

25 August 2022

COMPLETION OF PLACEMENT TO RAISE A\$11 MILLION

AGREEMENT WITH SHELL FOR PHASE I DEVELOPMENT GAS OFFTAKE ENGINEERING STUDY

Highlights:

- Completion of an over-subscribed Placement to raise A\$11 million (before costs) at a Placement price of A\$0.0275 per share supported by a combination of Australian and UK institutional and family office investors.
- Placement proceeds will be applied to the Shell Engineering Study, Geotechnical Survey and to fast track the Front-End Engineering & Design (FEED) stage of the Phase I field development of the Anning and Somerville gas fields.
- Agreement has been reached with Shell to conduct an Engineering Study for the preferred offtake route and agreed tie-in option for the Phase I field development.
- The offtake route is via a tie-in to Shell's Southern North Sea infrastructure for transportation to Bacton for onshore processing and delivery to the UK Gas National Transmission System.
- The Engineering Study will be conducted by Petrofac and will provide a basis for design and cost estimate for the preferred gas offtake route for the tie-in of Hartshead facilities and the required brownfield facility modifications.
- Shell will provide assurance on the final study prior to commencing Front-End Engineering and Design studies
- Hartshead Directors have subscribed for A\$500,000 in the placement subject to shareholder approval, demonstrating their strong support for the Company.

Hartshead Resources NL (ASX:HHR) (Hartshead, HHR or the Company) is pleased to announce that the Company has received firm commitments to raise A\$11 million (before costs) to fast track the Phase I field development of the Anning & Somerville gas fields, including the recently announced Shell Gas Offtake route Engineering Study, geotechnical site survey, commencement of Front-End Engineering & Design (FEED) and other working capital requirements.

Hartshead has entered into an agreement with Shell, to undertake an Engineering Study for tie-in of Hartshead’s Phase I gas field development to Shell’s infrastructure, which will provide a basis of design and cost estimate for the tie-in of facilities through Shell’s infrastructure, detailing the required brownfield modifications as part of the gas offtake route for the Anning and Somerville gas fields (refer ASX release 22 August 2022).

The study work will be undertaken by Petrofac and managed by Hartshead, with Shell to provide project assurance, prior to entering the next phase of engineering work, which is the Front-end Engineering and Design (FEED), prior to final Field Development Plan (FDP) submission to the UK government.

The Engineering Study with Shell will define Hartshead’s route to transport its natural gas and condensate to the prospective points of sale, therefore representing a critical component of the future FEED and FDP workstreams.

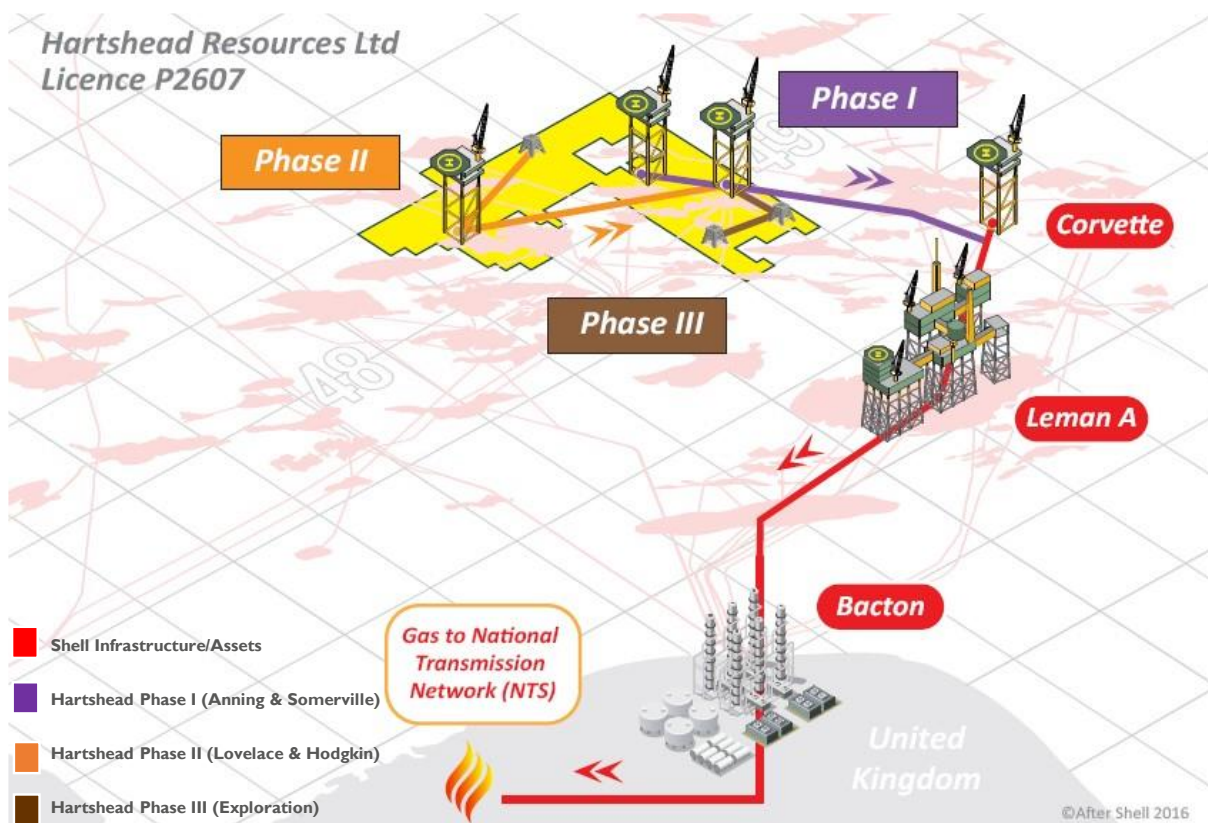


Figure 1. Schematic of Hartshead’s License P2607 and Assets with proposed Gas Transportation Route via Shell’s Southern North Sea Infrastructure to the Bacton Gas Processing Terminal.

The Company intends to fund the below scope of works, estimated to cost approximately £505,000, from existing cash reserves.

The scope of works with Shell encompasses:

- Provide guidance in relation to the deliverables.
- Ensure output and results of Petrofac Scope of Work fully complies with the Shell select phase for the feasibility study.

The scope of works with Petrofac encompasses:

- Offshore construction support for the subsea pipeline(s) tie-in activities on the Corvette to Leman Alpha export pipeline.
- Installation of line-of-sight communication dishes and interface connection.
- Pipework for successive stage-wise production flow routing, system control and integration production route export options across the asset.
- Control room integration of communications and all reporting systems with the new platforms.

The study is expected to take a total of 3 months. Upon completion the agreement will end.

CAPITAL RAISING

Concurrently with the commencement of the Shell Engineering Study, the Company is also pleased to announce it has received firm commitments for an over-subscribed Placement of A\$11 million (before costs) by way of issue of 400,000,000 new Shares at an issue price of A\$0.0275 per Share, which has been supported by a number of Australian institutional and UK family office and HNWI investors (the **Placement**). 185,000,000 Placement Shares will be issued pursuant to the Company's Listing Rule 7.1A placement capacity and 215,000,000 Placement Shares will be issued pursuant to the Company's Listing Rule 7.1 placement capacity.

Demonstrating their strong support for the Company, Hartshead directors have subscribed for a total of A\$500,000 of new shares at an issue price of A\$0.0275, subject to shareholder approval at the upcoming Annual General Meeting.

An indicative use of funds is shown in Table 1 below with the majority of the capital raise being applied to the Phase I field development costs as the Company enters the FEED stage of the Anning & Somerville gas field developments and for working capital purposes.

CPS Capital Group Pty (**CPS Capital**) acted as Lead Manager and Broker to the placement and will receive a fee of 6% on the total amount raised by CPS Capital.

Given the level of interest shown in the capital raise from a spectrum of UK investors and funds, management now intends to explore the merits of a dual-listing of the Company's shares on the AIM market of the London Stock Exchange.

Hartshead CEO, Chris Lewis, commented: "We are very pleased to have received firm commitments to raise \$11 million before costs through an oversubscribed Placement. Importantly, these funds will be used to further advance the Phase I field development of the Anning and Somerville gas fields, including the recently announced Shell Gas Offtake route Engineering Study, which represents a significant milestone in the advancement of the Project.

I would like to thank both existing and new shareholders for their support".

INDICATIVE USE OF FUNDS

The below table sets out the indicative use of funds of the Company following the Capital Raising:

<u>SOURCE OF FUNDS</u>	\$(AUD)
Cash as at 19 August 2022	1,500,000
Gross proceeds from Placement	11,000,000
TOTAL	12,500,000
<u>ESTIMATED APPROXIMATE USE OF FUNDS¹</u>	
Phase I - Shell Engineering Study	900,000
Phase I - Define Stage Gate (FEED & Environmental)	6,750,000
Phase I - Platform EPC Costs	500,000
Phase II – Subsurface Project Costs	200,000
Sub-Total	8,350,000
Costs of the Capital Raising	660,000
Working Capital	3,490,000
TOTAL	12,500,000

Table 1. Indicative use of funds from the capital raise.

¹ Based on an exchange rate of 1AUD: 0.55GBP

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CAPITAL STRUCTURE FOLLOWING PLACEMENT

Item	Shares	Options	Performance Rights
Currently on issue	1,854,772,127 ²	20,000,000 ³	103,844,991
Placement	400,000,000	Nil	Nil
TOTAL	2,254,772,127	20,000,000	103,884,991

Table 2. Capital structure following Placement

-Ends-

CONTACTS

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

For further information on this announcement, visit www.hartshead-resources.com.au or contact:

Christopher Lewis
 Chief Executive Officer


Jane Morgan
 Investor and Media Relations


Andrew Matharu
 Chief Financial Officer

w: +61 405 555 618
 e: jm@janemorganmanagement.com.au

w: +61 8 9226 2011
 e: info@hartshead-resources.com

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² This figure is based on fully paid ordinary shares on issue. The Company also has a total of 5,703,550 partly paid shares on issue.

³ Exercisable at A\$0.04 cents expiring on or before 31 December 2022.

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Notes to Editors

Hartshead Resources NL

ASX-listed Hartshead Resources NL 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.

Shell Bacton Gas Terminal

The Bacton Gas Plant, located 20 miles (32 km) from Great Yarmouth, is a hydrocarbon Gas processing plant of strategic national importance supplying up to one-third of the UK's gas supply as well as importing and exporting gas from Europe. The Plant was built and commissioned in 1968 and officially opened by the Duke of Edinburgh in 1969.

The plant receives and processes gas to National Transmission System entry specification from UK Southern North Sea Gas Fields including Leman, Sole Pit and Sean. Gas is also received and processed from Central UK offshore fields via a 473 km subsea pipeline.

Further connections link the plant to the European market with hydrocarbon gas sent and received via the IUK pipeline (UK to Belgium) and the BBL pipeline from the Shell site to Balgzand in the Netherlands via a direct 245 km gas pipeline.

The plant uses cryogenic processes to separate the hydrocarbon components and has unique systems such as the desalination plant and waste water treatment plant which help to unlock more production. Methane gas is delivered to National Grid for entry into the National Transmission System, which through its network, provides gas for downstream domestic and industrial use.

The Bacton gas terminal has been reliably hosting a number of 3rd party customers and has scope and capacity to accommodate additional new volumes.

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

Please refer to the qualified person’s statement relating to the reporting of reserves on Hartshead Resources Southern North Sea License P2607 in Hartshead’s ASX announcements dated 23 June 2022. The volumetric estimates used to derive the estimates below have been made by combining probabilistically derived estimates of initial in place gas volumes with assumptions regarding the gas recovery factors from analogous fields, such as the Clipper South and Babbage gas fields located in the UK Southern Gas Basin.

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 announcements dated 6 April 2022 and 8 March 2022.

The Company is not aware of any new information or data that materially affects the information about the contingent resource or 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.

RESERVES ⁴						
PHASE I	49/17b	Anning		1P	2P	3P
			Sales Gas (Bcf)	73	145.0	245
			Condensate (MMbbl)	0.081	0.192	0.375
	49/17b	Somerville	Sales Gas (Bcf)	107.0	156.5	213
			Condensate (MMbbl)	0.119	0.208	0.325
			Total (MMboe)	31.2	52.4	79.7

CONTINGENT RESOURCES ⁵ (BCF)				1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Lovellace		14	39	70	100%
	48/15c	Hodgkin		35	100	387	100%

⁴ Reserves estimates are from ERC Equipoise Limited, Independent Competent Persons Report (CPR) entitled “Hartshead Resources NL Somerville and Anning Competent Persons Report” dated June 2022. See Qualified Persons Statement for reserves reporting notes.

⁵ Hartshead management estimates

PROSPECTIVE RESOURCES (BCF)			1U	2U	3U	GCoS
PHASE III EXPLORATION	49/17b	Garrod	16	52	125	50%
	49/17b	Ayrton	25	74	146	41%
	49/17b	McLaren	18	27	39	54%
	49/17b	Stephenson	36	47	60	43%
	49/17b	Widdowson East	6	29	79	32%
	49/17b	Widdowson Central	11	21	40	50%
	49/17b	Lonsdale	5	16	31	50%
	49/17b	Anderson	5	12	29	45%
	49/12d	Wenlock Prospect 1	4	19	55	36%
	49/12d	Wenlock Prospect 2	1	5	19	36%
	49/11c	Wenlock Prospect 3	1	5	17	36%
	49/11c	FFs Prospect 1	3	11	26	41%
	49/11c	FFs Prospect 2	8	19	37	35%
	49/11c	FFs Prospect 3	4	9	17	34%

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.

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

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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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Qualified Person's Statement

The Reserves estimated in this announcement have been made by Dr Adam Law, Director, ERC Equipose (ERCE), a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. Dr Adam Law is qualified in accordance with ASX listing rule 5.41 and has consented to the use of Reserves estimates, and to the form and context in which these statements appear.

ERC Equipose Ltd. (ERCE) is a leading, employee owned, global energy consultancy headquartered in London with offices in Singapore, Kuala Lumpur and Perth. It's fully integrated team of Geoscientists, Engineers and Economists are specialists in Competent Persons reporting, reserves and resources auditing, technical services, commercial analysis and Expert advisory services. ERCE supports companies in traditional energy sectors as well as providing energy transition and sustainability services.

The Reserves estimates presented in this report were originally disclosed to the market in announcement released on 23 June 2022 and are based on, and fairly represents, information and supporting documentation prepared by Dr Adam Law of ERCE.

The information in this announcement that relates to Reserves estimates is based on information compiled or reviewed by Mr Christopher Lewis. Mr Lewis has consented to the form and context in which the estimated Reserves and the supporting material are presented.

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2018 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 announcement released on 14 December 2020 and updated 8 March 2022 and 6 April 2022. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcements 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 II Hodgkin and Lovelace fields and the Prospective Resource information in relation to the Phase III exploration portfolio 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 holds 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.