

# Strike Energy Limited

General Meeting  
16<sup>th</sup> August 2019



West Erregulla-2

# Important Notice



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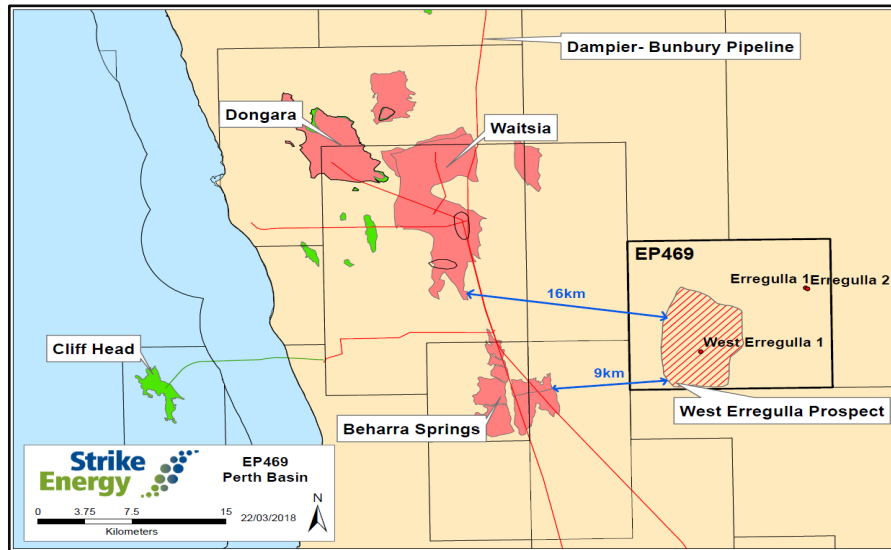
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## Competent person's statements

The information in this presentation that relates to resource estimates 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 17 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.

Mr Tony Cortis (M.Sc. Geology) of Igesi Consulting has consented to the inclusion in this report of matters based on his information in the form and context in which they appear. Mr Cortis has over 30 years of industry experience, 28 of which were with Shell International, and 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.

# West Erregulla Update



- Significant conventional gas discovery in secondary target, Wagina sandstone.
- Primary targets, the Kingia and High Cliff sandstones, are yet to be encountered and pre-drill best estimate (P50) is for a prospective resource of 916bcf (gross)<sup>1</sup>.
- Strike geological model showing relationship between high-amplitude and hydrocarbon filled porosity is proving accurate.
- Effective Permian reservoir found at depth.
- WE-2 currently drilling within the Irwin River Coal Measures.
- WE-2 is expected to finish drilling, logging and running production completion before rig release in early September.
- Production flow testing to surface to follow shortly after rig release.

On completion WE-2 will be the deepest well ever drilled onshore Australia



1. Cautionary Statement - 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 un-risked 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 Prospective Resource estimate is as of 20 December 2018, as announced to ASX on 5 March 2019. STX interest is 50%.

# West Erregulla the next in the fairway

## Primary Target: Kingia High Cliff

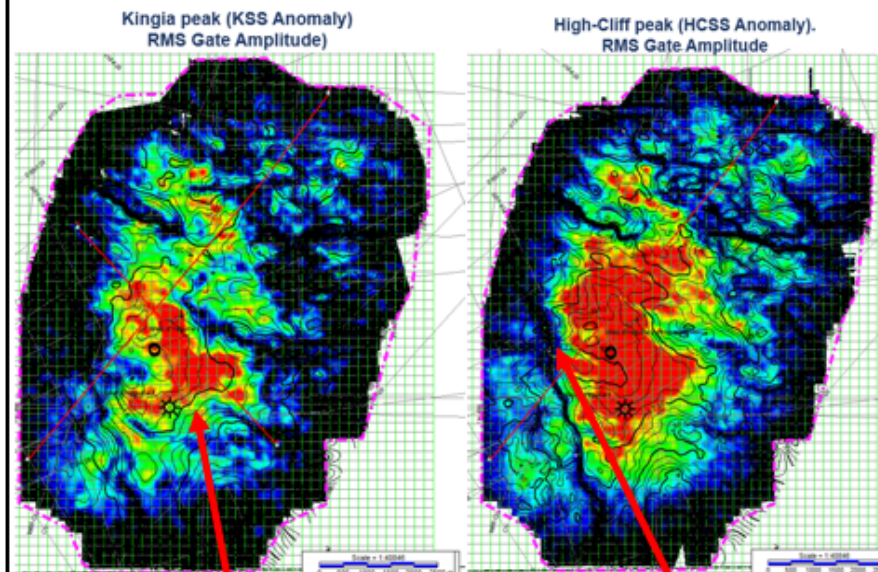
- A direct analogue to the Waitsia conventional gas field (891PJ).
- Had a pre-drill 69% chance of successful discovery and development; correlation between amplitude and hydrocarbon filled porosity proving correct.
- Structures statistically supported - structurally conformable amplitudes with QI and AVO support.

## 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>

If basin-ward conditions improve there is a possibility of a better than Waitsia outcome

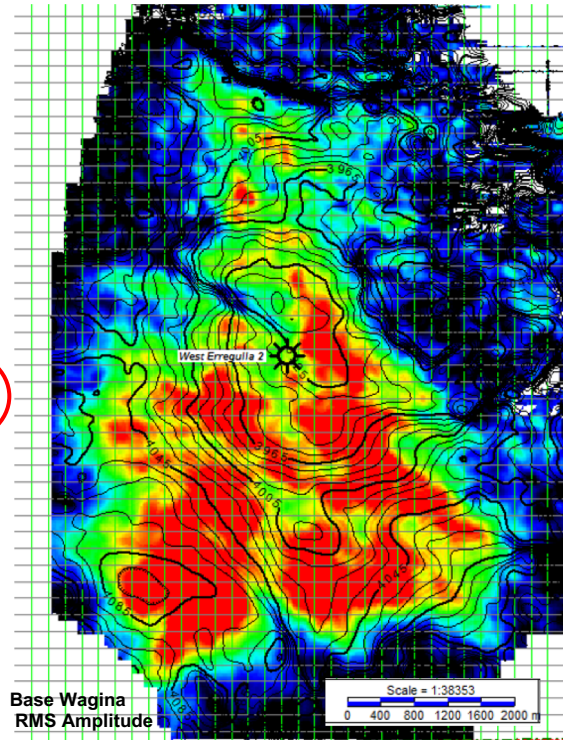
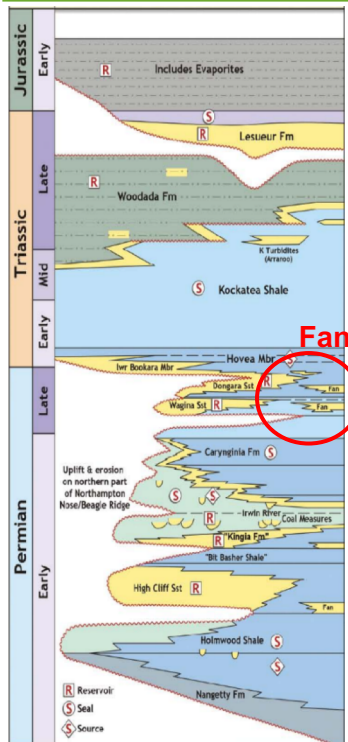
Structure and amplitude maps of West Erregulla in the Kingia & High Cliff.  
**Maps shows good conformance of amplitudes to structure**



Strong amplitude response occurs over where gas charge is interpreted within structure

Abrupt amplitude shut off (bright colours to dark) occurs at interpreted gas-water contact (flat spot)

# Conventional Gas Discovery - Wagina Sandstone



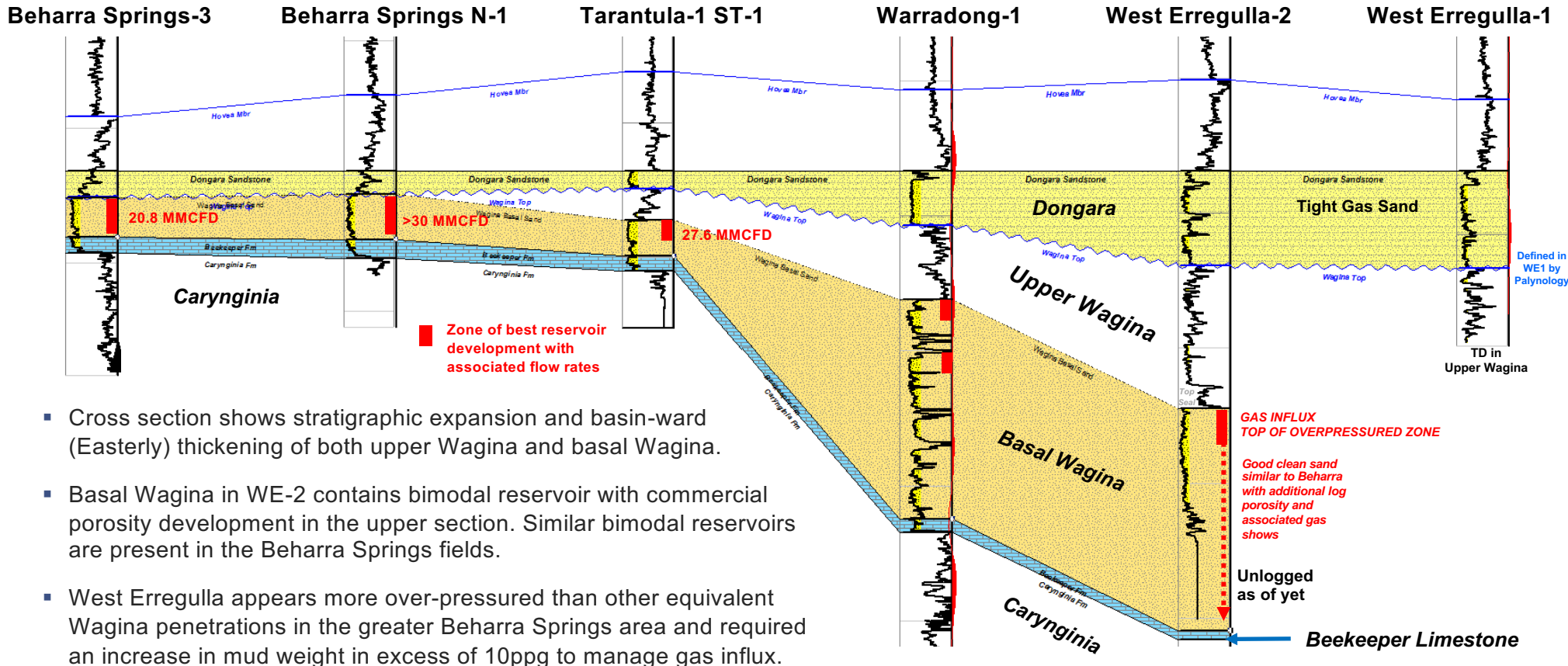
- Discovery appears analogous to Beharra Springs which is only 9km from EP469 (West Erregulla).
- Discovery has good reservoir development, is significantly over-pressured and is well defined on 3D seismic. Bright amplitudes corresponding to gas charged reservoir.
- Seismic demonstrates geometries indicative of basin-floor fan or deltaic lobes with several distinct sinuous, shingled and incised feeder channels.
- Seismic suggests even better section of the basal Wagina fan to the south of WE-2.
- Conversion to Contingent Resource will require flow testing of the Wagina sandstone.
- The pre-drill estimates for the Wagina conventional gas discovery remain an accurate reflection of the range of possible outcomes.

## Wagina Conventional Gas - Prospective Resource (BCF)<sup>1</sup>

OGIIP	Net to STX	Gross
Low Estimate (P90)	77	154
Best Estimate (P50)	124	247
High Estimate (P10)	186	372

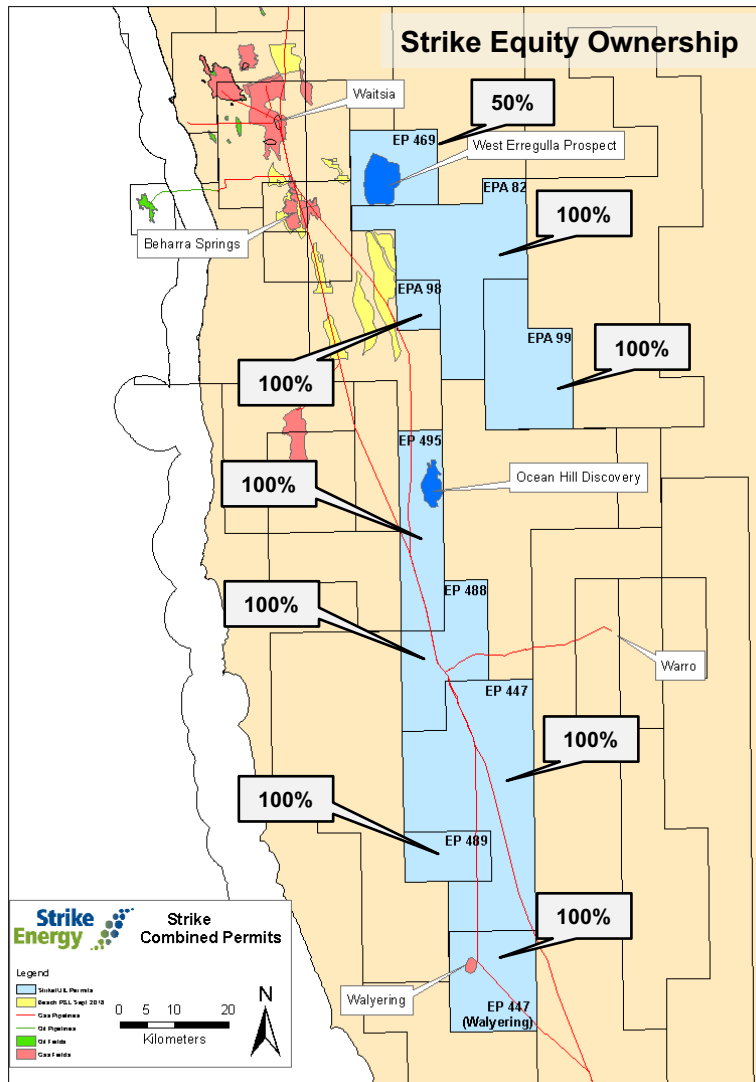
# Wagina Sandstone Stratigraphic Section

## Stratigraphic Section: Flattened on Top Dongara



- Cross section shows stratigraphic expansion and basin-ward (Easterly) thickening of both upper Wagina and basal Wagina.
- Basal Wagina in WE-2 contains bimodal reservoir with commercial porosity development in the upper section. Similar bimodal reservoirs are present in the Beharra Springs fields.
- West Erregulla appears more over-pressured than other equivalent Wagina penetrations in the greater Beharra Springs area and required an increase in mud weight in excess of 10ppg to manage gas influx.
- Warradong-1 test failed due to poor trap and ineffective seal; only minor gas shows seen during drilling and in drill stem tests (DSTs).

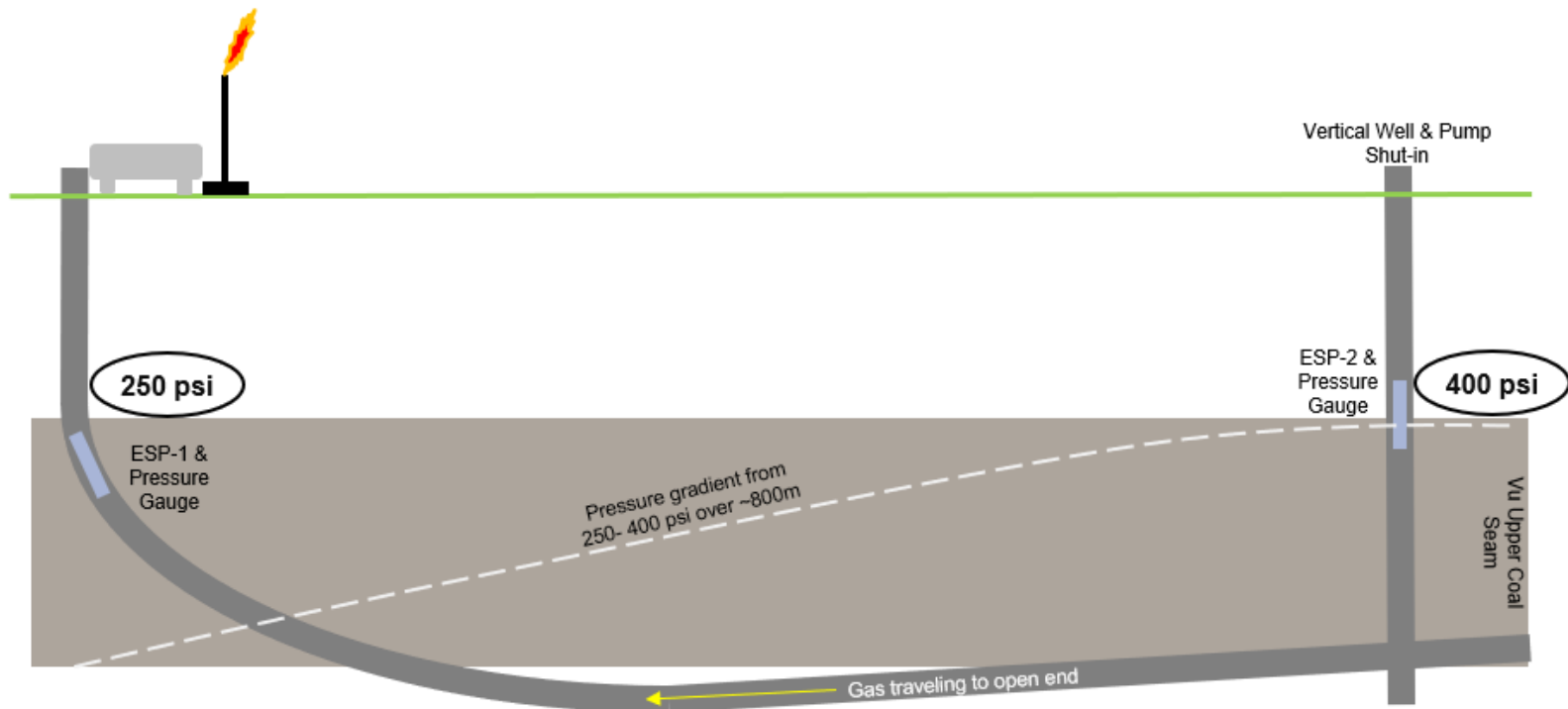
# The West Erregulla Compounding Effect



**Perth Basin Conventional Gas Portfolio**  
2,768 km<sup>2</sup> of net acreage with 40% of it prospective for Kingia-High Cliff (Waitisia) and Wagina (Beharra Springs) plays

- West Erregulla is on the cusp of unlocking a huge conventional gas fairway.
- Strike controls a significant portion of this play within the Strike 100% acreage.
- Strike's recent success shows how under-explored the Perth Basin is; even several years after the historic Waitisia gas field discovery.
- Strike's Perth Basin position may provide the foundation for the creation of a new mid-cap natural gas production company.

# Southern Cooper - Jaws Pilot Update



Strike is looking to bring the broader reservoir (as measured at each pump inlet) down to 250psi before continuing the drawdown and initiating critical desorption across the formation

- Water rates have now declined to 350 bwpd with ESP-2 (shut down) gauge showing stable pressure.
- Instantaneous gas rates ranging between 20- 40 mscf/d whilst bottom hole pressure is held flat.
- Bottom hole pressure has been held flat at ESP-1, allowing propagation of the low pressure front to gradually extend out from the wellbore without compromising the integrity of the coal.



**Strike**  
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A decorative graphic consisting of a cluster of dots in shades of blue and green, arranged in a roughly triangular shape pointing upwards and to the right. The dots vary in size and are arranged in a pattern that suggests movement or energy.