

# Gas acceleration strategy

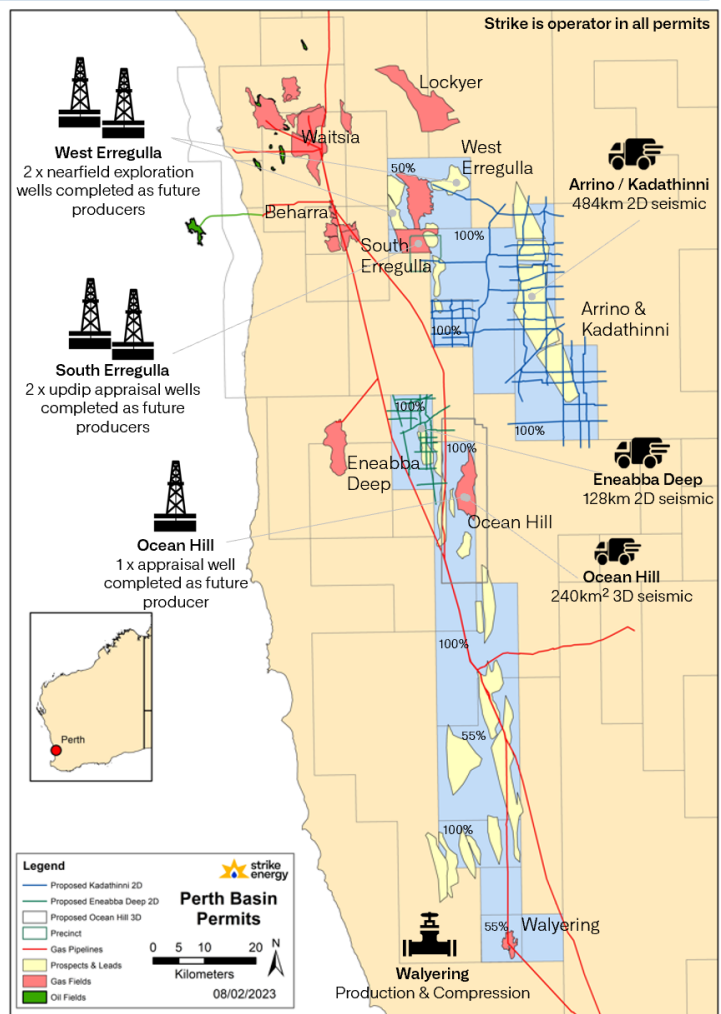
- Strike launches fully funded gas acceleration strategy targeting up to four sources of gas production to come online by the end of 2025, commencing with Walyering in early 2023, to take advantage of attractive WA market conditions.
- Strike's Board has sanctioned a substantial capital program that includes:
  - 5 wells across South Erregulla, West Erregulla and Ocean Hill,
  - 240km<sup>2</sup> of 3D seismic at Ocean Hill,
  - 128km of 2D seismic at Eneabba Deep; and
  - 484km of 2D seismic across the large Permian Arrino and Kadathinni leads.
- The gas acceleration strategy is designed to:
  - convert material Contingent and Prospective Resources to Reserves;
  - bring online production from up to four sources of gas all by end-2025.
  - acquire data to delineate further upside in Strike's portfolio.

Strike Energy Limited (ASX: STX) (**Strike**) is pleased to launch its fully funded gas acceleration strategy post-receipt of ~\$136 million in proceeds from the sale of its Warrego Energy Limited shares.<sup>1</sup>

Strike's exploration and appraisal operations over the past several years has positioned the Company favourably with the opportunity to accelerate a number of appraisal and development activities to take advantage of current and forecast attractive WA gas market conditions.

These market conditions have been brought about by a confluence of events, which include declines in existing supply sources, under investment, a lack of reserves replacement, poor exploration outcomes and an increase in demand. The lack of future supply options has been exacerbated by the change of control events in the Perth Basin, where gas production that would have likely entered the domestic gas market for existing users will now likely be consumed internally by those acquiring entities, being Hancock Energy and Mineral Resources Ltd.

The focus of Strike's gas acceleration strategy is the target of bringing up to four gas fields into commercial production by the end of 2025, subject to the successful outcome of



<sup>1</sup> Funding sources includes the currently uncommitted \$80 million development facility to be provided by Macquarie Bank, which remains subject to credit approval and other project development related milestones.



(among other things) appraisal activities and, where required, joint venture processes. The four gas production targets are Walyering, which is due to commence production early this year, West Erregulla, South Erregulla and Ocean Hill. The strategy will look to exploit Strike's existing 371 PJ of net 2P Reserves proven up across the Greater Erregulla and Walyering fields, convert Strike's existing 610 PJe of net 2C Contingent Resources to Reserves and test 275 PJe of new net 2U Prospective Resources to delineate further gas resource upside.<sup>2</sup>

### Walyering

Operator, L23 55%

Strike, together with its joint venture partner Talon Energy Limited, will bring the Walyering gas field online early this year with an up to 33TJ/d gas and 250bb/d condensate production facility. The joint venture has also made provision for future compression to be installed in year two or three in order to extend the life of the field beyond the existing contracted volumes of gross 36.5 PJ facilitating the recovery of the full 2P Reserve potential of gross 58 PJe and potentially some of the gross 34 PJe of 2C Contingent Resources.<sup>3</sup>

### Greater Erregulla

Operator, South Erregulla EP503 100% and West Erregulla EP469 50%

Strike will look to bring the Erregulla fields online through the development of gas processing infrastructure at the Company's Mid West Low Carbon Manufacturing Precinct to support production from the existing 625 PJ of net 2P Reserves and 2C Contingent Resources that makes up Strike's share of the Greater Erregulla gas fields.<sup>4</sup>

Strike will drill two new up-dip South Erregulla appraisal wells in Q3 23, which are designed to convert the existing 178 PJ of net 2C Contingent Resources in the Kingia Sandstone to Reserves, and two near-field exploration wells in early 2024 into Southwest Erregulla and Erregulla Deep, which will test 275 PJ of net 2U Prospective Resources, where both structures are connected to existing Reserves or Contingent Resources.<sup>5</sup>

### Ocean Hill

Operator, EP495 100%

Ocean Hill is an exciting fast to market opportunity which already has a material 306 PJe net 2C Contingent Resource (100% Strike).<sup>6</sup> Analysis of the gas discovery in the Jurassic aged Cattamarra Coal Measures using Strike's proprietary Walyering information shows the path towards a conventional, fast to market low cost development. As the Ocean Hill resource is the play extension of Walyering it has the same attributes (low impurities, high pressures and proximity to pipelines) as Walyering, which provides opportunity to bring a fourth source of gas online as early as end 2025. As such Strike has committed to an appraisal well (Ocean Hill-2) to be drilled in 2024 with the objective of maturing the 2C to 2P Reserves and to 240km<sup>2</sup> of 3D seismic (to be acquired in late 2023) to optimise the location of that well. Strike has also made a contingent provision in its budget for a replica Walyering development which would be subject to successful appraisal.

### Permian Exploration

Operator, EP506 100%, EP503 100%, EP504 100%

The Strike Board considers there to be potential for substantial upside in Strike's portfolio with four material gas leads identified by Strike that have over 120km<sup>2</sup> of closure in the Eneabba Deep, Arrino and Kadathinni structures within Strike's 100% owned Permian permits.<sup>7</sup> These leads present the opportunity

<sup>2</sup> Refer important notices at the end of this release for information on reserves and resources. **Prospective Resource (2U) 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, probabilistically determined, 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.

<sup>3</sup> Refer important notices at the end of this release for information on reserves and resources. Strike interest 55%.

<sup>4</sup> Precinct development remains subject to (among other things) infrastructure procurement, regulatory approvals, South Erregulla drilling results and satisfaction of conditions to the currently uncommitted \$80 million development facility from Macquarie Bank. Development of the West Erregulla field is subject to the outcome of joint venture processes. The 625 PJ of net 2P Reserves and 2C Contingent Resources comprises 128 net 2P Reserves and 271 net 2C Contingent Resources at South Erregulla (Strike 100%) and 211 net 2P Reserves and 15 net 2C Contingent Resources at West Erregulla (Strike 50%). Refer important notices at the end of this release for reserve and resource information.

<sup>5</sup> Refer important notices at the end of this release for information on reserves and resources and Prospective Resource Cautionary Statement referenced in footnote 1. Strike interest in South Erregulla is 100% and in Southwest Erregulla and Erregulla Deep is 50%.

<sup>6</sup> Refer important notices at the end of this release for reserve and resource information.

<sup>7</sup> Refer ASX announcement "Strike identifies significant extension of Perth Basin Permian Trend" dated 4 November 2022.



for a new wave of gas discoveries with the potential to support Strike's downstream expansions or, subject to the granting of requisite exemptions, potential LNG backfill opportunities. Strike will acquire 2D seismic data over the Eneabba Deep Prospect (128 km) in mid-2023 and 484km over the large Arrino and Kadathinni leads on the Tathra Terrace extension from Lockyer Deep in early 2024. Subject to the results and interpretation of the new data, exploration wells may be tabled for 2025.

#### **Statements from the Managing Director & Chief Executive Officer of Strike, Stuart Nicholls:**

*"Strike's fully funded gas acceleration strategy provides a compelling investment opportunity. With the WA gas market short in the immediate term, Strike's counter cyclical exploration and appraisal activities over the past few years has the Company extremely well positioned to deliver high return valuable domestic gas developments at a time where there is little alternative.*

*"The strategy and capital program will also allow Strike to explore some of the untouched and highly prospective areas of its portfolio with the potential to prove up additional resources and reserves that may provide the WA Government with the security its needs to support granting Strike an LNG export exemption."*

This announcement is authorised for release by the Managing Director of Strike Energy Limited.

#### **Company Contacts**

Stuart Nicholls  
Strike Managing Director & CEO  
Email: [stuart.nicholls@strikeenergy.com.au](mailto:stuart.nicholls@strikeenergy.com.au)

#### **Strike Media Contact**

Paul Ryan  
(Citadel-MAGNUS)  
Phone: +61 409 296 511  
Email: [pryan@citadelmagnus.com](mailto:pryan@citadelmagnus.com)

#### **About Strike Energy Limited**

Strike Energy Limited (ASX.STX) is a leading Australian independent explorer and gas developer focused on its large and high-quality conventional gas resources in the Perth Basin. To leverage this prolific resource base, Strike has developed an integrated downstream strategy with the aspirations of becoming Australia's lowest cost domestic gas and fertiliser producer, supporting its future customers' carbon abatement and in doing so attracting premium pricing for its energy products.

Strike has an extensive acreage position in the Perth Basin, Western Australia with several key projects including the Greater Erregulla gas fields, Ocean Hill and Walyering. Strike is also advancing Project Haber, a compelling development opportunity for a 1.4mtpa urea fertiliser production facility to be built southeast of Dongara in Western Australia on Strike's Mid West Low Carbon Manufacturing Precinct.

#### **Forward looking statements**

Statements contained in this announcement, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance' 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this document regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings 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 may differ materially from those expressed or implied by the forward-looking statements in this announcement. Such forward-looking statements speak only as of the date of this announcement. 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 Strike West Pty Ltd's (wholly owned subsidiary of Strike) bidder's statement dated 23 December 2022 in relation to its off-market takeover offer to acquire all of the shares in Warrego Energy Limited that Strike does not already own. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and its affiliates and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement 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 announcement, 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 announcement will under any circumstances create an implication that there has been no change in the affairs of Strike since the date of this announcement.

### **Information regarding Reserve and Resource Estimates**

Unless otherwise stated, references in this report to:

- the West Erregulla Reserve and Resource estimate is set out in the ASX announcement dated 27th July 2022 entitled "West Erregulla Reserves Upgraded by 41%" and in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike's interest is 50%;
- the South Erregulla Reserve and Resource estimate is set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". Strike Energy interest is 100%;
- the Walyering Reserve and Resource estimate is set out in ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike 's equity interest is 55%; and
- the Ocean Hill 2C Contingent Resource is set out in ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike's equity interest is 100%.
- The Erregulla Deep & Southwest Erregulla 2U Prospective Resource is set out in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike equity interest is 50%.

The above announcements are available to view on Strike Energy's website at [www.strikeenergy.com.au](http://www.strikeenergy.com.au). The Reserves and Resources are unrisks. Strike 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.