

The Company Announcement Officer ASX Ltd  
*via electronic lodgement*

## SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

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Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update on its production testing program currently underway at its Southern Cooper Basin Gas Project focussed within PEL 96 (Strike 66.7% and Operator, Energy World Corporation (ASX:EWC) 33.3%). Operations have progressed to plan and in line with budget, with production testing continuing at Klebb 1 and Le Chiffre 1 and production testing at Klebb 2 and Klebb 3 to commence before year end.

**The principal objectives of this program have already been achieved:**

- **Reductions in reservoir pressure have been measured at both wells with limited water production confirming that formation water can be comfortably managed**
- **Sustained gas flows to surface have been established at both wells with gas production continuing to build steadily**
- **Gas saturation at the Klebb 1 and Le Chiffre 1 wells range from 60 – 80%, which is well above expectations**

Now that the key program objectives have been accomplished, our focus over the coming months is to steadily and progressively test the wells to confirm the productive potential of the reservoir.

### **KLEBB MULTI-WELL PRODUCTION TEST**

Testing at Klebb 1 has reached 30 days of cumulative production with approximately 9,250 bbls of water produced to date. Reduction in reservoir pressure has been measured with sustained gas flow to surface being established during the testing period. Given lower than expected water production rates, a new pump has been installed with the capacity to fine tune ongoing reservoir testing.

Klebb 2 and Klebb 3 have been drilled and completed with surface equipment to be commissioned prior to year end. Production testing will then commence.

The Klebb multi-well test is designed to provide important information for the optimisation of well design for commercial production.

#### **LE CHIFFRE 1 SINGLE WELL PRODUCTION TEST**

15 days of production test data has now been obtained from the Le Chiffre 1 well with approximately 16,300 bbls of water produced. Flow rates and pressure drawdown have been conservatively managed to minimise the risk of reservoir damage. Sustained gas flows to surface have been established over the testing period with gas production continuing to build. Importantly, gas was observed at surface within hours of the commencement of production testing reflecting high gas saturation levels.

The forward program at this location will focus on steadily building gas production consistent with the conservative strategy employed to date.

#### **MANAGING DIRECTORS COMMENT**

*"The achievement of sustained gas flows from both the Le Chiffre and Klebb wells is a critical milestone for Strike - we are now producing gas from our first two wells tested in PEL 96, which are located next to a pipeline connected directly into the Eastern Australian gas markets.*

*Having already achieved our key objectives, we are now focussed on building gas production over coming months to underpin the accelerated development of the project. Significant reductions in oil exploration activity in the Cooper Basin are also expected to deliver a more cost competitive environment in which to progress our future reserve delineation and production optimisation programs."*

Yours faithfully

A handwritten signature in black ink, appearing to read "DWrench", with a long horizontal line extending to the right.

DAVID WRENCH  
Managing Director