

**Comments from Managing Director & CEO Stuart Nicholls:**

*“After further successful operational and commercial results in the quarter, Strike is well positioned to deliver against its vision of becoming Australia’s first integrated energy, renewables and fertiliser company.*

*“The quarter was highlighted by strong geological and production testing results at West Erregulla, preparing for the company’s transformational drilling campaign in second half of the year, progressing the offtake, equity and engineering work for our fertiliser development; Project Haber whilst advancing the technical work for our zero-carbon electricity opportunity in the proposed Mid-West Geothermal Power Project.*

*Through integration of our proposed carbon sinking manufacturing and zero carbon electricity, Strike committed to its shareholders during the quarter to achieve a Net Zero target by 2030. The Board believes that these sorts of ambitious commitments will add long term value and resilience to the business and are the minimum required for a contemporary business during this period of climate action.”*

## Highlights

### Net Zero 2030

- Commitment to Net Zero 2030 scope 1 & 2

### West Erregulla

- WE4 flow test recorded at 35mmscf/d on 76/64” choke on a 46-hour test.
- WE5 confirms a large continuous high quality gas resource at West Erregulla.
- Commitment made to gas plant long lead items to secure gas delivery for early 2023.
- Strike acquired an 8.16% interest in Warrego Energy to push its economic interest in the gas project up to ~54%.

### South Erregulla & Permian Gas Fairway

- South Erregulla 140km Maior 2D seismic program underway.
- South Erregulla-1 well confirmed, with planned October spud.
- Strike awarded EP506 from the WA 2020 bid round and acreage release.
- Strike awarded \$200,000 Exploration Incentive Scheme grant from WA Government.

### Walpyring

- Strike preparing to spud the Walpyring-5 appraisal well in the upcoming quarter.

### Project Haber – Mid-West Fertiliser Development

- Strike entered pre-FEED with Technip Energies.
- Round 1 of Project Haber's 1.4mtpa urea offtake process closed heavily oversubscribed with Round 2 having closed in July.
- Project Haber forecast via ACIL Allen Economic Impact Assessment to deliver more than \$8.4 billion of GDP, 1,200 construction jobs over 3 years and 300 full time jobs for 30 years<sup>1</sup>.
- Project Haber urea fertiliser estimated to have as little as 40-50% of the carbon footprint of the more than 2mtpa of urea imported into Australia from various countries<sup>1</sup>.

## Mid-West Geothermal

- Completed acquisition of 100% of existing Perth Basin geothermal rights.
- WE4 flow test partially de-risked a geothermal resource, proving mobility of reservoir fluid and generating excellent heat transfer with high well head temperatures.

## Corporate

- Successfully raised \$85 million via an oversubscribed single tranche equity placement and Share Purchase Plan in pursuit of integrated energy, renewable power and fertilisers vision.
- Appointment of Mr. Crispin Collier from Wesfarmers as Chief Development Officer.

# Net Zero 2030

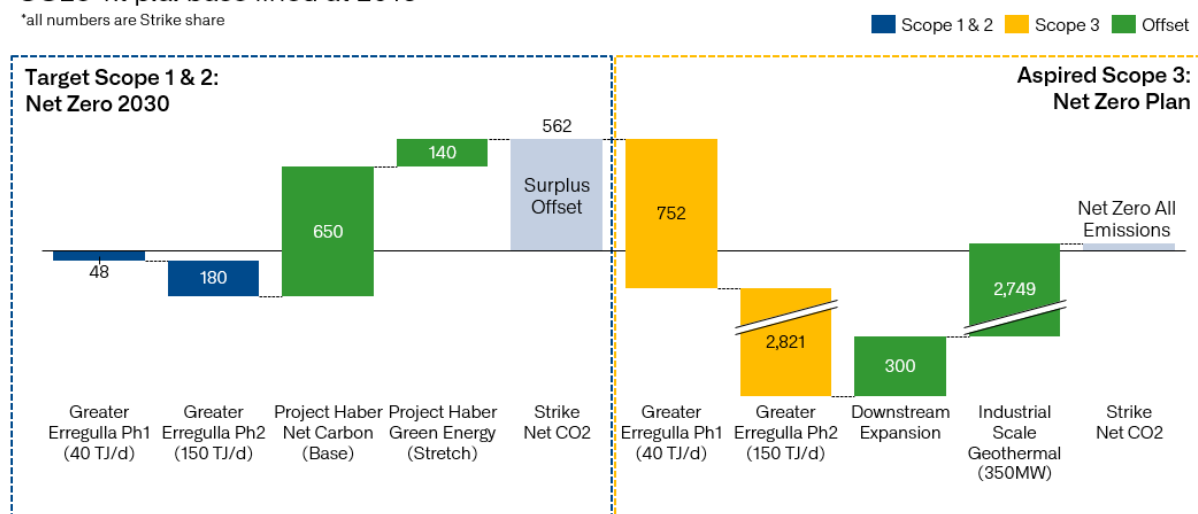
During the quarter the Company committed to progressing towards 'Net Zero' scope 1 & 2 emissions by 2030 and aspiring to become Australia's first integrated energy and manufacturing company to deliver full Scope 3 offsets. Strike's Board of Directors made this commitment as they believe the pursuit of this target and aspiration are at the core of the Company's identity and can translate into meaningful shareholder value.

On the basis Project Haber commences operations in the middle of the decade, Strike's estimated domestic gas Scope 1 & 2 emissions can be fully offset through Project Haber's projected abatement of the carbon footprint that would otherwise have been produced and associated with current imported urea.

## Strike's projected net carbon production from its various projects and operations

CO<sub>2</sub>e-kt p.a. base lined at 2019

\*all numbers are Strike share



<sup>1</sup> Refer to Important Notices at the end of this report and to ASX announcement released 6th May 2021: "Project Haber Carbon & Economic Impact".

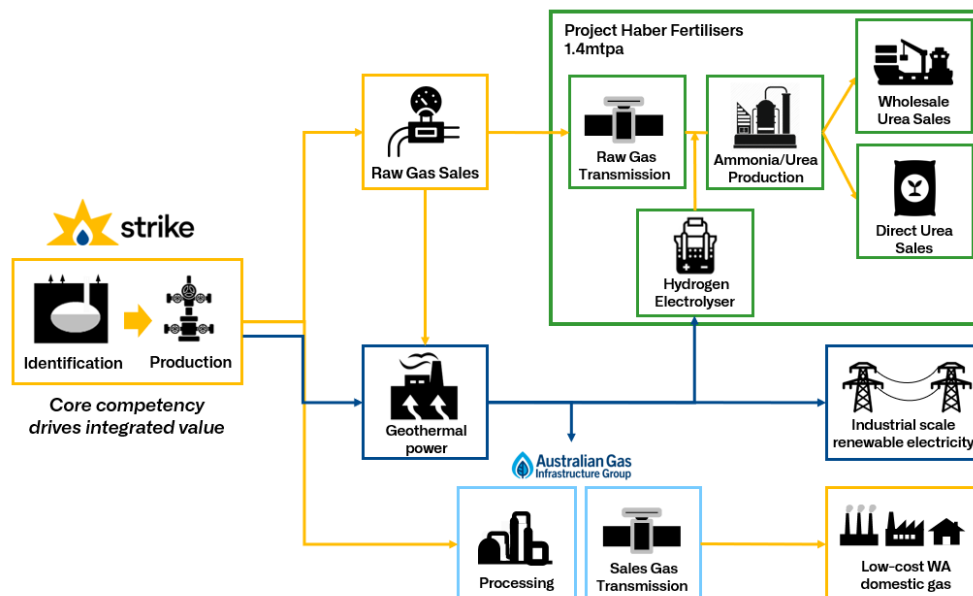
\*Refer to the Important Notices at the end of this report and Strike's ASX Release dated 14<sup>th</sup> May 2021 titled "Strike Commits to Net Zero 2030" for the assumptions and source information on which Strike's estimate of its projected net carbon production and Net Zero Plan is based.

Project Haber's Australian CO<sub>2</sub>e reduction is estimated to equal 650,000-795,000 tonnes per annum which is resultant from the domestication of fertiliser supply chains, the use of best-in-class ammonia technology, Strike's local and low impurity Perth Basin natural gas feedstock and incorporating green hydrogen into the manufacturing process. The specific detail behind this was released on the 6<sup>th</sup> May 2021 to the ASX: "Project Haber Carbon & Economic Impact".

Project Haber's estimated Scope 1 & 2 offsets are expected to exceed that of the gas processing and production facilities for the Greater Erregulla Gas Project, which will provide Strike with surplus carbon offsets when at full production. These surplus offsets provide headroom for Strike to maintain its commitment to Net Zero 2030 (Scope 1 & 2) should additional domestic gas production come online.

Whilst not yet setting a Scope 3 target, Strike's proposed integrated business model could enable the extension of its commitment to Scope 3 emissions dependent on the success and development timeline of both its Mid-West geothermal assets and expansion of its downstream activities.

The successful progression of its Mid-West geothermal assets could pave the way for up to 350MW of industrial scale, 100% renewable, fully dispatchable, geothermal power. This amount of energy has the potential to displace 2,749,000 tonnes of CO<sub>2</sub>e per year from Australia's energy system, which represents the removal of 2% of all the emissions from Australia's electricity sector and would support the displacement of coal fired power from WA's South West Interconnected System (SWIS).



## Domestic Gas Business

During the quarter Strike's primary field operations centred on the drilling execution of the WE5 well and the production testing at the WE4 well. The results from the appraisal campaign support the engineering and development work done to date for the Phase 1 development, and Strike is now preparing to move the asset into construction post a Final Investment Decision.

### West Erregulla 5 Drilling Results

The Kingia Sandstone results at WE5 were in line with expectations and confirmed the presence of a large high quality gas resource at West Erregulla. The Kingia formation was encountered at

4,771 metres (MD), coming in considerably shallower than prognosed with a gross thickness of 183m. The Kingia reservoir section was made up of almost one single large unit of very clean sand with thick blocky porosity development. Gas was observed throughout the Kingia, which was measured with a high gas saturation, and is interpreted to have a net pay of 32m with an average porosity of 10% across this section and porosities up to 15%.

The Kingia reservoir at WE5 is interpreted to be above average for the play across the various discoveries at Waitsia, Beharra and West Erregulla, which is confirmatory of the quality of the deep Permian Gas Fairway across the Erregulla region.

Gas was observed throughout the entire reservoir sections where reservoir pressures in the Kingia are inline with the rest of the field and no gas water contact was observed.

Subsequent to the quarter the well was perforated at the bottom of the porous zone of the Kingia Sandstone and a dedicated flow test was performed. This has confirmed the presence of a continuous thick gas column and that West Erregulla is indeed a large contiguous gas field.

### **West Erregulla 4 Flow Test**

A series of flow tests were performed at WE4 at various choke settings to enable characterisation of the well deliverability parameters. Production testing was performed over a 75-metre perforated interval in the Kingia Sandstone, with the top interval at 4,847 metres to the bottom section of 4,962 metres measured depth.

The primary flow period was conducted over a 46-hour period at a rate of 35 mmscfd through a 76/64" choke with ~1770 psig flowing tube head pressure. Flow rates and pressures were stable throughout the extended flow period with no evidence of depletion from the test.

Gas sample analysis indicates WE4 has a similar gas composition to the WE2 well with WE4 also producing a small amount of regionally anomalous low salinity water whilst on test. This water declined from approximately 50 to 37 bbls/mmscf during the main flow test period and was continuing to decline prior to the shut in of the well. Based on all field, play and regional data it was interpreted that a localised perched water lens at the base of the porous section of the Kingia was present. Strike's interpretation was confirmed subsequent to the quarter by the sustained and repeatable gas flows at WE5 from below more than 14m subsea below the water level of WE4, indicating no field wide contact had been breached.

### **West Erregulla – Reserves & Resources**

At the completion of the flow testing all the requisite data will have been received to progress the initial reserves and corresponding resources report for the West Erregulla gas field. The Joint Venture is working with Netherland Sewell and Associates Inc (NSAI) to deliver the maiden reserves report, which is expected after the results of the WE5 production test are known.

### **West Erregulla – Development**

During the quarter Strike submitted its referral to the Environmental Protection Authority (EPA) to commence the upstream environmental approval processes. The EPA is reviewing the contents of this submission and is expected to report out on the level of assessment required in the coming months, which will then trigger the formal approvals process. In parallel, Australian Gas Infrastructure Group (AGIG) have also submitted the referral for the Phase 1 gas plant, which the EPA made open for public comment during the quarter. The EPA are expected to report out on AGIG's submission in the subsequent quarter.

Throughout the quarter Strike worked alongside AGIG on confirmations and clarifications as part of the mid-stream FEED for the Phase 1 gas plant. Strike and AGIG identified several areas where value engineering improvements could be implemented. Strike is confident that AGIG

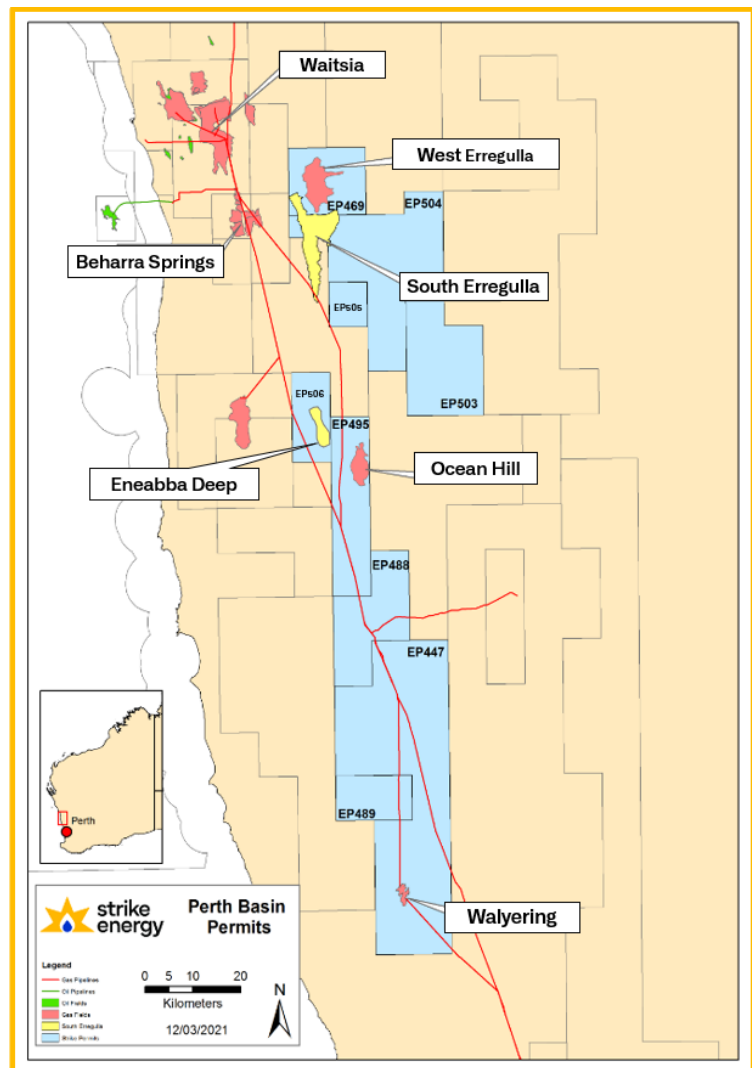
remains on track to deliver a very competitive long term tolling facility. This will support the low-cost nature of Strike's gas.

Immediately post the quarter Strike made firm commitments with AGIG to commence procurement of long lead items required for the proposed 87 TJ/d Phase 1 gas processing plant. The components to be procured have a gross value of \$31.5 million in relation to which the West Erregulla Joint Venture parties will provide security against break costs in accordance with an agreed escalating commitment profile. The initial commitments are minimal but will rise over time as the components are fabricated. Once AGIG make their construction undertaking (expected post environmental approval in Q4/21) and other conditions precedent are satisfied, the long lead items will form part of the gas processing plant to be delivered under a full project development agreement.

### West Erregulla - Finance

At the end of the quarter Strike had \$4 million undrawn from the first tranche of its \$13 million pre-development debt facility with Macquarie Bank. Strike progressed discussions with Macquarie during the quarter on the proposed subsequent tranche of \$15 million, where Strike is reviewing its need along with various other lender conditions.

Throughout the quarter, Strike, in conjunction with Warrego, shortlisted the lending institutions for the proposed project financing facility. The terms of the proposed facility will provide each West Erregulla joint venture participant with up to \$75 million for its 50% share of Phase 1 of the West Erregulla Gas Project costs. Once the final lender has been identified and terms agreed, the facility providers will proceed with technical and legal due diligence and progression of the full facility documentation.



### South Erregulla

During the quarter Strike was awarded an Exploration Incentive Scheme grant of \$200,000 (maximum available) by the WA Government to contribute towards the drilling of South Erregulla-1. This grant is both endorsement for Strike's technical work done to date and the State's support in seeing these resources commercialised as quickly as possible. South Erregulla-1 is scheduled for spud with the Ensign 970 rig in October 2021.

The pre-drilling permits have been submitted to the regulator for approval, with the permits expected to be approved in the coming quarter. Base line flora and fauna studies for the proposed Minjiny 3D seismic campaign are also underway where Strike will look to execute the survey off the back of a successful South Erregulla-1 well.



## Maior 2D Seismic Campaign

During the quarter, Strike completed the preparations for the 'Maior 2D seismic survey' with the survey commencing in July, only 6 months after being granted the South Erregulla permit (EP503). The Maior 2D seismic survey will provide valuable information over South Erregulla and the Permian Sandstones in the Dandaragan Trough to the South East of the South Erregulla structure. The trough has the potential to host geothermal resources where Strike owns 100% of the over-lapping rights across the Basin. These over-lapping rights support the complementary development of critical subsurface information and potentially (where conventional quality Kingia reservoir is encountered) commercial outcomes for all well penetrations.

To date, all 16 penetrations of the Kingia Sandstone in and around the Dandaragan Trough, including all 10 deep penetrations (Kingia deeper than ~3,000m subsea) have encountered commercial grade conventional reservoir development. This includes the 4 deepest penetrations (West Erregulla-2, West Erregulla-4, West Erregulla-5 as well as Beharra Springs Deep-1). Of these 10 deep wells, 9 have been the foundation for major conventional gas discoveries and tested gas charged and highly porous Kingia Sandstones (the only outlier being Irwin-1,



which displayed no geophysical signature of gas charge, but did find high quality, thick, permeable water wet Kingia). Post 2018 well results have been incorporated into revised isopach maps of the Upper Kingia Sandstone and, even in the most conservative scenario, these results indicate high confidence in extension of the reservoir fairway to the south and south-east.

A regionally active, prolific source rock in the Carynginia and Irwin River Coal Measures are also consistently demonstrated in these wells. Two large kitchen zones adjacent to the Greater Erregulla structure (the Donkey Creek Terrace to the west and the deepest parts of the Dandaragan Trough to the east) are located optimally for consistent charge into axial closures along the fairway during hydrocarbon generation. The presence of effective dual top seal in (a) the Carynginia Shale; and (b) the Kockatea Shale, is demonstrated by ubiquitous presence of gas shows in the Dongara and Wagina sandstones in wells drilled in the deep parts of the basin, as well as by the presence of an over-pressured regional basin-centred gas accumulation in the Basal Wagina sandstones, and by gas shows in the Carynginia Shale and Irwin River Coal Measures.

This sustained track record in the Early Permian Gas Fairway supports Strike's methodology and provides further confidence in testing the extent of this fairway to the south with the drill bit.

Results from the West Erregulla appraisal campaign have been applied to the South Erregulla prospect, resulting in an increase in the assessed probability of success (POS) to 61%. This is partly driven by increased confidence in the presence of commercial reservoir at the Kingia level (see section above) and partly driven by the confirmation of a thick hydrocarbon column and deep gas-water-contact (GWC) in West Erregulla. The deep West Erregulla GWC shows that the field is "filled to spill". This GWC also notably lies well below the structural saddle connecting the

West Erregulla and South Erregulla structures. By inference, West Erregulla and South Erregulla are co-charged, and based on existing seismic control, it is unlikely that one could be gas saturated and the other not.

### Permian Gas Fairway

The WA Department of Mines, Industry Regulation and Safety (DMIRS) has granted Strike exploration permit EP506, which it won in a bid round during the WA 2020 acreage release. The L20-3 block is located at the southern edge of the prolific Perth Basin Permian Gas Fairway.

Strike has already mapped a future prospect in EP506 named “Eneabba Deep”. The target has significant potential for stacked, Permian-aged reservoirs hosted in structural closure. This is analogous to the structural trapping mechanism in place in the Beharra Springs area. Strike mapping indicates that the prospective fairway for thickened Permian reservoir sands, with porosity preservation at depth caused by syndepositional clay coatings on sand grains, could extend as far South as the Cadda terrace in EP506.

### Walyering

Strike is preparing to spud the Walyering-5 appraisal well in September of this year under a \$6 million carry from Talon Energy who will farm into EP447 for 45%. All major agreements and permits are now in place to facilitate the drilling operations and long lead items have been purchased and the Ensign 970 rig has been booked.

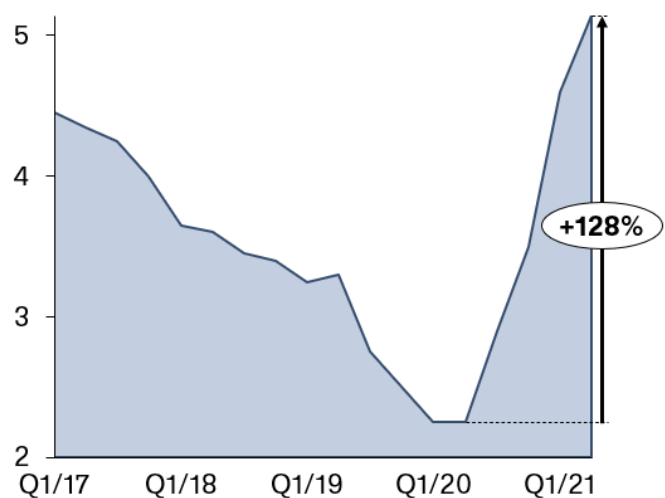
Walyering is an excellent test-case for the geotechnical work Strike has carried out across the Jurassic Wet Gas Play in the Cattamarra sequence resultant from the 3D seismic acquired in December 2019. Should the appraisal drilling prove up a commercial development, then Strike expects this will be a catalyst for a material uplift in valuation of its 1,853 km<sup>2</sup> acreage position across the play, which includes the large Ocean Hill structure where a significant contingent resource has been booked. As such the Ocean Hill 3D seismic program has been submitted to the Federal and State regulators for environmental impact assessment before commencing formal approvals processes.

### WA Gas Market

During the quarter WA spot gas prices continued their strong rise to >\$5.00/GJ by July. Spot market volumes continued their downward trend reflecting a further tightening of supply and demand conditions.

During the quarter the State's gas market shifted reflecting the prolonged lack of supply replacement. The State's two major gas storage hubs withdrew a net 5.4 PJ's for the quarter indicating strong demand for gas that could not be sourced from the market. Tubridgi, which has historically been a consistent major net injector / Importer of gas since it started operations in 2018, has been increasing its withdrawals over the preceding 12 months. This is further evidence that supplies are not being replaced, which aligns with the declining gas production at the North West Shelf.

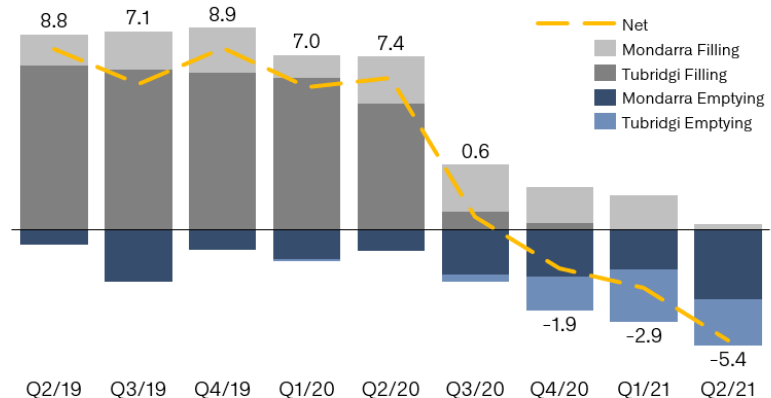
**WA Spot Gas Price (\$/GJ)**



Source: Compiled using information from GasTrading Spot Market – Forecast v Actual: <http://www.gastrading.com.au/spot-market/historical-prices-and-volume>

The gas market conditions observed over the last few quarters are a part of a much larger trend indicating shortening supply and continued robust demand. Strike is favourably positioned to place substantial quantities of gas into the market at strong prices. This opportunity supports Strike's gas business strategy of drilling large high impact wells in order to add additional near-term gas resources suitable for the domestic market.

**WA gas storage facility injections and withdrawals (PJ per quarter)**



Source: AEMO Quarterly Energy Dynamics Q2 2021

## Project Haber

### Pre-FEED

Technip Energies, who completed the feasibility studies on Project Haber, commenced the Pre-FEED scope of work during the quarter to further refine the capital cost estimate for the plant, which currently sits at ~US\$1.74 billion. Technip Energies has included chemical process engineering works in their scope in order to maximise the amount of inherent carbon consumed from the natural gas via the manufacturing process so as to minimise emissions from the Project.

### Urea Market Pricing and Offtake Process

Strike concluded the first round of its urea offtake process earlier in the quarter. Expressions of Interest were received by numerous potential offtakers for both Australian and international sales. Demand for Project Haber urea offtake totalled more than 3.5 mtpa or 267% of the plant's 1.4 mtpa planned capacity at the end of the first round.

Strike then moved into the second round via a formal Request for Proposal process with the proposed offtakers, which concluded in early July. Before reporting out, Strike will seek clarification from participants on their submissions before updating the market in the coming quarter on the timeline and process to conversion into binding long term offtake agreements.

**Urea FOB Arab Gulf (USD/tonne)**



Source: The Market 08 July 2021 Published by ICIS [www.icis.com/fertilizers](http://www.icis.com/fertilizers)

International urea pricing has now moved to 6-year highs. This has been driven by strong summer month Henry Hub gas prices in the U.S, which is driving natural gas feedstock out of ammonia and urea plants and into electricity markets and the sustained global stimulus, in food security. These sharply rising prices are having a dramatic effect on the cost and nitrogen flexibility of broadacre farming in Australia.



With urea pricing sitting around ~\$488 USD/t and the cost of shipping from the Arab Gulf to Western Australia costing up to ~\$95 USD/t, the landed cost of urea WA currently sits at around ~\$793 AUD/t. This is a 51% rise from prices listed from the previous quarter and highlights the strategic importance of Australia securing its own supply chain of this critical commodity.

### Equity & Debt Processes

Through the above offtake processes and now general awareness of the proposed development, Project Haber has continued to attract significant unsolicited interest for both equity and debt participation. As a result, Strike has appointed both Azure Capital/Natixis and ANZ to support Strike in structuring and marketing of its potential equity and debt participation in Project Haber. Strike will formally commence marketing equity in Project Haber in the fourth quarter of this year to a variety of industrial, financial and infrastructure investors.

### Port Infrastructure

Earlier in the quarter, GHD Group completed transportation and logistics studies, which further support Project Haber's positioning as not only WA's lowest cost future source of urea fertiliser but also that for South-eastern Australia. The report found shipping advantages when compared to the main international competitors range between A\$5-25/t for deliveries from Geraldton to South Australia and Victoria.

The report also detailed the costs and infrastructure required to utilise the Geraldton Port to export a portion of the urea to Eastern Australia or international markets. As a result, Strike has pursued access to the port via execution of a Cooperation Agreement with the Mid West Ports Authorities. Pursuant to this agreement, the parties have agreed to work together to investigate how the Project's non-locally consumed urea may be handled at and shipped from the Port of Geraldton and, subject to completion of that work, a framework for future negotiations for a Port Access and Services Agreement.

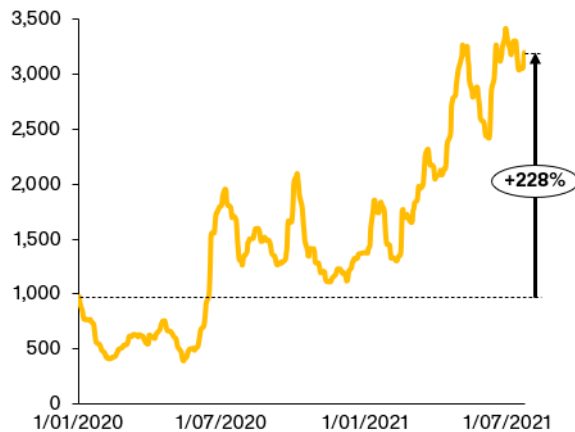
### Water Supply

Access to significant fresh water supplies is critical to the industrial urea manufacturing process. To secure Project Haber's water supply, Strike has entered into a non-binding MOU with AGI Operations Pty Limited (a member of the Australian Gas Infrastructure Group) for the provision of approximately 8GL of water per annum from their proposed Mid-West desalination plant, with supply commencing from 2025. Project Haber would be a foundation customer which will facilitate construction of the desalination project.

### Green Hydrogen

Technip Energies and their technology provider Haldor Topsoe have commenced studies to maximise the amount of green hydrogen inputs into Project Haber's urea manufacturing process. Strike already plans to provide 2% of the hydrogen input via its own 10MW electrolysis unit that, on success of Strike's geothermal assets, would to be powered by Strike's geothermal resources in the Perth Basin.

### Baltic Dry Shipping Index



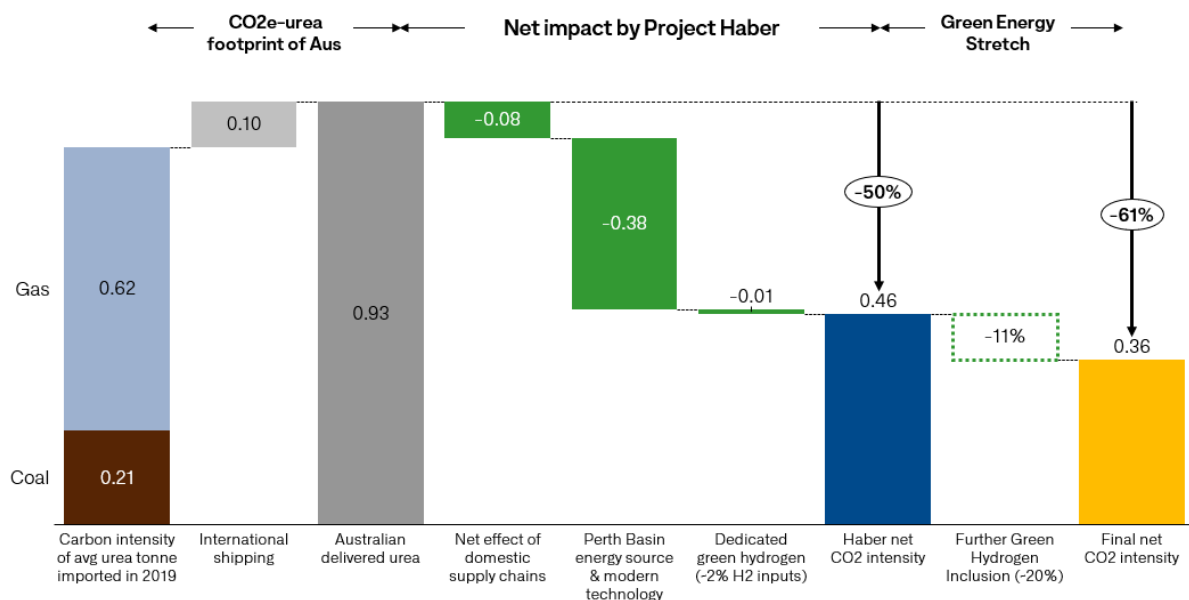
The BDI is a composite of the Capesize, Panamax and Supramax Timecharter Averages. It is reported around the world as a proxy for dry bulk shipping stocks as well as a general shipping market bellwether. Source: <https://seekingalpha.com/symbol/BDIY:IND/historical-price-quotes>

Other green hydrogen developers and future suppliers in the region have also engaged with Strike in order to seek sales agreements for green hydrogen, whilst others have expressed interest in utilising Strike's ammonia production facilities at Project Haber. Project Haber will be a centre piece of the Mid-West hydrogen revolution and, if built, will be the largest hydrogen and ammonia consuming facility in Australia.

### Carbon Benefits

Through the use of modern ammonia and gas processing technology, high quality nearby conventional gas, domestic supply chains and dedicated green hydrogen inputs, Project Haber has the potential to deliver significant carbon reduction to Australia's urea consumption. The net result of the commencement of Project Haber operations is, based on feasibility and pre-FEED studies completed by Technip, expected to result in the abatement of between 650,000 and 795,000 tonnes of CO<sub>2</sub>e per year. This is a 50-60% reduction in the carbon footprint of

**Average CO<sub>2</sub> intensity of urea imported to Australia vs Project Haber**  
(tonnes of CO<sub>2</sub>e per tonne of urea)



Australian urea fertilisers based lined against 2019 and would equate to some 16 million tonnes of CO<sub>2</sub>e over the first 20 years of the project life. The specific detail behind this was released to the ASX on 6<sup>th</sup> May 2021: "Project Haber Carbon & Economic Impact".

### Project Haber Economic Impact Assessment

During the quarter Strike commissioned leading economic advisory firm ACIL Allen to compile an Economic Impact Assessment of Project Haber. The results detailed a very compelling narrative and overview of the significant economic benefits that could be realised from the development of Project Haber in terms of its contribution to the Mid-West, Western Australian and the national economy. Project Haber's economic impact on the Mid-West region was estimated to be larger than the impact of a major LNG project across the whole of Western Australia. The significant benefits (over and above the real output impacts) reflect the economics from the import substitution effects, as less intermediate industry supply (i.e. fertiliser purchases by the agriculture industry) flows offshore.

As announced to ASX on 6<sup>th</sup> May 2021: "Project Haber Carbon & Economic Impact", ACIL Allen estimated Project Haber has the potential to generate:

- \$8.4 billion boost to Australia's economy during construction and over the operational life of the Project, of which 94% of the benefits being driven into the Mid-West economy.

- Gross Regional Product growth of \$230 million per annum, equivalent to a 3.8% boost to the Mid-West region's economy every year.
- \$10.3 billion of real income benefits across Australia and tax payments of \$144million pa.
- Approximately 1,135 full time equivalent jobs per annum during the construction phase across Western Australia.
- Once operational, an average of 274 full time direct jobs which has the potential to draw in up to an additional 712 residents into the Mid-West region.

### Environmental Approvals

Strike has engaged Strategen-JBS&G to assist with securing the environmental and planning approvals required for Project Haber. The work commenced in early 2021 with the development of an overarching strategy and master plan identifying the most efficient approvals pathway and supporting studies required to deliver the Project.

As part of implementing the approvals strategy, Strategen-JBS&G has commenced baseline surveys of the plant site and is currently scoping the required technical studies with Technip Energies. Desktop assessments and reconnaissance surveys for flora, vegetation and fauna have been completed with a baseline environmental site investigation scheduled for July 2021.

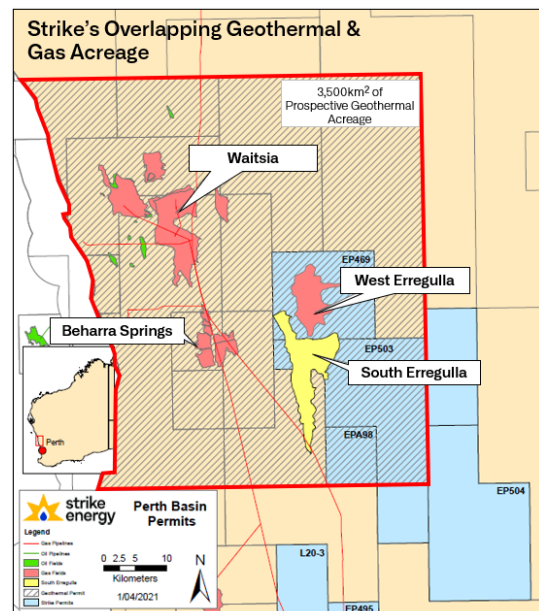
## Mid-West Geothermal Power Project

During the quarter Strike completed its announced acquisition of Mid West Geothermal Power Pty Ltd through the execution of full form binding documentation. Details of the transaction can be found in the ASX announcement released on 1 April 2021: *"Strike moves to become first integrated gas producer, manufacturer and renewable energy supplier in WA"*.

### Operations

Currently a heat needle survey is underway, mapping geothermal surface gradients in various Perth Basin locations. This information along with the other key subsurface and well engineering inputs Strike already has to hand will be compiled to start a detailed mapping process to identify geothermal 'sweet spots' where the economics are most favourable to deploy a geothermal pilot test across the 500 km<sup>2</sup> of mapped Kingia geothermal resource. It is expected that this process will take approximately one year to complete in parallel with the Strike's other endeavours.

Separately the development team are beginning to evaluate the best way to integrate both the heat and the 'hot water' resource of the geothermal asset to enhance the proposed urea and green hydrogen manufacturing operations of Project Haber. Both processes require access to, and are far more efficient with, the use of hot water.



### Geothermal De-risking at West Erregulla 4

During the West Erregulla 4 flow test, the water that accompanied the 35mmscf/d of gas flows to surface made up approximately 10% of the mass flowing through the well head. This small volume of water generated well head temperatures in excess of 115°C, where the effect of this small dual phase flow can be compared to the production test at WE2 (100% gas) where well

head temperatures did not exceed 88°C. These hot well head temperatures and water flows confirmed several key technical qualities of the potential geothermal resource, including:

- evidence of Kingia reservoir permeability sufficient to support fluid production;
- evidence that Kingia fluid can support high well head transfer temperatures; and
- minimal heat loss versus modelling.

Based on the above it can be inferred that if the WE4 flow had of been purely water (a better thermal conductor than gas) the heat of the tree would have been much higher, given the measured reservoir temperatures at WE4 of 178°C.

Additional testing work is required to further de-risk a potential geothermal resource along with a full pilot test, but these early evidences position the project for an exciting future and Strike will look to accelerate the first geothermal test well.

## Corporate

During the quarter Strike's expenditure focused on the appraisal drilling and testing program for the West Erregulla gas resources, progressing its various seismic and exploration drilling programs, executing strategic transactions and pre-development activities at Project Haber.

During to the quarter, the Company raised \$75 million (pre-transaction costs) in a single tranche placement and a subsequent \$10 million in a heavily oversubscribed Share Purchase Plan. Strike's consolidated cash and cash equivalents at the end of the quarter was approximately \$75 million with \$4 million of undrawn facilities and a further potential \$15 million available subject to Strike and Macquarie Bank agreement.

During the quarter Strike progressed discussions with several parties in relation to the sale of some or all of its Cooper Basin interests. Several interested parties have subsequently engaged in further negotiations where potential transactions are expected to mature in 2H/21.

After the balance date of the quarter Strike confirmed that it has increased its economic interest in the West Erregulla gas project to 54% via the acquisition of an 8.16% strategic stake in the listed equities of Warrego Energy Limited. Strike's Board of Directors considered that the increase of a further 4% economic interest for ~\$22 million represented an attractive transaction to increase its exposure to EP469, and the West Erregulla Gas Project, which it considers to be valuable assets with significant potential. The investment was in line with proposed use of funds from the recent capital raise and Strike confirms it remains fully funded to deliver against its exciting development, exploration and appraisal programs in the second half of 2021.

Organisationally during the quarter, Strike recruited notable WA energy and resources professional Crispin Collier to the role of Chief Development Officer. Mr. Collier assumed the role within Strike's newly formed development arm that has current carriage of the Project Haber fertiliser facility, the Mid-West Geothermal project and other downstream business development activities. Strike is very fortunate to have someone of the calibre of Mr. Collier join the organisation as Mr. Collier has a long involvement as a producer, buyer and user of industrial gas and energy in WA and brings 22 years of experience from the resources industry, working for BHP, Fortescue Metals Group and more recently for Wesfarmers in both their Business Development and Chemicals, Energy and Fertilisers divisions. Mr. Collier also spent time as an active Board member of Quadrant Energy prior to its acquisition by Santos, where he was exposed to the long-term trends in the WA gas market whilst Quadrant was WA's largest domestic gas supplier.

As outlined in the attached Appendix 5B (section 6.1) \$139,000 in payments were made to related parties for director fees.



## Petroleum Tenements Held at the End of the Quarter

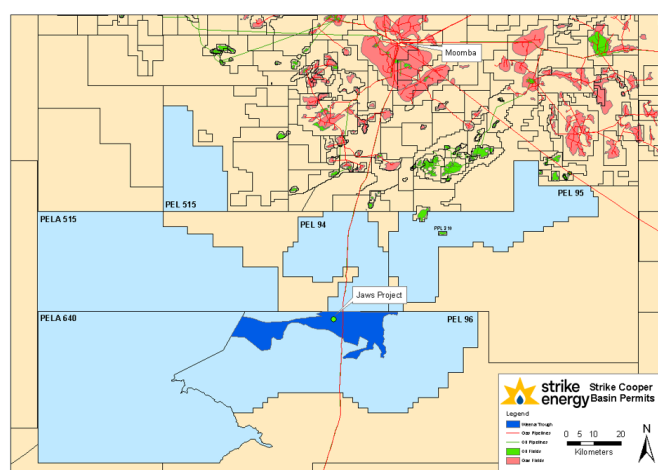
Permit	Basin	Play	Operator (parent)	STX Interest	Gross Area (acres)	STX Net Area (acres)
EP469 (West Erregulla)	Perth Basin	Permian Gas	Strike	50%	55,500	27,750
EP503	Perth Basin	Permian Gas	Strike	100%	138,626	138,626
EP504	Perth Basin	Permian Gas	Strike	100%	92,170	92,170
EP505	Perth Basin	Permian Gas	Strike	100%	18,533	18,533
EP506	Perth Basin	Permian Gas	Strike	100%	37,066	37,066
EP447 (Walyering) <sup>1</sup>	Perth Basin	Jurassic Wet Gas	Strike	100%	274,287	274,287
EP488	Perth Basin	Jurassic Wet Gas	Strike	100%	73,390	73,390
EP489	Perth Basin	Jurassic Wet Gas	Strike	100%	36,572	36,572
EP495	Perth Basin	Jurassic Wet Gas	Strike	100%	73,637	73,637
PEL 94	Cooper Basin	Deep Coal	Beach	35%	222,963	78,037
PEL 95	Cooper Basin	Deep Coal	Beach	50%	316,418	158,209
PEL 96 (Jaws)	Cooper Basin	Deep Coal	Strike	67%	668,098	444,953
PELA640	Cooper Basin	Deep Coal	Strike	100%	821,056	821,056
PEL 515	Cooper Basin	Western Flank	Strike	100%	750,483	750,483
PPL210 (Aldinga)	Cooper Basin	Shallow Oil	Beach	50%	988	494

1. Strike entered into an agreement to sell 45% interest in EP447 to Talon Petroleum. Transfer of the 45% farmin interest to Talon Petroleum is currently pending with registration of the transfer expected to occur in Q321.

## Important Notices:

### Future Statements

Statements contained in this release are or may be forward looking statements. All statements in this release regarding the outcomes of preliminary and definitive feasibility studies, projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike. Actual results, performance, actions and developments of Strike Energy may differ materially from those expressed or implied by the forward-looking statements in this release. Such forward-looking statements speak only as of the date of this release. Refer to the 'Summary of Key Risks' section of the release titled "Equity Raising and Corporate Update April 2021" released to ASX on 15 April 2021 for a summary of certain general, Strike specific and acquisition specific risk factors that may affect Strike. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in the aforementioned ASX



release. Investors should consider the forward-looking statements contained in this release in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and any of its affiliates and their directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Strike since the date of this release.

### **Project Haber Studies**

The concept, feasibility and pre-FEED study prepared by Technip Energies referred to in this document has been undertaken to determine the potential viability of Project Haber and to reach a decision to proceed with more definitive studies, and as such are indicative in nature only. The study is based on low-level technical and economic assessments and is insufficient to provide assurance of an economic development case at this stage or provide certainty that the conclusions of the study will be realised.

This announcement is authorised for release by the Managing Director and Chief Executive Officer in accordance with the Company's Continuous Disclosure Policy.

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STRIKE ENERGY LIMITED

ABN

59 078 012 745

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,507)	(4,701)
	(e) administration and corporate costs	(1,558)	(3,904)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	200
1.5	Interest and other costs of finance paid	(4)	(19)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	785	8,784
1.8	Other (cost recoveries from JVs)	720	2,668
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,563)</b>	<b>3,028</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(61)	(218)
	(d) exploration & evaluation	(10,093)	(31,749)
	(e) investments	(10,681)	(10,681)
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	3	3
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Advances made from JV participants/Deposits)	(494)	506
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(21,326)</b>	<b>(42,139)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	85,000	85,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	375	1,294
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2,484)	(2,484)
3.5	Proceeds from borrowings	-	8,719
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(319)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	31	31
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>82,922</b>	<b>92,241</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	14,695	21,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,563)	3,028
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21,327)	(42,139)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	82,921	92,240



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(2)	30
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>74,724</b>	<b>74,724</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	18,519	11,624
5.2	Call deposits	55,000	-
5.3	Bank overdrafts	-	-
5.4	Other (share of JV bank accounts)	1,205	3,071
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>74,724</b>	<b>14,695</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	139
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	13,000	9,133
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	13,000	9,133
7.5	<b>Unused financing facilities available at quarter end</b>		3,867
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Macquarie Bank Limited Facility - \$13 million Interest rate – 11% + bank bill swap rate Maturity Date – 12 November 2022 Secured facility</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,563)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(10,093)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(11,656)
8.4	Cash and cash equivalents at quarter end (item 4.6)	74,724
8.5	Unused finance facilities available at quarter end (item 7.5)	3,867
8.6	Total available funding (item 8.4 + item 8.5)	78,591
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	6.7
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ...30 July 2021.....

Authorised by: By the Board  
.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.