

Letter from the Chair

Strike Energy Limited (Strike - ASX: STX) attaches, in accordance with ASX Listing Rule 3.17.1, a copy of a letter sent to shareholders by the Chair of the Strike Board of Directors.

This announcement is authorised for release by the Managing Director and Chief Executive Officer.

Company Contact

Emma Alexander

Investor Relations & Corporate Manager
Strike Energy Limited

emma.alexander@strikeenergy.com.au

Media Contacts

Paul Ryan

Citadel-MAGNUS
0409 296 511

pryan@citadelmagnus.com

28 February 2024

Dear Shareholders,

Following the disappointing flow test results from the South Erregulla 2 and 3 wells, my fellow Strike directors and I felt it important and appropriate to write to you.

Over the past few years, we have become accustomed to successful outcomes from our numerous drilling campaigns. Like many things in life, this success can be attributed to the talented people within and outside our Company. Our internal team consists of highly experienced technicians in the fields of geology, geophysics, drilling and completions, upstream engineering and production.

In addition to these internal competencies, we have accessed advice from best-in-class external providers such as Netherland Sewell & Associates, RISC Advisory Pty Ltd and Igesi Consulting Pty Ltd.

Strike's South Erregulla drilling program followed the same processes that resulted in Strike's string of major discoveries across the Perth Basin. Indeed, South Erregulla 1 is a commercial discovery well which flowed on test at 80 mmscf/d. Given our previous successful campaigns and the specific result from SE1, the outcomes from SE2 and SE3 have been a setback for everyone and are causing deep reflection, including how to avoid a repeat.

In the meantime, and subject to the update of the South Erregulla resources and reserves that is now underway, Strike's management and Board are assessing the various alternate development pathways for the South Erregulla reserves and we will keep Shareholders fully informed when we have agreed next steps.

Whilst the recent flow test results may restrict the future upside potential at South Erregulla, Strike has several other projects being progressed this year, which have the potential to deliver significant upside value for the business. These include the drilling of the Walyering-7 well in April this year with the aim of increasing reserves and, in turn, production throughput for our high margin cashflow generating Walyering production facility that was brought online in the second half of last year. We will follow this with the drilling of the Erregulla Deep well in the middle of the year, again with the aim of proving up additional West Erregulla resources and reserves.

The development and production capabilities we have garnered through the Walyering Project will be used to develop the West Erregulla gas project with our joint venture partner Warrego Energy EP469 Pty Ltd and, subject to successful future appraisal, the large Jurassic-aged Ocean Hill discovery. These projects, when combined with South Erregulla and Walyering, present an opportunity for the Company to become a major producer of domestic gas in Western Australia, where market fundamentals and Government reviews continue to support the investment case for further exploration, production and expansion.

The Company's cashflows from the Walyering Project underpin a healthy balance sheet that, with the Board's prudent capital management, will enable the Company to develop further gas assets, generate additional value for our Shareholders and avoid dilution.

We have no control over the actions of market participants, but we are disappointed that the sell-off in the Company's securities has been so severe. In the Board's opinion, the current market capitalisation of the Company does not reflect the value of the Company's unique suite of Perth Basin assets. We take full responsibility for this setback and are committed to restoring value to the Company and to our Shareholders.

On behalf of the board and management of Strike, thank you for your ongoing support. If you have any questions or comments, our Managing Director Stuart Nicholls and I are always available to take your call or email.

My number is +61 419 919 280 and my email address is: jp@johnpoynton.com.au. Stuart's number is +61 432 587 808 and his email address is: stuart.nicholls@strikeenergy.com.au.

Yours sincerely,



John Poynton AO

Chair

M: + 61 (0) 419 919 280