



**Petroleum
Club of WA**

30th April 2020



Progress in the Perth Basin

Summary information

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Information regarding Resource Estimates

Information in this presentation relating to:

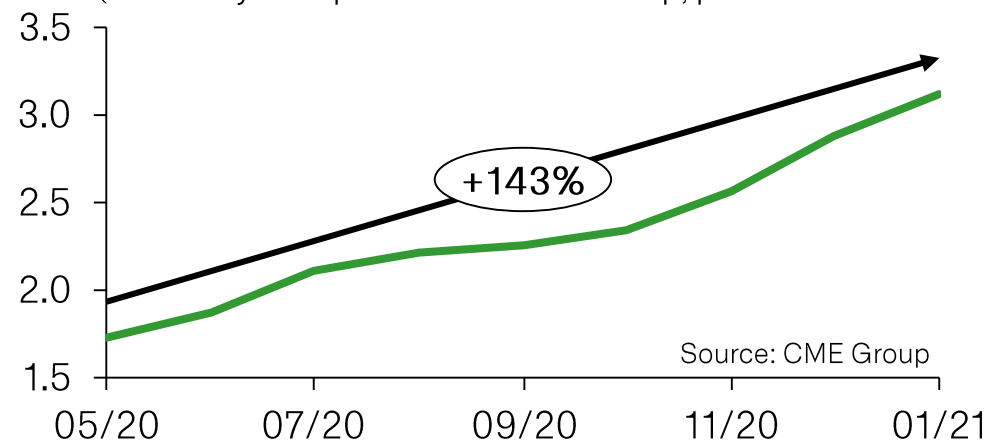
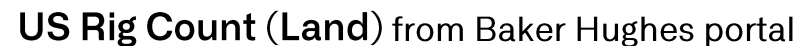
- the 2C Contingent Resource Estimate and Prospective Resource Estimate for the West Erregulla Project is set out in the ASX announcement dated 11 November 2018 entitled "West Erregulla Resource Statement". Strike Energy interest is 50%;
- the Oceanhill 2C Contingent Resource is sourced from the ASX Announcement of Greenrock Energy Limited (ASX:GRK) dated 4 October 2013 titled "Ocean Hill Independent Resource Certification". Strike Energy interest is 100%; and
- the Walyering 2C Contingent Resource is sourced from the ASX Announcement of Pancontinental Oil & Gas NL (ASX:PCL) dated 16 May 2018 titled "Gas & Condensate Resource Upgrade at Walyering Gas Field". Strike Energy interest is 100%.

Strike Energy 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.

Competent person's statements

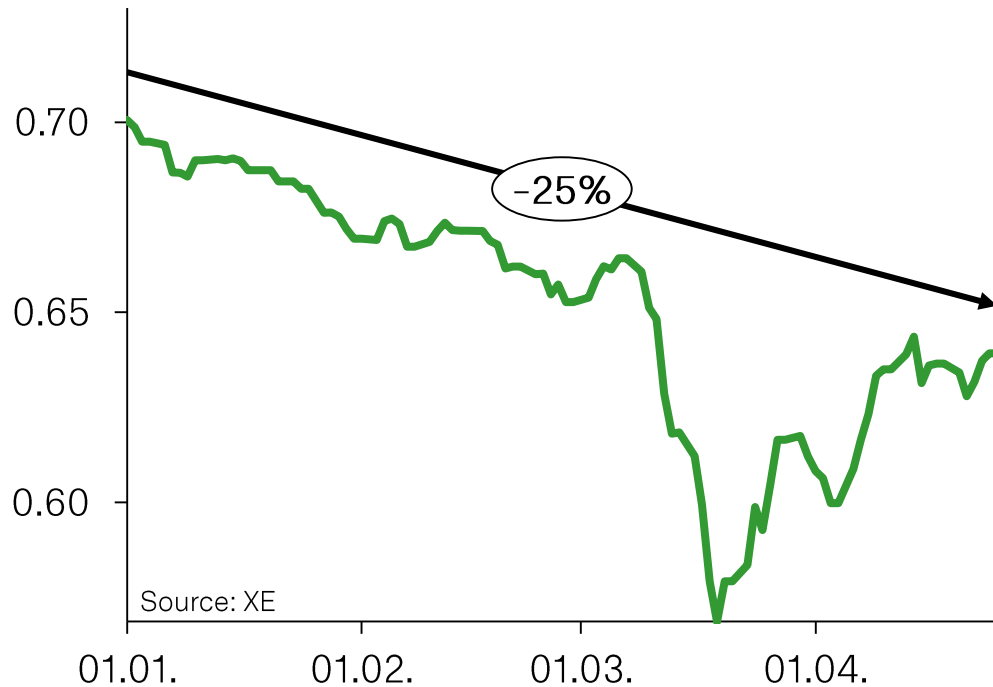
The information in this presentation that relates to resource estimates is based on information compiled or reviewed by Mr A. Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers. Mr A. Farley is Exploration Manager for the Group and has worked in the petroleum industry 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.

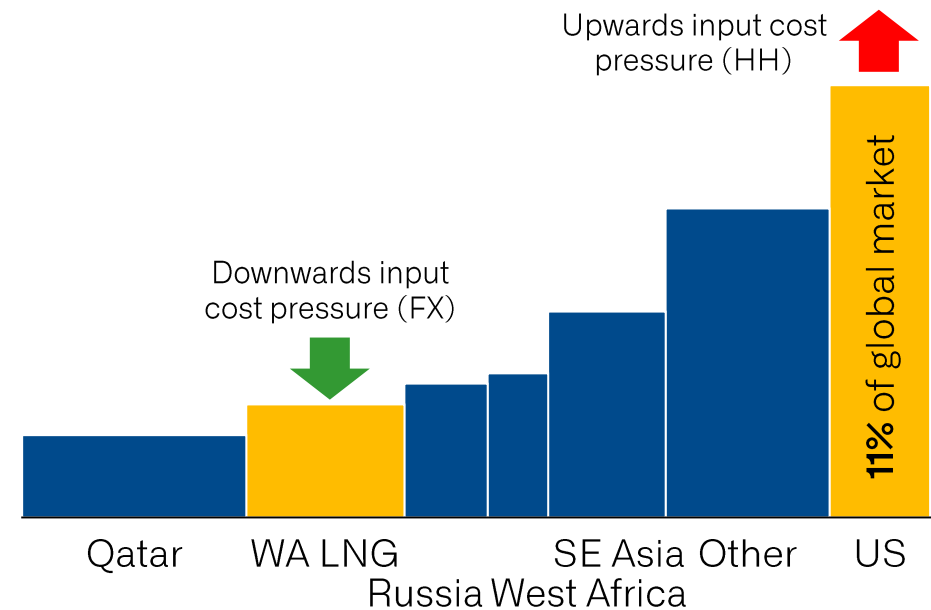


Oil price crash is putting pressure on the abundance of cheap gas in the US

AUD to USD Exchange Rate YTD



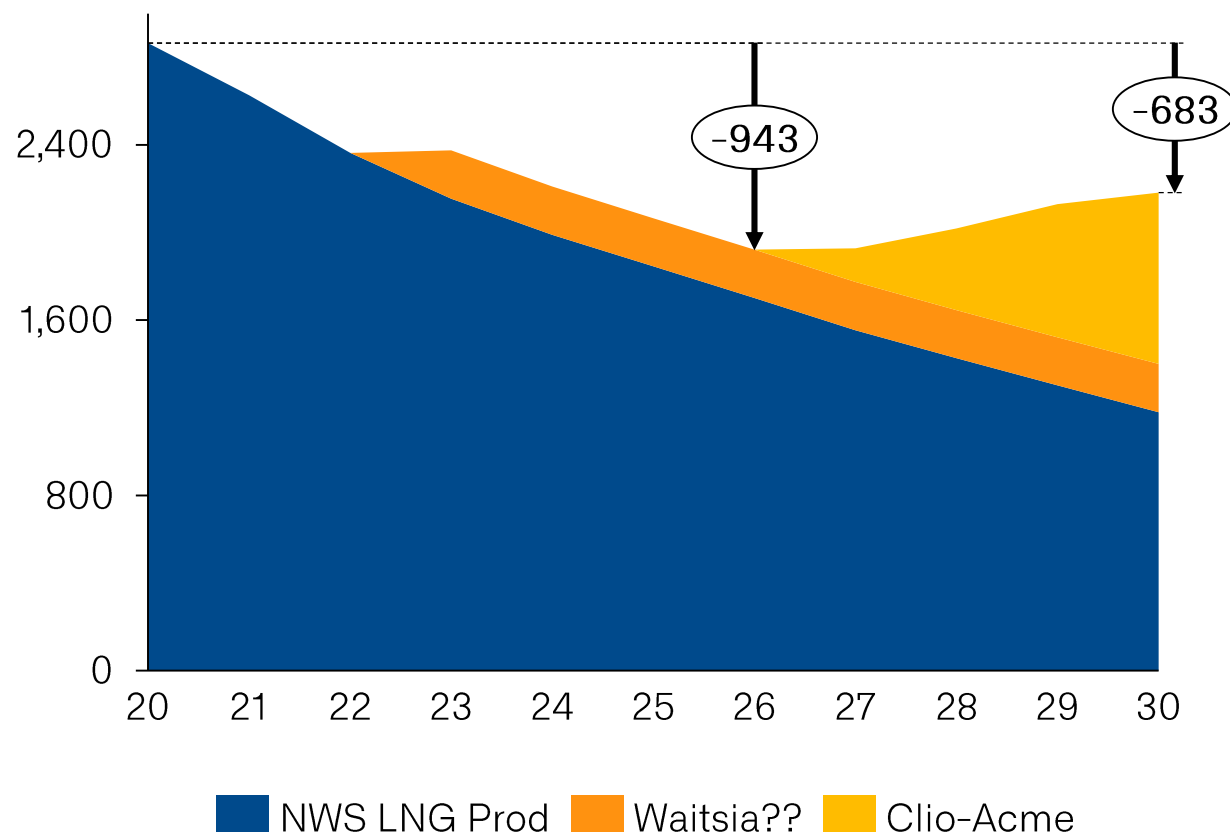
Relative Short Run Marginal Cost Curve in USD, of selected Global LNG regions (2019)



- US has captured a large percentage of the global LNG supply, but is now under major price pressure to maintain its current position
- Argus media reported that 25 US cargoes may be cancelled in June due to price
- Whilst absolute LNG prices are currently low, Australian LNG margins are improving against its peers as its input costs are in AUD and price for product in USD

This low LNG price environment is WA's opportunity to maximise its market share

North West Shelf LNG production and speculated backfill (TJ/d)



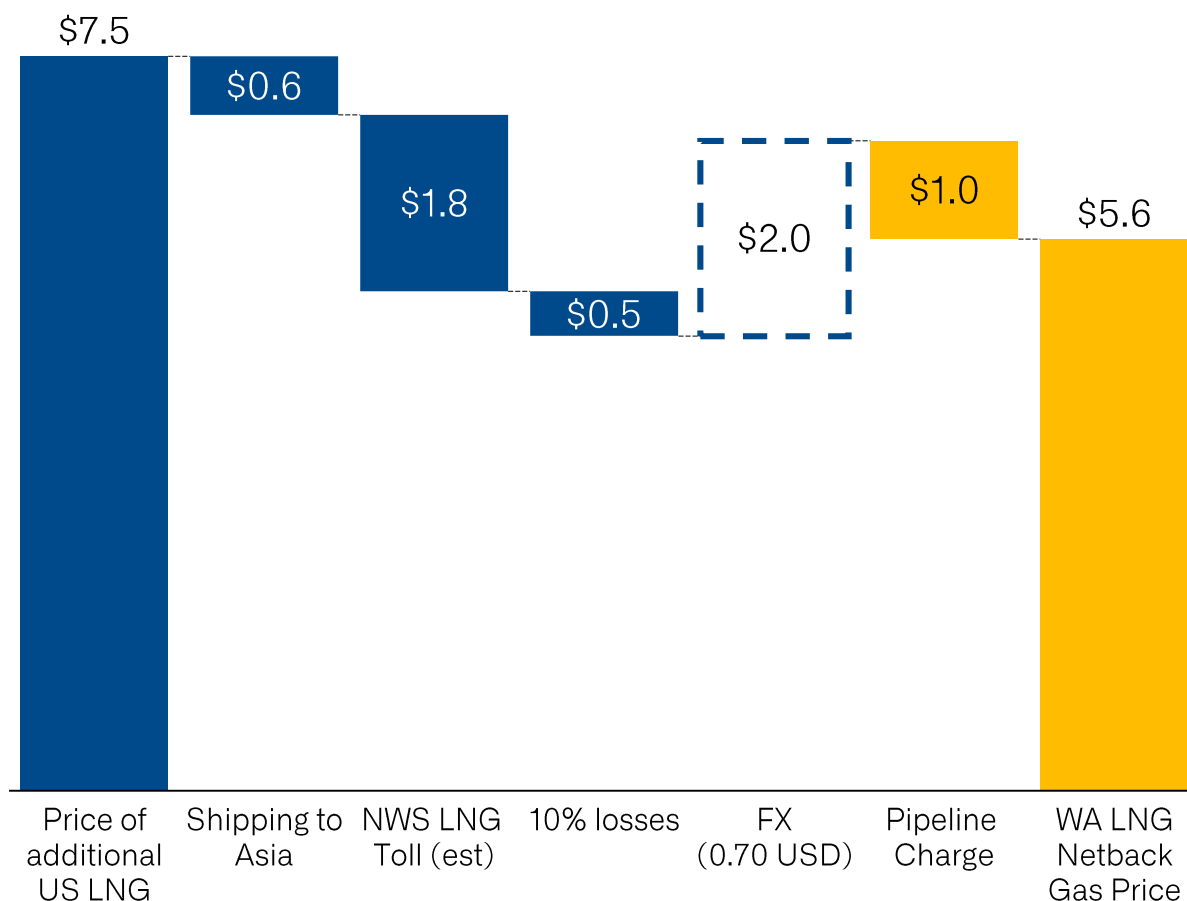
LNG netback pricing could evolve as the new non-domestically reserved floor price for WA gas

- NWS owners likely to try and maximise LNG output in this period of advantageousness
- Oil price crash /COVID has created delays and deferments of major backfill candidates in Scarborough and Browse
- Huge liquefaction capacity now available mid decade
- NWS Act extended to 2059 and to allow third party volumes
- NWS may fast become a demand sink for uncontracted and developable gas resources

“Could this spawn a small exploration / development run?”

US LNG marginal price net backed to WA gas price per GJ (AUD & USD)

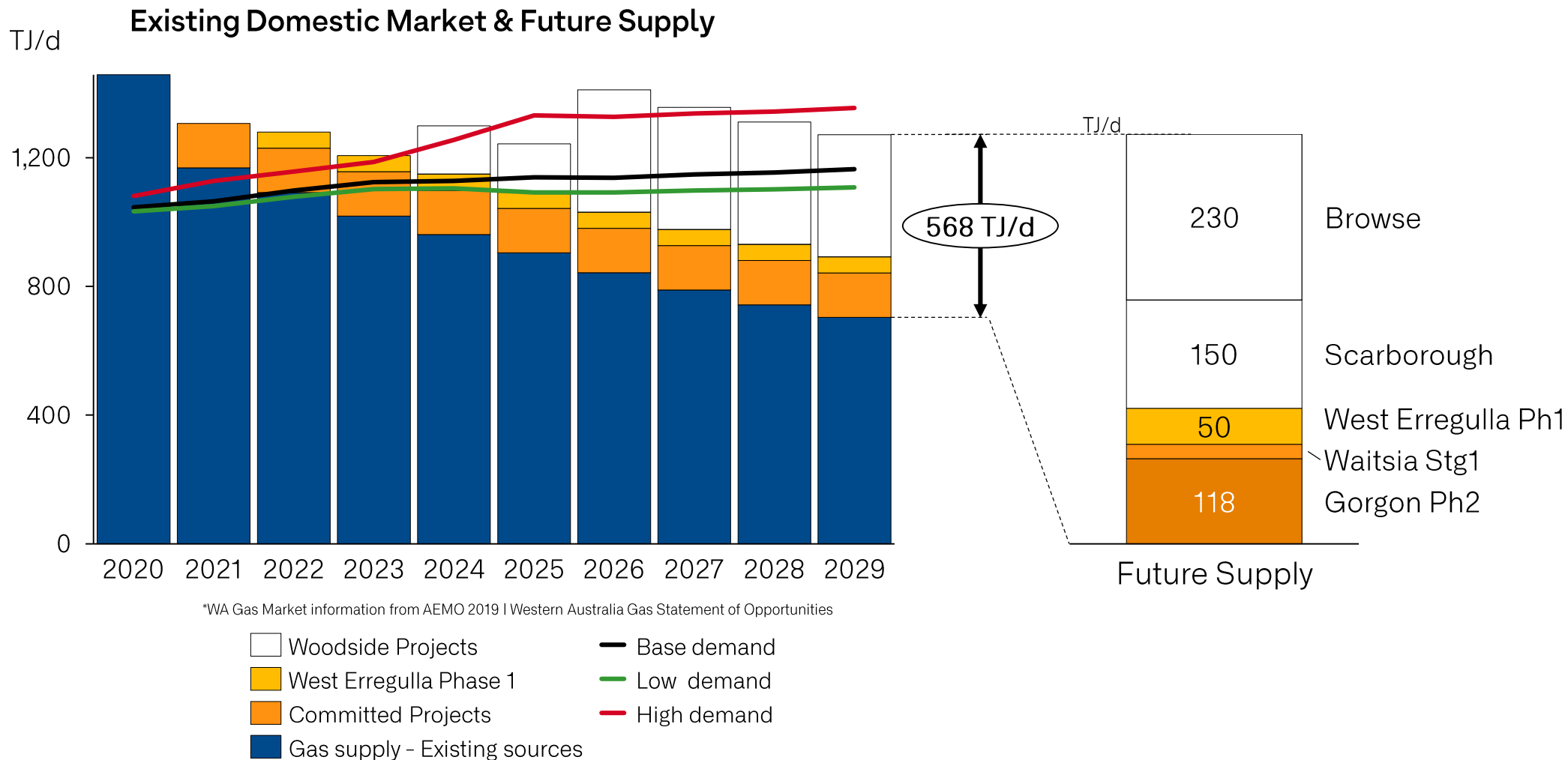
■ USD
■ AUD



LNG netback pricing for WA gas could be between A\$5.50–\$6.50 GJ

- As new US LNG supply is the marginal supplier, the chart (left) shows the long term LNG net backed WA gas price (through the NWS) which is equivalent to that cost of supply
- Intra-WA pipeline transport may be reduced via swaps or possible back haul pricing
- LNG netback pricing is substantially higher than the long term average WA gas price ~A\$4.50 GJ

“Will this opportunity cause WA domestic gas prices to rise?”



- Committed projects include Waitsia Stage 1 (20 TJ/d) and Gorgon LNG Phase 2 domgas plant expansion (118 TJ/d).
- The WA domestic gas market may now be anywhere between 298 and 436 TJ/d short by 2029 unless new projects like Strike's West Erregulla Phase 1 & 2 are sanctioned and brought online in a timely manner



Drilling

- WE3 (firm)
- WE4 (firm)
- WE5 (tbc 30 Nov)

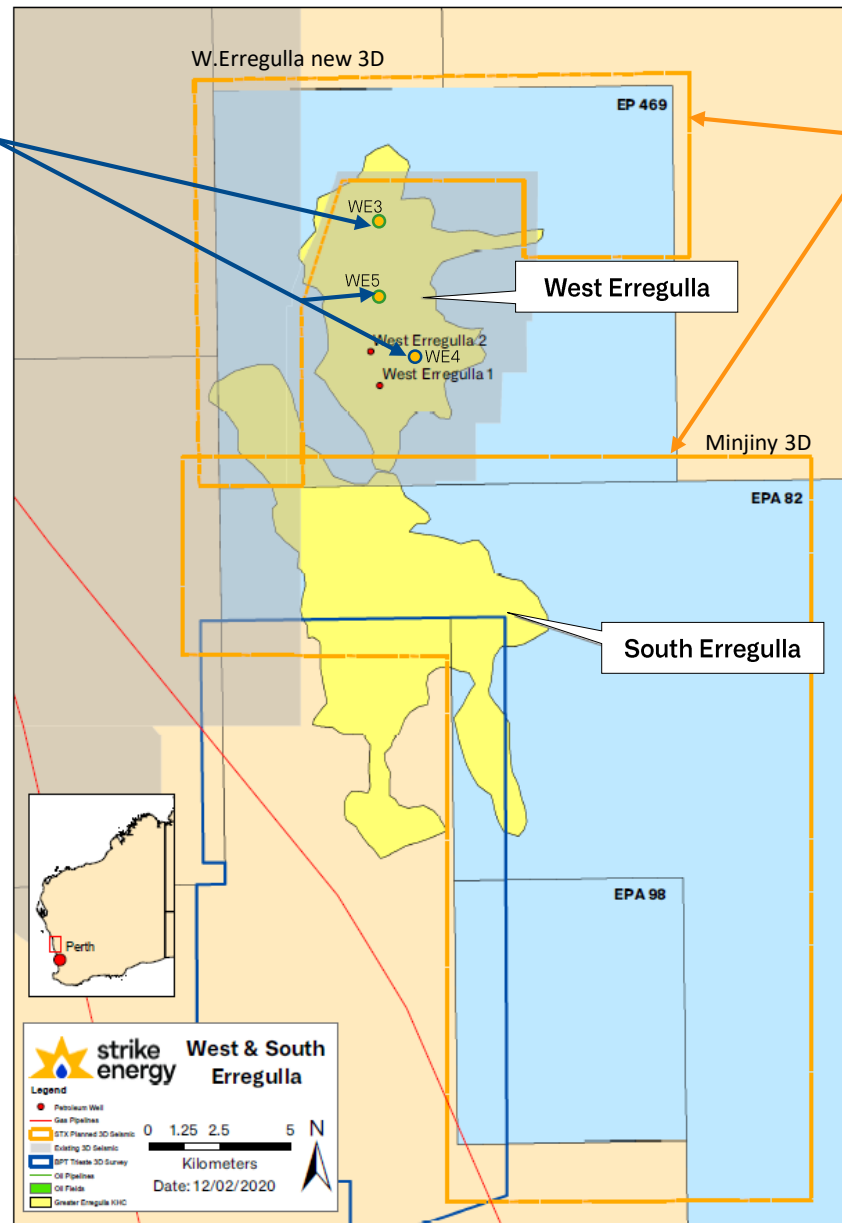
Drilling Operations

West Erregulla 3 & 4

- Drilling operations slated for Q3/20
- Civil works expected to commence in May
- Rig selection due shortly
- Appraisal Plan designed to test reservoir distribution, collect Wagina info and inform well spacing
- Wells to be completed as future producers for Phase 1 production

West Erregulla 5

- Subject to Nov 20 approval



3D Seismic

- W. Erregulla
- Minjiny
- Trieste processing

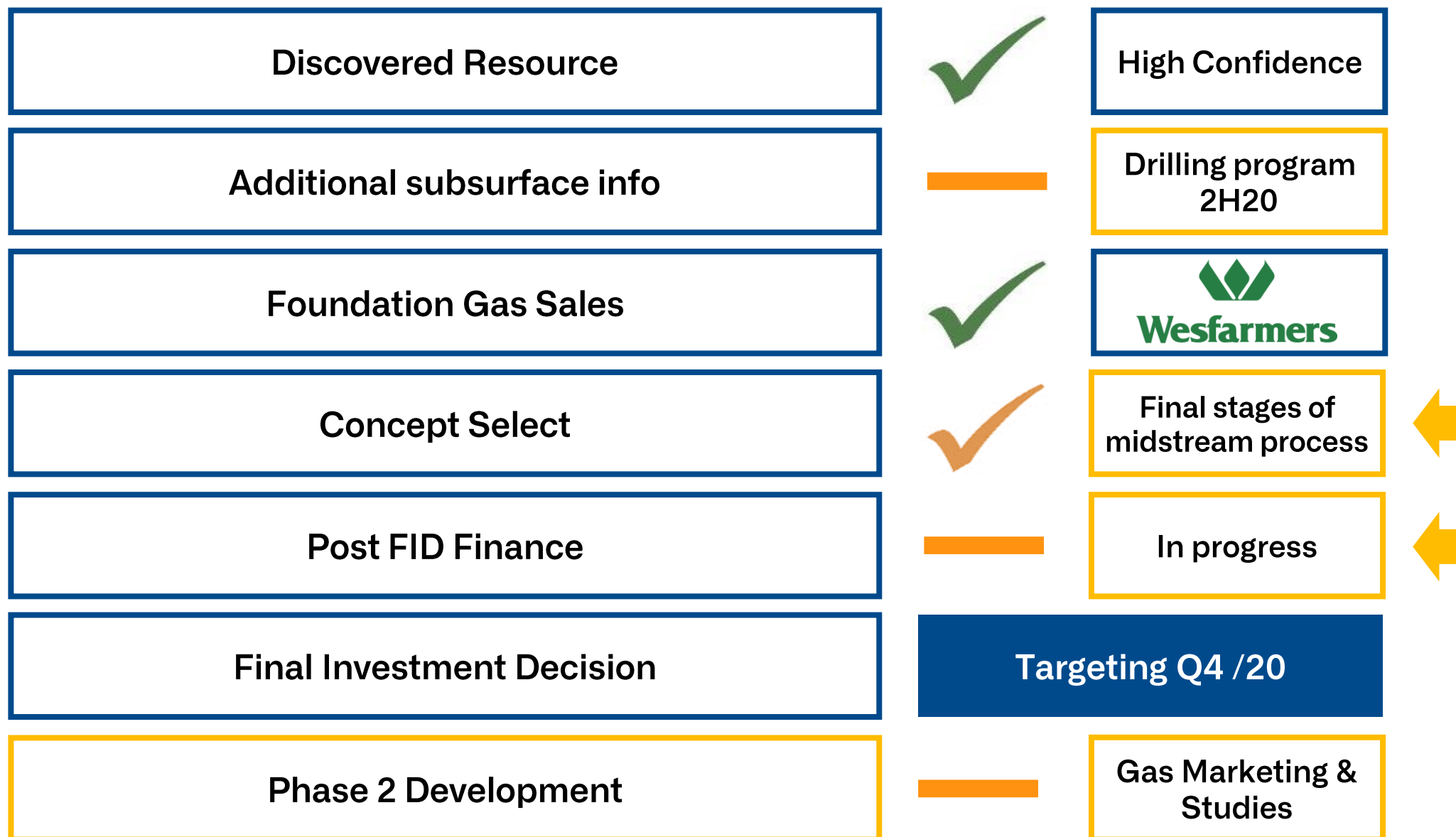
Seismic Operations

- Seismic operations to occur post harvest 2021
- Environmental permitting works underway
- 2D over S. Erregulla being reprocessed

Subsurface Evaluation

- Kingia-High Cliff 2C well recovery (raw, gross) is ~90 BCF at W. Erregulla
- South Erregulla 50% COS with 1.60 TCF
- Trieste 3D over S. Erregulla in house, decision made to fast track processing

West Erregulla Gas Project Delivery



Permian gas fairway outline

Waitisia

Beharra Springs

West Erregulla

STX 50%

STX 100%

STX 100%

STX 100%

STX Permits

Wahlu

EP 469

West Erregulla

EPA 52

EPA 98

EPA 99

EP 495

Ocean Hill Discovery

EP 445

EP 447

EP 438

Wahlu

EP 447 (Wahlu)

Perth Basin Permits

0 10 20 Kilometers

Gas Pipelines

Oil Pipelines

Oil Fields

Gas Fields

Greater Erregulla KHC

Little KHC fields

Beach PSL Sept 2018

Strike Permits

17/02/2020

0 5 10 Kilometers

N

- ## West Erregulla-2 Kingia Flow Test



Perth Basin gas has a '~\$1.10 GJ' cost advantage versus peers for transport to Perth

WA Domestic Gas Market:

up to 1,200 TJ/d

Or

**~\$2.2 bln
market p.a.**

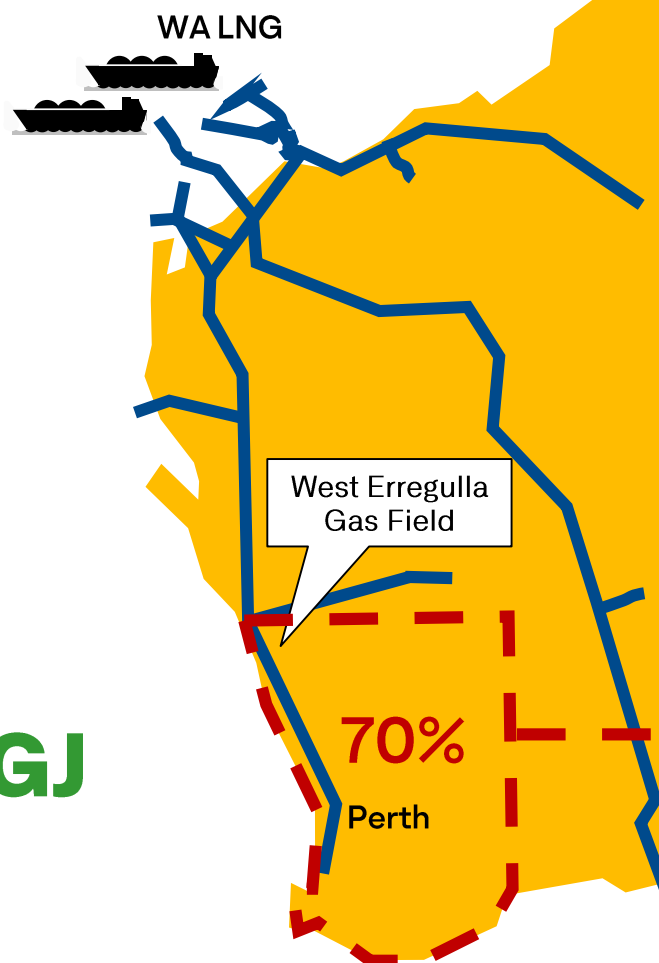
The Perth Basin is the closest source of gas to the bulk of WA gas demand

70% of WA's domestic gas demand is south of Geraldton

Estimated Transmission Costs

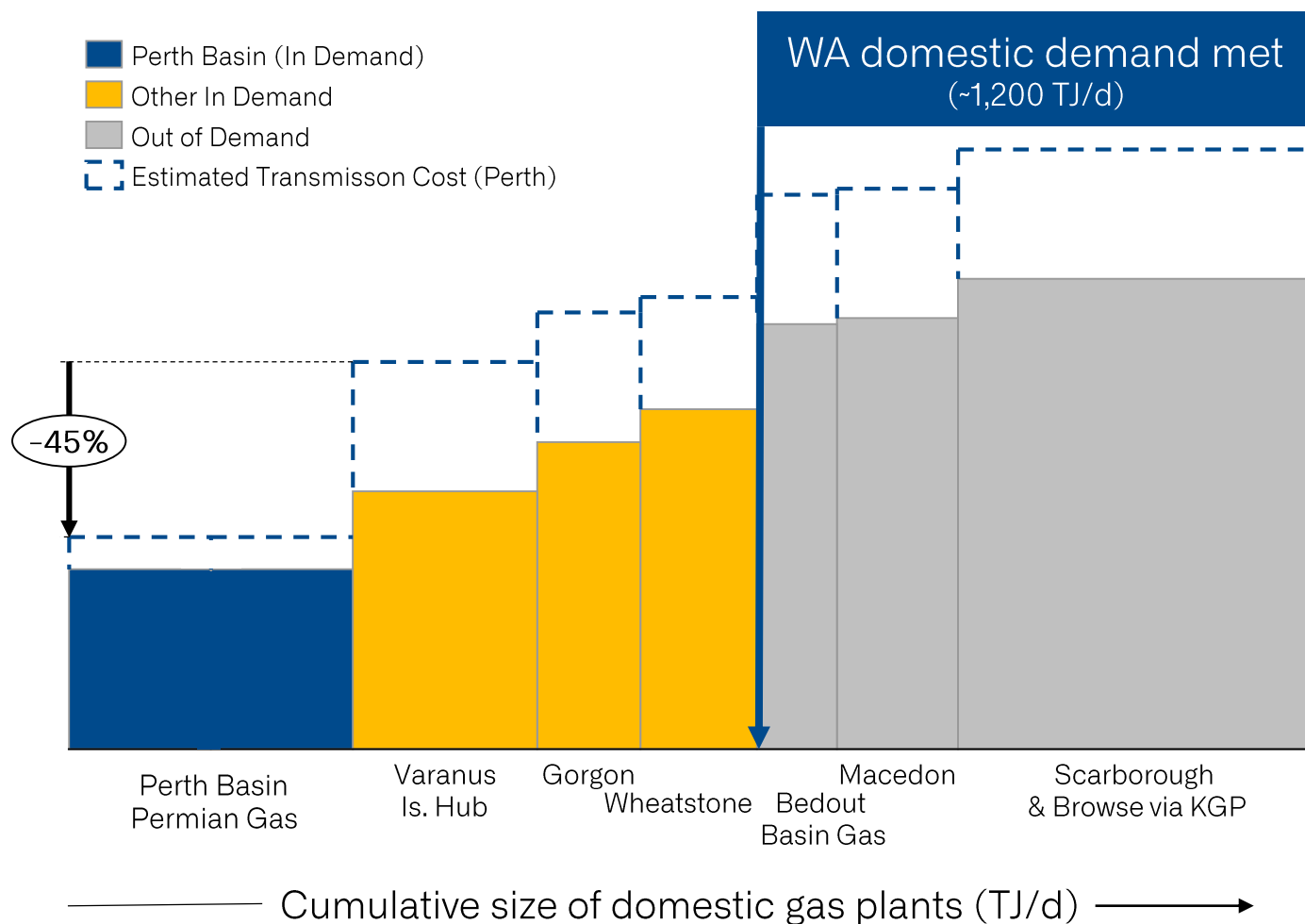
North West
↑
\$1.44 GJ
↓
Perth / South West

Mid West
↑
\$0.34 GJ
↓
Perth / South West



Estimated Forward Breakeven Cost of Supply for Uncontracted Gas¹

(Relative \$/GJ)



- Size, quality and location to market makes Perth Basin Permian gas supply low cost.
- WA gas market has daily demand of up to 1,200 TJ/d.
- If economic to do so, new LNG will become the domestic market marginal supplier.

¹Source of External Cost Benchmarking: Rystad Energy Consulting Ucube Upstream Database

Perth Basin conventional Permian gas costs and facility sizes are internal estimates

Domestic gas facility size source: AEMO Gas Bulletin Board WA

Estimated transmission costs are via AGIG DBNGP: Five year plan Dampier to Bunbury Natural Gas Pipeline 2021-25 draft plan https://www.dbp.net.au/wp-content/uploads/2019/05/AGIG-DBP-Draft-Plan-2021-2025_Web.pdf

Significant gas resources



high-quality conventional gas of ~1.2 tcf gross 2C contingent resource¹

Well capitalised



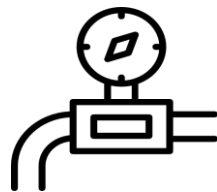
Fully funded to deliver its FID on Phase-1 and commence exploration campaign

Excellent demand for gas



Supportive and tightening WA gas market fundamentals

Low cost development



Staged development utilising adjacent gas infrastructure with offtake secured

Significant upside



Greater Erregulla gas project with multi-tcf targets identified for near term drilling

¹ Refer Important Notice on Slide 2 for Resource Estimate information.



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energy**