

Walyering gas field sanctioned for development

- The Walyering gas field has been sanctioned for development in only 9 months from its announced discovery. Walyering will now transition into construction with a gross \$14.4 million budgeted development cost.
- Commissioning gas is expected to enter the upstream facility by the end of CY22 with first gas sales targeted in Q1/23.
- Strike has secured \$10 million from Macquarie Bank Limited to fund its \$7.9 million share of the development costs.

Strike Energy Limited (Strike - ASX: STX) is pleased to announce that the Walyering gas field has been sanctioned for development by the EP447 JV where Strike is the operator and owner of a 55% equity interest, with Talon Energy Limited (ASX: TPD) the owner of the remaining 45%.

Strike's Chief Executive Officer & Managing Director Stuart Nicholls said:

"With this development decision at Walyering only 9 months since the discovery, Strike will complete its transition into production operations by the end of CY22. Walyering is estimated to produce between \$50-\$75m pa in gross cashflows based on the current estimated range of product pricing and production rates. The free cashflow yield of these revenues is projected to be in excess of 90% due to the high quality of the Walyering gas field. The entry into production may support a general increase in the value of the Company's undeveloped assets with Strike being able to access a broader range of capital options to support Strike's next wave of growth"

Walyering Gas Field Development

The full field development cost of the 33 TJ/d and 1,400 bbl storage and offloading upstream facility is budgeted at \$14.4 million (\$7.9 million Strike share), including contingency, and is based on final quotes and vendor estimates to complete the existing wells, construct the upstream infrastructure, and tie the field into the Parmelia Gas Pipeline.

Strike has identified local sources for many of the various components in order to navigate the current supply chain conditions and ensure timeliness of the construction. Strike will construct the facility on the existing W6 well site in order to reduce civils costs and additional land access.

Strike has successfully navigated the Walyering gas field through its primary environmental review process and has prepared all documents for submission required to secure its secondary approvals, such as the Production License, Safety Case and Environment Management Plan. The remaining approvals are on the critical path for first production and Strike currently estimates that commissioning gas is expected to enter the upstream facility by the end of CY22 with first gas sales targeted in Q1/23. Strike will provide interim updates on the progress of the construction and commissioning of the Walyering gas field throughout the 2H of CY22.

Renewable Energy Integration

Power to the Walyering upstream facility will be provided by a solar array of 108 panels and accompanying battery storage. The integration of this cost-effective renewable energy solution

is designed to minimise the Scope 1 emissions profile of the development, eliminate consumption of sales gas/condensate and also demonstrate Strike's sustainability commitments even at its maiden upstream development.

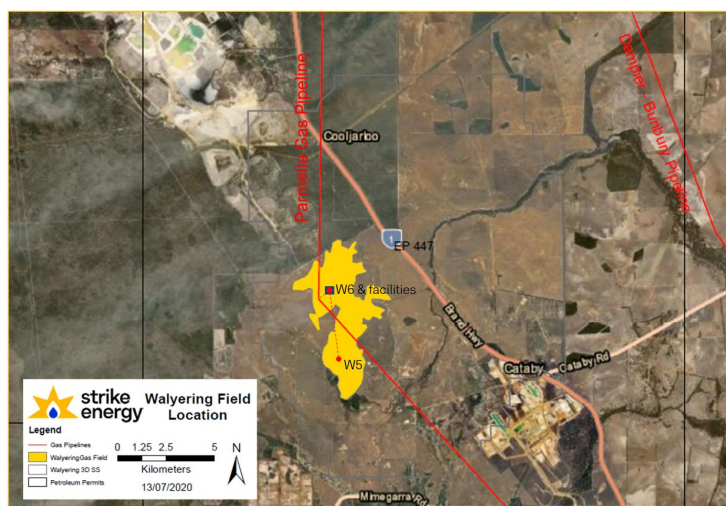
Walyering Gas Field Operating Cost

Field operating costs are estimated to be low due to the remotely controlled nature of the facility and the high quality of the Walyering hydrocarbon stream and, therefore, negligible processing costs and consumables. Field operations will be controlled via Strike's new remote operations centre in West Perth with field inspections and maintenance activities on a scheduled basis. For delivery of gas into the Parmelia Gas Pipeline, variable unit operating costs are estimated to be as low as \$0.22 GJ with fixed operating costs estimated at \$2.7 million per annum.

Walyering Gas Field Reserves, Production & Commercialisation

The Walyering gas field will develop the recently announced gross 54 PJ and 0.55 mmbbls of 2P Reserves as certified by RISC Advisory.¹ Strike is targeting a minimum of 20 TJ/d (gross) to be sold on a firm take or pay basis with a further 13 TJ/d (gross) of supply available to be contracted after initial production and pressure performance of the field is observed. Initial Reserves modelling indicates approximately 5 years of plateau production at the upper daily production range before the field will begin its decline profile over the following 4-5 years.

Strike has completed two rounds of its gas marketing processes for the Walyering gas supply and received strong responses for demand where pricing for take or pay volumes has been observed between \$6-7 GJ with various start dates, volumes and other key commercial terms. Shortly, Strike will commence negotiations with shortlisted counterparties and expects to be in a position to complete its gas marketing and execute contracts in Q4 of CY22 selecting buyer volumes that best match the objectives of the JV.



Daily production of condensate is estimated to be between 150 bbls/d and 300 bbls/d and will be stored on site and then delivered by truck via the adjacent Brand Highway to its point of sale. The condensate has been laboratory measured to be a premium product with a profile between jet fuel (kerosene) and gasoline. Strike is currently assessing several points of sale between Geraldton, Kwinana, Karratha and consumption in the immediate local vicinity.

Macquarie Development Finance

Strike has secured a further \$10 million from Macquarie Bank Limited to debt fund its \$7.9 million of post-FID Walyering development costs through to first production. Strike will apply to Macquarie to roll its total \$33 million debt package into a traditional project financing facility for Walyering as the project moves through various milestones (construction completion, commissioning and first sales) which will attract a more competitive cost of capital due to the lowering risk profile. This additional facility as announced today will be provided on substantially the same terms as the existing facilities² and will be finalised in the form of an amendment to the existing Facility Agreement.

¹ Refer ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike Energy's equity interest is 55%. Strike Energy confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all assumptions and parameters underpinning the estimate continues to apply

² Refer ASX announcement dated 30 November 2020 entitled "Macquarie Bank Facility Executed and ASX announcement dated 23 June 2022 entitled "Financing Strategy Update".



As part of the establishment cost of this additional facility, Strike will issue Macquarie with 20.7 million options to subscribe for Strike ordinary shares at an exercise price of 31.7 cents (a 15% premium to the 30-day VWAP at the time of commitment). These options will be issued at financial close, will not be subject to shareholder approval, and will expire 22 December 2024. The facilities are to be secured against Strike's Walyering assets and will rank behind joint venture cross security.

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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Forward Looking Statements

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