

Perth Basin Strategy & Operations Update

Highlights

- Strike to embark on a new journey as developer and producer
 - Strategic framework for Perth Basin value realisation in place
 - High impact Perth Basin appraisal and exploration campaign now in execution
 - Staged development of West Erregulla proposed to accelerate cashflows and optimise capital expenditure
 - WA gas market analysis supports Strike's view that the Company is well positioned for several decades to come
-

Strike Energy ("Strike, or the Company") is pleased to provide investors with an update to its Company strategy, which is driven by its recent, significant gas discovery in the Perth Basin. This strategy update is in addition to the Company's aspirations in South Australia where it continues to pioneer its potentially transformational Southern Cooper Basin Gas Project. Full details of the WA strategy, development plans and market analysis, including an operations update, are included in the presentation accompanying this announcement.

WA Business Vision

Strike aspires to be the lowest cost onshore gas producer in Australia, in order to ensure long term, reliable and affordable natural gas is available to support the energy transition into a lower carbon future, whilst providing excellent returns to its shareholders. Strike will look to achieve its vision through a sequenced and deliberate development of its conventional gas assets in the Perth Basin.

WA Strategic Plan

The discovery of the West Erregulla gas field marks a major turning point in the Company's history. Strike's strategy is built on the strong foundation provided by West Erregulla, which is:

- a strategic sized gas resource;
- very high quality with regards to gas composition, pressure and permeabilities; and

- close to existing infrastructure, including two of WA's major gas pipelines and existing gas plants.

The market opportunity for West Erregulla is based on the field being able to support long term low cost gas, supplanting other higher cost sources in the market. Strike also forecasts a growing demand from Western Australia's resources sector and has identified the opportunity to use more gas in electricity production where other more carbon intensive sources remain as a significant portion of the energy mix.

The strategic size of the West Erregulla discovery also has the potential to support a generation of new demand in WA through the building of potential chemical, additional LNG and/or manufacturing infrastructure. By providing a long term, reliable and competitive gas supply, Strike believes additional downstream demand will emerge quickly.

Our strategy and plans for developing our Perth Basin assets are summarised below.

- Appraisal of West Erregulla, with two wells to be completed as future producers targeted for completion by the end of 2020.
- A phased development of West Erregulla, to generate early cashflow, maximise capital efficiency and optimise a larger scale development based on a full understanding the available resource.
 - Phase 1: targeting production in 2022.
 - Phase 2: targeting concept select in early 2022.
- Exploration of Strike's dominant position in the Permian gas-prospective fairway in the Perth Basin to understand its full resource potential. Current planned activities include:
 - Additional 3D seismic to the North and South East of West Erregulla.
 - Regional 2D seismic into the middle of the Dandaragan trough.
 - Proposed exploration drilling campaign resulting from the seismic activities above.



Corporate

Strike is quickly building its internal capability to ensure it has the people and systems in place to manage its transformation from explorer to developer and ultimately producer of natural gas. This includes bolstering the Company's Board of Directors with the appointment of mining and infrastructure leader, Mr Neville Power, as Board Deputy Chair.

The Company's new business vision reflects the significance of the Perth Basin opportunity and the importance of gas in the energy transition to a lower carbon future.

Strike's brand has also been re-invigorated to reflect a focus on gas development and a bright new future for the Company as a potential leader in the new era of Australian energy producers.

Company Contact

Stuart Nicholls

Managing Director & CEO

stuart.nicholls@strikeenergy.com.au

Investor & Media Relations

Paul Ryan

Citadel-MAGNUS

+61 (0) 409 296 511

pryan@citadelmagnus.com



Perth Basin Strategy
& Operations Update

October 2019

Summary information

This presentation contains summary information regarding Strike Energy and its subsidiaries current as at 20th October 2019. The information in this presentation is of general background only and does not purport to be complete. The contents of this presentation should be considered in conjunction with Strike Energy's other announcements lodged with the Australian Securities Exchange available at www.asx.com.au.

Not an offer

This presentation does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment.

Not financial product advice

Reliance should not be placed on the information or opinions contained in this presentation. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. Any decision to purchase or subscribe for any shares in Strike Energy Limited should only be made after consideration of your own objectives and financial situation, making independent enquiries and seeking appropriate financial advice.

Past performance

Statements about past performance provides no guarantee or guidance as to future performance, including in respect of the price of Strike shares.

Future Statements

Statements contained in this presentation, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, oil and gas prices, reserve or resource potential, exploration drilling, timeline, potential growth of Strike Energy Limited, industry growth and any estimated company earnings are or may be forward looking statements.

Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties associated with oil, gas, geothermal and related businesses, many of which are outside the control of Strike Energy Limited and are not guarantees of future performance.

Although the Company believes that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results, actions and developments to differ materially from those expressed or implied by the statements in this presentation, including, but not limited to: price fluctuations, actual demand, drilling and production results, reserve estimates, regulatory developments, project delays or advancements and approvals and costs estimates. Subject to any continuing obligations under applicable law and the Listing Rules of ASX Limited, Strike Energy Limited does not undertake any obligation to publicly update or revise any of the forward-looking statements in this presentation or any changes in events, conditions or circumstances on which any such statement is based.

Competent person's statements

The information in this presentation that relates to resource estimates is based on information compiled or reviewed by Mr A. Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers. Mr A. Farley is Exploration Manager for the Group and has worked in the petroleum industry as a practicing geologist for over 17 years. Mr A. Farley has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

Mr Tony Cortis (M.Sc. Geology) of Igesi Consulting has consented to the inclusion in this report of matters based on his information in the form and context in which they appear. Mr Cortis has over 30 years of industry experience, 28 of which were with Shell International, and is a member of APEGA and the AAPG. He has extensive technical and delivery experience in all three Unconventional Resource play types: tight clastic, shale and coal bed reservoirs. He has actively worked on CBM projects in the Bowser Basin, the Western Canada Sedimentary Basin and in the Ordos Basin of China. He has also worked on numerous conventional clastic and carbonate plays worldwide.

Board of Directors



Non-Exec Chairman
John Poynton AO Cit WA
Australian Business Leader
Governance & Finance



Non-Exec D. Chairman
Nev Power
Ex FMG MD
Mining & Infrastructure Leader



Managing Director
Stuart Nicholls
Ex Shell International
Upstream & Commercial



Non-Exec Director
Andrew Seaton
Ex CFO Santos
Finance & Commercial

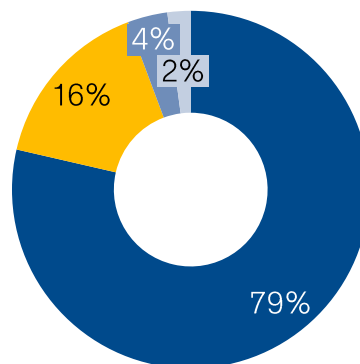


Non-Exec Director
Jody Rowe
Ex BG, Rowe Consultants
Contracting & Procurement



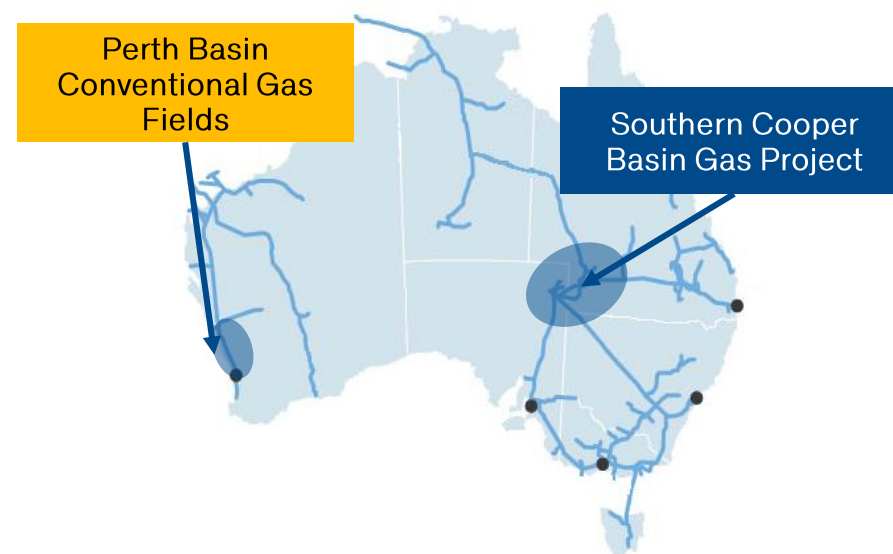
Non-Exec Director
Stephen Bizzell
Energy & Finance Executive
Exploration & Management

Strike Register



Corporates High Net Worth
Insiders Other

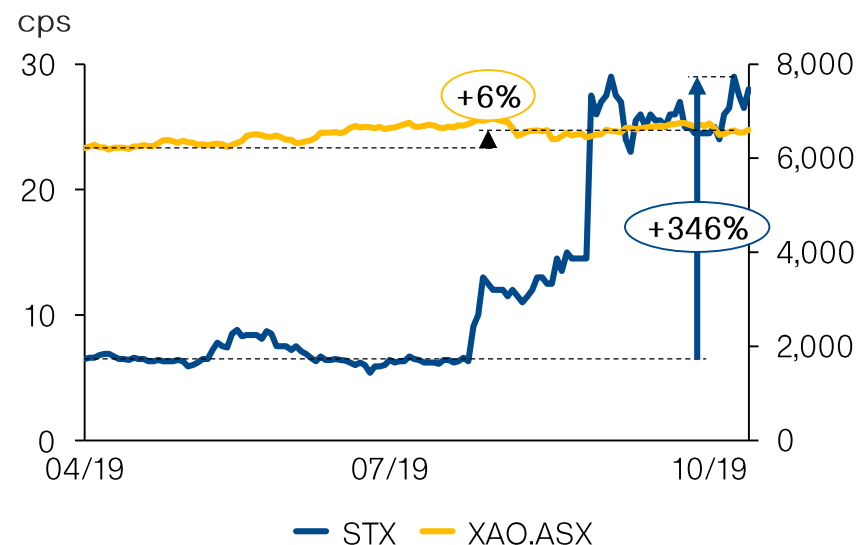
Strike Portfolio – West & East



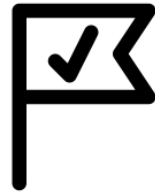
Corporate Information

- Shares: 1,574 mln
- Options: 44.8 mln
- Performance Rights: 6.9 mln
- Market Cap ~\$420 mln
- Cash: \$6mln (Q3/19)

STX Share Performance



**Discovered
resources**



Major high quality conventional gas discovery at West Erregulla

**Upcoming
catalysts**



Impending flow testing and resource statement

Demand for gas



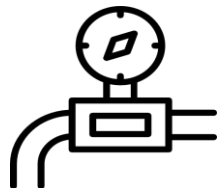
Supportive and tightening WA gas market fundamentals

Major upside



Near term high impact appraisal and exploration campaigns

**Low cost
development**



Staged development utilising adjacent gas infrastructure and existing offtake option

Conventional gas discoveries across:

- ✓ Wagina sandstone.
- ✓ Kingia sandstone.
- ✓ High Cliff sandstone.

Reservoir Qualities:

- Excellent porosity.
- High Pressured.
- Kingia permeabilities outstanding.

Gas Quality:

- High methane content with low inerts.
- Dry gas hydrocarbon stream.

Discovery Size:

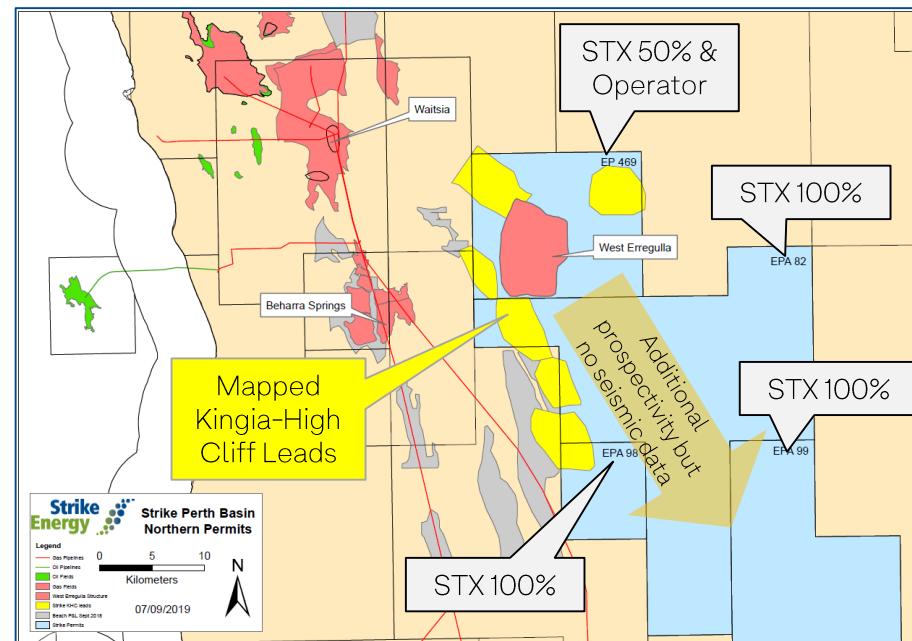
- Discoveries have exceeded expectations indicating a resource size much closer to pre drill P10 (high case) estimates. Certified resource statement to come.

Location:

- Adjacent to two transmission pipelines, amongst existing gas plants and on unallocated crown land.

Follow Exploration:

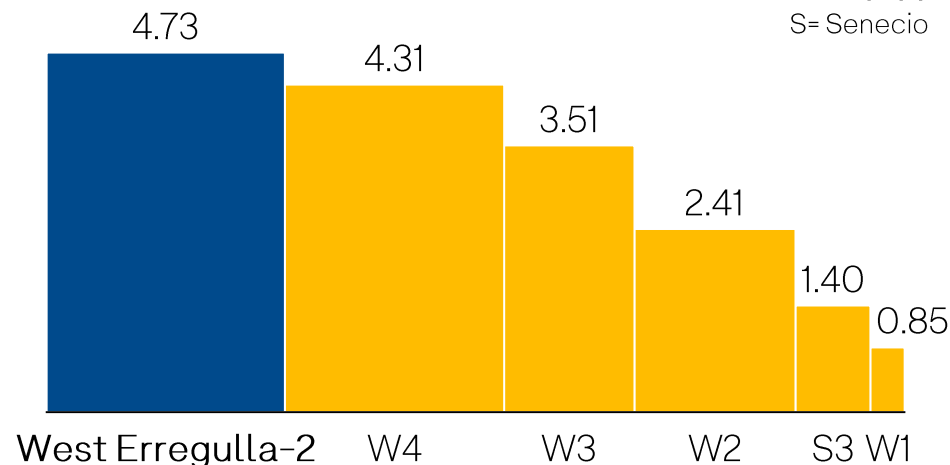
- Several large targets with similar attributes defined on existing 2D seismic

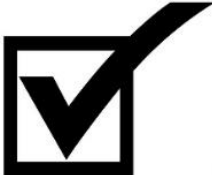
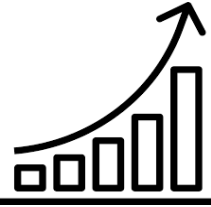





**Perth Basin Kingia Discovery Wells
Hydrocarbon Pore Volume
(HPV – Porosity x Height x Gas Saturation)**

Height: HPV
Width: Net Pay

W= Waitsia
S= Senecio



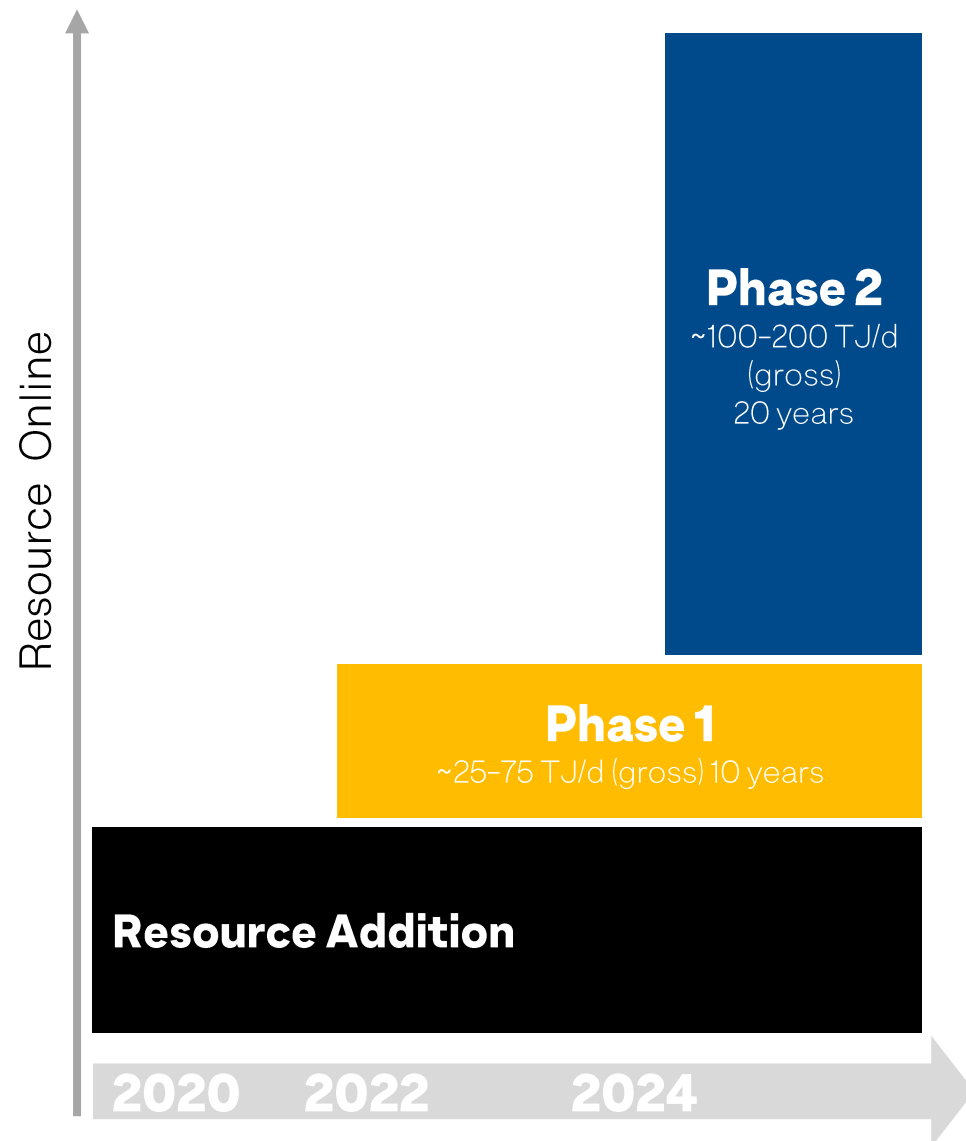
	Prospective W.A. Gas Market	Strike W.A. Gas Portfolio
volume of new supply	Dependent on future projects ?	Development Ready 
cost of supply	Rising up the cost curve 	Low cost 
timing of new supply	Uncertain 	Fast & Flexible 

West Erregulla & Development Strategy

Strike proposes phasing West Erregulla's development

- A smaller initial development will:
 - Deliver early positive cashflow
 - Reduce need for ongoing, dilutionary capital raisings
 - Facilitate senior debt procurement
 - Reduce initial capital required to reach first production
- Strategic Advantages:
 - Allows time for WA gas market complexities to play out before Phase 2 Development
 - Strike can fully define, test and aggregate resources across its WA portfolio before committing to production – to optimise a full scale development

West Erregulla development phases



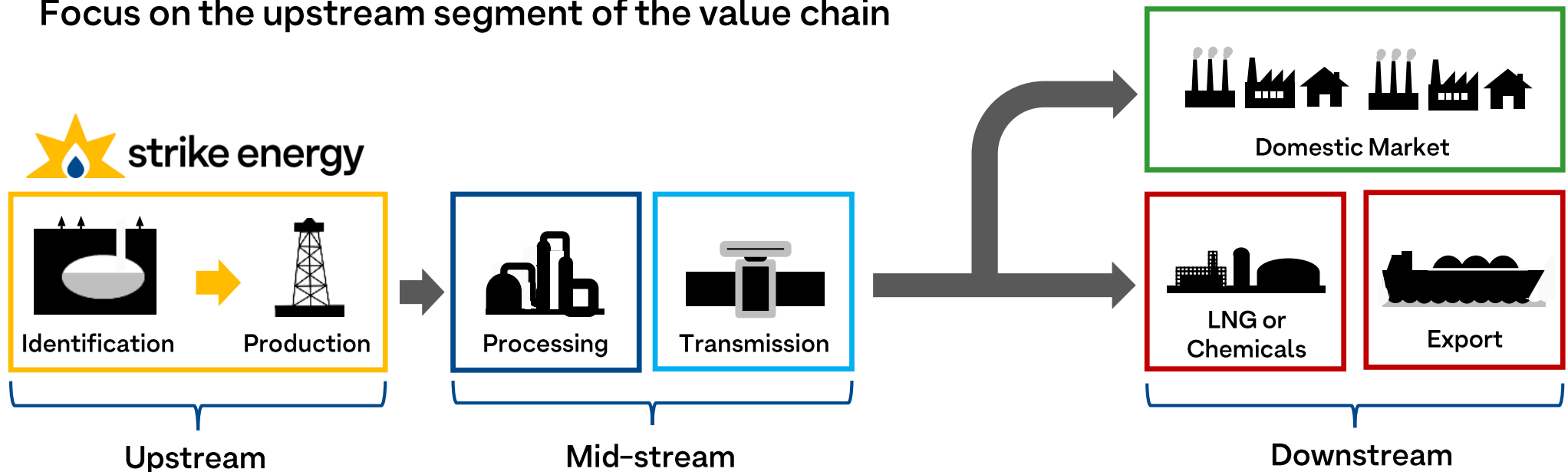
CSBP-Wesfarmers option would be triggered at Phase-1 FID

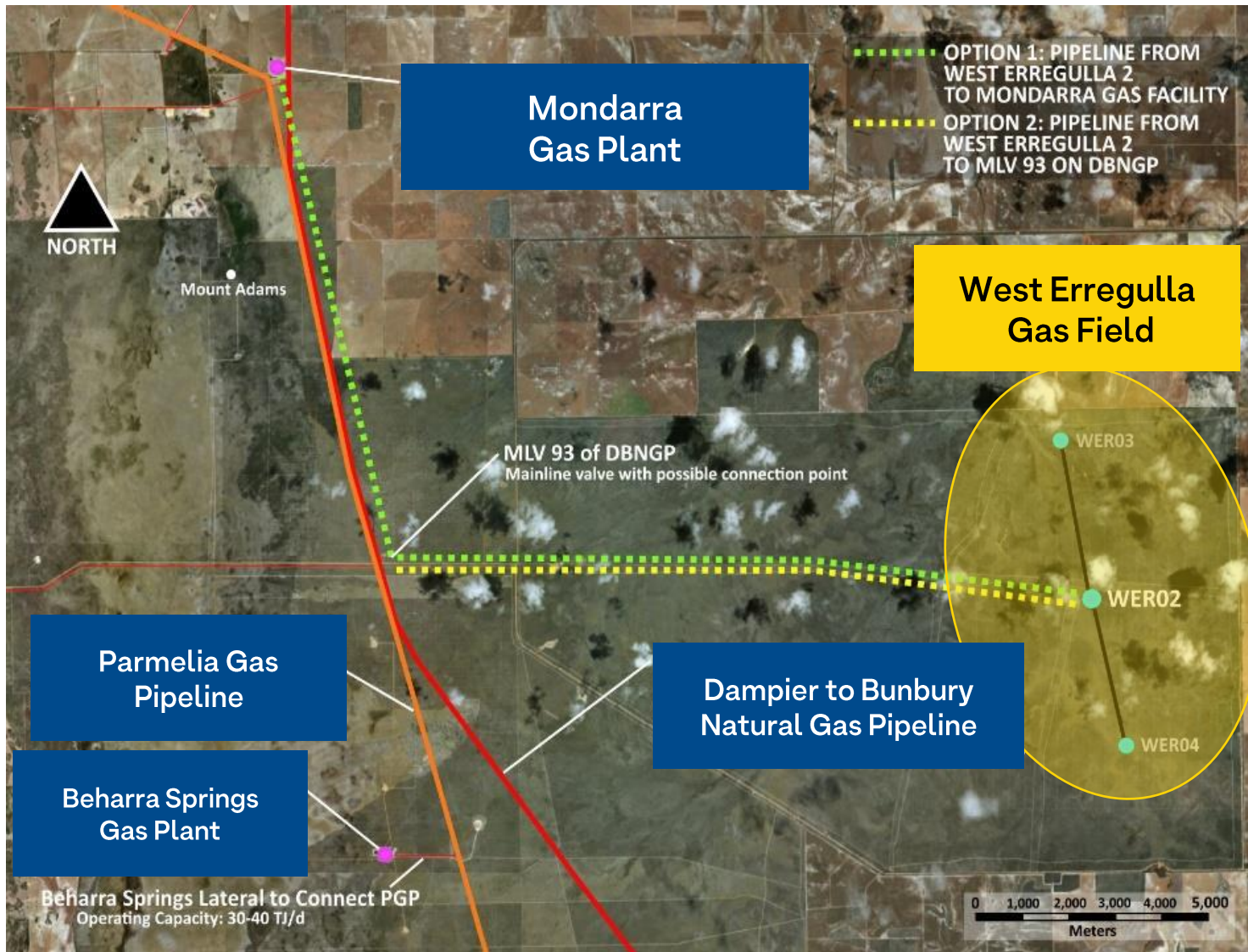
Phase 1 & 2 sizes are a function of among other things access to infrastructure, market conditions and Joint Venture participation

Strike will focus on the **upstream** segment of the value chain to:

1. Drive capital into the highest returning segments
2. Reduce capital intensity by partnering with established mid-stream companies
3. Preserve capital for drilling and ongoing exploration
4. Reduce exposure to downstream plants which are very capital intensive and require substantial know-how
5. Remain lean, focused and concentrated on what we know

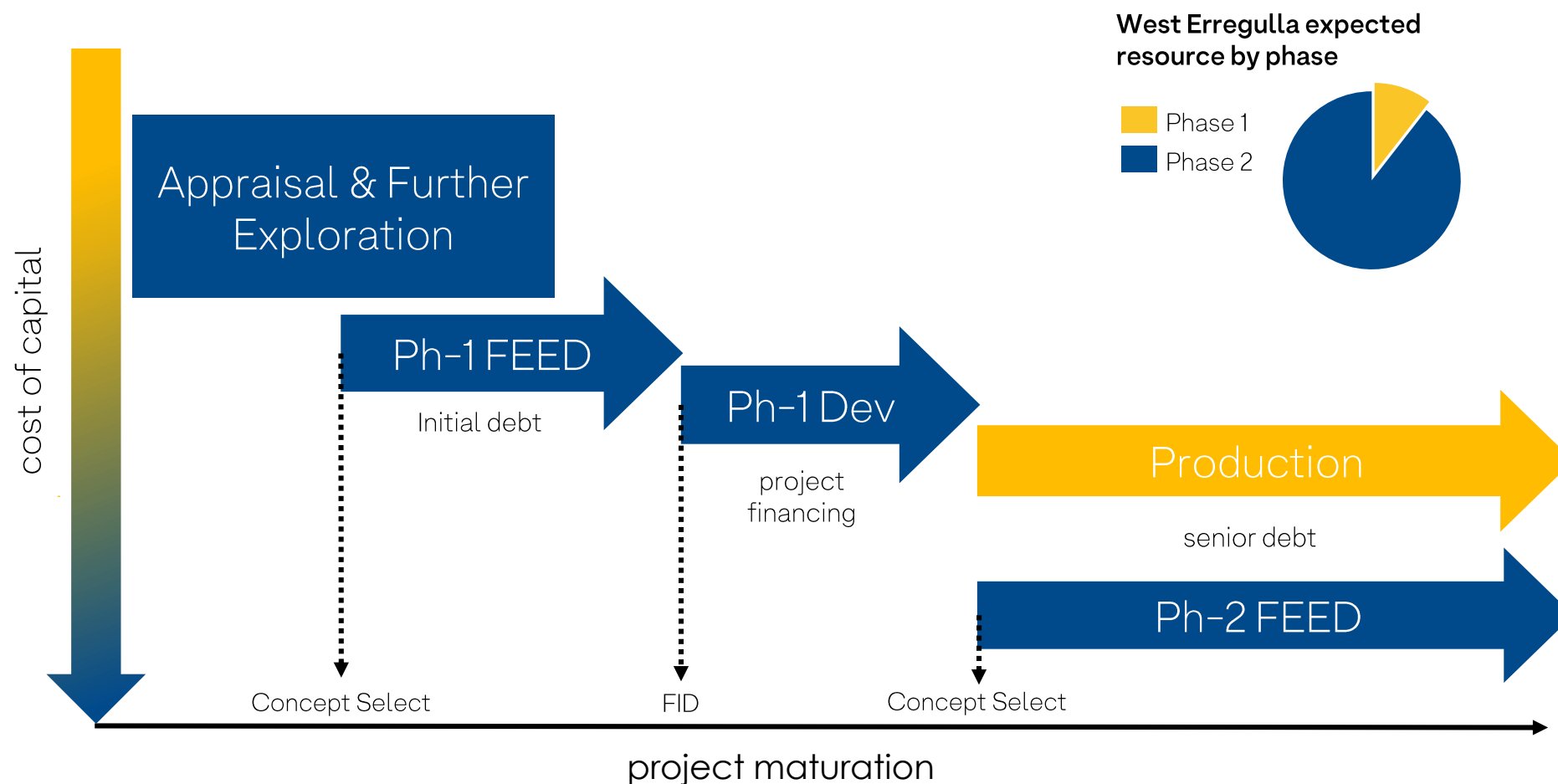
Focus on the upstream segment of the value chain



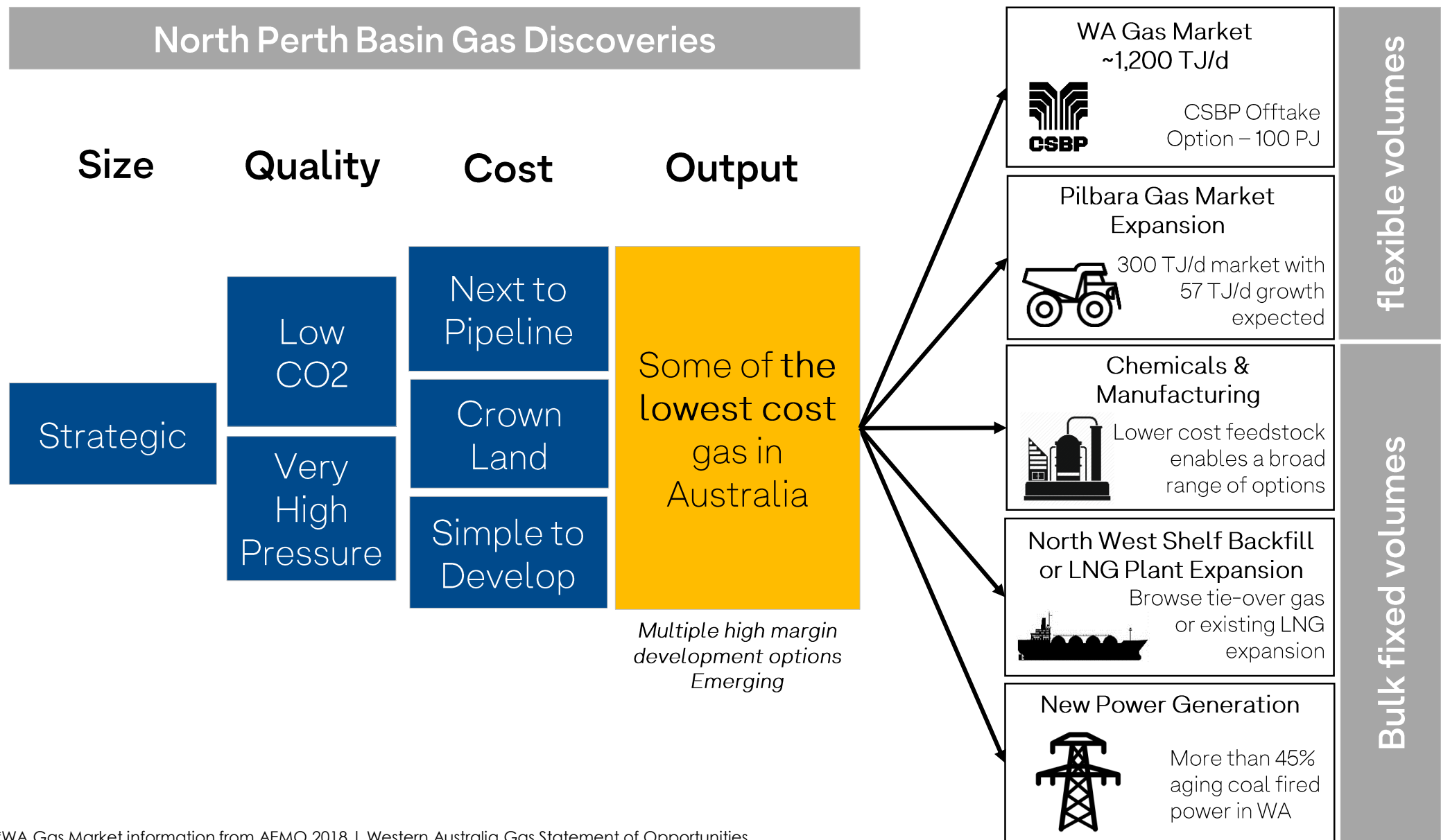


- Mondarra (APA), Beharra Springs (Beach) and new build domestic gas plants are the current options for assessment.
- WE-2 was completed as a future producer as will the upcoming appraisal wells.
- Size of proposed Phase-1 is contingent on:
 1. Joint Venture participation
 2. Existing infrastructure vs new build
 3. Market appetite / pricing conditions

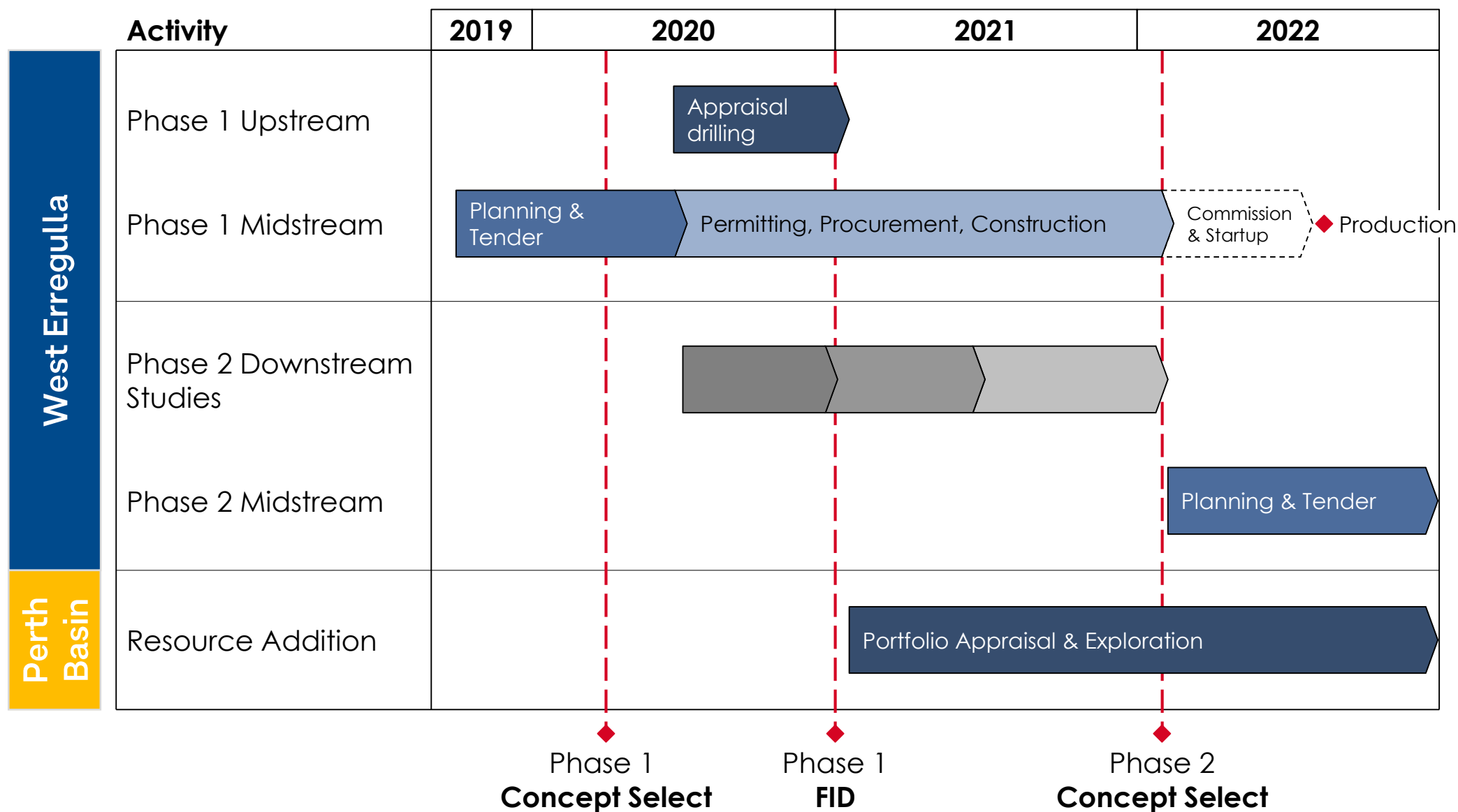
Development concept subject to appraisal results, JV discussions/processes, infrastructure access, capital procurement, offtake market conditions, land access and regulatory approvals. Well locations of WE03/04 are illustrative and subject to JV discussions/processes



- Sequencing development to utilise adjacent gas processing infrastructure will accelerate first gas sales / cashflow.
- Securing a Reserves Based Lending facility for the Phase 1 development will provide additional leverage and, when combined with free cashflows, will deliver an improved funding outcome for Phase 2 and a major reduction to the company's overall WACC across the full field development.



*WA Gas Market information from AEMO 2018 | Western Australia Gas Statement of Opportunities



Timeline is indicative and subject to appraisal results, JV discussions/processes, infrastructure access, capital procurement, offtake market conditions, land access and regulatory approvals.

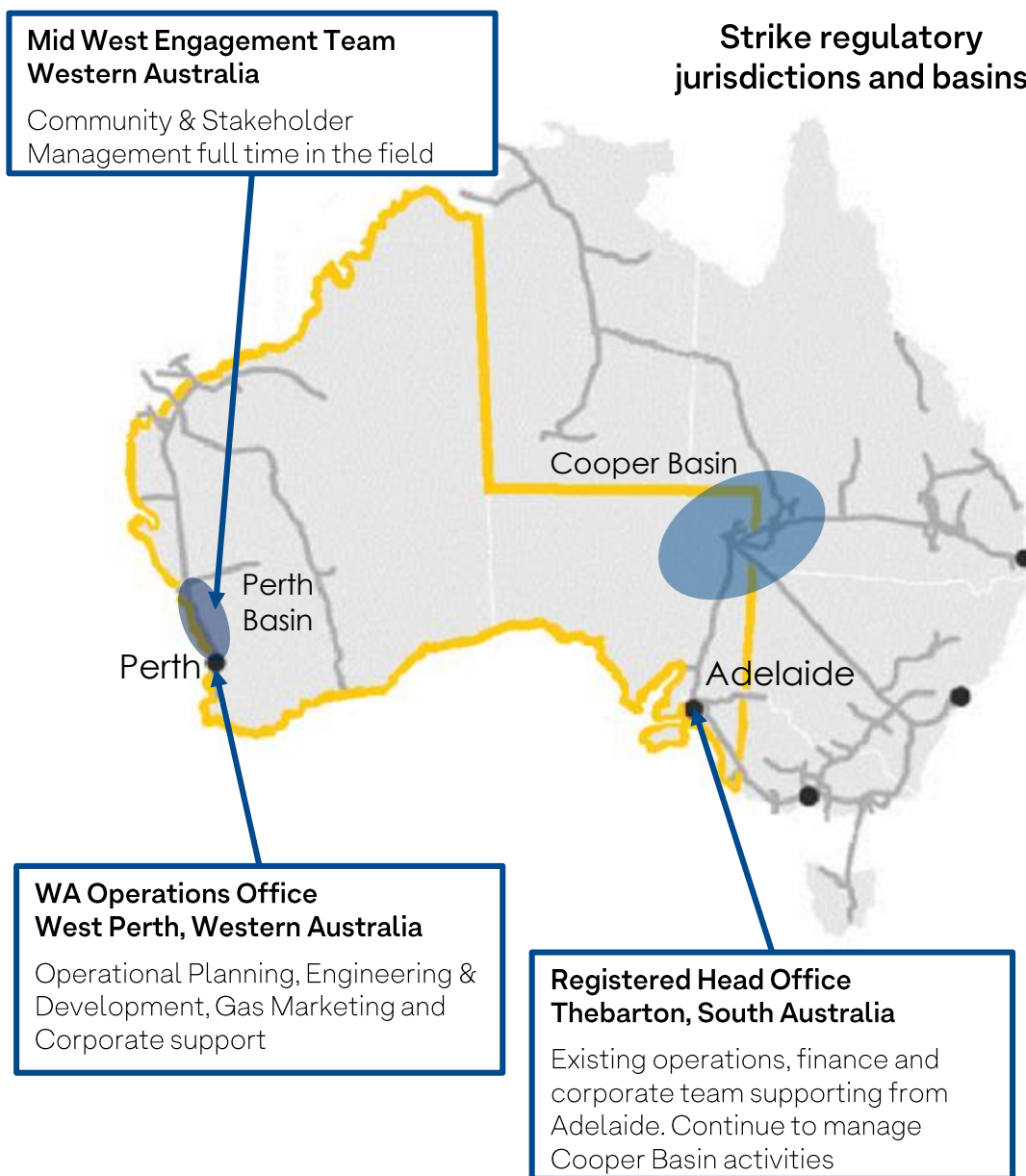
Operations Update

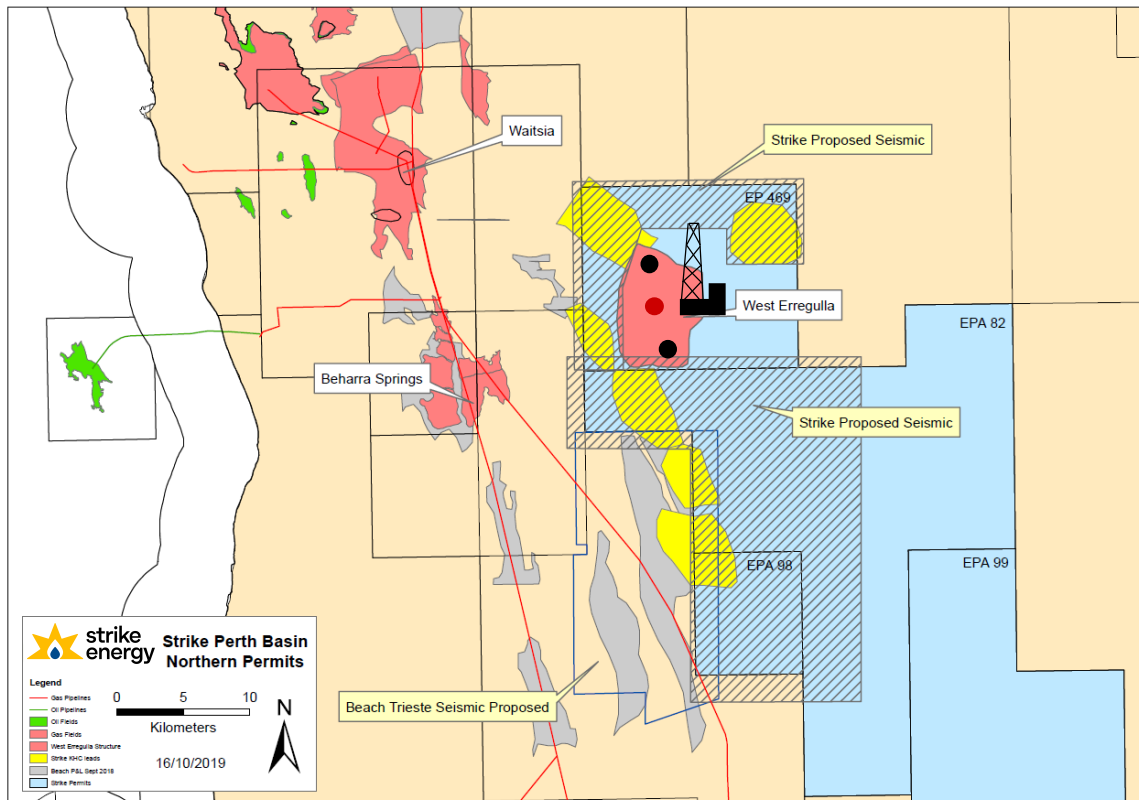
Increasing our WA capabilities

- Addition of Nev Power as Deputy Chairman (extensive development experience)
- Office procured and established in West Perth with recruitment underway.
- Building out Strike's operational capability in WA is critical to maintain the momentum of the recent success.
- Full time presence in the Mid-West vital to build Strike's reputation in the region.

Focus

- Maintain focussed acreage footprint in Perth & Cooper Basins to concentrate regulatory relationships and technical mastery.





North Perth Basin work program objectives

1. Confirm Kingia reservoir size, flow tests and reserve bookings of Wagina & High Cliff discoveries
2. West Erregulla Phase 1 Concept Select
3. West Erregulla Phase 1 FID

Seismic

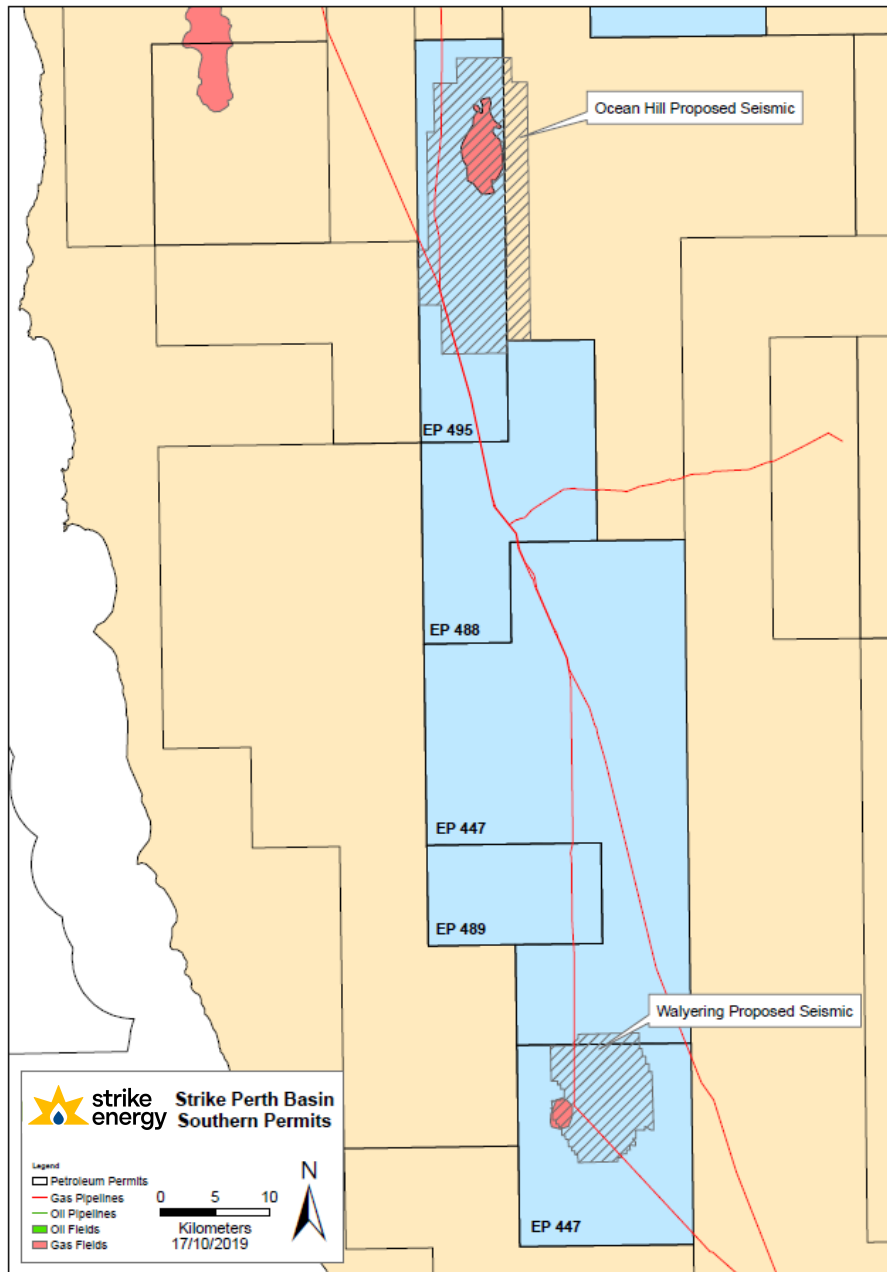
- Additional W.E. 3D seismic to capture shallower leads to the north.
- ~400km² of 3D covering the trend to the south-east of W.E. Campaign will tie into Beach Energy Trieste polygon.
- Several 100kms of regional 2D lines shot into the middle of the trough

Drilling

- Rig tender underway.
- W.E. 2 x appraisal wells (north & south), to be completed as future producers for proposed Phase-1 development.
- 1 x appraisal/ exploration well, Jan-21. W.E. producer or NPB exploration well.

Development

- Phase-1 FEED. development engineering, permitting, contracting and procurement



Seismic

- Walyering 3D (90km²) seismic ready to be executed during Q4/19.
- Preparatory work on Ocean Hill 3D (250km²) which includes land access, seismic design and tendering.
- 110km of 2D seismic in EP488 & EP489.

Community Engagement

- Continue excellent dialogue with landholders, traditional owners and other key stakeholders

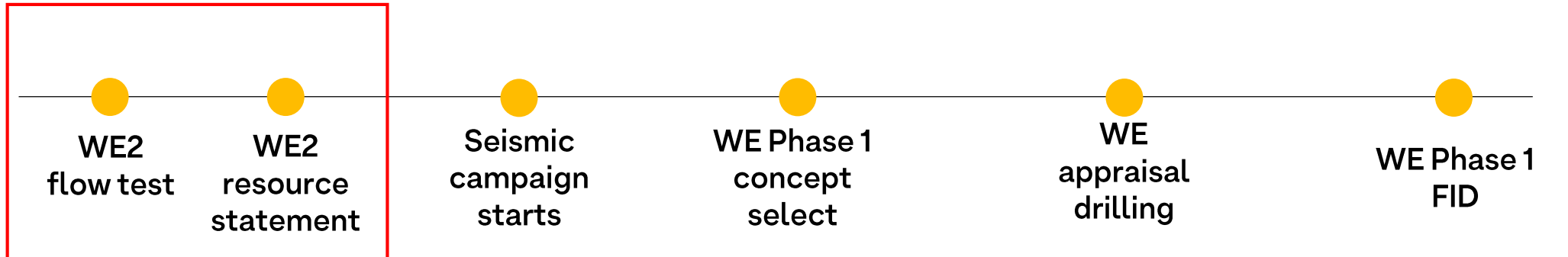
Commercial

- Farm-outs of Walyering (post 3D) and Ocean Hill (pre 3D) are the priority
- Maintain geological diversity in portfolio

South Perth Basin work program objectives

1. Acquire seismic as per work programs and as land access will accommodate
2. Farm-out both Walyering & Ocean Hill in preparation for drilling programs

Strike portfolio events



October '19

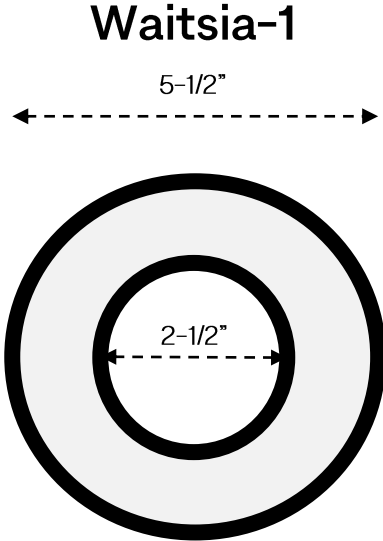
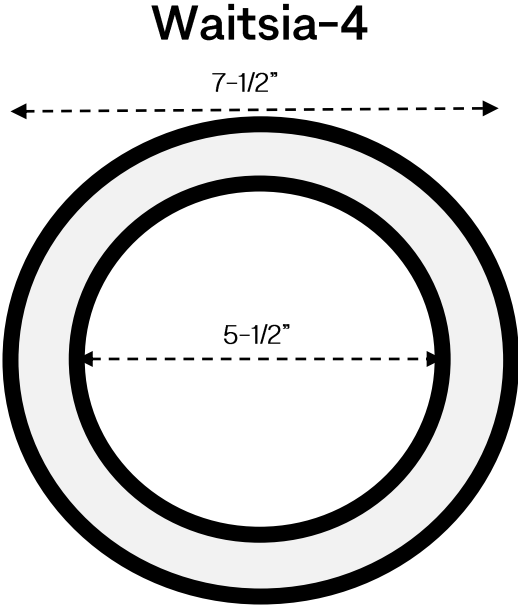
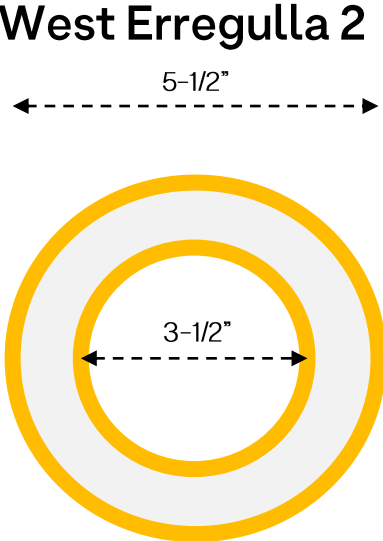
Strike Energy

~27 cps

Other Perth Basin events

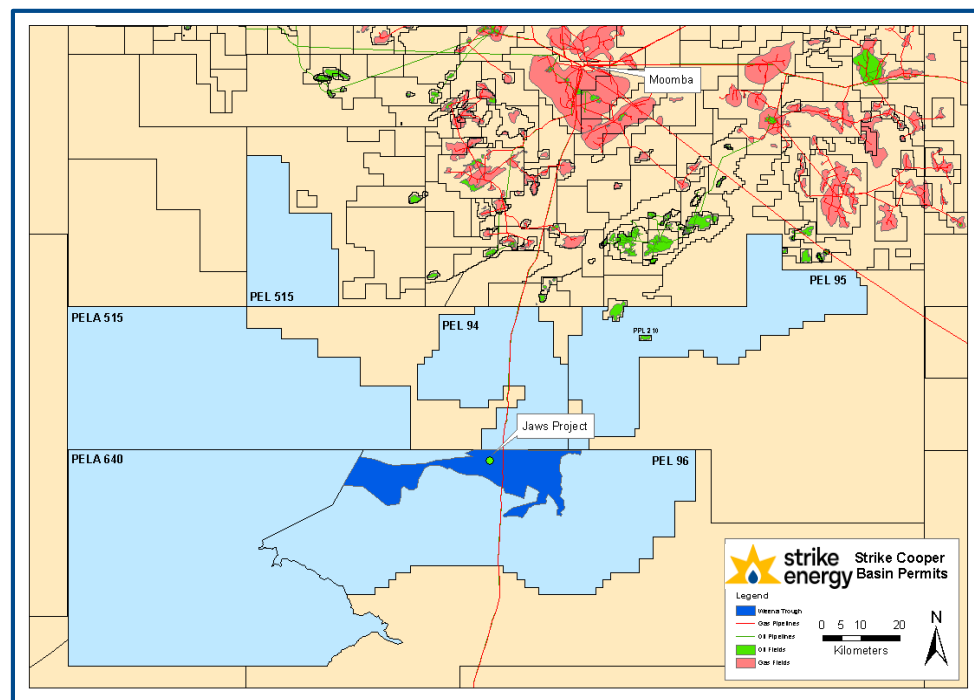


*Milestones associated with WE are contingent on, among other things, appraisal results, Joint Venture discussions/processes, exercise of CSBP-Wesfarmers offtake option, plant access and capital procurement., land access and regulatory approvals.

	Waitsia-1	Waitsia-4	West Erregulla 2
			
Well bore construction casing & tubing diameter			
flow rate	25.7 mmscf/d	89.6 mmscf/d	tbc
test length	60 mins	23 mins	tbc
choke size	56/64"	96/64"	tbc
flow pressure	1,530 psig	2,395 psig	>6,800 psia formation pressure
permeability	137 md	10-100md	102 md
comment	tubing constrained	very short test duration	

The Kingia at West Erregulla is the best intersection found to date, using the Waitsia flow tests as an analogue, WE2 will likely flow at its tubing constrained maximum. Future wells completed with larger well bore and tubing diameters would likely achieve higher flow rates.

The Jaws appraisal project has the opportunity to unlock more than 11 TCF of ultra deep coal seam resource in Eastern Australia and its current performance warrants further testing.



- Drawdown continuing with water production approximately 300 bbls/d and gas production of 50 mscf/d.
- Bottom hole pressures of 239 psi nearing potential production inflection point.
- Expecting to reach drawdown target pressure in December and assess performance



**strike
energy**

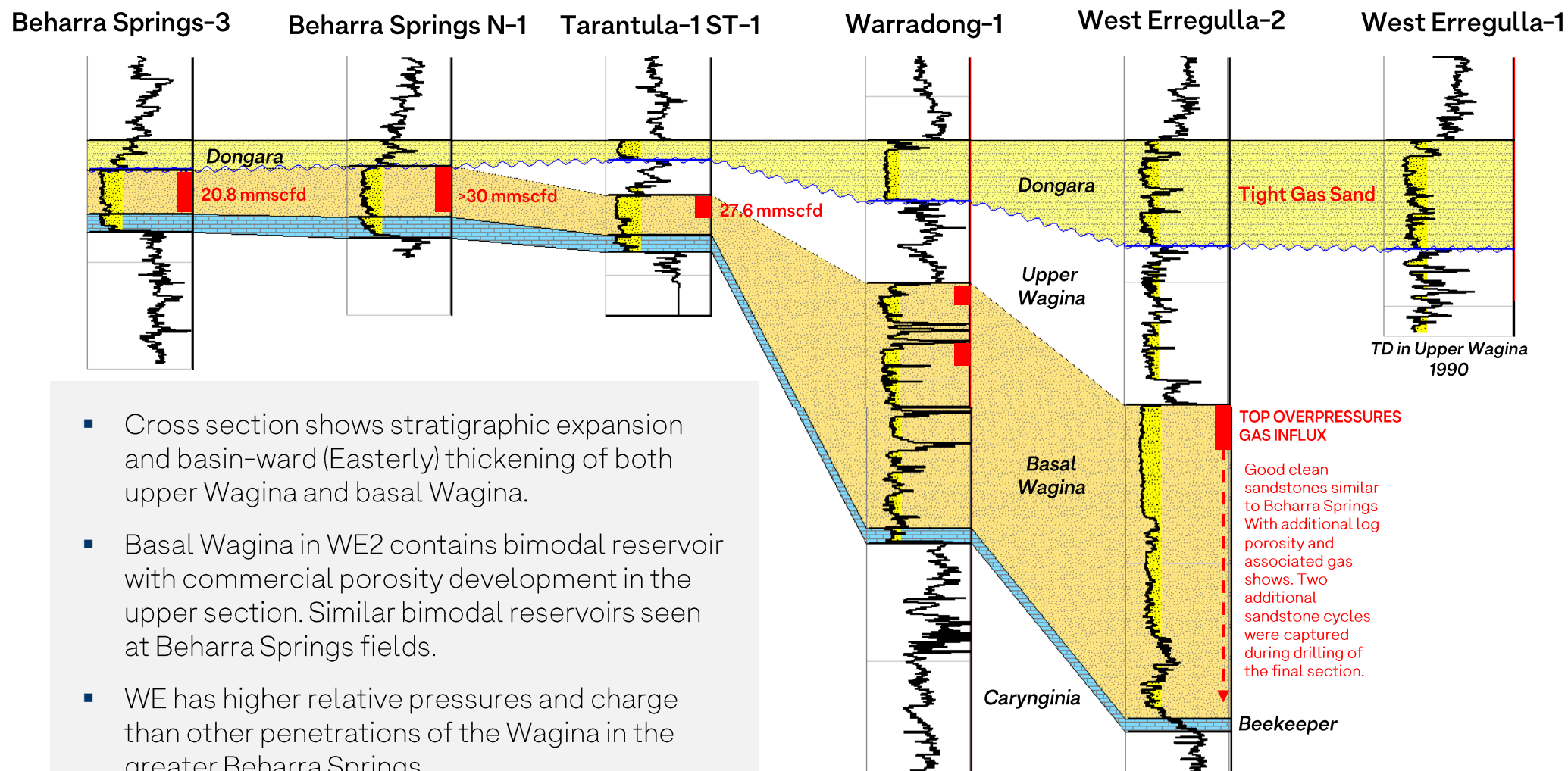
Appendices attached

Appendices

West Erregulla Gas Field Results

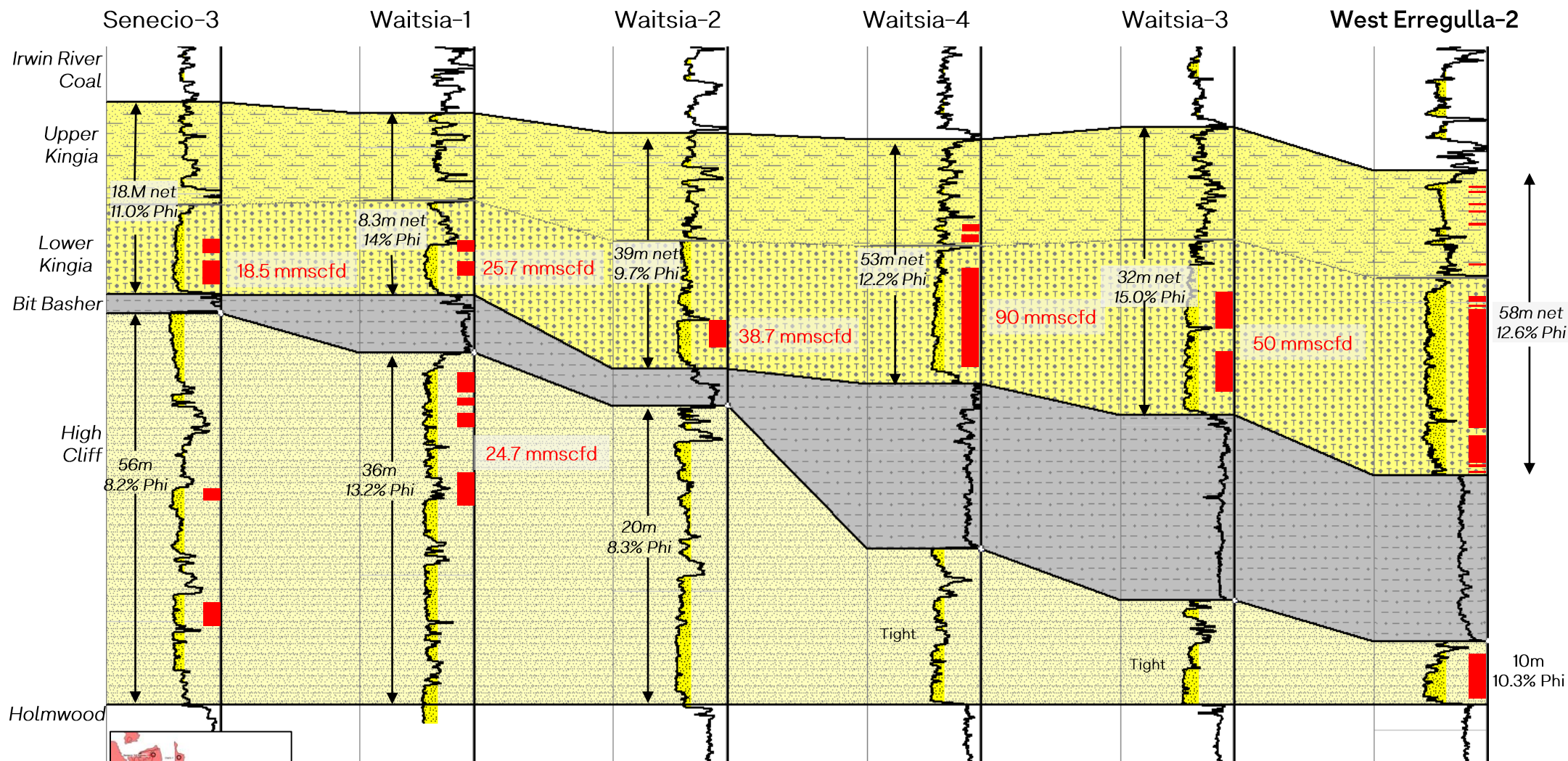


Stratigraphic Section: Flattened on Top Dongara



- Cross section shows stratigraphic expansion and basin-ward (Easterly) thickening of both upper Wagina and basal Wagina.
- Basal Wagina in WE2 contains bimodal reservoir with commercial porosity development in the upper section. Similar bimodal reservoirs seen at Beharra Springs fields.
- WE has higher relative pressures and charge than other penetrations of the Wagina in the greater Beharra Springs.

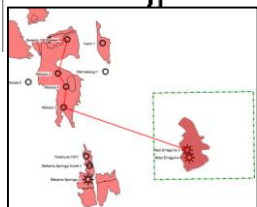
Stratigraphic Section: Flattened on Holmwood Shale

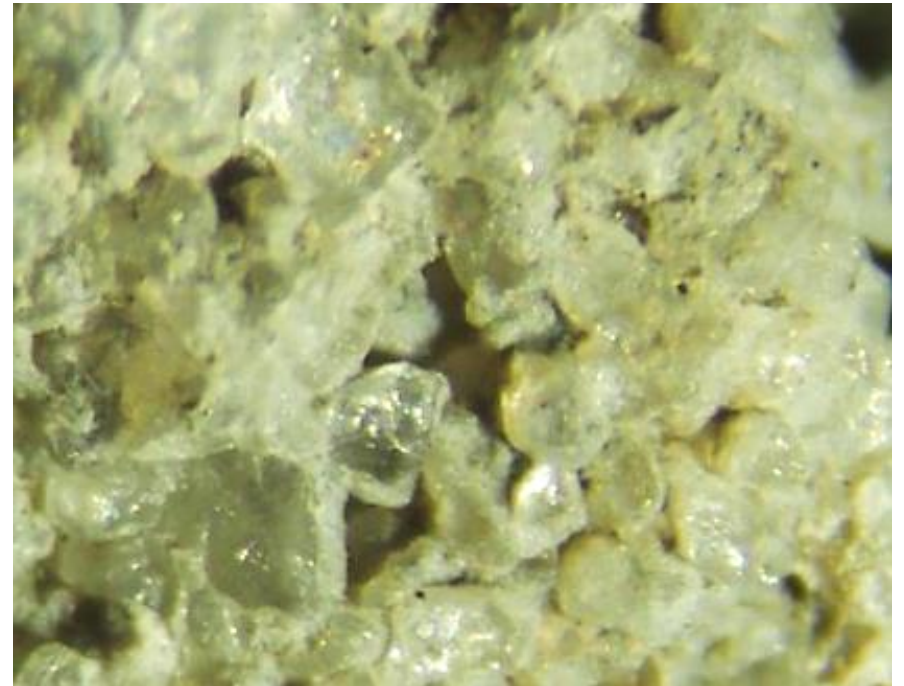
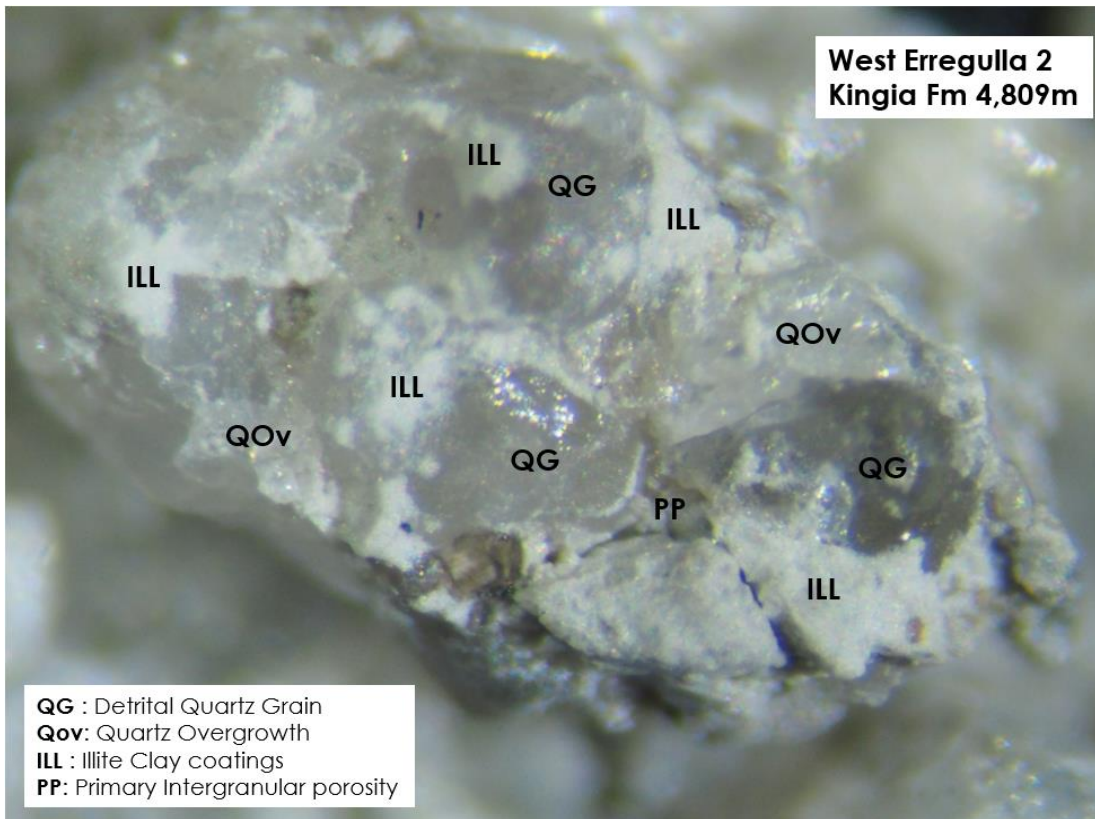


Legend

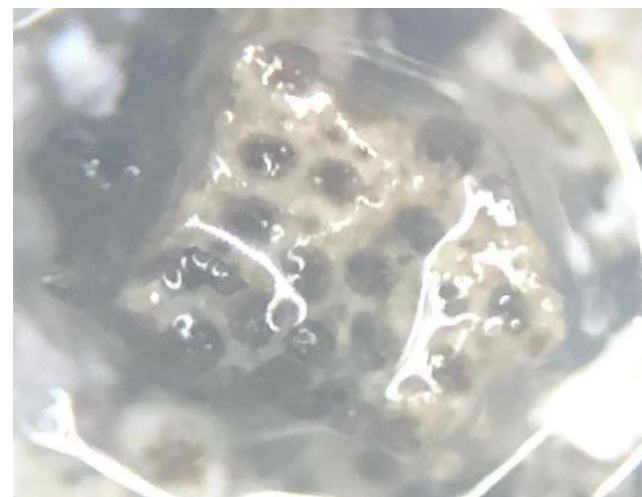
32m
15.0% Phi
Net pay and average porosity in interval
(calculated at 7% phi cut-off)

■ Zone of best reservoir development with associated flow rates





Above: Kingia reservoir showing visible porosity resultant from clay coated sand grains



Left: Fossilised sea sponge from ~4,850m evidence of marine depositional environment

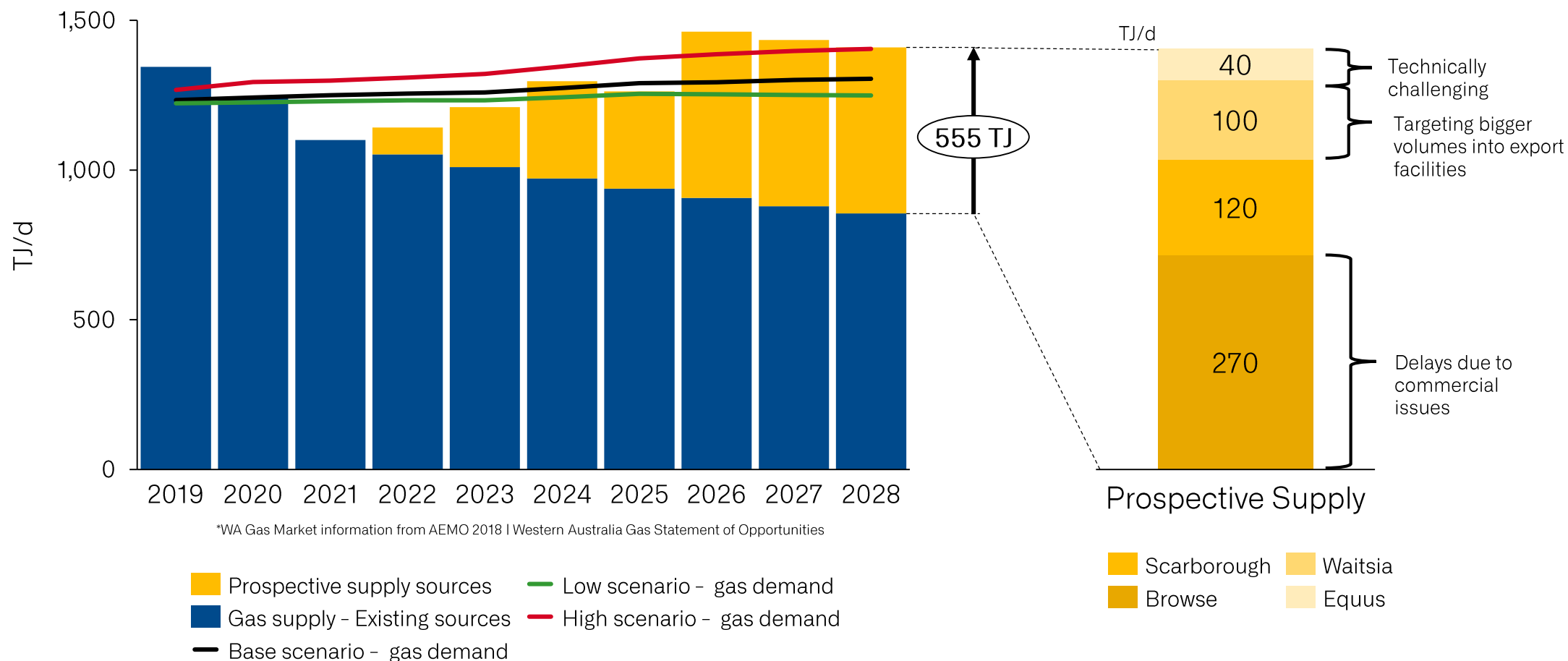
- Strike's evolutionary basin model proved to be highly accurate. Sand quality, clay coatings and formation tops were all observed as prognosed.
- Strike can now diagnose Permian gas charged sands with well to seismic correlations.

Appendices

The WA Gas Landscape

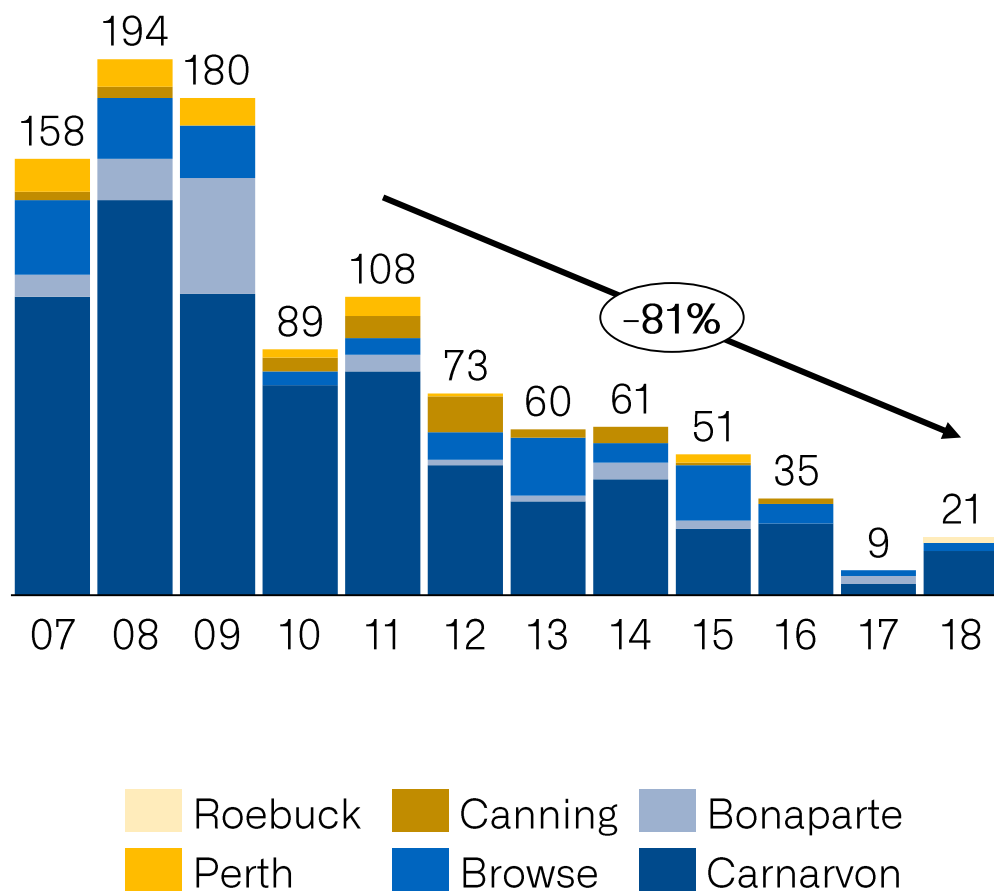


Existing Domestic Market & Prospective Supply



- 77% of the volume needed to meet prospective WA domestic market demand in 2020s is at risk of significant delay.
- West Erregulla could be a short-horizon development option to balance the long-term WA domestic market.

Exploration and production wells drilled per Basin by year



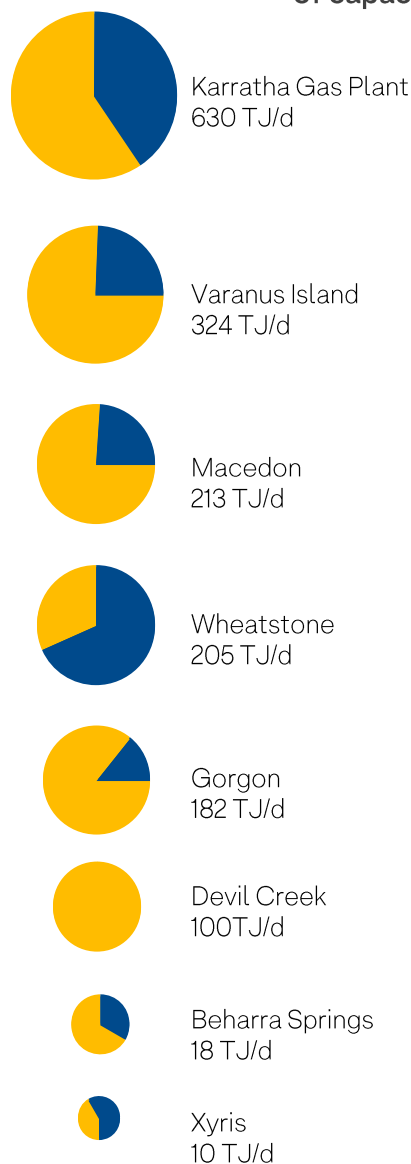
- Lower drilling activity results in fewer discoveries and fewer sources of prospective supply.
- 80-95% of wells drilled have been offshore during this time.
- Offshore discoveries have a higher cost of supply and a longer development timeline than onshore discoveries.
- The lack of gas exploration and discoveries over the past decade provides the opportunity for Strike to progress the West Erregulla development into what may be a short domestic market with very few alternatives.



WA has a major domestic gas network with growth opportunities that and is searching for new feedstock

- WA is coming out of an era of robust gas supply resulting from the LNG boom. These domestic gas supply sources are declining.
- Domestic gas facilities are now under utilised with over 550 TJ/d of capacity but no feedstock.
- As gas plants decline, spare pipeline capacity will rise.
- WA gas market growth has been inhibited by security of new long term new supplies. Known growth markets in the Pilbara and Goldfields would see infrastructure (pipelines) developed if supply were increased.

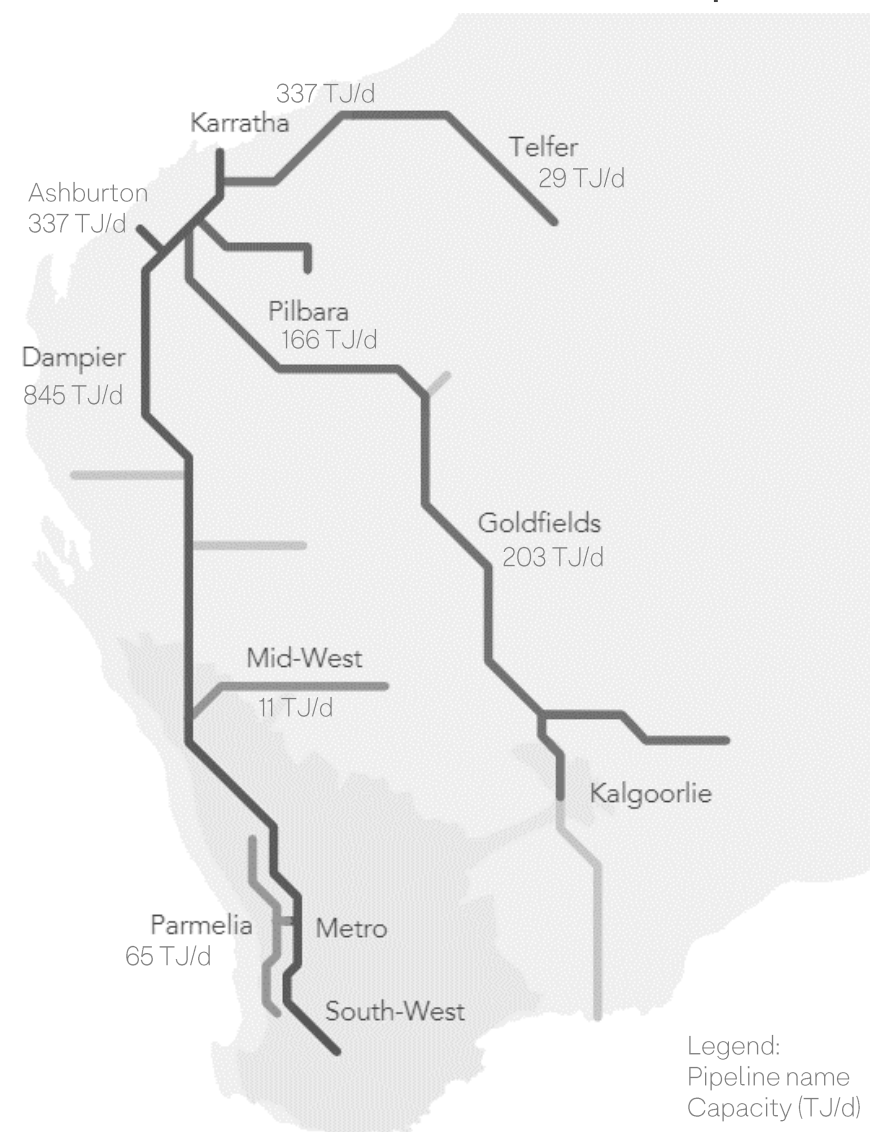
WA has more than 1,300 TJ/d of existing gas transmission infrastructure

Declining gas production evidenced by under utilisation of capacity

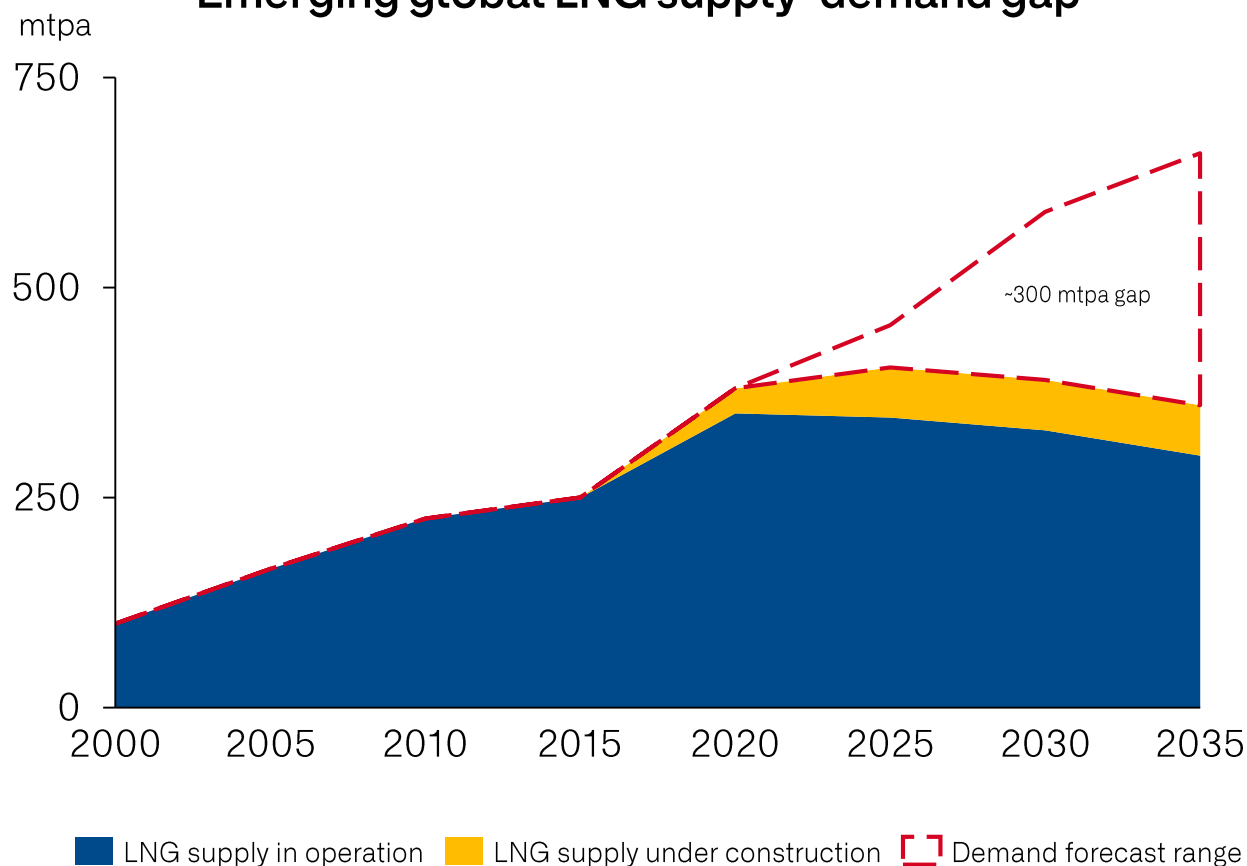


 Utilised Capacity (prev 12 months)
 Unused Capacity

WA Gas Pipelines



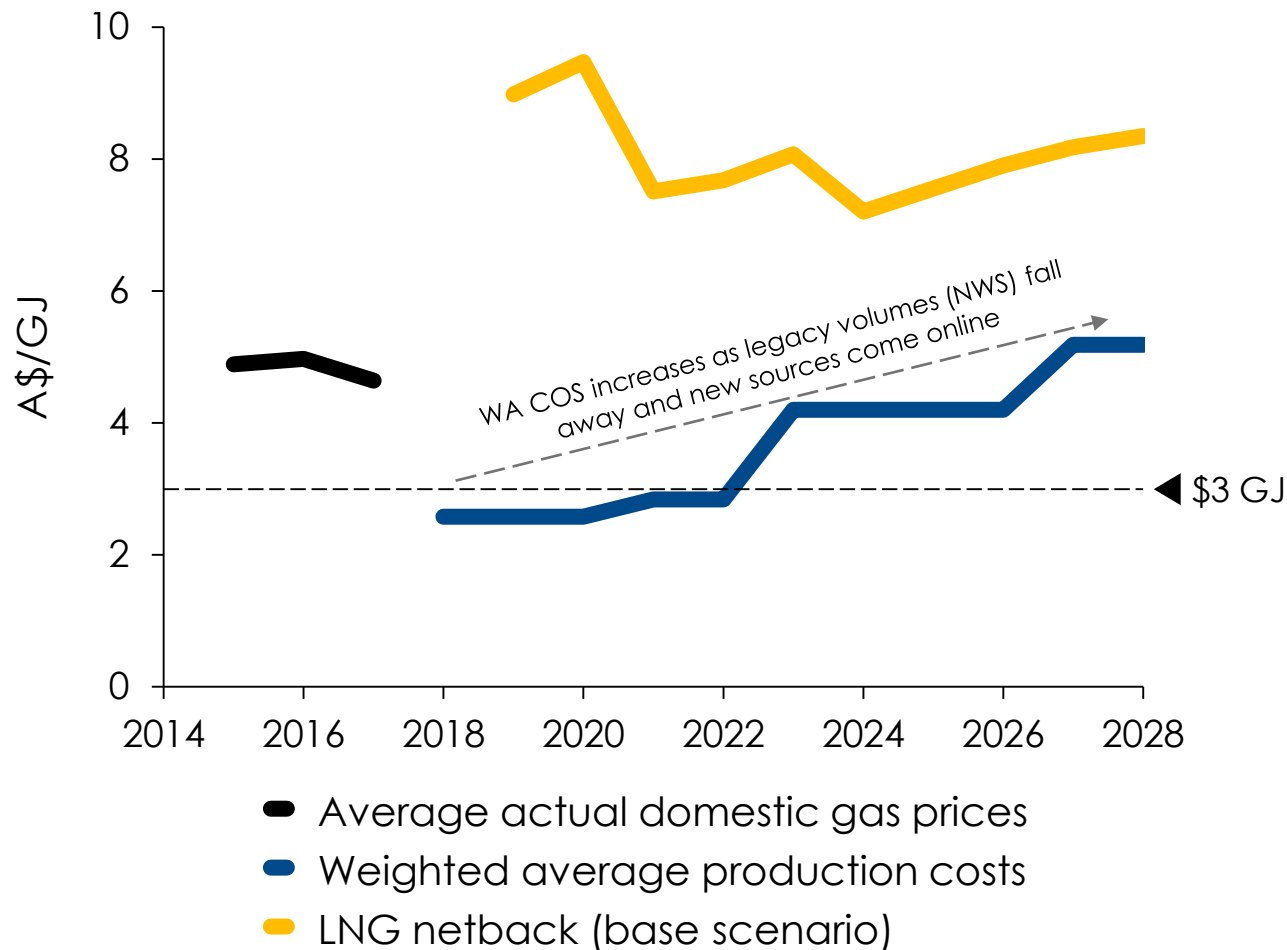
Emerging global LNG supply-demand gap



Major increase in the LNG price predicted to emerge; may result in lower WA domgas supply and a rise in WA gas prices

- Predicted rise of LNG prices attributable to short global supply in 2025+ will mean WA LNG infrastructure owners will preference converting gas into LNG over servicing domestic markets (outside of their minimum obligations).
- Reduced 'LNG associated' domgas could in turn see a reduction in traditional WA gas suppliers marketing gas in the State and therefore result in a rise in the WA gas price as it may need to approach LNG netback to trigger a redirection of supply.

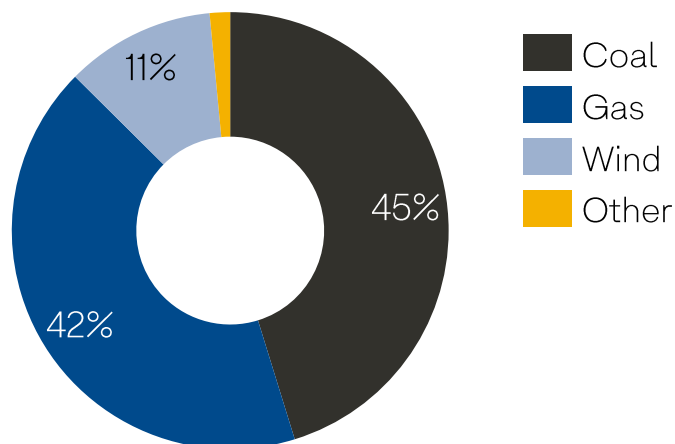
Reference prices for the WA domestic gas market



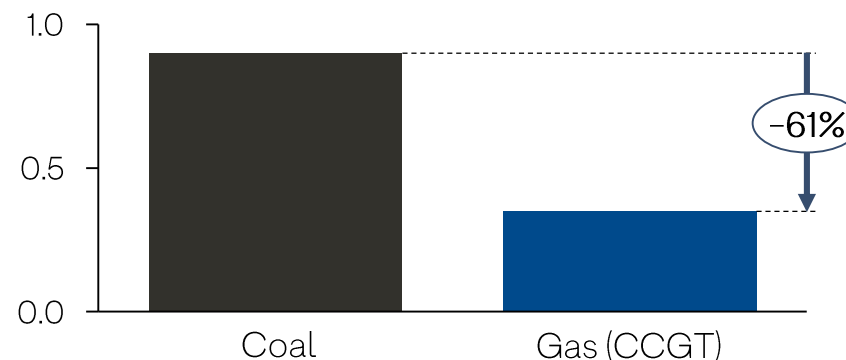
Note: Weighted average production costs include prospective supply sources. Source: AEMO calculations based on data sourced from EnergyQuest and FGE forecasts (converted from US\$/MMBtu to A\$/GJ). Actual domestic gas prices were sourced from DMIRS.

- Market is currently in balance with a long term gas contract price of \$4.10 – \$5.12/GJ.
- These contracts are based on projects with an average cost of supply at ~\$3/GJ.
- Future prospective sources (LNG Phase 2) are much higher on the cost curve and there will be a natural appreciation in the domgas price as a result.
- Perth basin conventional gas is emerging as a new price maker, where existing demand will be filled by this low cost onshore gas first before offshore volumes will be developed and sold domestically.

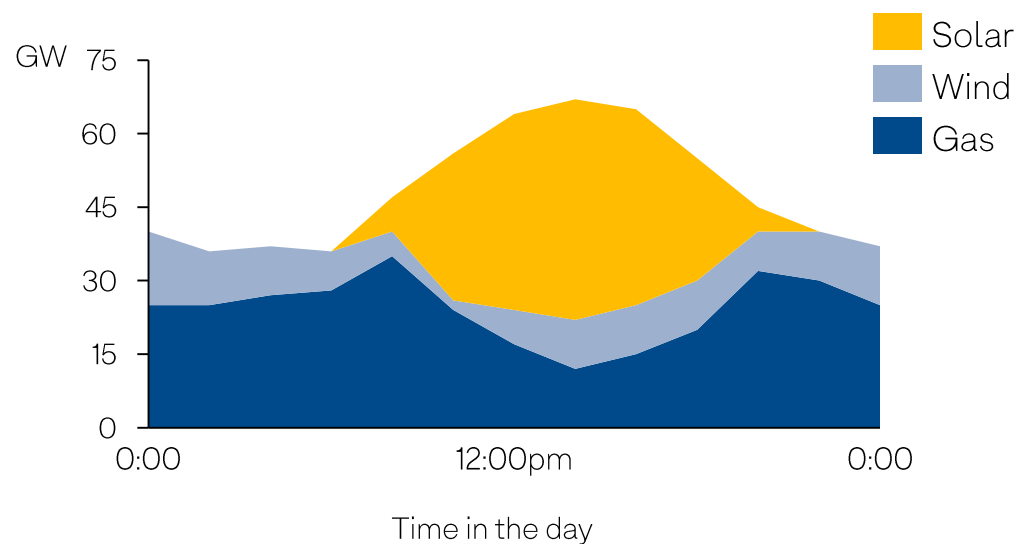
WA average daily electricity generation by fuel¹



Emissions intensity of black coal versus gas for electricity generation (CO₂e/MWh)²



German daily electricity generation on a sunny day by fuel type³



- WA generates a high proportion (45%) of its electricity from coal which produces 60% more CO₂ emissions than gas generated electricity
- In Germany where renewables penetration is one of the highest in the world, a stable sustainable base of gas generated electricity allows the best uptake and utilisation of renewable power.
- Strike can be a part of this energy transition to facilitate high renewable energy uptake for W.A. and lower the overall CO₂ emissions for the State.

1. Source: AEMO daily electricity bulletin, previous 12 months
 2. Source: Santos investor presentation
 3. Source: Citibank report on renewables