

Successful \$50 million placement positions Warrego to meet growing gas demand in WA

- Warrego Energy has conducted a successful \$50 million two-tranche Placement with firm commitments received at \$0.22 per share
- Proceeds will fund Warrego's share of upcoming commitments for Phase 1 of the West Erregulla gas project including:
 - Long lead items for the 87 TJ/day gas processing plant;
 - Long lead items for the upstream gathering system; and
 - Re-entry, drilling, testing and completion of the currently suspended WE-3 appraisal well.
- Warrego is well positioned to become a key producer of gas in WA as domestic supply decreases while demand continues to grow

Warrego Energy Limited ("Warrego" or the "Company") (ASX: WGO) has received firm commitments for a \$50 million two-tranche placement to existing and new institutional, professional and sophisticated investors at an offer price of \$0.22 per fully paid ordinary new share ("Placement").

The Placement was very strongly supported, reflecting Warrego's future growth potential as one of the few new sources of supply into the WA domestic gas market this decade.

Proceeds from the Placement will be used to fund Warrego's 50% share of commitments for Phase 1 of the West Erregulla gas project including long lead items for the 87 TJ/d gas processing plant and the upstream gathering system; unbudgeted costs associated with the re-entry, drilling, testing and completion of the currently suspended WE-3 well; 3D seismic over the balance of the EP469 permit; early-stage exploration activity at EPA-0127; and general working capital.

The Placement comprises two tranches:

- Tranche One of 147.1 million shares (\$32.4 million), to be issued within the Company's placement capacity in accordance with ASX Listing Rule 7.1; and
- Tranche Two of 80.2 million shares (\$17.6 million) which will be subject to shareholder approval at a general meeting of the Company.

The issue price of \$0.22 per share represents a 10.2% discount to Warrego's last closing price of \$0.245 per share on 23 June 2021 and a 13.6% discount to the five-day VWAP of \$0.255 per share.

Warrego's Managing Director and Group CEO, Dennis Donald, said:

"We are delighted with the strong support for the Placement and welcome a number of Australian and offshore institutional investors to the register. On behalf of the Board, I would also like to thank our existing shareholders for their ongoing support.

"With major offshore projects delayed, significant volumes of Waitsia gas set for export, and the undrilled South Erregulla prospect earmarked for a urea plant, Warrego's share of West Erregulla will be one of the few new sources of gas destined for the tightening WA domestic market. Spot prices in WA have been climbing towards \$5 per gigajoule¹ and we are already receiving numerous inquiries about the potential for West Erregulla Phase 2.

¹ Source: GasTrading Australia Pty Ltd <http://www.gastrading.com.au/spot-market/historical-prices-and-volume>

“Securing these long lead items will keep West Erregulla Phase 1 moving forward as we progress through a period of high upcoming activity including flow testing the WE-4 and WE-5 wells, the re-evaluation and certification of West Erregulla reserves and resources, a gas processing agreement with third-party provider AGIG, and the finalisation of a banking club to provide project finance for the Phase 1 development.

“In parallel with this activity, Warrego is also developing its carbon strategy with an initial focus on West Erregulla. We are currently evaluating a range of carbon initiatives that will help us minimise and offset emissions during the production phase.”

The founders and major shareholders of Warrego, Dennis Donald and Duncan MacNiven, did not participate in the Placement. Warrego’s Chairman, Greg Columbus, has subscribed for 1,136,364 million shares in the Placement which is to be included in Tranche Two and is subject to shareholder approval.

Petra Capital acted as Sole Lead Manager and Sole Bookrunner to the Placement. Canaccord Genuity (Australia) Limited and Bridge Street Capital Partners were Co-Managers. The Placement was not underwritten.

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Authorised by the Warrego Board and issued in accordance with the Company’s disclosure policy.

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About Warrego Energy Limited

Founded in 2007, Warrego Energy listed on the ASX in 2019 following the reverse takeover of Petrel Energy. The Company is focused on the development of onshore assets in Australia, primarily in Western Australia. It holds a 50% interest in EP469, including the West Erregulla gas project, and 100% of EPA-0127, potentially the largest exploration block in the Perth Basin. Warrego was admitted to the ASX All Ordinaries Index in June 2020.

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