

Walyering update & implications of success

- Walyering-5 cased, cemented and successfully pressure tested.
 - Walyering presents a low capex and fast development opportunity for Strike to monetise the asset on a successful production test scheduled for Q1/2022.
 - Ocean Hill gas discovery and ~270km² of Jurassic leads to progress towards conventional appraisal and exploration operations given technical break through and validation from the Walyering success.
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Strike Energy Limited (Strike - ASX: STX) provides an update on the Walyering-5 well and its exploration and appraisal activities in its central Perth Basin acreage post the confirmation of a strong result at the Walyering gas field.

Current and future operations

Strike has successfully run in and cemented the 5-1/2" casing in place before completing pressure testing of the casing string. Due to the presence of multiple porous gas bearing sands, the EP447 JV has decided to alter the completion of the well to accommodate the ability to open, close and isolate the A, B & C sands individually using slickline tools via sliding sleeves. This will allow for individual testing of the sands to define productivity profiles to support the best resource/reserve conversion of the field and allow for future flexibility once the field is online in order to measure individual sand contributions and varying reservoir pressures.

The cost of the Walyering-5 well has come in under budget with the drilling performance exceeding expectations. The total cost for drilling and evaluation of W5 is currently estimated at \$8.5 million gross, noting that overhead and owners' costs are not included in this estimate.

Strike will now proceed to run a cement bond log and vertical seismic profile before suspending the well and commencing the demobilisation of the rig to the South Erregulla-1 well site. Strike will flow test the W5 well in Q1/22 as part of a broader testing campaign, following which Strike will then engage an independent certifier for booking of resources and reserves.

Opportunity for near term cashflow at Walyering

Based on the strong results at Walyering-5 to date and subject to a successful production test in Q1/22, Strike as operator of EP447 and the Walyering gas field is targeting to move the field back into production as quickly as possible. Walyering represents a fast to market and low capital development opportunity due to the:

1. Gas specification being better than pipeline (current estimate of 1 mmscf = 1.19 TJ)
2. Almost zero impurities in measured gas samples (H₂S, Nitrogen & CO₂)
3. Gas field is located on freehold farming land
4. Co-location with compressor station 3 of the Parmelia Gas Pipeline, which links the field to WA's industrial gas market
5. Reservoir pressure measured at 5x operating pressure of Parmelia Gas Pipeline

The simple profile of the Walyering gas accumulation means nominal infrastructure downstream of the wellhead is expected to be required before the gas enters the Parmelia Gas Pipeline, and in turn minimal non-well capital expenditure pre-production.

Strike is investigating a concept design of a production system that could support up to 20 TJ/d supplied by ~2 wells from the main lobes of the Walyering gas field. Strike has already commenced work to identify the location and design of the Walyering-6 well.

Strike will investigate the opportunity to target early gas production at Walyering to accelerate gas production.

Executive Director and CEO Talon Energy Limited, David Casey said:

“Talon is extremely happy with the results to date and is very supportive of progressing Walyering to production as soon as possible. Strike have done a great job getting the JV to this point and we are excited to start marketing gas with Strike to meet WA’s industrial gas market where conditions have been tightening of recent.”

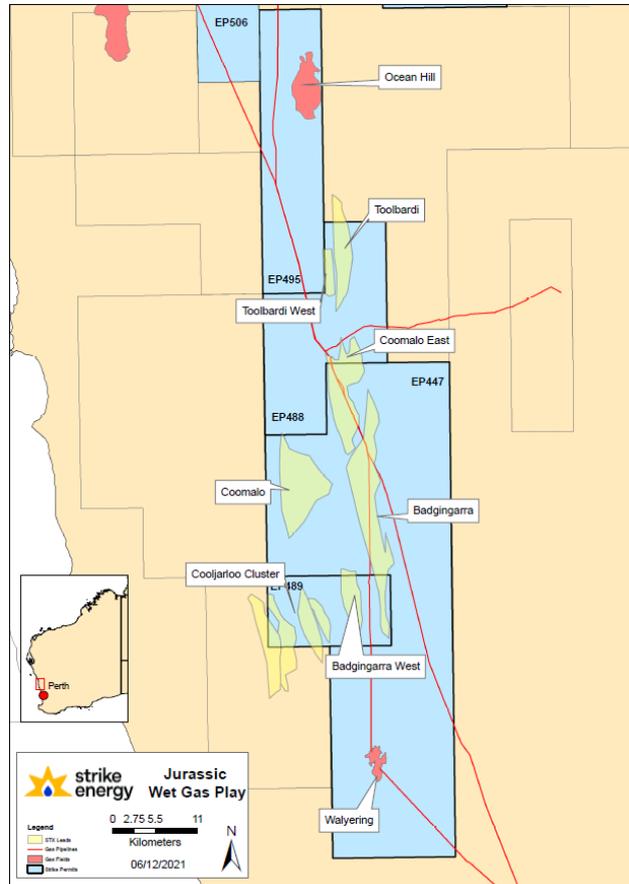
Strike is operator and the holder of a 55% in EP447, and Talon Energy (ASX: TPD) the other 45%.

Upside potential at Ocean Hill and throughout Strike’s Jurassic acreage

With the Walyering result validating the company’s geophysical modelling that 3D seismic amplitudes can be used as a proxy for prominent coarse grained sand fairways, charge migration pathways and, in Walyering’s case, a local hydrocarbon accumulation, Strike has improved confidence in its Ocean Hill project (EP495, 100% STX) and has high graded its Jurassic lead inventory such as Coomalo, Toolbardi and Badgingarra.

Ocean Hill is another historical Cattamarra gas discovery, where the Ocean Hill-1 well (again drilled on 2D seismic only) was placed on a large structure (four-way dip closed anticline) without understanding the hydrocarbon migration pathways or reservoir distribution of the play.

Similar to some of the historical Walyering appraisal wells, Ocean Hill-1 found a thick gas charged section of the Cattamarra between 3,077m-3,838m (761m) but had ineffective reservoir, only free flowing gas from a few



horizons, when tested 6 months later. Strike interprets this was a result of both sub-optimal well placement (not into the higher amplitude zones) and exacerbated by poor drilling and completions practices at the time.

The Ocean Hill structure is substantially larger than Walyering, and now represents lower risk and material upside in Strike’s gas portfolio.

Independent certification from DeGoyler MacNaughton endorsed Ocean Hill with a 360 BCF and 1.18 mln bbls of associated condensate 2C Contingent Resource estimate¹ based on results from the initial discovery well.

Strike has progressed the environmental approvals and land access for the proposed ~230km² Ocean Hill 3D seismic campaign. This 3D data will be critical to identify the best reservoir areas and in turn future well locations for the field’s appraisal program.

Given the validation Walyering has provided to Strike’s quantitative interpretations and geological models, Strike has improved confidence in Ocean Hill and will now seek to recommence marketing activities for a potential farm-in to carry some of the costs of the future seismic and drilling work program. Talon Energy has a right of first refusal in this proposed farmout process.

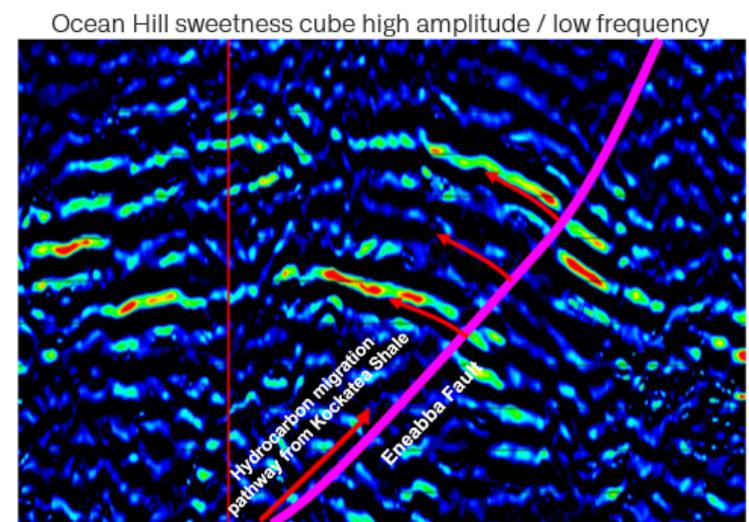
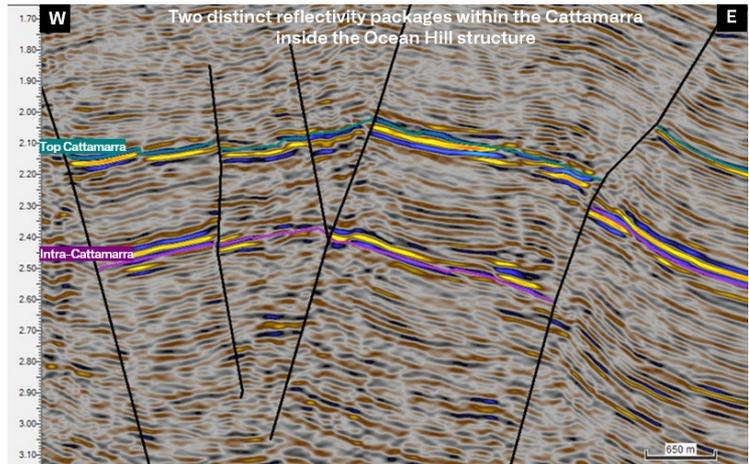
The Ocean Hill (EP495) permit covers 297 km² and is located on the Western flank of the Dandaragan Trough. The permit is intersected by the two major WA gas pipelines and has a compressor station within 7 km allowing for a potentially simple and low-cost development.

Strike Energy Managing Director & Chief Executive Officer, Stuart Nicholls said:

“The successful application of 3D seismic and corresponding conventional gas accumulation at Walyering has provided the company with a new suite of opportunities for very near term and future gas production in order to both capture the current favourable gas market conditions and to materialise its longer-term vertically integrated downstream strategy.”

“The Company is currently incorporating the results of Walyering into its development plans and, post a successful flow test in early 2022, will engage with an independent certifier to book reserves and resources at Walyering”

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



¹ For the Ocean Hill 2C Contingent Resource please refer to ASX Announcement: “Exploration Portfolio Update” dated 17th of February 2021. Strike confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimate in that announcement continues to apply.



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