

# Strike Energy Limited Quarterly Report

Q4 - 2017



Jaws-1 Civils Work Dec-17

# Key Highlights Q4 2017

## Jaws-1 Progress

- All major contracting and procurement complete.
- Ensign 965 land rig secured.
- Civil works and Klebb 4 workover (ESP retrieval and microseismic preparation) complete.
- Casing has arrived in Australia.

## Halliburton Contract

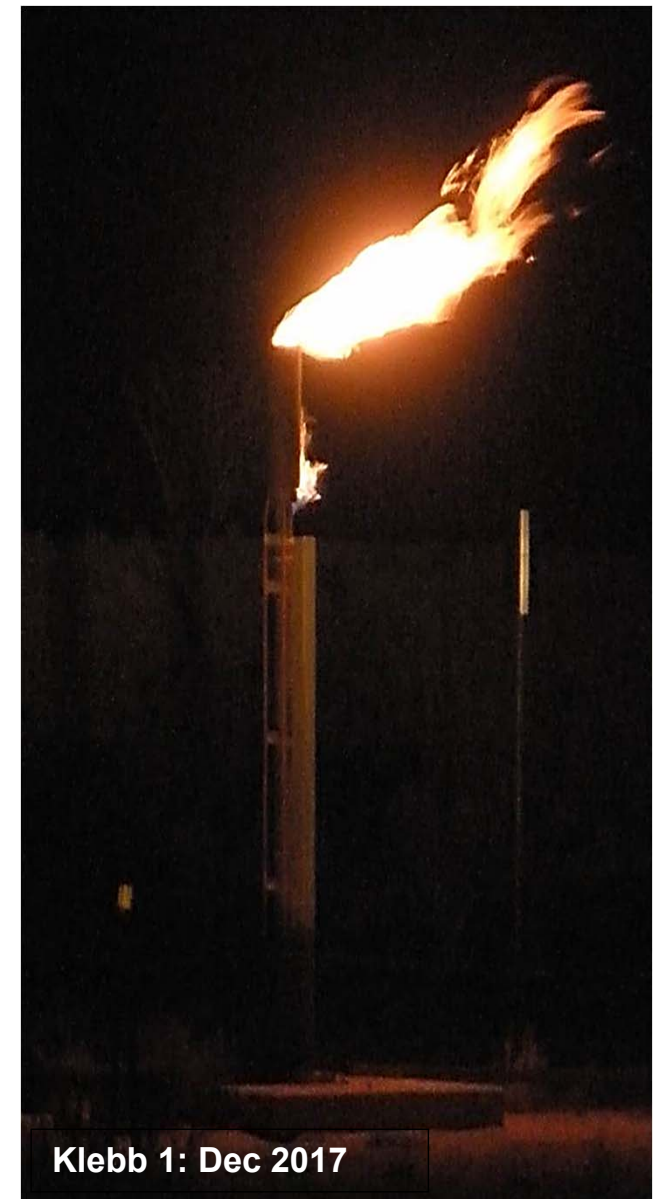
- Halliburton in collaboration with Ensign will execute the construction and completion of the Jaws-1 appraisal well.

## R&D Funding

- Secured a \$5.4 mln R&D expenditure facility with CBA for FY18.

## Klebb 1 Recompletion & Desorption

- Successful production test of Klebb 1 in the Vu Lower.
- Recompletion was on time and budget.



Klebb 1: Dec 2017

# Jaws Progress Update



Casing & Tubulars  
Arrive in Brisbane



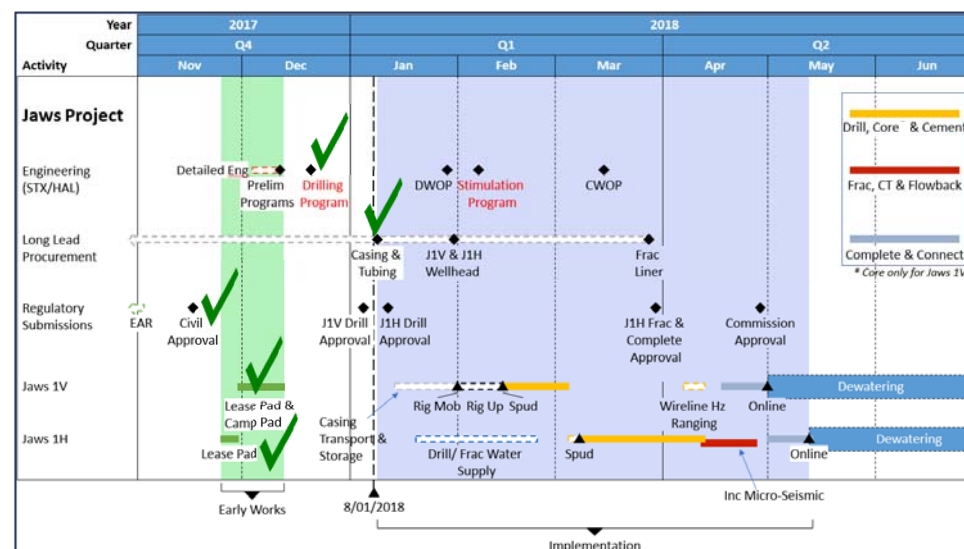
K4 Workover Complete

- Spud on track for 14<sup>th</sup> of February.
- Integrated Halliburton & Strike team completing final design and execution programs.
- Casing has arrived in Australia.
- Civil works completed under budget.
- K4 workover complete as part of preparatory works for micro-seismic.

**HALLIBURTON** Strike  
Energy

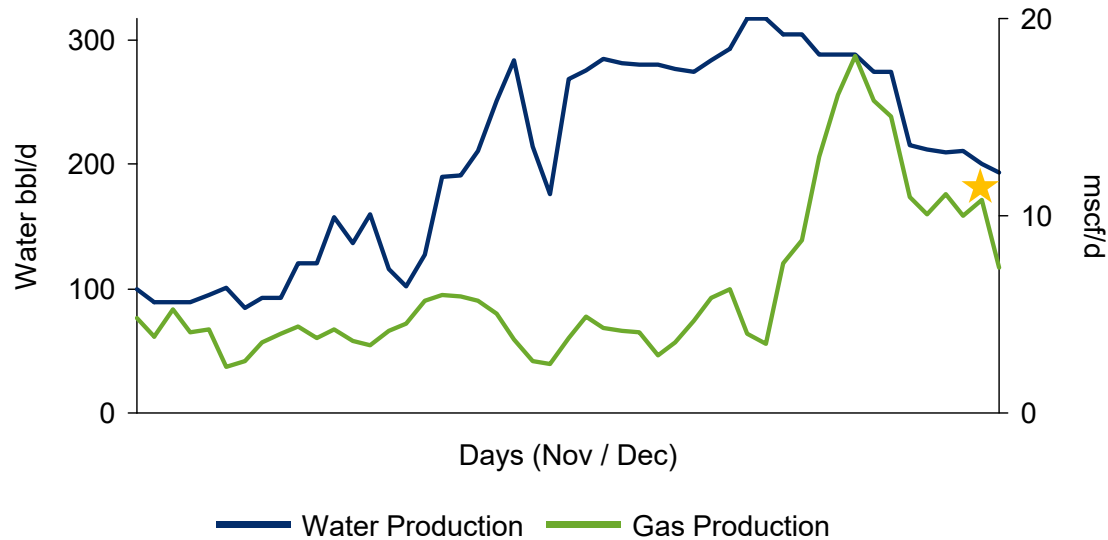


Civils & Leases Complete





## Klebb 1 Performance Post Vu Lower Recompletion



## Successful Production Test

- Klebb 1 objective complete with successful production test, providing sufficient evidence of gas charge and saturation.
- Strike planning to book associated contingent resource at K1 Vu Lower by the end of Q1/18.
- Coring data from Jaws-1 to refine reservoir model for Vu Lower.

## K1 Performance

- Dual phase flows initially inhibited water production and draw down; rates increased over time to 200-300 bbls/d.
- ★ Downtime impact due to solids production from the Vu Lower late in the quarter. This is likely resultant from the lack of flow back post stimulation in 2014. Operations have since resumed.

Well	Planned Q1/18 Activity
Klebb 1	Continue Vu Lower production test
Klebb 2	Shut in for Jaws execution; restart planned for Q2
Klebb 3	Shut in and redeploy equipment for Jaws-1
Klebb 4	Repurpose as microseismic monitoring well for Jaws-1 stimulation program

# Finance & Commercial Update



## Board of Directors

John Poynton (Chairman)  
Jody Rowe  
Andrew Seaton  
Stuart Nicholls (MD)  
Tim Goyder

## Corporate / Registered Office

Unit 1 31-35 George St,  
Thebarton Adelaide SA 5031

T: +61 (08) 7099 7464  
E: [strike@strikeenergy.com.au](mailto:strike@strikeenergy.com.au)  
W: [www.strikeenergy.com.au](http://www.strikeenergy.com.au)

## Securities Exchange

ASX: STX

## Securities on Issue

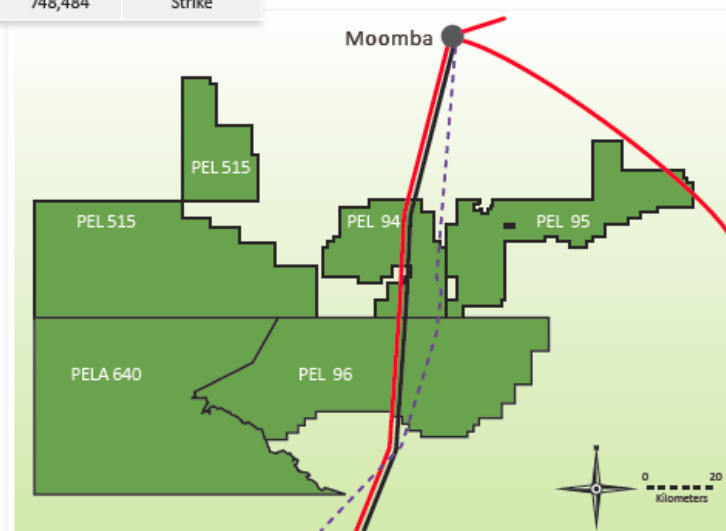
Shares: 1,094,640,299  
Options: 23,200,000  
Performance Rights 6,749,999

- Spend for the quarter on operations was \$2.8 mln and was centered around the piloting of the Vu Lower in pursuit of achieving Technical Success (VuL).
- Jaws-1 currently on budget with 12% of total planned expenditure paid to date.
- Received 2017 R&D tax refund of \$3.7mln which was used to repay the FY17 CBA R&D facility.
- Secured a further \$5.4mln R&D expenditure facility with the CBA for FY18.
- The joint venture activities, including the drilling and completion of Jaws-1 are fully funded to achieve the Company's 2018 objectives.
- **The Company completed the quarter with \$8mln of cash on hand at 31<sup>st</sup> of December 2017 and with access to \$5.4mln of undrawn R&D facility.**

# Strike Energy Limited: License Information



Permit	STX Working Interest	STX Net Acres	Operator
PEL 96	66.67%	443,880	Strike
PEL 95	50%	160,248	Beach Energy
PEL 94	35%	77,925	Beach Energy
PELA 640	100%	850,786	Strike
PEL 515	100%	748,484	Strike



- PEL 96 Phase One Area
- Gas Pipeline
- Oil Pipeline
- Strzelecki Track
- Strike Phase One Area wells drilled
- Strike Wells Drilled
- PEL 96 Offset Wells



## Competent Persons Statement

The information in this report that relates to appraisal results is based on information compiled or reviewed by Mr A. Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers. Mr A. Farley is Manager Geoscience for the Group and has worked in the petroleum industry as a practicing geologist for over 15 years. Mr A. Farley has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

## Igessi Consulting

Tony Cortis (M.Sc. Geology) who brings over 28 years of industry experience with Shell International. He has extensive technical and delivery experience in all three Unconventional Resource play types: tight clastic, shale and coal bed reservoirs. He has actively worked on CBM projects in the Bowser Basin, the Western Canada Sedimentary Basin and in the Ordos Basin of China.

Mr Cortis has consented to the inclusion of his reviews and validation with relation to the reservoir models and gas contents from within PEL96.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

**STRIKE ENERGY LIMITED**

### ABN

**59 078 012 745**

### Quarter ended ("current quarter")

**31 December 2017**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,032)	(4,358)
(b) development	-	-
(c) production	-	-
(d) staff costs	(1,124)	(2,368)
(e) administration and corporate costs	(1,035)	(1,548)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	70	77
1.5 Interest and other costs of finance paid	(70)	(122)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	3,697	3,697
1.8 Other (provide details if material)	2,369	2,859
<b>1.9 Net cash from / (used in) operating activities</b>	<b>875</b>	<b>(1,763)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	11	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(580)	(580)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(569)</b>	<b>(580)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	9,100
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(485)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(3,199)	(3,199)
3.7	Transaction costs related to loans and borrowings	(1)	(1)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	43	43
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(3,157)</b>	<b>5,458</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,823	4,863
4.2	Net cash from / (used in) operating activities (item 1.9 above)	875	(1,763)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(569)	(580)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,157)	5,458
4.5	Effect of movement in exchange rates on cash held	-	(6)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,972</b>	<b>7,972</b>



<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	5,710	9,020
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (share of JV bank accounts)	2,262	1,803
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,972</b>	<b>10,823</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
114
-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7,900	2,500

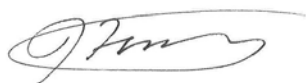
Lender	Interest Rate	Secured/Unsecured	Balance Outstanding at Quarter End
Orica Australia Pty Ltd	5.80%	Unsecured – convertible note	A\$2,500,000
Commonwealth Bank of Australia	BBSY plus 4.55%	Secured against R&D refund from ATO	A\$5,400,000

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	8,686
9.2 Development	-
9.3 Production	-
9.4 Staff costs	1,270
9.5 Administration and corporate costs	478
9.6 Other (provide details if material)	(1,118)
<b>9.7 Total estimated cash outflows</b>	<b>9,316</b>

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(~~Director~~/Company secretary)

Date: .....17 January 2018.....

Print name: .....Justin Ferravant.....

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.