

The Company Announcement Officer ASX Ltd  
*via electronic lodgement*

## ORICA TO MAKE FIRST PREPAYMENT

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Strike Energy Limited (ASX:STX) ("Strike") is pleased to announce that it has been advised by Orica Limited (ASX:ORI) ("Orica") that its' wholly owned subsidiary, Orica International Pte Ltd, has elected to make the first pre-payment of \$7.5 million under the terms of the 250PJ Gas Sales Agreement ("GSA").

The decision by Orica to proceed follows the completion of an Independent Review of the project by DeGolyer and MacNaughton, a leading Petroleum industry consultant. The Independent Review defined a significant contingent gas resource and a clear pathway towards commercial development. It also validated the significant progress Strike has made in de-risking the Southern Cooper Basin Gas Project since July 2013.

As previously announced, Strike has accelerated Phase 3 of the flow testing program – the Klebb Pilot test, including the fracture stimulation and flow testing of the Klebb 2 and Klebb 3 wells. The fracture stimulation of the wells will be undertaken in June with flow testing of the upgraded wells continuing through the September quarter. The objectives of this phase of testing are to accelerate achievement of commercial gas flow rates and initial gas reserve certification.

The Company will now progress to Phase 4 of the program - the drilling, fracture stimulation and completion of additional wells at the Le Chiffre location. These activities are planned to follow completion of the Phase 3 program.

Strike has been able to significantly reduce the overall cost of the Phase 3 and 4 programs through a series of operational, procurement and logistics initiatives. The Company's current cash position (including the Orica and Orora prepayments) and the expected R&D tax refund will now comfortably fund these activities. Orica and Strike have agreed that Orica will not subscribe for any further shares in the Company at this time.

# ASX Announcement



27 May 2015

## Managing Directors Comment

*“Orica’s positive election to proceed with this pre-payment of \$7.5 million is a validation of our strategy and the significant progress we have made in de-risking the project.*

*The commercialisation of our Southern Cooper Basin Gas Project will now accelerate given the company has the operational and funding capacity to achieve commercial gas flow rates at the Klebb and Le Chiffre pilots and undertake pre-development activities into 2016.*

*In conjunction with Orica, we will work with our other gas off takers, Orora and Brickworks, to develop this project which has the potential to supply substantial quantities of competitively priced gas to Eastern Australia.”*

Yours faithfully

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

DAVID WRENCH  
Managing Director