

1 June 2021

## UK SOUTHERN GAS BASIN OPERATIONAL UPDATE AWARD OF KEY PHASE I CONCEPT SELECT ENGINEERING CONTRACTS

Hartshead Resources NL (**Hartshead, HHR** or the **Company**) through its wholly-owned UK subsidiary, Hartshead Resources Limited, is pleased to announce the Company has awarded contracts for several key elements of the initial stage of Field Development Planning for the 217<sup>1</sup> Bcf Phase I gas development project in the UK Southern Gas Basin. This, together with the recently announced appointments to the project management team, enables the company to progress the Phase I project through to the Concept Select stage gate and submission of the Concept Select Report to the UK Oil & Gas Authority (OGA), anticipated to occur in Q2 2022.

### HIGHLIGHTS:

- A technical and commercial bid evaluation process has resulted in the award of the following contracts:
  - **Xodus Group** - Subsurface Geology & Geophysics;
  - **Petrofac** – Pipelines, Facilities, Safety and Environmental;
  - **Fraser Well Management** – Well Construction;
- The work program will result in selection of the optimum engineering solution for the development of the Victoria and Viking-Wx gas fields (the Phase I project);
- Subsea and unmanned platform facilities will be evaluated as options to develop the gas fields and integrated with potential offtake routes via third party host facilities and infrastructure;
- Revised recoverable resources and full field economics from the selected development concept will form the basis of an updated Competent Persons Report (CPR) as the **217<sup>1</sup> Bcf of audited 2C Contingent Resources** are converted to Proven & Probable (2P) Reserves;

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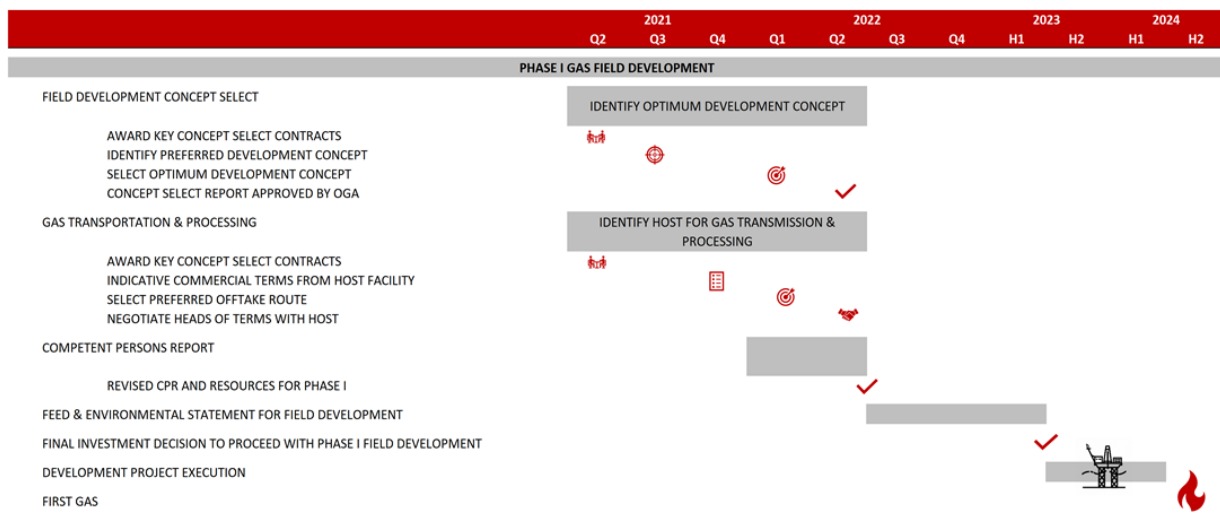
<sup>1</sup> Volumetric estimates are from Oilfield Production Consultants (OPC) Ltd, Independent Competent Persons Report (CPR) entitled "Contingent Resources Review and Audit (Victoria and Viking Wx)" dated October 2020. See Qualified Persons Statement for contingent resource reporting notes.

- HRL has appointed a Lead Reservoir Engineer, Darrell Mandiwall, to undertake detailed dynamic reservoir simulation, integrated asset modelling and act as interface between various disciplines within the Concept Select project.

In parallel with and integral to the Concept Select work is the selection of a preferred offtake route for gas from the Victoria and Viking-Wx fields following the economic evaluation of shortlisted host facilities. Discussions with third party host facility and infrastructure owners has already commenced with heads of terms for gas offtake expected prior to the Phase I Concept Select report submission to the OGA in Q2 2022.

The appointment of Darrell Mandiwall is key to bringing together various disciplines within the Concept Select workstream, and in particular the interface between subsurface and development well drilling. Importantly, therefore, the award of a contract for the frac modelling and design of horizontal multi-frac well completions will be announced at a future date following Darrell’s evaluation.

**Figure 1. Phase I Field Development – Key Milestones (including Concept Select approval)**



Darrell is a commercially and operationally focussed reservoir engineer with 25 years’ experience working on oil and gas fields in the UK North Sea and Internationally with major operating companies and consultancies. Key focus areas are within the UK Southern North Sea where Darrell has been involved in the development of numerous gas fields, including the Clipper South field development and other conventional gas developments. Darrell holds a MEng in Chemical Engineering and a MSc in Petroleum Engineering.

**About Xodus Group**

Xodus Group serves businesses worldwide and provides energy consultancy and advisory services in a range of categories, including energy production, technology development and application, environmental safety and compliance, technical safety and business risk. In the upstream energy

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sector, the group works across the disciplines of subsurface, process and facilities, subsea and pipelines, operational support, environment, safety and risk and decommissioning.

Xodus is a wholly owned subsidiary of Subsea 7. Xodus remains an independently operated company, with the ability to offer partnering solutions together with Subsea 7.

[www.xodusgroup.com](http://www.xodusgroup.com)

#### **About Petrofac**

Petrofac is a leading international service provider to the energy industry, with a diverse client portfolio including many of the world's leading energy companies.

Petrofac designs, builds, manages and maintains oil, gas, refining, petrochemicals and renewable energy infrastructure. Our purpose is to enable our clients to meet the world's evolving energy needs. Our four values – driven, agile, respectful and open – are at the heart of everything we do.

Petrofac's core markets are in the Middle East and North Africa (MENA) region and the UK North Sea, where we have built a long and successful track record of safe, reliable and innovative execution, underpinned by a cost effective and local delivery model with a strong focus on in-country value. We operate in several other significant markets, including India, South East Asia and the United States. We have 9,400 employees based across 31 offices globally.

Petrofac is quoted on the London Stock Exchange (symbol: PFC).

For additional information, please refer to the Petrofac website at [www.petrofac.com](http://www.petrofac.com).

#### **About Fraser Well Management**

Fraser Well Management (FWM) is a UK-based well engineering and well management specialist covering the complete life-cycle of oil and gas wells both onshore and offshore. FWM provides a comprehensive package of services, including Well Operator services, well management, well engineering, decommissioning and specialist engineering and commercial services. FWM have developed the capabilities to undertake the role of Well Operator and have since drilled a number of wells on a turnkey basis.

[www.fraserwellmanagement.com](http://www.fraserwellmanagement.com)

Chris Lewis, CEO, commented: "The commencement of the Phase I field development planning is another major step forward for Hartshead and we are delighted to be working with Petrofac, Xodus and Fraser Well Management on this phase of the project. The Concept Select work takes this gas development closer to project execution and first gas, and we will without doubt benefit from working with a hugely experienced team of industry service companies to achieve this.

The Project Team and Management are highly focussed and motivated on delivery of a Field Development Plan to the OGA and achieving an FID as soon as possible. The Team are also making progress on the Phase II and Phase III projects and we will be in a position to update shareholders in the near future.”

Usman Darr, VP Engineering and Consultancy Services, Petrofac: “Petrofac is delighted to play its part in supporting Ansila Energy to maximise economic recovery from the UK Continental Shelf. Transition fuels such as gas form a critical component in the UK's journey to a lower-carbon future. We look forward demonstrating our front-end engineering capability and redevelopment experience by supporting the team through the concept select phase of this exciting project.”

Steve Swindell, Managing Director of Xodus said: “We are proud to be supporting Hartshead through this early stage of the project. Our subsurface team is highly experienced and we look forward to working with Hartshead and its partners in taking this gas development to the next phase.”

Nick Ford, Managing Director, Fraser Well Management said: “We are pleased to be providing ongoing support to Hartshead with their SNS development plans. It’s particularly pleasing to be awarded the scope which builds on the initial work provided by FWM in support of Hartshead’s licence application. This additional scope recognises our track record, skills and our delivery of similar projects from initial concept through to execution.”

#### **WITHDRAWAL FROM GORA CONCESSION**

Hartshead, through its wholly-owned subsidiary, Gora Energy Australia Pty Ltd (**GEA**), announces its withdrawal from the Gora concession (**Gora**).

Following discussions with the Gora Operator, Gemini Resources Limited (**GRL**), a notice has been registered with the Operator formally notifying GRL of the withdrawal of GEA from the Gora Energy sp. zo.o Shareholder Operating Agreement (SOA), which governs the relationship between GRL and Hartshead with respect to the Gora concession. The Company’s 35% interest in Gora will revert back to GRL who will hold a 100% interest in the concession as the Operator.

The withdrawal from Gora follows the Company’s withdrawal from the Nowa Sol concession and Jany-C1 well work program, announced in March 2020, and completes a strategic exit of Hartshead from onshore Poland.

The decision to exit Poland follows the completion of the acquisition of Hartshead Resources Limited earlier this year and will enable the Company to focus its capital and management resources on the development of its UK Southern Gas Basin assets.

## REVISIONS TO EXECUTIVE SERVICE AGREEMENTS

Following the completion of an external executive remuneration benchmarking report the Company has entered into revised Executive Service Agreements (**ESAs**) with Firmitas Energy Advisers Limited (on behalf of its nominated person Dr Andrew Matharu) and Lewis Petroleum Consulting Limited (on behalf of its nominated person Mr Christopher Lewis), the original terms & conditions of which were previously announced on 24 September 2019.

The Company has revised the guaranteed and fixed retainer amount per calendar month to £18,000 and £13,500 in the case of Mr Lewis and Dr Matharu, respectively, which is equivalent to 120 hours of work in each case.

Either party may terminate the applicable ESA by giving the other party six (6) months' written notice. All of the remaining terms & conditions of the ESAs announced on 24 September 2019 remain unchanged.

In addition, the Board has resolved to issue a total of 45,000,000 Performance Rights subject to vesting conditions to key members of the project management team, who are not Directors, pursuant to the Company's Employee Incentive Securities Plan. Further details of the Performance Rights are set out in the Appendix 3B released with this announcement.

-Ends-

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## CONTACTS

The Board of Directors of Hartshead Resources NL authorised this announcement to be given to ASX.

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For further information on this announcement, visit [www.hartshead-resources.com.au](http://www.hartshead-resources.com.au) or contact:

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**Notes to Editors:**

**Hartshead Resources NL**

ASX-listed Hartshead Resources NL and is focussed on building a financially, technically and environmentally responsible European Energy business.

Hartshead’s goal is to secure and invest in projects where resources can be extracted and delivered to meet Europe’s growing energy demand while supporting the transition to a low carbon future.

In progressing this strategy Hartshead is focused on its 100% owned Production Seaward License P2607 comprising of five blocks which contain four existing gas fields in the UK Southern Gas Basin.

Hartshead brings together a highly experienced oil and gas team with specialised knowledge covering subsurface, engineering, commercial, QHSE and capital markets with the required skillsets needed to successfully and safely deliver oil and gas upstream projects.

**UK Southern North Sea Production Seaward License P2607 – Contingent and Prospective Resources**

Please refer to the qualified person’s statement relating to the reporting of contingent and prospective resources on Hartshead Resources Southern North Sea License P2607 in Hartshead’s ASX Announcement dated 14 December 2020 (see Schedule 3). The Company is not aware of any new information or data that materially affects the information about the contingent resource and prospective resource estimates included in this announcement and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

Contingent resources reported herein have been estimated and prepared using the probabilistic method.

CONTINGENT RESOURCES (BCF)				
PHASE I PROJECTS		1C	2C	3C
VICTORIA	49/17b	84	125	177
VIKING-WX	49/17b	62	90	124
COMBINED <sup>2</sup>	49/17b	161	217	285

CONTINGENT RESOURCES (BCF)		1C	2C	3C	GCOS
49/6c, 49/11c	Tethys North	14	39	70	100%

<sup>2</sup> Volumes combined stochastically to give portfolio volume

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<b>PHASE II</b>	48/15c	<b>Audrey NW</b>	35	<b>100</b>	387	100%
<b>PROSPECTIVE RESOURCES<sup>3</sup></b>			P90	<b>P50</b>	P10	GCoS
<b>PHASE III</b>	49/17b	<b>Vixen SW</b>	29	<b>56</b>	94	50%
<b>EXPLORATION</b>	49/17b	<b>Vixen SE</b>	43	<b>85</b>	142	30%

### Forward Looking Statements

This document has been prepared by Hartshead Resources NL (HHR). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

HHR's operations and activities are subject to regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements. Although HHR believes that the expectations raised in this document are reasonable there can be no certainty that the events or operations described in this document will occur in the timeframe or order presented or at all.

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<sup>3</sup> Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These prospective resources 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.

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information.

### **Qualified Person's Statement**

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS). The Contingent Resource estimates and Prospective Resource estimates presented in this report were originally disclosed to the market in an announcement released 14 December 2020. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcement and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed. The information in this announcement that relates to Contingent Resource information in relation to the Phase I Victoria and Viking-Wx fields is based on information compiled by technical employees of independent consultants, Oilfield Production Consultants Ltd, which information was subsequently reviewed by Mr Christopher Lewis. The information in this announcement that relates to Contingent Resource information in relation to the Phase II Audrey NW and Tethys North fields and the Prospective Resource information in relation to the Vixen SW and Vixen SE prospects is based on information compiled by Mr Christopher Lewis and information compiled by technical consultants contracted to Hartshead which has been subsequently reviewed by Mr Christopher Lewis. Mr Lewis has consented to the inclusion of such information in this announcement in the form and context in which it appears and the resources information in this report is based on, and fairly represents, information and supporting documentation reviewed by, or prepared under the supervision of, Mr Christopher Lewis. Mr Lewis is a Director of Hartshead and has a BSc from the Imperial College, University of London and is a member of The American Association of Petroleum Geologists (AAPG) and the European Association of Geoscientists and Engineers (EAGE). Mr Lewis is qualified in accordance with the requirements in ASX Listing Rule 5.41.