

# Strike Energy Limited

April 2019 Activities Update



High Cliff Sandstone from the Perth Basin

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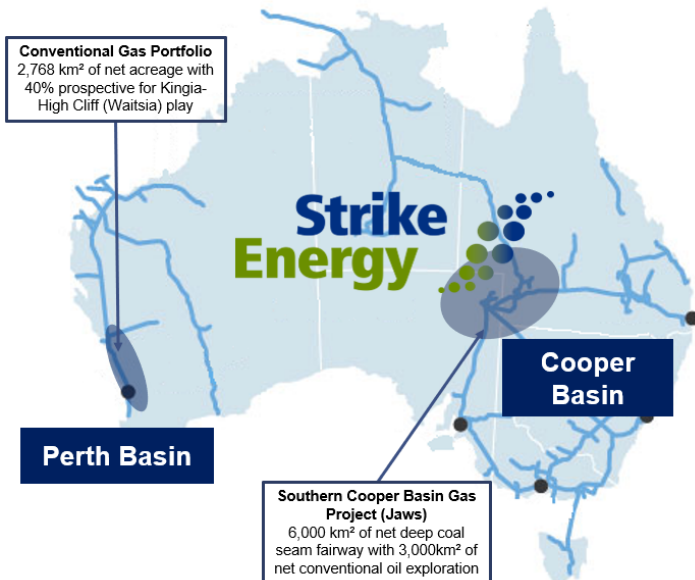
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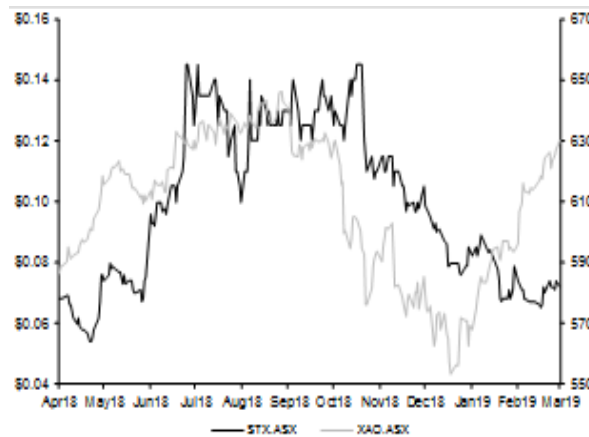
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Strike has a portfolio of high quality and potentially transformational gas projects capable of delivering material near term value

- Securities on Issue
  - Shares: 1,364,087,301
  - Options: 46,190,029
  - Performance Rights: 13,494,982
- Market Capitalisation \$98 million
- Cash & Facilities ~\$11.5million as per the end of Q4/2018



Share price performance – one year



## Board of Directors



**Chairman**  
**John Poynton AO Cit WA**  
Australian Business Leader  
Governance & Finance



**Managing Director**  
**Stuart Nicholls**  
Ex-Shell International  
Exploration & Commercial



**Non-Exec Director**  
**Stephen Bizzell**  
Energy & Finance Executive  
Exploration & Management



**Non-Exec Director**  
**Jody Rowe**  
Ex-QGC, Rowe Consultants  
Contracting & Procurement



**Non-Exec Director**  
**Andrew Seaton**  
Ex CFO Santos  
Finance & Commercial

# Key Investment Themes



Exposure to growing Australian domestic gas markets



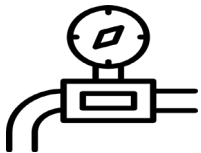
Diversified portfolio with domestic gas projects across the east and west coast of Australia



West Coast portfolio almost unrecognised in current market valuation



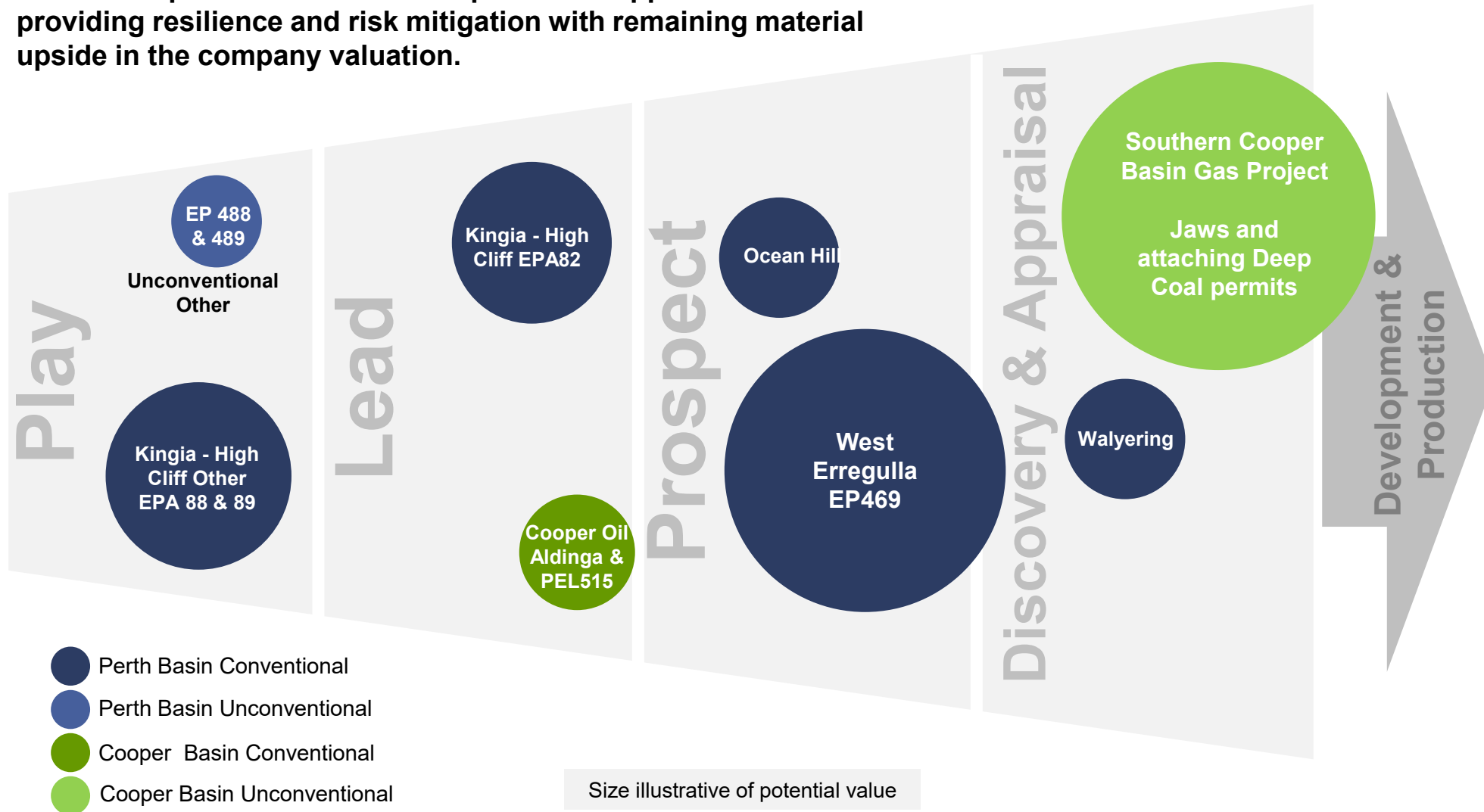
High impact exploration underway with material near term production potential



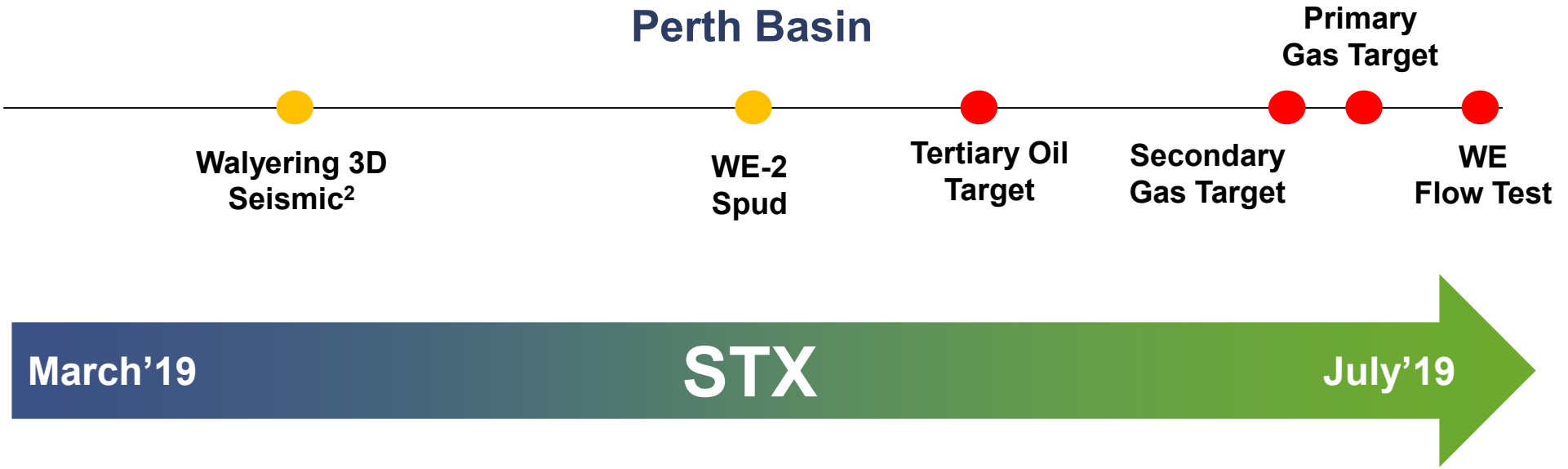
Potential for rapid access to market with assets placed amongst existing major gas infrastructure; translating into short term horizoned cash generation.

# A unique company position in the market

Diversified portfolio across the exploration / appraisal funnel providing resilience and risk mitigation with remaining material upside in the company valuation.



# Potential for company transformation



## Southern Cooper Basin<sup>1</sup>

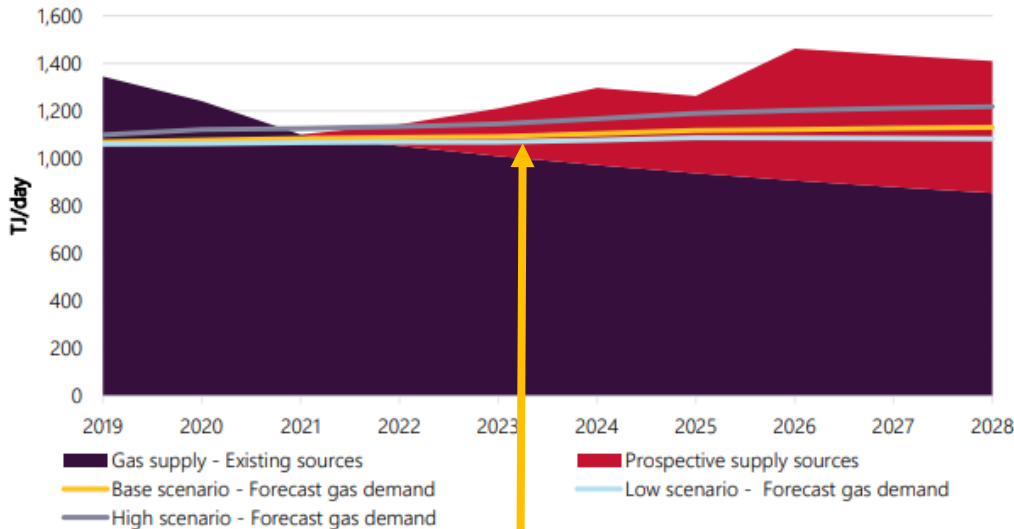


1. Milestones associated with the SCBGP are contingent on operational success and reservoir performance.  
2. Walyering 3D campaign contingent on final regulatory approvals and Pancontinental exercising right to farm into Walyering upon completion of 3D seismic preparatory work and within agreed timeframes

# Western Australian Gas Markets

## AMEO Gas SOO December 2018

Prospective supply compared to gas demand scenarios, 2019-28



**The proposed projects that will backfill the existing declining supply have significant historical, commercial and technical challenges**

## Gas demand in excess of existing supply by 2022

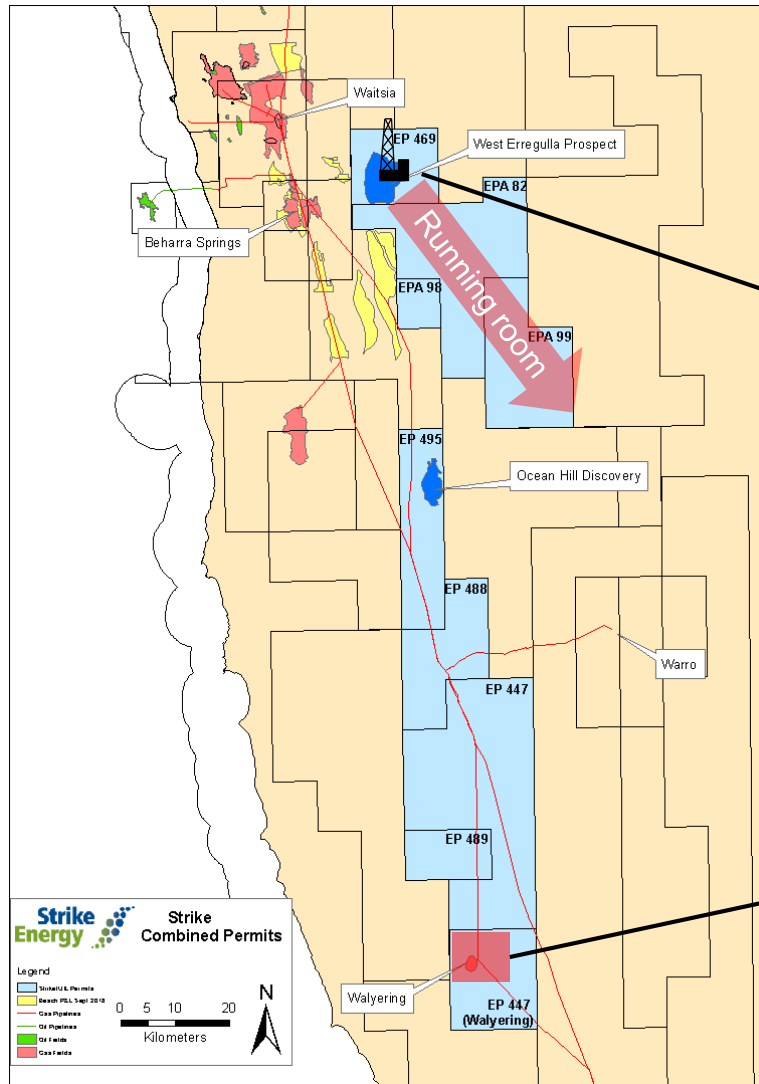
Projects that may deliver the required supply face a number of challenges:

- Waitsia owners, Mitsui and Beach, have mooted the export of some or all of Waitsia's production
- Woodside's Scarborough project (discovered in 1979) has water depths of 900-1500m
- Woodside's Browse project (discovered in 1971) faces logistical challenges being 425km offshore and 800km from Woodside's North West Shelf Project facilities on the Burrup Peninsula
- Western Gas' Equus project (2008) has water depths >1,000m and high CO<sub>2</sub>

The domestic gas market continues to grow as evidenced by industrial users FMG's recent Iron Bridge decision and BHP's South Flank investment.

**West Erregulla could provide a simple high quality, short horized development option to underpin the aspired long term market balance**

# Perth Basin Committed Operations



Easternwell106 above



Land seismic fleet below

## West Erregulla-2 (EP 469)

- One of the most attractive prospects to be drilled onshore in Australia in 2019.
- Targeting up to 1.6 TCF of conventional gas and 10mmbbls of oil.
- Beach Energy plans to shoot 3D seismic in the neighbouring blocks over Kingia-High Cliff leads which lie on block boundary of Strike's additional permits.
- Initial well drilling scheduled for May 2019, through 2 primary and 2 secondary targets.

## Walyering Gas Field - 3D

- Strike supporting Pancontinental in the progress of their farm-in via the Walyering 3D campaign. (up to \$2.5m)
- Land access approvals completed.
- Walyering could delineate up to 263 BCF of un-produced gas remaining in undrilled compartments of the field.

**Strike has a dominant position in the Perth Basin with excellent exposure to the high value play segments. 2019 activities may delineate up to ~2TCF of conventional gas (gross)**



# West Erregulla – Primary Targets

**Primary Targets for West Erregulla-2 drill campaign scheduled to commence May 2019**

## Kingia – High Cliff Sands (Waitsia)

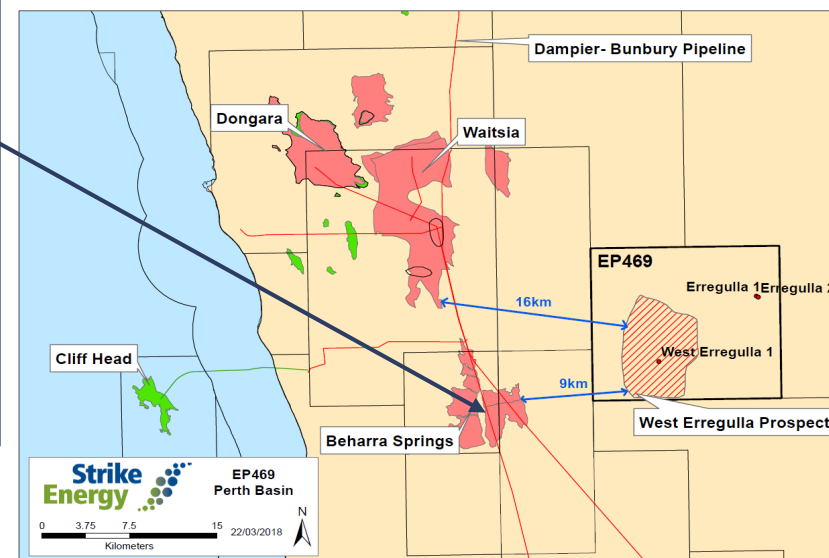
The Primary Target:

- Closely analogous to the Waitsia conventional gas field, drilled by AWE in 2017 (891PJ).
- **69%** chance of successful discovery and development.
- Multiple Direct Hydrocarbon Indicators.
- Structures statistically supported - structurally conformable amplitudes with QI and AVO support.

Validation of play extension to South East and deeper than Waitsia with Beharra Springs **Deep** drilling directly after WE-2 with a total measured depth of 4,500m



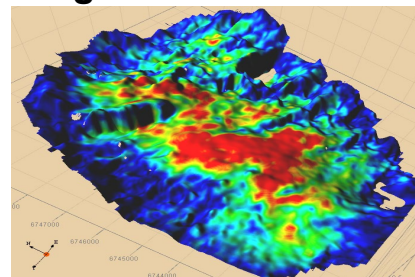
**Waitsia-4, closest to WE flowed 90mmscf/d from the Kingia and achieved the highest flow test rate in Australian onshore history**



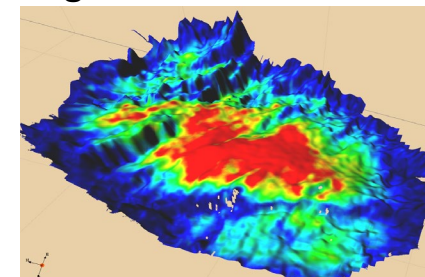
## West Erregulla Primary Target (BCF) Prospective Resource<sup>1</sup>

OGIIP		Kingia	High Cliff	Total
Low Estimate (P90)	Net to STX	142	162	303
	Gross	<b>283</b>	<b>324</b>	<b>607</b>
Best Estimate (P50)	Net to STX	227	231	458
	Gross	<b>454</b>	<b>462</b>	<b>916</b>
High Estimate (P10)	Net to STX	335	314	648
	Gross	<b>670</b>	<b>627</b>	<b>1,296</b>

### Kingia



### High Cliff



# West Erregulla – Secondary & Tertiary Targets

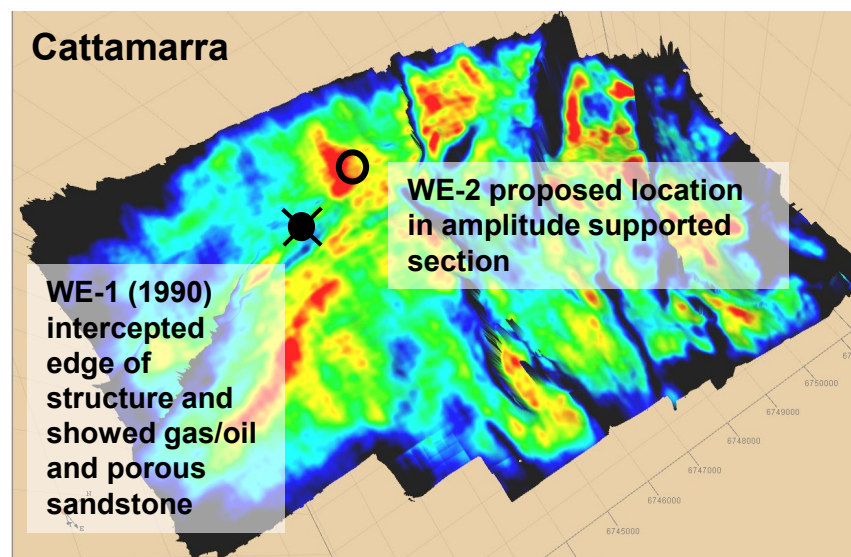
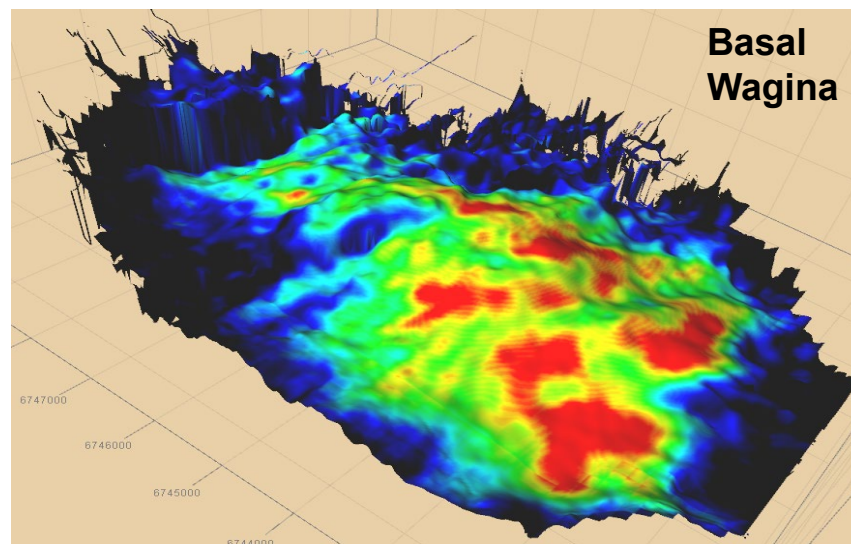
## Secondary Targets for West Erregulla-2 drill campaign scheduled to commence May 2019

### Basal Wagina

- Analogous to the Beharra Springs gas field less than 9km to the West.
- Lowstand to transgressive basin floor channel-fan complex with 12% chance of successful discovery and development.

### Cattamarra Oil





- WE-1 & Erregulla-1 both hit hydrocarbons in the Cattamarra, drilled on 2D. WE-1 had significant hydrocarbons shows.
- Anomaly is indicative of hydrocarbon filled porosity with 14% chance of successful discovery and development.



## West Erregulla Secondary & Tertiary Targets Prospective Resource<sup>1</sup>

OGIIP		Basal Wagina (BCF)	Cattamarra Oil (mmbbl)
Low Estimate (P90)	Net to STX	77	2.39
	Gross	<b>154</b>	<b>4.78</b>
Best Estimate (P50)	Net to STX	124	3.6
	Gross	<b>247</b>	<b>7.19</b>
High Estimate (P10)	Net to STX	186	5.14
	Gross	<b>372</b>	<b>10.27</b>

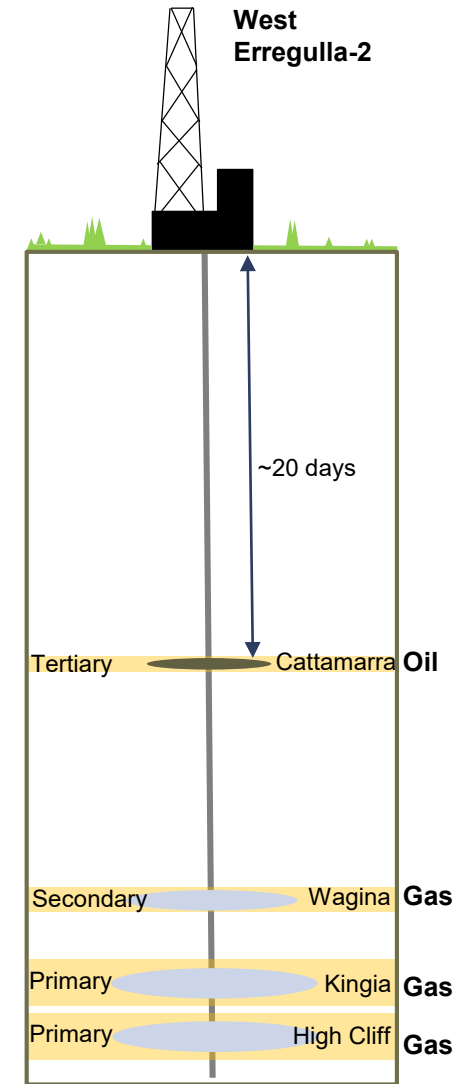
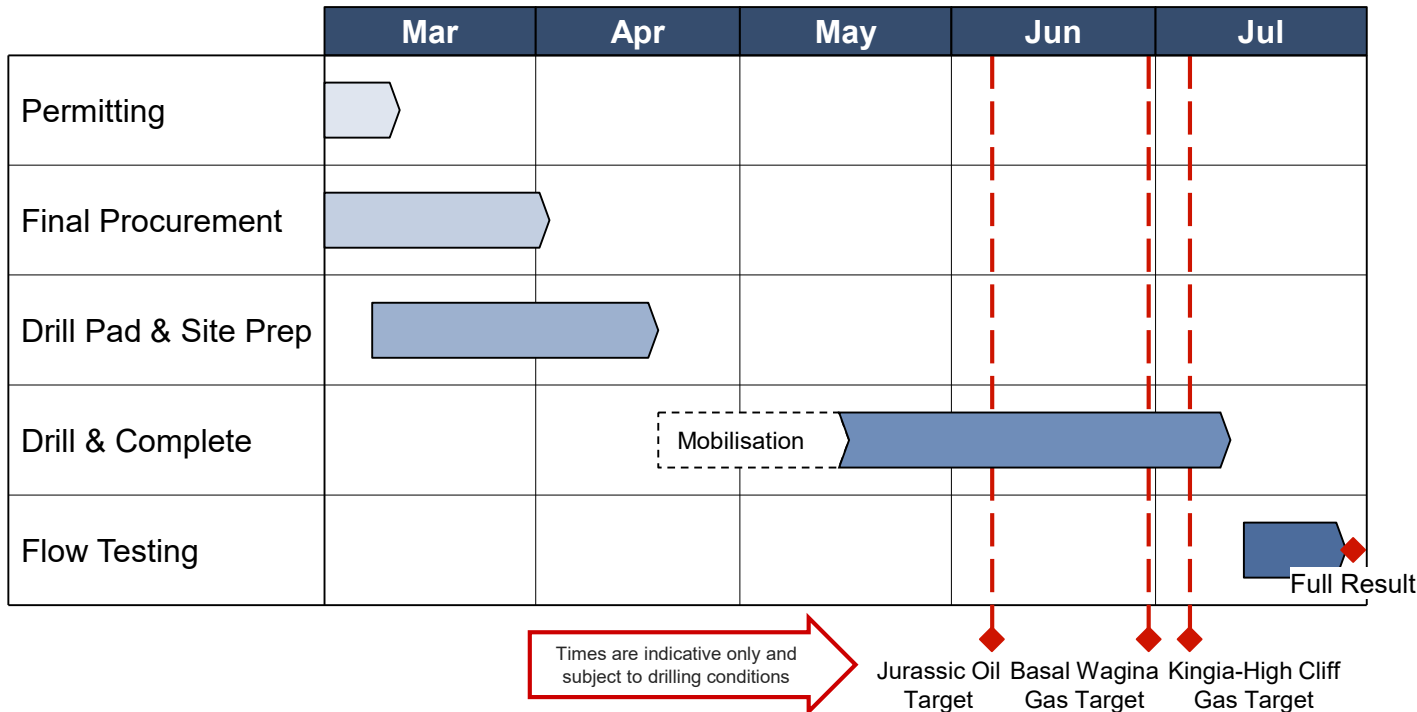
# Valuation of Waitsia vs. West Erregulla

	WAITSIA FIELD		WEST ERREGULLA
Owners	 AWE  MITSUI E&P Australia Operator*		 origin  beach Operator*
Trap	<ul style="list-style-type: none"> <li>North part of field low-side downthrown fault block.</li> <li>South part of field antiformal fault blocks with three-way dip closure.</li> </ul>		<ul style="list-style-type: none"> <li>Antiformal fault block with apparent three-way dip closure.</li> <li>High-side upthrown fault block to south.</li> </ul>
Seal	<ul style="list-style-type: none"> <li>Vertical seal – intraformational seals or continuous charge up to Dongara-Wagina sandstones.</li> <li>Lateral seals – downthrown fault block seals across Mountain bridge Fault against Holmwood shale/Nangetty Formation.</li> </ul>		<ul style="list-style-type: none"> <li>Vertical seal – intraformational seals or continuous charge up to Dongara-Wagina sandstones.</li> <li>Lateral seals – upthrown fault block to South seals against basal Irwin River Coal Measures.</li> </ul>
Reservoir	<ul style="list-style-type: none"> <li>Primary reservoir development in Kingia member of the High Cliff sands. Secondary reservoir in upper High Cliff Sandstones.</li> </ul>		<ul style="list-style-type: none"> <li>Same reservoir to Waitsia but with thickened Bit-Basher shale separating Kingia and High Cliff. High Cliff porosity strongly developed (similar to as seen in Waitsia-1).</li> </ul>
Charge	<ul style="list-style-type: none"> <li>Charge from overlying IRCM and underlying Holmwood shale.</li> <li>Dongara-Wagina sandstones overlying prospect are gas-bearing (led to discovery).</li> </ul>		<ul style="list-style-type: none"> <li>Charge from overlying IRCM and underlying Holmwood shale.</li> <li>Dongara-Wagina sandstones overlying prospect are gas-bearing (confirmed via WE-1 in 1993).</li> </ul>
Volume (KHC only)	<b>418 PJ Mitsui Share</b>	<b>418 PJ Beach Share</b>	<b>P50 PR 458 PJ Strike Share<sup>2</sup></b>
Valuation	<b>\$503 mln<sup>1</sup></b>	<b>\$476 mln<sup>1</sup></b>	<b>Look through valuations may be expected on success</b>

1. Source: Mitsui & Co presentation dated 18 May 2018 "TOB of AWE Limited" and Beach Energy Lattice Acquisition Presentation. Assumes 100% of the acquisition value is attributable to 2P Reserves. Calculated as \$605m x 83% = \$503m.  
 2. Prospective Resource estimate as of 20 December 2018, as announced to ASX on 5 March 2019. The Prospective Resources should be read in conjunction with the cautionary statement on slide 8.

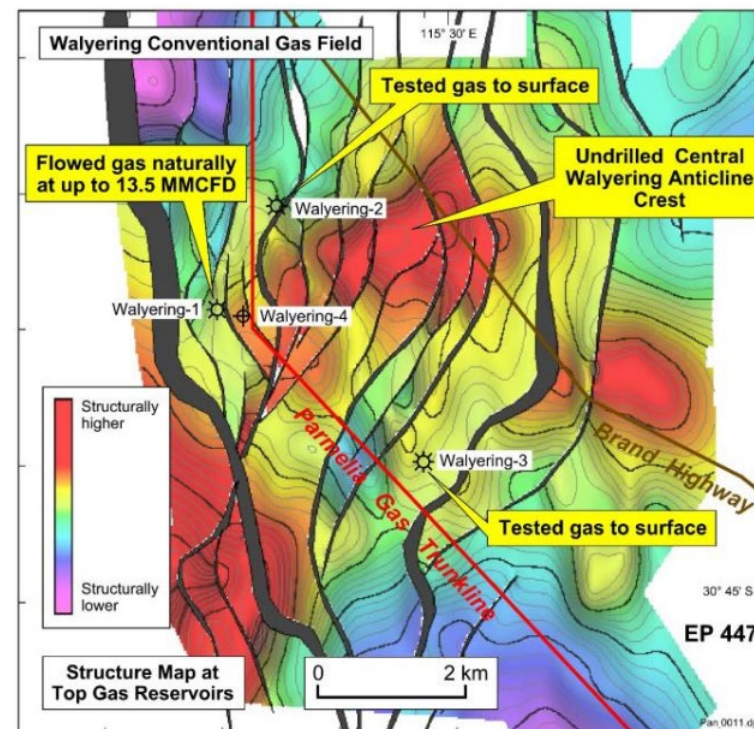
# West Erregulla-2 Delivery

- WE-2 is on track for spud in May 2019
- All approvals have been granted including 'permission to drill' letter from Resource Minister
- Easternwell 106 mobilising from Queensland under a rig mobilisation cost sharing arrangement with neighbouring major operator
- Campaign to drill, case and complete the well is ~60 days with a two week flow test booked on success



# Walyering Conventional Gas Field

- Walyering Gas Field discovered in 1971.
- Conventional reservoirs in the Cattamarra that flowed naturally at up to 13.5 mmscf/d.
- Pancontinental appraising the field with 90km<sup>2</sup> of 3D. Right to earn 70% and operatorship via \$2.5m carry which includes processing & interpretation.
- P-Mean (gross) prospective estimate is 100 BCF with 2.5mmbbls of associated condensate.
- Located underneath the Parmelia Gas Pipeline.
- Ready for additional production / appraisal wells shortly after completion of 3D.
- Fast turn around from today to commercial production.



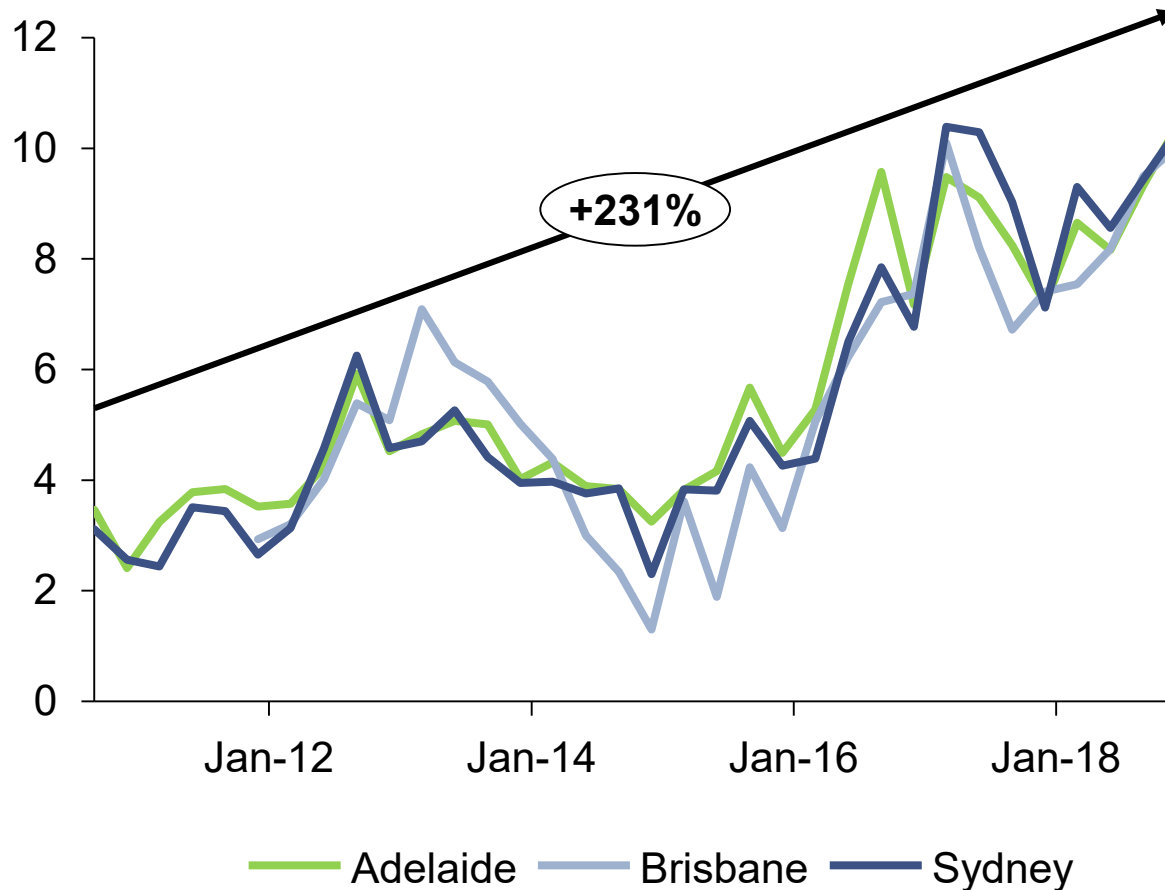
**Walyering Conventional Gas and Associated Liquids Prospective Resource<sup>a</sup>**

	(100% pre-farm out)	
	Gas (BCF)	Liquids(mm bbls)
Low Estimate (P90)	20	0.2
Best Estimate (P50)	63	1.2
High Estimate (P10)	263	6.3

<sup>a</sup>As per UIL ASX announcement entitled: Upgraded Prospective Resources for Walyering Gas Field released and dated 16 May 2018. The Company is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply. 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 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.

# Eastern Australian Gas Markets

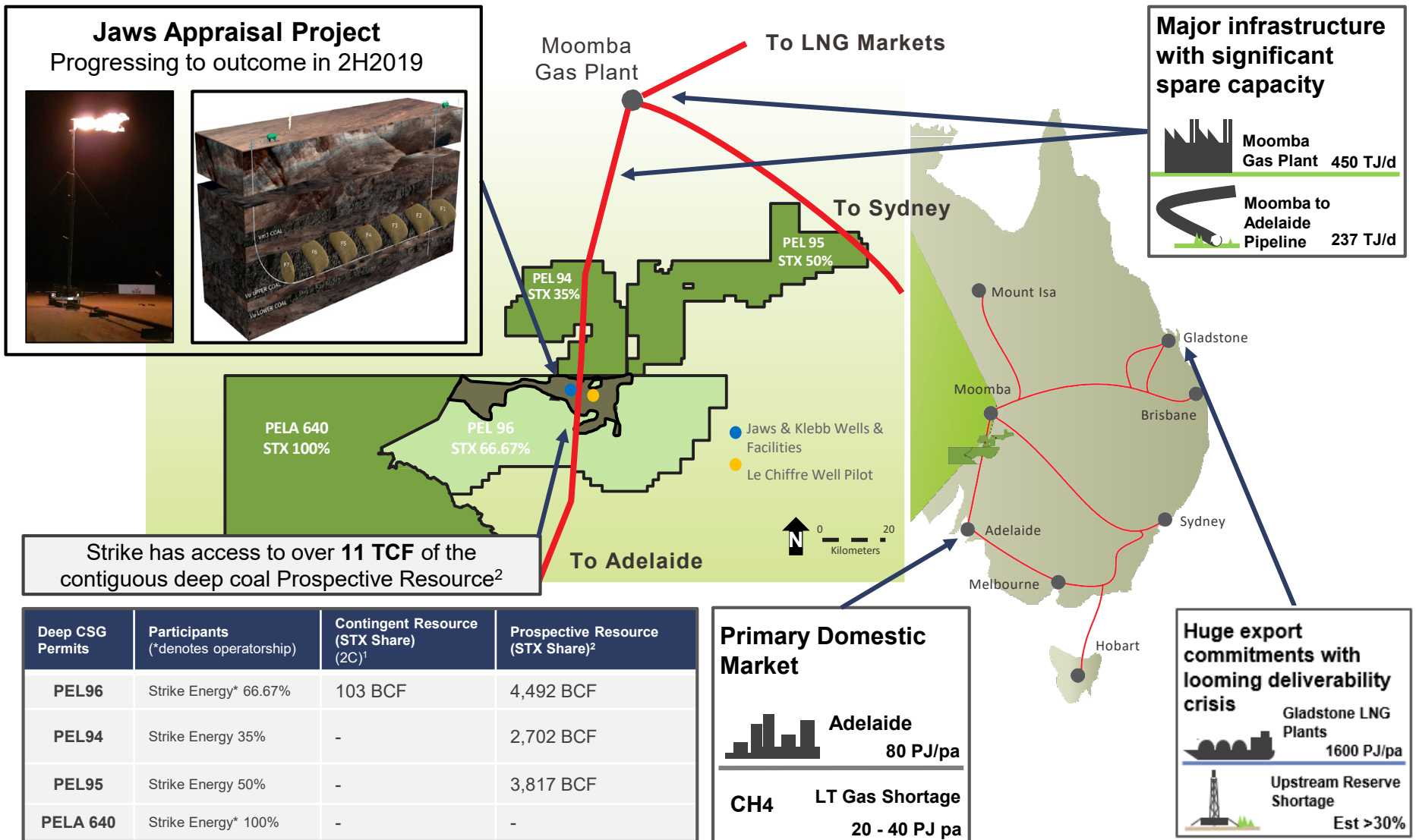
## Quarterly Gas Price AU \$ per Gigajoule



This figure shows average daily ex ante gas prices by quarter for each STTM hub  
Source: AER website, AMEO

- A critical shortage in domestic gas exists across the eastern seaboard. It is estimated the market has 25% of unsupplied demand.
- Queensland fill the predicted shortfalls. 25% of CSG in Qld will not exist by 2025<sup>1</sup> as according to Energy Quest.
- Long term major new supplies are the only lever that can guarantee a sustainable price reduction for East Coast gas prices.
- Strike's Jaws asset in the Cooper Basin is well positioned to leverage the supply demand dynamic

# The SCBGP is transformational for the East Coast Gas Crisis

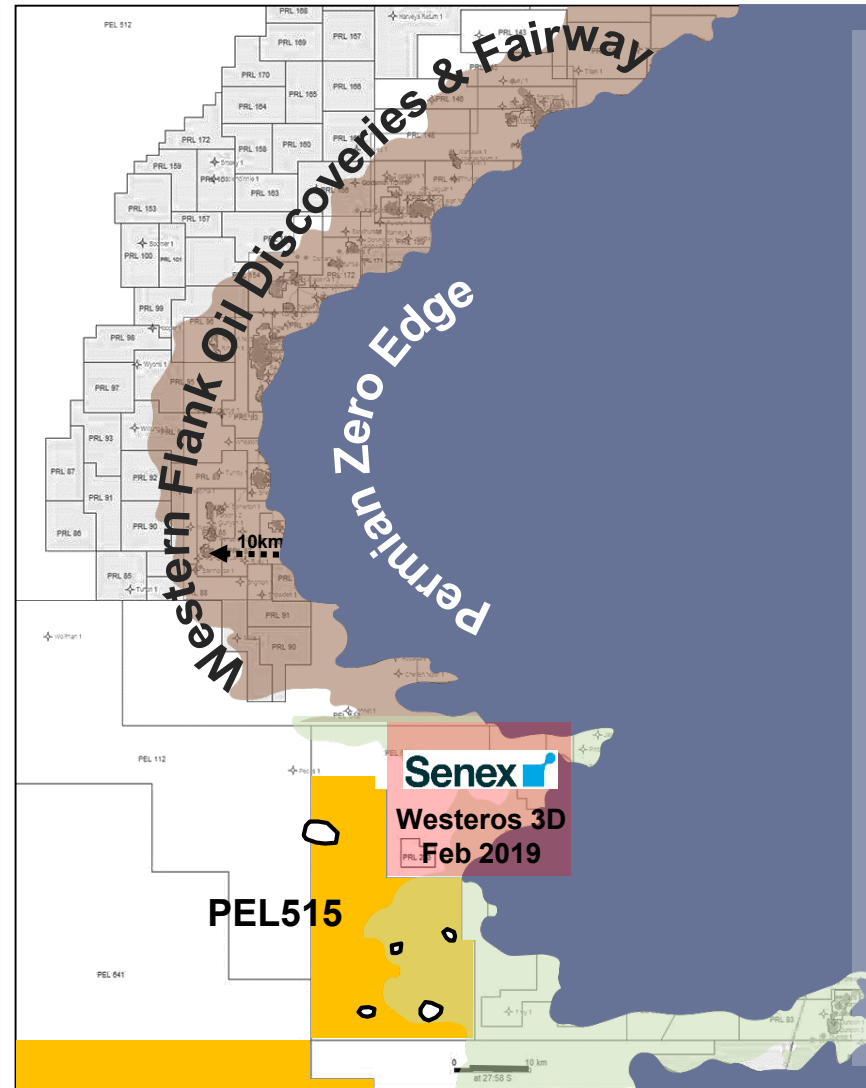


1. Contingent Resource estimate is as at 31 March 2015, as announced to ASX on 27 April 2015.  
 2. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are unrisks and have 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. Prospective Resource estimate for PEL 96 is as at 1 February 2014, as announced to ASX on 19 February 2014. Prospective Resource estimates for PEL94 and PEL95 are as at 19 September 2012, as announced to ASX on that same date.

# Cooper Basin Proposed 3D Campaign PEL515 Leads - Western Flank Extension

## PEL 515

- Portions of its northern block within the 10-15km window from the Permian Zero Edge.
- ‘South Western Flank’ vastly under explored with little to no 3D versus the mature Western Flank where 3D has converted several companies exploration success rates to be greater than 80%.
- Successful Western Flank explorer and producer Senex is shooting the Westeros 3D directly East of to PEL515

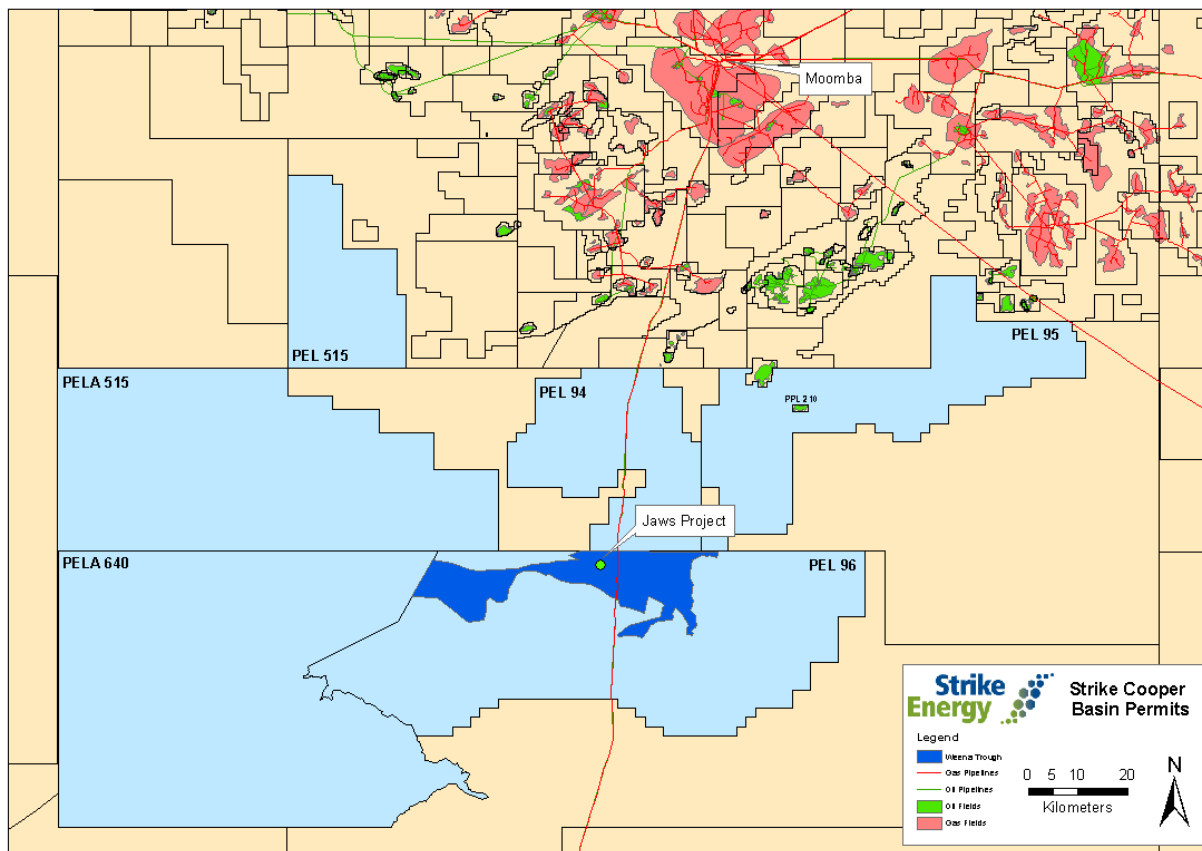


## Western Flank

- Western Flank discoveries sit approximately 10-15km from the Permian Zero Edge of the basin.
- Brown area shows the extent of discoveries in this area.
- Light Green area depicts an ‘extension’ of this oil fairway to the South



## Cooper Basin License Information



### Competent Persons Statement

The information in this report that relates to resource estimates and 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 16 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

Tony Cortis (M.Sc. Geology) who brings over 29 years of industry experience, 28 of which were with Shell International. He is a member of APEGA and the AAPG. 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. He has also worked on numerous conventional clastic and carbonate plays worldwide.

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.