
- ensuring that Warrego's strategy of technical excellence and innovation with the highest environmental and health and safety standards is maintained together with the focus on maintaining its existing reputation for outstanding stakeholder relationship management.

As summarised above, the combination of Warrego's EP 469, and Petrel's Tesorillo project in Spain, will see two wells, primarily funded by their partners, drilled in 2019 (or 2020 for Tesorillo). The West Erregulla-2 well on EP 469 is planned to spud in the first half of 2019 with Tesorillo planned to spud later in 2019 or early in 2020. As noted earlier, Strike will fund the first A\$11,000,000 of expenditure on the West Erregulla-2 well, and Prospex Oil and Gas Plc (AIM:PXOG) (**Prospex**) are aiming to drill Tesorillo-1 (Cadiz Spain) later in 2019 or early in 2020. This should see them completing their ~A\$6,000,000 investment in Tesorillo for a 49.9% interest.



Resolution 2 – Issue of Consideration Securities to Warrego Shareholders

Background

Under the Warrego Transaction, the consideration payable by Petrel to Warrego shareholders will be the issue of 399,906,249 Shares. As the number of Shares to be issued exceeds the Company's capacity to issue securities under Listing Rule 7.1, the Company requires the approval of Shareholders in order to proceed with the payment of the consideration under, and to generally proceed with, the Warrego Transaction.

Listing Rule 7.1

Listing Rule 7.1 effectively allows a company to issue up to 15% of its capital without seeking shareholder approval in a 12-month period. However, issues in excess of the 15% in 12 months require shareholder approval.

Resolution 2 seeks Shareholder approval under Listing Rule 7.1 for the issue to the Warrego shareholders of up to 399,906,249 Shares, which exceeds the Company's capacity under Listing Rule 7.1. Where Shareholder approval is given in respect of Resolution 2, the issue of the Shares will not use up any of the Company's capacity under Listing Rule 7.1.

Technical information required by Listing Rule 7.3

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- the maximum number of Shares to be issued to the Warrego shareholders is 399,906,249, however, if the Company does not issue any Shares between the date of this Notice and completion under the SPA, it is expected that only 262,438,536 Shares will be issued on the date of completion;
- it is expected that 262,438,536 Shares will be allotted and issued on completion of the Warrego Transaction and in any event, no later than 3 months after the date of the Meeting. To the extent that the Company issues additional Shares outside of the Warrego Transaction (such as on conversion of the Convertible Notes), additional Shares may be issued to Warrego Shareholders no later than three months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- the Shares will be issued in consideration for Warrego shares, but there will be no cash consideration;
- the Shares will be issued to persons who are holders of ordinary shares in Warrego as follows:

	Post Consolidation, and first tranche of Warrego consideration Shares		Post Consolidation, and issue of all Warrego consideration Shares	
	Shares	%	Shares	%
Duncan & Angela MacNiven [^]	76,442,879	29.13%	145,176,736	36.30%
Dennis & Margaret Donald [^]	76,442,879	29.13%	145,176,736	36.30%
Owain Franks & Jean Lockett [^]	18,510,558	7.05%	18,510,558	4.63%
Serena Arif	14,844,322	5.66%	14,844,322	3.71%
Mark & Anne Routh [^]	14,114,064	5.38%	14,114,064	3.53%
George Lane	8,228,256	3.14%	8,228,256	2.06%
Isobel Vorenkamp	7,061,900	2.69%	7,061,900	1.77%
Other shareholders	46,793,678	17.83%	46,793,678	11.70%
Total	262,438,536	100.00%	399,906,249	100.00%

[^] In accordance with ASX Listing Rules Appendix 9B Item 5 the directors of Warrego and their associates are vendors of classified assets and their vendor shares will be escrowed for 12 months.

- the Shares issued will be fully paid ordinary shares in the capital of the Company, and otherwise rank pari passu with the Company's existing Shares;
- no cash will be raised as part of the Share issue to Warrego shareholders and therefore no funds will be available for use by the Company; and
- a voting exclusion statement applies to Resolution 2.

Recommendation The Directors recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Change of Company name

Background

As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. The Board has proposed, subject to Shareholder approval, the passing of Resolution 2, and the completion of the Warrego Transaction, to change the Company's name to "Warrego Energy Limited". This Resolution accordingly, seeks the approval of Shareholders for that change in accordance with section 157 of the Corporations Act. Warrego Energy Limited in the UK will at the same time change its name to "Warrego Energy UK Ltd".

Change of Name

The Board proposes this change of name on the basis that it more accurately reflects the changed nature of, and future operations of the Company pursuant to the Warrego Transaction.

If Resolutions 2 and 3 are approved by Shareholders, and the Warrego Transaction completes in accordance with its terms, the change of the Company's name will take effect from the date on which the Australian Securities and Investments Commission updates its register, which may take several weeks following the Meeting.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

Resolution 4 – Election of Mr Mark Routh

Background

Under the Constitution of the Company, the Company in a general meeting may appoint a director. As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. In accordance with the terms of the Warrego Transaction, it is proposed that Mr Mark Routh, who offers himself for election, be elected as a director of the Company.

Election of Mr Mark Routh

Mr Routh has over 30 years' experience. Until 31 December 2018 Mr Routh was Chairman of Independent Oil & Gas plc. He was previously Managing Director of CH4 Energy Ltd. Mr Routh worked 10 years with Hess, 6 years with BP and 5 years with Schlumberger. Mr Routh holds an Msc in Petroleum Engineering from Imperial College, London.

The passing of this Resolution 4 is conditional on the passing of Resolution 2, and the completion of the Warrego Transaction in accordance with its terms.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 4.

Resolution 5 – Election of Mr Dennis Donald

Background

Under the Constitution of the Company, the Company in a general meeting may appoint a director. As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. In accordance with the terms of the Warrego Transaction, it is proposed that Mr Dennis Donald, who offers himself for election, be elected as a director of the Company.

Election of Mr Dennis Donald

Mr Donald spent over 25 years with Shell, starting life on the drill floor and latterly being instrumental in the introduction of new technology into the Brent Fields, including the first Coiled Tubing Drilling project in the Brent's. He left Shell in 1998 having anticipated a growing need in the oil sector for advanced drilling engineering capability. Further details of the successful oil and gas ventures he and Mr MacNiven established and sold are given as part of Mr MacNiven's background details.

Mr Donald is the Managing Director of Warrego Energy Limited and has held that role since its establishment. Mr Donald is a graduate of Robert Gordon's University educated to Masters Degree level.

The passing of this Resolution 5 is conditional on the passing of Resolution 2, and the completion of the Warrego Transaction in accordance with its terms.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 5.

Resolution 6 – Election of Mr Duncan MacNiven

Background

Under the Constitution of the Company, the Company in a general meeting may appoint a director. As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. In accordance with the terms of the Warrego Transaction, it is proposed that Mr Duncan MacNiven, who offers himself for election, be elected as a director of the Company.

Election of Mr Duncan MacNiven

Mr MacNiven began his career as a corporate oil and gas lawyer with Aberdeen firm Peterkins. Between 1990 and 2000, Mr MacNiven worked as outsourced oil and gas counsel for Pentex Energy plc and Sibir Energy plc. He then retired from the legal world to pursue interests in the oil sector. Mr MacNiven worked extensively with Mr Donald to found and monetise a number of successful oil and gas ventures. These include the global drilling engineering consultancy Leading Edge Advantage which he and Mr Donald established in 1998 and sold in 2008, a downhole consumables business (sold in 2005) interests in two oil and gas fields, Delphian Technologies and then Warrego itself. Delphian Technologies is a technology development and commercialisation vehicle focused on disruptive ballistics technologies for well perforation and production enhancement. Over the course of Warrego's almost 12-year participation in Western Australia, Mr MacNiven has been responsible for, managed or supported all environmental, regulatory, stakeholder, contractual, corporate, joint venture and funding activities and operations.

Mr MacNiven is a graduate of Aberdeen University.

The passing of this Resolution 6 is conditional on the passing of Resolution 2, and the completion of the Warrego Transaction in accordance with its terms.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 6.

Resolution 7 – Election of Mr Owain Franks

Background

Under the Constitution of the Company, the Company in a general meeting may appoint a director. As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. In accordance with the terms of the Warrego Transaction, it is proposed that Mr Owain Franks, who offers himself for election, be elected as a director of the Company.

Election of Mr Owain Franks

Mr Franks has been a director of Warrego since 2011, most recently being its Corporate Development Director and Special Adviser to the Board. He has been acting CFO since June 2018 following the retirement of the previous incumbent.

Mr Franks was until recently also Commercial Director of Independent Resources Group plc (now Echo Energy plc). He is also a former Senior Adviser to the Board of Dana Petroleum plc and principal adviser to Canamens Energy Limited a primarily North Sea and Middle East focused oil and gas company funded by Goldman Sachs. Mr Franks was previously a senior partner in PwC in the UK for 21 years. He specialised initially in tax, then built its Human Resource Consulting Practice into a world leading business. Much of his professional practice was focussed on the Oil and Gas Sector. He was appointed in 2000 to the UK firm's UK Management Board for nearly 8 years first as the Managing Partner of the HRC practice and then as Head of Strategy. Mr Franks has an LLB from the University of Southampton, Bar Finals and a Coopers & Lybrand sponsored Post Graduate Diploma in Corporate Strategy from Harvard Business School.

Outside the business world Mr Franks was the Deputy Chairman of the Royal Yachting Association (the **RYA**) from 2011 to 2015 when his term finished. The RYA is the governing body of British Sailing. Mr Franks served a three-year term as a Flag Officer of the Royal Thames Yacht Club (Rear Commodore House and Finance). RTYC is the world's oldest continuously existing yacht club.

The passing of this Resolution 7 is conditional on the passing of Resolution 2, and the completion of the Warrego Transaction in accordance with its terms.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 7.

Resolution 8 – Election of Mr David Biggs

Background

Under the Constitution of the Company, the Company in a general meeting may appoint a director. As noted above, the Company is proposing to undertake a reverse takeover as part of the Warrego Transaction. In accordance with the terms of the Warrego Transaction, it is proposed that Mr David Biggs, who offers himself for election, be elected as a director of the Company.

Election of Mr David Biggs

Mr Biggs has over 35 years of experience in the upstream oil and gas sector. He has worked extensively throughout Australia, New Zealand, Indonesia and the Americas with both large multi-national and smaller organisations.

Until recently Mr Biggs was CEO and Managing Director of AWE Limited (ASX: AWE). AWE accepted a \$602 million takeover bid from Japanese firm Mitsui in February 2018 after rejecting two other bids in the preceding months. The principal asset being purchased by Mitsui was the Waitsia field 16km west of Petrel/Warrego's West Erregulla-2 well. The Waitsia-4 well which recorded a maximum flow rate of 90 MMscf/d, the highest ever recorded onshore Australia.

Prior to AWE, Mr Biggs spent 3 years as CEO of Cue Energy Limited, and before that, almost 20 years with BHP Billiton Petroleum, rising to the positions of Vice President, Commercial and Vice President, Land and Upstream Agreements, based in Houston. Part of these responsibilities included membership of the exploration leadership team. Prior to BHP Billiton Petroleum, he worked with the Natural Gas Corporation and the Petroleum Corporation of New Zealand.

Mr Biggs brings extensive experience in leadership, strategy and planning, business improvement, and commercial transactions, particularly M&A and gas marketing. He holds a tertiary qualification in law from Victoria University in Wellington.

The passing of this Resolution 8 is conditional on the passing of Resolution 2, and the completion of the Warrego Transaction in accordance with its terms.

Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 8.

Resolution 9 – Issue of Shares to Unrelated Parties on Conversion of Convertible Notes

Background

As noted above, in connection with the Warrego Transaction, Warrego is seeking to raise interim funds in the order of A\$6,000,000 by way of the issue of the Convertible Notes to meet transaction-related expenses and existing project costs. To date, Convertible Notes have been issued for \$3,850,000.

Under their terms, the Convertible Notes are, subject to completion of the Warrego Transaction, convertible into Shares in the capital of the Company:

- automatically on admission of the Company to quotation on AIM, at a conversion price equal to the listing price for the Company's admission to AIM;
- automatically on maturity date of 31 December 2019, at a conversion price determined as the volume weighted average price of the Company's Shares over the 10 days preceding the maturity date; or
- at the election of the holder of the Convertible Note any time before the maturity date of 31 December 2019, at a conversion price that is determined as the volume weighted average price of the Company's Shares over an applicable 10 day trading period, or the price at which a capital raising has been undertaken by the Company (if the conversion is undertaken in connection with a capital raising by the Company).

There are specific provisions to deal with conversion of the Convertible Notes into Warrego shares if the Warrego Transaction should, for any reason, not complete.

As the conversion price of the Convertible Notes into Shares is dependent on the trading price of the Company's Shares,

the total number of Shares issuable on conversion of the Convertible Notes cannot be determined as at the date of this Notice. The table below sets out the total number of Shares (post consolidation) that may be issued on conversion of the Convertible Notes (including those that are held by Mr Greg Columbus) based on the volume weighted average price of the Company's Shares.

	VWAP of \$0.08		VWAP of \$0.10		VWAP of \$0.12		VWAP of \$0.14	
	Shares	%	Shares	%	Shares	%	Shares	%
Existing Shareholders	119,971,875	17.27	119,971,875	17.27	119,971,875	17.58	119,971,875	17.81
Warrego Director Shareholdings (12mth escrow)	318,980,258	45.90	318,980,258	45.90	318,980,258	46.75	318,980,258	47.37
Warrego Other Shareholdings	80,925,991	11.65	80,925,991	11.65	80,925,991	11.86	80,925,991	12.02
Capital Raising - Resolution 11	100,000,000	14.39	100,000,000	14.39	100,000,000	14.7	100,000,000	14.8
Convertible Note Holders - Resolution 9	75,000,000	10.79	75,000,000	10.79	62,500,000	9.2	53,571,429	8.0
Total	694,878,124	100.00	694,878,124	100.00	682,378,124	100.0	673,449,552	100.0

Notes:

1. assumes that all Shares issuable to Warrego shareholders have been issued, regardless of whether or not one or more Warrego shareholders will have a voting power in the Company of more than 20%; and
2. assumes that no Shares other than those issuable to Warrego shareholders under the Warrego Transaction, as well as all Shares under Resolution 11, have been issued.

If the Convertible Notes become convertible into Shares, the total number of Shares to be issued will exceed the Company's capacity under Listing Rule 7.1. Accordingly, the Company is seeking approval from Shareholders for the issue of up to 75,000,000 Shares on conversion of the Convertible Notes (other than those held by Mr Greg Columbus). The shares that may be issued under this Resolution assumes a notional issue price of \$0.06 per Share. The issue of such Shares is subject to the Convertibles Notes converting in the 3 months following the date of the Meeting. If such conversion does not occur, then the Company may need to obtain further approval for the issue of Shares on conversion of the Convertible Notes.

Listing Rule 7.1

Listing Rule 7.1 effectively allows a company to issue up to 15% of its capital without seeking Shareholder approval in a 12-month period. However, issues in excess of the 15% in 12 months require Shareholder approval.

Resolution 9 seeks Shareholder approval under Listing Rule 7.1 for the issue of up to 75,000,000 Shares. Where Shareholder approval is given in respect of Resolution 9, the issue of those Shares will not use up the Company's capacity under Listing Rule 7.1.

Technical information required by Listing Rule 7.3

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- the maximum number of Shares that may be issued under this Resolution to the Convertible Note holders (other than Mr Greg Columbus) on conversion of the Convertible Notes, is 75,000,000;
- the Shares will be allotted and issued on conversion of the Convertible Notes, but in any event, on a date which will be no later than three months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- the Shares will be issued for nil consideration in satisfaction of the conversion of the Convertible Notes;

- if full conversion of Convertible Notes were to take place within three months after the date of this Meeting (other than the Shares issuable to Mr Greg Columbus on conversion of Convertible Notes).
- At the date of this notice Convertible Notes are held as follows:

Noteholder		Amount
Mr David Biggs <Family Trust A/C>	\$	20,000
Mr Ian Kirkham <Super Fund A/C>	\$	30,000
Ms Suriana Kirkham	\$	20,000
Mr Scott Kirkham <Family Fund A/C>	\$	20,000
Mr Scott Kirkham	\$	20,000
Aloren No (127) Pty Ltd <Grieve Super Fund A/C>	\$	20,000
Lancedale Holdings Pty Ltd <Langley Super Fund A/C>	\$	50,000
Emerald Valley Investments PL <Siebels Retirement Fund>	\$	50,000
Annlew Investments Pty Ltd <Annlew Investments PI SF A/C>	\$	100,000
Dolphin Capital Partners Pty Ltd	\$	40,000
Mr James Patrick Tuite & Mrs Wendy Tuite <Tuite Super 1 A/C>	\$	60,000
Seistend (Super) Pty Ltd <DW King Super Fund A/C>	\$	100,000
Walleroo Pty Ltd <Christopher Walker Family Trust A/C>	\$	50,000
AUD Total	\$	580,000
Mr Gregory Thomas Columbus	£	600,000
Mr James Clarke	£	600,000
Mr Jim Clarke	£	600,000
GBP Total	£	1,800,000
AUD:GBP	£	0.550
AUD:GBP Total	\$	3,270,000
Grand Total	\$	3,850,000

- the Shares issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with the Company's existing Shares;
- no cash will be raised as part of the Share issue as the Shares are being issued on conversion of the Convertible Notes; and
- a voting exclusion statement applies to Resolution 9.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 9.

Resolution 10 – Issue of Shares to Mr Greg Columbus on conversion of Convertible Notes

Background

As noted above in respect of Resolution 9, Warrego has issued a number of Convertible Notes, of which Mr Greg Columbus is a recipient. The terms on which the Convertible Notes will convert into Shares are set out in the Background to Resolution 9.

Application of ASX Listing Rules

Listing Rule 10.11 requires shareholder approval be sought for an issue of securities to a director or an associate of a director. Accordingly, approval is sought for the issue of up to 15,000,000 Shares on conversion of the Convertible Notes held by Mr Greg Columbus, a Non-Executive Director of the Company.

If approval is given under ASX Listing Rule 10.11, under ASX Listing Rule 7.2 Exception 14, no further approval is required under ASX Listing Rule 7.1. This means that if this Resolution 10 is passed, the Company can issue the shares without using any of its 15% placement capacity.

Listing Rule Information

Listing Rule 10.13 requires the following information to be provided to Shareholders:

- the shares will be issued to Mr Greg Columbus, a Non-Executive Director of the Company;

- the maximum number of shares that may be issued under this Resolution is 15,000,000 fully paid ordinary Shares in the capital of the Company;
- the Shares will be issued within one month of the date of this Meeting at which this Resolution is passed;
- the Shares will be issued for nil consideration in satisfaction of the conversion of the Convertible Notes;
- no cash will be raised as part of the Share issue as the Shares are being issued on conversion of the Convertible Notes; and
- a voting exclusion statement applies to Resolution 10.

Recommendation

The Directors (with Mr Greg Columbus abstaining) recommend that Shareholders vote in favour of Resolution 10.

Resolution 11 – Issue of Shares to Unrelated Parties

Background

As noted in the ASX releases on 19 November 2018 and 21 December 2018 ongoing cash requirements for the next 18 months are estimated to be approximately A\$10,000,000. Initial plans were to raise these funds by seeking an admission to trading on the AIM market in London. Continuing uncertainty in the financial markets in the United Kingdom, arising from a lack of definite terms around Brexit, mean that raising funds in the United Kingdom in this pre-drilling window may be less advantageous to the Company as compared to raising funds on the ASX. Should complexities around Brexit mean fund raising in London is problematic then the Company will raise funds on ASX.

The table included above in the explanatory statement with respect to Resolution 9 sets out the total number of Shares that may be issued under this Resolution 11 based on the basis that the Company will raise A\$10,000,000 based on a range of issue prices.

Listing Rule 7.1

Listing Rule 7.1 effectively allows a company to issue up to 15% of its capital without seeking Shareholder approval in a 12-month period. However, issues in excess of the 15% in 12 months require Shareholder approval.

Resolution 11 seeks Shareholder approval under Listing Rule 7.1 for the issue of up to 100,000,000 Shares (which assumes that the Company will raise A\$10,000,000 at an issue price of A\$0.10). Where Shareholder approval is given in respect of Resolution 11, the issue of those Shares will not use up the Company's capacity under Listing Rule 7.1.

Technical information required by Listing Rule 7.3

Listing Rule 7.3 requires the following information to be provided to Shareholders:

- the maximum number of Shares that may be issued under this Resolution is 100,000,000;
- the Shares will be allotted and issued progressively, but in any event by no later than three months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- the Shares will be issued at a price which is no less than a 80% of the volume weighted average price of the Shares over the 5 trading days immediately preceding the date on which the Shares are issued;
- the shares will be issued to sophisticated and professional investors to be identified by the Company who have indicated an interest in investing in the Company;
- the Shares issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with the Company's existing Shares;
- the funds raised from the issue of the Shares will be used to fund the Company's upcoming drilling program in Spain, next stage works on EP 469, preliminary works on EPA-0127 and a study of the Company's options in relation to Uruguay; and
- a voting exclusion statement applies to Resolution 11.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 11.

Appendix A – Consolidated Pro-Forma Accounts

	Petrel 30-Jun-18 \$	Warrego 31-Jul-18 \$	Adjustments \$	Eliminations \$	Balance Sheet Pro Forma \$
	Audited	Unaudited			
ASSETS					
Current assets					
Cash and cash equivalents	43,565	285,590	15,250,000	*^	15,579,155
Other current assets	64,701	263,428	-	-	328,129
Restricted cash	109,467	-	-	-	109,467
Total current assets	217,733	549,018	15,250,000	-	16,016,751
Non-current assets					
Exploration and evaluation expenditure	95,262	-	250,000	**	345,262
Investment in Petrel	-	-	9,597,750	^^	(9,597,750)
Goodwill	-	-	-	6,058,042	6,058,042
Plant and equipment	9,663	-	-	-	9,663
Receivable from associate	396,698	-	-	-	396,698
Investment in associate	3,909,424	-	-	-	3,909,424
Total non-current assets	4,411,047	-	9,847,750	(3,539,708)	10,719,089
Total assets	4,628,780	549,018	25,097,750	(3,539,708)	26,735,840
LIABILITIES					
Current liabilities					
Trade and other payables	917,025	545,752	-	-	1,462,777
Employee benefits	145,986	-	-	-	145,986
Convertible Note	-	-	6,000,000	^ **	6,000,000
Total current liabilities	1,063,011	545,752	6,000,000	-	7,608,763
Non-Current liabilities					
Employee benefits	22,301	-	-	-	22,301
Total non-current liabilities	22,301	-	-	-	22,301
Total liabilities	1,085,312	545,752	6,000,000	-	7,631,064
NET ASSETS	3,543,468	3,266	19,097,750	(3,539,708)	19,104,776
EQUITY					
Contributed equity	56,864,449	5,269,136	9,500,000	*(56,864,449)	14,769,136
Consideration issued equity	-	-	9,597,750	^^	9,597,750
Options reserve	518,525	-	-	(518,525)	-
Accumulated losses	(53,843,266)	(5,265,870)	-	53,843,266	(5,265,870)
Equity attributable to owners of the Parent	3,539,708	3,266	19,097,750	(3,539,708)	19,101,016
Non-controlling interests	3,760	-	-	-	3,760
Total equity	3,543,468	3,266	19,097,750	(3,539,708)	19,104,776

* Assumes enlarged company completes a share issue for A\$10,000,000 with estimated costs of 5% (being \$500,000).

** Warrego has loaned Petrel \$250,000 of Convertible Notes for Petrel to exercise its option over 100% of shares in Palatine which holds EPA-127 in W.A.

^ Warrego is in the process of completing a Convertible Note Issue in the order of A\$6,000,000 with A\$3,850,000 completed to date.

^^ Investment in Petrel is valued at ASX:PRL pre-share consolidation market price of 0.004 per share.

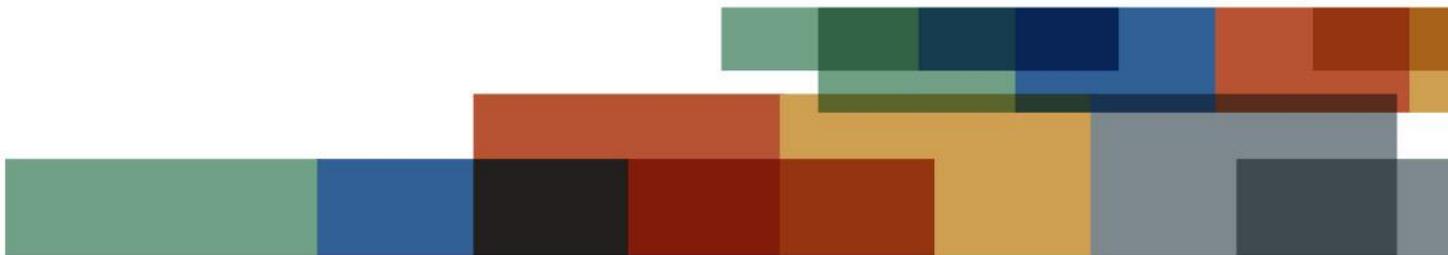
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Independent Technical Specialist's Report on the assets of Warrego Energy

For Petrel Energy

5 February 2019



For personal use only

The Directors
Petrel Energy Limited
Level 6, 10 Bridge Street
Sydney, NSW, 2000, Australia

5 February 2019

Dear Directors,

Independent Technical Specialist's Report on the Petroleum Assets of Warrego Energy Limited

Petrel Energy Limited (**Petrel**) has appointed RISC Advisory Pty Ltd (**RISC**) to provide an Independent Technical Specialist's Report on the assets of Warrego Energy Limited (**Warrego**) pursuant to the proposed merger with Warrego Energy via a reverse takeover announced on 19 November 2018 (the **Proposed Transaction**).

To assist the board of Petrel in relation to the proposed transaction, Petrel has provided instructions to RISC to prepare this document, an Independent Technical Specialist's Report, in relation to the petroleum assets of Warrego.

This Independent Technical Specialist's Report documents RISC's review of the prospective resources and associated work programme plans of Exploration Permit EP 469. RISC has reviewed estimates provided by Strike Energy Limited (**Strike**) (at the request of Warrego), and made such adjustments that in our judgement were necessary to provide a reasonable assessment and reflect current information.

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1. Executive Summary

RISC has undertaken an independent resource assessment of Exploration Permit EP 469. Three plays have been assessed in the permit.

West Erregulla Field Dongara reservoir contingent resource

The Dongara reservoir of the West Erregulla field has an estimated 2C gross contingent resource of 71 Bscf, Table 1-1.

Table 1-1: Contingent resource estimate for the West Erregulla gas field

	Gross (Bscf)			Net attributable (Warrego 50%) (Bscf)			Risk Factor (CoD)	Operator
	1C	2C	3C	1C	2C	3C		
West Erregulla field Dongara reservoir	24	71	146	12	36	73	2%	Strike

West Erregulla Deep prospective resource

Prospective reservoirs have been identified in the Basal Wagina, Kingia, and High Cliff reservoirs in the West Erregulla Deep (Central) and West Erregulla Deep (North) prospects. RISC's estimated prospective resource range for the West Erregulla Deep (Central) and West Erregulla (North) prospects is presented on Table 1-2 and Table 1-3.

Table 1-2: West Erregulla Deep (Central) gross and net attributable to Warrego prospective resource estimates

Reservoir	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	4	78	265	2	39	133
Kingia	9	121	367	5	61	184
High Cliff	3	107	299	1	54	150

Notes

- 1) These resource estimates are un-risked
- 2) The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

Table 1-3: West Erregulla Deep (North) gross and net attributable to Warrego prospective resource estimates

Reservoir	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	-	-	-	-	-	-
Kingia	1	35	143	1	18	72
High Cliff	1	36	116	0	18	58

Notes

- 1) These resource estimates are un-risked
- 2) The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

The operator of the EP 469 permit, Strike, have independently interpreted the West Erregulla Deep prospect as one continuous structure. The Strike prospective resource estimate for West Erregulla Deep is presented in Table 1-4.

Table 1-4: Strike West Erregulla Deep prospective resource estimate

Reservoir	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	154	247	372	77	124	186
Kingia	283	454	670	142	227	335
High Cliff	324	462	627	162	231	314

Notes

- 1) These resource estimates are from Strike Energy’s 23rd January 2019 ASX announcement
- 2) These resource estimates are un-risked
- 3) The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

The Strike gross P50 estimate for all reservoirs arithmetically added is 1 163 Bscf. This compares closely with the RISC P10 estimate for all reservoirs, in both RISC prospects, arithmetically added of 1 190 Bscf.

The difference in estimates between Strike and RISC arise primarily due to the Strike interpretation relying more on amplitude anomalies at each of the identified reservoir levels for estimation of the gas-water contact. In contrast, the RISC estimates have only used the non-structurally conformant amplitude anomalies for the high case resource estimates of gas-water contact and have used the lowest identified structural closure at each reservoir for the best-case estimates of gas-water contact. Due to the depth of

the reservoirs, the potential for poor-quality reservoirs, and lack of amplitude anomalies associated with analogous fields, the use of amplitude anomalies as an indication of gas-water contact was not considered appropriate in our best-case resource estimates.

EP 469 Jurassic prospective resource

Prospective resources identified by Warrego in relation to Jurassic prospects identified in Exploration Permit EP 469 are provided in Table 1-5.

Table 1-5: Prospective resources in Warrego's identified Jurassic prospects

Prospect Name	Reservoir	STOIIP MMbbls			Prospective resource (unrisked)			Risk Factor (GCOS)	Operator
		Low	Best	High	Low	Best	High		
West Erregulla	Cattamarra	2.3	6.3	17.0	1.0	2.8	7.7	12%	Strike
Erregulla Central	Cattamarra	1.3	2.8	5.3	0.6	1.3	2.4	12%	Strike
Erregulla North	Cattamarra	5.3	13.7	31.0	2.3	6.1	14.0	12%	Strike
Erregulla East	Cattamarra	3.4	9.6	24.0	1.5	4.3	10.8	12%	Strike
Erregulla	Cattamarra	2.9	13.3	54.9	1.3	6.0	24.7	12%	Strike
Sundalara	Cattamarra	3.6	9.3	20.6	1.6	4.2	9.3	12%	Strike
Erregulla	Eneabba	3.4	11.5	33.3	1.5	5.1	15.1	12%	Strike
Erregulla North	Eneabba	2.0	5.3	11.8	0.9	2.4	5.4	12%	Strike
Erregulla East 1	Eneabba	1.0	3.6	10.9	0.5	1.6	4.9	12%	Strike
Erregulla East 2	Eneabba	0.9	2.6	6.6	0.4	1.2	3.0	12%	Strike

- 1) These resource estimates are un-risked
- 2) The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

2. Introduction

2.1. Warrego's oil and gas properties

Warrego has a 50% interest in Exploration Permit EP 469 located in the onshore North Perth Basin, Western Australia, Figure 2-1.

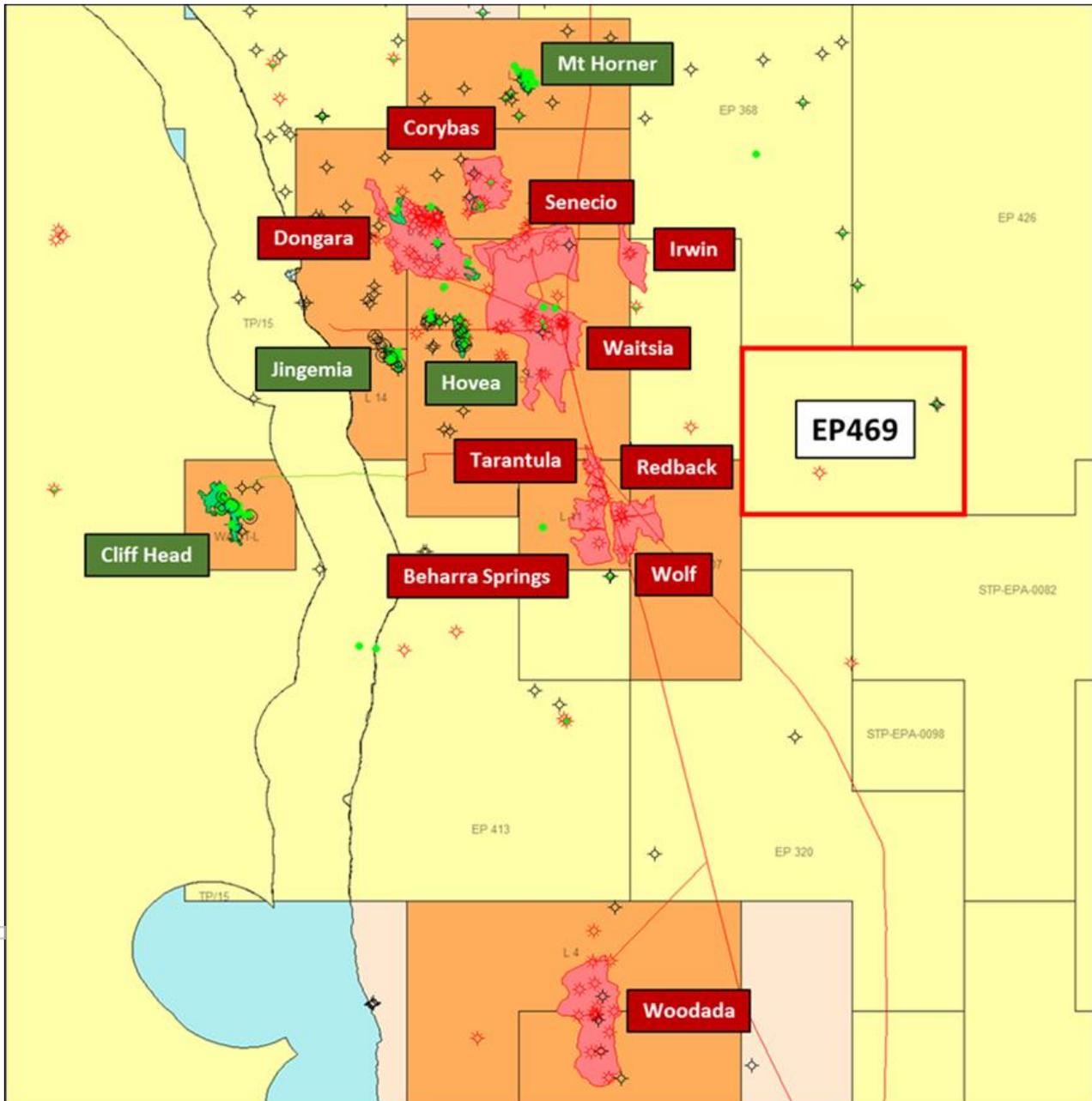


Figure 2-1: Location map showing Warrego's North Perth Basin permit

2.2. Terms of reference and basis of assessment

2.2.1. Terms of reference

This assignment has been conducted under the terms of our engagement with Petrel dated 4 January 2019. RISC's terms of reference were to conduct a review of the Warrego assets in order to provide an ASX compliant Independent Technical Specialist's Report (ITSR) on EP 469 permit in the North Perth Basin, onshore Western Australia. The ITSR covers the different plays Warrego have identified in EP 469, specifically:

- Review and audit of the work undertaken by Warrego's joint venture partner Strike and provided to Warrego in regard to the Permian gas potential of the permit;
- Review and audit of the work undertaken by Warrego in 2015 on the Jurassic oil potential of the permit;
- Update and incorporate the Dongara gas contingent resource provided to Warrego by RISC in September 2015 (RISC Project number 15.0032).

RISC has reviewed the resource potential of the EP 469 permit using the technical guidelines set out in the Petroleum Resources Management System (PRMS) issued by the Society of Petroleum Engineers (SPE), which is a system of resource estimation recognised and accepted by the ASX market and other prominent authorities.

2.2.2. Basis of assessment

The data and information used in the preparation of this report were provided by Strike (at the request of Warrego) and supplemented by public domain information. RISC has relied upon the information provided and has undertaken the evaluation on the basis of a review of existing interpretations and assessments as supplied making adjustments that in our judgment were necessary.

RISC has reviewed the resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System (PRMS)¹ and the Australian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code 2015).

Unless otherwise stated, all resources presented in this report are gross (100%) quantities with an effective date of 1 January 2019. Unless otherwise stated, all costs are in real terms with a reference date of 1 January 2019.

¹ SPE/WPC/AAPG/SPEE 2007 Petroleum Resources Management System

3. Geological setting

The following summary of the regional geology of the Perth Basin is referenced from Geoscience Australia's website² with additional commentary specific to Warrego's asset.

The Perth Basin is a north to north-northwest trending, onshore and offshore sedimentary basin extending approximately 1,300 km along the southwestern margin of the Australian continent. This is a large (172,300 km²), structurally complex basin that formed during the separation of Australia and Greater India in the Permian to Early Cretaceous. It includes a significant onshore component and extends offshore to the edge of continental crust in water depths of up to 4,500 m.

The structural architecture of the Perth Basin, Figure 3-1, is the product of rifting during the Permian, Late Triassic to Early Jurassic and Middle Jurassic to Early Cretaceous, superimposed over pre-existing basement terrains. Extension during the Permian produced a series of deep (up to 15 km), north-south trending rift basins (Bunbury Trough and Dandaragan Trough) along the western margin of the Yilgarn Craton. The Abrolhos Sub-basin represents a northwestern branch of the Permian rift system formed along the southwestern margin of the Northampton Complex, which is separated from the Dandaragan Trough by an intra-basin high represented by the Beagle Ridge, Dongara Terrace and Greenough Shelf.

Breakup during the Early Cretaceous (Valanginian) was associated with widespread inversion, erosion, strike-slip tectonics and volcanism, which significantly modified the structural architecture of the Perth Basin.

² <http://www.ga.gov.au/scientific-topics/energy/province-sedimentary-basin-geology/petroleum/offshore-southwest-australia/perth-basin>

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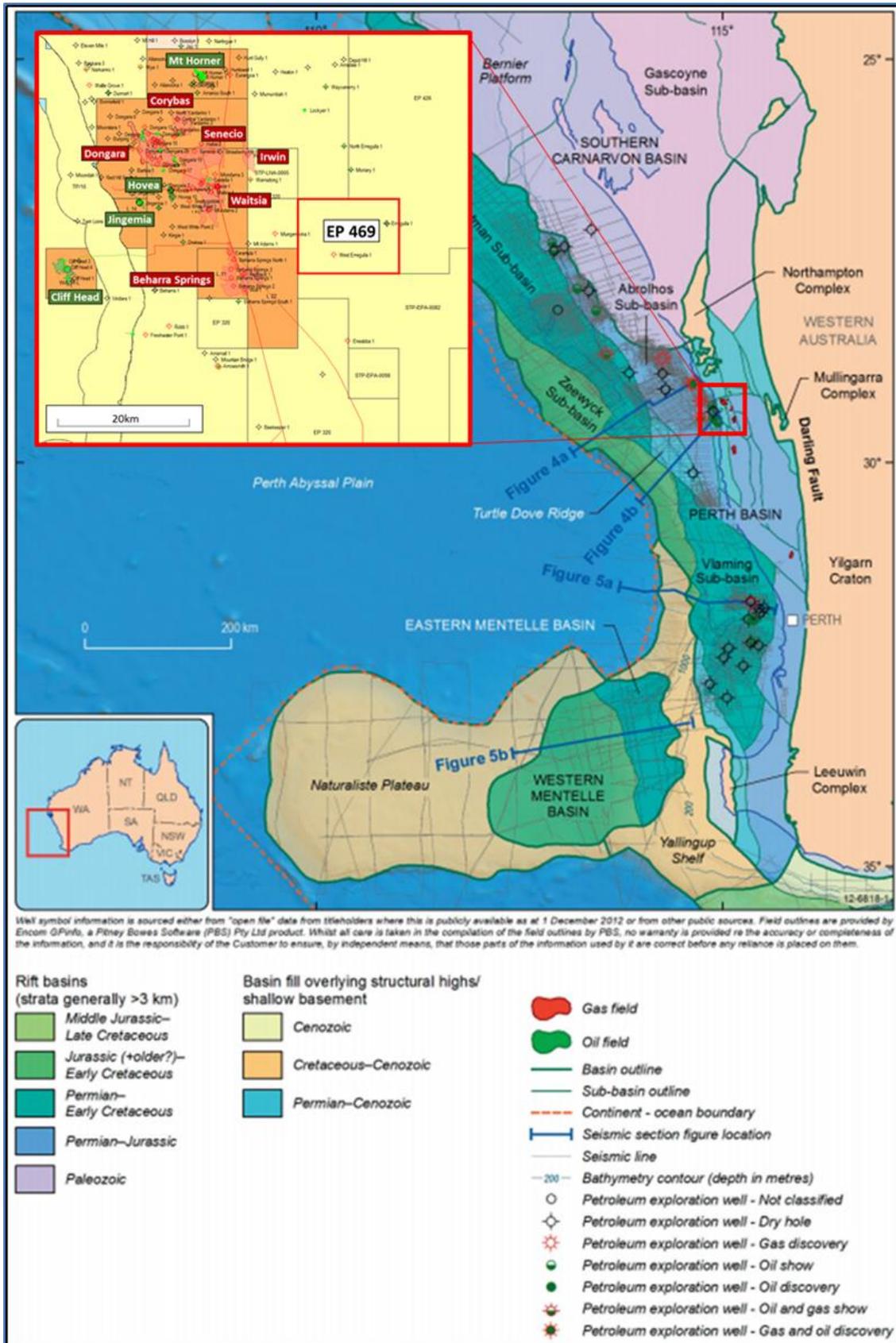


Figure 3-1: Regional setting and structural elements map for the Perth Basin (modified from Geoscience Australia)

The stratigraphy and petroleum system elements of the Perth Basin developed during the tectonic evolution of the basin and vary significantly from north to south. Refer to Figure 3-2 which is a stratigraphic column applicable for the North Perth Basin and relevant to Warrego's permit.

Initial rifting established a series of Permian to Early Triassic depocentres for fluvial and marine clastics with minor carbonates and coals in the north, while in the south fluvial clastics and coals dominated. These Permian and Early Triassic-age rift-sag deposits are associated with the major petroleum system in the North Perth Basin, particularly the Kockatea Shale which forms an important oil source rock and regional seal to underlying reservoirs.

A second phase of rifting in the Late Triassic and Early Jurassic was associated with widespread fluvial and deltaic deposits. These include the Eneabba Formation and a thick succession of clastics and coals of the early to mid-Jurassic Cattamarra Coal Measures (CCM). The Eneabba formation comprises fine to coarse grained sandstones (porosity is typically 3-18%) interbedded with siltstones and shales. The CCM sequence also consists of fine to coarse grained sandstone but these are interbedded with carbonaceous dark carbonaceous mudstone/siltstone and coal seams. The sandstones typically contain glauconite and exhibit a higher gamma response than the underlying Eneabba formation. Petroleum wells have intersected coal seams up to 11 m thick. The gross thickness of the CCM varies from 500 m to over 2,000 m towards the basin centre. Sub-commercial gas flows have been achieved in the Walyering Field, with evidence of pressure depletion. The organic rich mudstones and coals make it an effective source rock in the Dandaragan Trough, and it is an unconventional reservoir target within the North Perth Basin.

The CCM is overlain by Middle Jurassic marine shales of the Cadda Formation which in turn is overlain by the Yarragadee Formation, Figure 3-2. The Yarragadee Formation is widely deposited within the Dandaragan Trough and is a massive sandstone dominated lithofacies interbedded with siltstone and minor coal beds toward the base of the unit. It was deposited in a predominantly fluvial environment with siltstone and mudstone beds representing preservation of overbank and lacustrine sediments. Gross thickness varies from 2,000 m to over 6,000 m in the Dandaragan Trough.

The exploration status of the Perth Basin varies from sub-mature in the northern onshore area and immature to frontier in most offshore areas. Initial exploration began in the late 1940s with an onshore field survey and evaluation of water drilling commissioned by Ampol and Richfield Oil companies and gravity surveys by the Bureau of Mineral Resources.

The onshore portion of the basin has had approximately 140 exploration wells drilled. Approximately 50 wells have been drilled in the vicinity of Warrego's permit and these provide a reasonable database for reservoir characterisation and resource estimation.

Offshore exploration began in 1965. The most significant offshore discovery to date is the Cliff Head oil field located on the Beagle Ridge just east of the Abrolhos Sub-basin. Oil is produced from Permian reservoirs sealed by the Kockatea Shale.

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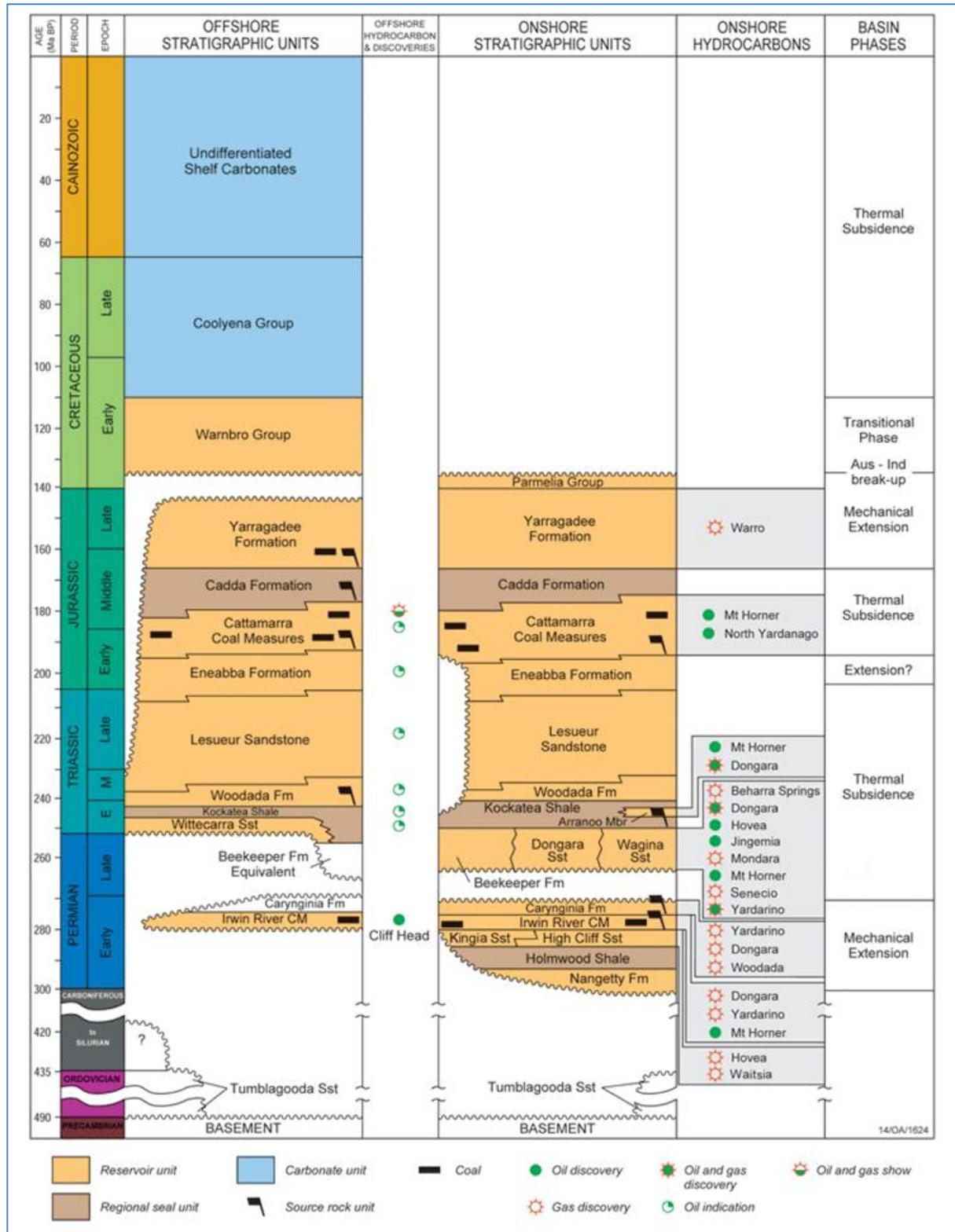


Figure 3-2: North Perth Basin stratigraphic column

4. Exploration Permit EP 469

4.1. Introduction

Warrego has a 50% interest in the EP 469 permit in the North Perth Basin onshore Western Australia, Table 4-1. The permit has an expiry date of 15 April 2020. The location of the EP 469 permit is provided in Figure 2-1.

Table 4-1: Warrego permit interests

Asset	Operator	Warrego working interest (%)	Status	Permit expiry date	Permit area km ²
EP 469 Permit	Strike Energy	50%	Exploration	15/04/2020	224.6km ²

4.2. Work programme and commitments

The work programme and commitments for EP 469 are presented in Table 4-2.

Table 4-2: EP 469 work programme and commitments

Year of Term	Title Year Starts	Title Year Ends	Minimum work requirements	Indicative Minimum Expenditure \$A Million
1	16/04/2010	15/04/2011	Geotechnical studies, 22 km 2D seismic reprocessing	0.2
2	16/04/2011	15/04/2012	Engineering & geotechnical studies	1.0
3	16/04/2012	15/04/2015	Engineering studies, 80km ² 3D seismic	5.5
4	16/04/2015	15/04/2017	80km ² 3D seismic processing & interpretation	-
5	16/04/2018	15/04/2019	1 well	15.0
6	16/04/2019	15/04/2020	Well stimulation, engineering studies	6.6

Years 1,2 and 3 are commitment work programme years. Years 4,5, and 6 are optional work programme years

RISC considers this work programme to be appropriate for this exploration permit.

The permit joint venture plans on drilling the West Erregulla-2 well to test recently identified prospectivity in the Basal Wagina, Kingia and High Cliff reservoirs in the West Erregulla area. The permit operator, Strike Energy, have recently announced (14 January 2019 ASX announcement) the securing of the Easternwell 106 well for mobilisation to the Perth Basin ahead of an anticipated spudding of the West Erregulla-2 well in late April 2019.

4.3. Data

There are three existing exploration wells on the permit, details of which are presented in Table 4-3.

Table 4-3: EP 469 existing wells

Well Name	Resource	Type	Spud Date	Total Depth	Operator	Result
Erregulla 1	Conventional	Exploration	8/09/1966	4,244 m	WAPET	Oil shows
Erregulla 2	Conventional	Exploration	20/02/1980	3,577 m	Mesa Aust	Dry hole
West Erregulla 1	Conventional	Exploration	20/05/1990	4,065 m	Barrack	Gas shows

Seismic data over the permit includes a grid of vintage 2D seismic data around the Erregulla wells of approximately 2 km line spacing and the West Erregulla 3D Survey over the West Erregulla-1 area. The West Erregulla 3D is 85 km² and was acquired in 2014 as part of the Year 3 work programme and commitment on the permit. The eastern edge of the Irwin 3D covers the western part of the EP 469 permit, Figure 4-1.

The West Erregulla has recently been reprocessed (2018). RISC has not had access to the 2018 reprocessed seismic volume.

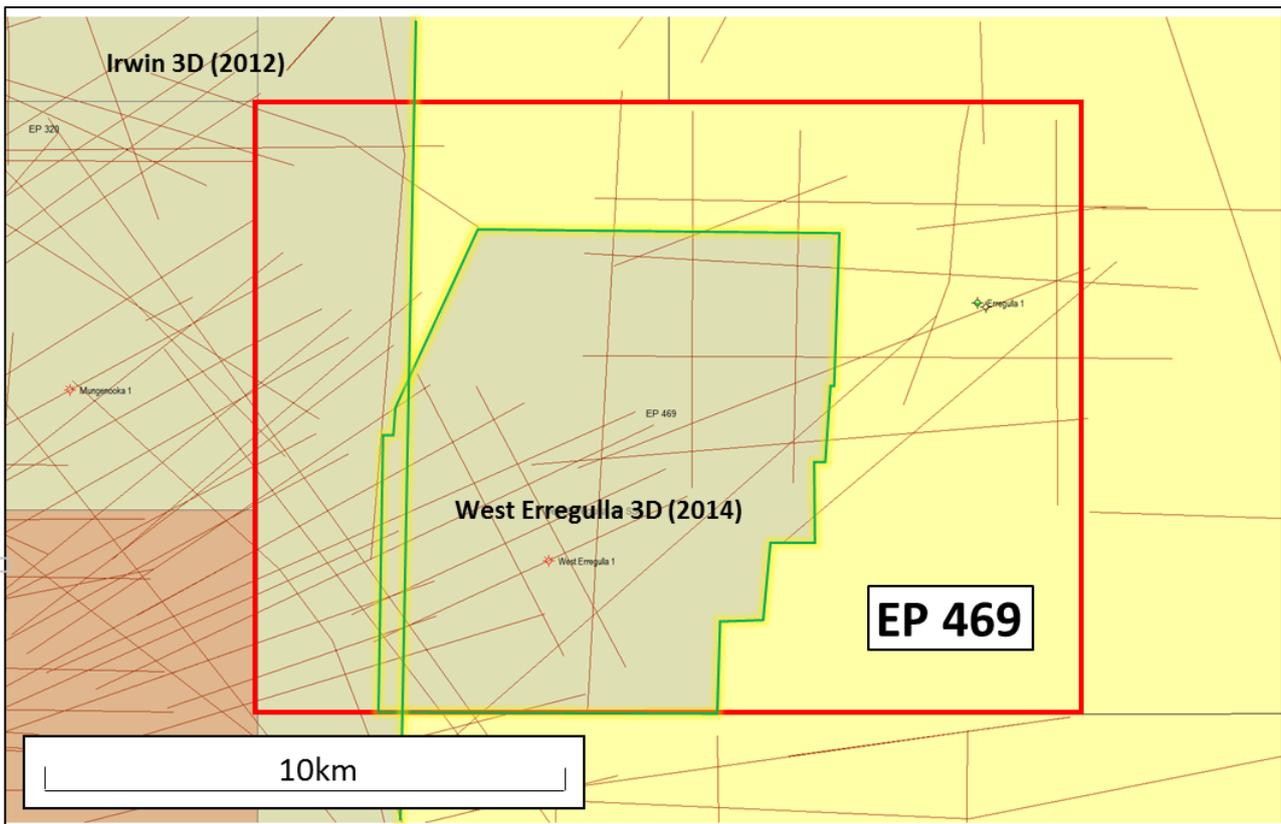


Figure 4-1: EP 469 seismic base map

4.4. EP 469 Prospectivity

Warrego have identified three plays on the permit, namely the:

- West Erregulla-1 Gas Discovery – Dongara reservoir - Contingent gas resource;
- West Erregulla Deep – Basal Wagina / Kingia / High Cliff reservoir - Prospective gas resource;
- Jurassic Prospects – Prospective oil resource.

Each play and the associated prospectivity is described in the following sections.

4.4.1. West Erregulla-1 gas discovery

The West Erregulla-1 gas discovery was made in 1990 with the drilling of the West Erregulla-1 exploration well. The well tested gas to surface through a DST in the interval 3,994 m – 3,975.5 m at a stabilised rate of 18.8 Mscf/d. A second DST over a larger interval indicated the gas zone to be very tight and the well was plugged and abandoned as non-commercial.

Warrego began re-evaluating the West Erregulla-1 discovery in 2010 in the light of recent advancements in well drilling and well stimulation technologies to recover hydrocarbons from unconventional (poor quality) reservoirs.

A summary of the West Erregulla-1 Dongara reservoir properties is provided in Figure 4-2.

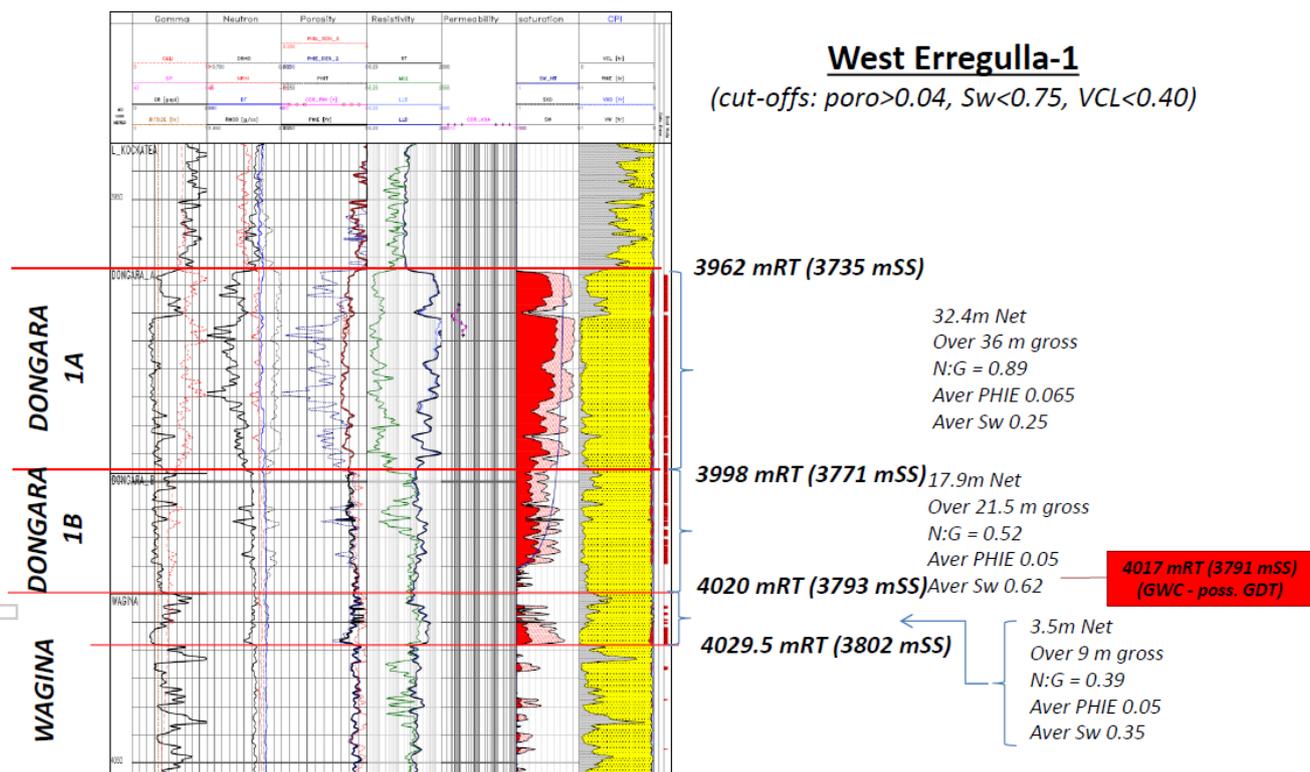


Figure 4-2 Dongara –Wagina reservoir properties within West Erregulla-1

4.4.1.1. Resource evaluation

In 2015 RISC undertook an assessment of the expected reservoir performance, recovery predictions and development plan of the West Erregulla-1 gas pool in EP 469.

The West Erregulla-1 well and surrounding wells were petrophysically analysed and Warrego ran its own resource evaluation which RISC reviewed. RISC reviewed the work by Warrego and its subcontractors on the expected post-frac performance of potential development wells and, using RISC's recovery predictions and a preliminary development plan, estimated a contingent resource.

Warrego provided a number of simulated single well gas rate forecasts based on work performed by Fenix Consulting, Delft (Fenix). RISC ran independent rate forecasts and production predictions and produced comparable results to Warrego.

RISC generated a rudimentary field development plan for Warrego. The proposed seven well field development plan leads to a total field recovery of 71 Bcf; a recovery factor of 54% of the Warrego Dongara A 2C deterministic GIIP of 132 Bcf. RISC used the analysed total field recovery estimates to provide a deterministic 2C Contingent Resource of 71 Bcf of gas in West Erregulla gas field.

The resource evaluation was based on data provided by Warrego consisting of raw and evaluated wireline logs, 3D seismic data including time and depth interpretations and deterministic and probabilistic volumetric resource estimates. In evaluating the resources, RISC used generally accepted principles and methods as promulgated by the Society of Petroleum Engineers (SPE) in the Petroleum Resources Management System (PRMS)³ and Guidelines for Application of the Petroleum Resources Management System⁴ as well as being in accordance with applicable definitions and regulations specified by the SEC.

The seismic interpretation was picked on the West Erregulla 3D final full PSTM seismic volume which at the objective level is good to fair quality. One well is located within the 3D seismic survey, West Erregulla-1. 2D seismic has been used to tie offset wells into the interpretation. The objective horizon is the base of the Kockatea Shale / top Dongara and Wagina sandstone reservoir section. The pick is reasonably robust due to the good data quality. RISC accepted the time interpretation as reasonable.

Warrego made five different velocity models and depth conversions to demonstrate the level of uncertainty in the mapped GRV. The reference case depth map is the result of the regional velocity model which has the second lowest GRV of all the depth maps. While conservative, this depth conversion method was considered reasonable.

The West Erregulla-1 petrophysical analysis made by Warrego was considered valid with robust assumptions made and verified by thorough technical arguments and, where possible, scientific justification.

The Dongara reservoir has been divided into two units, Dongara A and Dongara B. The thin Wagina reservoir lies below the Dongara B. The three reservoirs are in communication, with the subdivision based on character and different reservoir parameters (Table 4-4, Table 4-5 and Table 4-6).

³ *Petroleum Resources Management System, prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG) and approved by the Board of the SPE in March 2007.*

⁴ *Guidelines for Application of the Petroleum Resources Management System, November 2011. Sponsored by the SPE, AAPG, WPC, SPEE, SEG and approved by the Board of the SPE in November 2011.*

Table 4-4: Dongara A sand deterministic inputs and gross GIIP

Dongara A sand	Low	Best	High
GRV (10 ⁶ m ³)	243	358	449
Net/Gross (%)	65	78	90
Porosity (%)	5	7	8.5
Water Saturation (%)	40	27	15
Gas Expansion (scf/cf)	265	265	265
Gas Initially in Place (Bcf)	44	132	271

Table 4-5: Dongara B sand deterministic inputs and gross GIIP

Dongara B sand	Low	Best	High
GRV (Mm ³)	29	119	170
Net/Gross (%)	35	50	65
Porosity (%)	3.5	5	6.5
Water Saturation (%)	75	62	50
Gas Expansion (scf/cf)	265	265	265
Gas Initially in Place (Bcf)	1	10	33

Table 4-6: Wagina sand deterministic inputs and gross GIIP

Wagina sand	Low	Best	High
GRV (Mm ³)	0	9	29
Net/Gross (%)	25	33	40
Porosity (%)	3.5	5	6.5
Water Saturation (%)	75	61	45
Gas Expansion (scf/cf)	265	265	265
Gas Initially in Place (Bcf)	0	1	4

4.4.1.2. Reservoir performance and recovery predictions

Warrego provided a number of simulated single well gas flow rates forecasts, based on work performed by Fenix. Fenix estimated that the Dongara A sand to have an estimated GIIP of 129 Bscf. Using updated seismic interpretation, mapping and volumetrics, Warrego independently calculated deterministically a best case GIIP of 132 Bscf (Dongara A), which compared well with the Fenix estimate. RISC considered these GIIP differences immaterial with respect to production forecasting and development planning⁵.

Fenix used an effective permeability to gas of 0.025 md, which is consistent with a 2001 RISC DST analysis of West Erregulla-1 which suggested effective permeability to gas was in the order of 0.03 md (or perhaps slightly less). In their analysis, Fenix has considered water to be immobile which is not an unreasonable assumption given the low initial water saturation.

Fenix also considered production constraints such as slowing increasing drawdown during start-up, as well as pressure losses in the production string.

RISC performed an independent single well reservoir simulation and compared the results with those provided by Fenix. During this process, RISC used an unstructured grid system to model well performance for 500, 1 000, and 1 500 m long horizontal wells with multiple hydraulic fracks. RISC found that predicted gas rates and estimated recovery predictions by Fenix were consistent with known petrophysical and flow parameters of the Dongara A. A tabulation of the base case scenarios evaluated are shown in Table 4-7.

Warrego acknowledges that permeability variation occurs. In generating their type curves, Warrego considered lateral kh variation in the Dongara A by both sweet spots (i.e. designated as the core area) and lower permeability reservoir (i.e. designated as the flank areas). Core and flank areas were delineated by seismic interpretation.

Warrego used fracture modelling to estimate an effective fracture half-length of 23 m. Although RISC did not undertake detailed numerical fracture growth modelling, the relatively short 23 m fracture half-length is not uncommon for shaley siltstone reservoirs.

Table 4-7: Base case production forecast for West Erregulla gas field

Development Area	Well Length, m	Number of Fracs	Frac Spacing, m	Well Spacing, km ²	Recovery / well, Bscf ⁶
Core	1,000	7	167	1	12.1
Flank	1,000	7	167	1	5.2

Although RISC noted that Fenix performed a number of sensitivities to completion parameters to establish the preferred well design, no sensitivities were performed to evaluate the impact of uncertainty in reservoir parameters such as flow capacity (kh) other than using a two-tier type curve approach. Although core and flank production models were developed, they only represent single deterministic models. It is RISC's understanding Fenix relied heavily on the 2001 West Erregulla-1 DST analysis for reservoir permeability. It is not uncommon for low permeability reservoirs to be laterally continuous but have significant variations in permeability. An additional two appraisal wells would be useful to establish permeability variation in the field.

⁵ Dongara B sands were not considered by Fenix due to their small GIIP and uncertainty regarding reservoir parameters.

⁶ Based on 15 year forecasts.

4.4.1.3. Development plan

RISC generated a conceptual field development plan for Warrego. In this process, RISC compared the preferred development well configuration (a stimulated 1,000 m horizontal well with an anticipated drainage area of 1 km²) to the core development area and the flank development area to estimate well numbers. RISC mapped potential well locations to ensure that reservoir shape and continuity was taken into consideration (the Dongara A is non-symmetrical and contains a number of faults). Due to the irregular shape of the flank area, only two wells can practically be located in the flank area. Table 4-8 lists the final well numbers for both the core and flank areas of the Dongara A reservoir. The proposed seven well field development leads to a total field recovery of recovery of 71 Bscf; a recovery factor of 54% of the Warrego Dongara A deterministic GIIP of 132 Bscf.

Table 4-8: Dongara A development areas and development well count

Development Area	Area (km ²)	Well Number based on Area	Well Number based on Mapping	Final Well Number	Field Recovery, Bscf
Core	5.4	5	5	5	61
Flank	8	8	2	2	10
Total	13.4	13	7	7	71

4.4.1.4. Development cost

A cost estimate for the development was generated by RISC in 2015. That cost estimate has been updated to reflect cost deflation in the upstream sector since that date and is summarised in Table 4-9.

Table 4-9: West Erregulla development cost estimate (gross, 2018 real terms)

Capex	A\$ million	
Appraisal Wells	28	2 x Vertical wells with single fracs
Development Wells	109	7 x Horizontal wells with 6 fracs
Gas plant and infrastructure	18	TEG dehydration and compression
Gathering network	13	Wellhead facilities and gathering flowlines
Pipeline	7	20 km, 6" flowline
Project management	2.1	7% of facilities Capex
Contingency	6.4	20% of facilities Capex
Total	183	
Opex per annum		
Fixed Plant Costs	6.8	
Consumables	0.5	Variable with production
G&A	1.5	
Total	8.3	
Abex		
Wells	10.5	7 x Horizontal wells
Facilities	1.8	

RISC has carried out a commercial evaluation of the 2C contingent resource based on the development costs above and determined the breakeven gas price for the development to be A\$7.5/GJ. As this breakeven price is higher than the current market price in Western Australia, which ranges from A\$5-7/GJ, we have not evaluated the commerciality of the contingent resource further.

4.4.1.5. Contingencies and chance of development (CoD)

Evaluation of the 2C West Erregulla accumulation shows the resource to be sub-economic and as no further firm appraisal plans are in place it is classified as "Development Not Viable, Sub-Economic" at this time. Technical contingencies are dominated by deliverability uncertainty. Further appraisal and sub-surface studies are necessary to confirm horizontal well deliverability and hydraulic fracture stimulation productivity.

Commercial contingencies such as access to the Western Australian domestic gas market via the Bunbury Dampier gas pipeline, export infrastructure and appropriate gas sales agreements (pricing notwithstanding) have the potential to be resolved considering the presence of other gas developments in the area. The chance of development calculated by RISC for the West Erregulla field is shown in Table 4-10.

Table 4-10: West Erregulla chance of development overview

Contingency	Probability	Description
Regulatory/Social License Factor	0.75	Hydraulic fracturing regulatory regime undergoing change but not thought to be unachievable.
Technical Factor	0.5	Horizontal well deliverability is uncertain.
Market Access Factor	0.9	Located close to gas market infrastructure.
Economic Factor	0.25	Development is sub-economic under the most likely scenario at current gas prices. RISC has not tested the economics of an upside case.
Commitment and Timeline to Develop Factor	0.25	JV has no firm plans to progress appraisal or development in the near future for this field.
Chance of Development	2%	

4.4.1.6. West Erregulla contingent resource

RISC estimates 2C contingent resources is 71 Bscf of gas. The range of estimates for the contingent resource has been estimated by applying the 54% recovery factor calculated for the seven well development plan over the Dongara A sand deterministic gross GIIP estimate. The contingent resource estimates are provided in Table 4-11.

Table 4-11: Contingent resource estimate for the West Erregulla gas field

	Gross (Bscf)			Net attributable (Warrego 50%) (Bscf)			Risk Factor (CoD)	Operator
	1C	2C	3C	1C	2C	3C		
West Erregulla	24	71	146	12	36	73	2%	Strike

4.4.2. West Erregulla Deep

Warrego, and their Joint venture partner Strike, have identified a deeper prospect in the West Erregulla structure below the section penetrated by the West Erregulla-1 well. The prospective reservoirs identified are the Basal Wagina, Kingia and High Cliff sandstones. The Kingia sandstone has proved good quality reservoir in the nearby Waitsia gas discovery located approximately 16 km to west, Figure 4-3.

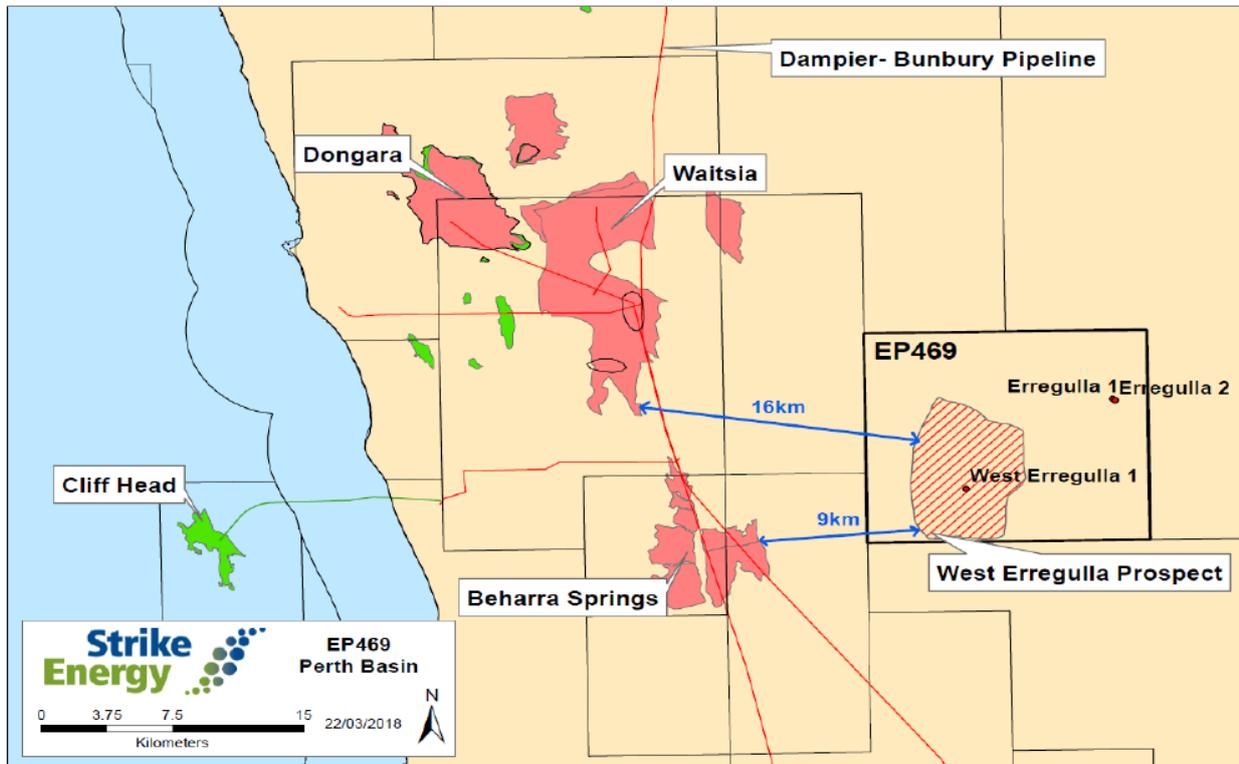


Figure 4-3: Location of the West Erregulla prospect in relation to Waitsia

Gas at Waitsia has also been found in the High Cliff sandstone. Due to poorer quality reservoir in the High Cliff sandstones, the High Cliff gas in Waitsia is currently considered contingent on well stimulation. No gas was found at Waitsia in the Basal Wagina sandstone.

The depth of the Kingia reservoir at Waitsia is between 3,200 m (crest) and 3,325 m (Gas-Water contact), Figure 4-4.

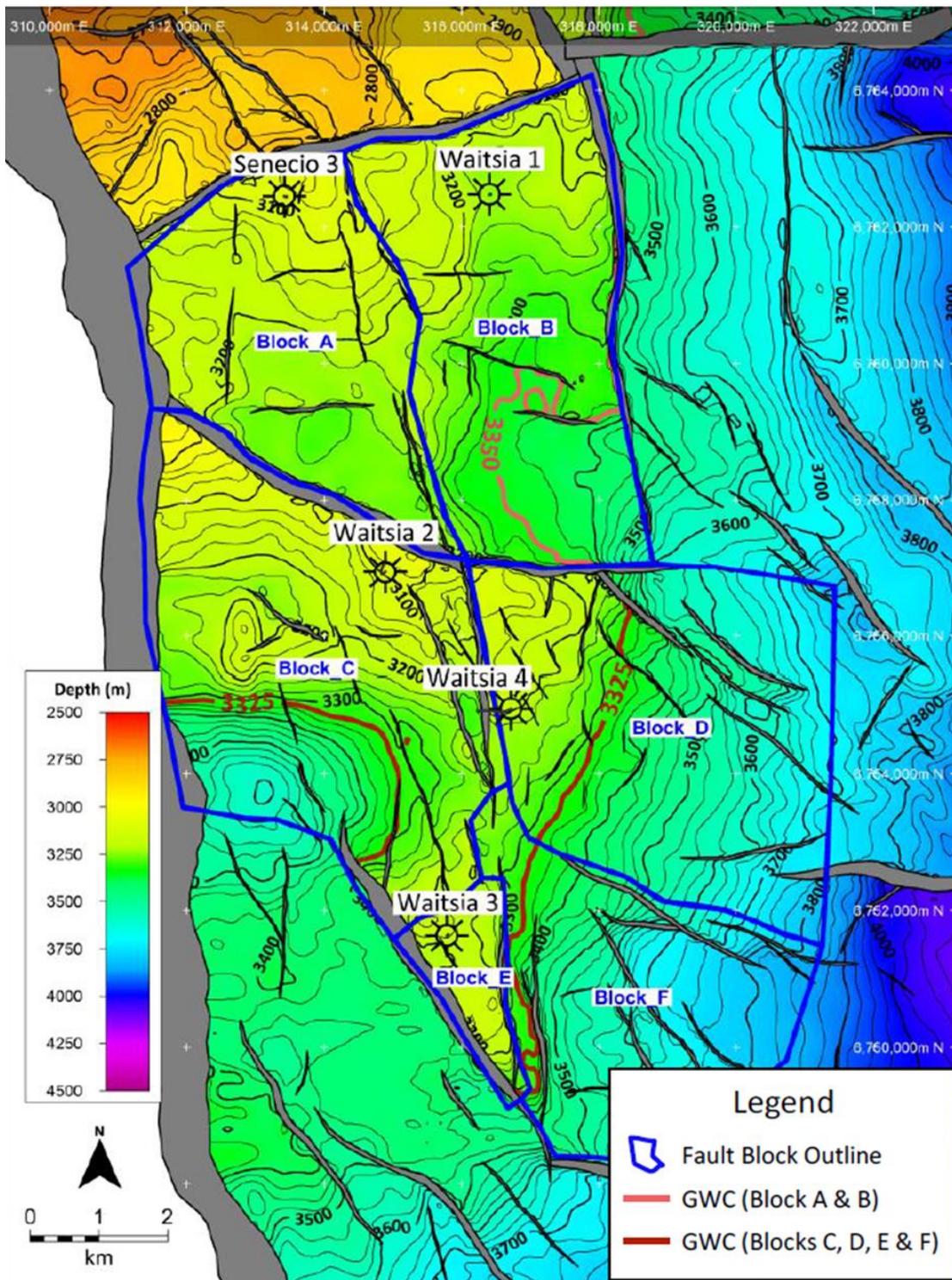


Figure 4-4: Waitsia Field Top Kingia structure map and fault polygons

The interpreted depth to the top of the Kingia reservoir at West Erregulla is considerably deeper at 4,400 m. The interpreted depth of High Cliff reservoir at West Erregulla is 4,570 m. Porosity versus Depth data from the Waitsia wells indicates the potential for good quality gas reservoirs (>11%) at depths greater than 4,000 m, Figure 4-5.

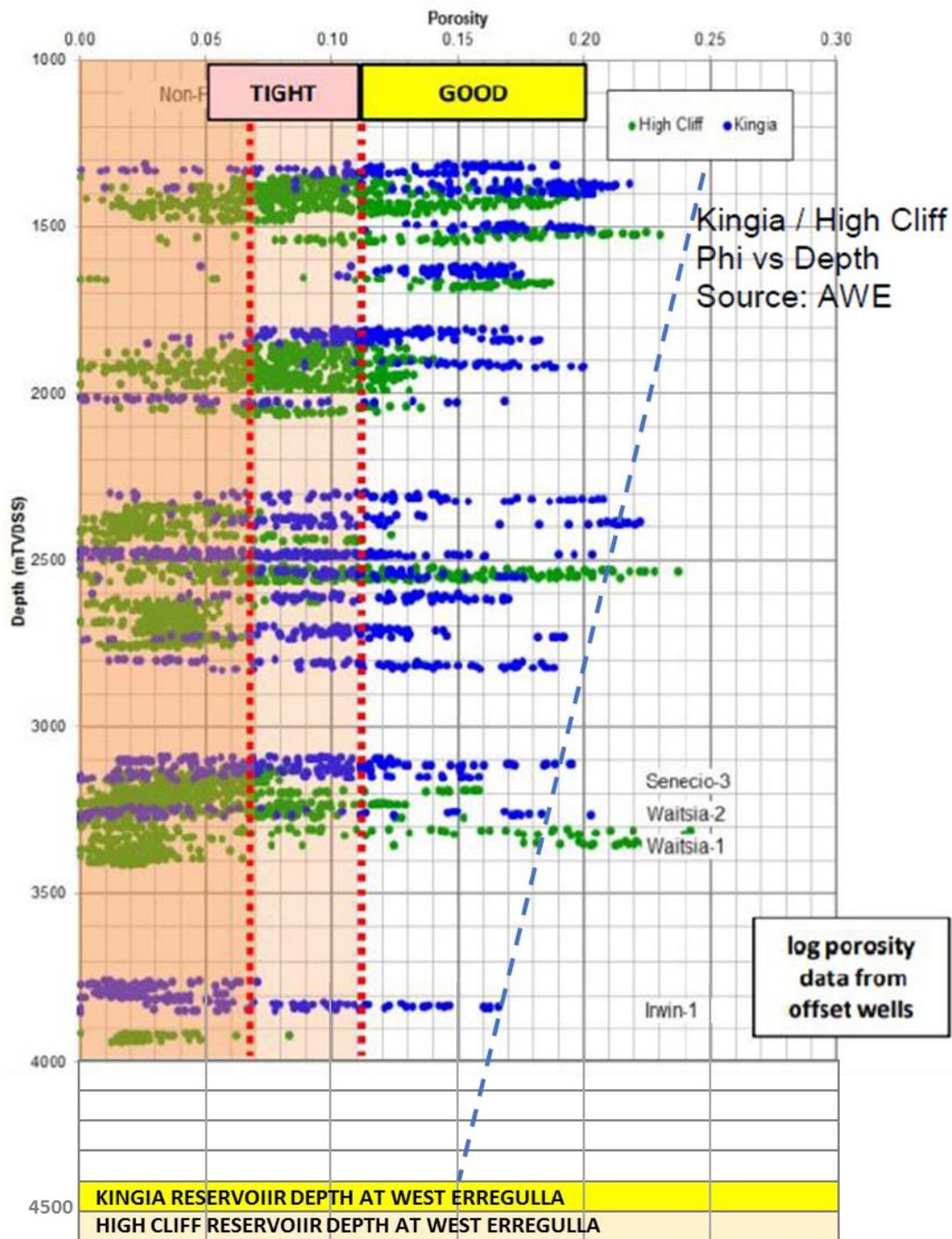


Figure 4-5: Waitisia area porosity versus depth trend. Modified from Strike⁷

Regional seismic correlation panels across the Irwin 3D, Beharra Springs 3D and the West Erregulla 3D demonstrates good support that the reflective package of the Kingia and High Cliff sandstone sequences in Waitsia correlates to the prospective section at West Erregulla Deep. The correlated Basal Wagina, Kingia and High Cliff sandstone section at West Erregulla Deep shows high amplitudes. Warrego and Strike have suggested, based on their interpretation of the Irwin and Beharra Springs 3D's, that high amplitudes at

⁷ Perth Basin – West Erregulla, Strike Energy Limited, June 2018

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Waitsia are associated with gas charged structure and they consider the amplitudes at West Erregulla Deep as strong supporting evidence of gas charge. RISC has not had access to the 3D surveys so cannot provide an opinion on the interpretation of Warrego and Strike. However, RISC is unaware of the Waitsia field having amplitude with structure conformance and would consider it unlikely given the relatively poor-quality seismic data over the Waitsia field and, more importantly, the reservoir quality (and depth) at Waitsia not being conducive to seismic amplitude characterization techniques. RISC considers that amplitude anomalies associated with hydrocarbon bearing reservoirs such as amplitude conformance with structure, amplitude brightening, and flat-spots will be unlikely in these reservoirs at these depths. One possibility on the amplitudes that RISC has considered is that they are potentially related to the seismic fold across the West Erregulla 3D survey. It was noted in the seismic examples made available to RISC that the amplitudes appear to diminish at the edges of the seismic survey which could be a result of seismic fold reducing away from the centre of the survey. The amplitude maps at the three identified reservoir horizons together with the seismic fold map and an example arbitrary seismic line are presented in Figure 4-6.

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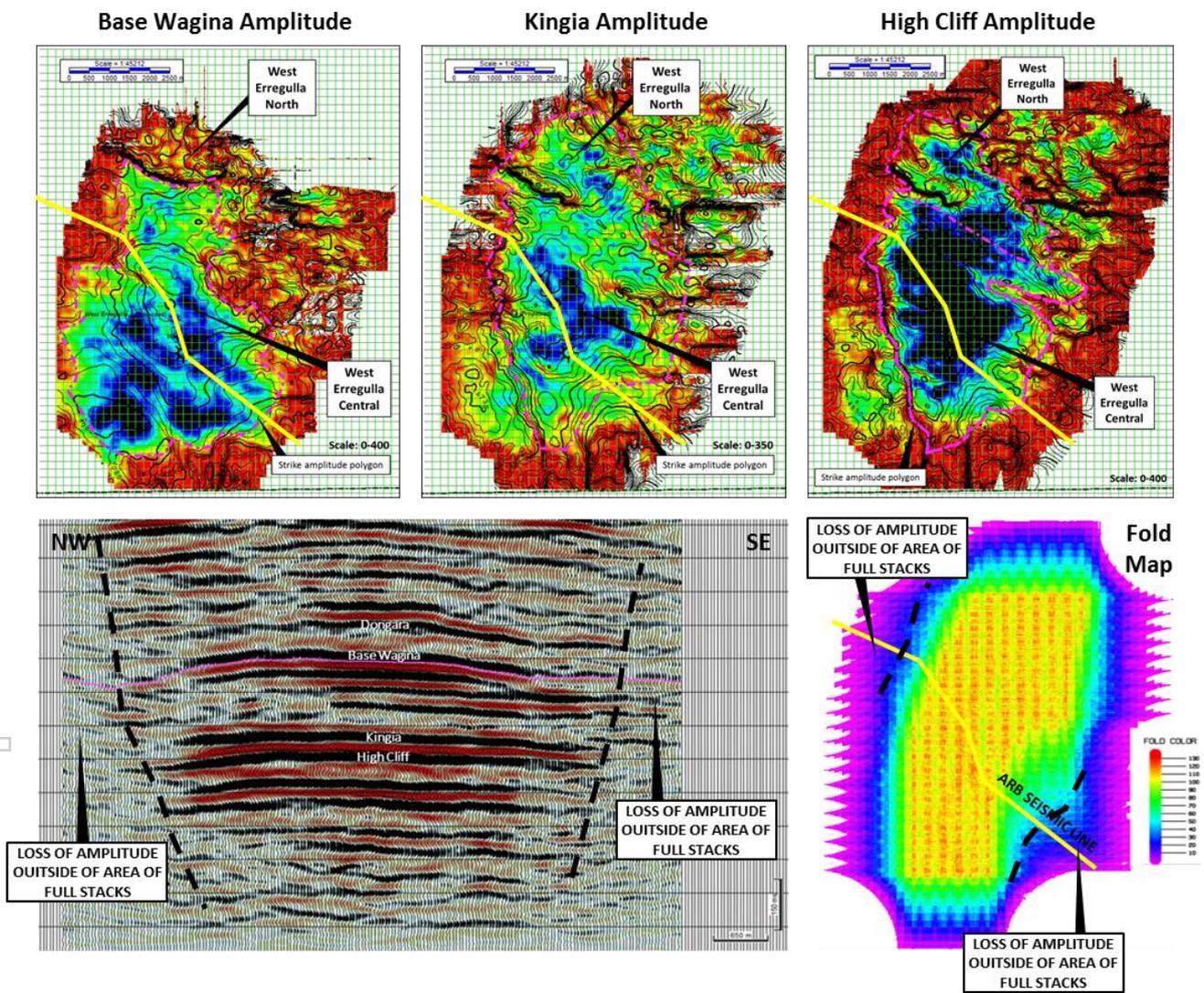


Figure 4-6: Seismic amplitudes versus seismic fold

It is possible that apparent amplitude brightening over the West Erregulla Deep structure is a result of the seismic fold across the West Erregulla survey. An example of the seismic fold being coincident with the amplitude map at the Base High Cliff reservoir level is presented in Figure 4-7.

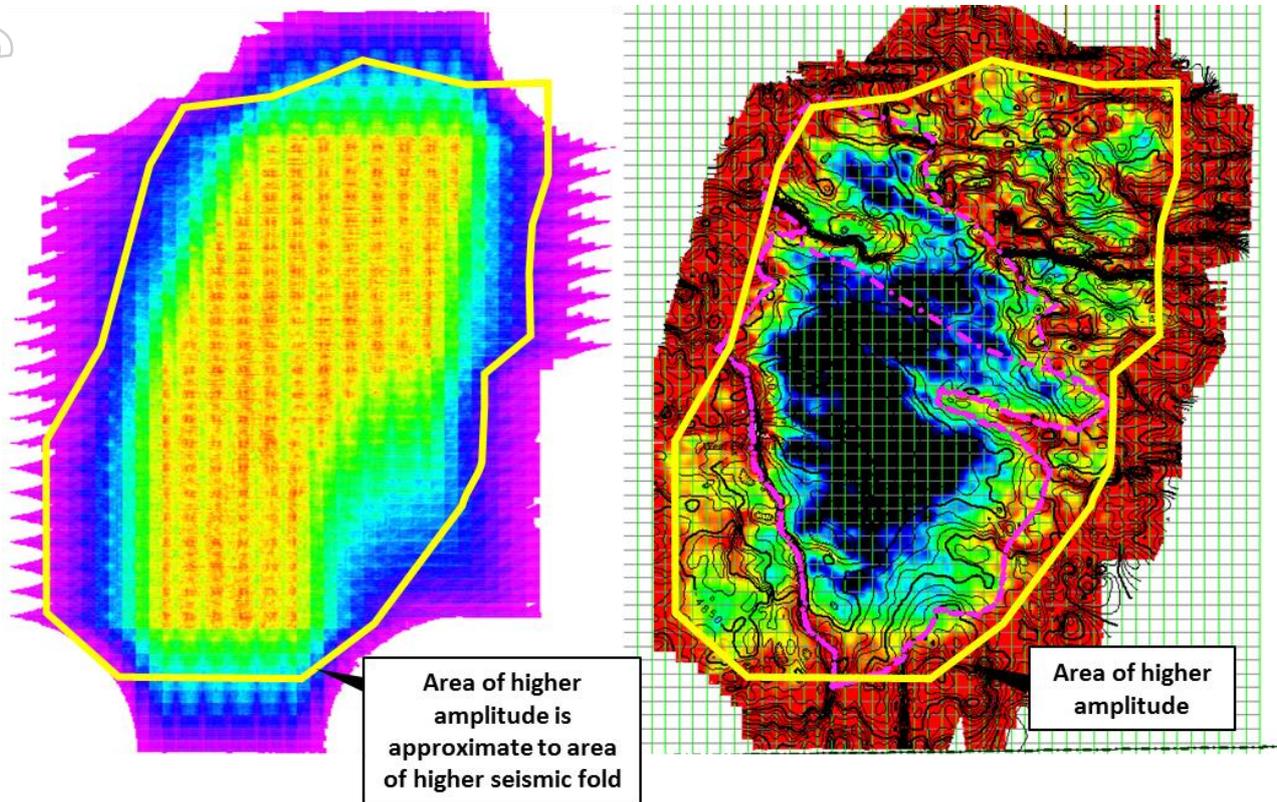


Figure 4-7: Base High Cliff amplitude map and West Erregulla survey seismic fold map

In contrary to the idea that the amplitude brightening on the West Erregulla 3D is dominantly controlled by seismic fold is the apparent appearance of seismic amplitudes associated with the structure on the legacy 2D seismic data, an example of which is presented in Figure 4-8.

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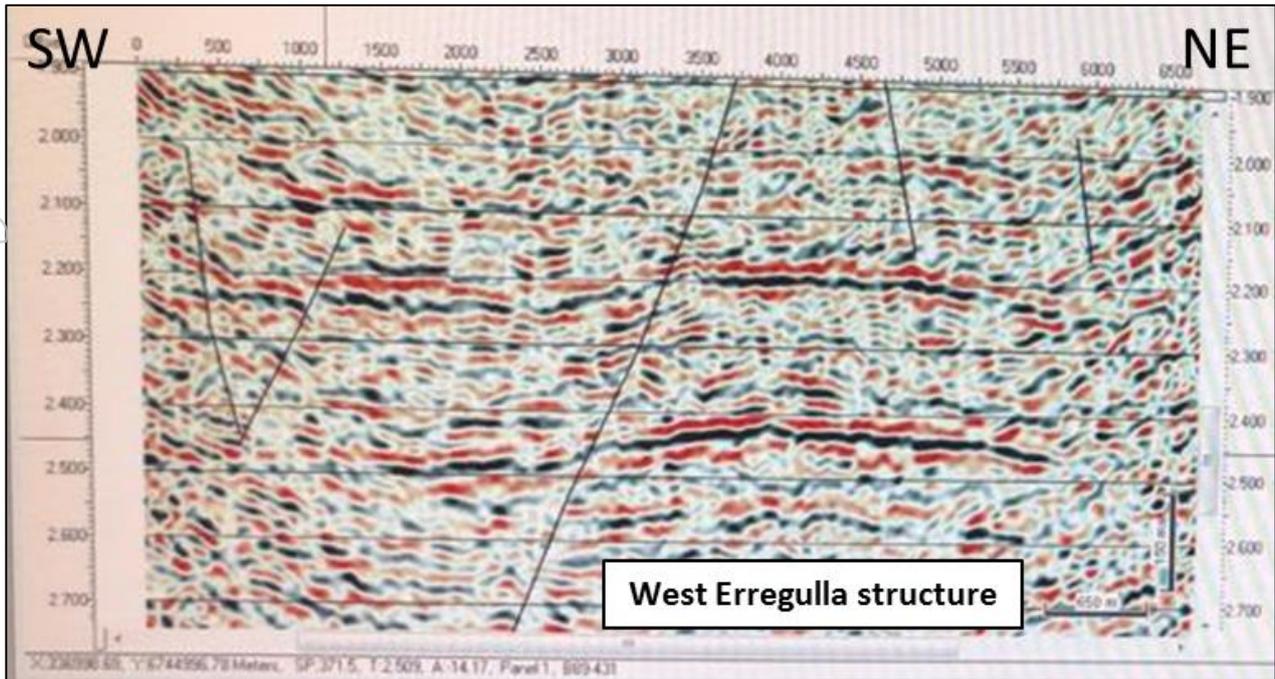


Figure 4-8: SW-NE 2D seismic line across the West Erregulla structure

Nevertheless, given the depth of the reservoir, the anticipated poor quality of the reservoir, and the lack of analogy to seismic amplitude brightening at Waitsia, the RISC resource evaluation has not considered the amplitude to be related to gas charge.

4.4.2.1. Basal Wagina reservoir

The West Erregulla-1 reached total depth in the Wagina sandstones after penetrating a poor net-gross Wagina sand at 3 973 mSS, Figure 4-2. Strike / Warrego have mapped a potential deeper closure beneath the West Erregulla-1 well at what they refer to as the Basal Wagina level. The crest of the interpreted Basal Wagina reservoir structure is at 3 977 mSS. The depth structure map of the Basal Wagina reservoir as interpreted by Strike is presented in Figure 4-9. RISC has not reviewed the seismic interpretation, or the depth conversion methodology used to produce the maps.

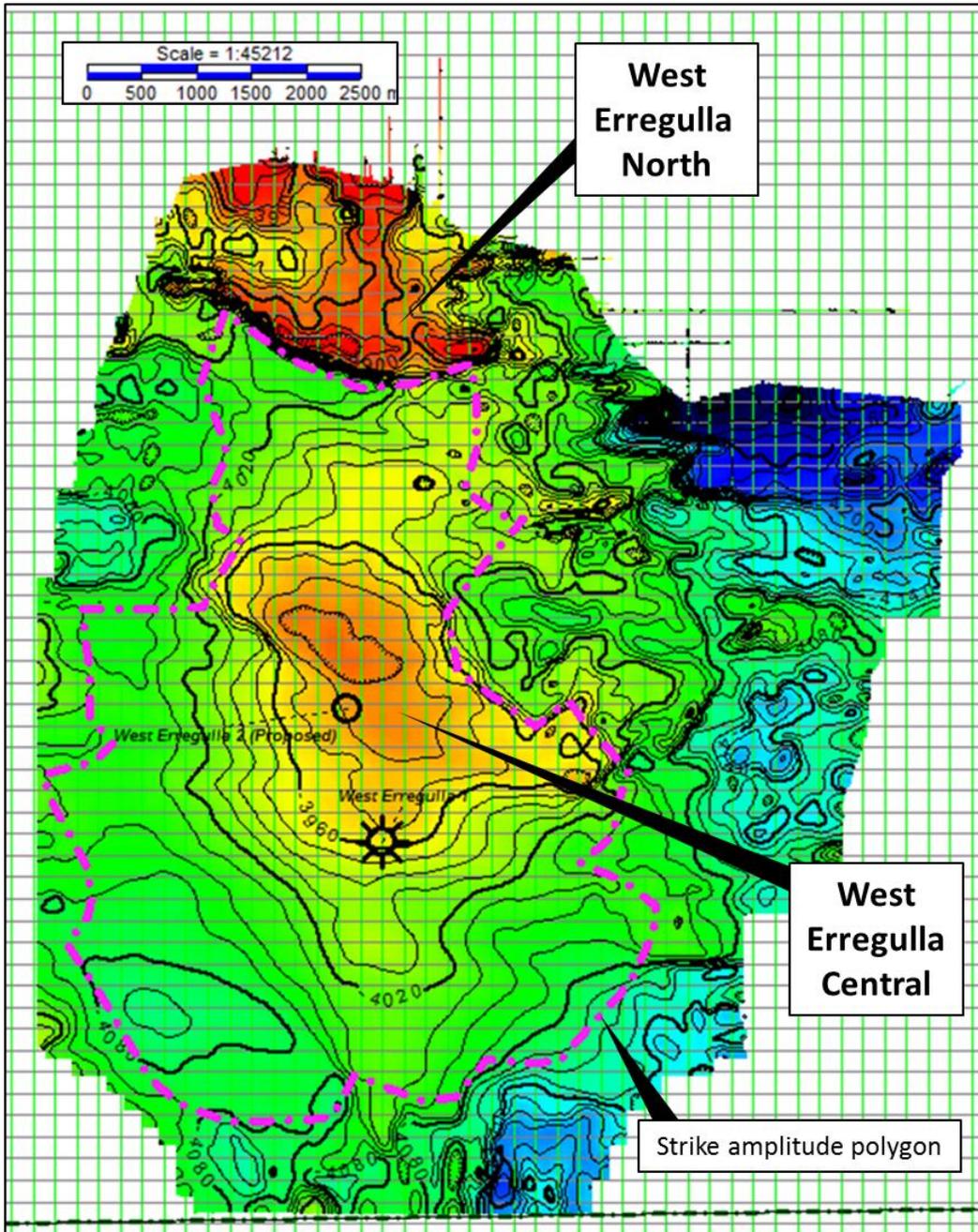


Figure 4-9: Basal Wagina depth structure map (Strike interpretation)

Strike / Warrego observe an increase in amplitude over the West Erregulla Central part of the feature, Figure 4-10.

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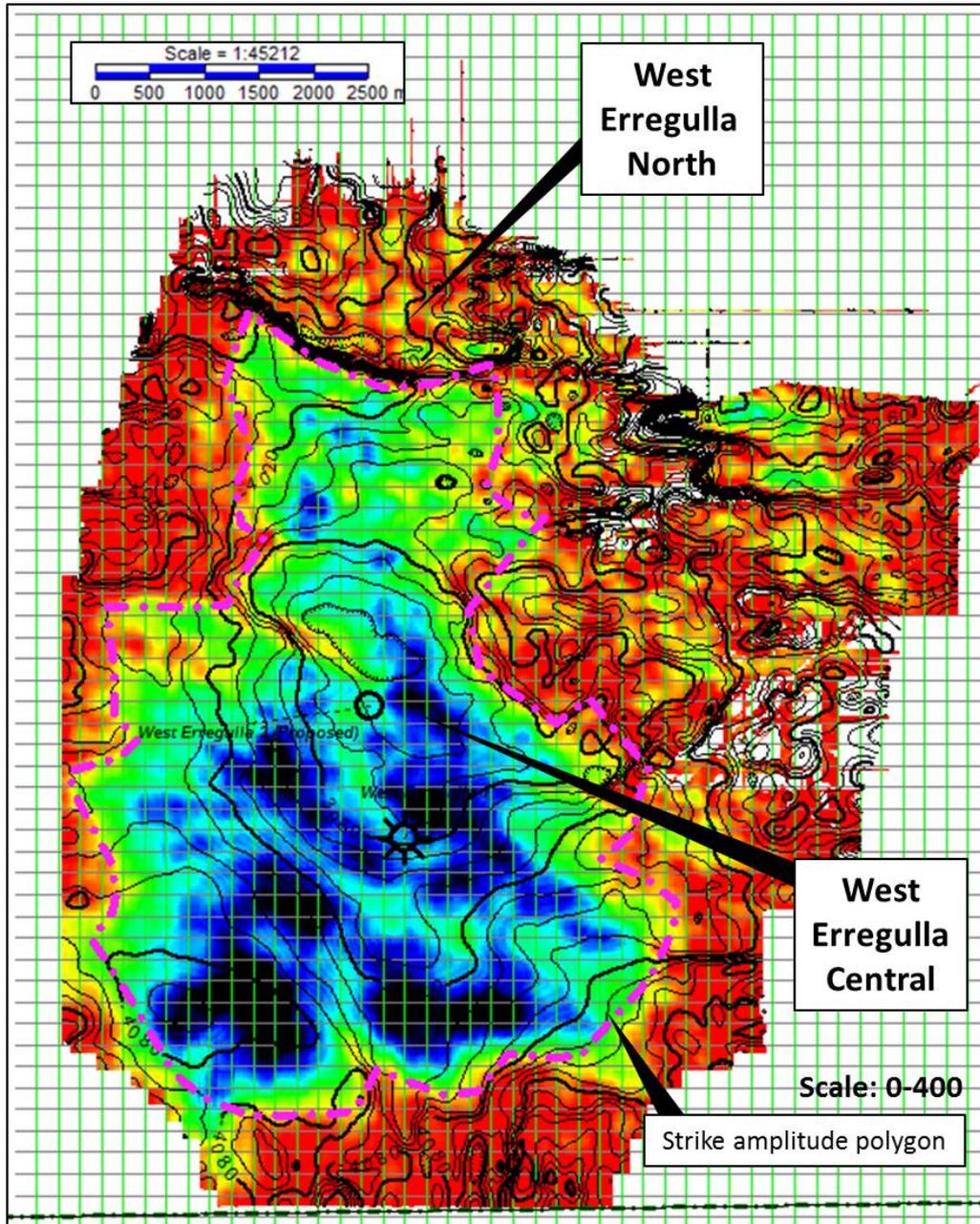


Figure 4-10: Basal Wagina amplitude map (Strike interpretation)

The West Erregulla Central structural culmination appears to be associated with higher amplitude energy however the high amplitude energy does not conform to structure. The West Erregulla North structural culmination appears to have low amplitude energy.

The Basal Wagina sandstone is present in the Waitsia-1 and Irwin-1 wells and is anticipated to be present in the West Erregulla Deep structure, Figure 4-11.

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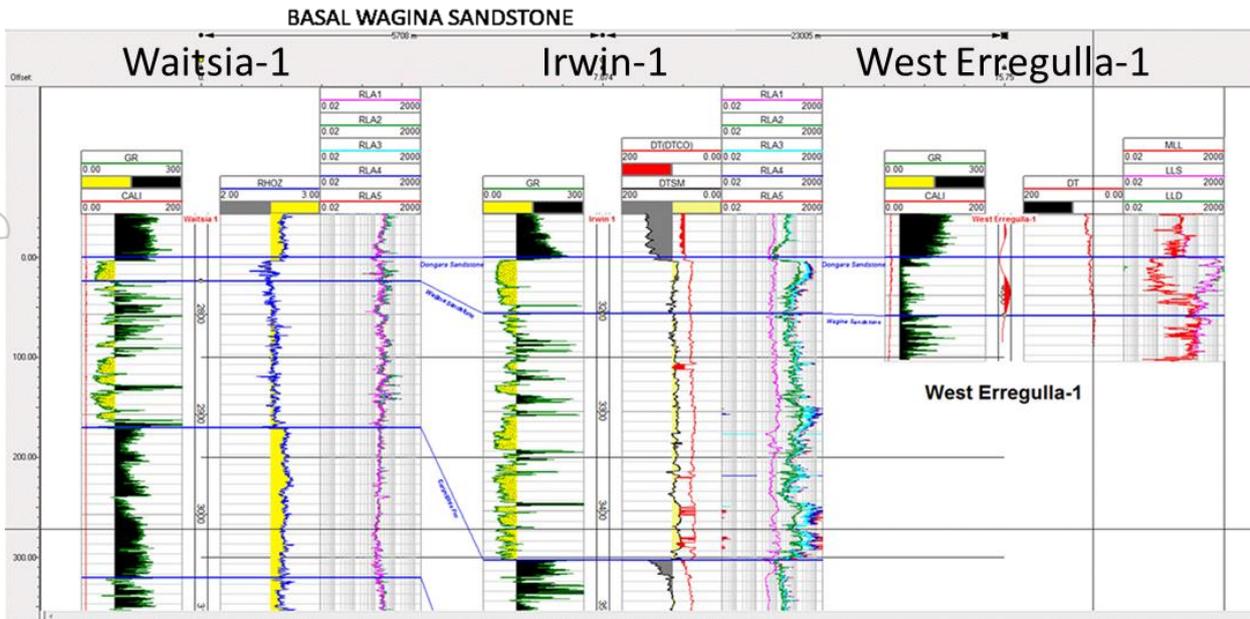


Figure 4-11: Well cross section of the Basal Wagina sandstone unit

A Basal Wagina resource estimate has been calculated by RISC using the Basal Wagina depth structure map provided by Strike (at the request of Warrego) and a range of GWC's as shown on Figure 4-12. To appropriately capture the potential of the Basal Wagina reservoir having a stratigraphic trapping component, the Strike amplitude polygon has been used to constrain the high GWC estimate in the Basal Wagina resource estimate. The lowest closing contour in the structure at the Base Wagina level has been used as the best estimate GWC.

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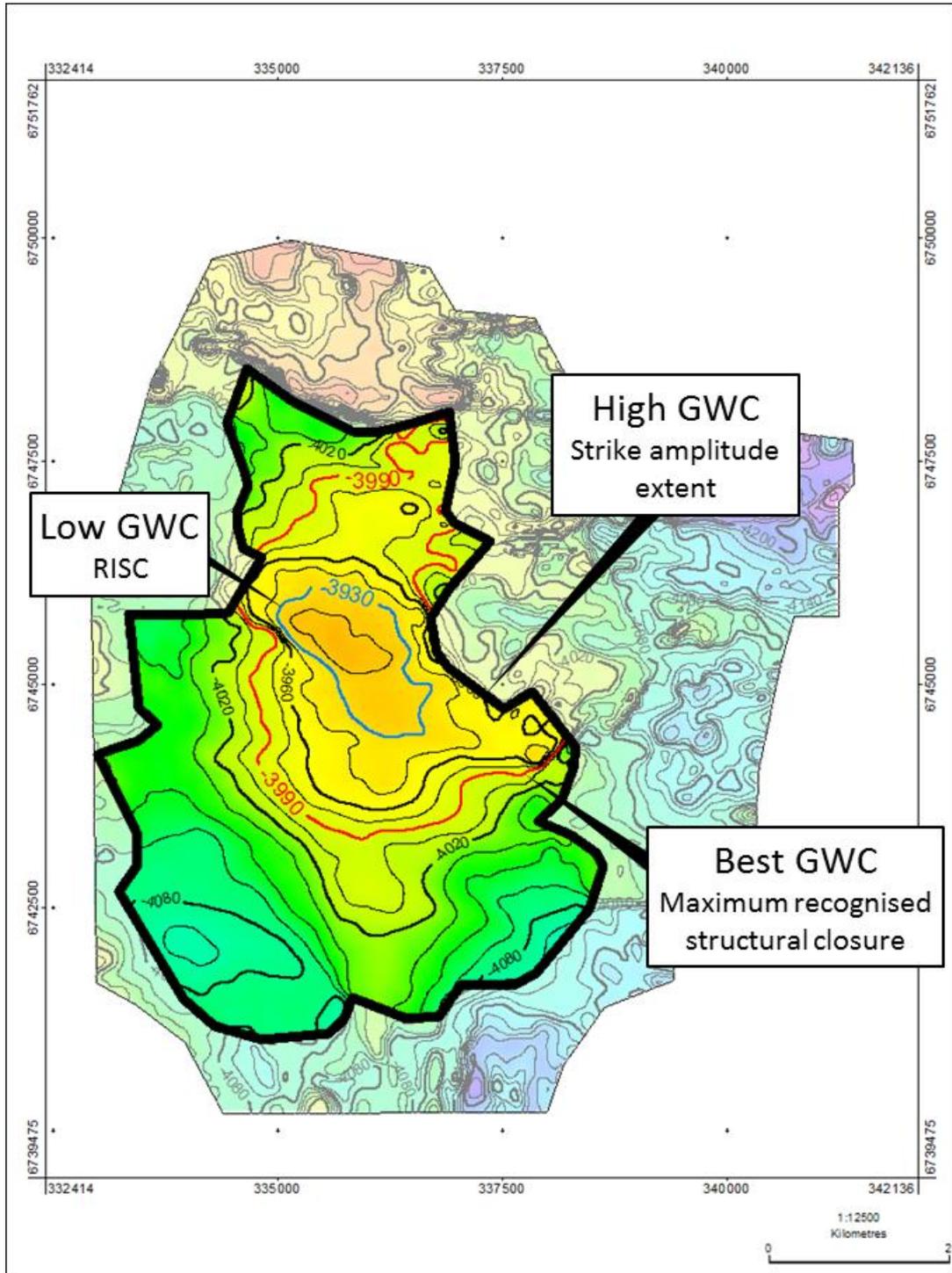


Figure 4-12: Top Basal Wagina reservoir depth structure map and RISC GWC input estimates

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The input parameters used for the Basal Wagina reservoir GIIP in-place estimates are provided in Table 4-12.

Table 4-12: Basal Wagina reservoir resource parameters and estimated gas in-place

	Basal Wagina reservoir		Distribution	Low	Best	High
Inputs	Thickness	m	Single	60	75	90
	GWC	m	Beta	3930	3990	4110
	NTG	%	Normal	36	50	64
	Porosity	%	Normal	6	7	8
	Sg	%	Normal	65	70	75
	FVF	1/Bg	Single	270	275	280
Outputs	GRV	Km ² . m		24	504	1606
	Gas in place	Bscf		5	114	379

The range of reservoir input parameters provided by Strike (at the request of Warrego) for the Basal Wagina reservoir is considered appropriate.

4.4.2.2. Kingia reservoir

The Kingia reservoir is the primary objective in the West Erregulla Deep prospect given the success at the nearby Waitsia field. The depth structure map as interpreted by Strike / Warrego is presented in Figure 4-13. RISC has not reviewed the seismic interpretation, or the depth conversion methodology used to produce the maps. The Kingia reservoir level prospect falls in to two mapped closures which RISC has referred to as Central and North. Independent resource estimates have been made on both structures.

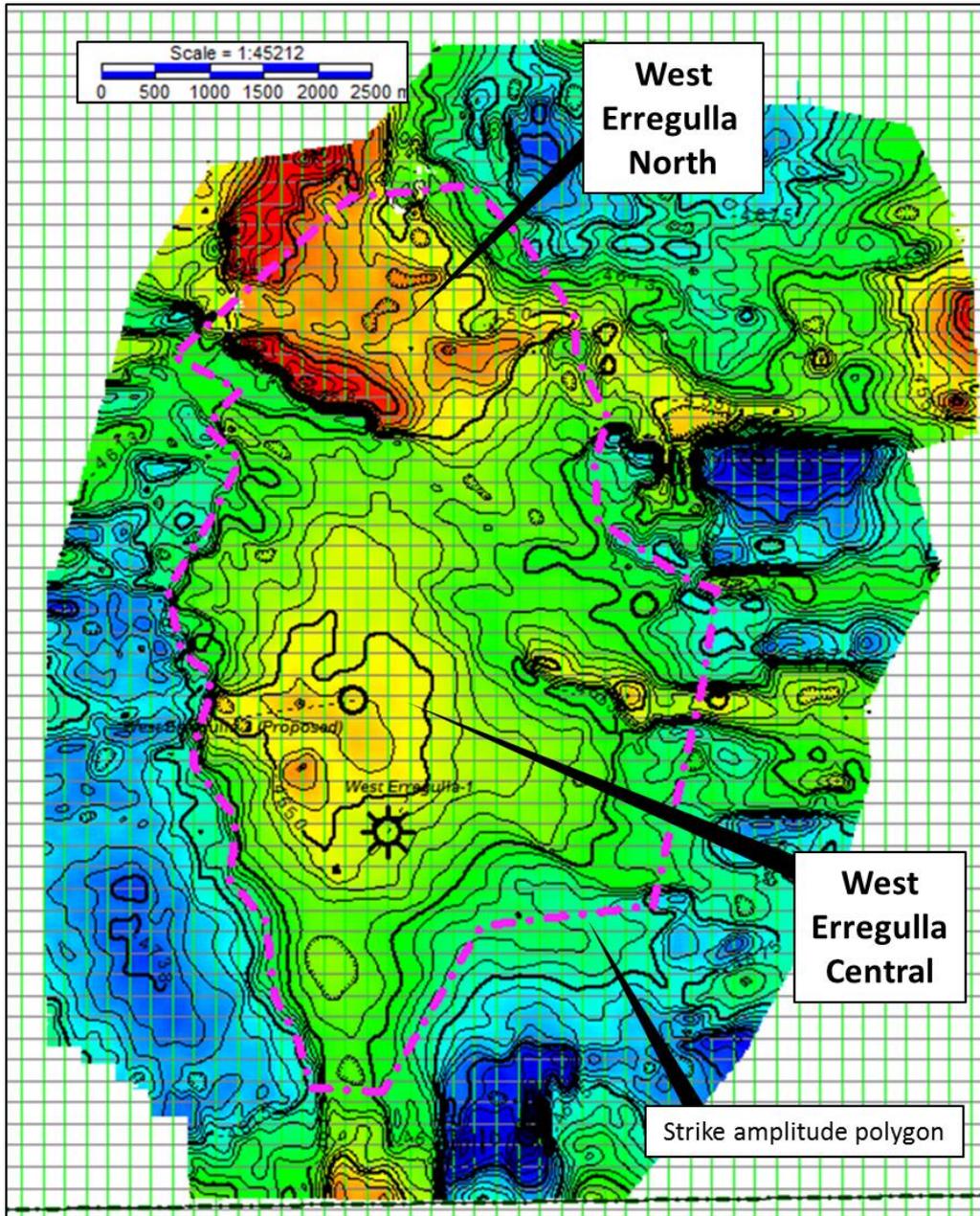


Figure 4-13: Base Kingia depth structure map (Strike interpretation)

Strike / Warrego observe an increase in seismic amplitude at the interpreted Base Kingia level over the Central and North areas, Figure 4-14.

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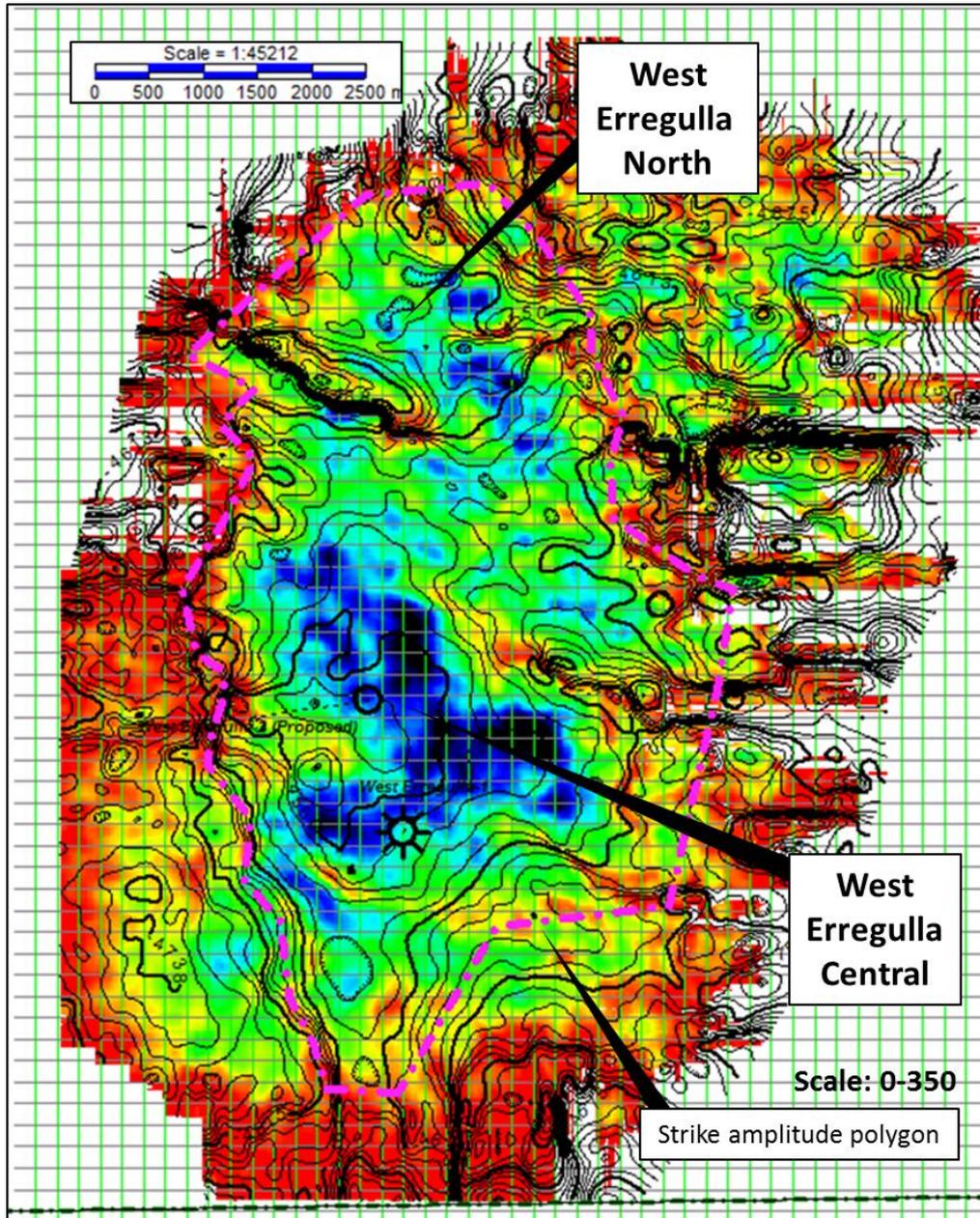


Figure 4-14: Base Kingia amplitude map (Strike interpretation)

The Base Kingia level seismic amplitude appears to brighten over the main structure and have some conformance to structure. However, RISC does not believe that these amplitudes are associated with hydrocarbon charge due to the expected poor reservoir quality and reservoir depth.

A Kingia resource estimate has been estimated by RISC using the Base Kingia depth structure map provided by Strike (at the request of Warrego) and a range of GWC's for the Central and North prospects as shown on Figure 4-15 and Figure 4-16. To appropriately capture the potential of the Kingia reservoir having a stratigraphic trapping component, the Strike amplitude polygon has been used to constrain the high GWC estimate in the Kingia resource estimate. The lowest closing contour in the structure at the Kingia level has been used as the best estimate GWC.

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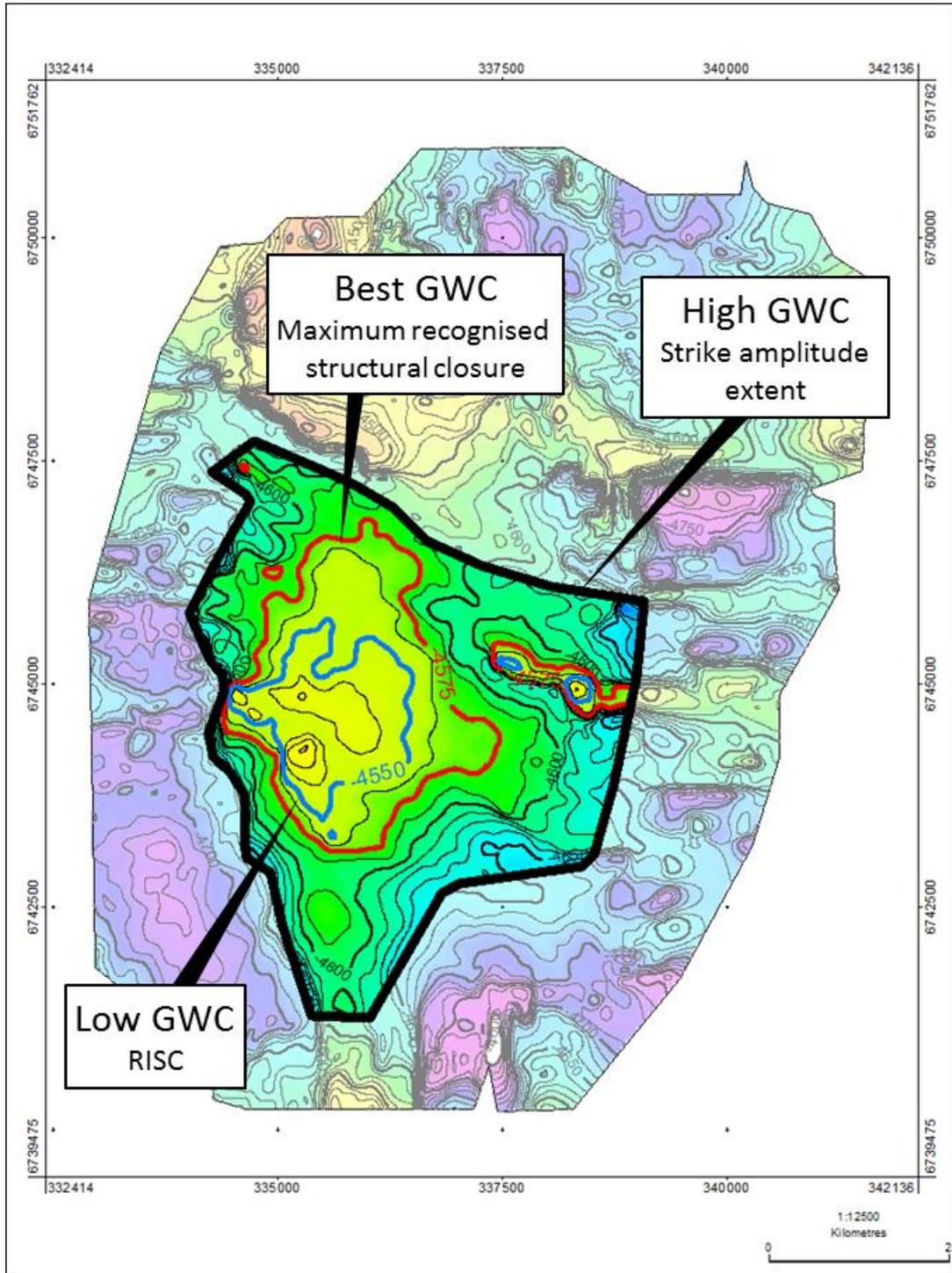


Figure 4-15: Top Kingia Central reservoir depth structure map and RISC GWC input estimates

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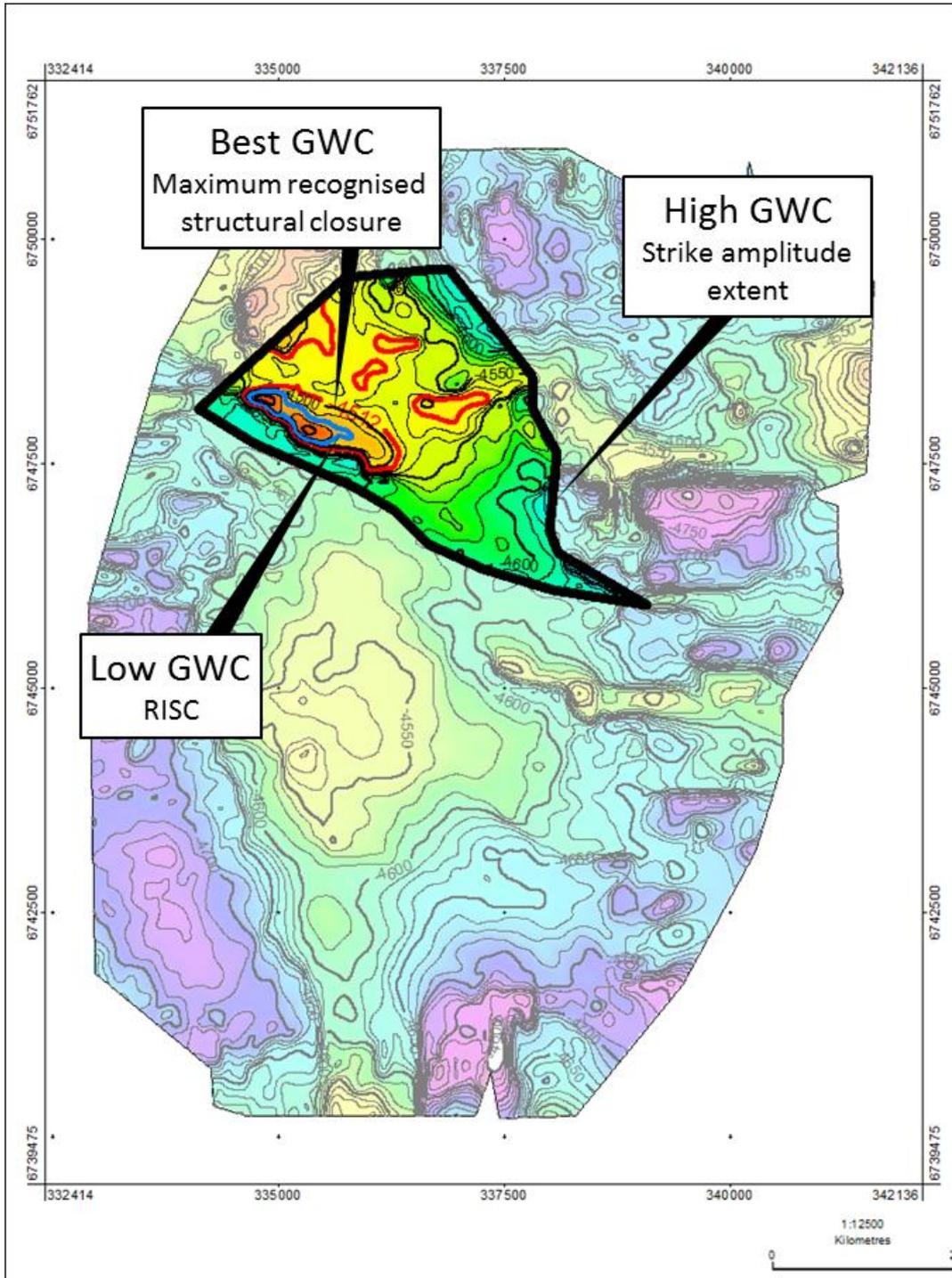


Figure 4-16: Top Kingia North reservoir depth structure map and RISC GWC input estimates

The range of reservoir input parameters provided by Strike (at the request of Warrego) for the Kingia reservoir is considered appropriate. The input parameters used for the volumetric estimates and the GIIP in-place estimates are provided in Table 4-13 and Table 4-14.

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Table 4-13: Central Kingia reservoir resource parameters and estimated gas in-place

RISC Central Kingia		Distribution	Low	Best	High	
Inputs	Thickness	m	Single	35	50	65
	GWC	m	Beta	4,550	4,575	4,675
	NTG	%	Normal	37	50	63
	Porosity	%	Normal	13	15	17
	Sg	%	Normal	67	72	77
	FVF	1/Bg	Normal	280	292	304
Outputs	GRV	Km ² .m		25	333	921
	Gas in place	Bscf		13	176	517

Table 4-14: North Kingia reservoir resource parameters and estimated gas in-place

RISC North Kingia		Distribution	Low	Best	High	
Inputs	Thickness	m	Single	35	50	65
	GWC	m	Beta	4,475	4,513	4,650
	NTG	%	Normal	37	50	63
	Porosity	%	Normal	13	15	17
	Sg	%	Normal	67	72	77
	FVF	1/Bg	Normal	280	292	304
Outputs	GRV	Km ² .m		3	97	366
	Gas in place	Bscf		2	51	204

4.4.2.3. High Cliff reservoir

The High Cliff reservoir is the secondary objective in the West Erregulla Deep prospect given the gas bearing High Cliff reservoir discovered at Waitsia. The Base High Cliff depth structure map as interpreted by Strike / Warrego is presented in Figure 4-17. RISC has not reviewed the seismic interpretation, or the depth conversion methodology used to produce the maps.

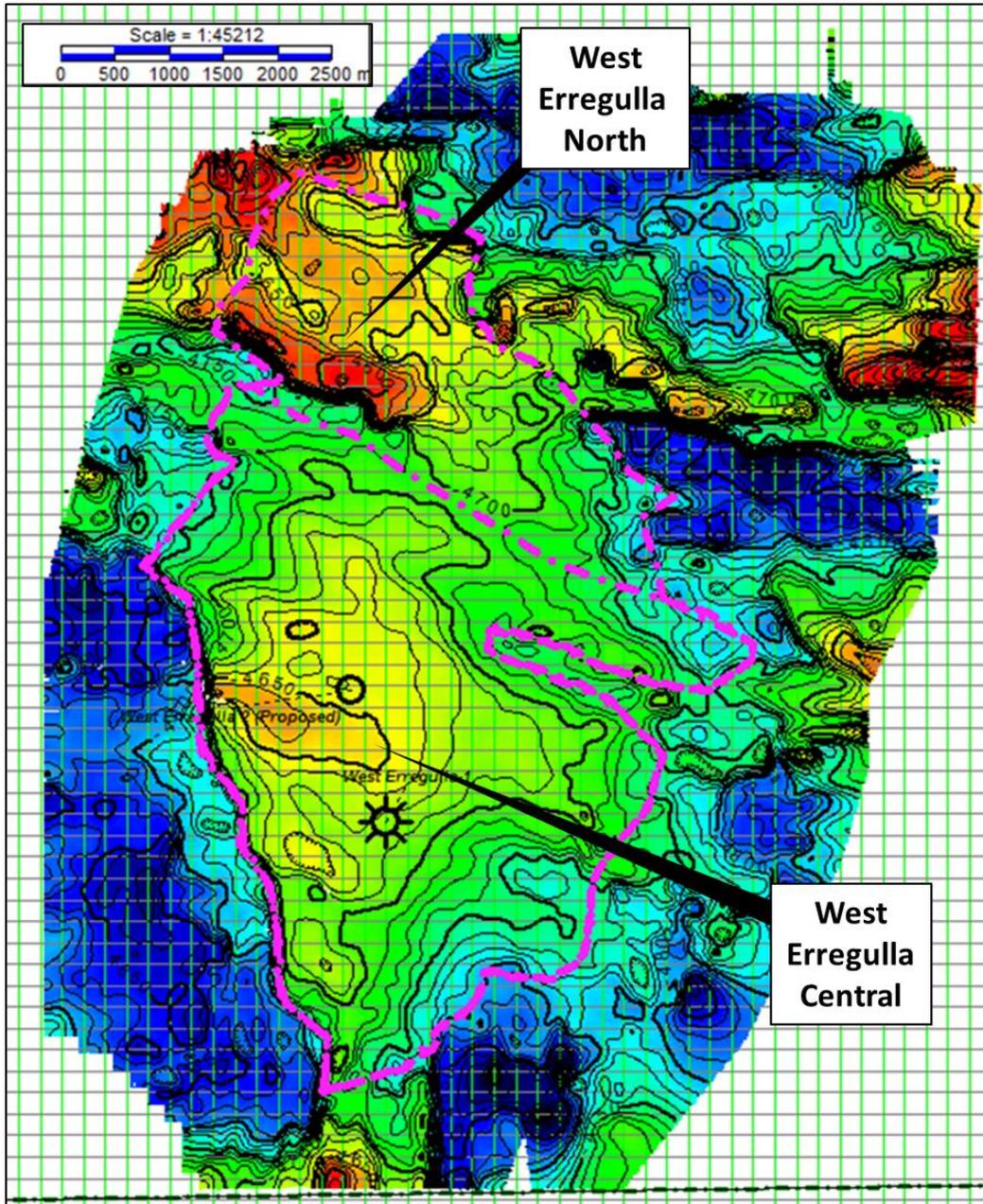


Figure 4-17: Base High Cliff depth structure map (Strike interpretation)

Strike / Warrego observe an increase in amplitude over the Central part of the feature, Figure 4-18. The amplitude anomaly appears to conform relatively well to structure.

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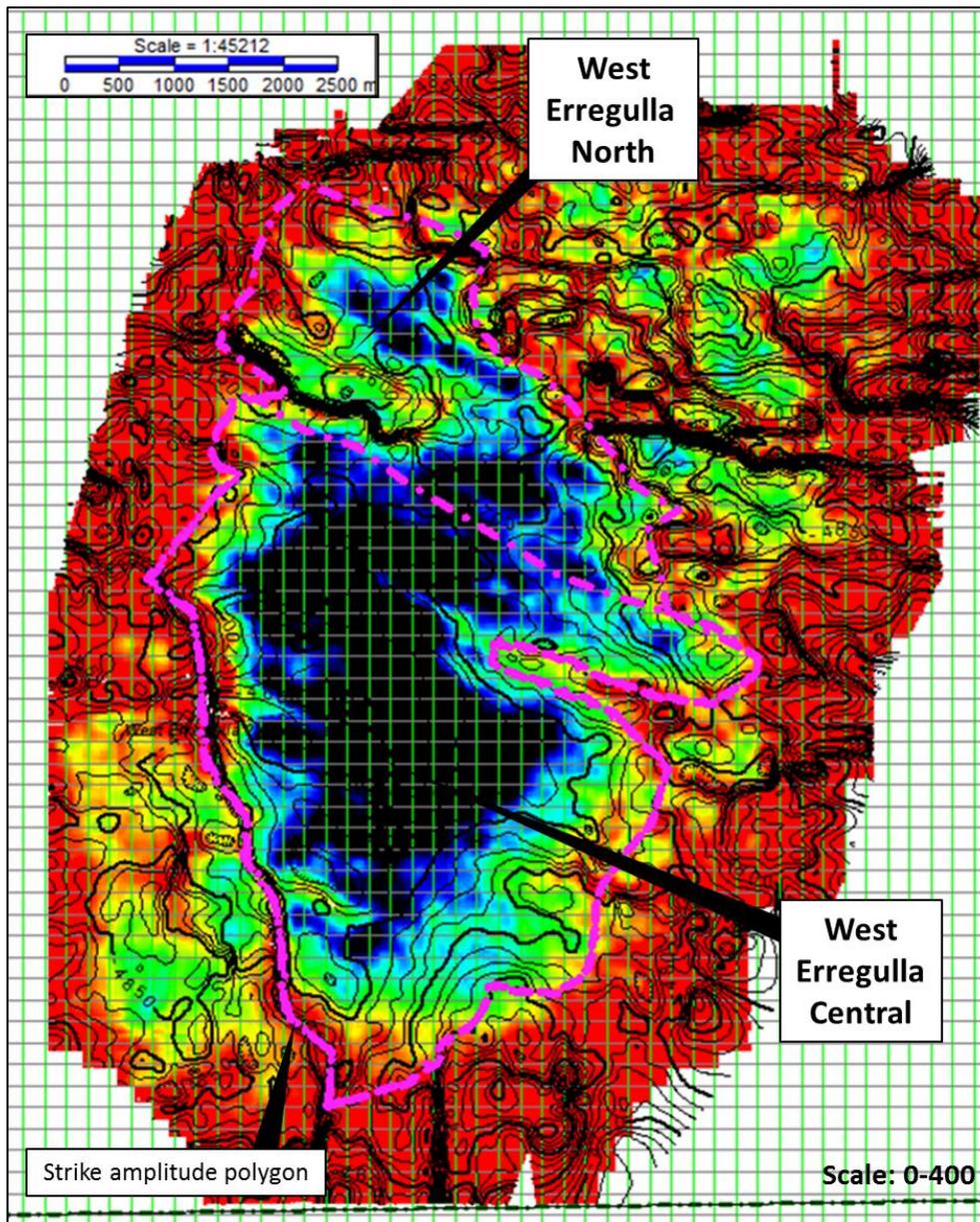


Figure 4-18: Base High Cliff amplitude map (Strike interpretation)

A High Cliff reservoir resource estimate has been calculated by RISC using the Base High Cliff depth structure map provided by Strike (at the request of Warrego) and a range of GWC's for the Central and North prospects as shown on Figure 4-19 and Figure 4-20. To appropriately capture the potential of the High Cliff reservoir having a stratigraphic trapping component, the Strike amplitude polygon has been used to constrain the high GWC estimate in the High Cliff resource estimate. The lowest closing contour in the structure at the High Cliff level has been used as the best estimate GWC.

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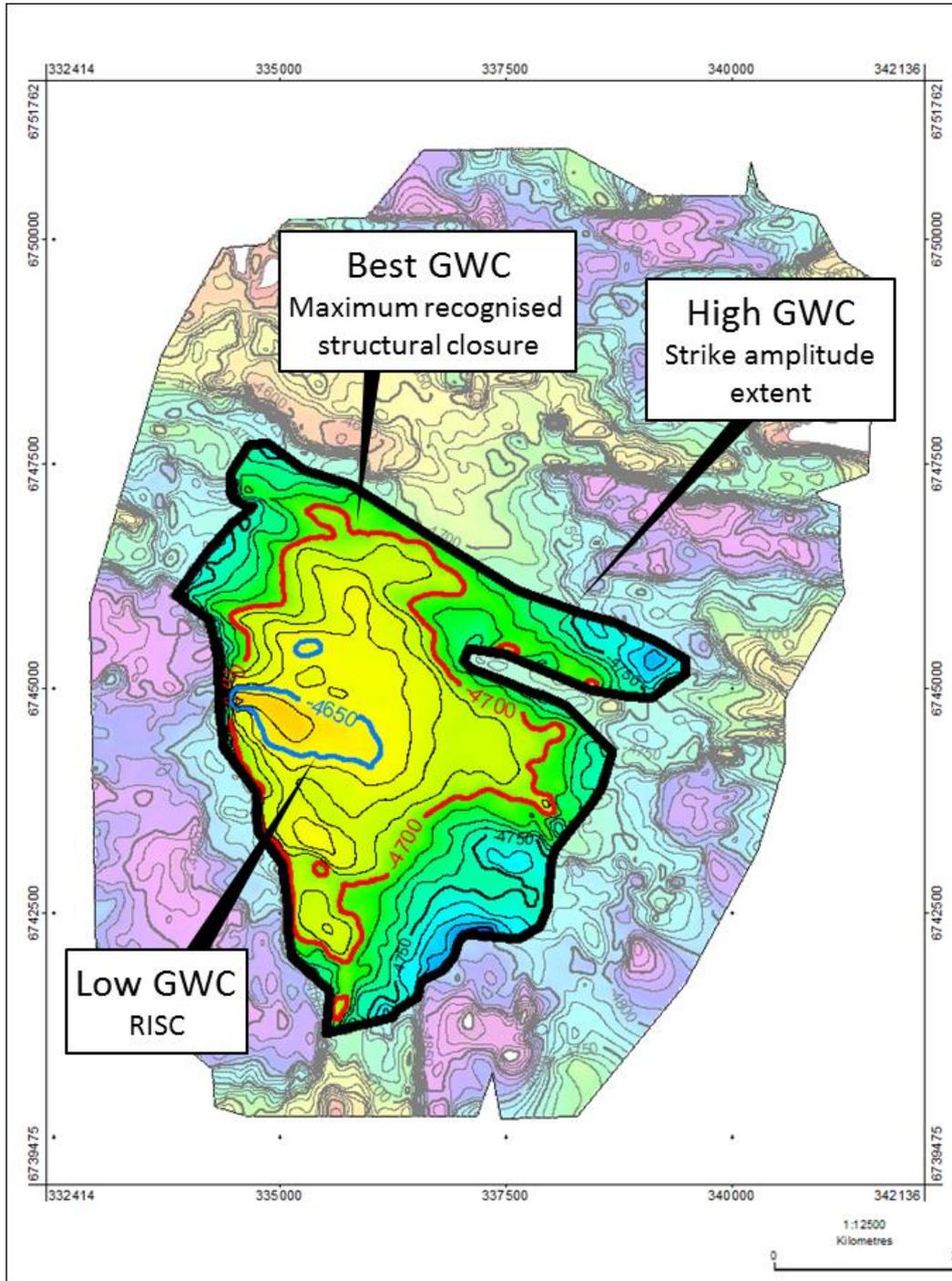


Figure 4-19: Top High Cliff Central reservoir depth structure map and RISC GWC input estimates

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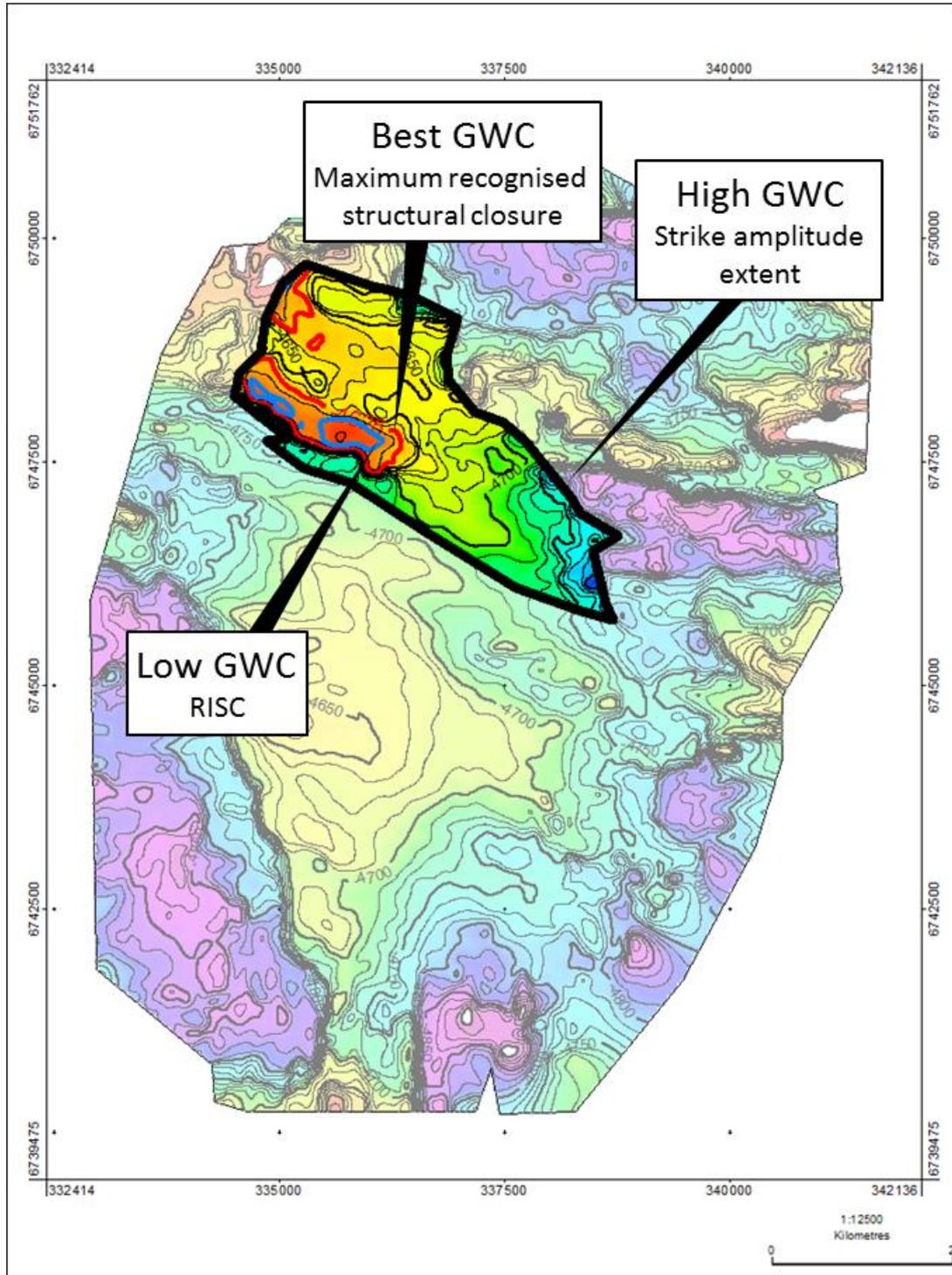


Figure 4-20: Top High Cliff North reservoir depth structure map and RISC GWC input estimates

The range of reservoir input parameters provided by Strike (at the request of Warrego) for the High Cliff reservoir is considered appropriate. The input parameters used for the volumetric estimates and the GIIP in-place estimates are provided in Table 4-15 and Table 4-16.

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Table 4-15: Central High Cliff reservoir resource parameters and estimated gas in-place

	RISC Central High Cliff		Distribution	Low	Best	High
Inputs	Thickness	m	Single	35	50	65
	GWC	m	Beta	4 650	4 700	4 800
	NTG	%	Normal	38	50	62
	Porosity	%	Normal	12	14	16
	Sg	%	Normal	57	62	67
	FVF	1/Bg	Normal	273	292	312
Outputs	GRV	Km ² . m		10	373	921
	Gas in place	Bscf		4	157	422

Table 4-16: North High Cliff reservoir resource parameters and estimated gas in-place

	RISC North High Cliff		Distribution	Low	Best	High
Inputs	Thickness	m	Single	35	50	65
	GWC	m	Beta	4 600	4 625	4 800
	NTG	%	Normal	38	50	62
	Porosity	%	Normal	12	14	16
	Sg	%	Normal	57	62	67
	FVF	1/Bg	Normal	273	292	312
Outputs	GRV	Km ² . m		3	125	365
	Gas in place	Bscf		1	53	164

4.4.2.4. West Erregulla Deep risk estimate

Reservoir is considered the key risk in the Kingia and High Cliff objectives. Source, seal, trap and charge are considered very likely. Warrego have estimated a prospect probability of success of 21% for the Kingia reservoir and a prospect probability of success of 12% for the High Cliff reservoir. Reservoir is risked higher on the High Cliff reservoir due to the tight reservoir in the High Cliff found at the Waitsia Field. The Basal Wagina structure was not risked. RISC considers these risk estimates to be appropriate.

4.4.2.5. West Erregulla Deep prospective resource estimate

Gas in place estimates for the West Erregulla Deep Central and North prospects are presented in Table 4-17 and Table 4-18.

Table 4-17: West Erregulla Deep (Central) Gas in place estimates

Reservoir	Gross (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	5	114	379	3	57	190
Kingia	13	176	517	7	88	259
High Cliff	4	157	422	2	79	211

Table 4-18: West Erregulla Deep (North) Gas in place estimates

Reservoir	Gross (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	-	-	-	-	-	-
Kingia	2	51	204	1	25	102
High Cliff	1	53	164	1	26	82

A recovery factor range of between 55% (P90), 70% (P50) and 85% (P10) has been estimated by RISC based on published gas in place and resource estimates made at the nearby Waitsia field. A development plan for West Erregulla Deep has not yet been considered. The joint venture is in the process of planning to drill the West Erregulla-2 well located over the West Erregulla Central prospect. RISC considers that the West Erregulla-2 well is unlikely to access resources identified in the West Erregulla North prospect. The proposed location of the West Erregulla-2 well is shown on Figure 4-17.

Prospective resource estimates for the target reservoirs identified in the West Erregulla Deep Central and North prospects are provided in Table 4-19 and Table 4-20.

Table 4-19: West Erregulla Deep (Central) prospective resource estimates

Reservoir	Gross GIIP (Bscf)			Gross prospective resource (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	5	114	379	4	78	265
Kingia	13	176	517	9	121	367
High Cliff	4	157	422	3	107	299

Notes

- 1) These resource estimates are un-risked.
- 2) The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Table 4-20: West Erregulla Deep (North) prospective resource estimates

Reservoir	Gross GIIP (Bscf)			Gross prospective resource (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	-	-	-	-	-	-
Kingia	2	51	204	1	35	143
High Cliff	1	53	164	1	36	116

Notes: Refer to Table 4-19.

The net prospective resources attributable to Warrego are provided in Table 4-21 and Table 4-22.

Table 4-21: West Erregulla Deep (Central) gross and net attributable to Warrego prospective resource estimates

Reservoir	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	4	78	265	2	39	133
Kingia	9	121	367	5	61	184
High Cliff	3	107	299	1	54	150

Notes: Refer to Table 4-19.

Table 4-22: West Erregulla Deep (North) gross and net attributable to Warrego prospective resource estimates

Reservoir	Gross prospective resource (Bscf)			Net attributable (Warrego 50%) (Bscf)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Basal Wagina	-	-	-	-	-	-
Kingia	1	35	143	1	18	72
High Cliff	1	36	116	0	18	58

Notes: Refer to Table 4-19.

4.4.3. Jurassic sandstone oil play

Warrego have identified multiple prospects in the Cattamarra and Eneabba formations of the Jurassic, Figure 3-2. The Cattamarra formation is a proven oil reservoir in the Mount Horner and North Yandanogo discoveries. It is a proven gas reservoir in the Gingin and Walyering gas discoveries.

Mount Horner was discovered in 1965. A total of 16 wells were drilled of which 12 have produced at various times. Oil has produced from multiple reservoirs in the Cattamarra formation, the Lower Triassic Arranoo Sandstone Member of the Kockatea Shale and the Lower Permian Irwin River Coal Measures. The majority of the production at Mount Horner has come from the Cattamarra 'F' Sand. As of 30 June 1999, the 'F' sand had produced 1.654 MMbbl and had remaining reserves of 0.12 MMbbl. By 2004, seven wells were producing in the field at approximately 10 bopd each with very high water-cut.

The Gingin field, discovered in 1965, produced a total of 1.72 Bscf of gas and 19.9 Mbbbl of condensate from the Cattamarra formation up until production could no longer be sustained in 1976.

Minor oil shows were found in the Cattamarra formation in the West Erregulla well in two sands below a thick coal unit, Figure 4-21.

West Erregulla-1

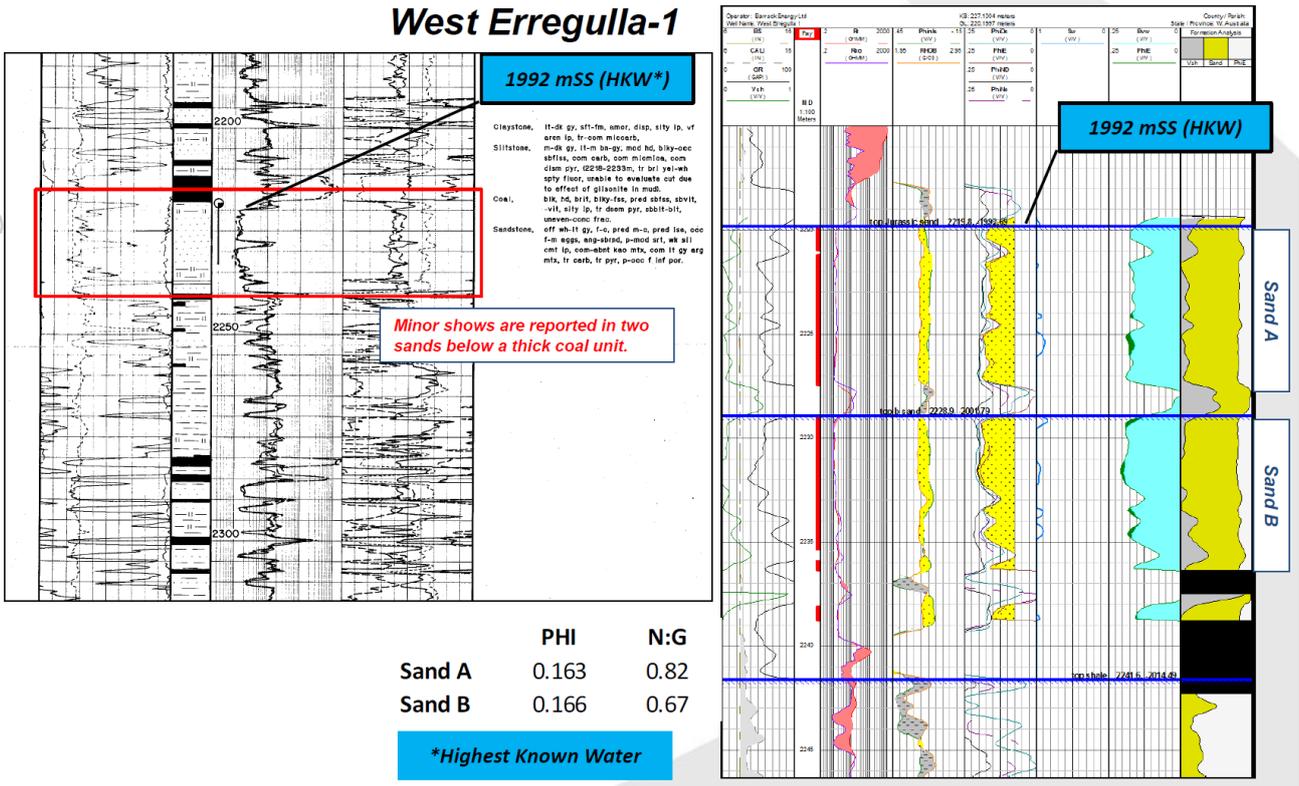


Figure 4-21: West Erregulla Cattamarra reservoir petrophysical analysis

The Erregulla-1 well recovered 58.5 barrels of oil from a DST in an Eneabba formation sandstone.

Warrego's Cattamarra prospects identified on EP 469 are shown on Figure 4-22. Warrego's Eneabba prospects are shown on Figure 4-23.

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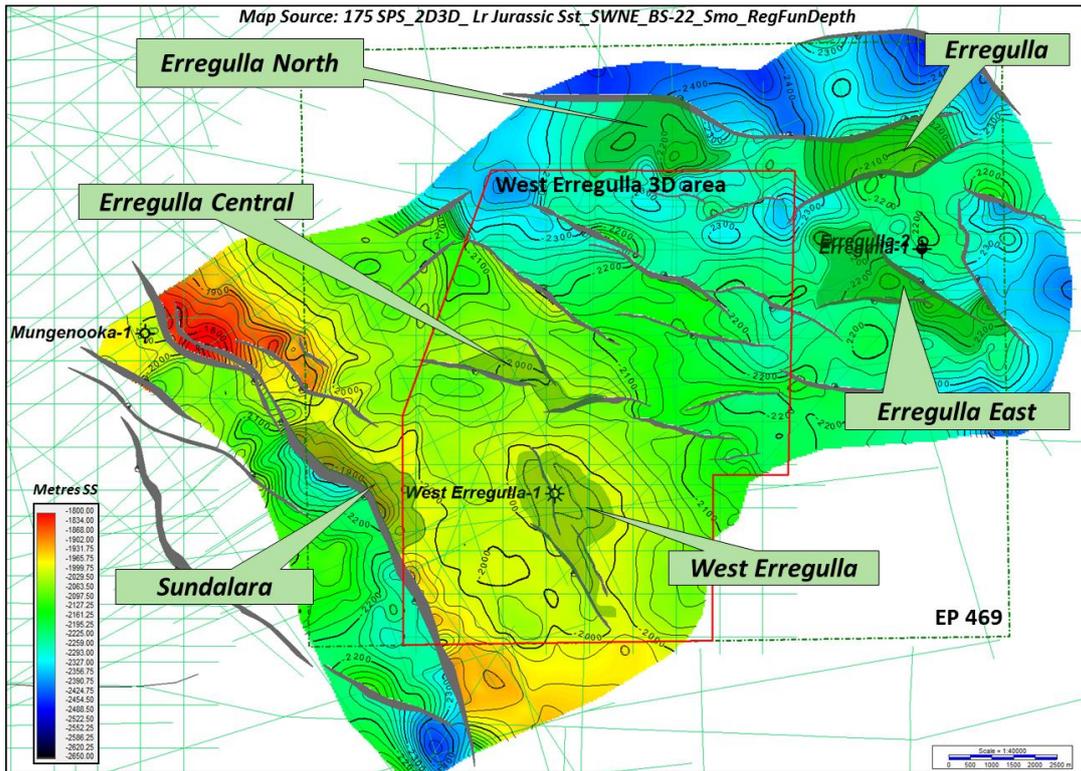


Figure 4-22: Cattamarra sandstone prospects

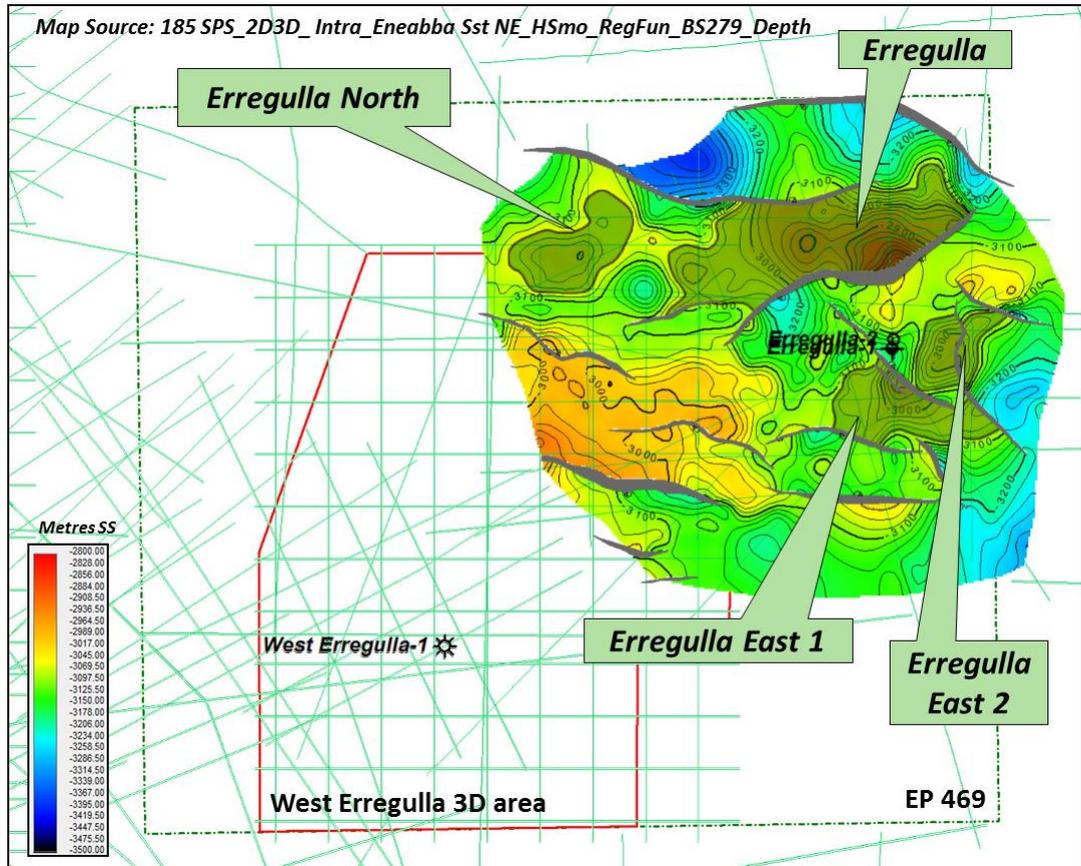


Figure 4-23: Intra-Eneabba formation prospects

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4.4.3.1. Jurassic prospective resources

The prospective resources identified by Warrego in relation to the prospects identified on Figure 4-22 and Figure 4-23 are provided in Table 4-23.

Table 4-23: Prospective resources in Warrego's identified Jurassic prospects

Prospect Name	Reservoir	STOIIP MMbbls			Prospective resource (unrisked)			Risk Factor (GCOS)	Operator
		Low	Best	High	Low	Best	High		
West Erregulla	Cattamarra	2.3	6.3	17.0	1.0	2.8	7.7	12%	Strike
Erregulla Central	Cattamarra	1.3	2.8	5.3	0.6	1.3	2.4	12%	Strike
Erregulla North	Cattamarra	5.3	13.7	31.0	2.3	6.1	14.0	12%	Strike
Erregulla East	Cattamarra	3.4	9.6	24.0	1.5	4.3	10.8	12%	Strike
Erregulla	Cattamarra	2.9	13.3	54.9	1.3	6.0	24.7	12%	Strike
Sundalara	Cattamarra	3.6	9.3	20.6	1.6	4.2	9.3	12%	Strike
Erregulla	Eneabba	3.4	11.5	33.3	1.5	5.1	15.1	12%	Strike
Erregulla North	Eneabba	2.0	5.3	11.8	0.9	2.4	5.4	12%	Strike
Erregulla East 1	Eneabba	1.0	3.6	10.9	0.5	1.6	4.9	12%	Strike
Erregulla East 2	Eneabba	0.9	2.6	6.6	0.4	1.2	3.0	12%	Strike

Notes: Refer to Table 4-19.

RISC has reviewed the methodology and input parameters for the Warrego Jurassic prospects and is satisfied with the resource estimates. RISC has not reviewed the seismic data or seismic interpretation used to identify the prospects.

Warrego provided one risk assessment to be used for all of the recognised Jurassic prospects. Although all of the identified prospects will have different risk considerations due to the proximity to interpreted hydrocarbon kitchens, the proximity to analogous discoveries or hydrocarbon indications, depth, the robustness of structural interpretation due to seismic density and quality, etc, a 12% GCOS (at the P99 level of the distribution) is considered to be appropriate. The Jurassic prospects identified by Warrego are considered relatively high risk by RISC due to the significant number of unsuccessful wells testing the Jurassic sequence in the North Perth Basin (approximately 140 wells) and the very limited exploration success in the basin in the Jurassic sequence.

5. Declarations

5.1. Qualifications

RISC is an independent oil and gas advisory firm. The RISC staff engaged in this assignment include qualified petroleum reserves and resources evaluators as specified in ASX listing rules, engineers, geoscientists and commercial analysts, each with many years of relevant experience and most have in excess of 20 years.

RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately 40 highly experienced professional staff at offices in Perth and Brisbane, Jakarta and London. Our services cover the entire range of the oil and gas business lifecycle and include:

- Oil and gas asset valuations, expert advice to banks for debt or equity finance;
- Exploration/Portfolio management;
- Field development studies and operations planning;
- Reserves assessment and certification, peer reviews;
- Gas market advice;
- Independent Expert/Expert Witness;
- Strategy and corporate planning.

this report is based on, and fairly represents, information and supporting documentation provided by Strike (at the request of Warrego) and has been supervised by **Mr Ian Cockerill**, Head of Geoscience. Ian is a Petroleum Geologist with 19 years of experience and a successful record of value creation through oil and gas discoveries, new venture development, and asset / corporate promotion. Ian has a background in geological and geophysical interpretation with experience in conventional and unconventional exploration and development projects in a wide range of geological settings. He has worked in technical positions for Hunt Oil and Apache Energy and in executive positions for Transerv Energy, Verona Energy and TSV Montney. Ian is a member of the Petroleum Exploration Society of Australia (PESA), American Association of Petroleum Geologists (AAPG), South East Asia Petroleum Exploration Society (SEAPEX) and the Canadian Society of Petroleum Geologists (CSPG). Ian has an MSc. in Basin Evolution and Dynamics from Royal Holloway College, University of London, UK (1999) and a BSc. Geological Sciences with 1st Class (Honours) from the University of Leeds, UK (1996). Ian is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules and is a full-time employee of RISC.

5.2. VALMIN Code and ASIC Regulatory Guides

This Report has been prepared by RISC. This Report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 Edition (The VALMIN Code) as well as the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112.

5.3. Petroleum Resources Management System

In the preparation of this Report, RISC has applied the guidelines and definitions of the Petroleum Resources Management System approved by the Board of the Society of Petroleum Engineers in 2007 (PRMS).

5.4. Independence

This report does not give and must not be interpreted as giving, an opinion, recommendation or advice on a financial product within the meaning of section 766B of the Corporations Act 2001 or section 12BAB of the Australian Securities and Investments Commission Act 2001.

RISC is not operating under an Australian financial services licence in providing this report.

In accordance with regulation 7.6.01(1)(u) of the Corporations Regulation 2001. RISC makes the following disclosures:

- RISC is independent with respect to Petrel and confirms that there is no conflict of interest with any party involved in the assignment;
- Under the terms of engagement between RISC and Petrel for the provision of this report RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report;
- Neither RISC nor any of its personnel involved in the preparation of this report have any material interest in Petrel or in any of the properties described herein;
- RISC has not provided advice to Petrel specifically in relation to the Proposed Transaction.

5.5. Limitations

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed, including reserves, future oil and gas production rates, the costs associated with producing these volumes, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to RISC are given in good faith and in the belief that such statements are neither false nor misleading. In carrying out its tasks, RISC has considered and relied upon information obtained from Strike (at the request of Warrego) as well as information in the public domain.

The information provided to RISC has included electronic information supplemented with discussions between RISC and senior Warrego and Strike staff.

RISC has not had access to the 2018 reprocessed West Erregulla seismic volume which has been used by Warrego and Strike to identify the West Erregulla Deep potential.

Whilst every effort has been made to verify data and resolve apparent inconsistencies, we believe our review and conclusions are sound, but neither RISC nor its servants accept any liability, except any liability which cannot be excluded by law, for its accuracy, nor do we warrant that our enquiries have revealed all of the matters, which an extensive examination may disclose. We believe our review and conclusions are sound but no warranty of accuracy or reliability is given to our conclusions.

Our review was carried out only for the purpose referred to above and may not have relevance in other contexts.

This report was substantially completed by 17 January 2019. We are not aware of any changes since that date that would have a material impact on the values and opinions contained within this report.

5.6. Consent

RISC has consented to this report being issued in the form and context in which it appears. Neither the whole nor any part of this report nor any reference to it may be included in or attached to any other document, circular, resolution, letter or statement without the prior consent of RISC.

This Report is authorised for release by Ian Cockerill dated 5 February 2019.



Ian Cockerill

Head of Geoscience

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6. List of terms

6.1. Abbreviations

The following table lists abbreviations commonly used in the oil and gas industry and which may be used in this report.

Term	Definition
1P	Equivalent to Proved reserves or Proved in-place quantities, depending on the context.
1Q	1st Quarter
2P	The sum of Proved and Probable reserves or in-place quantities, depending on the context.
2Q	2nd Quarter
2D	Two dimensional
3D	Three dimensional
4D	Four dimensional
3P	The sum of Proved, Probable and Possible reserves or in-place quantities, depending on the context.
3Q	3rd Quarter
4Q	4th Quarter
AFE	Authority for expenditure
bbbl	US barrel
bbbl/d	US barrels per day
Bcf	Billion (10 ⁹) cubic feet
Bcm	Billion (10 ⁹) cubic meters
BFPD	Barrels of fluid per day
BOPD	Barrels of oil per day
BTU	British thermal units
BOEPD	US barrels of oil equivalent per day
BWPD	Barrels of water per day
°C	Degrees Celsius
Capex	Capital expenditure
CAPM	Capital asset pricing model
CGR	Condensate gas ratio
CO ₂	Carbon dioxide
cP	Centipoise
CPI	Consumer price index
DEG	Degrees
DHI	Direct hydrocarbon indicator
DST	Drill stem test
E&P	Exploration and production
EMV	Expected monetary value
EOR	Enhanced oil recovery
ESMA	European Securities and Markets Authority

Term	Definition
ESP	Electric submersible pump
EUR	Estimated ultimate recovery
F	Degrees Fahrenheit
FDP	Field development plan
FEED	Front end engineering and design
FID	Final investment decision
FM	Formation
FPSO	Floating production, storage and offtake unit
FWL	Free water level
FVF	Formation volume factor
GIIP	Gas initially in place
GJ	Gigajoules (10^9 J)
GOC	Gas-oil contact
GOR	Gas oil ratio
GRV	Gross rock volume
GSA	Gas sales agreement
GTL	Gas to liquid(s)
GWC	Gas water contact
H ₂ S	Hydrogen sulphide
HHV	Higher heating value
ID	Internal diameter
IRR	Internal rate of return
JV(P)	Joint venture (parties)
Kh	Horizontal permeability
km ²	Square kilometres
Krw	Relative permeability to water
Kv	Vertical permeability
kPa	Kilopascals (thousand Pascal)
Mstb/d	Thousand stock tank barrels per day
LIBOR	London inter-bank offered rate
LNG	Liquefied natural gas
LTBR	Long-term bond rate
m	Metres
MDT	Modular dynamic (formation) tester
mD	Millidarcies
MJ	Megajoules (10^6 J)
MMbbl	Million US barrels
MMscf(/d)	Million standard cubic feet (per day)
MMstb	Million US stock tank barrels
MOD	Money of the day (nominal dollars)
MOU	Memorandum of understanding
MMcfe	Millions of Cubic Feet Equivalent

Term	Definition
Mscf	Thousand standard cubic feet
Mstb	Thousand US stock tank barrels
MPa	Megapascal (10^6 Pa)
mss	Metres subsea
MSV	Mean success volume
mTVDss	Metres true vertical depth subsea
MW	Megawatt
NPV	Net present value
NTG	Net to gross
ODT	Oil down to
OGIP	Original gas in place
OOIP	Original oil in place
Opex	Operating expenditure
OWC	Oil-water contact
P & A	Plug and Abandon (abandonment of wells)
PBU	Pressure bWarregod-up
PJ	Petajoules (10^{15} J)
POS	Probability of success
PRMS	Petroleum Resources Management System
PSC	Production sharing contract
PSDM	Pre-stack depth migration
PSTM	Pre-stack time migration
psia	Pounds per square inch pressure absolute
p.u.	Porosity unit
PVT	Pressure, volume and temperature
QA/QC	Quality assurance/ control
rb/stb	Reservoir barrels per stock tank barrel (at standard conditions)
RFT	Repeat formation tester
RT	Rotary table or real terms, depending on context
SC	Service contract
scf	Standard cubic feet (measured at 60 degrees F and 14.7 psia)
Sg	Gas saturation
Sgr	Residual gas saturation
SRD	Seismic reference datum lake level
SPE	Society of Petroleum Engineers
s.u.	Fluid saturation unit
stb	Stock tank barrels
STOIIP	Stock tank oil initially In place
Sw	Water saturation
TCM	Technical committee meeting
Tcf	Trillion (10^{12}) cubic feet
TJ	Terajoules (10^{12} J)

Term	Definition
TLP	Tension leg platform
TRSSV	Tubing retrievable subsurface safety valve
TVD	True vertical depth
US\$	United States dollar
US\$ million	Million United States dollars
WACC	Weighted average cost of capital
WHFP	Well head flowing pressure
WPC	World Petroleum Council
WTI	West Texas Intermediate

6.2. Definitions

The following table lists some definitions for terms commonly used in the oil and gas industry and which may be used in this report.

Term	Definition
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources as defined in the SPE-PRMS.
Discount Rate	The interest rate used to discount future cash flows into a dollars of a reference date
Expectation	The mean of a probability distribution.
P90, P50, P10	90%, 50% & 10% probabilities respectively that the stated quantities will be equalled or exceeded. The P90, P50 and P10 quantities correspond to the Proved (1P), Proved + Probable (2P) and Proved + Probable + Possible (3P) confidence levels respectively if probabilistic techniques are used.
Possible Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
Probable Reserves	As defined in the SPE-PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations as defined in the SPE-PRMS.
Proved Reserves	As defined in the PRMS, an incremental category of estimated recoverable volumes associated with a defined degree of uncertainty Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined

Term	Definition
	economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as 1P, also as “Proven”.
Reserves	Reserves are 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. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.
Working interest	A company’s equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.

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All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 12:00pm (Sydney Time) on Tuesday 13 March 2019**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/petregm2019>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **12:00pm (Sydney Time) on Tuesday, 13 March 2019**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/petregm2019>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Petrel Energy Limited

ACN 125 394 667

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Petrel Energy Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held at **BDO, Level 11, 1 Margaret Street, Sydney NSW 2000 on Thursday, 15 March 2019 at 12:00pm (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of consideration securities to Warrego shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Mark Routh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Mr Dennis Donald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Mr Duncan MacNiven	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Mr Owain Franks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Election of Mr David Biggs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares to unrelated parties on conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares to Greg Columbus on conversion of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019