

Quarterly Report

For the period ended 30 June 2021

SEAWARD PRODUCTION LICENSE P2607, OFFSHORE UNITED KINGDOM (HARTSHEAD RESOURCES 100% AND OPERATOR)

Following shareholder approval at a General Meeting held on 21 May 2021, Hartshead Resources NL (**Hartshead, HHR** or the **Company**) officially changed its name from Ansila Energy NL to Hartshead Resource NL with the Australian Securities and Investments Commission (ASIC) with an effective date of 27 May 2021. . The Company ASX ticker code was also changed from ANA to HHR.

Since the acquisition of Hartshead Resources Ltd, announced on 3 February 2021, the Company has progressed the development planning of the Phase I gas fields which contain audited 2C resources of 217¹ Bcf. The work gained further momentum during the reporting period with the award of key Engineering Contracts announced on 1 June 2021 and 10 June 2021.

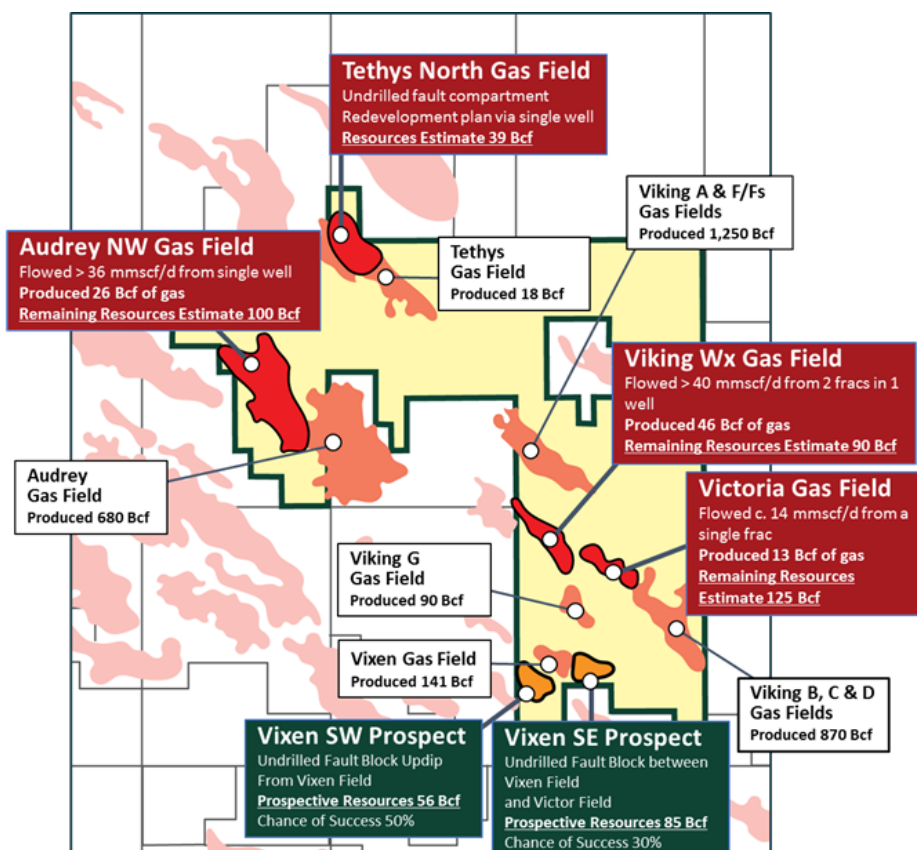


Figure 1 . Hartshead Resources Seaward License P2607 holds multiple gas fields and prospects

¹ 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.

The following Phase I Concept Select contracts were awarded following a technical and commercial bid evaluation process:

- **Xodus Group** - Subsurface Geology & Geophysics;
- **Petrofac** – Pipelines, Facilities, Safety and Environmental;
- **Fraser Well Management** – Well Construction;
- **Fenix Consulting Delft BV** - Frac Modelling and Design.

In addition to these contracts, Darrell Mandiwall, was appointed as Lead Reservoir Engineer to undertake detailed dynamic reservoir simulation, integrated asset modelling and act as interface between various disciplines within the Concept Select project.

As part of the Concept Select work program subsea and unmanned platform facilities will be evaluated as options to develop the Phase I gas fields (Victoria and Viking Wx) and integrated with potential offtake routes via third party host facilities and infrastructure. Once completed the Concept Select work program will result in the selection of the optimum engineering solution for the development of the Victoria and Viking-Wx gas fields. Revised recoverable resources and full field economics from the selected development concept will form the basis of an updated Competent Persons Report (CPR).

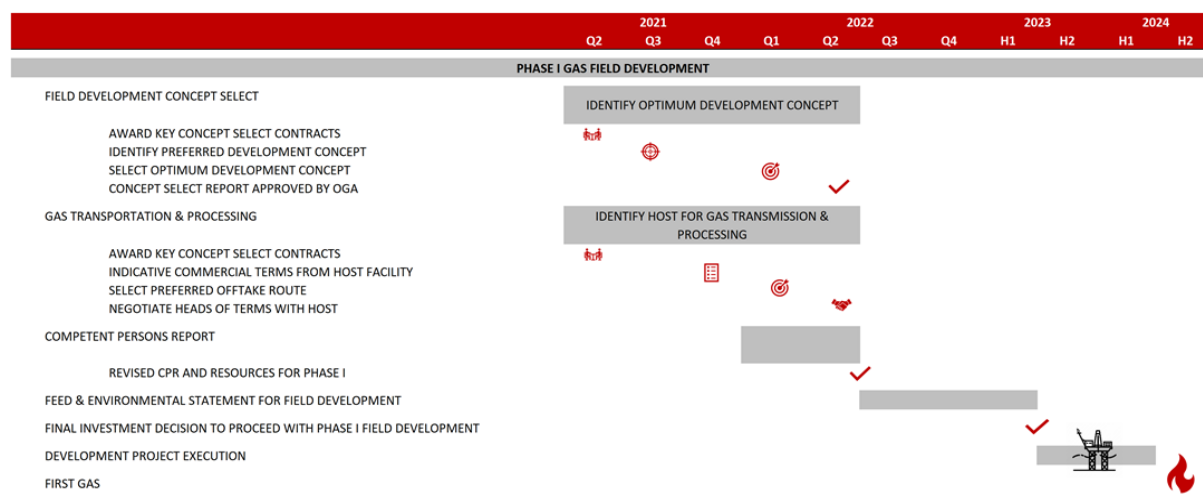


Figure 2. Phase I Field Development – Key Milestones (including Concept Select approval)

In parallel with and integral to the Concept Select work is the selection of a preferred offtake route for gas from the Phase I fields following the economic evaluation of shortlisted host facilities. Discussions with third party host facility and infrastructure owners have commenced with significant progress for gas transportation terms and agreements anticipated prior to the Phase I Concept Select report submission to the OGA in Q2 2022.

CORPORATE & FINANCIAL

As part of an operational update announced on 1 June 2021, Hartshead, through its wholly-owned subsidiary, Gora Energy Australia Pty Ltd (**GEA**), announced its withdrawal from the Gora concession (**Gora**), onshore Poland. The withdrawal from Gora followed 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.

On 1 June 2021 the Company issued 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.

Hartshead holds 69,637 shares in the capital of Gemini Resources Limited (**GRL**) (carrying value of A\$197,461), equating to 2.1% ownership in GRL as a result of the automatic conversion of the exclusivity fee payment (£250,000) at completion of the transaction.

During the quarterly period SSH Group Limited (formerly Jacka Resources Limited) (**SSH Group**) sought and obtained necessary shareholder approvals to proceed with the acquisition of the sale entities comprising the SSH Group. The SSH Group provides safety and other infrastructure hire and labour hire to variety of industries including security services, emergency services, traffic management, hospitality, healthcare, mining and construction industries. SSH Group is finalising an IPO Prospectus to raise up to \$6.25 million (before costs) and intends to lodge the offer document in July 2021.

Hartshead's closing cash at the end of the quarter was A\$6.9 million with the Company holding an additional ~A\$197K in financial investments as at 30 June 2021.

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activities report were A\$312,000. These payments are related to salaries, superannuation and directors' fees paid to directors and related entities during the June 2021 quarter.

PETROLEUM TENEMENTS HELD AS AT 30 JUNE 2021

	% Interest	Tenement	Location
Held at end of the quarter	100%	Seaward Production License P2607	Offshore United Kingdom
	100% ²	Nkembe Block	Offshore Gabon
	100% ³	Ambilobe Block	Offshore Madagascar

² Ansila's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Nkembe PSC

³ Subject to relinquishment as per the terms of the Ambilobe PSC

CORPORATE DIRECTORY

Directors

Bevan Tarratt	Chairman
Christopher Lewis	Chief Executive Officer
Andrew Matharu	Chief Financial Officer
Nathan Lude	Executive Director

Company Secretary

Matthew Foy

Registered Office and Principal Place of Business

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 PERTH WA 6000
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 Facsimile: +61 8 9226 2099
 Web: www.hartshead-resources.com.au
 Email: info@hartshead-resources.com

Share Registry

Computershare
 Level 11, 172 St Georges Terrace
 PERTH, WA 6000
 Telephone: 1300 850 505 (within Australia)
 +61 3 9415 4000 (outside Australia)

The Board of Directors of Hartshead Resources NL authorised this announcement dated 22 July 2021 to be given to ASX.

PETROLEUM REPORTING STATEMENTS

SOUTHERN NORTH SEA LICENSE P2607 (UNITED KINGDOM) – 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 ⁴	49/17b	161	217	285

⁴ Volumes combined stochastically to give portfolio volume

CONTINGENT RESOURCES (BCF)			1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Tethys North	14	39	70	100%
	48/15c	Audrey NW	35	100	387	100%
PROSPECTIVE RESOURCES ⁵			P90	P50	P10	GCoS
PHASE III	49/17b	Vixen SW	29	56	94	50%
EXPLORATION	49/17b	Vixen SE	43	85	142	30%

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.

⁵ 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

HARTSHEAD RESOURCES NL

ABN

11 150 624 169

Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(516)	(1,204)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(114)	(321)
	(e) administration and corporate costs	(197)	(1,102)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	50
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(826)	(2,575)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(6)
	(d) exploration & evaluation *	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash acquired on acquisition	-	68
2.6	Net cash from / (used in) investing activities	-	62

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,001
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(485)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	7,516

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,717	1,890
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(826)	(2,575)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	62
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,516

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	8	6
4.6	Cash and cash equivalents at end of period	6,899	6,899

* Prior quarter amounts have been re-positioned for consistency with current quarter disclosures.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,859	7,677
5.2	Call deposits	40	40
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,899	7,717

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	312
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
Payments of Directors fees and salaries		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(826)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(826)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,899
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,899
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 July 2021

Authorised by: Matthew Foy
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.