

Sixth Supplementary Bidder's Statement

In respect of the All Cash Offer by

Hancock Energy (PB) Pty Ltd ACN 663 446 642

to acquire all of your fully-paid ordinary shares in **Warrego Energy Limited**
(**ASX:WGO**) ACN 125 394 667

ACCEPT HANCOCK'S OFFER

- **WARREGO SHAREHOLDERS WHO ACCEPT HANCOCK'S OFFER WILL RECEIVE \$0.36 PER WARREGO SHARE IF HANCOCK ACHIEVES 40% OR MORE ACCEPTANCES**
- **MAJORITY OF WARREGO BOARD HAS RECOMMENDED SHAREHOLDERS ACCEPT HANCOCK'S OFFER**
- **HANCOCK NOW HOLDS MORE THAN 25% OF WARREGO SHARES WHICH MEANS CGT ROLLOVER RELIEF MAY NOT BE AVAILABLE TO WARREGO SHAREHOLDERS WHO ACCEPT STRIKE'S SCRIP OFFER**

THIS DOCUMENT CONTAINS IMPORTANT UPDATES IN RELATION TO HANCOCK'S OFFER

Offer Information Line:

Please call 1300 916 761 (within Australia) or +61 3 9415 4888 (if outside Australia), if you have any questions or require assistance with your acceptance.

Legal Adviser

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Important notice

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

It is the sixth supplementary bidder's statement (**Sixth Supplementary Bidder's Statement**) issued by Hancock Energy (PB) Pty Ltd ACN 663 446 642 (**Hancock**), in relation to the off-market takeover offer by Hancock for all issued fully-paid ordinary shares in Warrego Energy Limited ACN 125 394 667 (**Warrego**), pursuant to the bidder's statement dated 30 November 2022 (**Original Bidder's Statement**), as supplemented by the first supplementary bidder's statement dated 2 December 2022 (**First Supplementary Bidder's Statement**), the second supplementary bidder's statement dated 9 December 2022 (**Second Supplementary Bidder's Statement**) and replaced by the replacement bidder's statement dated 9 December 2022 (**Replacement Bidder's Statement**), and further supplemented by the third supplementary bidder's statement dated 20 December 2022 (**Third Supplementary Bidder's Statement**), the fourth supplementary bidder's statement dated 21 December 2022 (**Fourth Supplementary Bidder's Statement**) and the fifth supplementary bidder's statement dated 23 December 2022 (**Fifth Supplementary Bidder's Statement**) (**Bidder's Statement**).

This Sixth Supplementary Bidder's Statement is given in compliance with the requirements of Chapter 6 of the Corporations Act and supplements, and must be read together with, the Bidder's Statement.

This Sixth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

Unless the context requires otherwise, terms defined in the Bidder's Statement have the same meaning in this Sixth Supplementary Bidder's Statement.

A copy of this Sixth Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 January 2023. Neither ASIC nor its officers takes any responsibility for the content of this Sixth Supplementary Bidder's Statement.

Context

Warrego has released its target's statement dated 30 December 2022 in response to Hancock's Offer (**Target's Statement**). Three out of the four Warrego Board directors consider Hancock's Offer (at \$0.28 cash per Warrego Share) to be superior to Strike's Scrip Offer (at one Strike share per Warrego Share), and so the majority of the Warrego Board has recommended that Warrego Shareholders accept Hancock's Offer in the absence of a superior proposal.

Hancock has also decided that Warrego Shareholders who accept the Hancock Offer will now be paid \$0.36 cash per Warrego Share, if Hancock achieves 40% or more total acceptances under its Offer.

HIGHLIGHTS

1. **Warrego Shareholders who accept Hancock's Offer will now receive \$0.36 cash per Warrego Share** (up from \$0.28 cash per Warrego Share), if Hancock receives acceptances totalling 40% or more of Warrego Shares (**40% Increase Condition**).
2. Three of the four Warrego directors consider the existing cash Hancock Offer to be superior to Strike's Scrip Offer, and therefore **the majority of the Warrego Board has recommended that Warrego Shareholders accept Hancock's Offer** instead of Strike's Scrip Offer.
3. All four Warrego directors (including the Chairman Greg Columbus) have recently announced to Warrego Shareholders that **an all cash offer was superior to accepting an offer for Strike's scrip**.
4. **Hancock now holds more than 25% of Warrego Shares**, which means that **CGT rollover relief may not be available to Warrego Shareholders** if they accept Strike's Scrip Offer.
5. Warrego has provided Hancock with confirmation that the recommendations made by the Warrego Board to accept Hancock's Offer **means that Strike West's pre-emptive rights under the EP469 JOA will not be enlivened** if Hancock obtains control of Warrego – which Hancock considers re-affirms its view (as outlined in Hancock's Bidder's Statement) and is contrary to Strike's view (as outlined in Strike's Bidder's Statement).

1 Increase in the Offer Price to **\$0.36 cash**

Hancock is pleased to announce that Warrego Shareholders who accept Hancock's Offer will now receive \$0.36 cash per Warrego Share (an increase of 29% from \$0.28), if Hancock receives acceptances totalling 40% or more of Warrego Shares (**40% Increase Condition**).

Hancock has currently received acceptances from Warrego Shareholders holding 25.92% of the Warrego Shares on issue, and therefore only requires further acceptances from Warrego Shareholders holding in aggregate 14.08% of Warrego Shares to pay \$0.36 per Warrego Share.

Warrego Shareholders who have not yet accepted Hancock's Offer should note the following:

- (a) Hancock's Offer is scheduled to close at 7.00pm (AEDT) on Tuesday, 31 January 2023.¹
- (b) If you accept into Hancock's Offer and Hancock receives acceptances under its Offer sufficient to increase its aggregate interest in Warrego Shares to 40% or more prior to the close of Hancock's Offer, you will receive \$0.36 per Warrego Share under the current Offer terms and this Sixth Supplementary Bidder's Statement.²
- (c) Hancock remains of the view that the current Strike share price is largely being supported by Hancock's Offer for Warrego and Warrego Shareholders should not expect Strike's share price to maintain its current value once Hancock's Offer closes.

All Warrego Shareholders who accept, or have accepted, Hancock's Offer will also receive \$0.36 per Warrego Share if the 40% Increase Condition is met, regardless of when they accepted the Offer.

The maximum amount that Hancock will be required to pay if the 40% Increase Condition is met is \$447 million. This amount will be fully funded by the HPPL Funding Agreement.³

Hancock intends to establish an acceptance facility that is open to all Warrego Shareholders to facilitate the receipt of their acceptances of the Offer (**Facility**). The Facility is intended to enable Warrego Shareholders to indicate their intention to accept the Offer without being obliged to do so until the 40% Increase Condition is effective.

You may also immediately accept the Offer by emailing a complete and executed Acceptance Form, in the form previously provided to you to: corpactprocessing@computershare.com.au.

Further details of the Facility will be provided to Warrego Shareholders by way of supplementary disclosure following finalisation of the Facility terms between Hancock and the Facility agent in the coming days.

¹ Unless extended in accordance with the Corporations Act.

² If you accept into Hancock's Offer and the 40% Increase Condition has not been met prior to the close of Hancock's Offer, you will receive \$0.28 per Warrego Share unless Hancock otherwise increases the Offer Price in accordance with the terms of this Sixth Supplementary Bidder's Statement. Alternatively, you may wish to indicate your willingness to accept Hancock's Offer by participating in the Facility.

³ Assuming acceptances are received in respect of all Warrego Shares on issue and all Warrego Convertible Securities are vested or exercised and accept Hancock's Offer.

2 Three of the four Warrego directors confirmed that Hancock's Offer is superior to Strike's Scrip Offer

On 30 December 2022, three out of the four directors on Warrego's Board confirmed Hancock's Offer is superior to Strike's Scrip Offer, and therefore the majority of the Warrego Board has recommended that Warrego Shareholders accept Hancock's Offer in the absence of a superior proposal.

The majority of Warrego's Board emphasised the benefits of Hancock's Offer and the risks associated with accepting Strike's Scrip Offer for Warrego Shareholders, including:

- exposure to movements in Strike's share price, which has shown considerable variability and has traded below the current implied value for extended periods in the past; and
- exposure to the development risks relating to Strike's other assets.

In particular, the majority of Warrego's Board provided the following reasons for recommending Warrego Shareholders accept Hancock's Offer:

Reasons for recommending Warrego Shareholders accept Hancock's Offer⁴	
Strike's share price will fluctuate and has traded below Hancock's Offer price	"The Strike Offer is a scrip offer, which means that the implied value of the offer will depend on the price of the Strike Shares at any particular time. ... the Strike Share price has shown considerable variability, trading below \$0.28 for extended periods over the past 12 months and trading as low as \$0.215 as recently as 27 September 2022. ... In contrast, the Hancock Offer provides Warrego Shareholders with cash certain value for their Shares."
Strike's Scrip Offer exposes Warrego Shareholders to development risks on Strike's and Warrego's assets	"Accepting the all cash Hancock Offer enables Warrego Shareholders to avoid the risks associated with the development of Warrego's assets ... as well as the risks associated with the development of Strike's assets".
	"Under the Strike Offer, Warrego Shareholders would be taking exposure to Strike's other assets ... Those assets are subject to various risks, including development, financing, permitting and reserves risks. Following the receipt of Strike's earlier scheme proposals, Warrego conducted due diligence in conjunction with its technical advisors on certain of those assets. Based on its findings, there are some concerns around the risks inherent in a number of those assets and developments."
	"Under the Strike Offer, Warrego Shareholders would continue to be exposed to the risks of development of Warrego's assets, in addition to the risks of development of Strike's other assets."
Strike's Scrip Offer may not deliver capital gains tax rollover relief and will require Warrego Shareholders to cash fund that liability out of their own resources	"There is a risk that Strike West does not obtain the necessary acceptances of the Strike Offer to acquire the 80% or more of Warrego Shares required to provide capital gains tax rollover relief for eligible Warrego Shareholders. ... those Warrego Shareholders who are subject to capital gains tax would need to separately cash fund that liability."

⁴ Extracted from Warrego's Target Statement at sections 1.1 and 1.2.

3 All four Warrego directors (including the Chairman) have recently confirmed cash is superior to Strike scrip

On 28 November 2022, all four Warrego directors (including the Chairman Greg Columbus) announced that an offer of \$0.20 cash per Warrego Share was **superior** to Strike's then proposal of 0.775 Strike Shares per Warrego Share.

Less than five weeks later, on 30 December 2022, Warrego's Chairman, Mr Columbus, then apparently considers that an offer of \$0.28 cash per Warrego Share (which is 40% above the previous cash offer Mr Columbus supported on 28 November 2022) is supposedly **inferior** to Strike's new proposal of one Strike Share per Warrego Share (which is only 29% above the previous Strike scrip proposal).

Hancock notes that Mr Columbus' current recommendation to reject Hancock's all cash offer in favour of Strike's all scrip offer is inconsistent with the prior statements he endorsed as Warrego's Chairman. In particular, a number of the reasons for Mr Columbus' recommendation, as set out in Warrego's Target's Statement, are predicated on an implied value of Strike's Scrip Offer based on Strike's closing share price on 29 December 2022, and the ability of Warrego Shareholders to participate in potential future upside associated with accepting Strike shares. These reasons are inconsistent with the comments previously made by Warrego regarding the risks of exposure to Strike's share price and high risk assets.

Hancock urges Warrego Shareholders to follow the recommendations made by the majority of the Warrego Board to accept Hancock's Offer and to appreciate the risks associated with accepting Strike shares that were previously unanimously articulated by the entire Warrego Board, including Mr Columbus, Warrego's Chairman.

4 Hancock now holds in excess of 25% of Warrego Shares so CGT rollover relief may not be available

On 3 January 2023, Hancock announced that it was the holder of more than 25% of Warrego Shares. This means that Capital Gains Tax (**CGT**) rollover relief may not be available to Warrego Shareholders if they accept Strike's inferior and conditional Scrip Offer. Consequently, Strike's Scrip Offer may not deliver capital gains tax rollover relief and will require Warrego Shareholders to cash fund any liability out of their own resources.

5 Warrego's position on pre-emptive rights regime is the same as Hancock's and contrary to Strike's

As previously stated by Hancock, certain pre-emptive rights under a joint operating agreement between Warrego and Strike West in the event of a change in control of Warrego (**Pre-emptive Rights Provision**) will not be enlivened in circumstances where the change in control has been recommended by the Warrego Board, even if that recommendation is subsequently withdrawn.⁵ Strike has subsequently indicated it has a different position to that taken by Hancock.⁶

Warrego's Board has now recommended Hancock's Offer on two separate occasions. On 9 December 2022, Warrego announced that Warrego's Board, "now unanimously recommends that Warrego shareholders accept the Hancock Takeover Offer, in the absence of a superior proposal." In Warrego's Target's Statement, released on 30 December 2022, the majority of the directors on Warrego's Board have also recommended that Warrego Shareholders accept Hancock's Offer.

⁵ See section 10.1 of Hancock's Original Bidder's Statement dated 30 November 2022.

⁶ See section 10.8 of Strike's Bidder's Statement.

Hancock further notes the statement in section 9.1 of Warrego's Target's Statement titled "Potential impact of the Hancock Offer on Warrego's material contracts", and in particular the first paragraph regarding the pre-emptive rights under the EP469 JOA, which reads:

"Under the EP469 JOA, Strike EP469 has the right to exercise pre-emptive rights to acquire Warrego EP469's participating interest under the EP469 JOA in the event of a 'Change in Control' of Warrego EP469. These pre-emptive rights do not apply in circumstances where the change in control results from a change of control of Warrego where the change of control has been recommended by Warrego's Board to the Warrego Shareholders."

Hancock notes that Warrego has previously clarified its position on the legal application of the Pre-emptive Rights Position in an unsolicited communication to Hancock on 9 December 2022, which stated:

"The pre-emptive rights under the EP469 JOA do not apply in circumstances where the change in control results from a change of control of Warrego that has been recommended by Warrego's Board to its shareholders. Our view is that Warrego's announcement of the recommendation of the Warrego Board today satisfies this exception, and that it is not a requirement of the EP469 JOA that this recommendation be set out in the Target's Statement in order for the exception to be available. Hancock's Bidder's Statement also seems to acknowledge this in section 10.1 where it says that the 'pre-emptive rights will not be enlivened in circumstances where the change in control has been recommended by the Warrego Board. ... the exception to the pre-emptive rights process is available." (emphasis added)

Warrego's views of the legal operation of the Pre-Emptive Rights Provision as provided in its unsolicited communication to Hancock on 9 December 2022 are consistent with Hancock's view and contrary to Strike's position.

6 Approval

This Sixth Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Hancock.

Date: 5 January 2023

Signed for and on behalf of Hancock Energy (PB) Pty Ltd by:



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Stuart Richard Johnston, Director