

STRIKE ENERGY LIMITED

Non Renounceable Rights

11 November 2016



Strike Energy Limited (ASX : STX) is an Australian based, independent oil and gas exploration and production company. The company is focused on the development of a substantial gas resource in the Southern Cooper Basin to meet Eastern Australian gas market demand. Targeting to achieve first gas sales in 2018.

Listing	ASX (ticker STX)
Issued Shares	900,330,946
Options/Performance Rights	29,150,000
Market Capitalisation	\$77.4 (8 November 2016)
Cash at 30 September 2016	\$4.4 million
Net Exploration Acres	2.3 million Acres



Raising Up To \$4.5m Equity to Fund Operations

Strike is conducting a \$4.5 m Pro-Rata Non-Renounceable Rights Offer (“Offer”)

- 1 New share for every fourteen (14) Strike shares held.
- \$0.07 per New Strike Share.
- Total raising up to \$ 4.5 m (before transaction costs).

Equity funds raised to be used to fund in part the following activities

- Continue field operations including flow testing of the Klebb pilot wells to achieve commercial flows.
- Conduct development planning activities including well planning and demonstration gas processing facility.
- Engage with industry partners to fund initial development within a proposed Petroleum Retention Licence (PRL), to be carved out of PEL 96.
- The costs associated with the Offer.

The Offer is fully underwritten

- Taylor Collison underwriting the offer in full.
- Sub-underwriting support from largest shareholder (MH Carnegie & Co) and Managing Director.

Multi-TCF Resource Adjacent to Infrastructure	<ul style="list-style-type: none">• Massive multi-Tcf gas resource directly adjacent to existing infrastructure (MAPS) with access to the Eastern Australian gas market.• Production pilot testing has substantially de-risked the resource.• Reservoir characteristics confirmed by the Pilot Production Project with increasing confidence in the scale and productive potential of the play.• Pilot production testing advancing towards commercial gas flows.
Clear Development Pathway	<ul style="list-style-type: none">• Contingent 2C resource independently certified around pilot wells in thick extensive coals.• Well defined commercial development strategy to progressively ramp up production.• Potential to commence deliveries of gas during 2018 into South Australian market.
Market Opportunity	<ul style="list-style-type: none">• East Coast gas markets in shortfall – driving increasing gas price.• Strike is ideally positioned for investors to directly participate in this opportunity.
Value Drivers	<ul style="list-style-type: none">• Increasing and sustained gas flows in Klebb wells leading to commercial rates.• Reserve certification to support initial gas processing FID.• SA government PACE grant participation opportunity (up to \$6m).• Potential for alternate funding opportunities to accelerate commercialisation via proposed new PRL.
Offer Highlights	<ul style="list-style-type: none">• The \$4.5m Offer is fully underwritten.• Sub-underwriting support from largest shareholder (MH Carnegie & Co) and Managing Director.

Key Terms of the Entitlement Offer

Offer size and structure	<p>The Offer to raise gross proceeds of up to \$4.5 m.</p> <p>Maximum 64.3 million new Strike ordinary fully paid shares (New Shares) to be issued.</p>
Offer price	<p>\$ 0.07 per New Share representing:</p> <ul style="list-style-type: none">• 21.3% to the closing price of Strike’s shares on 10 November 2016;• 26.8% to the 30 day volume weighted average price of Strike’s shares prior to 11 November 2016; and• 21.8% to the 10 day volume weighted average price of Strike’s shares prior to 11 November 2016.
Ranking	<p>New Shares issued will rank equally with existing Strike shares.</p>
Use of proceeds	<p>The funds raised from this Offer will be used to fund in part:</p> <ul style="list-style-type: none">• Continue field operations including flow testing of the Klebb pilot wells to achieve commercial flows and support reserve certification.• Conduct development planning activities including well planning and demonstration gas processing facility.• Engage with industry partners to fund initial development within a Petroleum Retention Licence (PRL), proposed to be carved out of PEL 96.• The costs associated with the Offer.
Underwriting	<ul style="list-style-type: none">• Taylor Collison underwriting the Offer in full.• Sub-underwriting support from largest shareholder (MH Carnegie & Co) and Managing Director.

Changes to Capital Base

Strike shares currently outstanding ⁽¹⁾	900,330,946
Maximum new shares issued via entitlement offer	64,309,353
Total Strike shares outstanding following completion of Entitlement Offer	964,640,299

(1) In addition, Strike currently has on offer 29.1 Million Performance Rights and Options

Use of proceeds

Continuation of flow testing	\$ 3.2 M
Development planning + industry partnership engagement	\$ 1.0 M
Transaction costs	\$ 0.3 M

Announcement of the Entitlement Offer - lodgement of Offer Booklet, Appendix 3B, Cleansing Statement and lodgement and mailing of letter to option holders	11 November 2016
Lodgement and mailing of letters to eligible and ineligible shareholders	17 November 2016
Record Date to determine entitlements under the Offer (7pm Sydney time)	21 November 2016
Despatch of Offer Booklet and Entitlement Offer and Acceptance Forms	23 November 2016
Opening date of the Entitlement Offer	23 November 2016
Closing Date (5pm Sydney time)	5 December 2016
Notification to underwriter of Shortfall in subscription	8 December 2016
Issue of Shares (other than Shares under Shortfall Facility)	12 December 2016
Expected commencement of trading in new shares	13 December 2016
Holding statements expected to be despatched to Shareholders	19 December 2016



Chairman
Mark Carnegie, BA and a BSc (Hons)

Mr Carnegie has more than 30 years' experience as an entrepreneur, investor and corporate adviser in New York, London and Sydney. He was a principal of Carnegie, Wylie & Company before the acquisition of that business by Lazard Limited and was previously the CEO of Lazard Australia Private Equity Pty Ltd (formerly LCW Private Equity Pty Ltd), Lazard's Australian private equity business. Mr Carnegie established M.H. Carnegie & Co. Pty Ltd in 2010, a venture capital and private equity firm. Mr Carnegie is also a Director of a large number of private companies.

Mr Carnegie was appointed Non-Executive Director on 9 August 2013 and Chairman on 11 September 2013.



Managing Director
David Baker, BA, LL.B (Hons)

Mr Baker has extensive experience in commercial joint ventures, utility financing, development/project finance and mergers and acquisitions in the resources and infrastructure sectors. Originally trained as a banking and finance lawyer with a major Australian legal firm in Sydney and Singapore, he has held high profile investment banking and resource industry leadership positions. Mr Baker was appointed to the Board as a Non-Executive Director on 11 August 2013, as an Executive Director on 1 July 2014 and as Managing Director on 9 September 2016.



Chief Operating Officer
Chris Thompson BSC (Geo) GradDip (Res Eval)

Mr Thompson has over 20 years of oil and gas experience in Australia, the USA, Papua New Guinea and Indonesia. Mr Thompson has worked as a reservoir or petroleum engineer for a number of operating companies, including Oil Search, Novus Petroleum and Origin Energy and as Business Development Manager for Leed Petroleum. Mr Thompson joined Strike in September 2012 and was promoted to the role of Chief Operating Officer effective 1 July 2014 with responsibility for all aspects of Strike's exploration and evaluation activities.

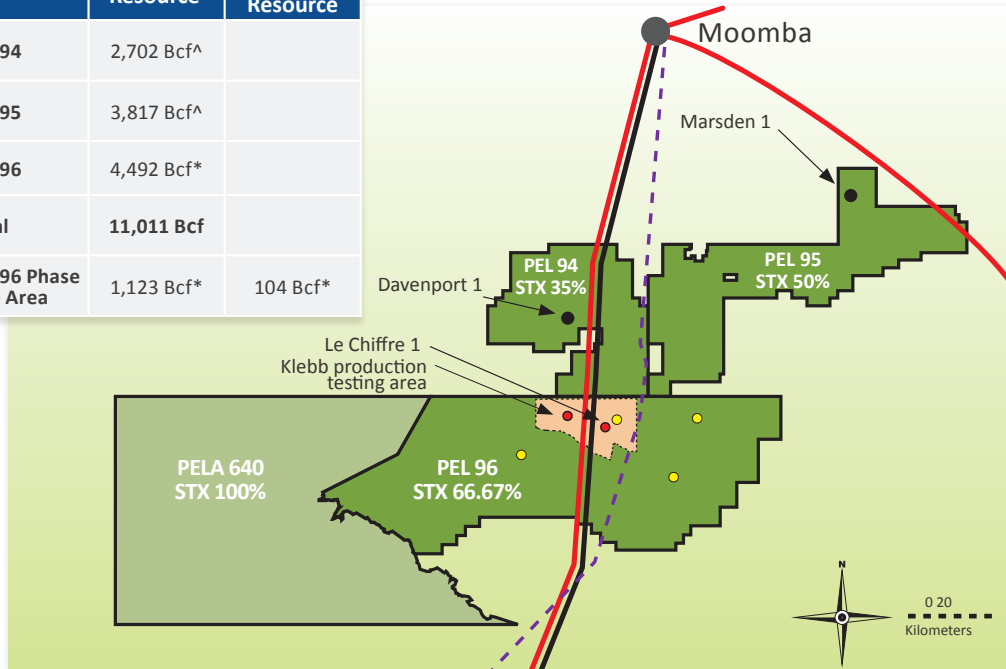


Chief Financial Officer & Company Secretary
Mr Sean McGuinness, B.Com (Acc and Fin) , FCA, MAICD

Mr McGuinness joined Strike Energy Limited in the role of Chief Financial Officer and Company Secretary after a finance career spanning 15 years in roles within the UK, US, Australia and Asia. With extensive experience in the areas of project finance, debt structuring and Mergers and Acquisition, Mr McGuinness joined Strike after holding the position of GM-Finance with an ASX top-200 listed Natural Resources Group with oversight and responsibility for the its global finance operations. Mr McGuinness has responsibility for all aspects of Groups finance, corporate and company secretarial functions.

Eastern Australian Gas Market: Substantial Opportunity

	Prospective Resource ⁺	2C Contingent Resource
PEL 94	2,702 Bcf [^]	
PEL 95	3,817 Bcf [^]	
PEL 96	4,492 Bcf*	
Total	11,011 Bcf	
PEL 96 Phase One Area	1,123 Bcf*	104 Bcf*



- PEL 96 Phase One Area
- Strike Phase One Area wells drilled
- Gas Pipeline
- Strike Wells Drilled
- Oil Pipeline
- PEL 96 Offset Wells
- Strzelecki Track
- PEL 96 and PELA – STX Operated

PEL	Net STX Acres
PEL 94	77,925
PEL 95	160,248
PEL 96	443,880
PELA 640	850,786
Total	1,532,839

* Mean estimate (net to Strike determined on a probalistic basis) per ASX announcement dated 19 Feb 2014 and adjusted for announced contingent resource estimate per ASX announcement dated 27 April 2015.

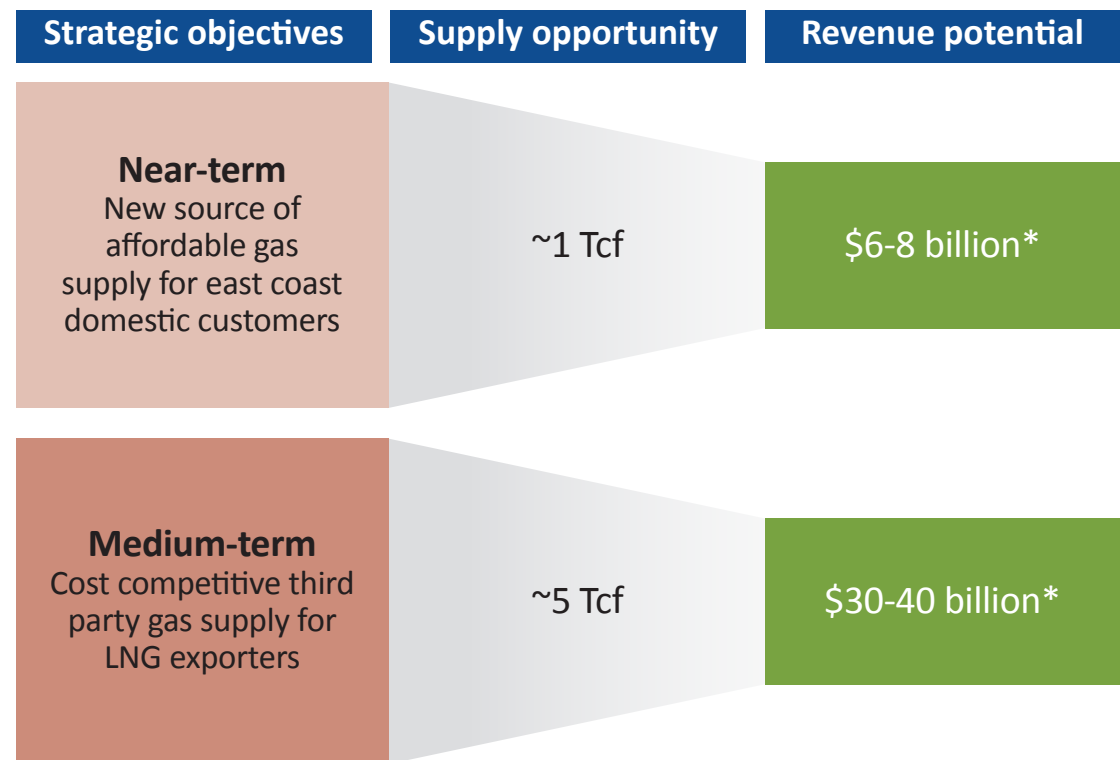
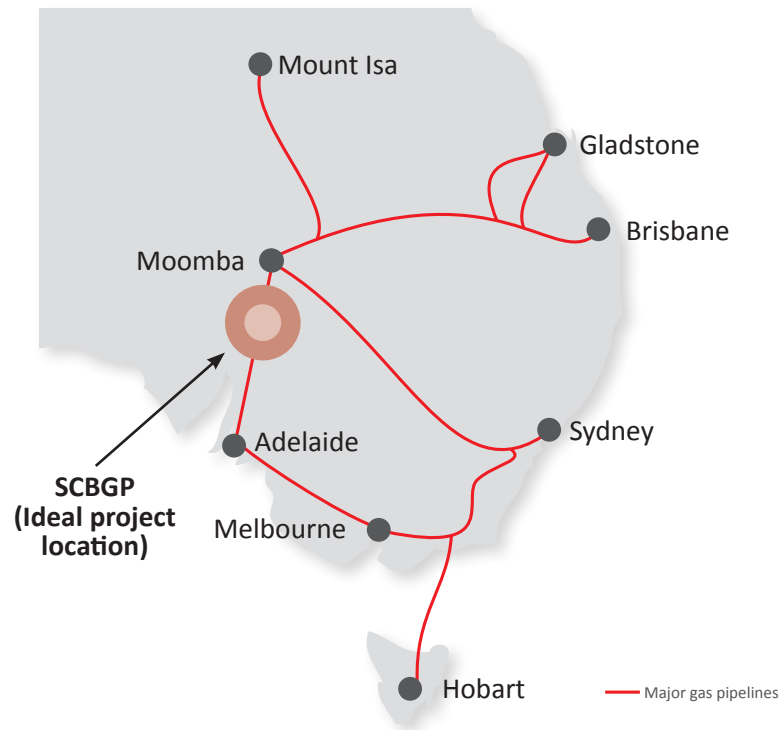
[^] Mean estimate (net to Strike determined on a probalistic basis) per ASX announcement dated 19 September 2012.

+ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project 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 movable hydrocarbons.

Southern Cooper Basin Gas Project: Strategic objectives

Strike's Southern Cooper Basin Gas Project (SCBGP) is a large scale onshore gas supply opportunity.

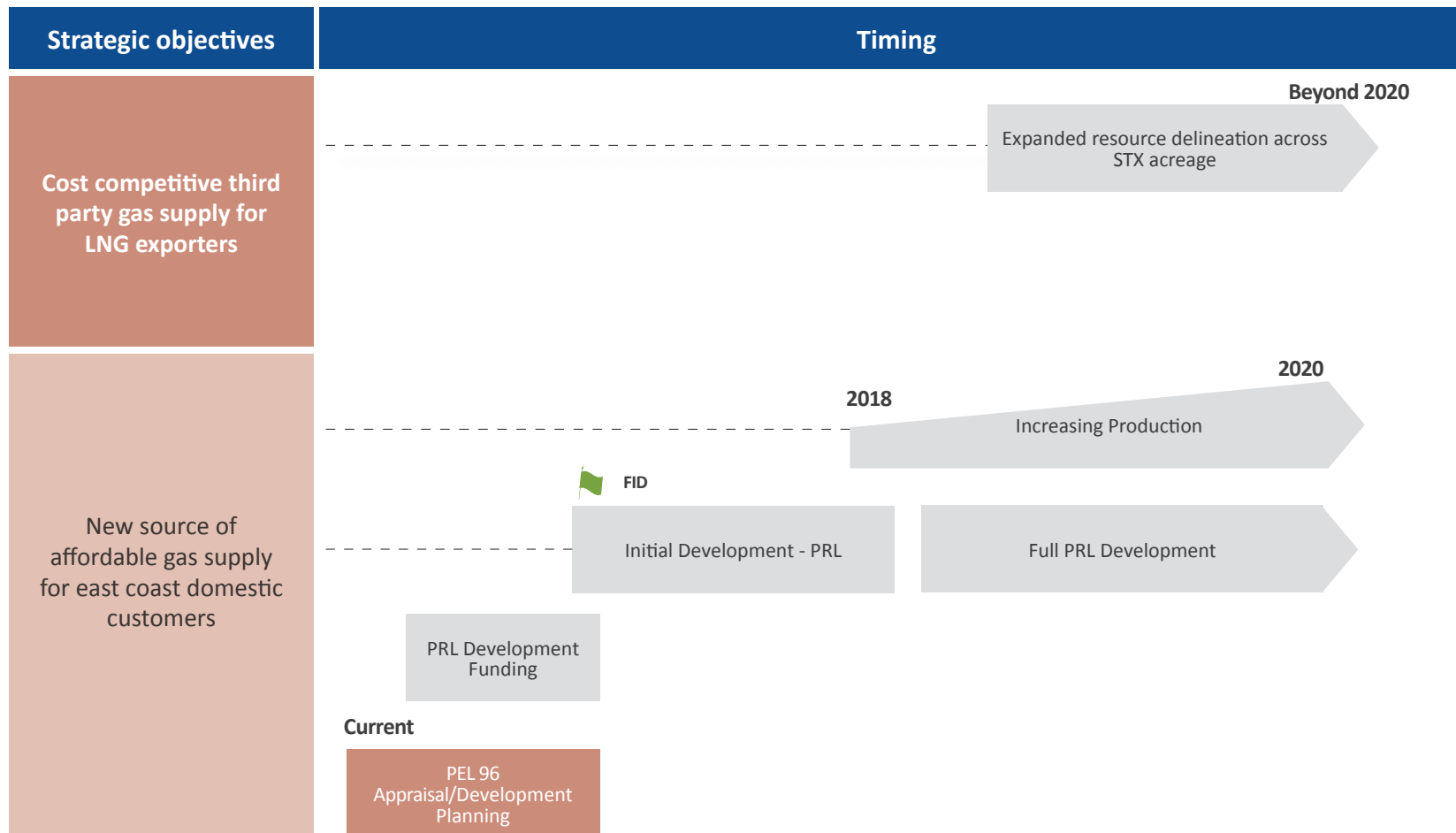
The Company's immediate objective is to demonstrate commercial gas flows which will be the key catalyst to commence project development.



* Based on a realised estimate gas price of between \$6-\$8 / GJ.

Strike's near-term strategic objective is to provide critical new 'domestic' gas supply

Southern Cooper Basin Gas Project: Strike's Strategic Timeline



Strike is positioning the Southern Cooper Gas Project to be a key resource in rebalancing the South Australian electricity market and the East Australian gas market

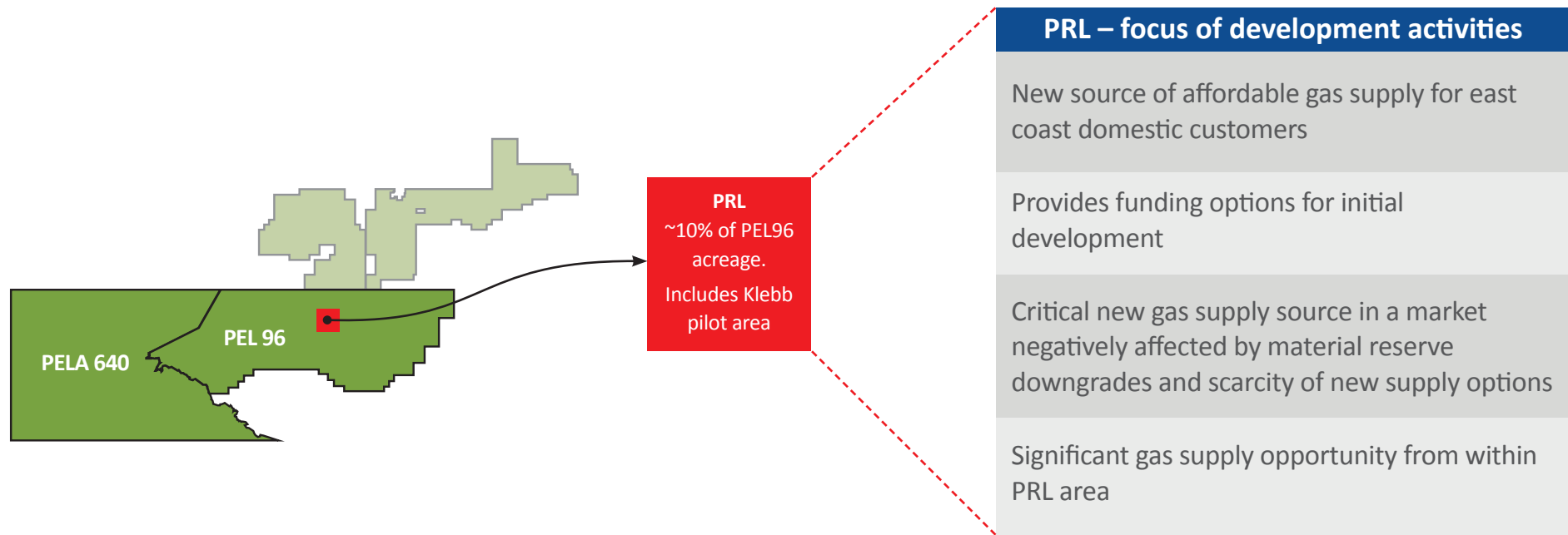
Resource scale	World class onshore gas resource – ideally located.
Reservoir	Favourable reservoir characteristics provide high confidence in future project scale and productivity.
Field operations	<p>Pilot Production Project in PEL96 (STX 66.67% and operator) with 5 test wells in thick extensive coals at the Le Chiffre and Klebb locations. Highly competent and experienced operations team.</p> <p>Continuing to increase productivity, efficiency and on-line field performance.</p>
Gas offtake	Gas offtake agreements in place with Orica, Orora and Brickworks.
Team	Building organisational capability to deliver on key objectives.
Strategy	Well defined commercial development strategy.

Project positioned to deliver on near-term objectives



Moving to commerciality and booking first project reserves are the key catalysts that will drive near-term value. Initial development activities within the proposed new Petroleum Retention Licence (PRL) has the potential to position the project to capture significant value by providing critical new gas supply to domestic markets.

Data sharing discussions with industry participants being progressed by Strike to stimulate appraisal of additional multi-Tcf acreage in Patchawarra coals.

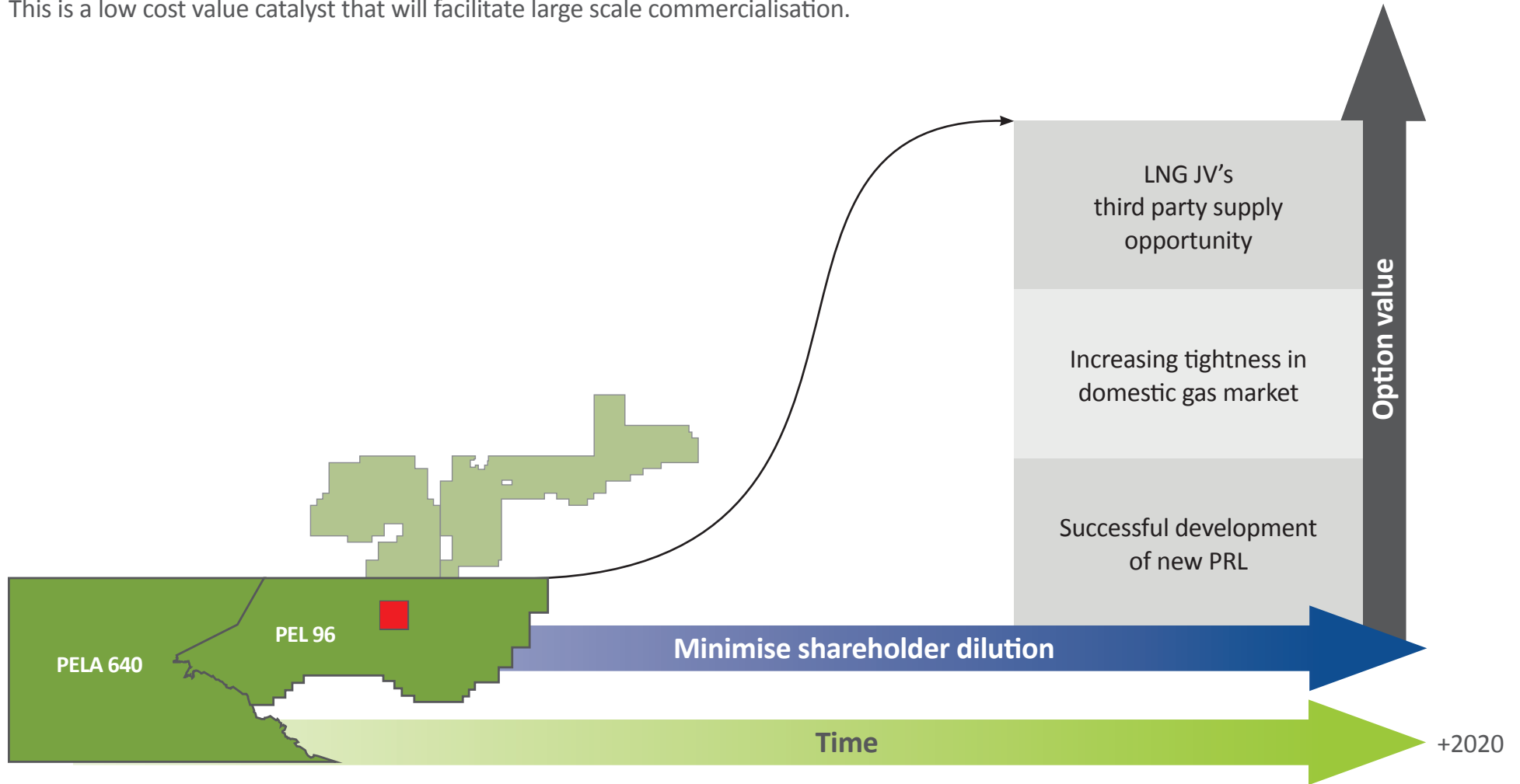


New PRL the focus of initial development activities to supply domestic gas customers

Southern Cooper Basin Gas Project: Medium-term option value

Grant of the proposed new PRL, together with continued gas market tightness, will highlight the considerable option value available from the underdeveloped acreage across the SCBGP. This acreage can be progressively delineated and developed.

This is a low cost value catalyst that will facilitate large scale commercialisation.



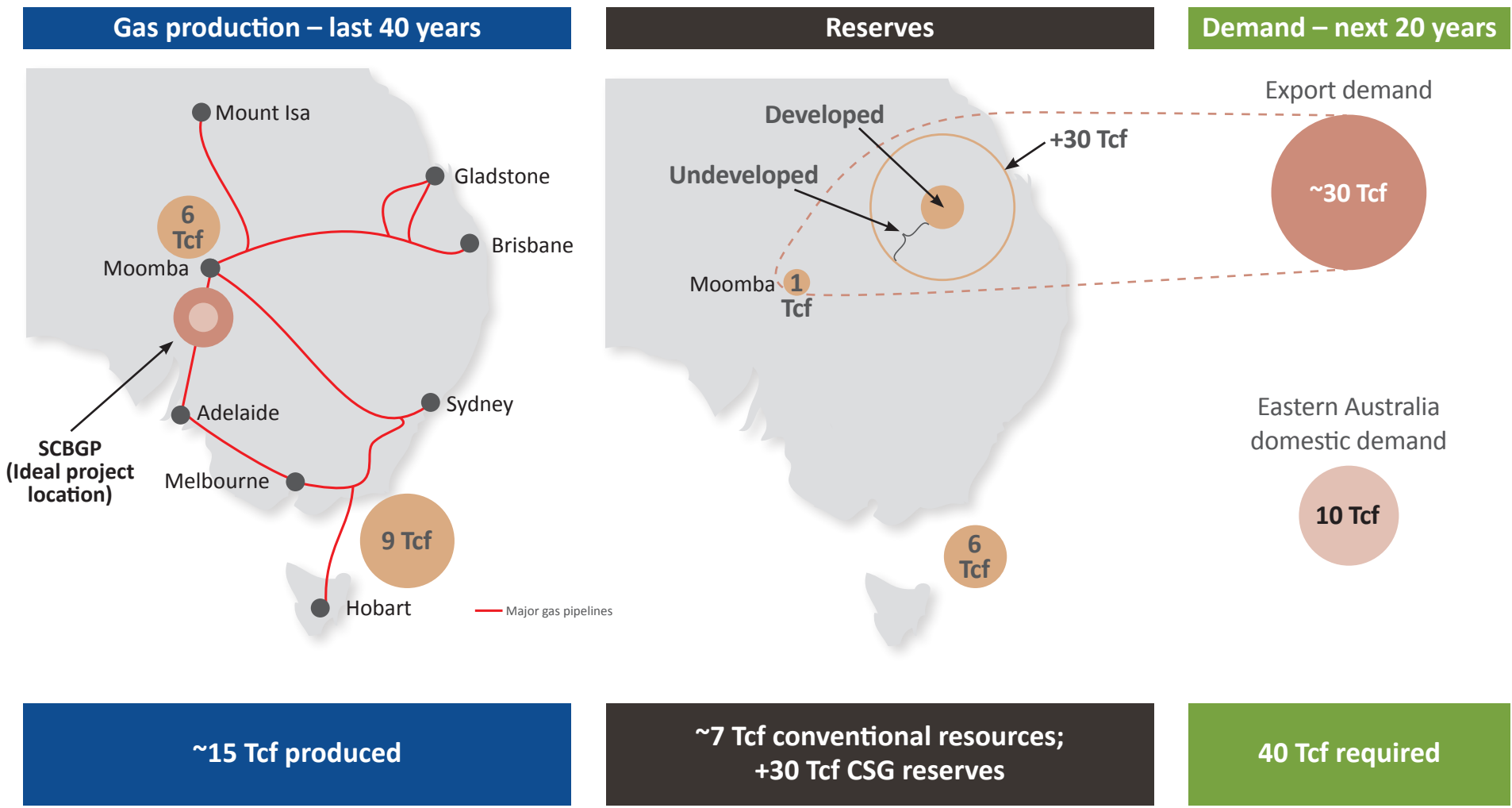
Strike controls the only new, large scale, onshore Eastern Australian gas project with the essential prerequisites for successful development.



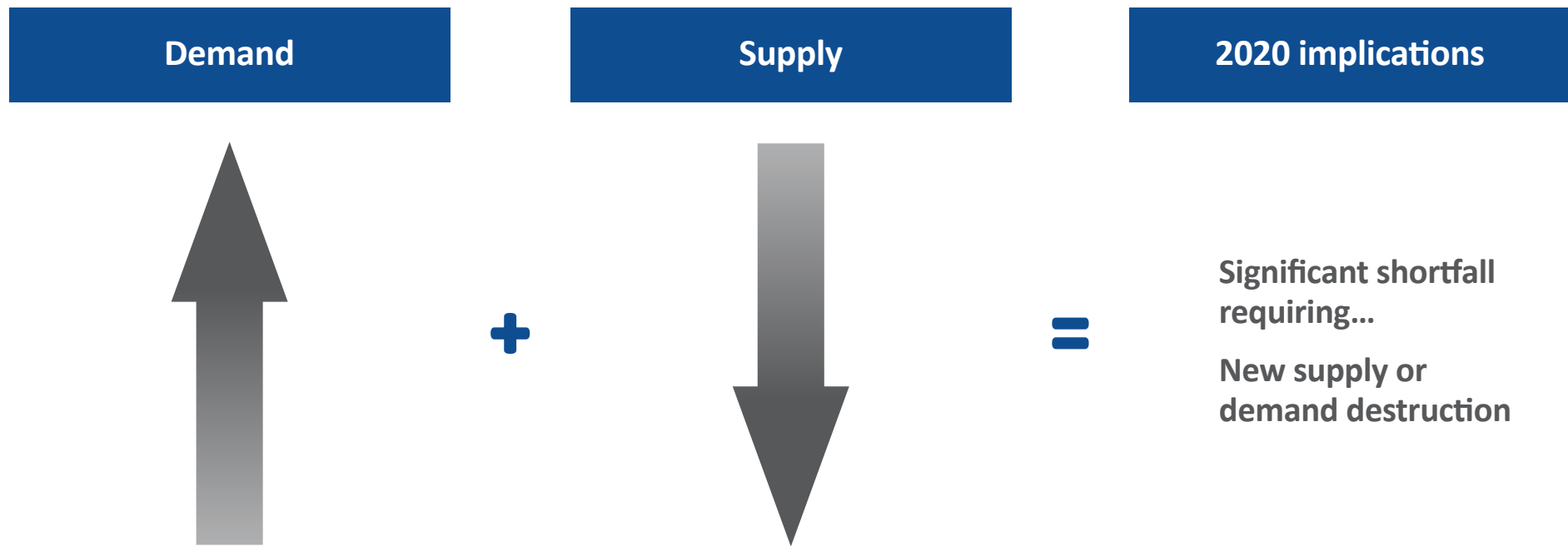
The significance of Strike's commercial opportunity is accentuated by the current dynamics of the Eastern Australian gas market.

Eastern Australian Gas Market: 20 year outlook

Australia's east coast gas demand has historically been supplied from conventional reserves in the Cooper Basin (SA) and the Gippsland Basin in Bass Strait. These reserves are in decline. Substantial new CSG resources have been developed in Queensland, however these gas fields and the majority of existing Cooper Basin reserves have been committed to export markets. The domestic market is still 'short' gas and new supply options are needed to meet forecast demand.



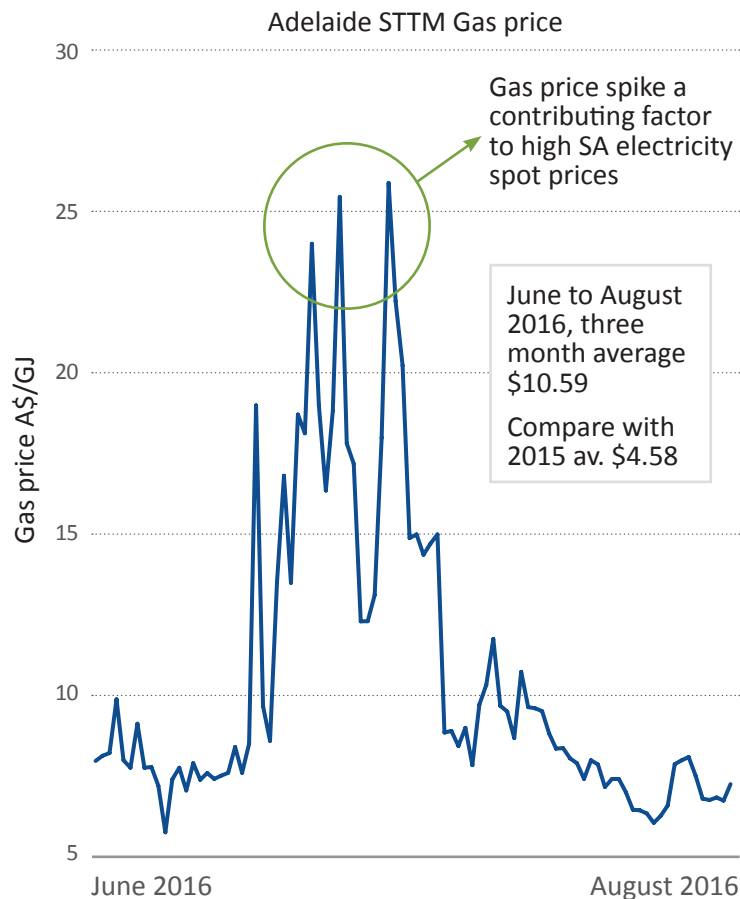
In the past two-years there has been nearly 3,000PJ* of downgrades to Eastern Australian onshore reserves and contingent resources. Low oil prices are exacerbating the supply outlook with minimal current investment in exploration or appraisal. In long-standing hydrocarbon basins, production is not being replaced.



Eastern Australian gas market – new supply urgently needed

* Credit Suisse - East Coast Gas Market (1 Sep 2016)

Market gas pricing



Industry response

Collective industry intent to facilitate new gas supply into the Eastern Australian gas market.



Adelaide Brighton Ltd

Government response



Government of South Australia

Energy market changes to increase competition and drive down costs

Jay Weatherill
September 8, 2016

"...The Government will also commit \$24million towards a program to incentivise companies to extract more gas and supply it to the local market.

This will increase the supply of gas into the energy market, with South Australian energy generators, industry and households having first offering..."

Increasing gas prices have created the impetus for policy and industry initiatives to promote affordable new sources of gas supply

Gas demand	~40 Tcf over twenty years; LNG the dominant gas buyer
Supply tightening	Supply tightness emerging and likely to worsen by 2020
Gas prices	Domestic gas prices already reflecting changing market dynamics
Cost Curve	Eastern States gas market cost curve is very steep
Stakeholder response	SA Government and industry promoting new affordable supply options

New gas supply is urgently needed to avoid further demand destruction that could result in long-term economic damage



Favourable gas market dynamics, however, there are limited options for investors to directly participate in this opportunity

Exposure to near-term value upside

Successful project commercialisation will deliver enormous value



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Contingent Resource Estimate

DeGolyer and MacNaughton was engaged by Strike to undertake an Independent Review of the gas resource in PEL 96 based on the data and information acquired to date by Strike from the drilling and flow testing programs carried out at the Le Chiffre 1 and Klebb 1, Klebb 2 and Klebb 3 wells.

DeGolyer and MacNaughton has estimated a contingent gas resource on a probabilistic basis for the initial zones that have been flow tested within the Le Chiffre 1 and Klebb 1 wells. As these zones only represent a portion of the net coal encountered at these locations, successful flow testing of additional zones will enable an increased contingent resource to be booked.

The table below summarises the Contingent Resource Estimates.

	Contingent Gas Resource Estimates – PEL 96 ¹		
Well	1C ²	2C ²	3C ²
Productive area (acres)	2,171	2,938	3,931
Le Chiffre 1 – Patchawarra Vu Upper and Vu Lower zones (bcf)	62.9	93.2	132.4
Klebb 1 – Patchawarra Vu Upper zone 9 (bcf)	42.1	62.2	93.3
Total Gross Contingent Resource (bcf)	105.00	155.4	225.7

1. Contingent Resource Estimates have been prepared in accordance with the Petroleum Resources Management System “PRMS”. Contingent Resource Estimates are those quantities of gas (produced gas less carbon dioxide and fuel gas) that are recoverable from known accumulations but which are not yet considered commercially recoverable.
2. 1C, 2C and 3C estimates in this table are P90, P50 and P10 respectively for each well and have been summed arithmetically
3. Net to Strike’s 66.7% interest in PEL 96

Competent Persons Statement

The information in this presentation that relates to the PEL 96, PEL 95 and PEL 94 contingent resources estimate has been taken from the independent reports as prepared by DeGolyer and MacNaughton, a leading independent international petroleum industry consultancy firm, and has been reviewed by Mr Chris Thompson (Chief Operating Officer of the Company). All other reported resource and or reserves information in this presentation is based on, and fairly represents, information prepared by, or under the supervision of Mr Thompson.

Mr Thompson holds a Graduate Diploma in Reservoir Evaluation and Management and Bachelor of Science Degree in Geology. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years. Mr Thompson is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion in this release of the resource and or reserves information in the form and context in which that information is presented.

About DeGolyer and MacNaughton

The information contained in this release pertaining to the PEL 96 contingent resources estimate is based on, and fairly represents, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton. Mr Szatkowski holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M, has in excess of 40 years of relevant experience in the estimation of reserves and contingent resources, and is a member of the International Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr Szatkowski is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion of the contingent resource estimate related information in the form and context in which that information is presented.

While not yet commercial, these results confirm that the coals will be capable of substantial gas production rates and highly economic per well recoveries as the reservoir pressure is reduced at increasing distances from the wells.

