

# Strike Energy Limited

Australian Domestic Gas Outlook Conference

March 2021



**Making Affordable, Abundant & Competitive Energy in WA**

## Summary information

This presentation contains summary information regarding Strike Energy and its subsidiaries current as at 24<sup>th</sup> March 2021. The information in this presentation is of general background only and does not purport to be complete. The contents of this presentation should be considered in conjunction with Strike Energy's other announcements lodged with the Australian Securities Exchange available at [www.asx.com.au](http://www.asx.com.au).

## Not an offer

This presentation does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment.

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## Past performance

Statements about past performance provides no guarantee or guidance as to future performance, including in respect of the price of Strike shares.

## Future Statements

Statements contained in this presentation, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, oil and gas prices, reserve or resource potential, exploration drilling, timeline, potential growth of Strike Energy Limited, industry growth and any estimated company earnings are or may be forward looking statements. Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties associated with oil, gas, geothermal and related businesses, many of which are outside the control of Strike Energy Limited and are not guarantees of future performance. Although the Company believes that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results, actions and developments to differ materially from those expressed or implied by the statements in this presentation, including, but not limited to: price fluctuations, actual demand, drilling and production results, reserve estimates, regulatory developments, project delays or advancements and approvals and costs estimates.

Subject to any continuing obligations under applicable law and the Listing Rules of ASX Limited, Strike Energy Limited does not undertake any obligation to publicly update or revise any of the

forward-looking statements in this presentation or any changes in events, conditions or circumstances on which any such statement is based.

## Information regarding Resource Estimates

Information in this presentation relating to:

- the 2C Contingent Resource Estimate and Prospective Resource Estimate for the West Erregulla Project is set out in the ASX announcement dated 11 November 2019 entitled "West Erregulla Resource Statement". Strike Energy interest is 50%;
- The Prospective Resource Estimate for South Erregulla is set out in the ASX announcement dated 17 February 2020 entitled "Exploration Portfolio Update" and is an aggregate of Strike's 100% equity interest in EP 503 and, to a relatively marginal extent, Strike's 50% equity interest in EP 469.
- the Oceanhill 2C Contingent Resource is sourced from the ASX Announcement of Greenrock Energy Limited (ASX:GRK) dated 4 October 2013 titled "Ocean Hill Independent Resource Certification". Strike Energy interest is 100%; and
- The Walyering Prospective Resource Estimate is set out in ASX announcement dated 9 June 2020 entitled "Greater Erregulla and Walyering Update". Strike Energy interest is 100%.

Strike Energy confirms it is not aware of any new information or data that materially affects the information included in the referenced announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.

## 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 Exploration Manager 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.

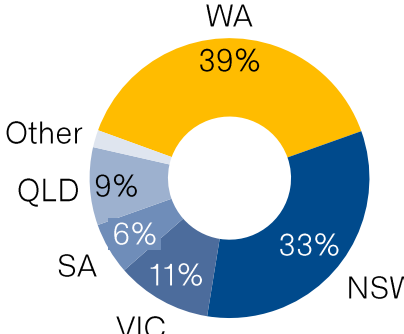
### Head Office



**WA Energy & Fertiliser Company**

**Assets, people and market are all co-located**

### Shareholders



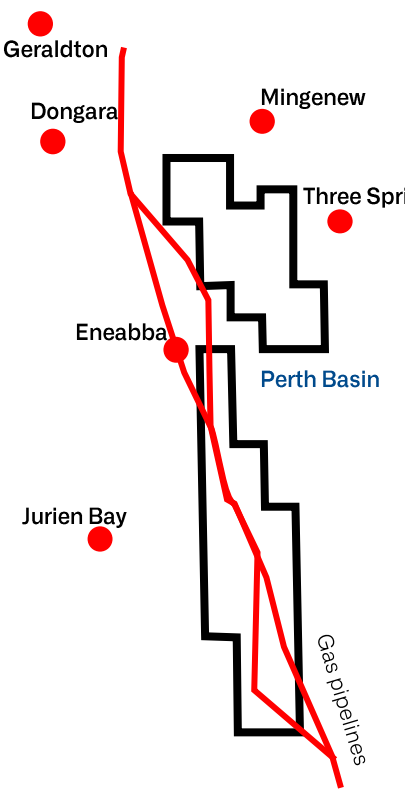
| State | Percentage |
|-------|------------|
| WA    | 39%        |
| NSW   | 33%        |
| Other | 9%         |
| QLD   | 9%         |
| SA    | 6%         |
| VIC   | 11%        |

### Board of Directors

| State | Name     |
|-------|----------|
| WA    | Power    |
|       | Poynton  |
|       | Hackett  |
|       | Nicholls |
| Other | Bizzell  |
|       | Seaton   |

**Owned and Managed by West Australians**

### Current assets



**~3,000km<sup>2</sup> of onshore, operated, gas prone Perth Basin acreage**

### Value Adding Focus

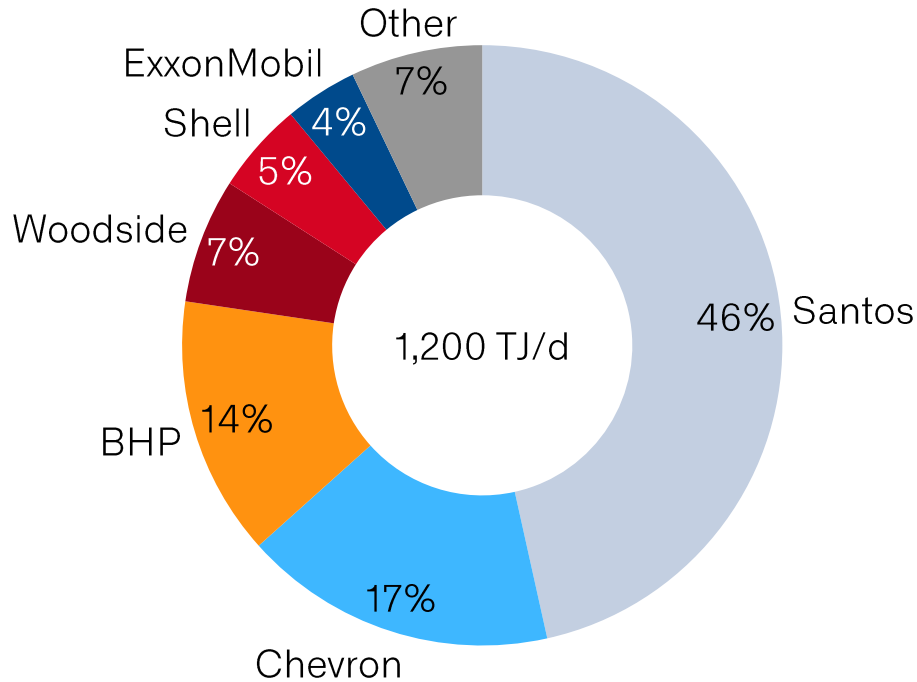


**Consuming and high grading gas in WA**

*“An Australian energy company focused on Australia”*

## Who's selling it today?

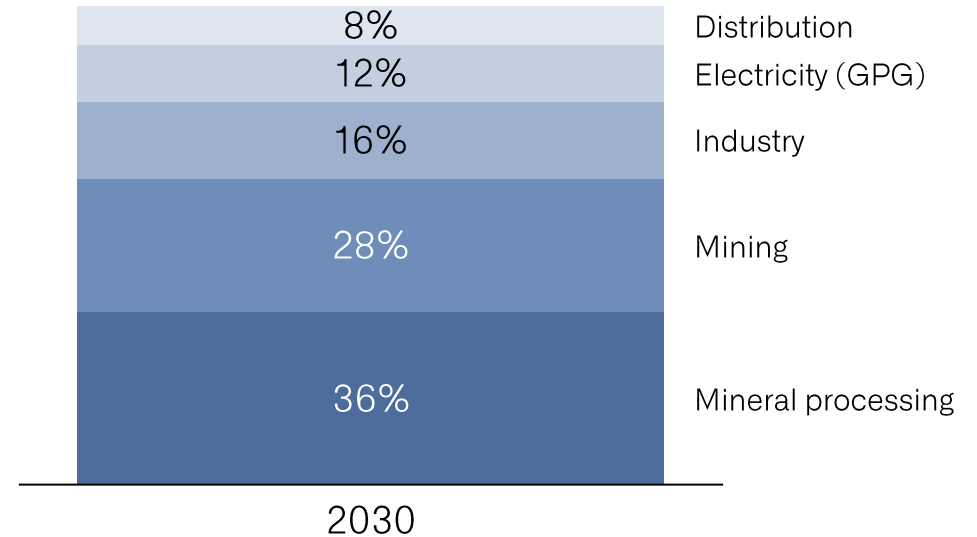
Oct-20



Santos' WA business was the highest EBITDAX contributor in their 2020 FY group financials

## Who's buying it tomorrow?

2030



The mining industry accounts for more than 60% of all gas consumed in WA. The mining industry is under carbon pressure to move away from diesel fired electricity generation and increase gas/renewables

WA's domestic gas market continues to be supplied by less participants every year. Consolidation is reducing competitiveness

Commodity prices are driving growth in WA's mining and mineral processing sector, which in turn is increasing gas demand

# WA domgas events of the last year

**1 Ironbark**

- High profile failure of NWS backfill exploration

**2 Pluto**

- ~70 PJ's of new domestic market obligation

**3 Scarborough**

- FID delayed to 2H21

**4 Devil Creek/Reindeer**

- 165 PJ equiv write down on reservoir performance

**5 Gorgon Ph2 Domgas**

- Delayed expansion

**6 Project Haber**

- Geraldton urea plant
- 86 TJ/d increase in demand

**7 Waitsia Stg 1**

- 30 TJ/d online

**8 Waitsia Stg 2**

- 50% of reserves to backfill NWS

**9 Browse**

- Deferred

**10 Northern Goldfields Interconnector**

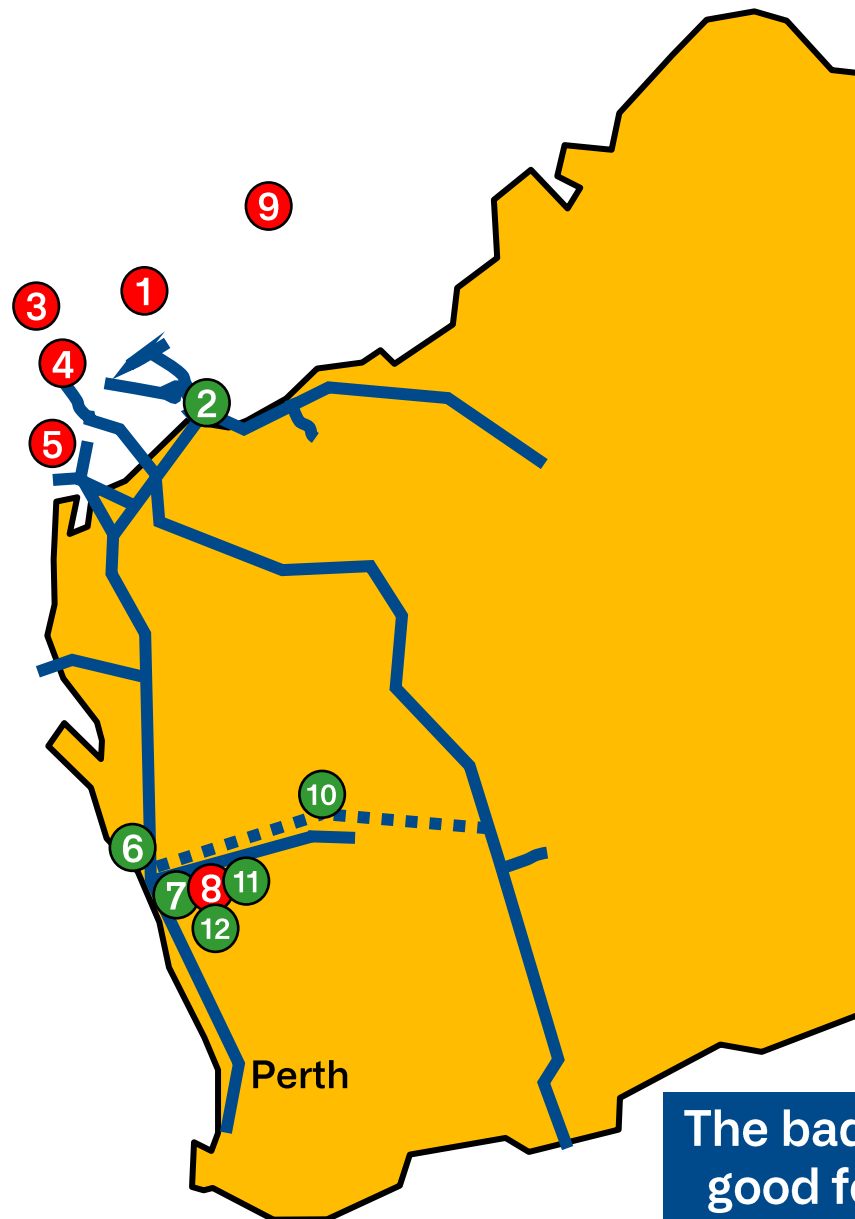
- APA FID'd pipeline
- 80-120 TJ/d capacity

**11 West Erregulla**

- Phase 1 upsized to 80 TJ/d

**12 Beharra**

- Beharra Deep to be tied back to gas plant



**Legend**

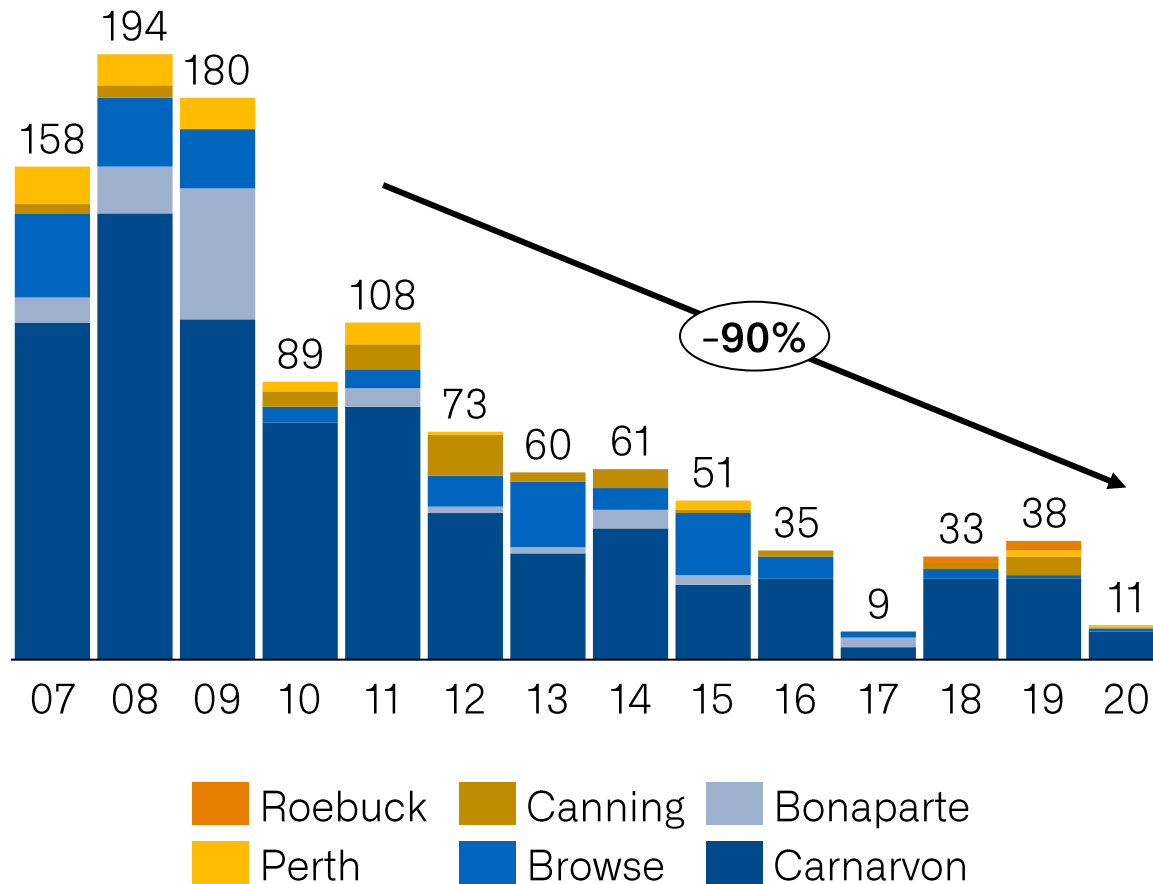
X X WA Gas Event

Positive for supply

Negative for supply

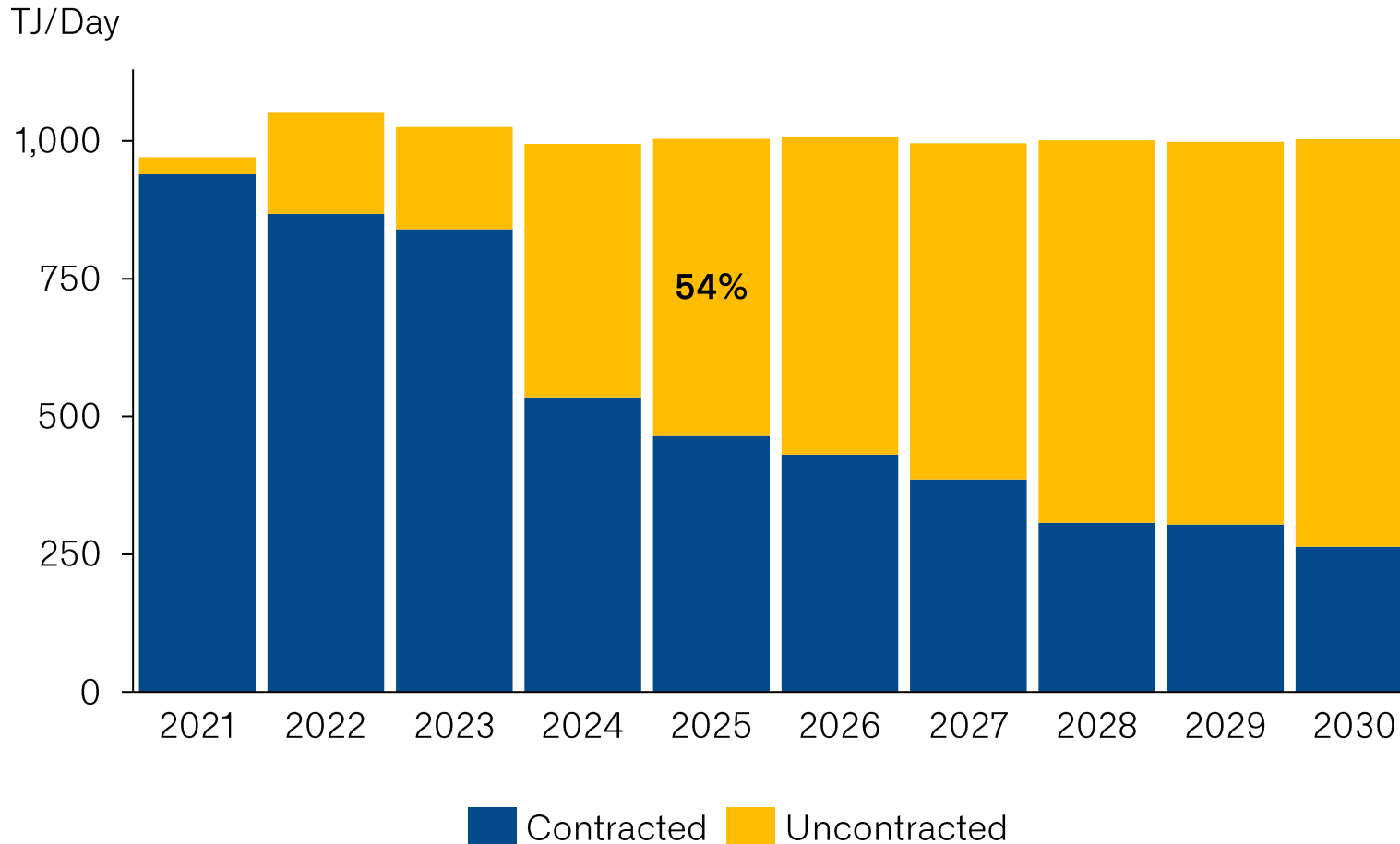
**The bad news has outweighed the good for WA domestic gas users**

## WA Production & Exploration wells drilled per Basin per year



- Sustained suppression of drilling activity will result in a prolonged period with no new gas developments.
- Infill drilling has decreased which will result in faster declines of existing producing fields.
- Offshore drilling has dominated WA which has higher costs and longer timelines for development.

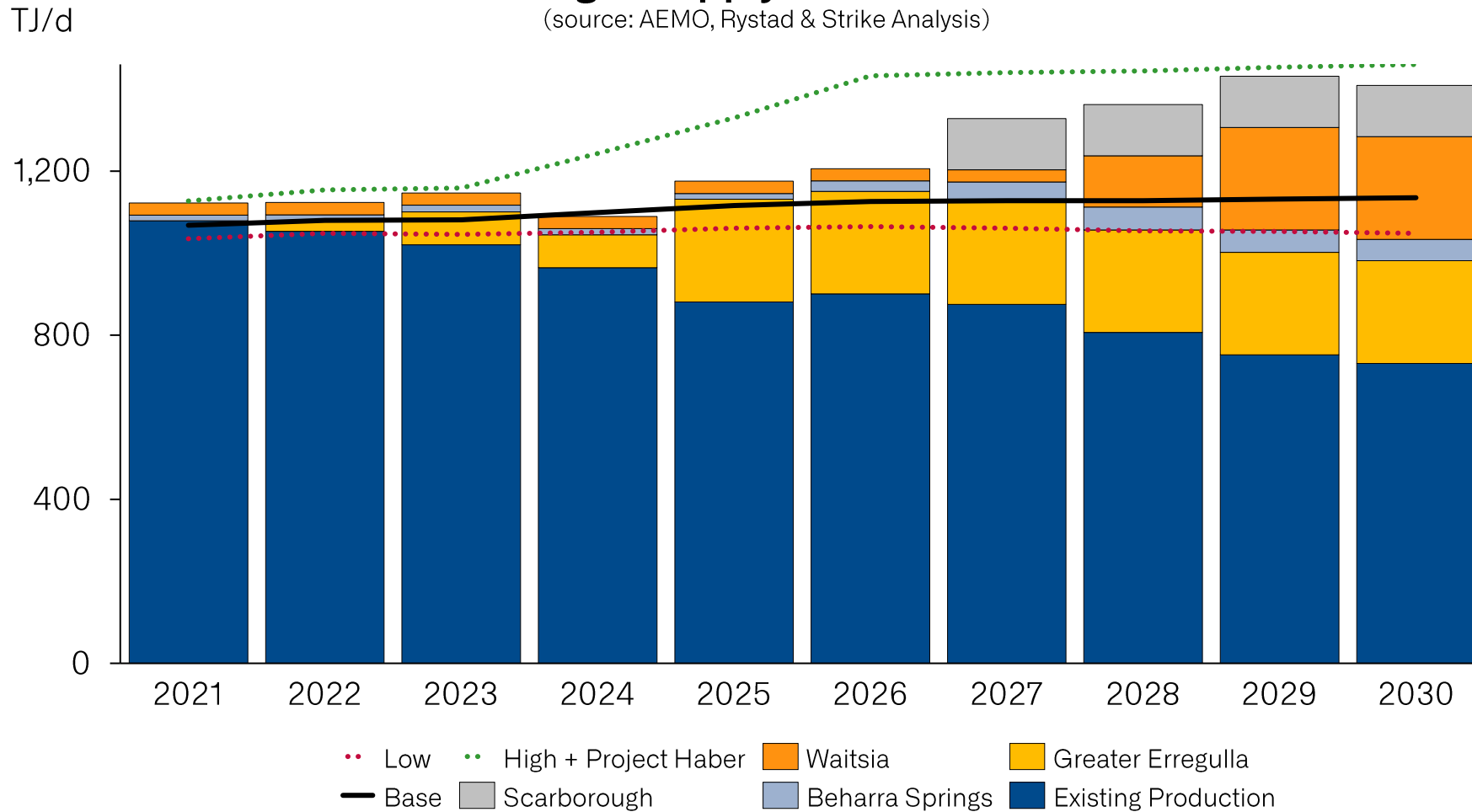
## Estimated contracted vs uncontracted based on total MCQ (AMEO) and base case demand



**More than 50% of the market is expected to be out of contract by the mid-20's**

## WA domgas supply/demand balance

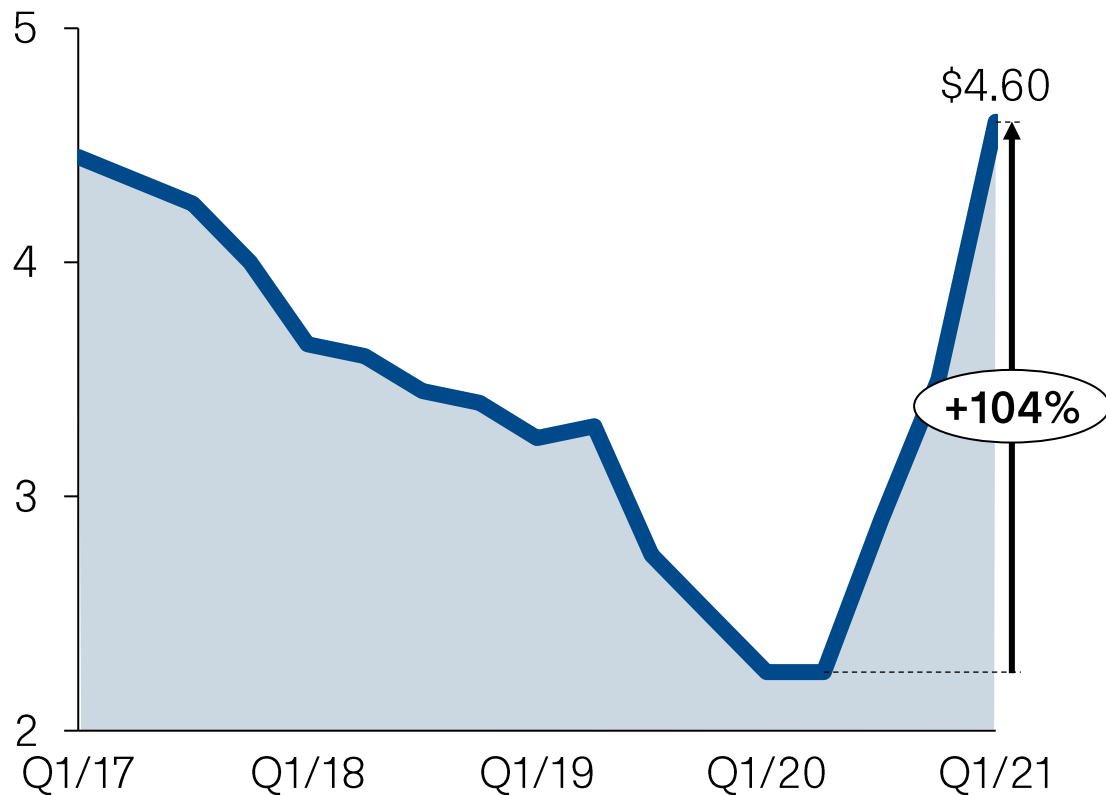
(source: AEMO, Rystad & Strike Analysis)



It is now widely accepted that the WA domestic gas market will be short supply in the late 2020's. Without accelerated development of the Perth Basin, Strike believes this shortage could emerge sooner



## WA Spot Gas Price (\$/GJ)



Reserves replacement not occurring

+

Looming undersupply

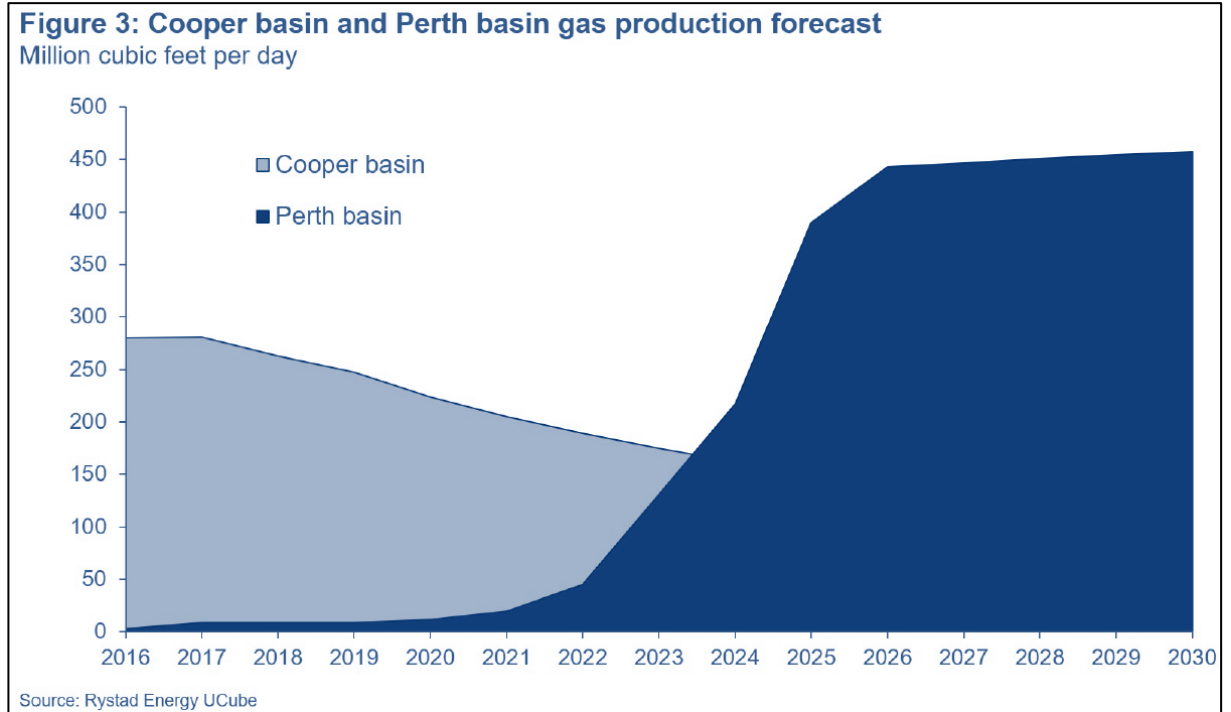
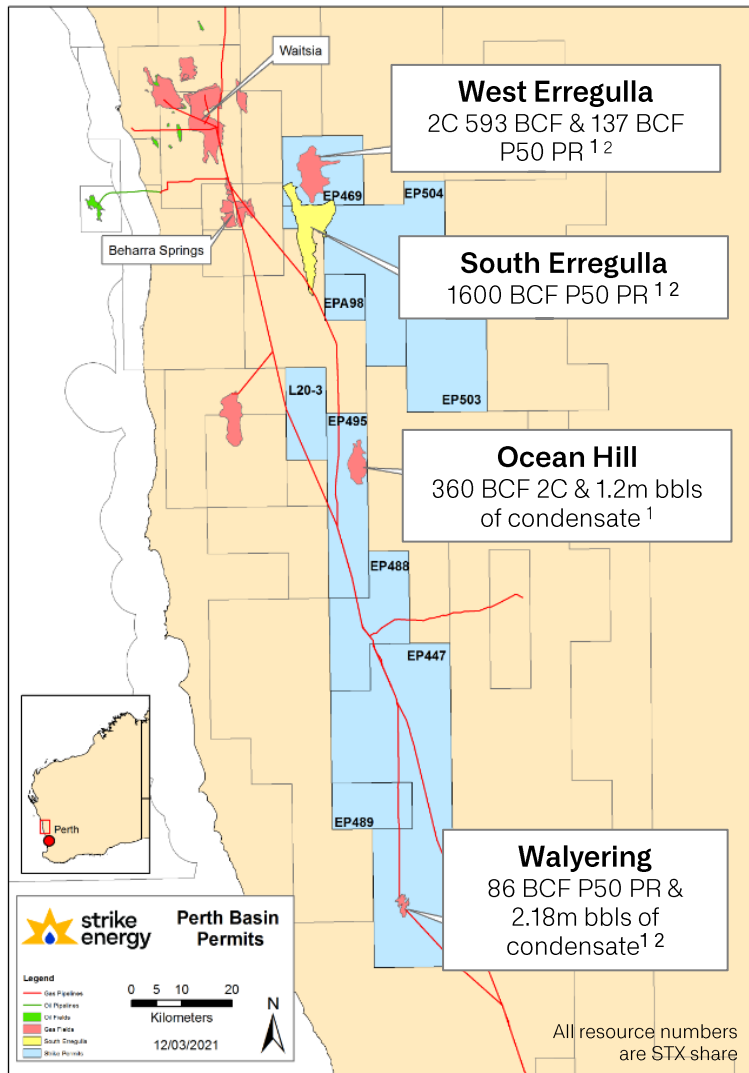
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Uncontracted gas demand rising

=

Rising Price Environment

**WA's spot gas price has gone vertical after the events of 2020**

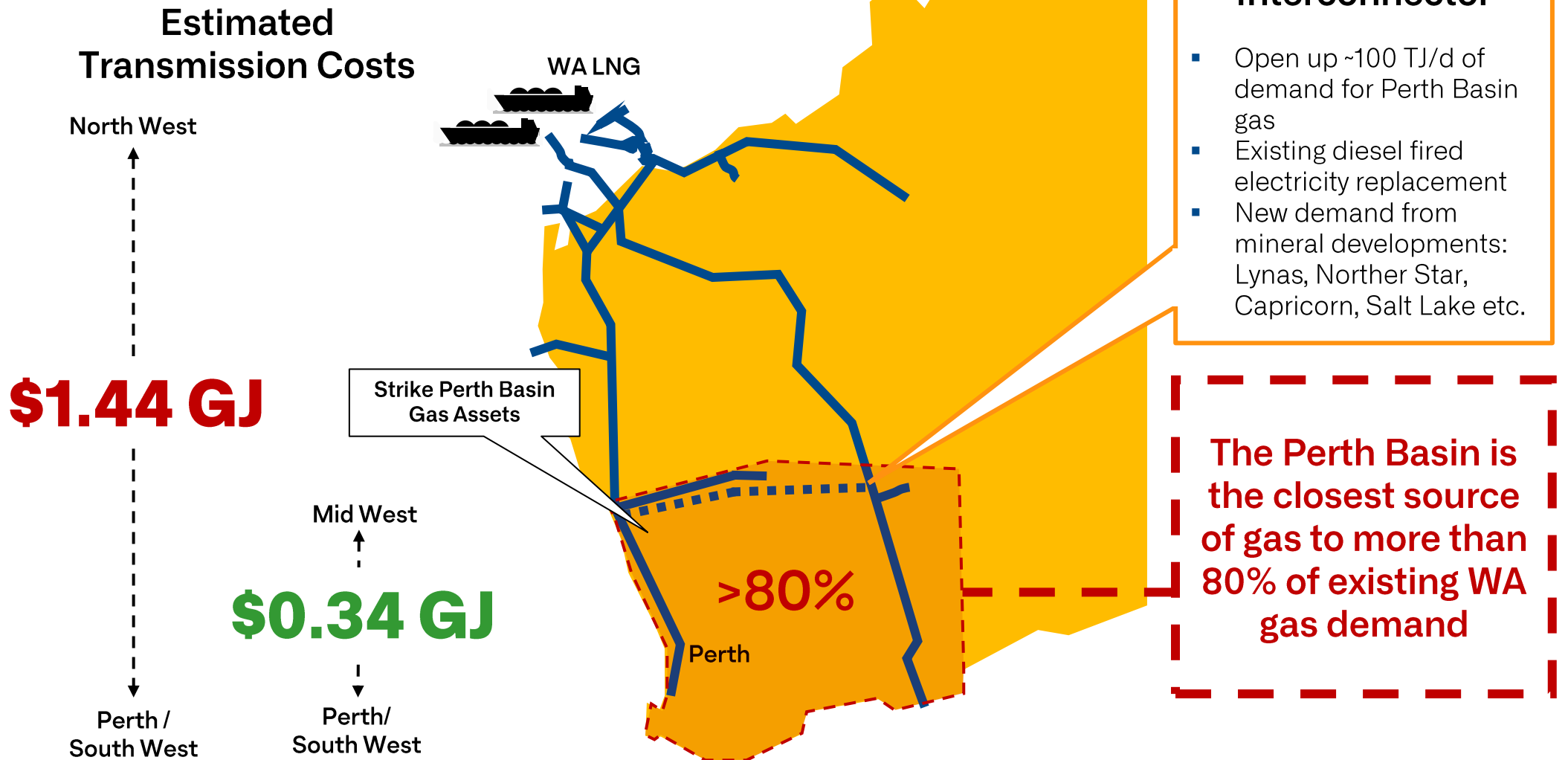


Rystad Energy predict that up to **10 TCF** may be discovered in the Perth Basin over the next decade

**Strike is the largest acreage holder in WA's best new source of gas**

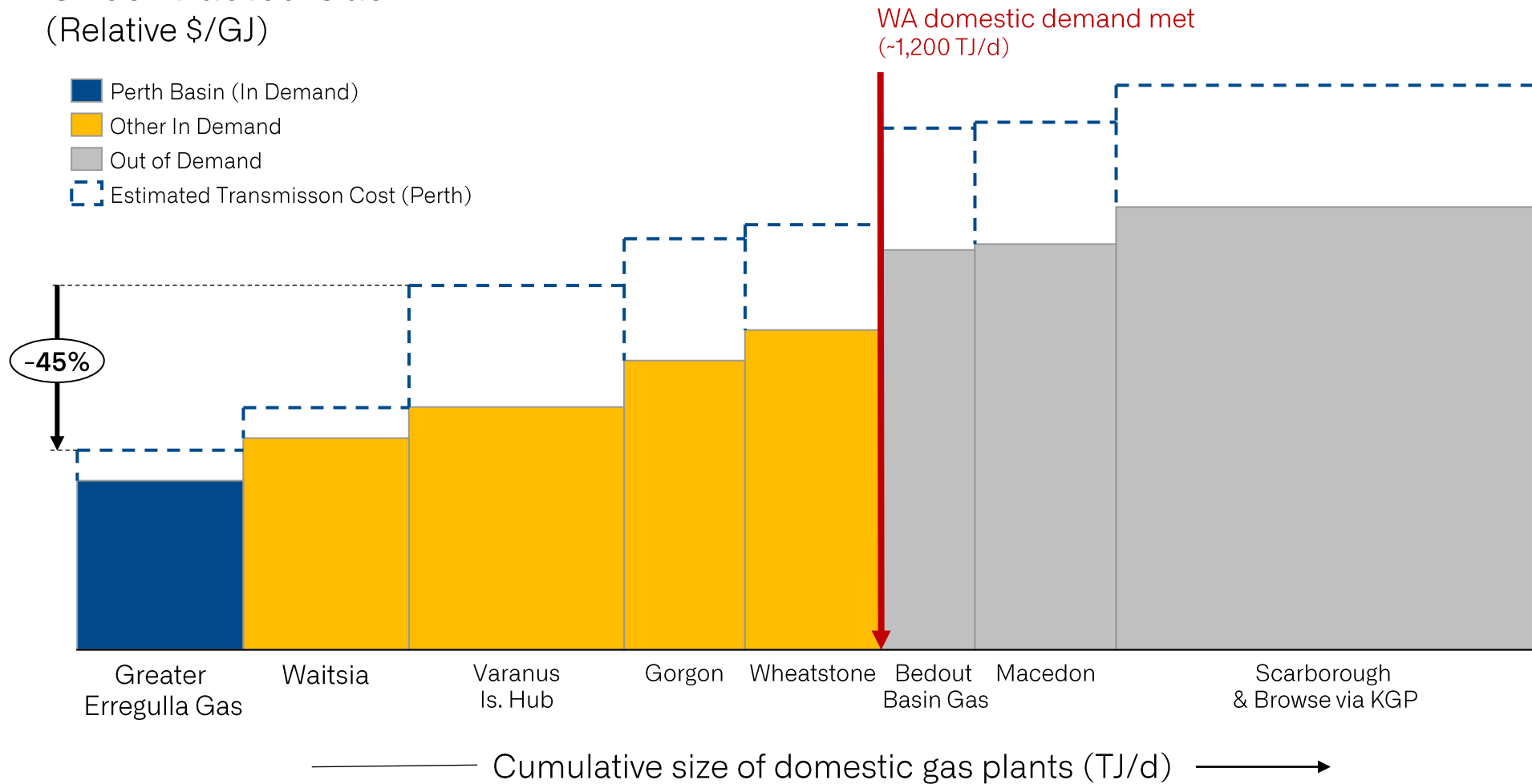
<sup>1</sup> Refer Important Notice on slide 2 for Resource Estimate information. <sup>2</sup> **Prospective resource estimate cautionary statement:** The estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to 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.

## Perth Basin customers benefit from a material transportation cost advantage



## Estimated Forward Breakeven Cost of Supply for Uncontracted Gas<sup>1</sup>

(Relative \$/GJ)



**Size, quality and location to market, coupled with onshore cost base, makes Perth Basin Permian gas supply very low cost.**

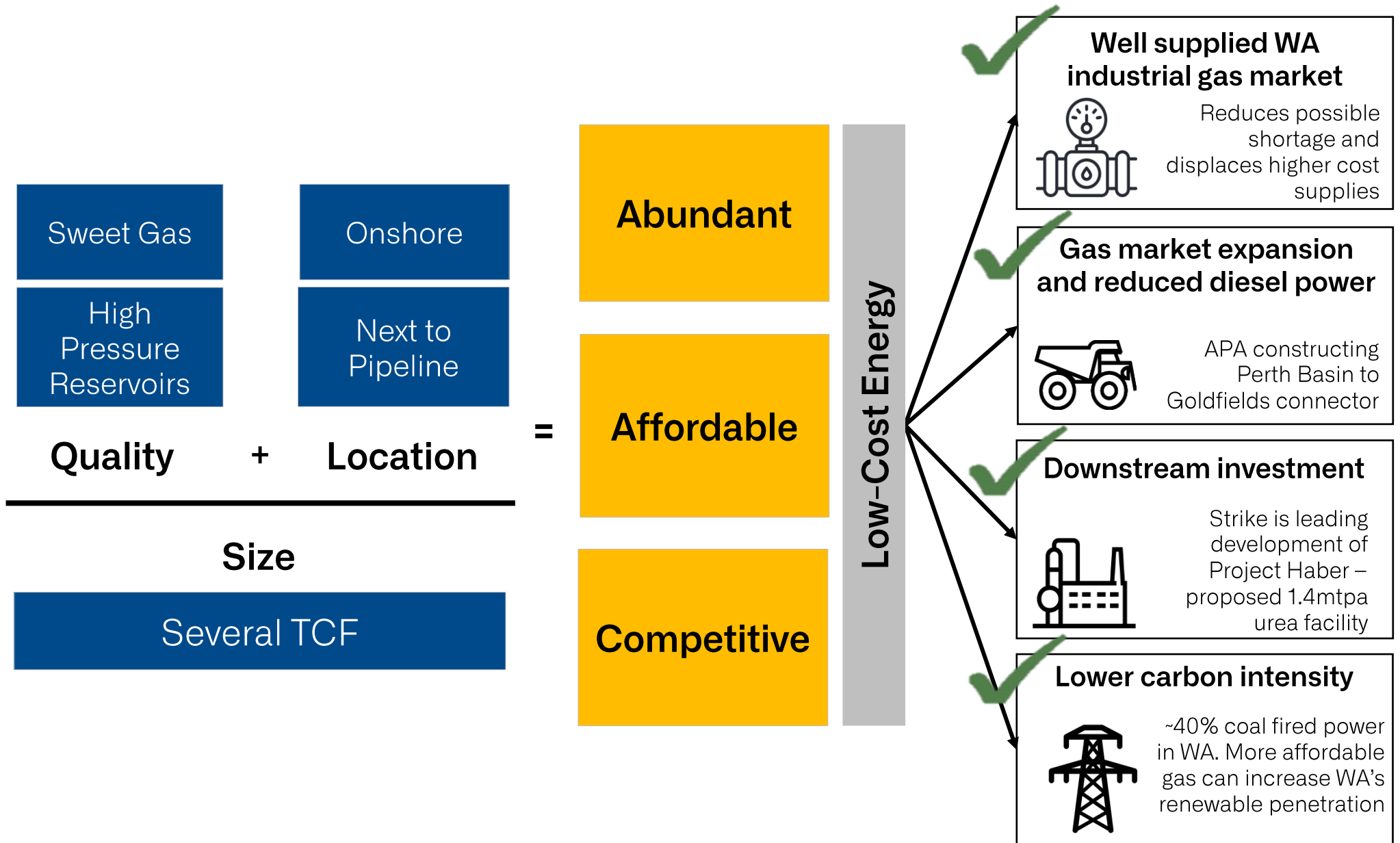
<sup>1</sup>Source of External Cost Benchmarking: Rystad Energy Consulting Ucube Upstream Database

Perth Basin conventional Permian gas costs and facility sizes are internal estimates

Domestic gas facility size source: AEMO Gas Bulletin Board WA

Estimated transmission costs are via AGIG DBNGP: Five-year plan Dampier to Bunbury Natural Gas Pipeline 2021-25 draft plan [https://www.dbp.net.au/wp-content/uploads/2019/05/AGIG-DBP-Draft-Plan-2021-2025\\_Web.pdf](https://www.dbp.net.au/wp-content/uploads/2019/05/AGIG-DBP-Draft-Plan-2021-2025_Web.pdf)

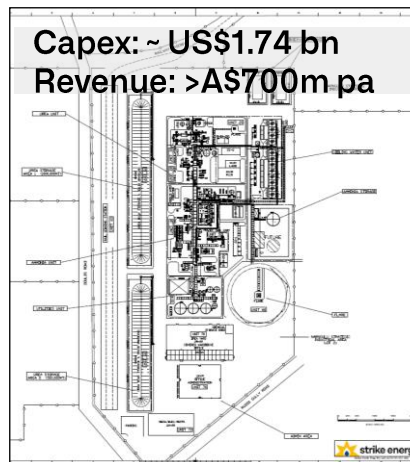
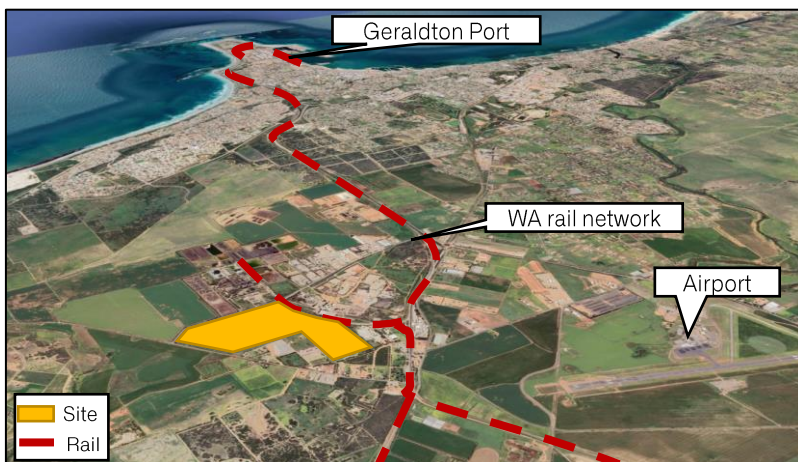
# The Perth Basin is WA's gas led recovery



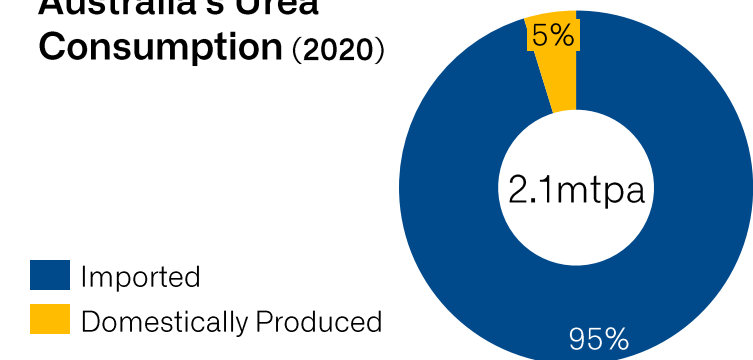


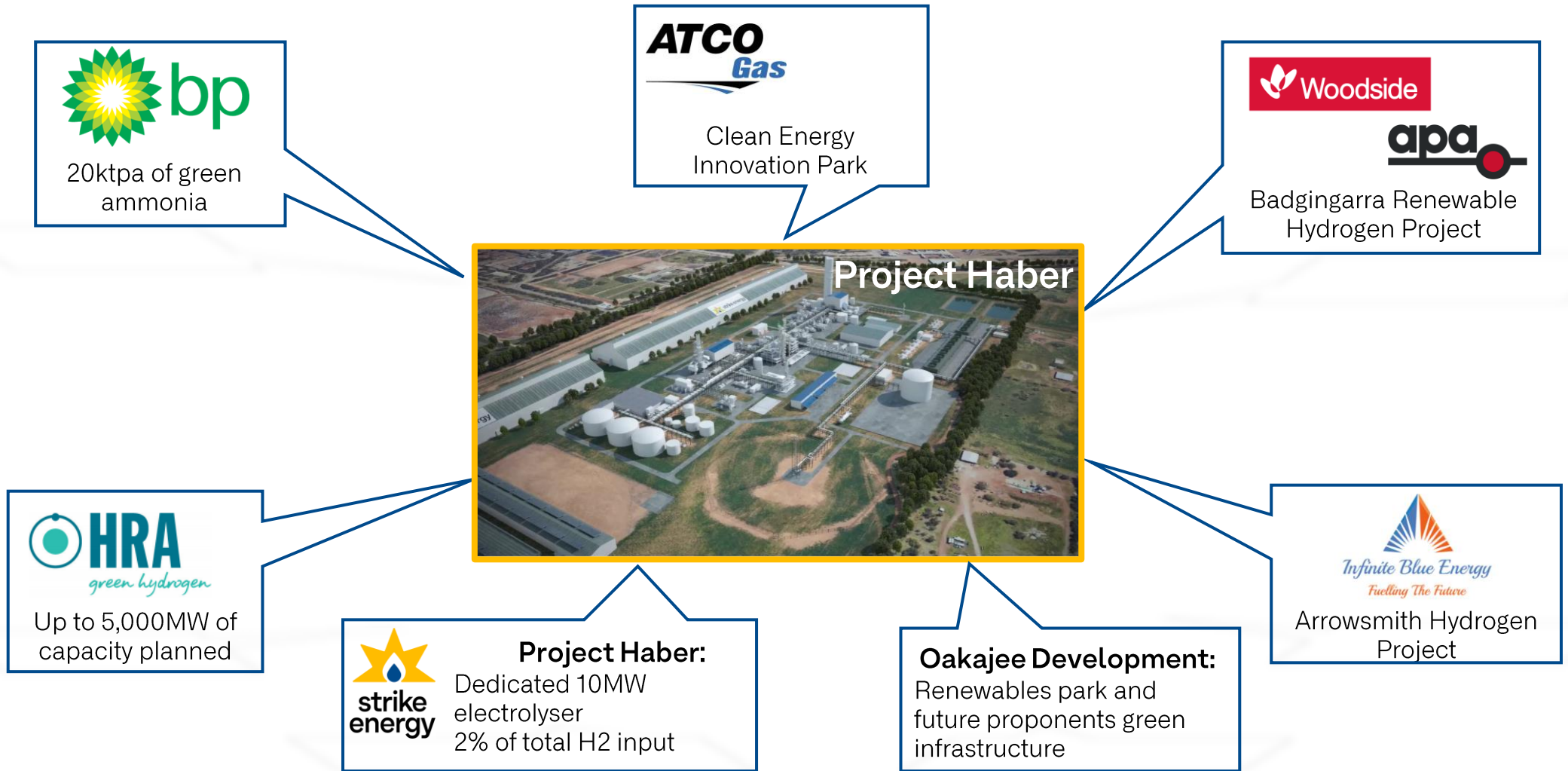
## Project Haber could:

- Displace more than \$1 billion of imports (10% from China)
- Secure Australia's supply of this critical commodity
- Reduce the cost of farming in Australia and make Australian cereals more competitive
- Reduce the carbon intensity of Australian farming
- Generate some of the world's first green fertiliser



## Australia's Urea Consumption (2020)





**Project Haber is an enabler of the Mid-West hydrogen vision and is supported by the 900 MW of local renewable energy**



**strike**  
**energy**