

Significant Western Australian domestic gas shortage strengthens Warro's value to Western Australia.

23 December 2025

HIGHLIGHTS:

- Australia's independent body managing the wholesale electricity and gas markets and power system (AEMO), has forecast significant domestic gas shortages in Western Australia starting in 2028 and worsening into the 2030's.
- The Warro gas field, with an independently assessed mid case GIIP of 3.2 Tcf¹, remains one of the largest undeveloped and mature, gas resources in Western Australia's onshore.
- H3 Energy has already made significant progress in understanding the reservoir fluid dynamics and how to limit water production.
- Thought to be previously uneconomic due to high water cut, despite flowing gas to surface, new technical analysis aimed at solving the water cut issues, has significantly improved the economic prospectivity of the asset, helped by likely higher gas prices.

The Australian Energy Market Operator ("AEMO") has released a report on the Western Australian Gas Market ("*2025 Western Australia Gas Statement of Opportunities*" – dated December 2025) which H3 Energy Limited (ASX:H3E) (**H3E** or the **Company**) believes validates the economic importance of the Company's Warro gas asset as well as improves the potential value of the gas resource.

AEMO forecasts a significant supply gap to emerge in the WA domestic gas market from 2028 and widening further from 2030 onwards (Figure 1) and predicts that the consequences of such a shortage could be severe for the local economy, including:

"Demand reduction or destruction – Gas price-sensitive industries may reduce or cease operations if gas or alternatives are not available at competitive prices. Responses to AEMO's Formal Information Request (FIR) indicate this could occur from approximately \$10.00/gigajoule (GJ)."

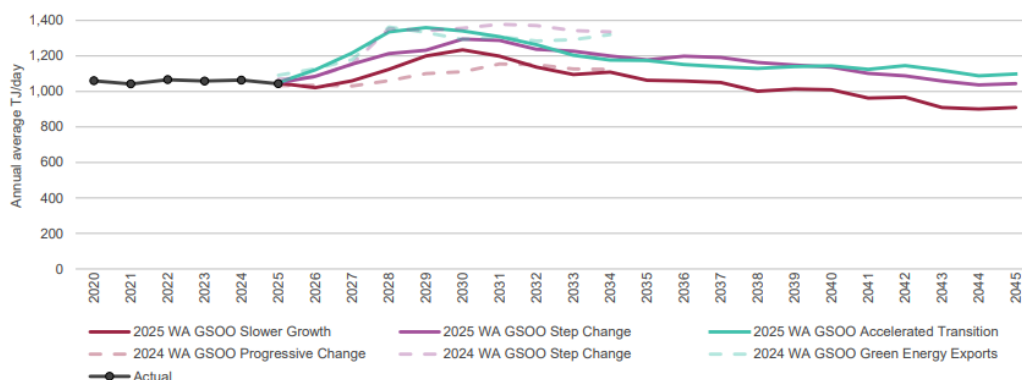


Figure 1: Under all scenarios, the demand for gas in the domestic WA market increases until 2030 and then continues being higher until the 2040's; Source: AEMO.

¹ See ASX release 10 September 2025.

This presents an incredible opportunity to potentially monetize the discovered resource in the Warro gas field if the technical challenges can be solved. Average wholesale gas prices have more than doubled to \$7.27/GJ in WA since 2019 and are likely to continue rising as the shortages increase (Figure 2). Higher prices can also provide more technical options for the team to help solve the water issues that have been encountered in the field to date and still get an appropriate commercial return for shareholders.

Western Australian gas prices: shooting up in the 20s (\$/GJ)

Since 2020 Woodside and Santos have upped their gas prices 96% and 68% respectively

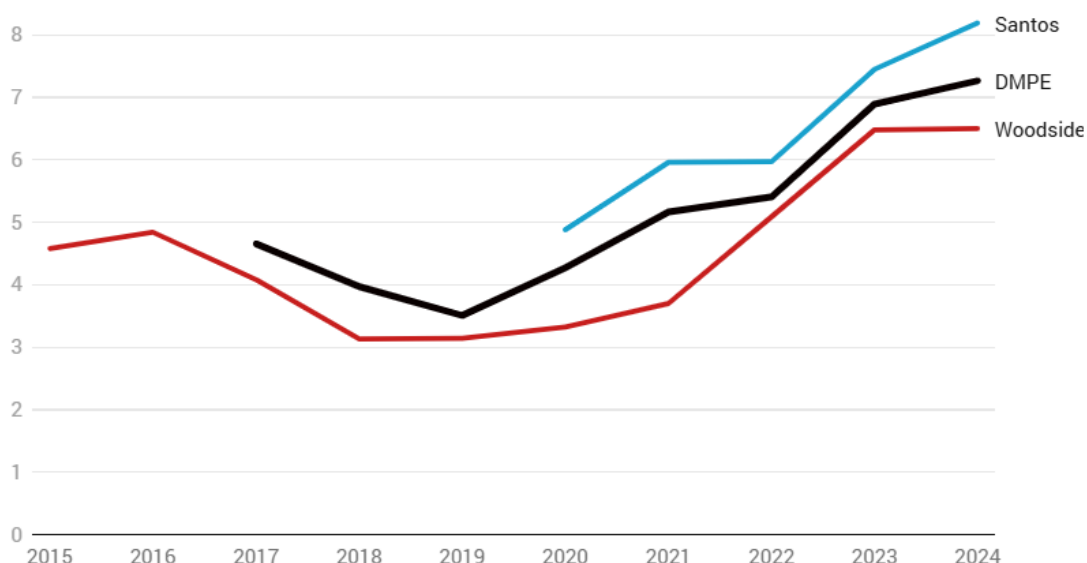


Figure 2: Historical prices for natural gas in the wholesale domestic market. Source: Peter Milne, www.boilingcold.com.au.

Warro Gas Field – Western Australia's largest onshore gas resource

The Warro Gas Asset is a 70 km² gas field situated just 30 km from the Dampier-to-Bunbury Natural Gas Pipeline, giving it a critical location advantage for rapid tie-in and delivery into Western Australia's tightening domestic gas market.

Previous operators invested over \$100 million in 3D seismic and drilling four vertical wells, confirming a large gas resource with 1–2 MMscf/d test flows despite limited reservoir stimulation and high water cut. The Company believes that this initial work provides good geological understanding, with the focus now on engineering solutions to provide economic viability using modern and updated technical analysis.

Work completed to date on the Warro petrophysics (ASX announcement 29 October 2025), the new image log interpretation on Warro 3 (ASX announcement 17 December 2025) and the successful flow of gas to surface during the well testing campaign by the previous Operator indicate that there is no geological reason why gas cannot flow from this field. The challenge is now an engineering one to ensure that the flow rates are substantial, sustained and therefore economic. With more robust gas prices, the flow required from each well can be lower. The Company will focus its attention on the engineering solutions while RISC completes its commerciality study on behalf of the Company to quantify what an economic flow rate is required (ASX announcement 24 November 2025).

Now, with modern interpretation, renewed regulatory support for fracture stimulation, and a targeted completion strategy, H3 Energy has a clear opportunity to transform Warro into a producing, high-value onshore gas asset.

Clear, decisive and budgeted roadmap

The Board of H3 Energy has a clear and decisive roadmap as part of its technical evaluation of the Warro Asset which has so far encapsulated new geophysical evaluation followed by refreshed geological assessment. This assessment has been largely driven by the team led by CEO, Nik Sykiotis, supported by experienced technical members of the Board, as well as Perth Basin industry expert consultants.

CEO Nik Sykiotis commented:

"Whilst no one wants to see volatility and shortages in the domestic gas market, the AEMO report does highlight the potential significance of the Warro gas field to the State's economy. This asset has been on the backburner for many years due to hitherto mischaracterised technical challenges and regulatory uncertainty but now its time has come.

We believe that if the technical team can minimise water incursion, to bring a sustained stream of dry gas to surface, the rewards for both the Company and the community will be enormous. It could come just in time to help solve the anticipated supply shortage and to benefit from the likely higher prices that this brings."

This ASX announcement has been approved and authorised for release by the Board of H3 Energy Limited.

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About H3 Energy Limited

H3 Energy Limited (ASX: H3E) ("H3E" or the "Company") is an ASX-listed exploration and production company focused on exploring and delivering hydrocarbons, natural hydrogen and helium for the energy transition. The company has extensive exploration acreage in the Officer Basin located in South Australia; a substantial contingent gas resource in Western Australia; and geothermal exploration applications over proven conventional hot water production locations in southwest Queensland.