

STRIKE GRANTS OFFTAKE OPTION AT WEST ERREGULLA TO SIGNIFICANT WA INDUSTRIAL GAS USER

Highlights

- **Strike grants option, for \$5m, to significant WA industrial gas user to take up to 100 PJs of gas contingent on a successful result at West Erregulla-2**
- **Contingent supply into Western Australian domestic gas market now secured**

Strike Energy Limited (**Strike** - ASX: STX) is pleased to announce that it has executed a Gas Sales Option Agreement with CSBP Limited, a significant Western Australian industrial gas user (**CSBP**), pursuant to which Strike has granted CSBP the option to take up to 100 PJs of gas (Strike share) produced from West Erregulla.

Key terms of the Gas Sales Option Agreement are:

- CSBP granted an option for the supply of 80 to 100PJ of gas (Strike share), to be delivered at a maximum of 25 TJ/d from commencement of production from West Erregulla.
- CSBP will pay an option fee to Strike of \$5m by 30 May 2019.
- The option is conditional on a successful result at the West Erregulla- 2 well (**WE-2**) and Strike taking FID on a commercial project.
- Option will lapse 7.5 years after completion of WE-2 if the opportunity to exercise has not been taken.
- If the WE-2 well is unsuccessful Strike will be required to refund 50% of the option fee in cash or shares at Strike's election.

The \$5m option fee will be used as operating capital for the delivery of WE-2, designed to delineate the major conventional gas target in the Kingia- High Cliff sandstones. WE-2 is expected to be completed as a future producer due to the high chance of success of the well encountering commercially recoverable hydrocarbons.

Strike Managing Director, Stuart Nicholls said: *"Strike's ability to secure a major Western Australian industrial gas user as a potential offtake customer, who is willing to support Strike in the discovery of the field, is further evidence of the high confidence and potential quality of the West Erregulla gas target."*

With the future of Western Australia's domestic gas markets being unclear and reactionary to future LNG investment, this contingent offtake provides security that Strike will have a positive market to begin gas sales and achieve revenue in the quickest possible timeframe."

Strike is operator and the holder of a 50% joint venture (JV) interest in EP469, and Warrego Energy (ASX: WGO) a holder of the other 50%. The West Erregulla-2 well is due to spud at the end of May.

ENDS

ASX Announcement

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