

The Company Announcement Officer ASX Ltd
via electronic lodgement

WEST ERREGULLA UPDATE

KEY HIGHLIGHTS:

1. Strike completes acquisition of 50% interest in North Perth Basin asset, EP469.
2. Strike now operator of EP469 in joint venture with Warrego Energy.
3. Strike's detailed technical work and analysis confirms a material standalone conventional gas prospect with a potentially transformational prospective gas resource.
4. Technical update on West Erregulla prospect attached.

Exploration Permit 469 Transaction Complete

Strike Energy Limited (**Strike** - ASX:STX) is pleased to announce it has completed its transaction with Warrego Energy Pty Ltd (**Warrego**) to acquire a 50% interest and operatorship of Exploration Permit EP469 in the North Perth Basin. Strike and Warrego will now form a joint venture for the further exploration and appraisal of the permit. Details of the transaction were announced to ASX on 28 March 2018.

EP 469 – Technical Update and Prospective Resource Estimate

Significant technical work completed by Igesi Consulting and Strike on the West Erregulla 3D and the publicly available adjacent Waitsia 3D seismic campaigns, including the various well logs, has yielded a very exciting, high confidence target which is:

- closely analogous to Waitsia; and
- has a high geological POS;
- is of a standalone development size across all outcomes;
- has multiple Direct Hydrocarbon Indicators;
- is structurally conformable with amplitude and AVO support; and
- is adjacent to existing gas infrastructure including two major pipelines;

Refer to the attached presentation for further details.

This technical work has assessed the West Erregulla conventional gas prospect as containing a Best Estimate Prospective Resource of 442 BCF net to Strike (50%), as summarised in the table below.

West Erregulla Conventional OGIIIP – Prospective Resource Estimate

	West Erregulla Conventional Gas (BCF) ¹
Low Estimate (P90)	285
Best Estimate (P50)	442
High Estimate (P10)	620

1. The Prospective Resource estimates are probabilistic in nature, and are raw gas attributable to Strike's 50% interest in EP 469 as at 8 June 2018.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are unrisks and 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 moveable hydrocarbons. The EP 469 Joint Venture intends to drill West Erregulla-2 in late Q1 2019 with the objective of validating the prospective resource outlined above.

Strike's Managing Director, Stuart Nicholls, said:

"Strike is excited to have completed the EP469 transaction and to form a joint venture with Warrego Energy. The technical work done to date by Igesi Consulting and Strike shows an extremely attractive Waitsia analogue within EP469. The target displays conclusive attributes that give rise to very high confidence in a positive geological outcome. We believe the size and quality of this prospect is analogous to Waitsia and lends itself to becoming a high priority activity for Strike."

In addition to the geological attractiveness, EP469 is surrounded by abundant gas infrastructure, which after initial success ought to make for a quick and low-cost development. The addition of this asset to the Strike portfolio has the potential to be transformational and hugely value accretive. Strike looks forward to progressing towards drilling the target in early 2019 in joint venture with Warrego Energy."

Presentation Attached

ENDS

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Strike Energy Limited

**Perth Basin - West Erregulla
Technical Update**



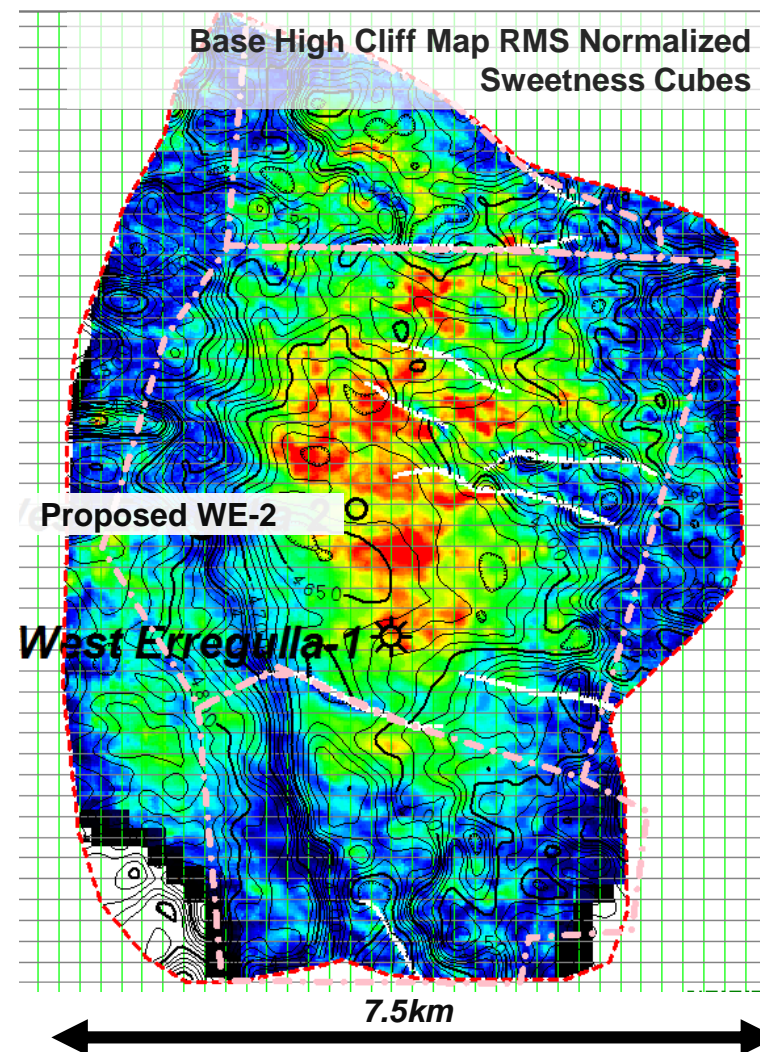
June 2018

West Erregulla – A Tier One Asset

1. All conditions of Strike's EP469 transaction have been met.
2. Strike is now the operator and holder of 50% equity in EP469.
3. Strike has finalised detailed technical work and analysis on a **material standalone conventional gas prospect** with prospective volumes up to 1.24 TCF gross (620 BCF net Strike @50%).
4. Strike is placed to influence the forecasted shortage in the WA domestic gas market and LNG feed gas in the near term.

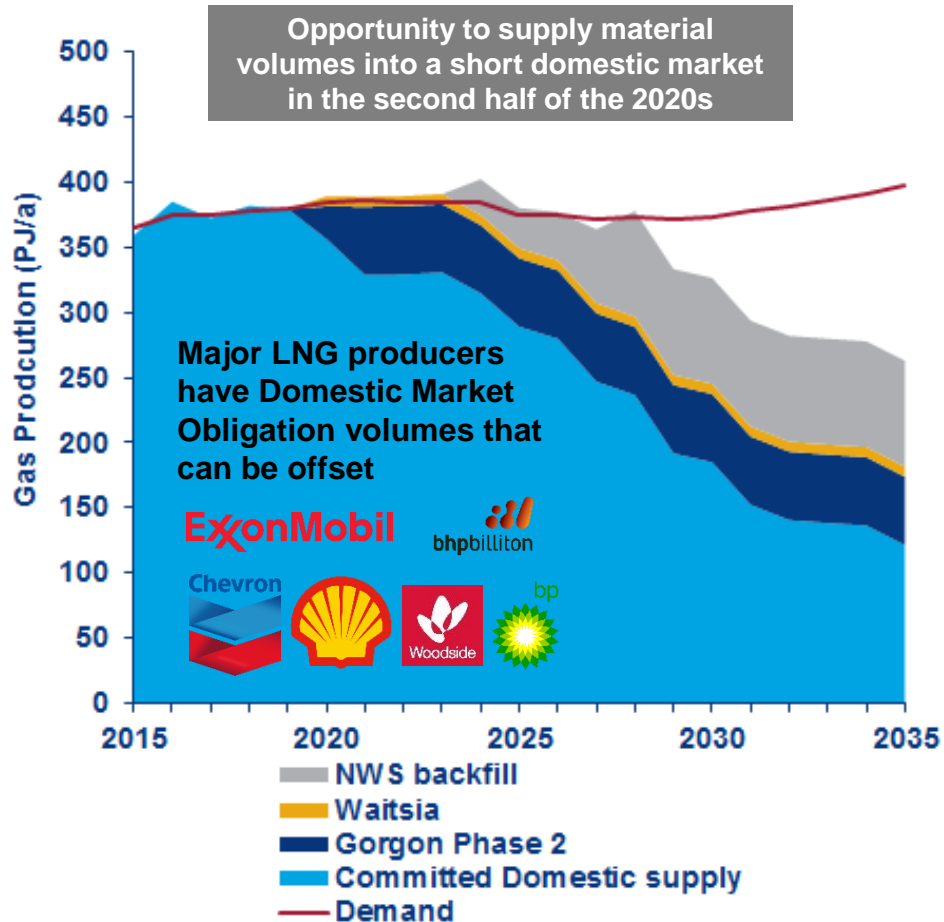
The Target:

- Is closely analogous to Waitsia
- Has a high geological POS
- Has multiple Direct Hydrocarbon Indicators
- Is structurally conformable with amplitude and AVO support
- Is adjacent to existing gas infrastructure including two major pipelines
- Is drill ready for late Q1/2019 pending final Government approvals

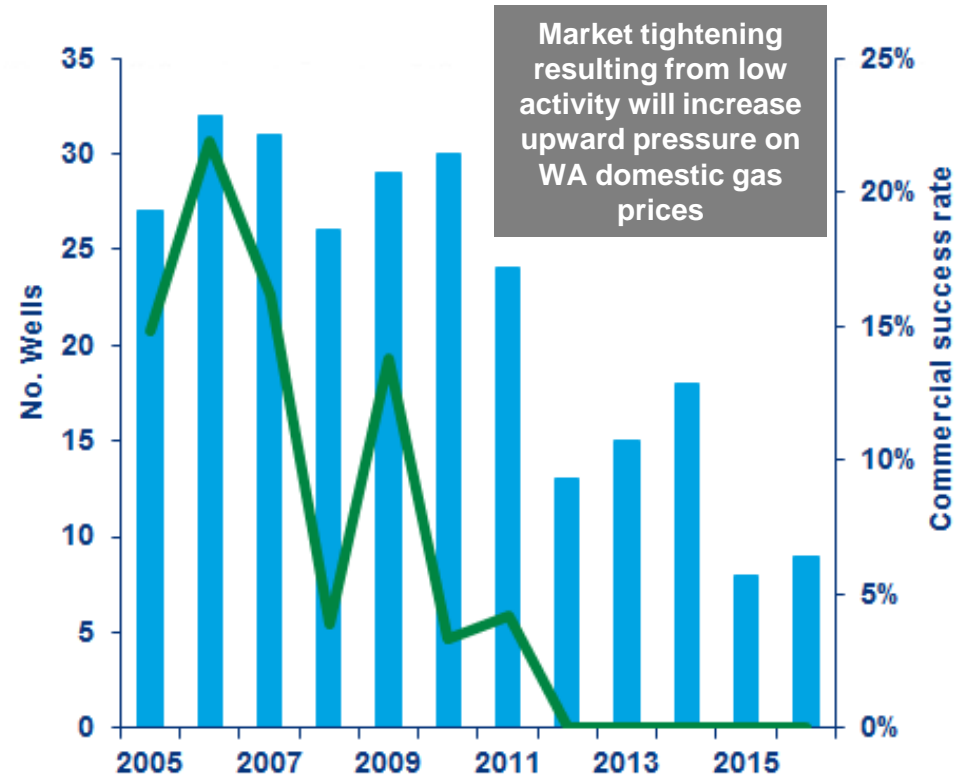


Western Australia Gas Market under medium term pressure due to prolonged period of low prices and reduced activity

WA gas supply/demand

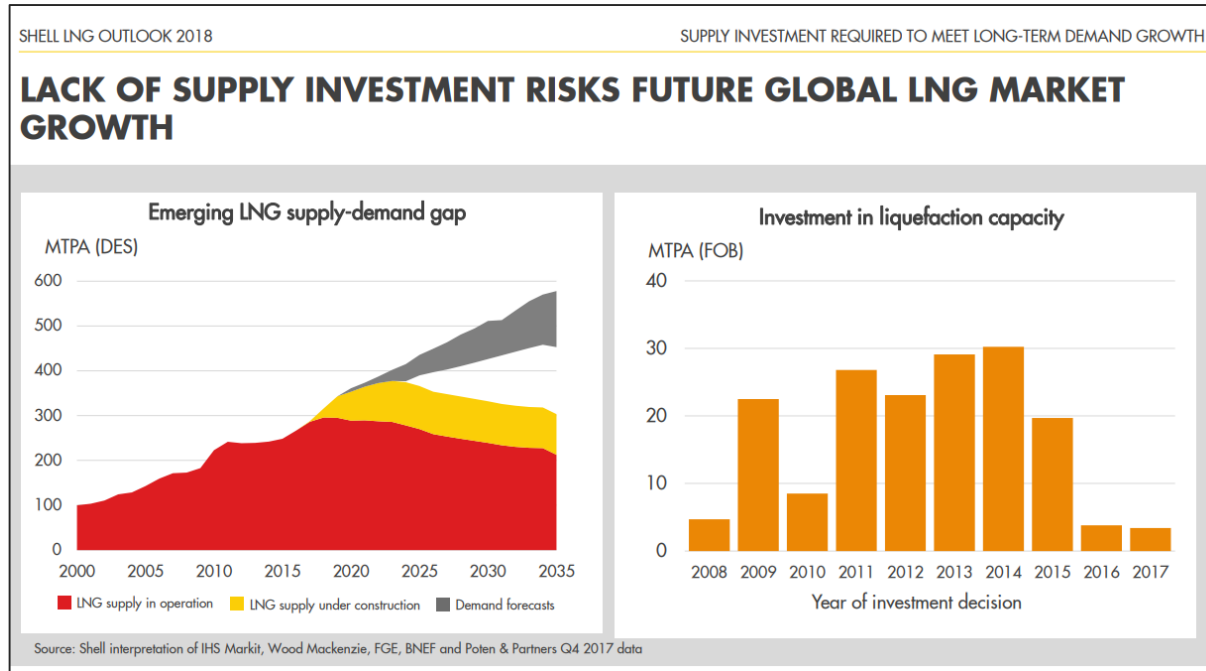


Offshore exploration drilling



Waitsia and West Erregulla potentially lowest cost gas in W.A.

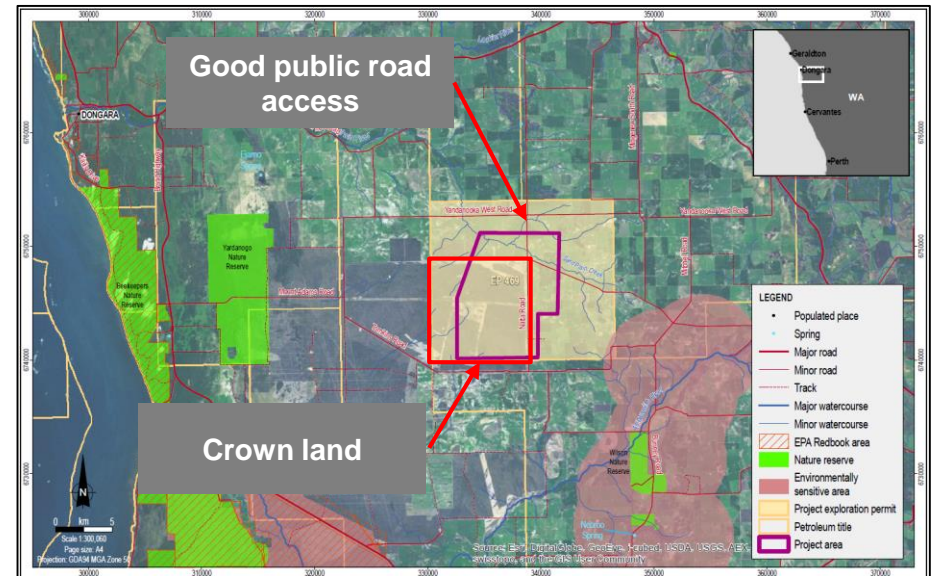
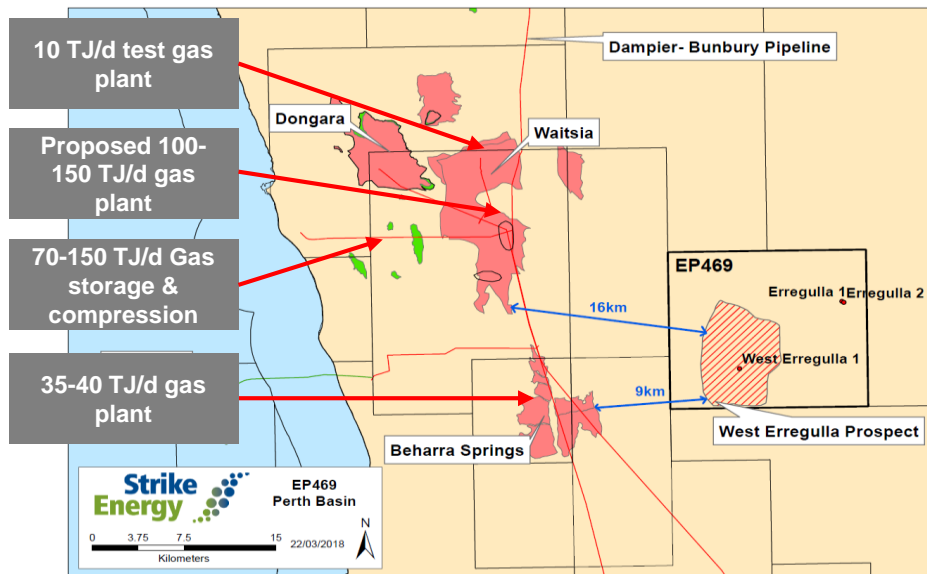
West Erregulla – LNG Feedstock or Domestic Gas?



- Bunbury Dampier Pipeline links Waitisia and West Erregulla to either a population of ~2 mln or to 40+ MTPA of liquefaction capacity.
- The North West Shelf (NWS) has 18 MTPA and will have emerging capacity from ~2022.
- Browse is earmarked as the backfill option for the NWS, however won't be FID ready until 2021 - NWS JV will look for short term third party options.

Tightening of LNG markets predicted. Significant price increase expected.
Huge opportunity to find liquefaction upside whilst a few of the WA LNG plants are under supplied.

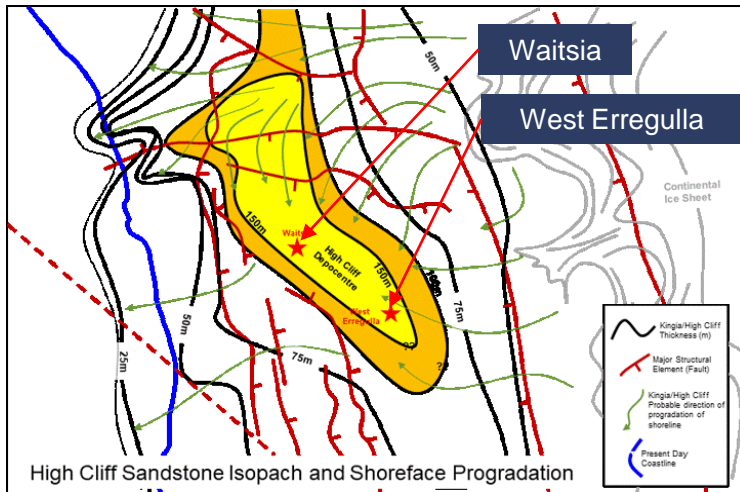
Abundant local gas infrastructure makes for a simple and low cost development



EP469

- 3 legacy wells drilled on block all which have confirmed a working petroleum system within the block.
- West Erregulla -1 drilled on the target structure into Dongara tight gas formation above Kingia/High Cliff Sandstones – seismic polarity confirmed and seismic-stratigraphy tied
- Gas composition from the Dongara tight play was 98% methane (pipeline specification), expected same in target
- 80km² of modern high quality 3D seismic acquired in 2014 which covers the target
- Good land access with existing public roads and fire breaks
- Conventional target accessible via Crown land with no need for land access agreements
- Environmental approvals for operations have been given

Kingia / High Cliff (KHC) Sandstone



- Waitsia discovery = Kingia-High Cliff (KHC) Sands
- Thick (KHC) sands present in West Erregulla (only 15kms away). On trend.
- Porosity and permeability of reservoir is the critical success factor due to depth.
- Mechanism for pro-perm preservation at depth proven at Waitsia.
- Porosity at West Erregulla indicated via well synthetic models developed using open file well and seismic data from Waitsia and other KHC penetrations.

Trends for High Cliff sand deposition

Greater Waitsia – Exciting Exploration Potential

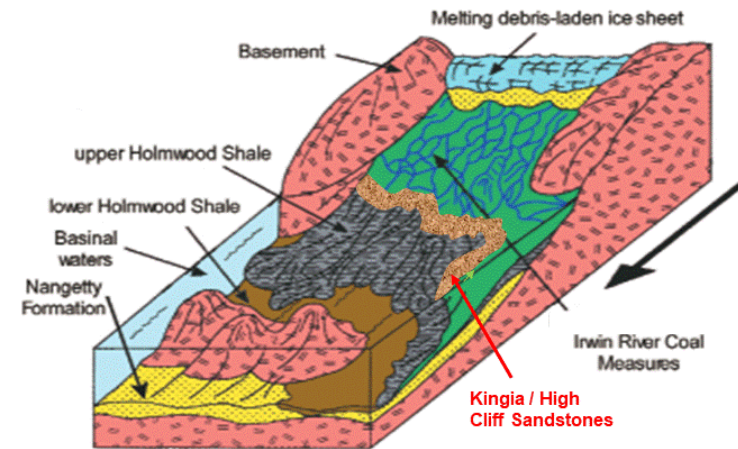


FURTHER DEVELOPMENT POTENTIAL IN WAITSIA BEYOND STAGE 2

- 1 AWE has one of the largest exploration acreage position in the onshore Perth Basin
Potential to extend the field life or in time increase production from Stage 2
- 2 Kingia and HCSS horizons
Significant exploration potential at Kingia and HCSS horizons south and east of Waitsia
- 3 Beharra Springs Deep
Potential Beharra Springs Deep well targeting Waitsia-like prospect adjacent to Beharra Gas Plant

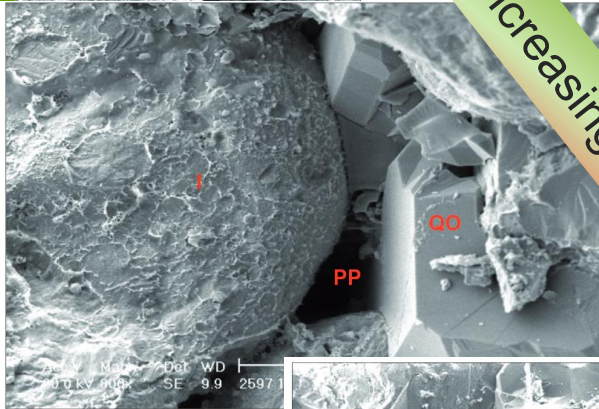
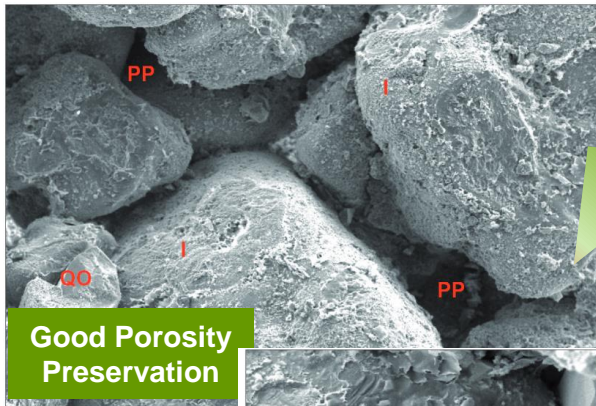


AWE validation of Waitsia trend and prospectivity



Early Permian

Spectrum of Porosity Preservation: High Cliff Sands



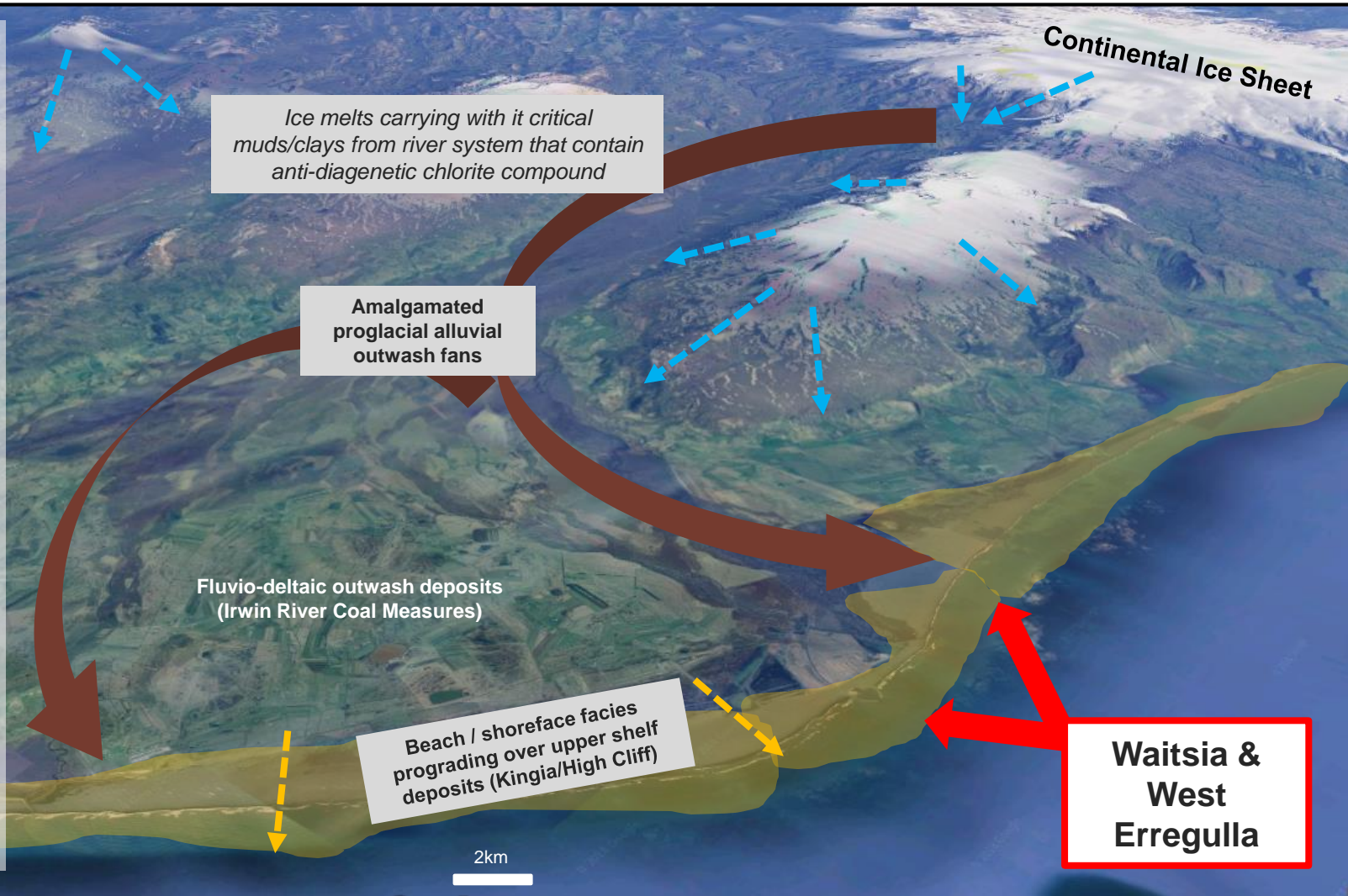
QO = Quartz Overgrowths
I = Illite (Clay) Coating
PP = Primary Intergranular Pores

- Sands require clays to be deposited at time of burial to preserve porosity.
- Chlorite clay coating protects quartz grains from diagenesis and maintains porosity during burial.
- Clay coating prevents quartz overgrowths from filling and reducing intergranular porosity during diagenesis.

Strike's basin model confirms West Erregulla to be in an ideal location for deposition of clay coated sand grains.

Kingia-High Cliff and Irwin River Modern Day Analogue: Southern Iceland

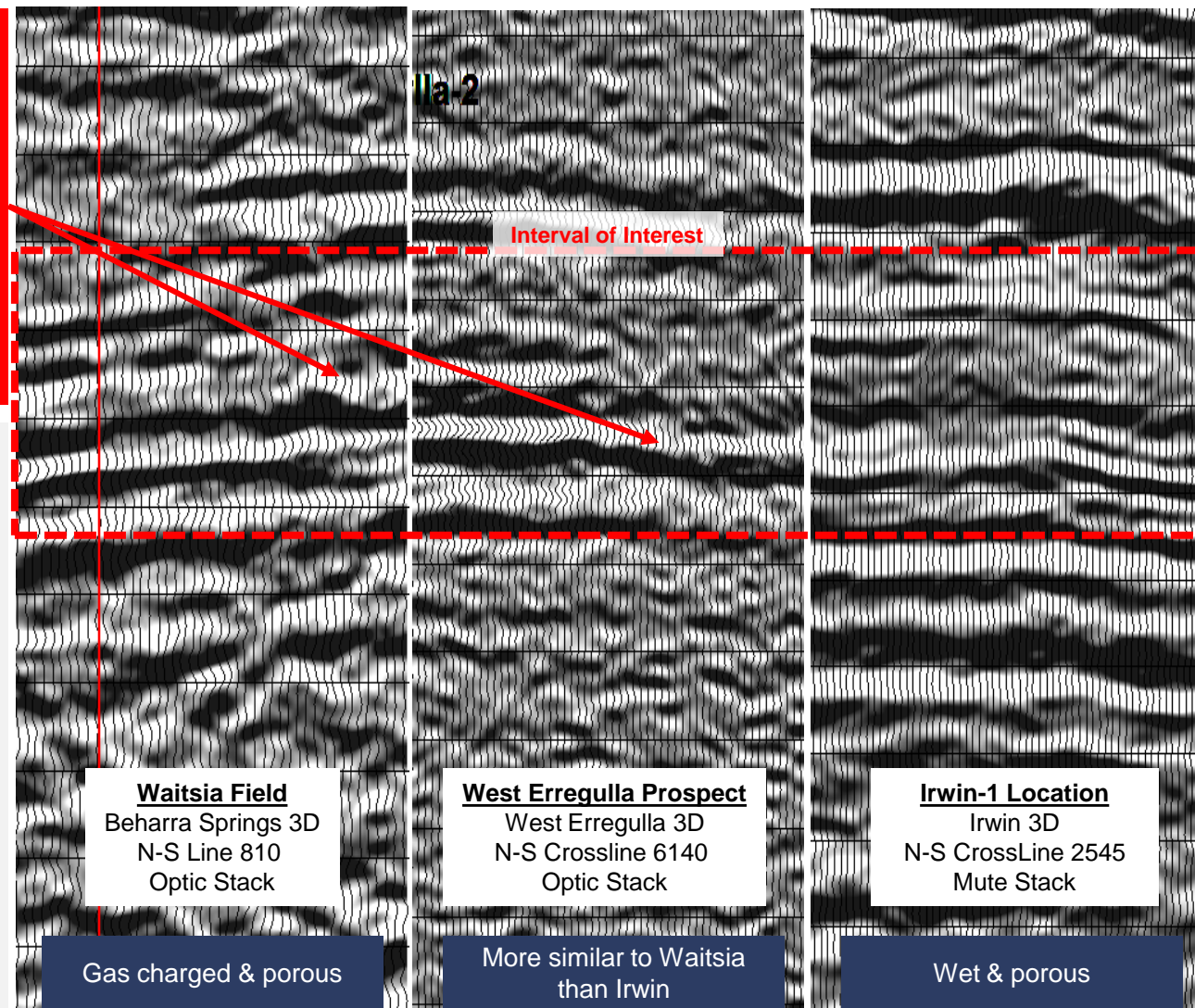
- Kingia and High Cliff sands were the coastline at the time when the continent was covered in ice.
- Mixture of mud and sand (combined through water movement from the melting ice shelf) picking up chlorite- and illite-rich material has created extraordinary burial conditions resulting in a reservoir that retains porosity at depth.



Highly Comparable Reflectivity Sequence: West Erregulla, Waitsia and Irwin. Similar Stratigraphy

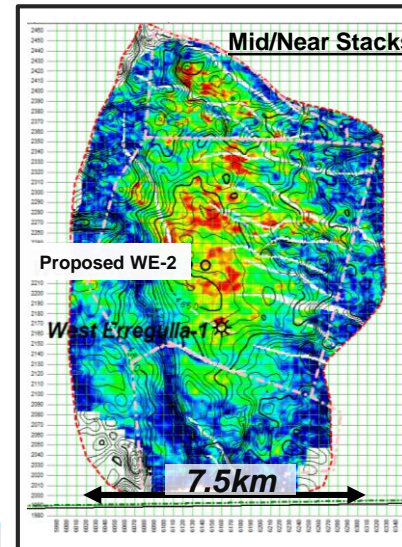
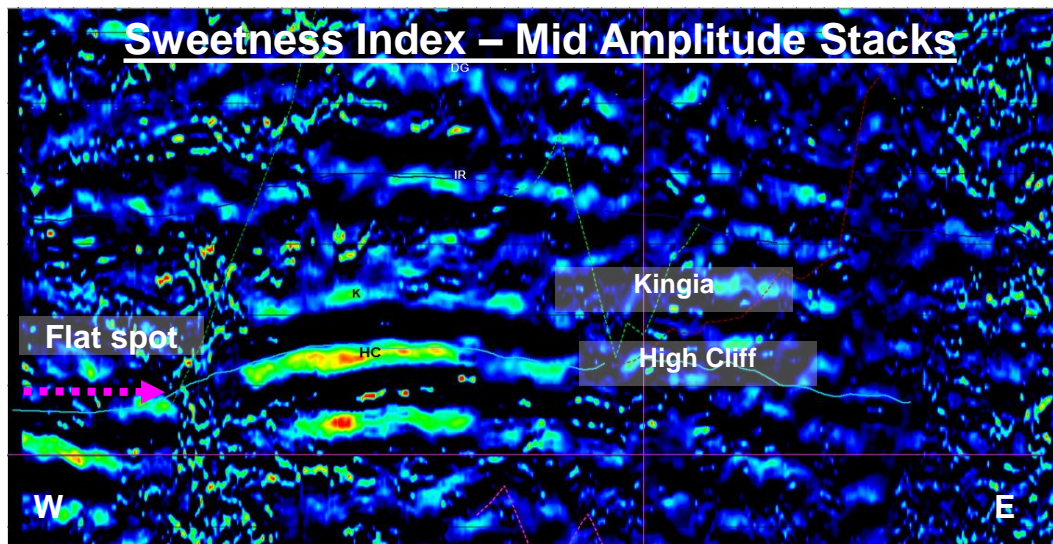
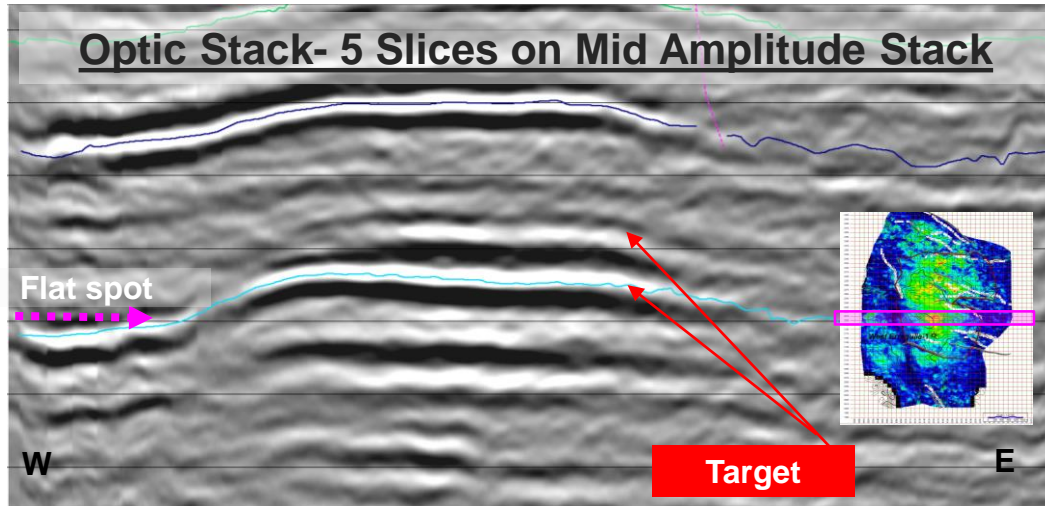
Seismic Reflection Sequence in the Kingia/High-Cliff section in the southern Waitsia Field areas are very similar to that observed in the West Erregulla Prospect.

- Synthetics confirm seismic reflectivity response to support significant porosity development.
- West Erregulla-1 drilled in the 1990s hit gas in the Dongara tight formation (shallower). Well confirms polarity of seismic response.



*Waitsia seismic sourced from Beharra Springs 3D & Irwin 3D. (Irwin-1 is porous in Kingia, but water-bearing)

Subsurface mapping yields very high confidence

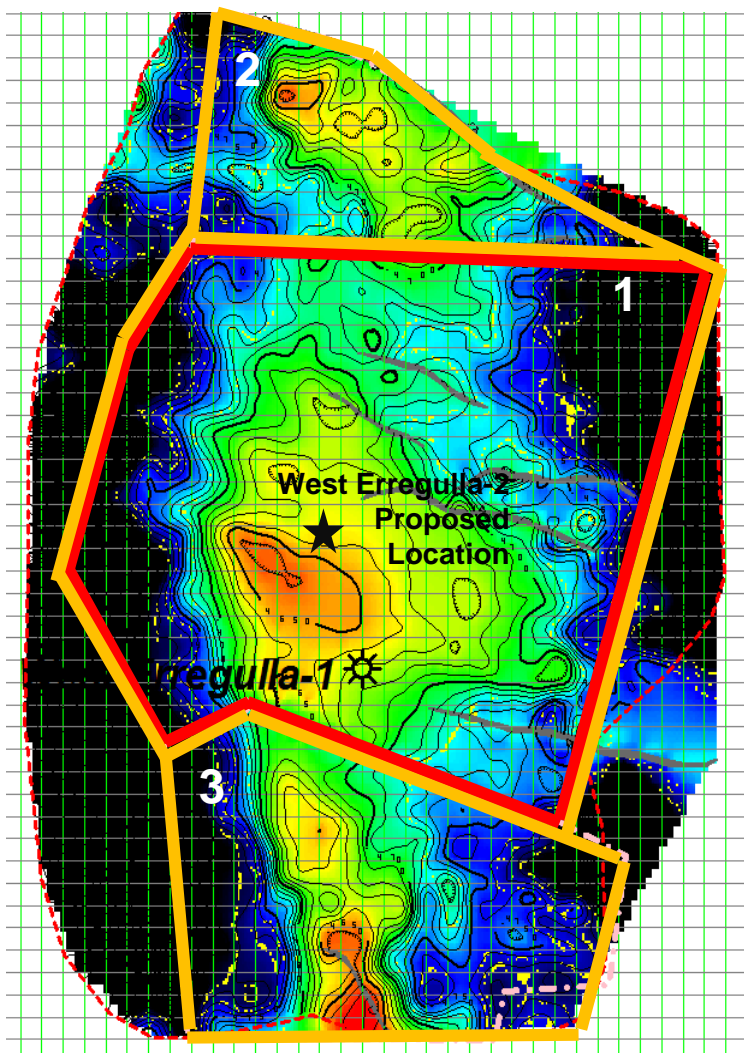


Base High Cliff Map AVO Gathers

- Regional data confirms seismic amplitude support in the Kingia sands at Waitsia and the fringing fault blocks, and corresponding amplitude shut-off in the water-wet Kingia at Irwin-1.
- Corresponding structurally conformable amplitudes seen at West Erregulla suggests both porosity and gas charge.

- Target is supported by structurally conformable amplitudes, frequency response and synthetic modeling.
- Multiple Direct Hydrocarbon Indicators.
- Confirmation of conventional reservoir quality through mapping of gas-water contacts (flat-spots).

West Erregulla – Probabilistic OGIP Prospective Resource



BCF		Low P90	Best P50	High P10
Central Fault Block (1)	Gross	407	631	871
	Net to STX 50%	204	316	436
Fault Blocks 1-3	Gross	570	884	1,240
	Net to STX 50%	285	442	620

- Prospect has three fault blocks all with similar mappable attributes. Total gas in place estimated up to 1.24 TCF gross (620 BCF net to Strike at 50%).
- The central fault block (Target of W.E-2) is assessed as having a high chance of geological success and is of a standalone development size by itself (up to 871 BCF gross with 436 BCF net to Strike at 50%).
- Strike plans to drill W.E-2 in late Q1/2019

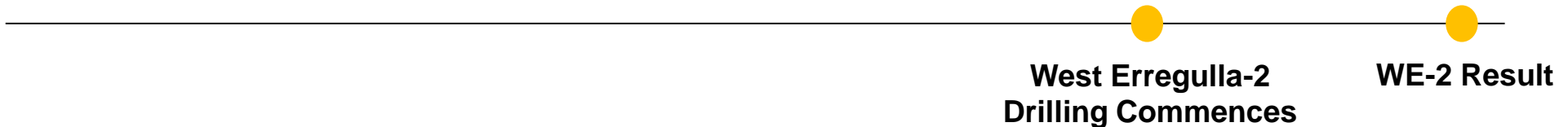
Strike poised for major success over the next 12 months



Southern Cooper Basin Gas Project



West Erregulla Conventional Gas



*Milestones associated with the SCBGP are contingent on operational success and reservoir performance. The delivery of the WE-2 is contingent on final regulatory approvals and the procurement of capital associated with the drilling activities.

Competent Persons Statement

The reported prospective resource estimates are 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.

Igesi Consulting

Mr. T. Cortis (M.Sc. Geology), who brings over 28 years of industry experience with Shell International, has extensive technical and delivery experience in structural geology and all three unconventional resource play types: tight clastic, shale and coal bed reservoirs. He has actively worked geological and exploration targets in many countries and has worked in coal seam within the Bowser Basin, the Western Canada Sedimentary Basin and in the Ordos Basin of China.

Mr. T. Cortis has consented to the inclusion in this report of matters based on his information in the form and context in which it appears. This includes the volumetrics and associated assumptions on West Erregulla.

Board of Directors

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

Securities Exchange

ASX: STX

Market Capitalisation

~\$100 million
4th June 2018
\$0.098per share

Securities on Issue

Shares: 1,094,640,299
Options: 23,000,000
Performance Rights 6,750,000

Top 30 Shareholders

40.4% ownership

Cash & Facilities

~\$6.6 mln as per the end of Q1/2018

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