

WE5 Production Test Update

- Gas production and pressures throughout the Kingia Sandstone at WE5 in combination with other field wide appraisal results supports West Erregulla as a large, connected gas field.
 - WE5 headline production rates were impaired due to ineffective completion and formation of reservoir skin with planned recompletion and retest in the coming weeks.
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Strike Energy Limited (Strike - ASX: STX) advises on behalf of the EP469JV that it has completed interim production testing at the West Erregulla 5 (WE5) well.

Instantaneous rates from WE5 were measured at 13.1 mmscf/d from two separate perforated zones over a combined 31-metre interval in the Kingia Sandstone, between 4,840 metres and 4,874 metres measured depth (4,613m to 4,647m subsea). The initial flows indicated a production barrier that the reservoir was unable to overcome through prolonged flow testing. This is interpreted to be skin from the filtrate from cement and mud invasion resultant from the drilling which has been amplified via the depth of penetration and ineffectiveness of the existing completion. The primary flow period was conducted over 77 hours at a rate of 5.1 mmscf/d through a 64/64" choke, with 260 psig flowing well head pressure.

The flow rates and pressures were stable throughout the extended flow period and in conjunction with pressure build ups show no evidence of depletion from the test. Gas sample analysis indicates WE5 has a similar gas composition to the other well results from the field, and WE5 produced associated water which was measured at less than 5.9 bbls per mmscf on average.

Analysis of the well test data shows equivalent virgin reservoir pressures to that of the other West Erregulla wells which creates a high degree of confidence that better quality reservoir that is synonymous with the West Erregulla gas field exists beyond the near well bore zone. Strike will commence planning and scheduling a recompletion for the coming weeks in order to retest the WE5 well. After the recompletion and additional flow testing Strike will run a Production Logging Tool (PLT) test to confirm the gas contribution from each perforated zone.

Importantly the flow test has confirmed the following positive outcomes for the West Erregulla gas field and its associated resource size:

- Gas flows have been measured down to at least 4,670m subsea which will increase the overall gross rock volume of the field,
- The field wide pressure regime is consistent indicating no compartmentalisation,
- Gas composition appears consistent throughout the field supporting all engineering completed to date for the Phase 1 production operations,

Forward Plan

Strike in consultation with Netherland Sewell and Associates and on behalf of the EP469JV will commence preparation of the independent West Erregulla resource and reserve report, whilst

also planning the recompletion of WE5 in order to retest the production rates and confirm zonal contribution via a PLT.

Chief Executive Officer & Managing Director Stuart Nicholls said:

“Whilst this production test has been impacted by skin and near wellbore reservoir impairment, it has answered many of the remaining questions required to progress the independent resource and reserve booking which the Joint Venture is excited to proceed with.

“Strike will be back to WE5 shortly to recomplete and retest the well with an expectation that superior flow results will be achievable with the deployment of alternative completion methods. This will then allow the Joint Venture to place WE5 on inventory for the proposed Phase 1 production operations”

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

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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West Erregulla Gas Field & Well Locations in EP469

