

WAGINA GAS DISCOVERY AT WEST ERREGULLA-2

Highlights

- **Significant conventional gas discovery in the Wagina Sandstone**
- **Wagina reservoir characteristics appear good quality with a gross section of 74m**
- **WE-2 still to drill through to Basal Wagina and yet to encounter gas wet sands**
- **Wagina porosity development is additional evidence of Strike subsurface model accurately predicting hydrocarbons and porosity**

Strike Energy Limited confirms that the Strike-Warrego Joint Venture has made a significant gas discovery in the Wagina sandstone as part of the West Erregulla-2 drilling campaign.

The Wagina sandstone was found to be ~74 meters plus in thickness and made up of sections of clean sand with interpreted blocky porosity development that was observed on drilling to have hydrocarbons present throughout. This section was observed and interpreted from 4,106 to 4,180m.

The well section was finished without observing the end of the Wagina and there is potential for further Wagina sands to be encountered in the next section. The wireline logs have been loaded into Strike's geological model and formation tops have been correlated to nearby offset wells. This correlation suggests that the Basal Wagina sandstone which is the formal secondary target of the well, is yet to be encountered.

The sudden influx of over-pressured gas into the well whilst drilling through the Wagina exceeded expectations and required mud weight changes to re-establish appropriate well conditions. This increased mud weight in conjunction with the active formation resulted in bore-hole breakout along the well bore. This has meant that the logging tools were unable to form a close contact with the sides of the well bore and attempts to gather reservoir pressures and samples were not successful.

The hole condition in the lower parts of the Wagina did not enable reliable logging to be achieved, however where credible logging results were captured at the top of the Wagina, this confirmed 14.2% porosity over a 2.5m section. This upper section coincides with the significant drilling break, clean porous sands and gas flows observed over the 6m section (4,111-4,117m), as reported on the 24th of July.

Strike's Managing Director, Stuart Nicholls said

"This is a significant discovery and comes from a secondary target which carried a low pre-drill probability of success. Importantly, it provides further confidence in Strike's predictions of good porosity development within Permian reservoirs being possible at depths greater than that of Waitsia and to the South-East."

"With good porosity trends continuing with depth, Strike believes that it is on track to find a good quality reservoir within its primary target in the Kingia-High Cliff"

"With the primary target remaining to be drilled and potentially even more Wagina to come, this is a very exciting time for the company."

Strike Technical Summary

Wireline tools have confirmed the presence of a hydrocarbon bearing zone in the Wagina Sandstone in the West Erregulla-2 well. Gas was recovered to surface during drilling operations and diverted to flare.

Numerous hydrocarbon shows were also seen in mud gas logs during drilling of the Second Intermediate hole section. Logs over these zones were analysed however did not yield any significant pay zones.

While drilling to section TD, further Wagina sands were encountered with continuous measurements of gas. At section TD of ~4,229 metres, the well had yet to encounter any indication of water saturation.

The wireline logging tools have confirmed the well encountered a total gross Wagina sandstone of ~74 metres True Vertical Thickness ("TVT") with a confirmed minimum net pay of 2.5 metres TVT.

This upper most section appeared to have the best developed porosity whilst drilling and contained porosities of 14.2%. Permeabilities, pressures, fluid samples and cores were unable to be retrieved due to the condition of the well bore. Further reprocessing of the wireline logs will be conducted in order to generate additional data. The combination of observed gas at high pressure and good reservoir characteristics support the potential for high flow rates on a production test.

Given the gas discovery outcome in this early section of the well, Strike intends to acquire the remaining data as soon as it can without compromising the primary objective. Booking of a contingent resource will be subject to conducting a flow test on the Wagina sandstone in the future.

Forward Plan

Strike is currently pulling out of hole with the cleaning assembly and will then commence running in hole with the 8-5/8" liner before cementing in place to finish the second intermediate section. Following this, drilling will commence in the 6-3/4" final (production) hole section to a nominal TD of 5,200m.

The primary Kingia and High Cliff gas targets will be intercepted during the drilling of this section.

West Erregulla-2

West Erregulla-2 is being drilled in EP 469, which is adjacent to and targeting analogous Permian gas sands of a similar size and nature as the Waitsia gas discovery. The well will be drilled to a planned total depth of 5,200m. The remaining targets include a conventional gas target in the Basal Wagina sandstone and the primary gas sand sequence in the Kingia High Cliff.

Strike Energy Limited (**Strike** - ASX: STX) is the operator and the holder of a 50% joint venture interest in EP469, and Warrego Energy (ASX: WGO) the holder of the other 50% joint venture interest.

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West Erregulla-2 Location and Amplitude Visualisations of stacked targets:

