warrego energy

2019 | Warrego Energy Limited Annual Report

Contents

Highlights

5,100m

West Erregulla-2 drilled to a depth of 5.1km, a new Australian record.

West Erregulla-2 flow test confirms world class resource.

69MMscf/d

RTO of Petrel Energy completed in March 2019, ASX listing changed to WGO.

2 primary areas of focus: Perth Basin, Australia, and Cadiz region, Spain.

3 significant conventional discoveries^ at West Erregulla-2 including a world class reservoir in the Kingia sandstone.

^ Post FY19 year end

From our Chairman

Greg Columbus

"Whilst we have seen significant short-term shareholder value creation, the journey for the true underlying value of our total asset portfolio has only just begun."

The Warrego share price has risen 220% since the RTO.

(As at Oct 15th 2019 - S&P / ASX 200 for same period 7.9%)

Fellow shareholders, FY19 has been an exciting year of evolution, discovery and growth for your company. We have made substantial and positive changes to our corporate, financial and operating structures and we are now beginning to realise the significant potential of our high-graded asset portfolio.

The highlight of 2019 has undoubtedly been the world class gas discoveries at West Erregulla, onshore Perth Basin Western Australia. Conventional reservoirs in the Basal Wagina, Kingia and High Cliff sandstones.

Although these discoveries were announced subsequent to the financial year end, they represented the culmination of many years of hard work across multiple countries and timezones. Appraisal success had been somewhat reflected in the company's share price, but there remains considerable potential at West Erregulla as well as in our other assets in the Perth Basin and Spain.

In March 2019, shareholders of Petrel Energy Limited approved the completion of the merger with Warrego Energy UK Ltd via a Reverse Takeover. The company was renamed Warrego Energy Limited and remained listed on the ASX (listing code: WGO).

The merger was a catalyst for a series of important changes which have repositioned the company. Renewal at Board and Executive level added considerable technical, financial, industry and geographic operating experience whilst remaining consistent with our lean and efficient ethos. This has proved to be particularly effective in progressing the appraisal of the West Erregulla field, onshore Perth Basin Western Australia, and the Tesorillo Project in the Cadiz region of Spain.

Warrego is in accord with a widely held view that natural gas is the partner fuel to enable future renewable energy solutions. We believe that natural gas will be increasingly utilised as an important part of the climate solution mix. Natural gas is the cleanest burning hydrocarbon source. LNG terminals are being constructed globally and gas will be increasingly seen as transportable and thus competitive with oil and other energy sources.

With a significant readily accessible unencumbered WA conventional gas resource Warrego intends to play its part in that solution. In Western Australia block EP469 sits some 20 km from the nearest pipeline and in Spain our Tesorillo gas assets sit 2.6 km from one of the biggest pipeline infrastructures in Europe.

We believe the key to guaranteeing that gas can play this important role in the energy mix is to ensure that we will:

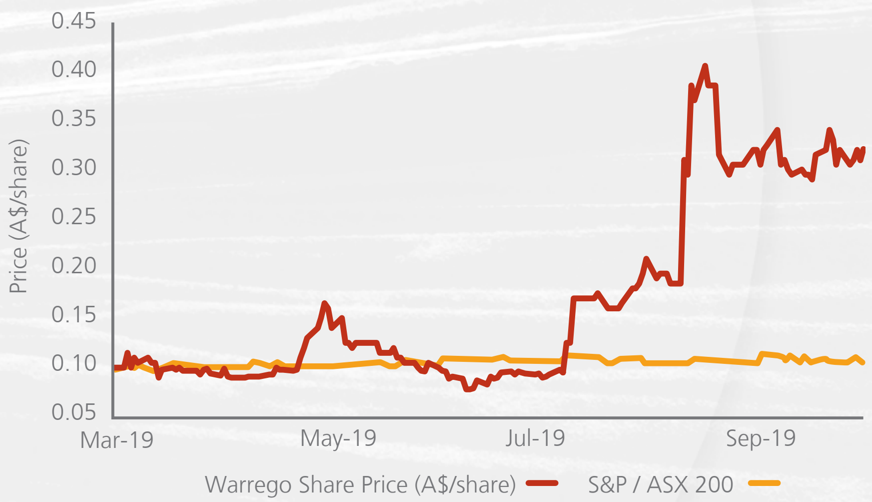
- Manage risk effectively
- Consult locally
- Act safely & transparently
- Adhere to industry best practice and government policy

Because of Warrego's involvement in two continents Australia, and Europe we believe that we can fast track key learning and introduce enabling technologies between each location.

This approach is in line with our strategic thinking for the company.

Global political and economic conditions have deteriorated over the past 12 months and Warrego has responded by narrowing its strategic focus to concentrate on high-grade assets with above average geological and geophysical features; excellent proximity to pipelines, infrastructure and markets; and low-cost development potential. Accordingly, we have prioritised the appraisal of West Erregulla and Tesorillo while continuing to work on the prospective EPA-0127 onshore exploration permit in the Perth Basin. Exploration and appraisal in Uruguay was discontinued during the year.

Share Price Performance vs S&P / ASX 200



From a financial perspective, we have ended the financial year in a sound position thanks to the support of our shareholders. Exploration and appraisal activities consume capital and on behalf of the Board, I would like to thank the shareholders that participated in the various capital raising activities during the year which enabled the outstanding success of the West Erregulla-2 well. Looking to the year ahead, FY20 could perhaps be even more exciting than FY19. We are involved in preparing for new seismic and planning new wells with our joint venture partner at West Erregulla, and on the other side of the world we are advancing preparations for a new appraisal well at Tesorillo. Success at these locations will allow us to define reserves and contingent resources which is a critical step on the road to development.

In conclusion, I would like to acknowledge the hard work and dedication of our board, management team and staff who, together with our shareholders, have helped us achieve this great success in the Perth Basin.

We look forward to unlocking the full potential of our quality portfolio and remain committed to generating wealth for shareholders.

Yours sincerely,

Greg Columbus
Chairman

The Warrego Story

Warrego Energy is a next generation oil and gas company focused on creating maximum stakeholder value.

We apply deep management skills, technology transfer and international know-how to manage risk across our assets, attract the best people and access the best international funding sources whilst remaining lean and focused at all times.

Australia, Only 1/3 of EP469 has been covered with 3D seismic. Significant potential exists in the remaining 2/3 of the block.

Spain, Tesorillo project preparation in final stages working with government to gain approvals.

Warrego History

Our Founders

Robert Gordon University graduate, **Dennis Donald** spent over 25 years with Shell where he was latterly instrumental in the introduction of new technology into the Brent Fields.

Aberdeen University graduate **Duncan MacNiven** began his career as a corporate/oil & gas lawyer with Aberdeen firm Peterkins before pursuing interests in the oil sector with Dennis.

Australia

The Perth Basin continues to emerge as a leading play with Beach Energy drilling their Beharra Springs Deep well at the moment. Several pundits have pointed out the potential for a world class Perth Basin hydrocarbon deposition in the triangle between Waitsia, West Erregulla-2 and Beharra Springs. If this were proven then the potential for this gas resource would gain international interest. Warrego is currently reviewing its strategic options and is committed to ensuring that it maximises the value of the significant unencumbered resource that it has in EP469.

Spain

Our Spanish project is nearing conclusion of its field study phase. Key seismic and magnetic data have been synthesised to gain a comprehensive overview to inform the drilling of our Tesorillo appraisal well. Government approvals are being actively sought and once secured all efforts will be directed to the drilling of Tesorillo. Other synergistic opportunities in Spain are also being evaluated.

Timeline

1998

Donald and MacNiven established Leading Edge Advantage, an independent global drilling engineering consultancy specialising in the application of advanced drilling techniques such as coiled tubing, underbalanced and managed pressure drilling. LEA planned and executed the first coil tubing drilled well from a floating platform in the North Sea.

2007

The pair create Warrego Energy to apply their technology, drilling and execution skills to unlock stranded onshore gas resources and address a forecast Western Australian domestic gas shortfall.

The Western Australian Government released the West Erregulla concession to competitive tender. Warrego submitted a comprehensive, ambitious and ultimately successful bid for the permit.

2008

The duo worked through the unexpected global financial collapse by investing their life savings and selling assets such as Leading Edge to protect and build value in the asset.

Groundwork for EP469 required extensive negotiations with the Amangu people who had claimed native title rights. The Warrego team saw the Amangu as partners, and took a personal approach to the dialogue, rather than the traditional industry practice of utilising 3rd parties. Building a close relationship with people living 9000 miles away was risky but paid off and negotiations were completed in two years.

2014

Following several years of financial hardship, Warrego secured capital to progress the pre-appraisal seismic programme by way of a A$40 million farm out to Dutch Oil Companies Dyas BV and Mazarine Energy BV.

2016

Warrego recovered 100% interest in EP469 after Dyas and Mazarine withdrew from Western Australia because of the oil price collapse.

2018

Farmed out 50% and operatorship of EP469 in June 2018 to Strike Energy in return for an A$11 million "Carry" on the West Erregulla-2 well to finally realise the massive potential of the field.

Signed a share purchase agreement in December 2018 whereby, subject to conditions, Warrego would acquire Petrel Energy Limited (ASX:PRL) by reverse takeover (RTO).

Subsequent seismic reprocessing saw the resource estimates revised upwards as WE-2 became one of the most eagerly awaited wells in recent Australian history.

2019

On completing the RTO of Petrel, Warrego acquired 77% of the enlarged organisation. ASX ticker code changed to (ASX:WGO).

West Erregulla-2 was spudded in June and was drilled to a total depth of 5100m, the deepest well drilled onshore in Australia. It has become a world class asset with three major commercial plays the Basal Wagina, Kingia and High Cliff sandstones which confirmed expected reservoir similarities with the nearby Waitsia field.

Flow tests conducted on the well achieved a maximum flow rate of 69 million standard cubic feet of gas per day on a 2" choke at ~700 psig wellhead pressure over a 1-hour period.

CEO's Report

Dennis Donald

"The major discoveries at West Erregulla will help us consolidate our position in 2020 as a key player in the Perth Basin. At the same time, we will pursue our international ambitions and progress the highly prospective Tesorillo project in Spain."

FY19 was a seminal year for Warrego Energy, laying the platform for exploration and appraisal success in Western Australia and positioning the company for further growth in Australia and Spain.

Although Warrego only listed on the ASX in March 2019, via Reverse Takeover (RTO) with Petrel Energy, the company has operated in Australia for almost fourteen years. It has weathered the global financial crisis and the worst oil price crash since the 1970s, and has arrived at its current position through foresight, dedication and perseverance.

The successful RTO enlarged the Warrego asset base with the addition of an additional block in Western Australia (EPA-0127) and international projects in Spain and Uruguay. A post-merger review and evaluation of assets resulted in the company focusing on Western Australia and Spain and a decision to discontinue investment and activities in Uruguay.

However, the highlight of the year was undoubtedly the exploration success at West Erregulla in EP469, onshore Perth Basin Western Australia, which resulted in three significant gas discoveries.

Operational Highlights

The West Erregulla-2 exploration well in EP469 was spudded in June 2019 and successfully drilled to total depth of 5,100 m, an Australian record for an onshore well. The prospect targeted three formations in the Wagina, Kingia and High Cliff Sandstones which yielded three significant conventional gas discoveries. The Kingia Sandstone, with net pay of 58 metres and low levels of inerts, significantly exceeded pre-drill expectations.

Log and drilling data combined with side wall coring of the well will be assimilated with the results of the well testing to inform the reserves estimate.

The Joint Venture will engage an independent certifier to gain appropriate assessment of the gas reserves and contingent resources in the block. Once this independent estimate is confirmed, EP469, with excellent proximity to infrastructure, pipelines and markets - can truly be classified as a word-class asset.

Spain

We have continued to make progress in Spain, although the current political situation has slowed the approval process. The Tesorillo project is adjacent (4 kilometres) to the largest gas interconnector in Europe providing ready access to an extensive market. Success at Tesorillo, where we have identified a lightly explored prospect of potentially similar magnitude to West Erregulla, will allow swift development of our Spanish assets to a receptive and accessible market.

Financial Performance

At year end, the company was in a secure position having raised sufficient capital to undertake the RTO, WE-2 drilling operations, and prepare for the next phase of activity in Western Australia and Spain. During the year, Warrego Energy completed two rounds of fund raising totalling A$11.8 million (before costs) comprising the issue of A$5.2 million of convertible loan notes *[Note 1]* pre-RTO in March 2019; and a placement and SPP for A$6.6 million in June 2019 *[Note 2]*.

The farm-out agreement for EP469 required Strike Energy to bear the first A$11 million of expenditure on the West Erregulla-2 well. Additional well costs are to be funded on a 50:50 basis. Warrego's first cash call for A$2.75 million was received in June 2019 (paid on 1 July 2019).

EP469 Perth Basin

A world class asset with three significant gas discoveries.

A$23.5M

Raised through Placements, SPPs and Convertible Notes.

[FY19:A$11M / QTR1:A$12.5M]

"The highlight of the year was undoubtedly the appraisal success at West Erregulla which resulted in three significant gas discoveries."

During the year Warrego has worked hard to manage its costs and joint venture expenditure very carefully. Being a company with operations on 2 continents necessitates that rigorous cost control policies and procedures are in place and that these are closely monitored by myself.

Net cash flows out from operating activities, including the costs of the RTO, were A$3.27 million. Exploration activities, including analysing the position in Uruguay, expenditure to further the Tesorillo project in Spain and preparatory work on EPA-0127, were A$244,559.

Overall, we entered into the new financial year in a strong overall position with A$7.3 million in cash and cash equivalents. The company raised a further A$12 million in September 2019 (after the balance sheet date) following the successful drilling of West Erregulla-2 and the subsequent major gas discoveries. We are well positioned to fund the initial preparatory works for next year's programme, which is yet to be finalised but may include seismic surveys and additional delineation wells at EP469 and an appraisal well at Tesorillo.

HSE and Sustainability

Our approach to Sustainability is embedded within the company's culture. Health, Safety and Environment is an essential part of our business. We strive to ensure that we comply with the highest standards whether as operators or partners.

Careful planning, after action reviews, and safety audits are incorporated with industry best practice across our operations. Pleasingly, there were no significant safety or environmental incidents to report.

We 'tread lightly on the land' as we seek to engage with neighbours, communities and stakeholders concerning our operations in Western Australia and Spain.

EP469

The Perth Basin extends some 100,000 km² south from the Carnarvon Basin to the Yilgarn Craton in the east and to the continental shelf in the west. Historically the first well, Warren River, was drilled in 1902. The first discovery was the Yardino well in 1964. Arguably the most significant well to be drilled in the Basin was AWE's Senicio 3 which discovered the Waitsia Field in September 2014. The successful drilling of West Erregulla-2 in EP469 has confirmed that accessible Waitsia conventional sands extend into the block. Flow tests conducted on the well achieved a maximum flow rate of 69 million standard cubic feet of gas per day on a 2" choke at ~700 psig wellhead pressure over a 1-hour period from the Kingia Sandstone confirming we have excellent conventional reservoir quality, well deliverability, and production potential.

With 2/3 of EP469 still to be appraised, Warrego expects to increase it's world class resource.

Notes

[1] All convertible Notes have now been redeemed.

[2] Completion 4 July 2019.

CEO's Report

The Coolcalalaya Basin is a forgotten frontier between the Perth and Carnarvon Basins.

"Warrego is in the final stages of agreeing native title and once concluded will be engaging with parties that have expressed an interest in farming-in. Warrego sees EPA-0127 as a natural extension to its world class Perth Basin asset."

EPA-0127 North Perth Basin

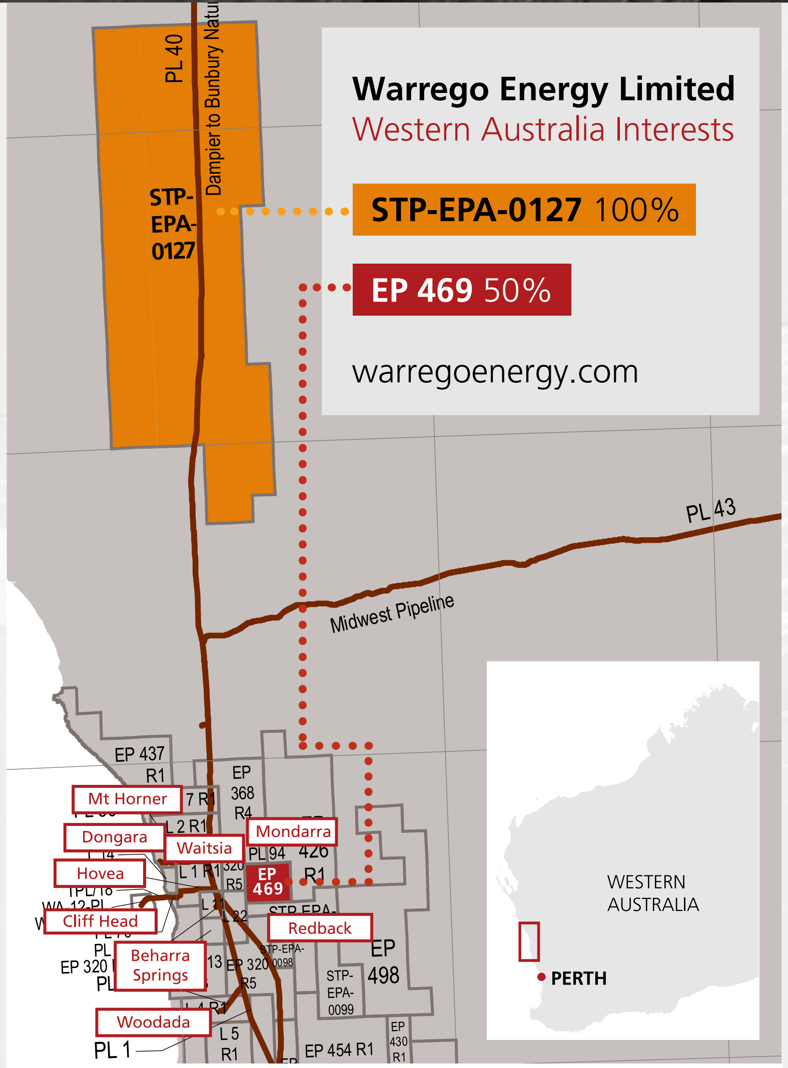
Located in the Coolcalalaya sub-basin Warrego's block EPA-0127 extends a massive 2.2 million acres (8,700 km^2). The block is bisected by the Dampier to Bunbury pipeline and is immediately north of the Midwest Pipeline guaranteeing ready access to any available commercial hydrocarbons in the block.

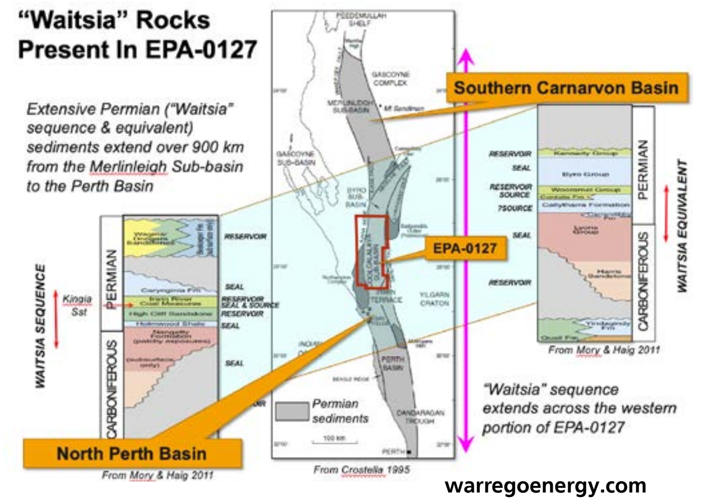
Recent geological work undertaken by Warrego has identified a number of hydrocarbon targets of interest. Based on surface geology and gravity data a number of Waitsia-like picks have, been identified for further investigation.

The Coolcalalaya Basin in summary:

- Essentially unexplored
- Prime situation between the Perth and Carnarvon Basins
- Recognised as a deep and ancient basin
- Identified structuring, known reservoir quality, potential source rocks in a deep kitchen.

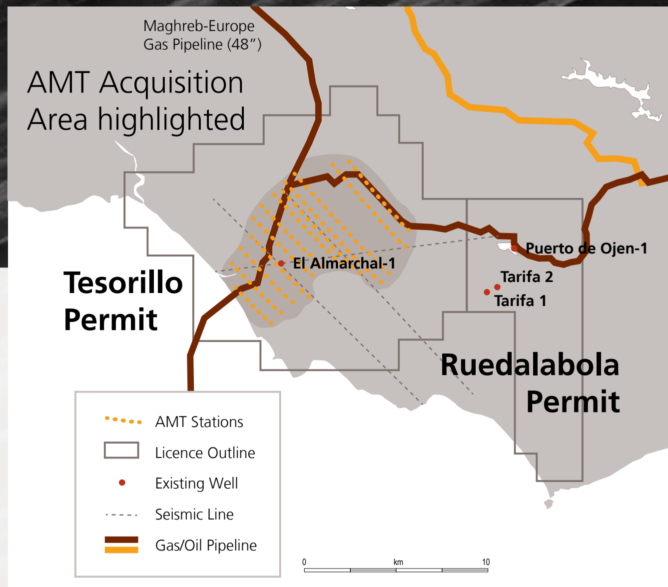
Warrego is in the final stages of agreeing native title and once concluded will be engaging with parties that have expressed an interest in a farm-in. Warrego sees EPA-0127 as a natural extension to its world class Perth Basin asset.



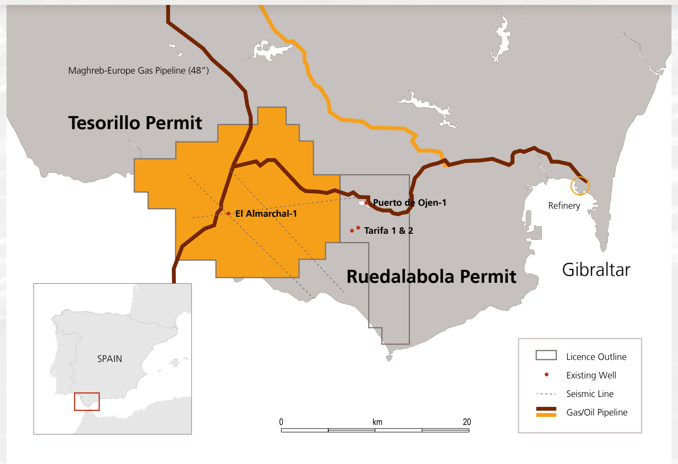


warregoenergy.com

Our Tesorillo and Ruedalabola licences are located in the Cadiz Province of Southern Spain and cover 380 km^2.



Operating through our Spanish vehicle Tarba Energia SRL (Warrego holds 85%) Warrego is progressing the Tesorillo prospect with our partners Prospex Oil & Gas PLC (who hold 15% of Tarba).



Spain

The Almarchal-1 gas discovery is located in our Tesorillo licence. This well intersected a thick section of possible gas pay when drilled in 1956 and gas flowed to surface.

The Ruedalabola Permit contains the Puerto de Ojen well drilled in 1957 which displayed similar gas shows to Almarchal-1 but could not be tested due to mechanical reasons.

In 2019 integration of key geological data i.e. surface structural and geological mapping reprocessing of legacy 2D seismic and AMT reprocessing yielded important information that will inform the drilling of our Tesorillo well. Proving this resource through successful drilling will be a key focus in 2020.

Spain has an extensive pipeline grid operated by ENAGAS. Natural gas is the main source of energy and 99.9% of fossil fuels are imported from Africa and the Middle East. Gas is seen as the preferred transition fuel within Spain and indeed Europe. The Maghreb gas pipeline comes ashore in, and runs through the permit. This pipeline will provide access to high priced European gas markets.

Going Forward

We started the year with great success in the Perth Basin and the company is currently evaluating strategies to create and maximise value for its shareholders.

We are intending to shoot further 3D seismic to better define EP469 and improve mapping of the block. To date only 1/3 of EP469 has been shot which has identified significant gas reserves to be confirmed by the flow test. In addition, a further two appraisal wells are being planned in 2020 to delineate the West Erregulla resource.

In Spain we will complete the assimilation of the magnetic and acquired 2D seismic data. Warrego will endeavour to facilitate the approval of the drilling of our first well in Spain in 2020.

We will continue to maintain a lean and focused organisation throughout the coming year. Access to European capital markets, a strong management team, and access to cutting edge technologies and techniques will play a key role in our plans.

Without the commitment and the hard work of our people, Warrego would not have enjoyed the successful and safe operations that we experienced in 2019. I would like to thank all of our teams, contractors, service personnel and stakeholders for their efforts and our shareholders for their ongoing support.

Dennis Donald
Group CEO & Managing Director

Sustainability

Warrego believes that **sustainable development** means meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Warrego has worked in Western Australia for over twelve years and at all times has striven to be respectful of the law, the people and the land.

We have at all times ensured that we "tread lightly on the land".

The founders of the company in the course of their business have worked in the field and have come to know the local stakeholders and community. We strive to ensure that we harmonise with the government's sustainability aims and respect local and national stakeholder sustainability issues.

"Sustainability is part of our corporate culture and is embedded in all aspects of the business."

THE THORNY DEVIL, ALSO KNOWN COMMONLY AS THE MOUNTAIN DEVIL

Health, Safety & Environment

Warrego Energy is committed to operating in a manner that protects people from harm and which complies with all applicable health, safety and welfare legislation.

Warrego Energy, through commitment from the highest level in the organisation, has enjoyed great success with all its Health, Safety and Environment objectives during the FY19.

We will not become complacent. Targets for the next year and beyond will see us striving to maintain and improve on our performance.

Zero harm to a person's health

Through effective planning and communication no direct or indirect employees, neighbours or members of the public have been harmed by any of our activities.

While maintaining our focus to ensure we do not harm a person's physical health, we will develop strategies to measure and manage situations that may give rise to mental stress.

Minimise environmental impact

Warrego works with our partners, striving to positively influence and minimise any environmental impact across our operations in Australia and Spain.

With the global nature of our organisation, air travel is a significant direct environmental impact. Warrego has minimised this by avoiding unnecessary air travel and by using technology to bring teams together whenever possible.

Respect for our neighbours, communities and stakeholders

Even though our JV partners are the 'Operators', we continue to strengthen our relationship with neighbours, communities and stakeholders in Western Australia and Spain.

Comply with legislation

Our experienced team, aided by our partners, has ensured we are knowledgeable and compliant with the prevailing legislation in all the regions where we conduct business.

Continuous review and true improvement

The RTO of Petrel Energy has brought about re-evaluation of our existing HSE management systems. A review identified critical areas needing immediate improvement which has been implemented. Definition and development of a scalable system has started and will continue during the next financial year.

Realisation of our operating philosophy "Tread lightly on the land"

While it is not possible to undertake energy projects without some impact on the land, through planning and the use of leading-edge technologies and practices Warrego has kept its operational footprint small.

With our partners, we have plans to further reduce that footprint through the rehabilitation of any land impacted by our activities.

Board of Directors



Greg Columbus
Non-executive Chairman, Chair of Remuneration Committee & Member of the Audit Committee

Dennis Donald
Group CEO & Managing Director

Duncan MacNiven
Executive Director - Approvals, HS&E



Owain Franks
Executive Director - Finance, Strategy & Delivery

Mark Routh
Non-executive Director, Member of the Remuneration Committee & Member of the Audit Committee

David Biggs
Non-executive Director, Member of the Remuneration Committee & Chair of the Audit Committee

Financial Report

Directors' Report

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group' or 'the Group') consisting of Warrego Energy Limited (referred to hereafter as 'the Company' or 'Parent Entity') and the entities it controlled for the financial year ended 30 June 2019.

DIRECTORS

The directors in office at any time during the financial year and up to the date of this report are:

Greg Columbus	Non-executive Chairman	appointed 22 October 2018
Dennis Donald	Managing Director, Group Chief Executive Officer	appointed 21 March 2019
Duncan MacNiven	Executive Director - Approvals, HS&E	appointed 21 March 2019
Owain Franks	Executive Director - Finance, Strategy & Delivery	appointed 21 March 2019
Mark Routh	Non-executive Director	appointed 21 March 2019
David Biggs	Non-executive Director	appointed 21 March 2019
Alexander Sundich	Non-executive Chairman	resigned 21 March 2019
David Casey	Managing Director	resigned 22 March 2019
Russell Porter	Non-executive Director	resigned 29 November 2018
Andrew Williams	Non-executive Director	resigned 29 November 2018

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the exploration for and development of oil and gas resources. Its objective is to generate shareholder wealth. The recently completed reverse acquisition by WEUK will allow the Company to fully exploit the potential of its projects in the Perth Basin, Western Australia and the Tesorillo project in Southern Spain.

OPERATING RESULTS

The Group's net loss after tax from operations for the year was A$7,532,858 (2018: loss of A$257,568). Impairment costs arising during the period were A$3,457,484 (2018: nil)

FINANCIAL POSITION

The Group's total assets increased to A$16,561,633 (2018: A$415,360), mainly as a result of capital raisings totalling A$5,404,159 (2018: nil) and recognition of goodwill from reverse acquisition of A$7,045,872. Total liabilities increased to A$2,914,890 (2018: A$131,525) predominantly from the convertible notes issue of A$1,115,396.

REVIEW OF OPERATIONS

During the period the Group undertook the following activities:

Reverse acquisition and Change of Company Name

- On 21 December 2018 the Company announced the signing of a Share Purchase Agreement (the "SPA") with Warrego Energy Limited (subsequently renamed Warrego Energy UK Ltd and referred to here as "WEUK"), a private UK company, agreeing the merger of the two groups via a reverse acquisition (the "RTO"). The SPA fully defined the RTO which was subsequently effected by the acquisition by the Company of all the shares of WEUK. As consideration for the RTO, WEUK shareholders received fully paid ordinary shares in the Company, which represented approximately 77% of the issued share capital of the Company.
- On 15 March 2019 at an Extraordinary General Meeting, shareholders approved the completion of the RTO and issue of consideration shares to Warrego shareholders. The meeting also approved a consolidation of share capital on a 20:1 basis, change of Company name to Warrego Energy Limited, and the appointment of five new directors.

EP469

- On completion of the RTO the Company held WEUK's primary asset, the highly prospective Exploration Permit 469 in the onshore Perth Basin in Western Australia. A 50% interest in EP469 had been farmed out to Strike Energy Limited ("Strike") via a joint venture arrangement in June 2018. As part of this agreement, Strike committed to fund the first A$11,000,000 of the cost of drilling and completing one exploration well within the permit (the West Erregulla-2 well) and carrying out related geological and geophysical studies including general and administrative expenses costs, within 24 months of commencement of the joint venture.
- West Erregulla-2 (WE-2) was spudded in early June 2019 using Easternwell's Rig 106 and achieved a total depth of 5,100m in September 2019. The well made three significant gas discoveries in the Basal Wagina, Kingia and High Cliff sands following year end which are outlined in subsequent events below.

Spain

- The 2018 field programme was focused on three strands. The first strand consisted of general field studies to provide information that is required to populate the Environmental and Social Impact Assessment ('ESIA') report. It is estimated that 70% of the overall fieldwork required for the ESIA is complete. The final steps, e.g. hydrogeology, are well location dependent. These will be completed once the new drilling location is decided.
- The second strand was a detailed surface structural geology mapping exercise by a leading structural geologist from Granada University. The new map and related cross-sections show that the structural subsurface geometry of the exploration target (the Aljibe sandstone in the Lowermost Miocene) is formed by possibly several folds and thrust ramps of 3 to 5 km length which are inferred to be potential gas traps. The results have been formally presented to the Energy Resources Section of the Spanish Geological Survey (IGME), during a recent meeting in Madrid.
- The third strand, an Audio Magneto Telluric survey, was hampered and delayed by poor access to the study areas after the summer. The appointed contractors have completed multiple tests over important areas and the raw field data have been processed together with recently obtained historic 2D seismic lines. Work is underway to integrate these data sets with the surface geological model previously developed. Tarba Energia SRL, the local subsidiary which is 85% owned by the Company, will seek to complete the full programme in 2019 and in any event, as soon as possible.

Onshore Perth Basin

- The Company exercised its call option over Palatine Energy Pty Ltd (Palatine) and acquired all of Palatine's issued share capital. Palatine holds the STP-EPA-0127 application over 2.2 million acres in the onshore Perth Basin. The substantive terms of the three Native Title Agreements are progressing which is the final step before the Exploration Permit can be issued by the Department of Mines, Industry Regulation and Safety.

Uruguay

- The Company holds a 41% interest in Schuepbach Energy International LLC (SEI) which was the subject of a strategic review in the June Quarter. SEI holds 100% of the Piedra Sola concession in Uruguay. As a result of the review the Company decided not to allocate additional working capital to SEI and the carrying value of the SEI investment in an associate of A$3,415,000 was written down to nil. The inability to arrange partner funding to progress exploration in Piedra Sola, limited chance of financial return and Warrego's minority equity position in SEI (and its consequential limited ability to influence matters in relation to the asset) were the principal reasons for the write down.

Corporate

- On 22 October 2018 Mr Greg Columbus was appointed to the Board as a Non-Executive Director. Mr Columbus was then appointed Chairman of the Company and Remuneration Committee at the 2018 AGM.
- A share placement on 4 July 2018 raised a total of A$735,000 at a price of 0.21 cents per share. An associated Share Purchase Plan which closed on 7 August raised a further A$326,000 bringing the total funds raised to A$1,061,000.
- On 15 March 2019 an Extraordinary General Meeting of shareholders approved the completion of the RTO and also approved a consolidation of share capital on a 20:1 basis. The number of ordinary shares was reduced from 2,399,437,494 to 119,971,875 immediately after the RTO.
- On 31 May 2019 Warrego completed a Placement raising a total of A$6,100,000 at a price of 9.5 cents per share.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter has arisen in the interval since 30 June 2019 and up to the date of this report that in the opinion of the directors has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods other than the following:

- The West Erregulla-2 (WE-2) exploration well which was spudded in early June 2019 made three significant conventional gas discoveries which were announced after 30 June 2019:
  - On 1 August 2019 the Basal Wagina Sandstone was intersected with 10.2 metres of net pay in a total gas column to 79 metres. The discovery appears analogous to Beharra Springs.
  - On 27 August 2019 a significant gas discovery in the Kingia Sandstone was made with 58 metres of net pay in a gross Kingia gas column of 220 metres which was substantially thicker than Waitsia analogues.
  - On 6 September 2019 a further major gas discovery was made in the High Cliff Sands with 10 metres of net pay in a gross gas column of 22 metres.
- On 4 July 2019 Warrego completed a Share Purchase Plan ("SPP") raising a total of A$510,000 at a price of 9.5 cents per share.
- On 25 July 2019 half of the outstanding A$1,250,000 Convertible Notes were converted for 6,706,009 ordinary shares. The remaining Convertible Notes were converted on 29 August 2019 for 3,245,067 ordinary shares. All pre RTO Warrego Convertible Notes have now been converted.
- On 16 September 2019 Warrego completed a A$12m share placement, primarily to institutions, at an issue price of 29 cents per share.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The RTO approved by shareholders on 15 March 2019 at an Extraordinary General Meeting and completed shortly thereafter has seen the Company shift its current focus to onshore Australia with the EP469 tenement being added to the STP-EPA-0127 application in the onshore Perth Basin. Recent activities and funding have been focused on drilling the very successful West Erregulla-2 well in the EP469. The Company will be continuing its exploration activities on its Tesorillo project in Spain.

DIVIDENDS

No dividends have been paid or declared during or since the end of the financial year.

LIKELY DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

The Group intends to continue its exploration, development and production activities on its Tesorillo Spain project and onshore Perth Basin Western Australia project. The outcome of these developments is dependent on successful exploration and evaluation activities.

BUSINESS RISKS

The Group's focus is on early stage oil and gas exploration. Any profitability in the future from the Group's business will be dependent upon successful exploration, development, production and marketing of hydrocarbons from the petroleum exploration licences. The following exposures to business risk may affect the Group's ability to achieve the above prospects.

Exploration and Production

The business of exploration and project development involves a degree of risk. To prosper, the Group depends on factors that include: successful acquisition of appropriate exploration licences; successful exploration and the establishment of gas resources and reserves; design, construction and operation of efficient production infrastructure; managerial performance and efficient marketing of the products. Exploration is a speculative endeavour. Exploration and development operations can be hampered by force majeure circumstances and cost overruns for unforeseen events, including unexpected variations in location and quality of the petroleum and equipment and plant malfunction.

Funding Risk

The transfer of the Group's exploration focus from the Uruguay and Tesorillo, Spain projects to the onshore Perth Basin has reduced project-funding risk with the key assets being of greater scale and better understood by Australian investors. However, additional capital may be required to fully realise the full potential of all the Group's assets and there is no certainty that the Group will be able to raise additional capital, or that it will be able to do so on favourable terms.

If the Group cannot raise additional capital through the issue of additional shares, it may be forced to dispose of some or all of its interest in one or more of its assets. If the Group is required to dispose of assets in those circumstances to a third party, it is possible that such disposal will not be on favourable terms, including disposal price.

Risk of Foreign Operations

The Group operates and invests in Australia and Spain where there may be a number of associated risks over which it will have no or limited control. These may include economic, social, or political instability or change, nationalisation, expropriation of property without fair compensation, cancellation or modification of contract rights, hyperinflation, currency non-convertibility or instability, and changes of laws affecting foreign ownership, government participation, royalties, taxation, working conditions, foreign nationals work permits, rates of exchange, exchange control, exploration licensing, minerals export licensing, export duties, government control over product pricing, and other risks arising out of foreign governmental sovereignty over the areas in which the Group's operations are conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections.

The Group's operations may also be adversely affected by laws and policies of Australia affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations the Group may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgements in foreign jurisdictions.

Environmental Impact Constraints

The Group's operations are subject to the environmental risks inherent in the oil and gas industry. The Group's exploration and development programmes are, in general, subject to approval by government authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Group from undertaking the desired activities.

Exploration and development of any of the Group's properties is also dependent on meeting planning and environmental laws and guidelines.

The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Group's business, financial condition and results of production operations.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to significant environmental and other regulations. The Group has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration and production activities. There have been no breaches of environmental regulations resulting in damage to the environment in the financial period and at the date of this report.

INFORMATION ON DIRECTORS

Greg Columbus

NON-EXECUTIVE CHAIRMAN – APPOINTED 22 OCTOBER 2018

Mr Columbus has 15 years' experience as Managing Director and main board Director for Clarke Energy Limited, being a privately-owned multinational company in the sale, engineering, installation and maintenance of power plants that utilise gas compressors and gas engines. Clarke Energy is a wholly owned company of the Kohler Group and operates on over 28 countries today.

Greg joined Clarke Energy after previously holding executive General Manager role for AMEC Plc in Australia & New Zealand for 12 years where he was principally involved in bringing UK expertise and technology from Aberdeen, to significantly impact Floating Platform Storage and Offloading Vessels [FPSO] industry along with significant work for Woodside in Western Australia. Having a unique combination of graduate diploma of Electrical and Mechanical engineering, Greg then completed his MBA with University of South Australia conferred in 2003.

Greg has over 30 years business experience in delivering large complex Oil & Gas projects and has along the course of his career also carved out strong strategic vision and been involved in numerous M&A activities.

Special responsibilities: Non-executive Chairman, Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee.

Dennis Donald

MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER – APPOINTED 22 MARCH 2019

Mr Donald left the armed forces in the early 70s to pursue a career in the North Sea oil and gas industry with Shell.

Beginning his career on the drill floor he was latterly instrumental in the introduction of new technology into the Brent Fields, including the first platform Coiled Tubing Drilling project. He left Shell in 1998 having anticipated a growing need in the oil sector for advanced drilling engineering capability.

He set up a specialist drilling consultancy, Leading Edge Advantage in 1998 with Duncan MacNiven as legal counsel growing it into a global brand within 10 years.

Duncan MacNiven

EXECUTIVE DIRECTOR - APPROVALS, HS&E – APPOINTED 22 MARCH 2019

Aberdeen University graduate Mr MacNiven began his career as a corporate/oil & gas lawyer with Aberdeen firm Peterkins. Between 1990 and 2000, Duncan worked as outsourced oil and gas counsel for Pentex Energy plc and Sibir Energy plc. He 'retired' from the legal world to pursue interests in the oil sector.

In addition to Leading Edge Advantage, which they sold in 2008 Duncan's business partnership with Dennis has overseen the successful sales of Alba Resources (holding an interest in the UKCS Mariner Field) to Nautical Petroleum plc. They also sold a design and manufacturing company established in 1999 to bring downhole polymer products to the oil field.

Owain Franks

EXECUTIVE DIRECTOR - FINANCE, STRATEGY & DELIVERY – APPOINTED 22 MARCH 2019

Mr Franks has been a director of Warrego since 2011. He was acting CFO from June 2018 until the RTO. Mr Franks was until recently also Commercial Director of Independent Resources Group plc (now Echo Energy plc).

Mr Franks was previously a senior partner in PwC in the UK for 21 years. He specialised initially in tax, then built its Human Resource Consulting Practice into a world leading business.

Outside the business world Mr Franks was the Deputy Chairman of the Royal Yachting Association (the RYA) from 2011 to 2015 when his term finished. The RYA is the governing body of British Sailing. Mr Franks served a three-year term as a Flag Officer of the Royal Thames Yacht Club (Rear Commodore House and Finance). RTYC is the world's oldest continuously existing yacht club.

Mark Routh

NON-EXECUTIVE DIRECTOR – APPOINTED 22 MARCH 2019

Mr Routh served as the Chief Executive Officer of AIM listed Independent Oil and Gas Plc from August 2011 until February 2018 and served as its Chairman from February 2018 until December 2018.

Mark was the Founder and Managing Director of CH4 Energy Ltd from 2002 until 2006, when it was acquired by Venture Production plc. He served 10 years with Hess in the UK, 6 years with BP in the UK and 5 years with Schlumberger in South East Asia and the UK. His last role at Amerada Hess was SNS / Gas Area Business Manager, responsible for the exploration, appraisal, development and production of all assets in the Southern North Sea and gas assets in the Central North Sea.

Mark was Chairman of the Board of Warrego Energy Ltd UK from October 2010 and moved to be a Non-executive Director upon the RTO with Petrel Energy. He has over 35 years of experience in the Oil & Gas Industry, covering commercial/asset management and area management. He has a MSc in Petroleum Engineering from Imperial College.

Special responsibilities: Member of the Audit Committee and the Remuneration and Nomination Committee.

David Biggs

NON-EXECUTIVE DIRECTOR – APPOINTED 22 MARCH 2019

Mr Biggs has over 35 years of experience in the upstream oil and gas sector. He has worked extensively throughout Australia, New Zealand, Indonesia and the Americas with both large multi-national and smaller organisations.

Until recently Mr Biggs was CEO and Managing Director of AWE Limited (ASX: AWE). AWE accepted a A$602 million takeover bid from Japanese firm Mitsui in February 2018 after rejecting two other bids in the preceding months. The principal asset being purchased by Mitsui was the Waitsia field 16km west of Petrel/Warrego's West Erregulla-2 well. The Waitsia-4 well which recorded a maximum flow rate of 90 MMscf/d, the highest ever recorded onshore Australia. Prior to AWE, Mr Biggs spent 3 years as CEO of Cue Energy Limited, and before that, almost 20 years with BHP Billiton Petroleum, rising to the positions of Vice President, Commercial and Vice President, Land and Upstream Agreements, based in Houston. Part of these responsibilities included membership of the exploration leadership team. Prior to BHP Billiton Petroleum, he worked with the Natural Gas Corporation and the Petroleum Corporation of New Zealand. Mr Biggs brings extensive experience in leadership, strategy and planning, business improvement, and commercial transactions, particularly M&A and gas marketing. He holds a tertiary qualification in law from Victoria University in Wellington.

Special responsibilities: Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee.

Alexander Sundich

NON-EXECUTIVE CHAIRMAN – RESIGNED 22 MARCH 2019

Alex has over 25 years' experience in the financial services industry and is a Fellow of the Financial Services Institute of Australasia, a Member of the Institute of Chartered Accountants in Australia and New Zealand and a Member of the Australian Institute of Company Directors. Since 2008, Alex has been an independent corporate advisor and company director. He is the Executive Director of Bridge Street Capital Partners, a corporate advisory and principal investment firm.

Special responsibilities prior to resignation: Non-executive Chairman, Chairman of the Audit Committee and Member of the Remuneration and Nomination Committee.

David Casey

MANAGING DIRECTOR – RESIGNED 22 MARCH 2019

David Casey graduated with an Honours degree in Geology from the University of Sydney in 1991 and in the same year joined specialist coal seam gas (coalbed methane) company Insitu (Australia) Pty Ltd. In 1996, he formed his own unconventional energy consultancy business. David has over 20 years' experience in the management and evaluation of all aspects of unconventional oil & gas exploration and appraisal, from initial reservoir characterisation and fairway identification through to drilling, testing and production operations. David's most recent executive role was Managing Director of Petrel Energy Limited.

Russell Porter

NON-EXECUTIVE DIRECTOR – RESIGNED 29 NOVEMBER 2018

Russell recently retired after serving 14 years as President and Chief Executive Officer of Gastar Exploration Inc. a publicly listed oil and gas exploration and production company. He is currently a private investor and industry consultant.

Special responsibilities prior to resignation: Chairman of the Remuneration and Nomination Committee and Member of the Audit Committee.

Andrew Williams

NON-EXECUTIVE DIRECTOR – RESIGNED 29 NOVEMBER 2018

Andrew holds a Masters' Degree in Applied Geology and Grad Dip (Finance) from RMIT University, and over a 30-year career has developed a strong technical and commercial background in the oil industry. Early in his career Andrew gained significant hands-on oil industry experience as a geologist with Mobil Minerals, Woodside and Schlumberger working on projects across a range of Australian onshore (dominantly Cooper, Otway and Canning basins) and offshore (Carnarvon and Gippsland basins) projects.

INTEREST IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at 30 June 2019, the interest of directors in the shares and options of the Company were:

DIRECTORS	NUMBER OF ORDINARY SHARES	SPA CONSIDERATION SHARES NOT ISSUED AT 30 JUNE 2019
Greg Columbus	29,973,899	
Dennis Donald	121,867,879	23,558,856*
Duncan MacNiven	121,867,879	23,558,856*
Owain Franks	18,510,558	
Mark Routh	14,114,064	
David Biggs	445,335	
Alexander Sundich^	3,193,696	
David Casey^	7,751,549	
Russell Porter^	685,363	
Andrew Williams^	778,881	

^Interests as at date of resignation adjusted for 20:1 consolidation of share capital in March 2019.

**Dennis Donald and Duncan MacNiven are each entitled to receive 145,176,736 consideration shares each under the Share Purchase Agreement (SPA) approved at the EGM on 15 March 2019. At 30 June 2019 they had received 121,867,879 shares each. Since 30 June 2019 they have received 19,750,000 shares each. The outstanding 3,808,857 shares each will be issued in tranches to ensure that voting power does not exceed 20% of shares on issue at any one time.*

INFORMATION ON COMPANY SECRETARY

Ian Kirkham

Ian has over 20 years' experience in project evaluation and construction, equity and debt markets, statutory reporting, treasury, taxation and corporate governance. Prior to becoming CFO at Warrego Energy Limited, he was Chief Financial Officer and Company Secretary for Eastern Star Gas Limited, the subject of a A$924 million takeover by Santos Limited. Previous executive experience includes similar posts for ASX listed companies including Hillgrove Resources Limited, Allstate Explorations N.L. and Otter Gold Mines Limited. In all these roles he worked closely with CEOs, Boards, Audit and Risk Committees etc. to evaluate, finance and construct resource projects. Ian's early career involved audit positions with Coopers & Lybrand in Sydney and Toronto. He holds a Bachelor's Degree in Economics and is a member of the Institute of Chartered Accountants Australia and New Zealand and AUSIMM.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings held by the directors of the Company during the financial year ended 30 June 2019 and the number of meetings attended by each director:

PERIOD 1 JULY 2018 TO 15 MARCH 2019

DIRECTORS	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD WHILE IN OFFICE
Greg Columbus	2	2
Alexander Sundich*	4	4
David Casey*	4	4
Russell Porter^	2	2
Andrew Williams^	2	2

** Director – resigned 22 March 2019*
^ Director – resigned 29 November 2018

PERIOD 15 MARCH TO 30 JUNE 2019

DIRECTORS	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD WHILE IN OFFICE
Greg Columbus	2	2
Dennis Donald	2	2
Duncan MacNiven	2	2
Owain Franks	2	2
Mark Routh	2	2
David Biggs	2	2

During the financial year ended 30 June 2019 the Audit Committee under the Chairmanship of Alexander Sundich met twice prior to his resignation.

DIRECTORS	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD WHILE IN OFFICE
Alexander Sundich	2	2
Russell Porter	1	1

During the financial year ended 30 June 2019 the Remuneration and Nomination Committee under the Chairmanship of Russell Porter met once prior to his resignation and met 3 times under the Chairmanship of Greg Columbus.

DIRECTORS	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD WHILE IN OFFICE
Greg Columbus	3	3
Mark Routh	3	3
David Biggs	3	3
Russell Porter	1	1
Andrew Williams	1	1

REMUNERATION REPORT (AUDITED)

The Remuneration Report, which has been audited, outlines the directors' and executives' remuneration arrangements for the Group and the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Remuneration Report is set out under the following headings:

a) Key Management Personnel
b) Remuneration Policy and Practices
c) Details of Remuneration

(a) Key Management Personnel

The key management personnel of the Group consisted of the directors of Warrego Energy Limited and the following executives:

David Casey - CEO - Australia & Asia-Pacific
Ian Kirkham - Company Secretary and Chief Financial Officer.

(b) Remuneration Policy and Practices

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability and alignment with shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for the directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Nomination and Remuneration Committee, taking advice where necessary, has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Alignment with shareholders' interests:

- focuses on sustained growth in shareholder wealth, consisting of growth in share price, and delivering increasing return on assets as well as focusing the executive on key non-financial drivers of value such as oil and gas production, reserves, health, safety and environment
- attracts and retains high calibre executives

Alignment of program to participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors' and executives' remuneration are separate.

During the year, the Group has not engaged any remuneration consultants to review its remuneration policies.

NON-EXECUTIVE DIRECTORS

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities as well as capability and experience. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practices.

Effective from 15 March 2019 the base fee (inclusive of the 9.5% superannuation guarantee contributions) of each non-executive for all Board activities was increased from A$56,500 per annum to a rate of A$55,000 (Chairman: A$75,000) per annum plus an additional A$15,000 per annum is paid for chairing a board committee and A$10,000 per annum is paid for being member of a board committee. The superannuation guarantee contributions where applicable are paid to each non-executive director's personal retirement plan.

EXECUTIVES

The Group aims to reward executives with a level and mix of both fixed and variable remuneration based on their position and responsibility. The executive remuneration and reward framework has four components:

- base pay
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee, based on individual and overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the Group with those of the executives accountable for meeting those targets. STI payments are granted to executives based on performance indicators including share price growth, reserve growth, production growth and net profit targets.

Before the STIs can be paid out, the 21day VWAP of the Company's shares must exceed specified targets set annually by the Nomination and Remuneration Committee.

Consolidated entity performance and link to remuneration

During the year no remuneration was performance based. The Additional Information at the end of this remuneration report gives details of share price and net profit over the last 5 years.

Details of remuneration

As a result of the reverse acquisition, the remuneration report includes the Directors of Warrego Energy Limited and Petrel Energy Limited for current year and Petrel Energy Limited for prior year for comparative.

1 JULY 2018 TO 30 JUNE 2019	SHORT TERM SALARY, FEES & LEAVE A$	CONSULTANCY PAYMENTS A$	TERMINATION BENEFITS A$	SHARE BASED PAYMENTS – EQUITY SETTLED A$	POST EMPLOYMENT-SUPERANNUATION A$	OTHER LONG TERM BENEFITS A$	TOTAL A$
Non-executive directors							
A. Sundich	30,816	-	-	-	2,928	-	33,744
G. Columbus	41,570	-	-	-	-	-	41,570
M. Routh	21,241	-	-	-	-	-	21,241
D. Biggs	26,667	-	-	-	-	-	26,667
R. Porter	14,905	-	-	-	-	-	14,905
A. Williams	15,049	-	-	-	1,430	-	16,479
	150,248	-	-	-	4,358	-	154,606
Executive directors							
D. Donald	284,018	-	-	-	-	-	284,018
D. MacNiven	247,214	-	-	-	-	-	247,214
O. Franks	247,214	-	-	-	-	-	247,214
D. Casey*	334,242	-	-	-	15,990	23,132	373,364
	1,112,688	-	-	-	15,990	23,132	1,151,810
Other key management							
D Casey [i]	110,212	-	-	-	6,710	-	116,922
I. Kirkham [ii]	-	247,463	-	-	-	-	247,463
	110,212	247,463	-	-	6,710	-	364,385
Total	**1,373,148**	**247,463**	**-**	**-**	**27,058**	**23,132**	**1,670,801**

(i) Mr David Casey served as Managing Director and Chief Executive Officer up to the date of reverse acquisition. Other long terms benefits relate to contract termination benefits. Thereafter, he was appointed as CEO - Australia & Asia-Pacific.

(ii) Mr Ian Kirkham continued in his position as Company Secretary and Chief Financial Officer after the reverse acquisition.

1 JULY 2018 TO 30 JUNE 2019	SHORT TERM SALARY, FEES & LEAVE A$	CONSULTANCY PAYMENTS A$	TERMINATION BENEFITS A$	SHARE BASED PAYMENTS – EQUITY SETTLED A$	POST EMPLOYMENT-SUPERANNUATION A$	OTHER LONG TERM BENEFITS A$	TOTAL A$
Non-executive directors							
A. Sundich [ii] [iii]	8,600	-	-	47,083	817	-	56,500
R. Porter [i] [ii] [iii]	9,174	-	-	45,163	-	-	54,337
A. Williams [ii] [iii]	8,600	-	-	47,083	817	-	56,500
Total	26,374	-	-	139,329	1,634	-	167,337
Executive directors							
D. Casey [ii] [iii]	145,892	-	-	347,781	6,250	19,223	519,146
	145,892	-	-	347,781	6,250	19,223	519,146
Other key management							
I. Kirkham	-	52,512	-	155,567	-	-	208,079
	-	52,512	-	155,567	-	-	208,079
Total	**172,266**	**52,512**	**-**	**642,677**	**7,884**	**19,223**	**894,562**

(i) No superannuation required for US citizens.

(ii) The Directors were paid A$155,375 in shares issued at A$0.011 each for the period July 2017 to September 2017 remuneration in accordance with shareholder approval at the 23 November 2017 Annual General Meeting.

(iii) Included in remuneration is long service leave provision and the pay out of a portion of annual leave balance during the period.

	FIXED REMUNERATION		AT RISK - STI		AT RISK - LTI	
	2019	2018	2019	2018	2019	2018
Non-executive directors						
G. Columbus	100%	-	-	-	-	-
M. Routh	100%	-	-	-	-	-
D. Biggs	100%	-	-	-	-	-
A. Sundich	100%	100%	-	-	-	-
R. Porter	100%	100%	-	-	-	-
A. Williams	100%	100%	-	-	-	-
Executive directors						
D. Donald	100%	100%	-	-	-	-
D. MacNiven	100%	100%	-	-	-	-
O. Franks	100%	100%	-	-	-	-
D. Casey	100%	100%	-	-	-	-
Other key management						
I. Kirkham	100%	100%	-	-	-	-

There were no options granted over unissued shares during the financial year by the Group to key management personnel and eligible persons as part of their remuneration. Since the end of the financial year no options have been granted to employees and eligible persons as part of their remuneration.

No cash bonus payments determined on growth of share price, reserves, production and net profit have been paid for 2018 or 2019.

Service Agreements

Remuneration and other terms of employment for current key management personnel are formalised in service agreements.

There were no employment agreements for key management personnel other than the following:

Dennis Donald, Chief Executive Officer and Managing Director - TFR: A$490,000
Duncan MacNiven, Executive Director - Approvals, HS&E - TFR: A$400,000
Owain Franks, Executive Director - Finance, Strategy & Delivery - TFR: A$400,000
David Casey, Chief Executive Officer - Australia & Asia-Pacific - TFR: A$345,000

Common key management employment terms:

- Contracts commence 15 March 2019
- Salary Review: at earlier of material change in Company activities or 30th June 2020.
- Short Term Incentives (STI)
  - STI – over the relevant 12 month period "at risk" STI up to a maximum of 50% of the Base Salary for the relevant fiscal year, with
    - 20% payable in cash or shares if the 21day VWAP for listed shares exceeds A$0.25 per share and
    - 30% payable in cash or shares if the 21day VWAP for listed shares exceeds A$.40 per share.
- Long Term Incentives (LTI)
- LTI – "At risk" LTI's will be aligned with the Company's overarching strategy
- Termination notice given by either party - Executive Directors 6 months and others 3 months.

Share-based compensation

There was no share-based compensation for the year (2018: A$331,735)

Share holdings

The number of shares in the Company held during the 2019 financial year by each director and other key management personnel of Warrego Energy Limited, including their personally related parties, is set out below.

NAME	BALANCE AT START OF THE YEAR/OR ON APPOINTMENT	PURCHASED DURING THE YEAR	SOLD DURING THE YEAR	RTO CONSIDERATION SECURITIES	SHARES IN LIEU OF FEES/SALARY	BALANCE AT THE END OF THE YEAR/OR ON VACATING OFFICE
G. Columbus	10,821,424	19,152,474	-	-	-	29,973,898
D. Donald (i)	-	-	-	121,867,879	-	121,867,879
D. MacNiven (i)	-	-	-	121,867,879	-	121,867,879
O. Franks	-	-	-	18,510,558	-	18,510,558
M. Routh	-	-	-	14,114,064	-	14,114,064
D. Biggs	-	445,335	-	-	-	445,335
D. Casey	3,527,190	-	-	-	4,224,359	7,751,549
R. Porter	216,970	-	-	-	468,393	685,363
A. Sundich	2,725,303	1,461,905	-	-	468,393	4,655,601
A. Williams	310,488	-	-	-	468,393	778,881
I. Kirkham	1,437,396	510,107	-	-	1,758,929	3,706,432
	19,038,771	**21,569,821**	**0**	**276,360,380**	**7,388,467**	**324,357,439**

(i) Dennis Donald and Duncan MacNiven are each entitled to receive 145,176,736 consideration shares each under the Share Purchase Agreement (SPA) approved at the EGM on 15 March 2019. At 30 June 2019 they had received 121,867,879 shares each. Since 30 June 2019 they have received 19,750,000 shares each. The outstanding 3,808,857 shares each will be issued in tranches to ensure that voting power does not exceed 20% of shares on issue at any one time.

Additional information

The factors that affect cash bonus payments, for the last five years are summarised below:

	2019 A$	2018^ A$	2017^ A$	2016^ A$	2015^ A$
Reserve growth	-	-	-	-	-
Profit (loss) after income tax attributable to parent	(7,532,858)	(19,815,033)	(2,056,516)	(1,818,718)	(5,775,939)
June volume-weighted average share price	9.4c	6.0c	56c	30c	106c
Total shareholder return	57%	(92.7)%	(153.8)%	(62.8)%	(74.2)%

^ periods relate to former Petrel Energy Limited as adjusted for 20:1 share consolidation.

This concludes the remuneration report, which has been audited.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Group has entered into a Deed of Access, Indemnity and Insurance with each of the directors of the Group. Subject to the Corporations Act 2001, the deed provides an indemnity in respect of liability that each of the directors may incur in relation to the conduct of the business or affairs of the Group, acts or omission of the directors in relation to the business or affairs of the Group or the performance, manner of performance or failure to perform the director's responsibilities in relation to the business or affairs of the Group, in each case in the period during which each director (respectively) holds office.

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purposes of taking responsibility on behalf of the Group for all or part of those proceedings.

AUDITORS

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

The Group may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. There were no non audit services provided by BDO during the year.

Details of amounts paid or payable to the auditors, BDO East Coast Partnership, for the audit services provided during the year are set out below.

	CONSOLIDATED	
	2019 A$	2018 A$
Audit services		
BDO ECP – Audit and review of financial reports	118,000 (ii)	54,000 (i)
Total	**118,000 (ii)**	**54,000 (i)**

(i) The amount associated with former Petrel Energy Limited.
(ii) Includes the amount associated with former Petrel Energy Limited.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors

Dennis Donald
Managing Director and CEO
30 September 2019

Auditors' Independence Declaration

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF WARREGO ENERGY LIMITED

As lead auditor of Warrego Energy Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Warrego Energy Limited and the entities it controlled during the period.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 30 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	NOTE	2019 A$	2018 A$
Interest income		5,946	133
Foreign exchange losses		(144,863)	(21,259)
Total loss		**(138,917)**	**(21,126)**
Directors' fees		(67,180)	-
Employee benefit expenses		(1,169,077)	(108,890)
Professional and consulting fees		(450,106)	(27,080)
Auditor's remuneration	24	(98,500)	(5,000)
Depreciation and amortisation		(5,899)	(168)
Lease of office (net)		(92,020)	(62,612)
Share registry fees		(38,533)	-
General insurance expenses		(39,163)	(4,186)
Corporate services		(48,729)	-
Donations		-	455
Travel expenses		(463,840)	(12,017)
Finance expenses		(1,186,557)	-
Impairment of investment in associate	11	(3,330,634)	-
Impairment of receivable in associate		(126,850)	-
Other operating expenses		(276,853)	(16,944)
Total expenses		(7,393,941)	(236,442)
Loss before income tax		**(7,532,858)**	**(257,568)**
Income tax expense	6	-	-
Loss after tax attributable to members of Warrego Energy Limited		**(7,532,858)**	**(257,568)**
Other comprehensive (loss)/income - Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		61,638	(39,533)
Other comprehensive (loss)/income for the year, net of tax		61,638	(39,533)
Total comprehensive loss for the year, net of tax		**(7,471,220)**	**(297,101)**
Loss for the year attributable to:			
Non-controlling interests		-	-
Owners of Warrego Energy Limited		(7,532,858)	(257,568)
		(7,532,858)	(257,568)
Total comprehensive loss for the year attributable to:			
Non-controlling interests		-	-
Owners of Warrego Energy Limited		(7,471,220)	(297,101)
		(7,471,220)	(297,101)
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	26 (a)	0.61	0.07
Diluted loss per share (cents per share)	26 (b)	0.61	0.07

The above Consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2019

	NOTE	2019 A$	2018 A$
ASSETS			
Current assets			
Cash and cash equivalents	7	7,342,791	294,921
Other current assets	8	265,517	3,115
Restricted cash	22(a)	118,987	-
Total current assets		**7,727,295**	**298,036**
Non-current assets			
Exploration and evaluation expenditure	9,15	1,768,865	117,131
Plant and equipment	10	19,601	193
Goodwill	14	7,045,872	-
Total non-current assets		8,834,338	117,324
Total assets		**16,561,633**	**415,360**
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,605,821	131,525
Employee benefits	17	95,044	-
Convertible notes payable	18	1,115,396	-
Total current liabilities		**2,816,261**	**131,525**
Non-current liabilities			
Employee benefits	17	23,205	-
Payable to associate		75,424	-
Total non-current liabilities		98,629	-
Total liabilities		**2,914,890**	**131,525**
NET ASSETS		**13,646,743**	**283,835**
EQUITY			
Contributed equity	19 (a)	79,073,008	4,973,291
Reverse acquisition reserve		(53,288,653)	-
Foreign currency translation reserve		22,105	(39,533)
Accumulated losses	20	(12,182,781)	(4,649,923)
Equity attributable to owners of the Parent		13,623,679	283,835
Non-controlling interests		23,064	-
Total equity		**13,646,743**	**283,835**

The above Consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	ISSUED CAPITAL A$	FOREIGN CURRENCY TRANSLATION RESERVE A$	REVERSE ACQUISITION RESERVE A$	ACCUMULATED LOSSES A$	TOTAL A$	NON-CONTROLLING INTERESTS A$	TOTAL EQUITY A$
Balance at 30 June 2017	**4,901,140**	**-**	**-**	**(4,392,355)**	**508,785**	**-**	**508,785**
Net profit for the year	-	-	-	(257,568)	(257,568)	-	(257,568)
Foreign currency movements	-	(39,533)	-	-	(39,533)	-	(39,533)
Total comprehensive loss for the year	-	(39,533)	-	(257,568)	(297,101)	-	(297,101)
Transactions with owners in their capacity as owners							
Issue of share capital	72,151	-	-	-	72,151	-	72,151
Total transactions with owners in their capacity as owners	**72,151**	**-**	**-**	**-**	**72,151**	**-**	**72,151**
Balance at 30 June 2018	**4,973,291**	**(39,533)**	**-**	**(4,649,923)**	**283,835**	**-**	**283,835**
Net loss for the year	-	-	-	(7,532,858)	(7,532,858)	-	(7,532,858)
Foreign currency movements	-	61,638	-	-	61,638	-	61,638
Total comprehensive loss for the year	**-**	**61,638**	**-**	**(7,532,858)**	**(7,471,220)**		**(7,471,220)**
Transactions with owners in their capacity as owners							
Transfer to acquisition reserve on reverse acquisition	(4,973,291)	-	4,973,291	-	-	-	-
Recognition of legal parents issued equity from reverse acquisition	58,239,038	-	(48,281,687)	-	9,957,351		9,957,351
Fair value of consideration issued on reverse acquisition	9,980,257	-	(9,980,257)		-		-
Issue of share capital	11,271,701	-	-	-	11,271,701	-	11,271,701
Transaction costs arising on share issue	(417,988)	-	-		(417,988)	-	(417,988)
Total transactions with owners in their capacity as owners	**74,099,717**	**-**	**(53,288,653)**	**-**	**20,811,064**	**-**	**20,811,064**
Additional contribution of equity by NCI	-	-	-	-	-	23,064	23,064
Balance at 30 June 2019	**79,073,008**	**22,105**	**(53,288,653)**	**(12,182,781)**	**13,623,679**	**23,064**	**13,646,743**

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flow

For the year ended 30 June 2019

	NOTE	2019 A$	2018 A$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of goods and services tax)		(3,275,675)	(160,898)
Interest received		5,030	133
Net cash outflow from operating activities	25	**(3,270,645)**	**(160,765)**
Cash flows from investing activities			
Payments for plant and equipment		(19,282)	-
Payments for exploration and evaluation expenditure		(522,189)	-
Proceeds from release of security deposits		46,912	-
Proceeds from recoup of exploration and evaluation expenditure from farmout		250,000	350,000
Payments for exploration and evaluation expenditure		-	(8,700)
Net cash outflow from investing activities		**(244,559)**	**341,300**
Cash Flows from financing activities			
Proceeds from issue of shares (net of costs)		5,404,159	-
Proceeds from convertible notes		5,177,360	-
Proceeds from borrowings		23,822	-
Net cash inflow from financing activities		**10,605,341**	**-**
Net decrease in cash and cash equivalents		7,090,137	180,535
Cash and cash equivalents at beginning of the year		294,921	112,001
Cash and cash equivalents from reverse acquisition		91,871	-
Net foreign exchange difference		(134,138)	2,385
Cash and cash equivalents at end of the year	7	**7,342,791**	**294,921**

The above Consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers Warrego Energy Limited as a Group consisting of Warrego Energy Limited and the entities it controlled. Warrego Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for-profit oriented entities. These financial statements also comply with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. These financial statements have been prepared on an accruals basis.

The financial statements are presented in Australian dollars, which is Warrego Energy Limited's functional and presentation currency.

On 15 March 2019 Warrego Energy Limited (previously named as Petrel Energy Limited) became the legal parent of Warrego Energy UK Ltd (WEUK) (previously Warrego Energy Ltd) on completion of the reverse takeover. The comparative of financial statements to 30 June 2018 represents the financial statements of the predecessor WEUK group prior to the reverse acquisition.

The accounting adopted by the Group applies the principles of AASB3 Business Combinations in identifying the accounting acquirer (legal subsidiary) and the presentation of financial statements of the accounting acquiree (legal parent) as a continuation of accounting acquirer's financial statements which reflects the transaction as follows:

- The original shareholders of the legal subsidiary represent 76.92% of the legal parent capital issued post reverse acquisition.
- The assets and liabilities of the accounting subsidiary are recognised and measured in the Group financial statements immediately prior to the acquisition date at fair value.
- The retained earnings and other equity balances recognised in the Group financial statements reflect the retained earnings and other equity balances in the legal subsidiary immediately prior to reverse acquisition and the profit or loss for the year immediately after reverse acquisition. In reverse, the equity structure appearing in the Group financial statements reflects the equity structure of the legal parent.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the Parent Entity is disclosed in note 27.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Warrego Energy Limited ('Company' or 'Parent Entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Warrego Energy Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. Warrego Energy Limited is the principal to its subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method if the acquisition is deemed to be a business combination. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

The acquisition of subsidiaries that are deemed not to be carrying on a business, and do not meet the conditions of AASB 3 Business Combinations, are recognised at cost and are treated as asset acquisitions depending on the nature of the assets acquired from the subsidiaries.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and the statement of financial position of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9: Financial Instruments, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Foreign currency transactions

Foreign currency transactions during the year are translated into Australian dollars at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are converted at the rates of exchange current at that date. The gains and losses from translation of assets and liabilities, whether realised or unrealised, are included in profit or loss from ordinary activities as they arise.

FOREIGN SUBSIDIARIES

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(d) New, revised or amended Accounting Standards and interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The consolidated entity has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018, which replaced AASB 118 Revenue.

AASB 15 establishes a principles-based approach for revenue recognition whereby revenue is recognised when performance obligations are satisfied. The standard applies a five-step approach to the timing of revenue recognition and is applicable to all contracts with customers, except those in the scope of other standards. As a result, the consolidated entity has changed its accounting policy for revenue recognition.

The adoption of AASB 15 has not had a material impact on the consolidated entity's financial statements.

AASB 9 FINANCIAL INSTRUMENTS

The consolidated entity has adopted AASB 9 Financial Instruments from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement.

As a result, the consolidated entity has changed its accounting policy for the recognition and measurement of receivables (see note 8). The adoption of AASB 9 has not had a material impact on the consolidated entity's financial statements.

(e) New Accounting Standards and Interpretations not yet mandatory or early adopted

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 LEASES

The consolidated entity will adopt AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight- line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. Management has completed an assessment by reviewing all leases. Based on the work performed to date the findings indicate that the application of AASB 16 will not have a material impact on the consolidated entity's financial statements.

2. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist of cash balances, restricted cash, trade and other receivables, trade and other payables and convertible notes payable.

The Group does not presently have any bills, preference shares or derivatives.

Foreign exchange risk

The Group's cash / restricted cash holdings are exposed to changes in foreign exchange rates at reporting date.

	USD	AUD EQUIVALENT	EUR	AUD EQUIVALENT
2019	954,345	1,772,768	80,575	128,219
2018	18,380	32,623	-	-

Credit risk and liquidity risk

The Group has no significant concentrations of credit risk.

Liquidity risk is the risk the Group will experience difficulty in meeting current financial demands. The Group manages liquidity risk through ensuring it will maintain sufficient cash holdings to meet its liabilities as and when they fall due from day to day operations along with monitoring of cash flow forecasts by management in order to anticipate future cash requirements.

LIQUIDITY RISK TABLE	NON-INTEREST BEARING A$	1 YEAR OR LESS A$	1 TO 5 YEARS A$	MORE THAN 5 YEARS A$	FLOATING INTEREST RATE A$	TOTAL A$	WEIGHTED AVERAGE INTEREST RATE
2019							
Financial liabilities							
Payables	1,605,821	1,605,821	-	-	-	1,605,821	-
	1,605,821	1,605,821	-	-	-	1,605,821	
2018							
Financial liabilities							
Payables	131,525	131,525	-	-	-	131,525	-
	131,525	131,525	-	-	-	131,525	-

Cash flow and fair value interest rate risk

The Group's cash and restricted cash are exposed to deposit interest rate risk. This risk is managed by the use of fixed term deposits over periods ranging from 30 to 180 days.

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates and the effective weighted average interest rates on those financial assets, is as follows:

2019	WEIGHTED AVERAGE INTEREST RATE	FIXED INTEREST RATE MATURITY LESS THAN 1 YEAR A$	NON-INTEREST BEARING A$	TOTAL A$
Financial assets				
Cash and cash equivalents	0.15%	7,342,791	-	7,342,791
Other current assets	-	-	165,175	165,175
Restricted cash	0.32%	118,987	-	118,987
Total financial assets		7,461,778	165,175	7,626,953
Financial liabilities				
Trade and other payables	-	-	1,605,821	1,605,821
Convertible notes payable	25%	1,115,396	-	1,115,396
Total financial liabilities		1,115,396	1,605,821	2,721,217
2018				
Financial assets				
Cash and cash equivalents		294,921	-	294,921
Other current assets		-	3,115	3,115
Total financial assets		294,921	3,115	298,036
Financial liabilities				
Trade and other payables		-	131,525	131,525
Total financial liabilities		-	131,525	131,525

Financial instruments

(I) DERIVATIVE FINANCIAL INSTRUMENTS

As at the date of this report, the Group does not have any derivative financial instruments.

(II) TRADE AND OTHER PAYABLES

Trade and other payables are expected to be paid as follows:

	2019 A$	2018 A$
Less than 6 months	1,605,821	131,525

(III) FAIR VALUE MEASUREMENT

The carrying amounts of cash and cash equivalents, restricted cash, other current assets and trade and other payables are assumed to approximate their fair values due to their short-term nature.

For convertible notes payable, the fair values are not materially different to their carrying amounts, since the interest payable on the convertible notes payable is close to current market rates and are of a current nature.

Sensitivity analysis

Interest rate risk and foreign currency risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2019, the only item affected by a change in interest rate would be the cash on deposit.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

	2019 A$	2018 A$
Interest rate risk sensitivity analysis change in loss before tax & equity		
Increase in interest rates by 0.25%	18,357	737
Decrease in interest rates by 0.25%	(18,357)	(737)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Foreign currency sensitivity analysis

As indicated under foreign exchange risk, the group is primarily exposed to changes in GBP/AUD and EUR/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from GBP and EUR denominated assets (i.e.; cash and exploration and evaluation assets).

	IMPACT ON TOTAL ASSETS		IMPACT ON OTHER COMPONENTS OF EQUITY	
	2019	2018	2019	2018
GBP/AUD exchange rate – increase 10%	252,201	3,612	(187,898)	(4,107)
GBP/AUD exchange rate – decrease 10%	(252,201)	(3,612)	187,898	4,107
EUR/AUD exchange rate – increase 10%	82,520	-	-	-
EUR/AUD exchange rate – decrease 10%	(82,520)	-	-	-

Assets and other equity have not been significantly sensitive to movements in the Australian and GBP and EUR exchange rates as a result of GBP and EUR increased by 1.8% and 2.7% respectively (2018: increased by 4.7% and 5.7% respectively)

Capital management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

Due to the nature of the Group's business, the Group's capital is limited to ordinary share capital.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since commencement of operations. Other than convertible notes payable the Group does not presently have any borrowings.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by management and are based on historical experience and other factors, including expectations of the future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Other than estimated impairment of assets, there are no other current estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of exploration and evaluation assets:

The Group assesses impairment of its exploration and evaluation expenditure at the end of each reporting period to ensure the carrying amount does not exceed the recoverable amount in accordance with AASB 6 - Exploration for and Evaluation of Mineral Resources as follows:

a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

c) exploration for and evaluation of mineral resources in the specific areas have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or

d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from the successful development or by sale.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Impairment of investment in SEI:

At each reporting period the Group reassesses the carrying amount of its underlying assets for indicators of impairment such as changes in future prices, future costs and reserves.

Impairment of Goodwill:

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, in accordance with the accounting policy stated in note 14.

Impairment of other assets:

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

The Group tests at each reporting period whether assets have suffered any impairment.

4. SEGMENT INFORMATION

The Group has identified its operating segments based on the three geographical areas in which the Group operates. Australia and the United Kingdom are the central locations, responsible for overseeing the Group's strategic direction, development, performance and capital management. In Cadiz Spain the Group has an 85% interest in the Tesorillo and Ruedalabola gas exploration licences.

Geographical information

2019	AUSTRALIA A$	CANADA A$	SPAIN A$	TOTAL A$
Revenue from external customers	-	-	-	-
Total expenses	(4,857,360)	(2,681,444)	-	(7,538,804)
Other income	-	-	-	-
Impairment expense	(3,330,634)	(126,850)	-	(3,457,484)
Segment loss before income tax	(4,854,765)	(2,678,093)	-	(7,532,858)
Non-current assets	1,113,811	7,059,840	660,687	8,834,338
Total assets	10,234,906	5,501,727	825,000	16,561,633
Total liabilities	1,753,941	335,949	825,000	2,914,890

2018	AUSTRALIA A$	CANADA A$	SPAIN A$	TOTAL A$
Revenue from external customers	-	-	-	-
Total expenses	(37,432)	(199,010)	-	(236,442)
Other income	-	-	-	-
Segment loss before income tax	(16,211)	(241,357)	-	(257,568)
Non-current assets	117,131	193	-	117,324
Total assets	379,247	36,113	-	415,360
Total liabilities	54,352	77,173	-	131,525

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. 5. Employee benefit expenses

5. EMPLOYEE BENEFIT EXPENSES

	2019 A$	2018 A$
Superannuation defined contribution plan expense	6,710	-

6. INCOME TAX

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2019 A$	2018 A$
Loss from continuing operations before income tax expense	7,532,858	29,121,568
Tax benefit at the Australian tax rate of 27.5% (2018: 27.5%)	2,071,536	8,008,431
Tax effect of non-deductible expenses	308,944	(7,519,294)
Tax effect of equity raising costs debited to equity	101,132	109,505
Tax losses and temporary differences not bought to account	(2,481,612)	(598,642)
Income tax expense	-	-

(b) Tax losses

	2019 A$	2018 A$
Unused tax losses for which no deferred tax asset has been recognised	37,294,244	24,965,160
Potential tax benefit @ 27.5% (2018: 27.5%)	10,255,917	6,685,419

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The tax benefits will only be obtained if:

a) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the losses to be realised.

b) The Group continues to comply with the conditions for deductibility imposed by law; and

c) No changes in tax legislation adversely affect the group in realising the benefits from the deductions for the loss.

7. CASH AND CASH EQUIVALENTS

	2019 A$	2018 A$
Cash at bank and in hand	315,509	15,819
Deposits at call	7,027,282	279,102
Total cash balances	7,342,791	294,921

The deposits at call are bearing floating interest rates averaging 0.15% per annum (2018: nil).

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. OTHER CURRENT ASSETS

	2019 A$	2018 A$
Trade and sundry debtors	3,382	3,115
Prepayments	100,342	-
Interest receivable	1,117	-
Other current assets	160,676	-
	265,517	3,115

None of the trade and sundry debtors above are past due date (2018: nil).

Trade debtors are recognised when the control of ownership of the underlying sales transactions have passed to the customer in the ordinary course of business. Trade debtors are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The group holds the trade debtors with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other debtors arise principally from financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition on issue and are subsequently recognised at amortised cost using the effective interest rate method, less allowance for expected credit losses.

The Group's trade and other debtors at year end are assessed under AASB 9 which prescribes an expected credit loss (ECL) model to recognise an allowance. The allowance is measured using a 12-month ECL model unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The nature and effect of initially applying AASB 9 on the group's financial statements are disclosed in Note 1(d).

Revenues, expenses and assets are recognised net of the amount of associated GST or input VAT, unless the GST or input VAT incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST or input VAT receivable or payable. The net amount of GST or input VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

9. EXPLORATION AND EVALUATION EXPENDITURE

	2019 A$	2018 A$
Opening balance	117,131	458,431
Additions during the year at cost	1,185,356	8,700
Recouped costs from EP469 farmout	(250,000)	(350,000)
RTO fair value adjustment	466,378	-
STP-EPA-0127 acquisition at fair value	250,000	-
Closing balance	1,768,865	117,131

In November 2018, the Company received further A$250,000 (2018: A$350,000) as recoupment of costs from Strike West Pty Ltd in accordance with the Farmin Agreement. These amounts were credited against the carrying amount of exploration and evaluation expenditure.

On 15 March 2019, the Company recognised A$466,378 as part of exploration and evaluation at fair value from the accounting acquiree on reverse acquisition.

On 25 March 2019, the Company recognised A$250,000 at fair value as exploration and evaluation expenditure for the acquisition of Palatine Energy Pty Ltd which holds the STP-EPA-0127 application in WA.

EP469 project

Warrego Energy EP469 Pty Ltd (WEEPL) was awarded EP469 tenement in March 2008. Warrego farmed out a 50% interest in EP469 and operatorship to Strike West Pty Ltd (STW) via a joint venture arrangement in June 2018. As part of this agreement STW funded the first A$11,000,000 of the cost of drilling and completing West Erregulla-2 well including G&A costs.

WEEPL recognised their 50% share of exploration and evaluation expenditure over and above the A$11,000,000 farm out amount from the joint operation at the reporting date which is set out in the table below.

Share of EP469 project financial position

	2019 A$	2018 A$
Exploration and evaluation expenditure	894,387	-
Current liabilities	(894,387)	-
Net assets	-	-

Exploration and evaluation expenditures incurred are accumulated in respect of each identifiable area of interest and are carried forward in the statement of financial position where:

i) rights to tenure of the area and participating interest are current; and

ii) one of the following conditions is met:

» such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or

» exploration and/or evaluation activities in the area of interest have not, at reporting date, yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the areas are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Accumulated expenditure on areas that have been abandoned or are considered to be of no future economic benefit is written off in the year in which such a decision is made.

Expenditure relating to pre-exploration activities (such as for new venture work) is written off to the Statement of Profit or Loss and Other Comprehensive Income during the period in which the expenditure is incurred. When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

10. PLANT AND EQUIPMENT

	IT & OFFICE EQUIPMENT A$	FURNITURE & FIXTURES A$	LEASEHOLD IMPROVEMENT A$	TOTAL A$
As at 30 June 2019				
Cost or fair value	132,554	97,251	168,168	397,973
Accumulated depreciation	(112,953)	(97,251)	(168,168)	(378,372)
Net book amount	19,601	-	-	19,601
Reconciliation of movement in plant and equipment				
Opening net book amount	6,568	193	-	6,761
Additions	18,624	-	-	18,624
Depreciation charge for the year	(5,706)	(193)	-	(5,899)
Movement in foreign currency translation	115	-	-	115
Closing net book amount	19,601	-	-	19,601
As at 30 June 2018				
Cost or fair value	22,761	1,331		24,092
Accumulated depreciation	(22,761)	(1,138)		(23,899)
Net book amount	-	193		193
Reconciliation of movement in plant and equipment:				
Opening net book amount	-	344	-	344
Additions	-	-	-	-
Depreciation charge for the year	-	(168)	-	(168)
Movement in foreign currency translation	-	17	-	17
Closing net book amount	-	193	-	193

Plant and equipment is carried at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSETS	DEPRECIATION RATE
IT and office equipment	33.30%
Office furniture and fittings	20.00%
Leasehold improvements	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

11. INVESTMENT IN ASSOCIATE

The Group holds a 41% interest in Schuepbach Energy International LLC (SEI) The primary purpose of this interest was to facilitate exploration & evaluation in Uruguay through the subsidiary.

	2019 A$	2018 A$
Opening balance	-	-
Acquire from reverse acquisition	3,330,634	-
Impairment charged to Statement of Profit and Loss for the year	(3,330,634)	-
Closing balance	-	-

In the consolidated Statement of Financial Position investments in associates are initially recorded at cost using the equity method. Subsequently, the Group's proportional share of an associate's profit or loss would increase or decrease the investment respectively.

During the year, the carrying amount of A$3,330,634 on the investment in SEI associated with the Piedra Sola Concession in Uruguay was written down to nil as a result of SEI being unable to arrange partner funding to progress exploration of the Piedra Sola Concession. In addition, with a very limited chance of financial return and given Warrego's minority equity position in SEI, the Board decided in July 2019 not to allocate further working capital to SEI.

12. REVERSE ACQUISITION

On 15 March 2019, Petrel Energy Limited ("Petrel") acquired Warrego Energy Limited, a private UK company. Petrel was at the same time renamed Warrego Energy Limited (referred to in this document as "Warrego" unless the context requires the use of the term "Petrel") and the UK company was renamed Warrego Energy UK Ltd ("WEUK").

The acquisition has the features of a reverse acquisition in accordance with Australian Accounting Standard AASB 3 Business Combinations ("AASB 3") due to WEUK shareholders owning the largest portion of the voting rights in the combined entity post acquisition.

The transaction has been treated as a reverse acquisition from the consolidation perspective, where WEUK is the accounting acquirer (legal subsidiary) and Warrego is the accounting acquiree (legal parent) for accounting purposes. The consolidated financial statements represent a continuation of WEUK financial statements with exception for the adjustment of its capital structure. Therefore, the consolidated financial statement includes the financial statements of WEUK for the full year and Warrego for the period 15 March 2019 to 30 June 2019.

Measuring consideration transferred from WEUK

The share consolidation of the Group subsequent to the completion of the reverse acquisition is as follows:

	PETREL SHARES	WEUK SHARES
Ordinary shares	2,414,437,494	2,916,096
Transaction ratio	0.230769	0.769231
Consolidation ratio	20	
Post Consolidation shares	120,722,404	
Warrego conversion factor	137.1375	
Shares issued to WEUK shareholders	399,906,249	
Total Petrel shares post reverse acquisition	520,628,653	

Petrel issued 399,906,249 new shares for all 2,916,096 WEUK shares in accordance with the shareholder approval given at the 15 March 2019 Extraordinary General Meeting. As a result of the transaction, WEUK shareholders then owned 76.9% of the issued shares of the combined entity.

To determine the consideration transferred the fair value of Warrego shares has been used. The consideration transferred from WEUK was calculated to be A$9,980,257 based on a fair value of A$11.46 per WEUK share multiplied by 871,042 shares or 23.1% of ownership interest in the combined entity.

12. REVERSE ACQUISITION (CONTINUED)

The following table shows the fair value of identifiable assets and liabilities of Petrel as at the date of the RTO transaction.

Petrel Assets acquired and Liabilities assumed at the date of acquisition	AT 15 MARCH 2019 A$
Current assets	
Cash and cash equivalents	90,590
Other current assets	68,755
Restricted cash	164,834
Total current assets	324,179
Non-current assets	
Exploration and evaluation expenditure	467,410
Plant and equipment	6,568
Investment in associate	3,330,634
Total non-current assets	3,804,612
Total assets	4,128,791
Current liabilities	
Trade and other payables	652,944
Employee benefits	162,121
Total current liabilities	815,065
Non-current liabilities	
Employee benefits	28,918
Borrowings	350,423
Total non-current liabilities	379,341
Total liabilities	1,194,406
Fair value of net assets acquired	2,934,385

13. BUSINESS COMBINATION ACCOUNTING

The RTO or reverse acquisition is being accounted for under the principles of AASB 3 which deals with business combinations. A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses.

A reverse acquisition occurs when the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.

In a reverse acquisition the entities are identified as follows:

a) the public entity (here Petrel Energy Limited (now renamed Warrego Energy Limited) is the acquiree for accounting purposes (the accounting acquiree); and

b) the private entity (here Warrego Energy Ltd (now renamed WEUK)) is the acquirer for accounting purposes (the accounting acquirer).

In a reverse acquisition, the accounting acquiree (here Petrel) must meet the definition of a business for the transaction to be accounted for as a reverse acquisition. If it does, then the "acquisition method" of accounting must be adopted under AASB 3. The accounting acquirer (WEUK) issues no consideration for the acquiree (here Petrel). Instead, the accounting acquiree (Petrel) usually issues its equity shares to the owners (here the shareholders) of the accounting acquirer (WEUK).

The acquisition method of accounting for a reverse transaction then requires:

a) The identification of the acquirer (see above);

b) The determination of the acquisition date (the date on which it obtains control of the acquiree;

c) Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree;

d) Separately recognising and measuring goodwill.

13. BUSINESS COMBINATION ACCOUNTING (CONTINUED)

The acquirer then classifies or designates the identifiable assets and liabilities assumed on the basis of contractual terms, economic conditions, its operating or accounting policies and their pertinent conditions at the acquisition date. The acquirer has then to measure the identifiable assets and liabilities assumed at fair value.

The acquirer then recognises the goodwill which is any excess of the purchase consideration of the business combination over the fair value separately from the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. All acquisition-related costs are expensed as incurred in the periods which the costs are incurred, and the services are received.

Had the RTO occurred from 1 July 2018 the accumulated losses of the combined Group would have been A$9,841,325. No goodwill that is expected to be deductible for tax purposes.

14. GOODWILL FROM REVERSE ACQUISITION

Goodwill which arose for the first time in the current period was calculated on the cost of the consideration transferred over the acquirer's interest in the net fair value of the identifiable assets and liabilities, assumed as follows:

	AMOUNT A$
Consideration transferred	9,980,257
Less: Fair value of identifiable net assets acquired	2,934,385
Goodwill	7,045,872

The goodwill calculation was based on the values disclosed in note 13. No indicators of impairment were noted for the current period.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal. Goodwill has an infinite life with impairment testing undertaken each year. Any losses on goodwill are taken to profit or loss and are not subsequently reversed.

15. ASSET ACQUISITION

On 25 March 2019, Warrego Energy Limited (Warrego) exercised its call option and acquired all shares in Palatine Energy Pty Ltd (PAL) for consideration of A$250,000 of Warrego Convertible Notes.

PAL's one asset is the STP-EPA-0127 application in WA. The consideration for STP-EPA-0127 application in WA was based on the following factors. A further A$100,000 of ordinary shares is payable once approvals are in place and a work programme has commenced on STP-EPA-0127.

STP-EPA-0127:

- is 185km long and about 55km wide (8,700 km2) and covers much of the Coolcalalaya Sub-Basin.
- contains up to 9000m of Neo-Proterozoic, Palaeozoic and Mesozoic sediment
- lies at the northern limit of the prospective and partially developed Perth Basin, which produces conventional oil and gas from several fields.

Warrego has recognised the asset as acquired at fair value using the consideration value of A$250,000. The asset fair value was allocated to exploration and evaluation expenditure as disclosed in note 9.

This transaction was not considered to be a business combination as per AASB 3 because Palatine Energy Pty Ltd has only one asset which is the STP-EPA-0127 application in WA. There was no input or process in place, and no output at acquisition date.

16. TRADE AND OTHER PAYABLES

	2019 A$	2018 A$
Trade and other payables	1,605,821	131,525
	1,605,821	131,525

Trade and other payables are stated at their amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid when the Group becomes obliged to make future payments in respect of the purchase of those goods and services. The amounts are unsecured and are usually paid within 30 days of purchase. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

17. EMPLOYEE BENEFITS

	2019 A$	2018 A$
Current employee benefits		
Provision for annual leave – opening balance	-	-
Provision from reverse acquisition	162,122	
Charge to profit or loss	(67,078)	-
Provision for annual leave – closing balance	95,044	-
Non-current employee benefits		
Provision for long service leave – opening balance	-	-
Provision from reverse acquisition	28,918	
Charge to profit or loss	(5,713)	-
Provision for long service leave – closing balance	23,205	-

These provisions relate to employee annual leave and long service leave entitlements.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date for corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

18. CONVERTIBLE NOTES PAYABLE

	2019 A$	2018 A$
Convertible notes	1,250,000	-
Deferred convertible notes interest	(134,604)	
	1,115,396	-

During January and February 2019, prior to the reverse acquisition, Warrego Energy Limited (Warrego), a private UK company undertook a Convertible Note Issue. It issued 6,487,675 Convertible Notes at a 20% discount to the face value of A$1 per note, to raise A$5,190,000 to meet transaction-related expenses and existing project costs including the West Erregulla-2 well. A further A$250,000 of convertible notes were issued as non-cash consideration to acquire all the shares of Palatine Energy Pty Ltd.

Under their terms, the Convertible Notes were, subject to completion of the Warrego Transaction, convertible into Shares in the capital of the Company:

- automatically on admission of the Company to quotation on the Alternative Investment Market of the London Stock Exchange ("AIM"), at a conversion price equal to the listing price on the Company's admission to AIM;
- automatically on the final maturity date of 31 December 2019, at a conversion price determined as the volume weighted average price of the Company's Shares over the 10 days preceding the maturity date; or
- at the election of the holder of the Convertible Note any time before the final maturity date of 31 December 2019, at a conversion price that is determined as the volume weighted average price of the Company's Shares over an applicable 10 day trading period, or the price at which a capital raising has been undertaken by the Company (if the conversion is undertaken in connection with a capital raising by the Company).

74,292,197 shares were issued to settle 81.4% of the Convertible Notes as at 30 June 2019 leaving an outstanding unconverted balance of A$1,250,000 of Convertible Notes. The discounted amounts of the Convertible Notes which have been converted are recognised as finance expenses. The discounted portion of the outstanding Convertible Notes is deferred and amortised over the term of the Convertible Notes.

18. CONVERTIBLE NOTES PAYABLE (CONTINUED)

Convertible Notes are financial instruments that fall within accounting standards AASB 132 Financial Instruments: Presentation, AASB 9: Financial Instruments and AASB 7 Financial Instruments: Disclosure.

The Convertible Notes are classified as liabilities in the statement of financial position, net of transaction costs due to the conversion features, constituting an obligation to deliver a variable number of shares on settlement.

On the issue of the Convertible Notes the fair value of the liability was recognised as cash received net of transaction costs and this amount was carried as a current liability on the amortised cost basis until extinguished on conversion, maturity or redemption. The interest on convertible notes is expensed to profit or loss using the effective interest method.

Outstanding Convertible Notes are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

19. CONTRIBUTED EQUITY

(a) Share capital

	2019 SHARES NUMBER	2018 SHARES NUMBER	2019 A$	2018 A$
Ordinary shares	609,355,769	2,916,096	79,073,008	500,075

Movements in share capital

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	A$
1 July 2018	Opening balance	2,916,096	-	500,075
15 March 2019	Transfer of issued shares of legal subsidiary to reverse acquisition reserve from reverse acquisition	(2,916,096)	-	(500,075)
	Recognition of issued shares from legal Parent from reverse acquisition	120,721,875	-	58,335,634
15 March 2019	Shares issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at Extraordinary General Meeting on 15 March 2019	262,438,536	0.0240	6,298,525
22 March 2019	Shares issued on conversion of Convertible Notes	71,247,313	0.0733	5,221,700
25 March 2019	Shares issued in consideration on exercised of call option for all the shares of Palatine Energy Pty Limited holder of STP-EPA-0127	3,044,884	0.0821	250,000
25 March 2019	Shares issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at the EGM on 15 March 2019	50,000,000	0.0240	1,200,000
25 March 2019	Share Placement	61,052,632	0.0950	5,800,000
07 June 2019	Shares issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at EGM on 15 March 2019	40,850,000	0.0240	980,400
07 June 2019		609,355,240		78,086,259
	Add: Unissued shares yet to be issued to Warrego Energy UK Limited shareholders as reverse acquisition consideration in accordance with shareholder approval of Resolution 2 at EGM on 15 March 2019	46,617,713	0.240	1,501,332
	Less: Transaction costs arising on share issue			(514,583)
30 June 2019				79,073,008
1 July 2017	Opening balance	2,530,301		427,924
17 May 2018	Shares issued	385,795	0.187	72,151
		2,916,096		500,075
	Less: Transaction costs arising on share issue			-
30 June 2018				500,075

19. CONTRIBUTED EQUITY (CONTINUED)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The fully paid ordinary shares have no par value.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(b) Options

As part of the 7 June 2019 share placement 7,000,000 unlisted alignment options were issued, over new ordinary shares, as consideration by the Lead Manager to its nominees. The options which were issued on 4 July 2019 have an expiry date of 31 May 2021, an exercise price and weighted average exercise price of A$0.124. There were no other options issued by the Group during the year (2018: nil).

(c) Dividends

There were no dividends paid or declared by the Group during the year (2018: nil).

20. ACCUMULATED LOSSES

	2019 A$	2018 A$
Opening balance 1 July	4,649,923	4,392,355
Net loss for the year	7,532,858	257,568
Closing balance 30 June	12,182,781	4,649,923

21. RELATED PARTY TRANSACTIONS

(a) Directors

The following persons were directors of Warrego Energy Limited during or subsequent to the financial period:

Greg Columbus	Non-executive Chairman	appointed 22 October 2018
Dennis Donald	Managing Director, Group Chief Executive Officer	appointed 21 March 2019
Duncan MacNiven	Executive Director - Approvals, H&S & Environmental	appointed 21 March 2019
Owain Franks	Executive Director - Finance, Strategy & Delivery	appointed 21 March 2019
Mark Routh	Non-executive Director	appointed 21 March 2019
David Biggs	Non-executive Director	appointed 21 March 2019
Alexander Sundich	Non-executive Chairman	resigned 21 March 2019
David Casey	Managing Director	resigned 22 March 2019
Russell Porter	Non-executive Director	resigned 29 November 2018
Andrew Williams	Non-executive Director	resigned 29 November 2018

(b) Other key management personnel compensation

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

David Casey - CEO - Australia & Asia-Pacific
Ian Kirkham - Company Secretary and Chief Financial Officer

(c) Key management personnel compensation

	2019 A$	2018 A$
Salary & fees	1,373,148	172,266
Consultancy payments	247,463	52,512
Share based payments	-	642,677
Superannuation	27,058	7,884
Long service leave	23,132	19,223
	1,670,801	894,562

Detailed remuneration disclosures can be found in sections (a) to (c) of the Remuneration Report which forms part of the Directors' Report.

21. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Other transactions with key management personnel

(I) IAN KIRKHAM CONSULTING

Ian Kirkham, a senior executive, is also the Principal of Minex CFO Services. Warrego Energy Limited has engaged Minex CFO Services to provide Company secretarial and accounting services on a part-time basis. The contract is based on normal commercial terms.

	2019 A$	2018 A$
Amounts recognised as an expense		
Accounting and secretarial services	247,463	225,145

The above amount has been included in the remuneration report.

22. CONTINGENCIES

(a) Contingent liabilities/restricted cash

	2019 A$	2018 A$
Obligations under a bank corporate credit card facility with the Commonwealth Bank of Australia	30,000	-
Bankers' guarantee issued as security for the performance by the Company of its obligations under a lease of office premises at Level 6, 10 Bridge Street, Sydney	33,409	-
Cash pledged as deposit for Spanish Ministry compliance programme	55,578	-
Total	118,987	-

The above are all secured by a charge over term deposits lodged with bankers of a like amount.

(b) Contingent assets

The Group has no contingent assets to report as at 30 June 2019 (2018: nil).

23. COMMITMENTS

Exploration expenditure

The Group is required to meet minimum expenditure requirements of various government regulatory bodies and joint arrangements. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	2019 A$	2018 A$
Permit and lease commitments		
Less than one year	6,476,524	-
Between one and five years	-	-
Total	6,476,524	-

The Group has no lease commitments to disclose as at 30 June 2019.

24. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor:

	2019 A$	2018 A$
Audit services		
BDO ECP – Audit and review of financial reports	118,000 (ii)	54,000 (i)
Non BDO Audit Services Warrego Perth	-	5,000
Total	118,000 (ii)	59,000

(i) The amount associated with former Petrel Energy Limited.
(ii) Includes the amount associated with former Petrel Energy Limited.

25. CASH OUTFLOW FROM OPERATING ACTIVITIES RECONCILIATION TO LOSS AFTER INCOME TAX

	2019 A$	2018 A$
Loss for the year	(7,532,858)	(257,568)
Non-cash movement		
Depreciation	5,899	151
Finance expenses associated with convertible notes	1,159,737	-
Impairment loss on other receivables from associates	126,850	-
Impairment loss on investment in associate	3,330,634	-
Foreign exchange gains	(30,015)	21,259
Movement in working capital		
Increase in other current assets	(154,278)	(1,362)
(Increase)/decrease in trade and other payables	(176,614)	76,755
Net cash outflow from operating activities	(3,270,645)	(160,765)

Non-cash transactions affecting investing and financing activities

a) On 12 March 2019, A$250,000 of Convertible Notes were issued to exercise the Palatine Energy Limited call option.

b) On 22 March 2019, 262,438,536 ordinary shares were issued at A$0.024 each to WEUK shareholders as reverse acquisition consideration in accordance with shareholder Resolution 2 approved at the 15 March 2019 Extraordinary General Meeting.

c) On 22 March 2019, 50,000,000 ordinary shares were issued at A$0.024 each to WEUK shareholders as reverse acquisition consideration in accordance with shareholder Resolution 2 approved at the 15 March 2019 Extraordinary General Meeting.

d) On 7 June 2019, 40,850,000 ordinary shares were issued at A$0.024 each to WEUK shareholders as reverse acquisition consideration in accordance with shareholder Resolution 2 approved at the 15 March 2019 Extraordinary General Meeting.

26. EARNINGS PER SHARE

(a) Basic loss per share

	2019 A$	2018 A$
Loss from continuing operations attributable to the ordinary equity holders of the Company	7,532,858	257,568
Loss attributable to ordinary equity holders of the Company	7,532,828	257,568

Basic loss or earnings per share is calculated by dividing the profit/loss attributable to equity holders of the Parent Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(b) Diluted loss per share

Options issued to shareholders and related parties are considered to be potential ordinary shares if average market price during the period is above the exercise price and have been considered in the determination of diluted earnings per share.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account of the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(c) Reconciliation of earnings used in calculating earnings per share

Basic earnings per share / Diluted earnings per share	2019 A$	2018 A$
Loss from continuing operations attributable to the ordinary equity holders of the Company	7,532,858	257,568
Loss attributable to ordinary equity holders of the Company	7,532,828	257,568

26. EARNINGS PER SHARE (CONTINUED)

(d) Weighted average number of shares used as the denominator

WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR IN CALCULATING:	2019 NUMBER	2018 NUMBER
Basic loss per share	1,235,502,873	353,377,097
Diluted loss per share	1,235,502,873	353,377,097

27. PARENT ENTITY INFORMATION

	PARENT ENTITY	
	2019 A$	2018 A$
Loss after income tax	6,603,427	19,264,833
Total comprehensive loss for the year	6,603,427	19,264,833
Statement of financial position		
Total current assets	5,272,262	224,484
Total assets	21,366,467	4,260,848
Total current liabilities	447,829	717,380
Total liabilities	1,774,829	717,380
Equity		
Issued capital	79,073,008	56,864,449
Option reserve	518,525	518,525
Accumulated losses	(59,999,895)	(53,839,506)
Total equity	19,591,638	3,543,468

Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries

The Parent Entity Warrego had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities

The Group had contingent liabilities as at 30 June 2019 and 30 June 2018 as detailed in Note 22(a).

Capital commitments - Plant and equipment

The Parent Entity had no capital commitments for plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Group, as disclosed in note 1. In addition, investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity.

28. CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

SUBSIDIARIES	PLACE OF INCORPORATION	2019 INTEREST %	2018 INTEREST %	PARENT
Warrego Energy UK Ltd	United Kingdom	100	100	Warrego Energy Limited
Warrego Energy EP469 Pty Ltd	WA, Australia	100	100	Warrego Energy Limited
Palatine Energy Pty Ltd	Victoria, Australia	100	-	Warrego Energy Limited
Petrel Energy (Operations) Pty Ltd	Victoria, Australia	100	-	Warrego Energy Limited
Petrel Energy (Investments) Pty Ltd	Victoria, Australia	100	-	Petrel Energy (Operations) Pty Ltd
Petrel Energy Texas Exploration LLC	Austin Texas, USA	100	-	Petrel Energy (Operations) Pty Ltd
Tarba Energia (formerly Schuepbach Energy Espania)	Cadiz, Spain	85	-	Warrego Energy Limited

The ownership interests held in the subsidiaries are ordinary shares or participating interests as the case may be.

29. INTERESTS IN JOINT OPERATIONS

The Group has the following participating interests in joint operations whose principal activities consists of oil & gas exploration. The joint operations are not separate legal entities and are contractual arrangements between the participants for the sharing of exploration and development costs and production.

	INTEREST	
JOINT OPERATIONS	2019 %	2018 %
Cardium, Alberta, Canada	40	40
EP469, Perth, Australia	50	50

30. SUBSEQUENT EVENTS

Other than disclosed below no matter has arisen in the period since 30 June 2019 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods:

- The West Erregulla-2 (WE-2) exploration well which was spudded in early June 2019 made three significant conventional gas discoveries which were announced after 30 June 2019:
  - On 1 August 2019 the Basal Wagina Sandstone was intersected with 10.2 metres of net pay in a total gas column to 79 metres. The discovery appears analogous to Beharra Springs.
  - On 27 August 2019 a significant gas discovery in the Kingia Sandstone was made with 58 metres of net pay in a gross Kingia gas column of 220 metres which was substantially thicker than Waitsia analogues.
  - On 6 September 2019 a further major gas discovery was made in the High Cliff Sands with 10 metres of net pay in a gross gas column of 22 metres.
- On 4 July 2019 Warrego completed a Share Purchase Plan (“SPP”) raising a total of A$510,000 at a price of 9.5 cents per share.
- On 25 July 2019 half of the outstanding A$1,250,000 Convertible Notes were converted for 6,706,009 ordinary shares. The remaining Convertible Notes were converted on 29 August 2019 for 3,245,067 ordinary shares. All pre RTO Warrego Convertible Notes have now been converted.
- On 16 September 2019 Warrego completed a A$12m share placement, primarily to institutions, at an issue price of 29 cents per share. In this placement Dennis Donald and Duncan MacNiven were issued 19,750,000 shares each under the Share Purchase Agreement approved at the EGM on 15th March 2019.

31. CORPORATE INFORMATION

The financial report of Warrego Energy Limited for the period ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 30 September 2019.

Warrego Energy Limited is a public company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange. The directors have the power to amend and re-issue the financial report.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Dennis Donald

Managing Director and CEO
30 September 2019

Auditors' Report

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Warrego Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Warrego Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reverse acquisition accounting

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 12 of the financial report, to facilitate a listing on the ASX, Warrego Energy (UK) Limited undertook a transaction with Warrego Energy Limited (formerly known as Petrel Energy Limited) on 15 March 2019. This transaction resulted in Warrego Energy Limited, as the listed entity, being acquired via a reverse acquisition by Warrego Energy (UK) Limited. The accounting for the reverse acquisition under the principles of AASB 3 *Business Combinations* is a key audit matter due to the accounting complexity of the transaction and the level of audit effort involved.	In response to the risk identified in relation to the reverse acquisition, we undertook, amongst others, the following audit procedures: • Obtained an understanding of the transaction from a review of the sale and purchase agreements between the entities involved. • Performed detailed audited procedures in order to assess the accounting treatment applied to the reverse acquisition. This included consulting with internal IFRS specialists to ensure the accounting treatment of the reverse acquisition was in accordance with Australian Accounting Standards. • Performed audit procedures in respect to Warrego Energy Limited (UK) for the period 1 July 2017 to 30 June 2018 for the purposes of the comparative information disclosed in the financial statements. • Evaluated the adequacy and accuracy of the associated disclosure note within the financial report to ensure that it was sufficient and in line with the requirements of AASB 3.

Accounting for convertible notes

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 18 of the financial report, the Group has issued convertible notes during the year. In accordance with AASB 132 *Financial Instruments: Presentation*, the accounting for convertible notes is considered a key audit matter due to the complexity involved in assessing whether to account for the notes as equity, a liability or a combination of both and the measurement at initial recognition based on the terms and conditions of the agreement, under AASB 9 *Financial Instruments*. Significant judgement is also involved in the measurement subsequent to initial recognition including the fair value measurement at balance sheet date in accordance with AASB 9.	Our audit procedures included, amongst others: • Obtained an understanding of and assessed the terms and conditions of the convertible note agreement to determine if the convertible notes were to be accounted for as equity, a liability or a combination of both in accordance with AASB 132. • Considered the appropriateness of the valuation methodology against the requirements of AASB 9. • Reviewed the disclosures made within the financial report to ensure these were in line with the requirements of AASB 7 *Financial Instruments - Disclosures*.

AUDITORS' REPORT

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

BDO

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report under the heading 'Remuneration Report' for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Warrego Energy Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 30 September 2019

Additional Information

Additional information included in accordance with Listing Rules of ASX Limited.

1. SHAREHOLDERS

a) Distribution of shareholders as at 17 October 2019

Fully paid ordinary shares

SIZE OF HOLDING	HOLDERS	SHARES HELD	%
1-1,000	473	206,416	0.030
1,001-5,000	777	2,132,375	0.300
5,001-10,000	395	3,126,784	0.440
10,001-100,000	1,299	52,609,851	7.420
100,001-1,000,000	376	104,693,516	14.770
1,000,001-9,999,999,999	58	546,048,836	77.040
Totals	3,378	708,817,778	100.000

649 shareholders held less than a marketable parcel of shares.

b) Top twenty shareholders as at 17 October 2019

Fully paid ordinary

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	% OF SHARES HELD
Mr Duncan Macniven	140,435,616	19.81%
Mr Dennis Donald	140,435,616	19.81%
Citicorp Nominees Pty Limited	40,482,620	5.71%
Discovery Investments Pty Ltd	30,192,591	4.26%
Mr James Clarke	19,152,474	2.70%
Mr James Stuart Clarke	19,144,474	2.70%
HSBC Custody Nominees (Aust) Limited	15,042,855	2.12%
Mr Owain Franks	14,512,723	2.05%
Mr Mark Routh	7,105,922	1.00%
Ms Anne Routh	7,008,142	0.99%
Stewart Macrae	6,582,604	0.93%
Alasdair Buchanan	5,583,569	0.79%
Cs Fourth Nominees Pty Ltd	5,391,040	0.76%
Mr David Casey	5,226,980	0.74%
J P Morgan Nominees Aust Pty Limited	5,108,766	0.72%
BNP Paribas Nominees Pty Ltd	4,649,193	0.66%
Veruse Pty Limited	4,275,420	0.60%
James Brunton	4,252,225	0.60%
Jane Brunton	4,252,225	0.60%
Ms Jean Lockett	3,997,835	0.56%
Total	482,832,890	68.118%

2. VOTING POWER

The Company has ordinary shares on issue:

a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney or, in the case of a member which is a body corporate, by representative duly authorised;

b) on a show of hands every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote; and

c) on a poll every member entitled to vote and be present in person or by proxy or attorney or representative duly authorised shall have one (1) vote for each fully paid share of which he or she is a holder.

3. SUBSTANTIAL SHAREHOLDERS

The ordinary securities held by substantial shareholders are as follows:

NAMES	NUMBER OF SHARES
Mr Duncan MacNiven	140,435,616
Mr Dennis Donald	140,435,616

4. ON-MARKET BUY-BACK

There is no current on-market buy back.

5. TENEMENT LISTING

TENEMENT REFERENCE	LOCATION	NATURE OF INTEREST	INTEREST AT 30 JUNE 2019	
				GROSS ACRES
EP469	North Perth Basin Western Australia	Direct JV interest	50.0%	56,000
STP-EPA-0127 application	North Perth Basin Western Australia	Application	100.0%	2,200,000
Piedra Sola	Norte Basin, Uruguay	Via Schuepbach Energy Int. LLC	41.0%	2,525,000
Tesorillo^	Cadiz, Spain	Via Tarba Energia SRL	85.0%	68,800
Ruedalabola^	Cadiz, Spain	Via Tarba Energia SRL	85.0%	25,200
19-25-3W5M	Cardium, Alberta, Canada	Direct JV interest	40%	640

Note: ^ Warrego's 85% working interest will reduce to 51.1% upon completion of the Prospex Share Purchase Agreement. Proceeds of €2.05m (100%) will be used by Warrego to fund its share of an agreed Tesorillo work programme (estimated at €3.82m) which includes a magnetotelluric programme and if successful, a well to target the Almarchal-1 discovery drilled in 1956.

6. CONTINGENT GAS RESOURCES (WARREGO SHARE)

Contingent Resources were prepared for the Dongara reservoir in the West Erregulla field during the year. No Contingent Resources have been prepared for the Basal Wagina, Kingia and High Cliff reservoirs at the date of this report.

2C CONTINGENT RESOURCES	PERTH BASIN GAS (BCF)
30 June 2018	-
Revision to previous estimates	-
Extensions and discoveries	36
Acquisitions and divestments	-
30 June 2019	36

The Dongara reservoir 2C Contingent Resource report is based on, and fairly represents, information and supporting documentation provided by Warrego and has been supervised by Mr Ian Cockerill, Head of Geoscience at RISC Advisory Pty Ltd. Ian is a Petroleum Geologist with 19 years of experience and is a qualified petroleum reserves and resources evaluator (QPPRE) as defined by ASX listing rules. He is a full-time employee of RISC and has consented to the inclusion of this information in the form and context in which it appears. The estimates are prepared in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS).

Corporate Directory

Directors

Greg Columbus	Non-executive Chairman
Dennis Donald	Managing Director, Group Chief Executive Officer
Duncan MacNiven	Executive Director - Approvals, H&S & Environmental
Owain Franks	Executive Director - Finance, Strategy & Delivery
Mark Routh	Non-executive Director
David Biggs	Non-executive Director

Company Secretary

Ian Kirkham

UK Office

39 Albert Street,
Aberdeen, AB25 1XU, Scotland

T: +44 (0)1224 974 980

Registered Office

Level 6, 10 Bridge Street
Sydney NSW 2000

T: +612 9254 9000

E: office@warregoenergy.com

Share Registry

Boardroom Limited
Level 12, 225 George St
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001
T: +61 2 9290 9600
F: +61 2 9290 9655

Home Stock Exchange

ASX Limited
20 Bridge Street
Sydney NSW 2000
ASX Code: WGO

Auditors

BDO
Level 11, 1 Margaret Street
Sydney NSW 2000

Warrego Energy Limited
ACN 125 394 667

warregoenergy.com

Designed & produced by
Imajica Brand Evolution
www.imajica.com

Building a hydrocarbons business for the 21st century

warregoenergy.com