

# Quarterly Report

## Q2/20



## Highlights

### West Erregulla

- AGIG selected to build, own and operate Phase 1 gas processing plant; FEED underway.
- Ensign 970 drilling rig secured on long term contract for appraisal campaign.
- WE-3 lease, access tracks and drilling pad construction underway.
- Upstream FEED for gathering network and well control skids commenced.
- WA Government awarded Lead Agency Status to West Erregulla as a project of strategic importance to the WA economy.

### South Erregulla

- Reprocessed 2D data confirmed presence of gross 4-way closure over South Erregulla, indicating multi-TCF potential.
- Initial processed volumes from Trieste 3D seismic survey received.

### Walyering

- Upgrade to both Walyering Prospective Resource and probability of success from new 3D interpretation and Quantitative Interpretation (QI) modelling.

### Comments from Managing Director & CEO Stuart Nicholls:

“Strike Energy continues to systematically deliver against its vision to become a major producer of domestic gas in Western Australia.

“Securing AGIG as the preferred proponent for our midstream development and starting FEED on the West Erregulla gas processing facility are major milestones supporting the delivery of our gas to market by 2022.

“The upcoming drilling campaign at West Erregulla is expected to deliver results and data that will not only support our gas commercialisation plans but also build further confidence in Strike’s Greater Erregulla gas strategy.”

# Exploration, Appraisal & Development

## Greater Erregulla

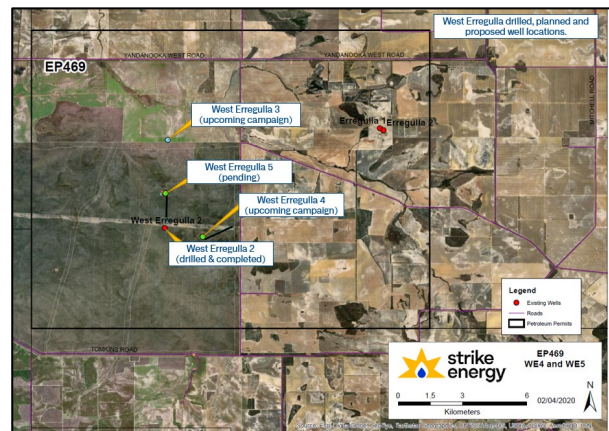
### West Erregulla (EP469)

In May 2020, Strike was notified by the Western Australian Department of Premier and Cabinet that the West Erregulla Gas Project had been awarded Lead Agency Status. Lead Agency support is granted to projects of a significant and strategic importance to the economy of Western Australia. Since this award, Strike has been closely working with the Department of Jobs, Tourism, Science and Innovation on the key approvals required to meet Strike's aspired project development timeline.

### West Erregulla - Upstream

During the quarter the EP469 JV approved the West Erregulla Appraisal Plan which added WE4 and, on a contingent basis, WE5 to the previously approved WE3 program. The drilling campaign for WE3 and WE4 is now firm with an option to include WE5, subject to final JV approval no later than November 2020.

Procurement processes for drilling rig services were completed during the quarter with Strike securing the Ensign 970 drilling rig on a long-term contract at attractive terms. Ensign has agreed to execute capital upgrades to the rig, including a significant increase in pumping capacity to support the larger bore hole diameter design of the appraisal wells.

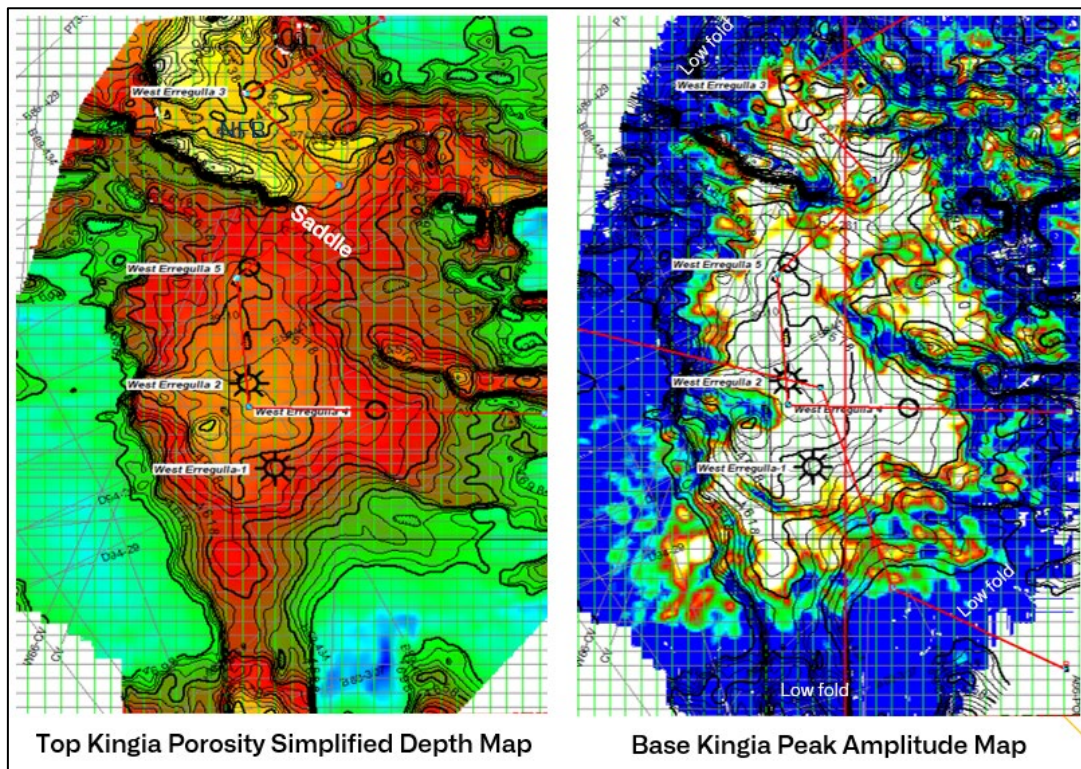


Strike has now started the operational phase of the program having secured the required permits and approvals. Lease construction is well progressed with conductor installation to commence soon. Strike is currently targeting a late August / early September spud for WE3.

The location of WE3 has been chosen with the objective of confirming the continuity of the field on the northern side of the saddle feature that makes up the West Erregulla gas field. Strike interprets WE3 to have a high chance of success of confirming the presence of the extension of a commercially developable hydrocarbon accumulation. This is due to the analogous structural setting to Waitsia, where linked fault blocks are shown to be in communication despite significant throw observed in the seismic. At West Erregulla the throw is minimal and the amplitude response, which Strike has modelled as a direct indicator of hydrocarbon filled porous sands, is in a continuous phase across the blocks.

WE3 will primarily test the Kingia and High Cliff sandstones, which were the host reservoirs to the major gas discoveries in WE2. The Wagina gas discovery is interpreted to shut off to the North and is uncertain as to its presence in the northern fault block, as such the extent of the evaluation

program for the Wagina in WE3 will be contingent upon drilling results with a more extensive firm program planned for WE4.



In the quarter Strike also completed its pre-FEED activities for the upstream field development which has included conceptual gathering networks for connection of the appraisal and development wells, pigging facilities, slug catcher and standardised well skids. The upstream development has progressed to a hybrid of FEED and detailed design work, with Australian engineering firm Aurecon awarded the Upstream FEED contract. Strike benefits from the use of Aurecon given their extensive upstream experience with a number of other onshore operators and recent involvement in the nearby Waitsia development.

Throughout the quarter Strike has progressed the Field Development and Field Management plans. These documents will form critical inputs to both the joint venture and the regulator to progress the West Erregulla project from a successful appraisal program to development and conversion of the Exploration Permit to a Production Licence. The progression of these two major documents is a positive step towards achieving the joint venture and permitting milestones for the targeted start-up of production operations in 2022.

West Erregulla is within EP469 in which Strike Energy Limited is operator and holder of a 50% interest in joint venture with Warrego Energy Limited which holds the remaining interest.

## West Erregulla - Midstream

During the quarter Strike announced it has partnered with Australian gas infrastructure leader AGIG as the preferred proponent to design, build, own and operate a 50 TJ/day gas plant. The plant will process Strike's gas from the proposed Phase 1 West Erregulla development under a long-term tolling arrangement.

Since this announcement, Strike and AGIG have commenced the FEED for the gas processing plant and associated raw gas pipeline. This will move towards long lead procurement in Q4 2020 in support of the targeted start-up milestone of 1H22.

The 50 TJ/d gas facility will be constructed adjacent to the West Erregulla gas field with a raw gas trunkline connecting to the West Erregulla upstream development, and will process raw gas to sales gas specification and deliver it into WA's gas transmission network.

The project represents an investment of more than \$200 million in infrastructure and services by AGIG under a competitively priced long-term tariff. This structure will avoid substantial upfront capital for Strike and improve the overall terms for its Phase 1 FID.

The contract award to AGIG and the infrastructure development are subject to execution of full form documentation consistent with agreed key terms, and conditions precedent including each party taking a final investment decision on their respective developments, all to be completed or satisfied by the end of 2020.

## West Erregulla - Finance

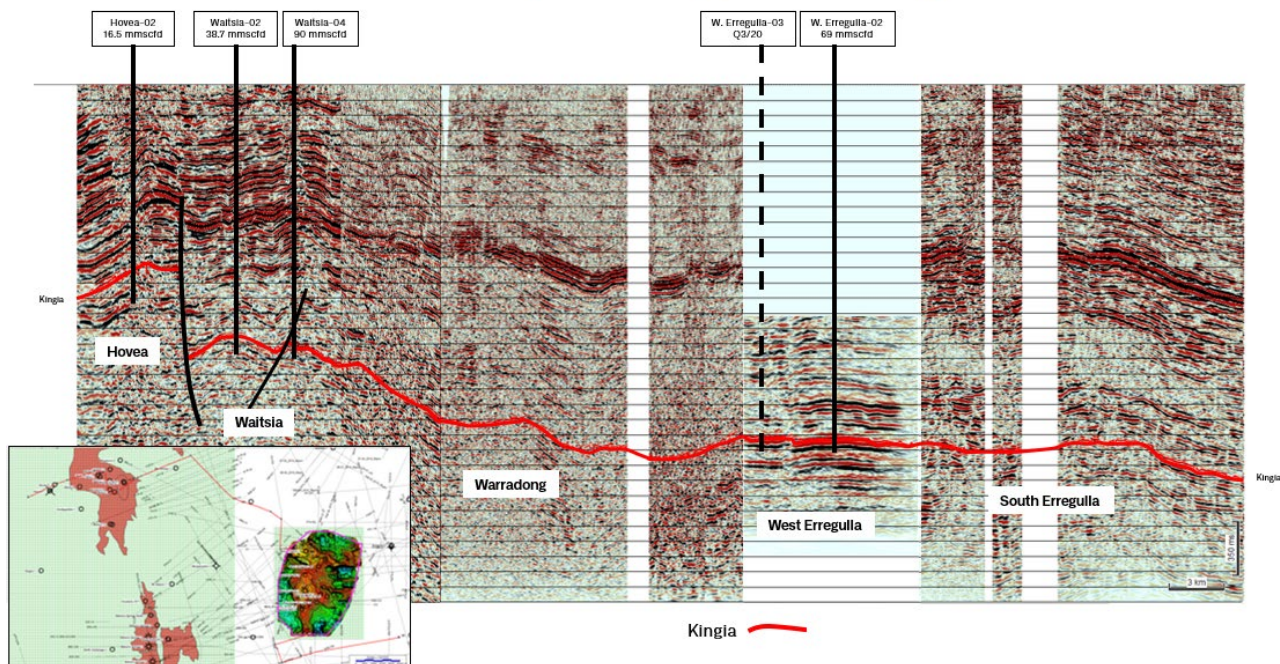
During the quarter Strike progressed its project financing workstreams and has appointed Delaware Advisory as its financing advisor. Delaware Advisory is led by ex-Santos Treasurer John Gallagher who has a strong track-record of procuring efficient and fit for purpose project financing solutions for gas developments.

## South Erregulla

During the quarter, and as announced on 9 June 2020, Strike completed reprocessing of 23 historical 2D seismic lines of various vintages that cover the Greater Erregulla region. Late in the quarter Strike also received its first processed volumes of the Beach Energy Trieste 3D seismic.

The new data has greatly improved Strike's structural interpretation of South Erregulla and confirms the presence of a gross 4-way dip closure over the Greater South Erregulla structure. The new data also indicates connectivity of the South Erregulla structure to West Erregulla which greatly improves our confidence in finding an equivalent trap-seal combination to West Erregulla that is likely to hold a conventional quality, hydrocarbon charged reservoir.

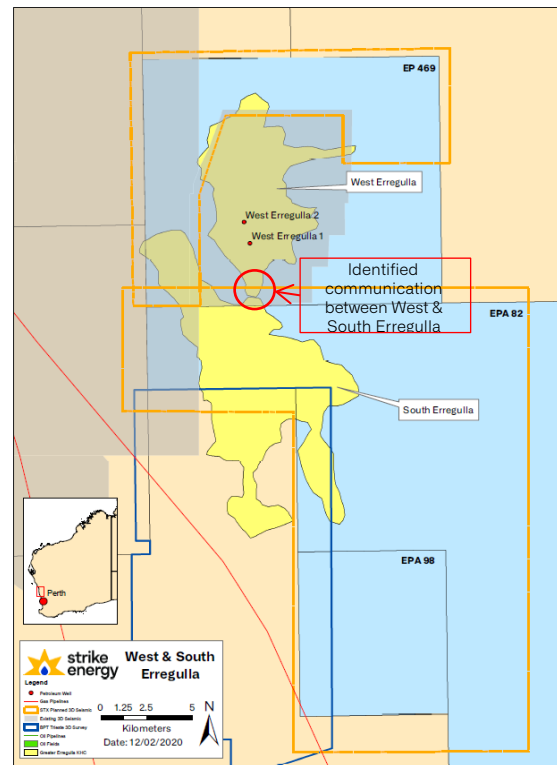
### Hovea – Southern Waitsia – Warradong – West Erregulla – South Erregulla 2D/3D Seismic Tie



The internal reflectivity and stratigraphic imaging within the South Erregulla structure is also

greatly improved. In some lines, amplitude blooms and seismic pushdown events similar to that seen at West Erregulla are observed within the South Erregulla structure.

Additional 2D lines are being reprocessed to generate further information on the target and surrounding areas. With the Trieste 3D seismic survey now initially processed in-house, Strike will begin taking South Erregulla through its proprietary geological and geophysical workflows. Should Strike identify a high confidence drilling location from the available datasets before acquiring the Minjiny 3D seismic survey, then planning may commence for an exploration well in CY21. This could allow South Erregulla to be incorporated into any decision around expansion of the AGIG infrastructure being proposed for the Phase 1 development at West Erregulla.



## Walyering

During the quarter Strike completed interpretation and modelling of the 3D seismic acquired by Strike over the Walyering gas discovery in late 2019. The excellent quality data indicates the presence of a high confidence wet-gas accumulation up-dip of the Walyering-4 well. An upgrade to the Prospective Resource has now been generated with the overall probability of success of proving a developable resource determined to be 38%. Added resolution and improved data quality has confirmed Strike’s initial interpretation of the dataset, that Walyering represents a robust, drillable wet-gas opportunity.

Strike owns 1,853 km<sup>2</sup> in the Jurassic wet-gas play trend, all at 100% equity interest. Success at Walyering will have a huge uplift on the valuation of the trend and the field is, therefore, being progressed towards appraisal drilling in CY21.

<b>Walyering A &amp; B Sands Conventional Wet Gas Prospective Resource (100%)<sup>1</sup></b>			
Strike Share (100%)	Low (P90)	Best (P50)	High (P10)
<b>Gas</b> (OGIIP bcf)	<b>48</b>	<b>86</b>	<b>142</b>
<b>Condensate</b> (mmbbls STOIP)	<b>1.22</b>	<b>2.18</b>	<b>3.61</b>

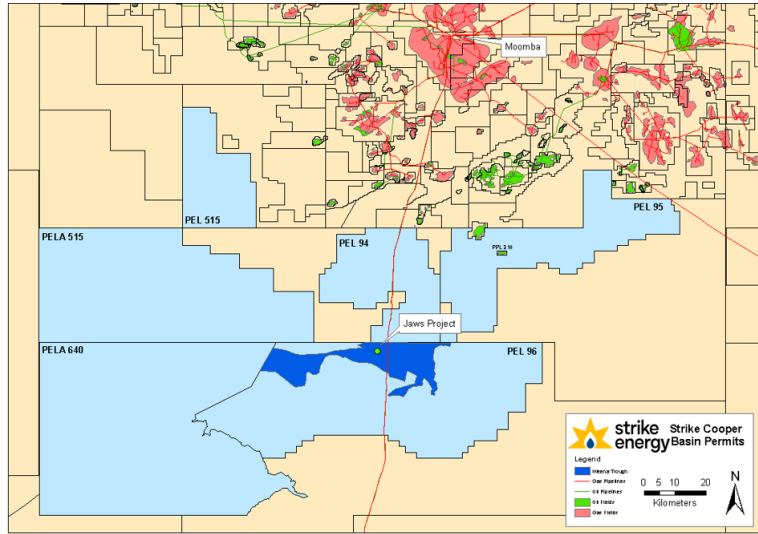
### <sup>1</sup>Prospective Resource Estimate Cautionary statement:

The above 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 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. The above stated volumes are in relation to Strike’s 100% equity interest in EP447.

Refer to ASX announcement dated 9 June 2020 titled “Greater Erregulla & Walyering Update” for full details of the Prospective Resource estimate.

## Cooper Basin

Piloting operations have continued during the quarter, with excellent uptime achieved. Daily average gas production has remained between ~20 mscf/d and ~40 mscf/d. Bottom hole pressure has been drawn down to 170-179 psig, with water production remaining stable at approximately 270 bbls/d. A material increase in the rate of gas production is yet to be achieved. Strike will continue the pilot into the following quarter and will further draw the bottom hole pressures down in search of a further gas response.



## Corporate

During the quarter Strike's operations were centred on the development and appraisal drilling programs for West Erregulla. Strike also invested resources into its FEED programs and vendor selection for the planned upstream and midstream West Erregulla development. Strike finished the quarter with \$21.6 million of cash on hand, and no debt, with its expenditure in line with forecasts.

### Petroleum Tenements Held at the End of the Quarter

Permit	Basin	Operator (parent)	STX Interest	Gross Area (acres)	STX Net Area (acres)
PEL 94	Cooper Basin	Beach	35%	222,963	78,037
PEL 95	Cooper Basin	Beach	50%	316,418	158,209
PEL 96 (Jaws)	Cooper Basin	Strike	67%	668,098	444,953
PELA640	Cooper Basin	Strike	100%	821,056	821,056
PEL 515	Cooper Basin	Strike	100%	750,483	750,483
PPL210 (Aldinga)	Cooper Basin	Beach	50%	988	494
EP447 (Walyering)	Perth Basin	Strike	100%	274,287	274,287
EP488	Perth Basin	Strike	100%	73,390	73,390
EP489	Perth Basin	Strike	100%	36,572	36,572
EP495	Perth Basin	Strike	100%	73,637	73,637
EPA-82	Perth Basin	Strike	100%	138,626	138,626
EPA-98	Perth Basin	Strike	100%	18,533	18,533
EPA-99	Perth Basin	Strike	100%	92,170	92,170
EP469 (West Erregulla)	Perth Basin	Strike	50%	55,500	27,750

## Competent person's statements

About Igesi Consulting:

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 across numerous conventional clastic and carbonate plays worldwide and has experience across all unconventional resource play types: tight clastic, shale and coal bed reservoirs.

About Strike: The information in this release that relates to resource estimates is based on information compiled or reviewed by Mr. Andrew Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers (SPE), and the Petroleum Exploration Society of Australia (PESA). Mr. Farley is the Exploration Manager for the Group and has worked in the petroleum industry as a practicing geologist for over 18 years. Mr. Farley has consented to the inclusion in this announcement of matters based on his information in the form and context in which it appears.

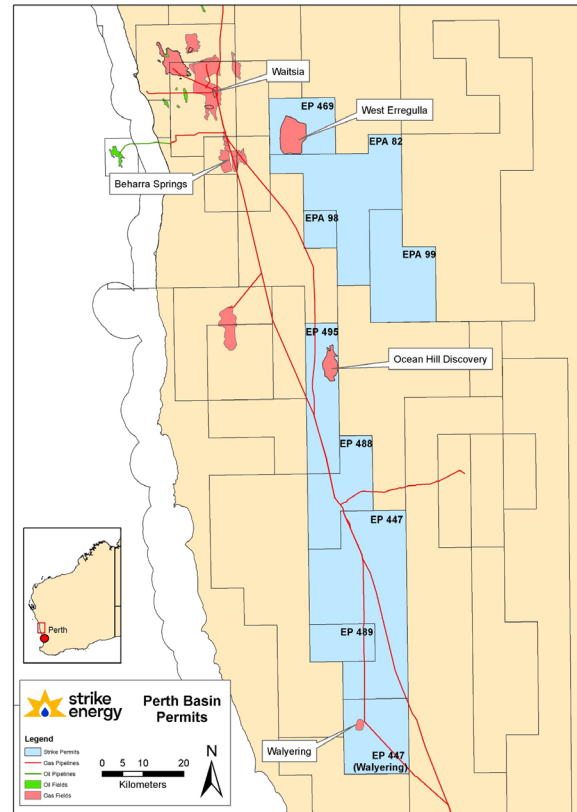
## Future Statements

Statements contained in this release (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, potential growth of Strike, 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, and are not guarantees of future performance.

Although Strike 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 does not undertake any obligation to publicly update or revise any of the forward looking statements in this release or any changes in events, conditions or circumstances on which any such statement is based.





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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STRIKE ENERGY LIMITED

ABN

59 078 012 745

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(582)	(2,716)
(e) administration and corporate costs	(433)	(2,181)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	119	243
1.5 Interest and other costs of finance paid	(6)	(48)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (cost recoveries from JVs)	495	1,950
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(407)</b>	<b>(2,752)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(46)	(224)
(d) exploration & evaluation (if capitalised)	(2,283)	(16,829)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2,329)</b>	<b>(17,053)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	30,735
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	763
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(1,441)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	(37)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>30,020</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	24,303	11,351
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(407)	(2,752)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,329)	(17,052)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	30,020

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>21,565</b>	<b>21,565</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	18,935	23,758
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (share of JV bank accounts)	2,630	545
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>21,565</b>	<b>24,303</b>

**6. Payments to related parties of the entity and their associates**

- |   | Current quarter<br>\$A'000 |
|---|----------------------------|
| 6.1 Aggregate amount of payments to related parties and their associates included in item 1 | -                          |
| 6.2 Aggregate amount of payments to related parties and their associates included in item 2 | -                          |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(407)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(2,283)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,690)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	21,565
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	21,565
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	8.0
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 14 July 2020  
 .....

Authorised by: Justin Ferravant CFO & Company Secretary  
 .....  
 (Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.