

ASX Announcement



15 March 2017

The Company Announcement Officer ASX Ltd
via electronic lodgement

Australian Domestic Gas Outlook 2017 Conference Presentation – March 2017

Please find attached a presentation to be given today by Mr David Baker (Managing Director) at the Australian Domestic Gas Outlook 2017 conference being held at the Four Seasons Hotel Sydney on the 13th to 16th March 2017.

Yours faithfully

A handwritten signature in black ink, appearing to read "M. Montano".

Matthew Montano
Chief Financial Officer & Company Secretary

STRIKE ENERGY LIMITED

Exploring the supply options for a domestic gas market still 'short'

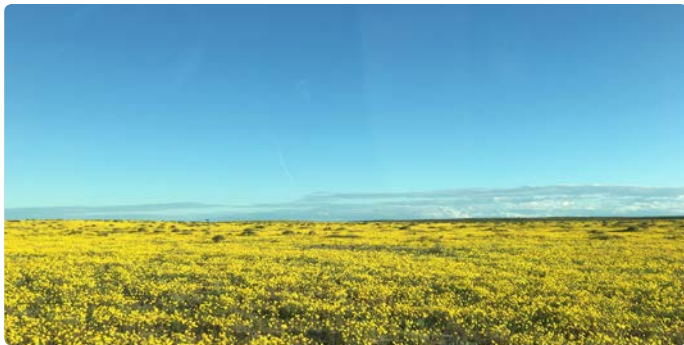
March 2017



STRIKE ENERGY SITE OFFICE
18.8KM

KLEBB 1, 2&3
18.8KM

BOUVIER 1
26.4KM



Eastern Australian gas prices

Innovative funding

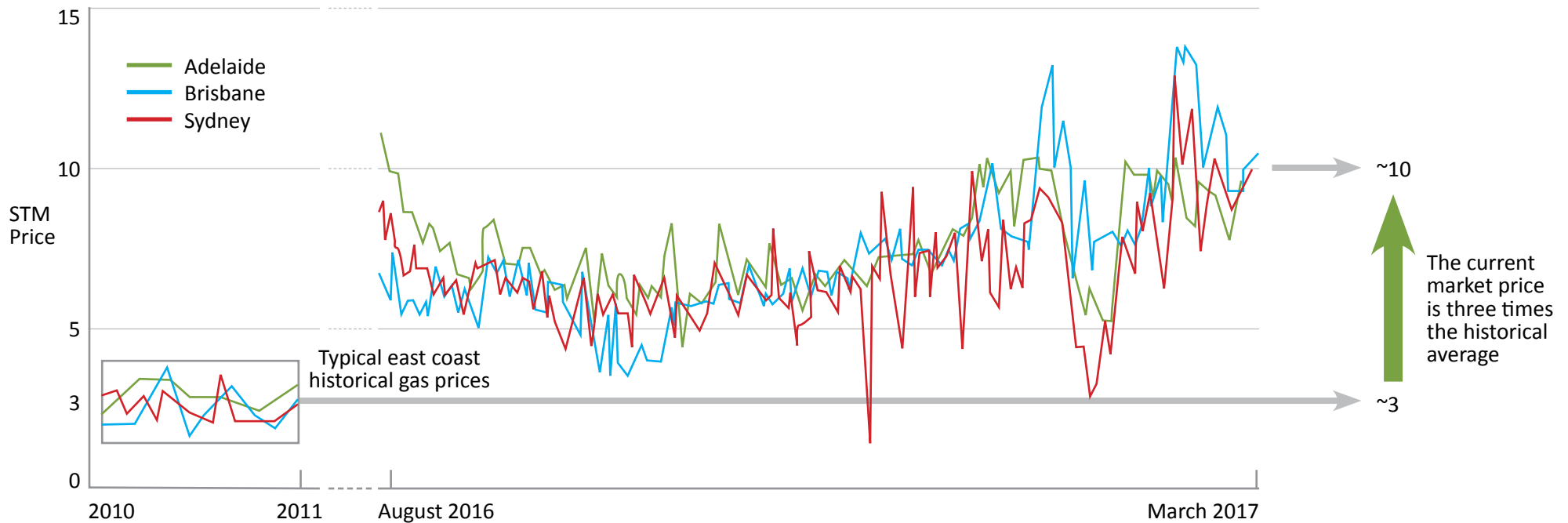
Pre-requisites for successful development of low cost supply projects for the domestic market





How are Eastern Australian gas prices responding to market tightness?

- Major domestic gas users have historically relied upon long term bilateral contracts predominantly from Gippsland and Cooper Basins.
- Since 2013 the availability of forward wholesale gas for 5-10 year supply commitments has progressively tightened, as to price, gas volumes (ACQ and TCQ) and contractual terms.
- In the last 6-9 months, as all of the Gladstone LNG trains have come online, wholesale gas prices for 2018/2019 delivery are at least \$8/GJ and trending above \$10/GJ.
- This trend is reflected in the STTM 'spot' market at the major domestic hubs.

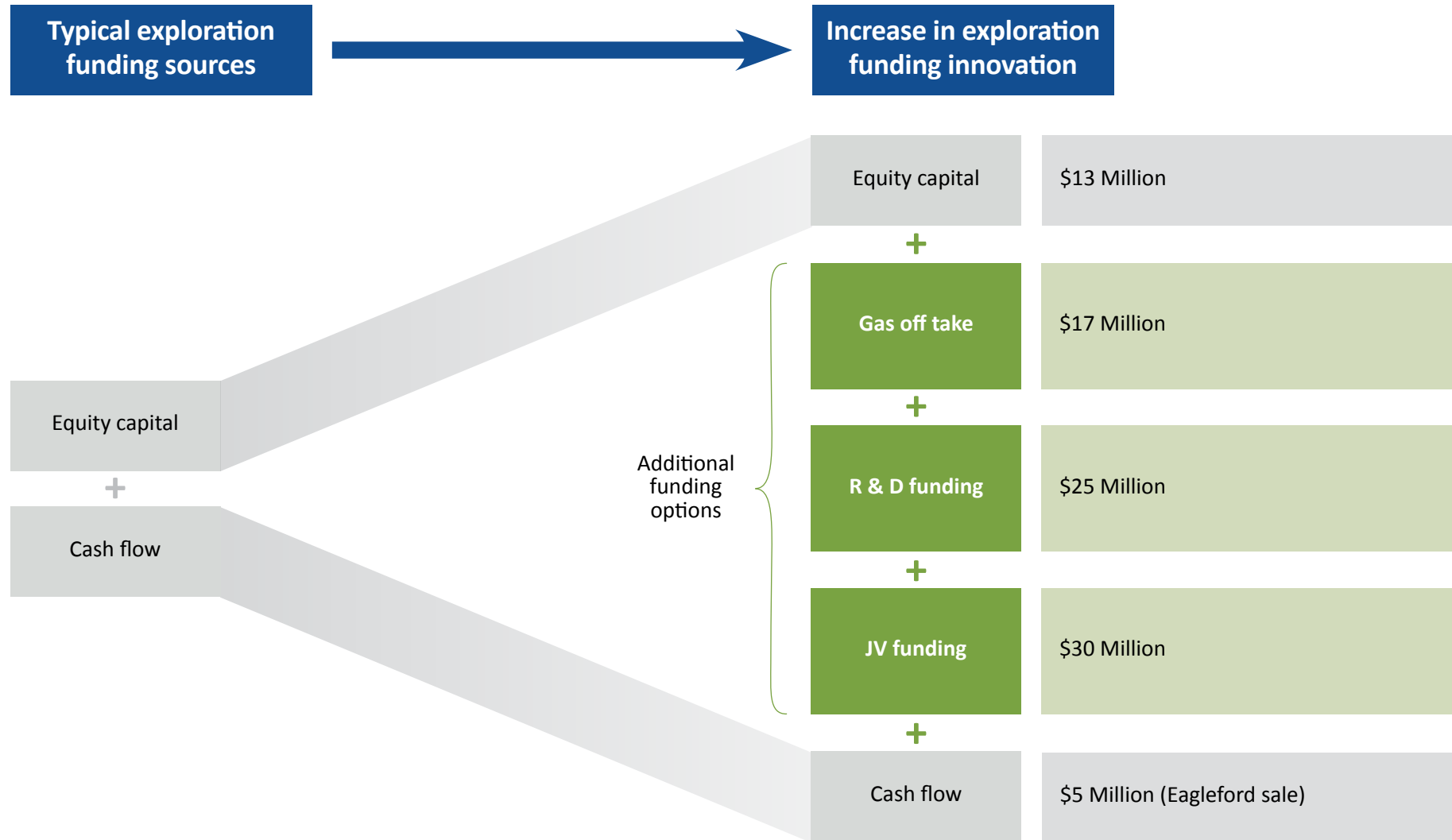


“Gas squeeze gets worse” - AFR March 2017



Developing an innovative mix of funding sources for domestic gas customers

Funding options for Strike in a curiously constrained capital market

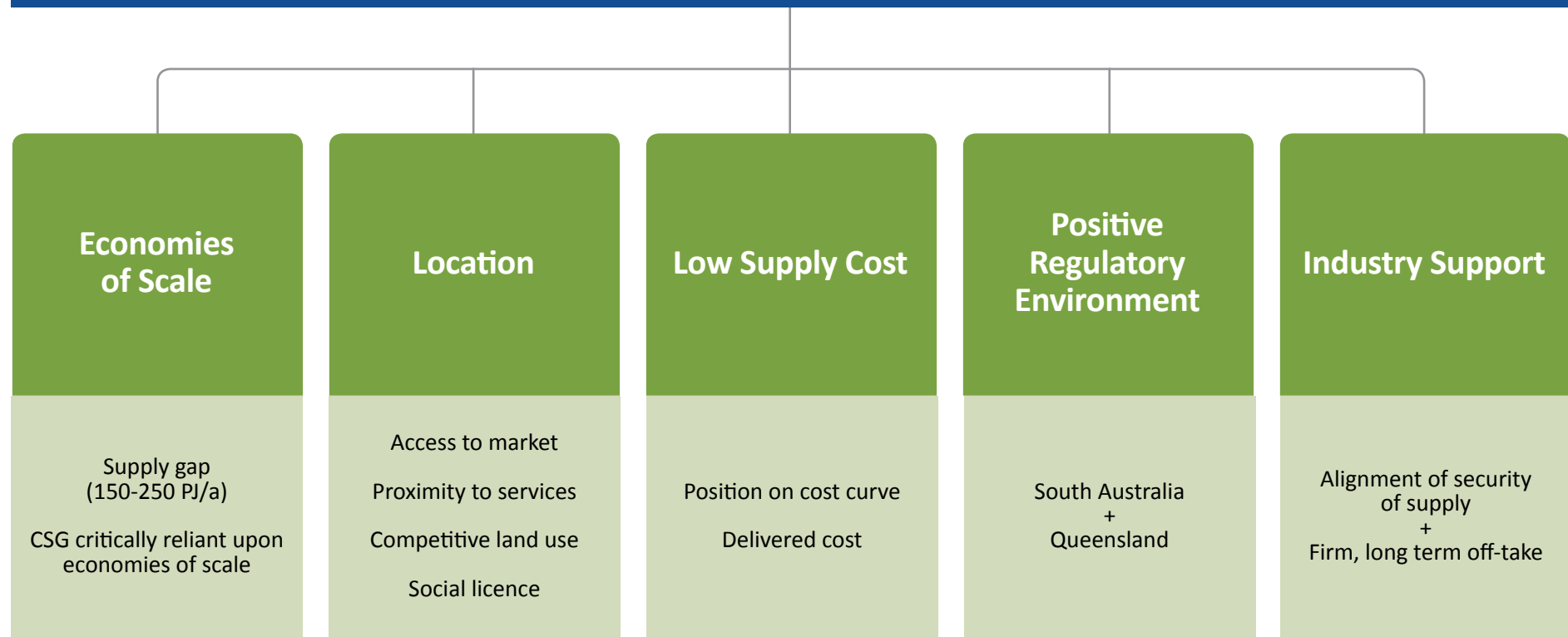


Multi-well, extended production test advancing towards commercialisation



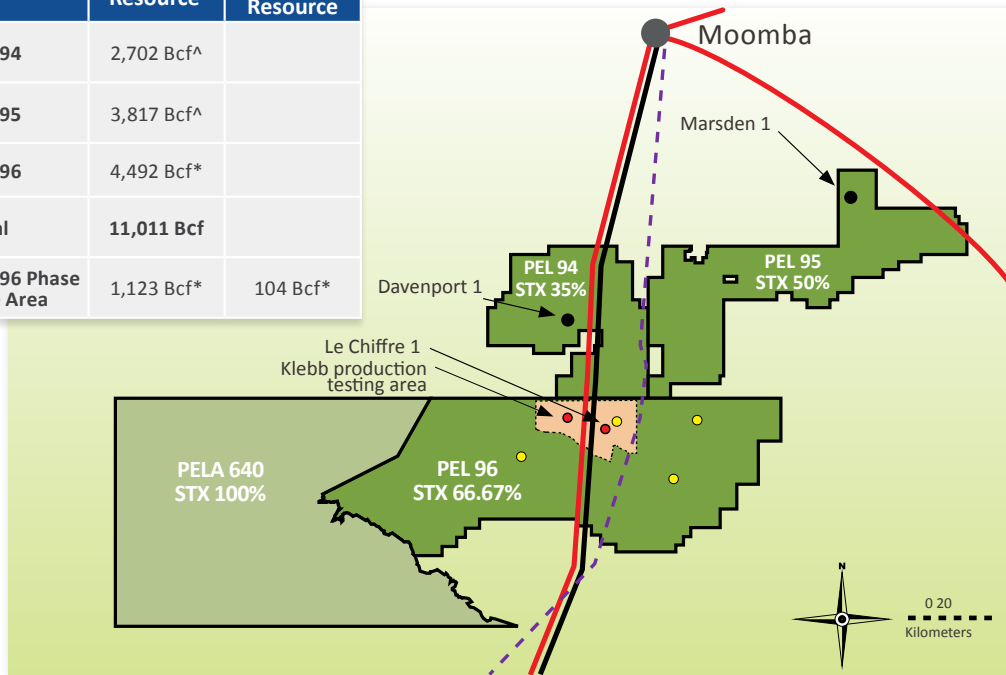
Critical pre-requisites for successful development of
low cost supply projects for the domestic market

Coal seam gas fundamentals (in the current market)



Scale and Location

	Prospective Resource ⁺	2C Contingent Resource
PEL 94	2,702 Bcf [^]	
PEL 95	3,817 Bcf [^]	
PEL 96	4,492 Bcf [*]	
Total	11,011 Bcf	
PEL 96 Phase One Area	1,123 Bcf [*]	104 Bcf [*]



- PEL 96 Phase One Area
- Strike Phase One Area wells drilled
- Gas Pipeline
- Strike Wells Drilled
- Oil Pipeline
- PEL 96 Offset Wells
- Strzelecki Track
- PEL 96 and PELA – STX Operated

PEL	Net STX Acres
PEL 94	77,925
PEL 95	160,248
PEL 96	443,880
PELA 640	850,786
Total	1,532,839

* Mean estimate (net to Strike determined on a probabilistic basis) per ASX announcement dated 19 Feb 2014 and adjusted for announced contingent resource estimate per ASX announcement dated 27 April 2015.

[^] Mean estimate (net to Strike determined on a probabilistic basis) per ASX announcement dated 19 September 2012.

⁺ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Strike has an ideally positioned long-life multi-Tcf resource to supply into ~40 Tcf Eastern Australian gas demand over the next twenty years

Low Gas Supply Cost: Key Parameters

The geological and reservoir characteristics in each gas field define the overall quantity and quality and ultimate recovery of the gas resource. Geology varies between gas basins with implications for exploration activity and production outcomes. The pilot stage appraisal of the southern Cooper coals supports a favourable combination of key CSG parameters.



These are the key parameters that, in combination, determine a low cost CSG producer

Typically CSG reservoirs are commercialised where they are shallower than 1,000m due to the stress induced by the overburden and resulting closure of cleats and natural fractures. In the Queensland fields, typical CSG reservoirs are from 300m to 1,200m. The southern Cooper coals are at depths of 1,600 to 2,100m but are in a low stress environment with residual permeability much higher than expected at these depths *and* a relative ease of effective stimulation which has already enabled maximum dewatering rates in excess of 1,000 bwpd. More over, current modelling indicates that development wells may produce up to 4MMscfd of raw gas from multi-zone Patchawarra completions.

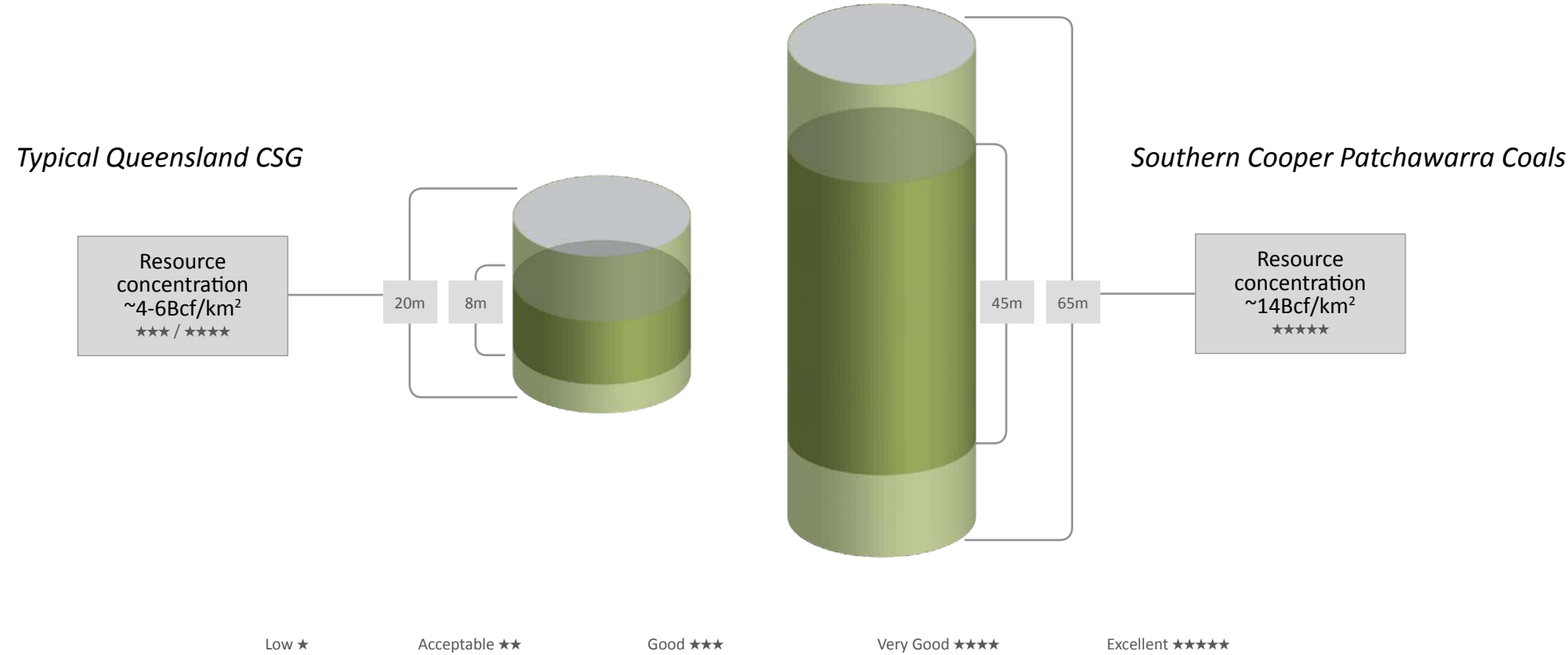


The southern Cooper coals have very good productive potential

SCBGP: Primary risks to low supply cost: Thermal Maturity & Resource Concentration

Typically increases with burial history (maximum depth). Southern Patchawarra Cooper coals have a Vitrinite reflectance of 0.6%-0.8%, which is within the gas generation window for inertinite macerals. Inertinite is a primary component of the southern Cooper coals.

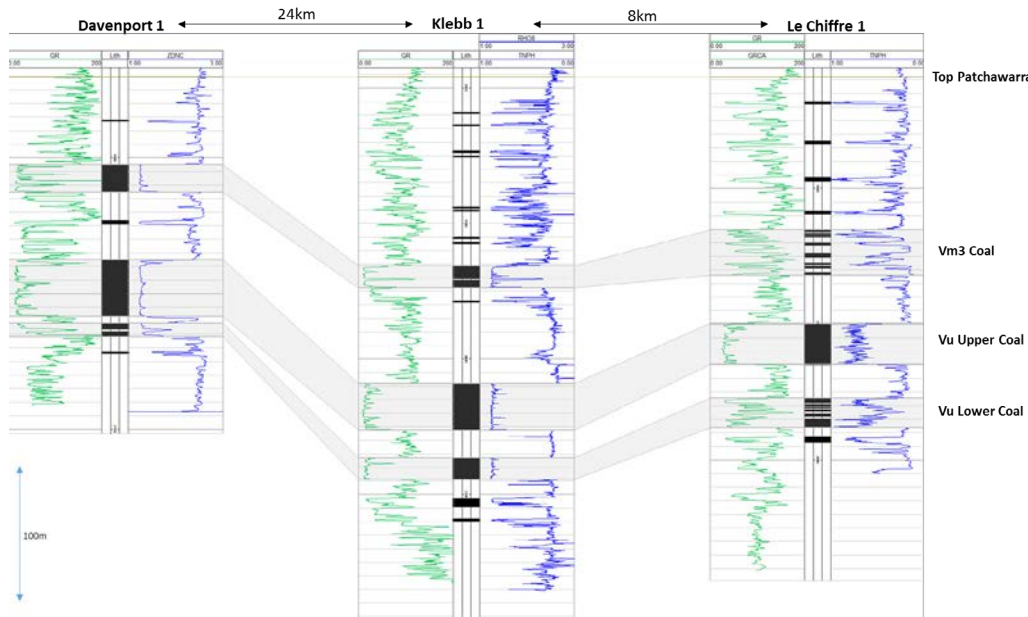
Gas in the southern Cooper coals has a combination of biogenic and thermogenic sources.



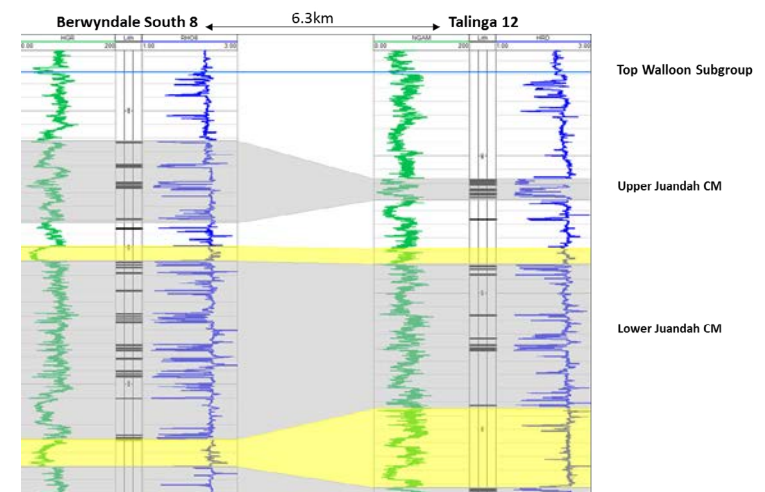
Gas content and net coal thickness in the Southern Cooper coals → exceptional resource concentration

The southern Cooper coals are thick, competent, consistent and continuous over tens of kilometres. The wells are cased and fracture stimulated so that de-watering is from the target seams only and not from interbedded sands, as can be the case in the open-hole completions of many CSG plays. Pilot test pressure data has confirmed that de-watering activity is confined to the southern Cooper coal seams and that the de-watering task is finite.

Southern Cooper well logs



Surat Basin well logs



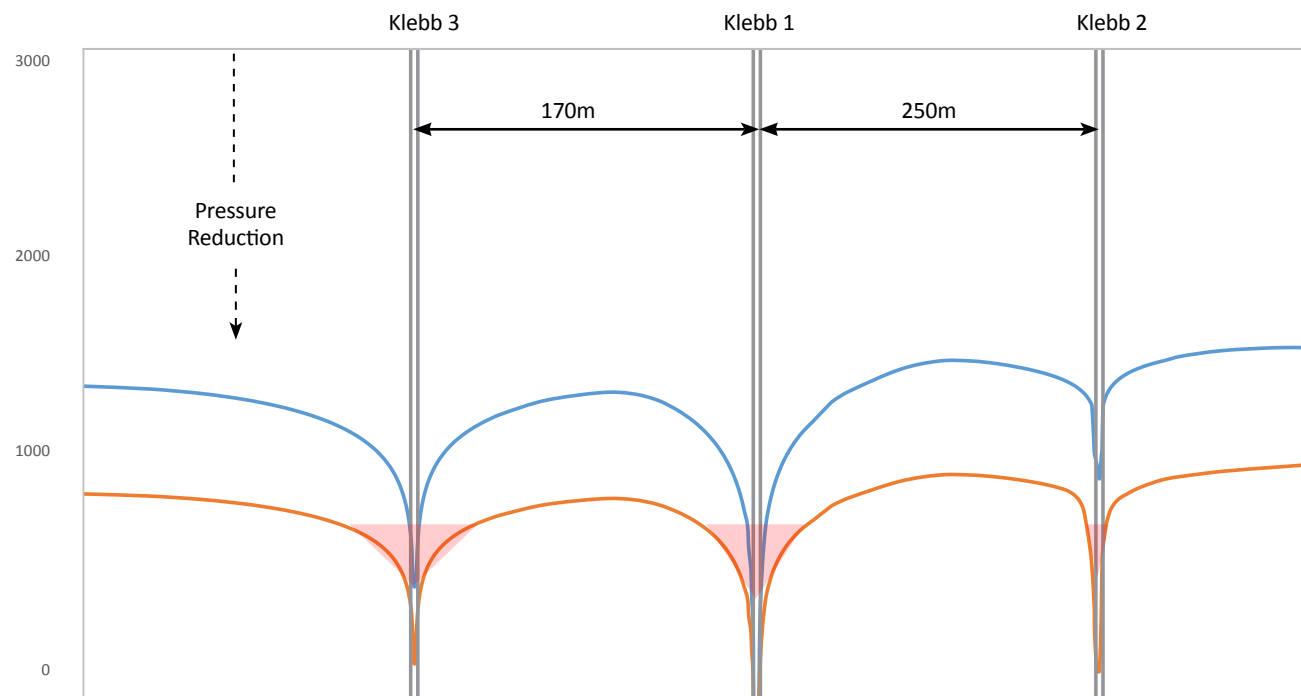
The fundamental drivers are different for each CSG play

The remaining key objective for the Klebb pilot is to confirm the range of gas content of the Vu Coal at Klebb, which represents approximately 50% of the target Patchawarra coals. Flow testing has positively refined our understanding of the key play drivers. Further testing will confirm the range of gas content within the southern Cooper coals. Achievement of target pilot test flow rate objectives will confirm excellent development potential.

Current modelling indicates development wells may produce up to 4 MMscfd of raw gas from multi-zone Patchawarra completions.

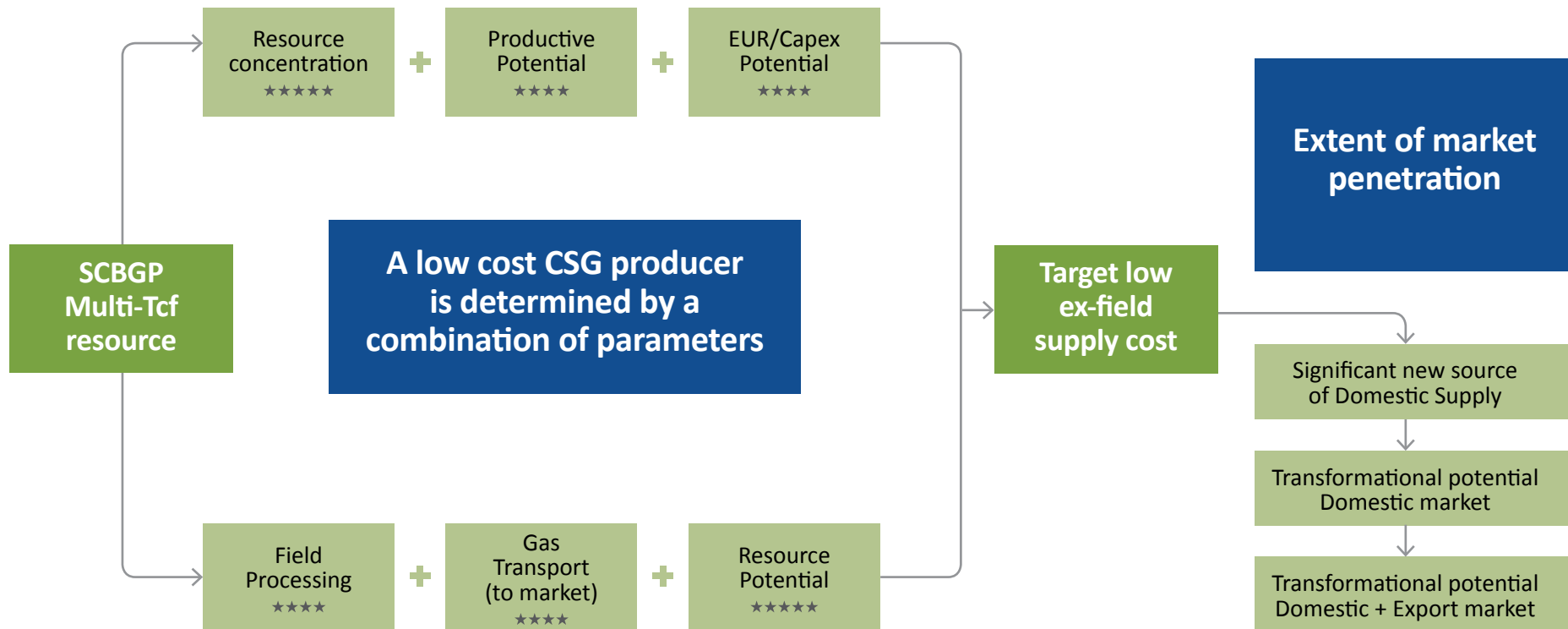
Estimated current pressure profile after ~600Mbbbls of de-watering

Estimated pressure profile by end-June after a further 90Mbbbls of de-watering



Consistent, effective de-watering is the key to successful pilot test appraisal

Gas flows from the Klebb pilot are expected to confirm the remaining reservoir parameters that determine commercial potential. The enormous scale of the prospective resource will drive SCBGP down the cost curve.



The SCBGP can deliver compelling gas supply economics

Initial customer base in place: Clear pathway to gas production

- 1.5 million acres, ideally located southern Cooper coals
- 11 Tcf prospective resource
- \$90 million expended on exploration, appraisal and pilot production

Funding sources

Substantial industry support

Gas off-take
\$17 million

R & D funding
\$25 million

JV funding
\$30 million

Equity capital
\$18 million

Adelaide Brighton Ltd

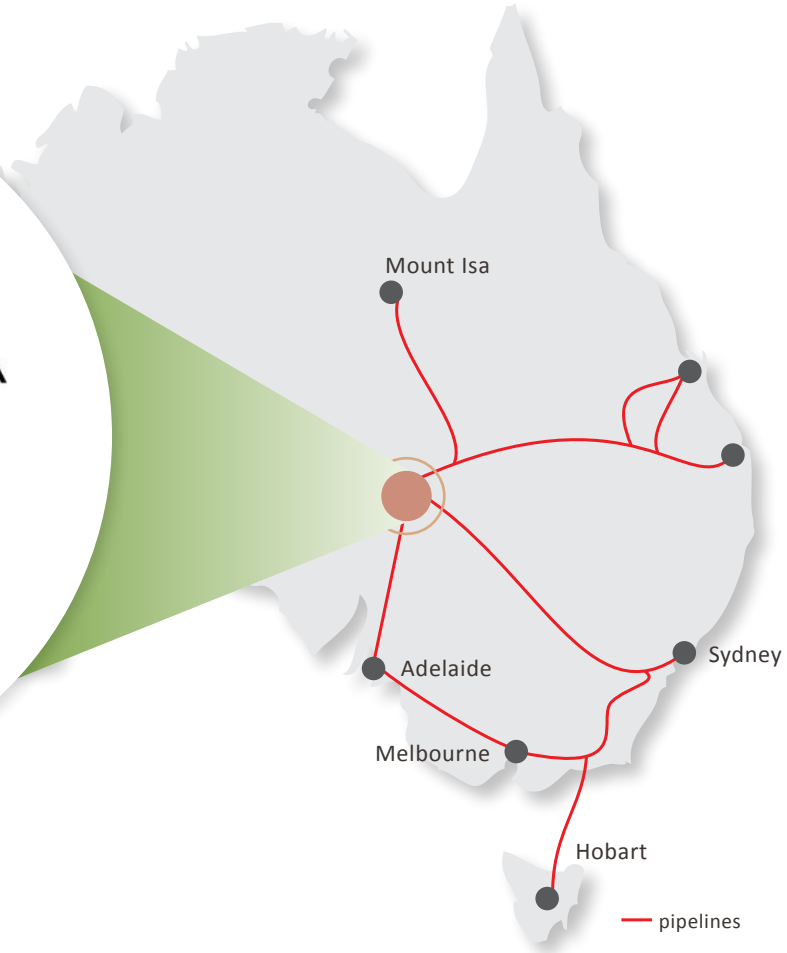
australbricks since 1908

ORICA ORORA

Strike Energy

3rd party gas processing and compression

Government of South Australia



East coast gas market in need substantial new supply sources

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Contingent Resource Estimate

DeGolyer and MacNaughton was engaged by Strike to undertake an Independent Review of the gas resource in PEL 96 based on the data and information acquired to date by Strike from the drilling and flow testing programs carried out at the Le Chiffre 1 and Klebb 1, Klebb 2 and Klebb 3 wells.

DeGolyer and MacNaughton has estimated a contingent gas resource on a probabilistic basis for the initial zones that have been flow tested within the Le Chiffre 1 and Klebb 1 wells. As these zones only represent a portion of the net coal encountered at these locations, successful flow testing of additional zones will enable an increased contingent resource to be booked.

The table below summarises the Contingent Resource Estimates.

	Contingent Gas Resource Estimates – PEL 96 ¹		
Well	1C ²	2C ²	3C ²
Productive area (acres)	2,171	2,938	3,931
Le Chiffre 1 – Patchawarra Vu Upper and Vu Lower zones (bcf)	62.9	93.2	132.4
Klebb 1 – Patchawarra Vu Upper zone 9 (bcf)	42.1	62.2	93.3
Total Gross Contingent Resource (bcf)	105.00	155.4	225.7

1. Contingent Resource Estimates have been prepared in accordance with the Petroleum Resources Management System “PRMS”. Contingent Resource Estimates are those quantities of gas (produced gas less carbon dioxide and fuel gas) that are recoverable from known accumulations but which are not yet considered commercially recoverable.
2. 1C, 2C and 3C estimates in this table are P90, P50 and P10 respectively for each well and have been summed arithmetically
3. Net to Strike’s 66.7% interest in PEL 96

Competent Persons Statement

The information in this presentation that relates to the PEL 96, PEL 95 and PEL 94 contingent resources estimate has been taken from the independent reports as prepared by DeGolyer and MacNaughton, a leading independent international petroleum industry consultancy firm, and has been reviewed by Mr Chris Thompson (Chief Operating Officer of the Company). All other reported resource and or reserves information in this presentation is based on, and fairly represents, information prepared by, or under the supervision of Mr Thompson.

Mr Thompson holds a Graduate Diploma in Reservoir Evaluation and Management and Bachelor of Science Degree in Geology. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years. Mr Thompson is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion in this release of the resource and or reserves information in the form and context in which that information is presented.

About DeGolyer and MacNaughton

The information contained in this release pertaining to the PEL 96 contingent resources estimate is based on, and fairly represents, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton. Mr Szatkowski holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M, has in excess of 40 years of relevant experience in the estimation of reserves and contingent resources, and is a member of the International Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr Szatkowski is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion of the contingent resource estimate related information in the form and context in which that information is presented.

While not yet commercial, these results confirm that the coals will be capable of substantial gas production rates and highly economic per well recoveries as the reservoir pressure is reduced at increasing distances from the wells.

