

8 March 2024

UK SOUTHERN GAS BASIN – OPERATIONAL UPDATE

- Uncertainty in UK gas sector due to changes in taxation policy proposed by the UK Labour Party
- UK Labour Party has outlined the potential increase in taxation and reduction of tax relief for UK gas developments if elected in the pending UK election.
 - The Labour Party has scrapped plans to invest £28 billion per year in green spending and instead pledged £23.7 billion over five years of which £10.8 billion would be paid for by an increase in the Energy Profits Levy (EPL), resulting in a headline tax rate of 78% on gas production profits, increased from 75%.
 - Labour has proposed the cancellation of the “investment allowance” on the EPL which currently provides oil and gas producers with 91.4% tax relief on capital expenditure (reducing to approximately 46%)
 - The Labour Party are currently significantly ahead in polling with elections to be held prior to 28 Jan 2025.
- Hartshead are presently assessing project economics associated with proposed Labour party tax changes
- Project timeline currently uncertain following possible delay to award of contracts for capital items
- ¹UK NBP gas prices (~60p/therm) and futures have softened, distant from the heights of 2021/2022 (>500p/therm) and 12-month high of 136.7p/therm in Oct'23, due to an unusually mild winter in Europe leading to near record predicted European gas storage inventories at the exit of the winter season
- Phase I Development Field Development Plan (FDP) currently sits with the North Sea Transition Authority (NSTA) and is awaiting updates from HHR on route finalisation
- Application decision for the UK 33rd Offshore Licensing Round expected in H1 2024
- ²Current cash balance of over \$A 23 million

¹ ICE UK Natural Gas Contract and Futures Pricing (www.marketwatch.com)

² Current cash balance is net of payables

Hartshead Resources NL (**Hartshead**, **HHR** or the **Company**) is reviewing the project economics and timeline associated with its Phase 1 development plan, given the proposed changes in taxation policy from the UK Labour Party.

Labour has proposed increasing the Energy Profits Levy (EPL), from 35% to 38% leading to an increase in the headline tax rate to 78%, up from 75%. Also included in the policy proposal is the removal of the investment allowance on the EPL. Investment allowances on other taxes (Ring Fenced Corporation Tax and Supplementary Charge) is planned to remain. The removal of the investment allowance on the EPL will reduce the tax relief on capital investments from 91.4% to approximately 46%. First year capital expensing is proposed to remain.

Given that the Labour Party are currently significantly ahead in polling, with elections to be held prior to 28 Jan 2025, Hartshead is presently assessing project economics associated with the proposed Labour party tax changes.

Additionally, UK NBP gas prices ('60p/therm) and gas futures have softened from their 12-month high of 136.7p/therm in Oct'23, due to an unusually mild winter in Europe leading to near record predicted European gas storage inventories at the exit of the winter season.

The project timeline is currently under review, however the likely delay in awarding of key contracts for capital items associated with the long lead items for development would result in a delay to first gas, previously scheduled for 2025.

Chris Lewis, Hartshead CEO, commented: "The announcement from the Labour Party on the 8th of February was disappointing for the Company, our Partner, and our Shareholders as it introduces uncertainty into our development project, which before then had been moving forward with significant momentum. The danger is that these proposals will cause a flight of capital to other jurisdictions, decimate the skills and supply chain required for the UK to lead the energy transition and result in the loss of tens, if not hundreds of thousands of jobs.

We are working with industry bodies, industry partners, contractors, unions, MPs and other stakeholders to understand the precise plans and to highlight the danger of damaging and self-defeating policy.

As the situation develops and becomes clearer, I look forward to updating shareholders once more."

-Ends-

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:

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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 the development of Production Seaward License P2607 (60% owned RockRose Energy/40% Hartshead), comprising of five blocks which contains 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 deliver oil and gas upstream projects successfully and safely.

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 (60% owned RockRose Energy/40% Hartshead), 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 ³							
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 ⁴ (BCF)				1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Lovelace		14	39	70	100%
	48/15c	Hodgkin		35	100	387	100%
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%

³ 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.

⁴ Hartshead management estimates

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 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 Equipoise (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 Equipoise 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 complied 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.