

The Company Announcement Officer  
ASX Ltd  
*via electronic lodgement*

## **SOUTHERN COOPER BASIN GAS PROJECT COMMENCEMENT OF DRILLING OPERATIONS**

Strike Energy Limited (ASX:STX) ("Strike") is pleased to advise that field operations at the Southern Cooper Basin Gas Project have commenced. A drilling rig is on location at the Le Chiffre 1 well site preparing to spud pending receipt of final regulatory approvals.

This well marks the start of the next step in Strike's program for the rapid commercialisation of the large gas resource in PEL 96 and the adjacent permits. The attached Southern Cooper Basin Gas Project – Investor Update Presentation provides more details on the project and Strike's commercialisation strategy.

### **LE CHIFFRE 1 DETAILS**

The Le Chiffre 1 well is being drilled by the PEL 96 joint venture (Strike 66.7% and operator, Energy World Corporation (ASX:EWC) 33.3%) and is located approximately 105 km south-south west of Moomba and 4 km east of the Moomba to Adelaide Pipeline ("MAPS") (see Map 1 below).

The well will be drilled to a proposed total depth ("TD") of 2,021 m and is expected to take approximately 21 days to complete. The drilling program includes extensive coring and formation evaluation of the Toolachee, REM and Patchawarra formations. Preliminary formation productivity testing may also be conducted via a wireline conveyed tool assembly before the well is cased and suspended pending completion and an extended production testing program in 2014.

This well will further define the thickness and continuity of the coals within the PEL 96 Phase One Area and provide critical gas content, saturation and hydrocarbon composition data.

Results from the appraisal program will underpin the decision to commence an extended pilot test program, ahead of a commitment to develop a commercial gas project

Energy Drilling Australia's Rig 3, a new build Schramm TXDE 200 (see Photo 1 below) has been contracted for the drilling operations.

# ASX Announcement

29 October 2013

## MANAGING DIRECTOR QUOTE

Managing Director, David Wrench, said:

*"We are very pleased to now be commencing the next stage of our commercialisation plan for the Company's Southern Cooper Basin Gas Project. Early success from the work program to be completed this quarter has the potential to underpin an acceleration of pilot production testing at the project."*

Yours faithfully



DAVID WRENCH  
Managing Director

*Further information:*

**Strike Energy Limited**

David Wrench – Managing Director

T: +61 2 9397 1420

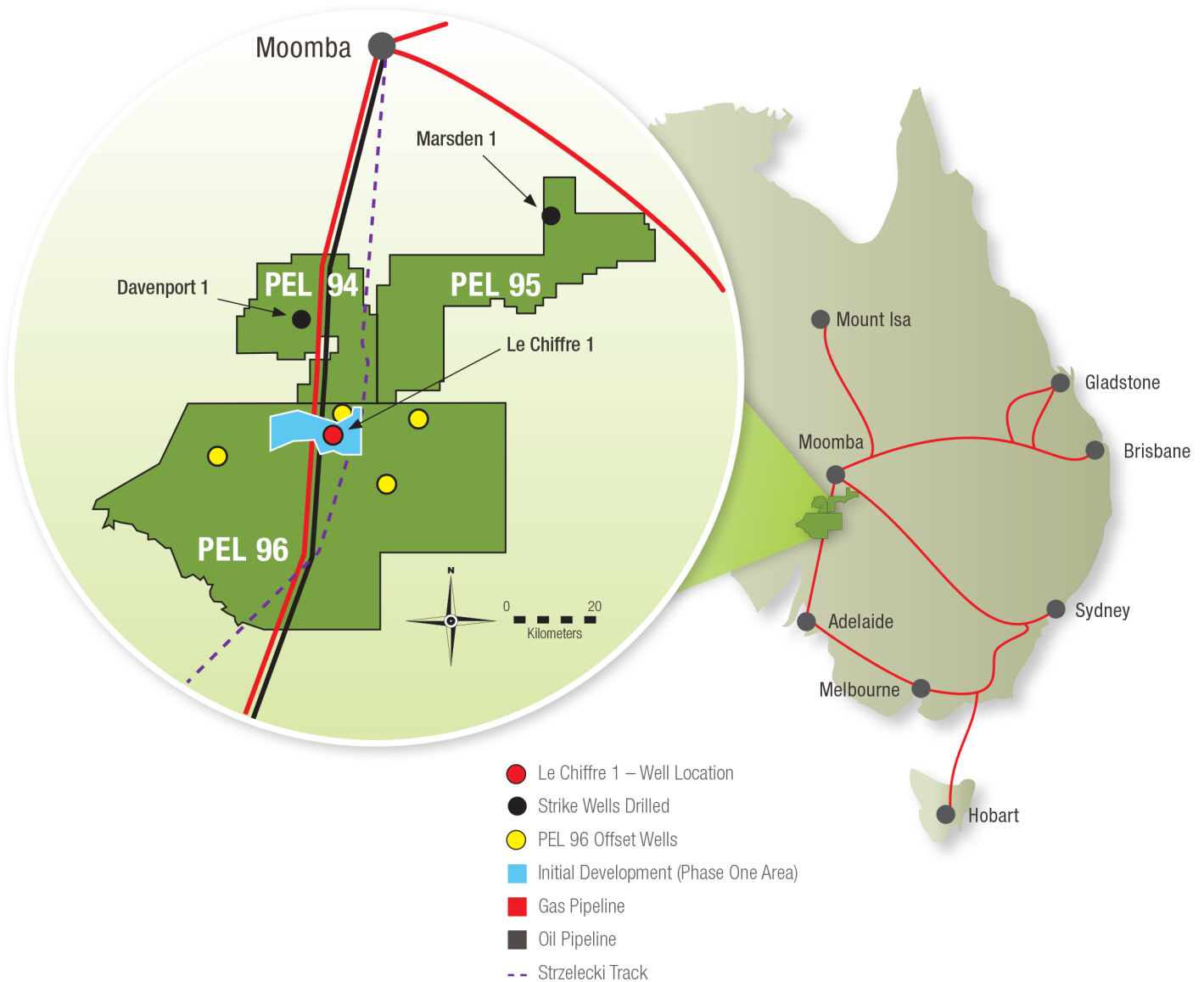
E: [strike@strikeenergy.com.au](mailto:strike@strikeenergy.com.au)



### PHOTO 1

*Energy Drilling Australia's Rig 3, a new build Schramm TXDE 200*

**MAP 1**  
Le Chiffre 1 – Well Location



STRIKE ENERGY LIMITED

# SOUTHERN COOPER BASIN GAS PROJECT

Investor Update Presentation

October 2013



# Southern Cooper Basin Gas Project: Background



Le Chiffre 1 is the first well of an important drilling program at our Southern Cooper Basin Gas Project

Following the company's 2012 Cooper Basin drilling activities and the recent binding gas sales term sheet signed with Orica, this program is the next step in the company's rapid commercialisation plan for the gas resource

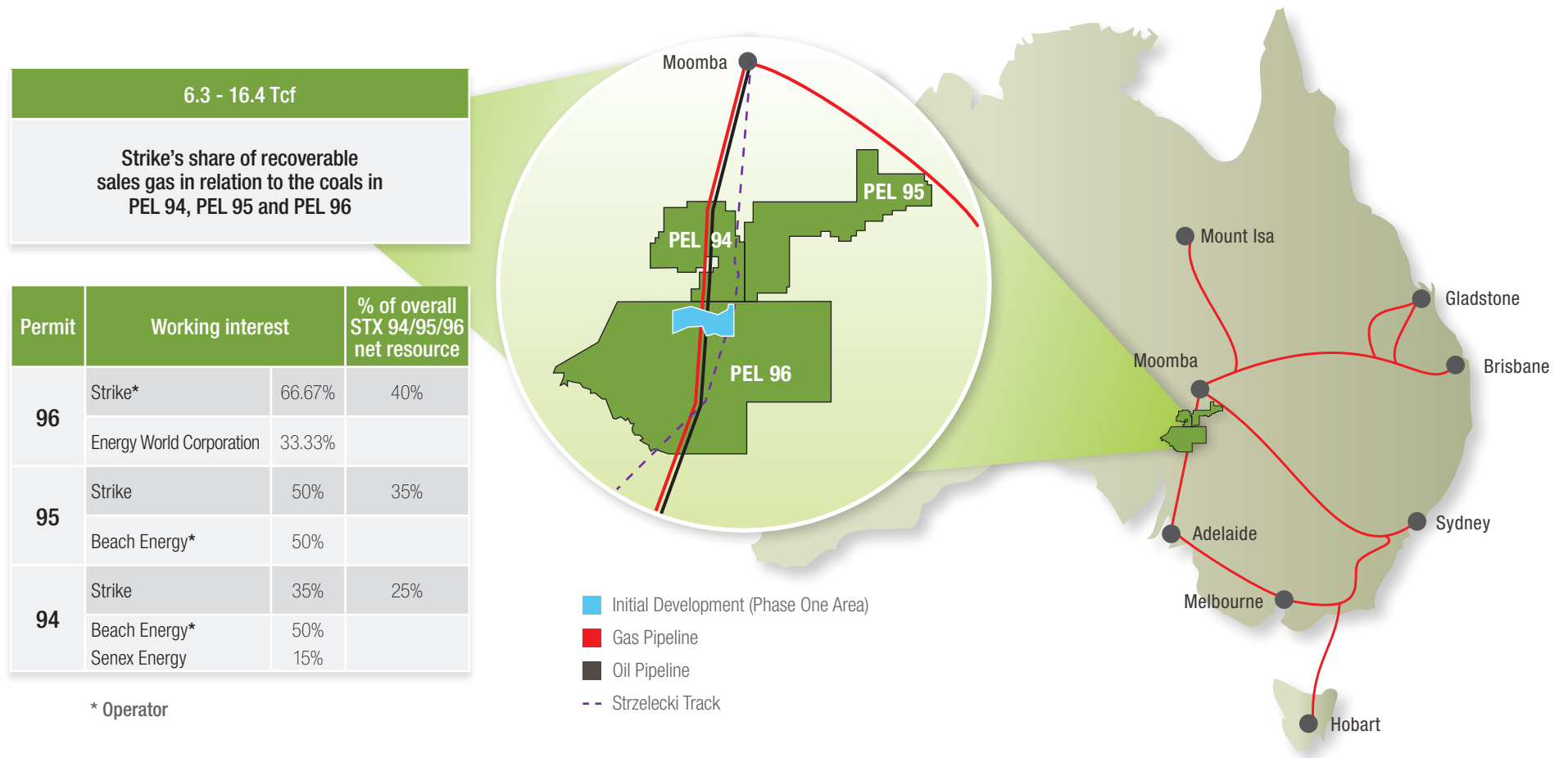
Drilling operations are expected to be completed early in 2014 with detailed analysis of logs, cores, gas samples and test results undertaken during Q1 2014

Results from this program will underpin the decision to commence an extended pilot production test program, ahead of a commitment to develop a commercial gas project



# Southern Cooper Basin Gas Project: Overview

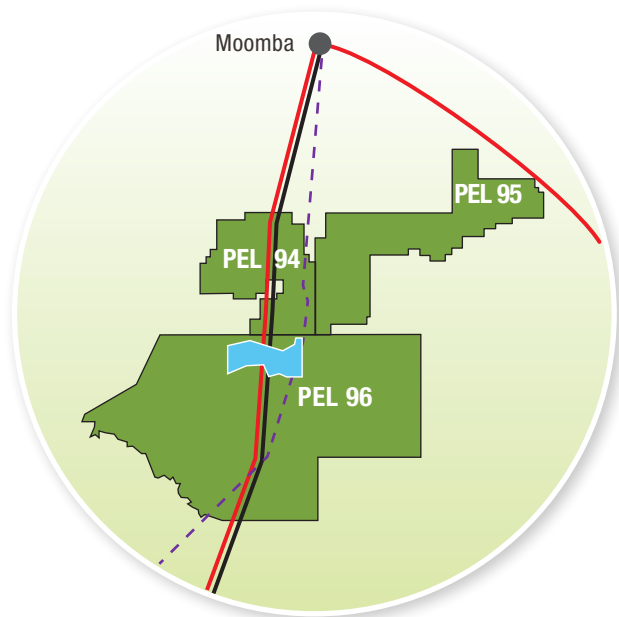
The PEL 94, 95 and 96 permits host a massive gas resource. Forty (40) percent of Strike's net resource is located in its operated PEL 96 permit.



Strike has control of planning, timing and execution activities in PEL 96

# Southern Cooper Basin Gas Project: Strategic objectives

The PEL 96 Phase One Area appraisal program and pilot production test project are key milestones in achieving commercialisation.



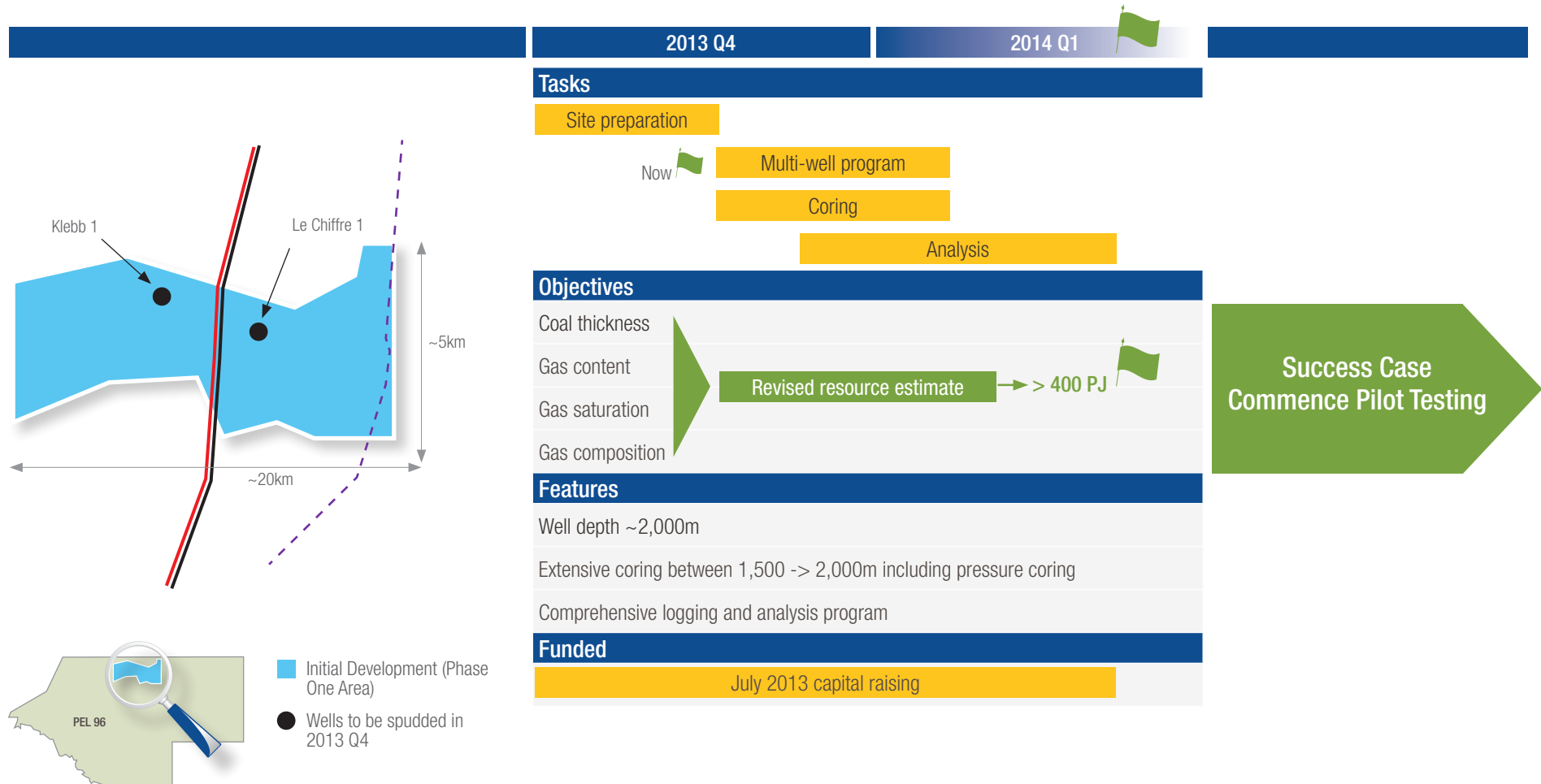
■ Initial Development (Phase One Area)

- Confirm resource and reservoir characteristics, optimise production model
- Focus on rapid commercialisation and development of the PEL 96 Phase One Area resource for supply to domestic gas users
- Following PEL 96 Phase One Area initial project development, expand the focus to unlock the potential of the entire world scale resource

**Successful PEL 96 Phase One Area commercialisation will point towards immense strategic value of the total resource**

# Southern Cooper Basin Gas Project: PEL 96 Phase One Area Appraisal

The appraisal process is the first milestone on the path to commercialisation.



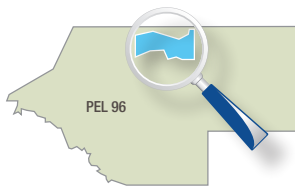
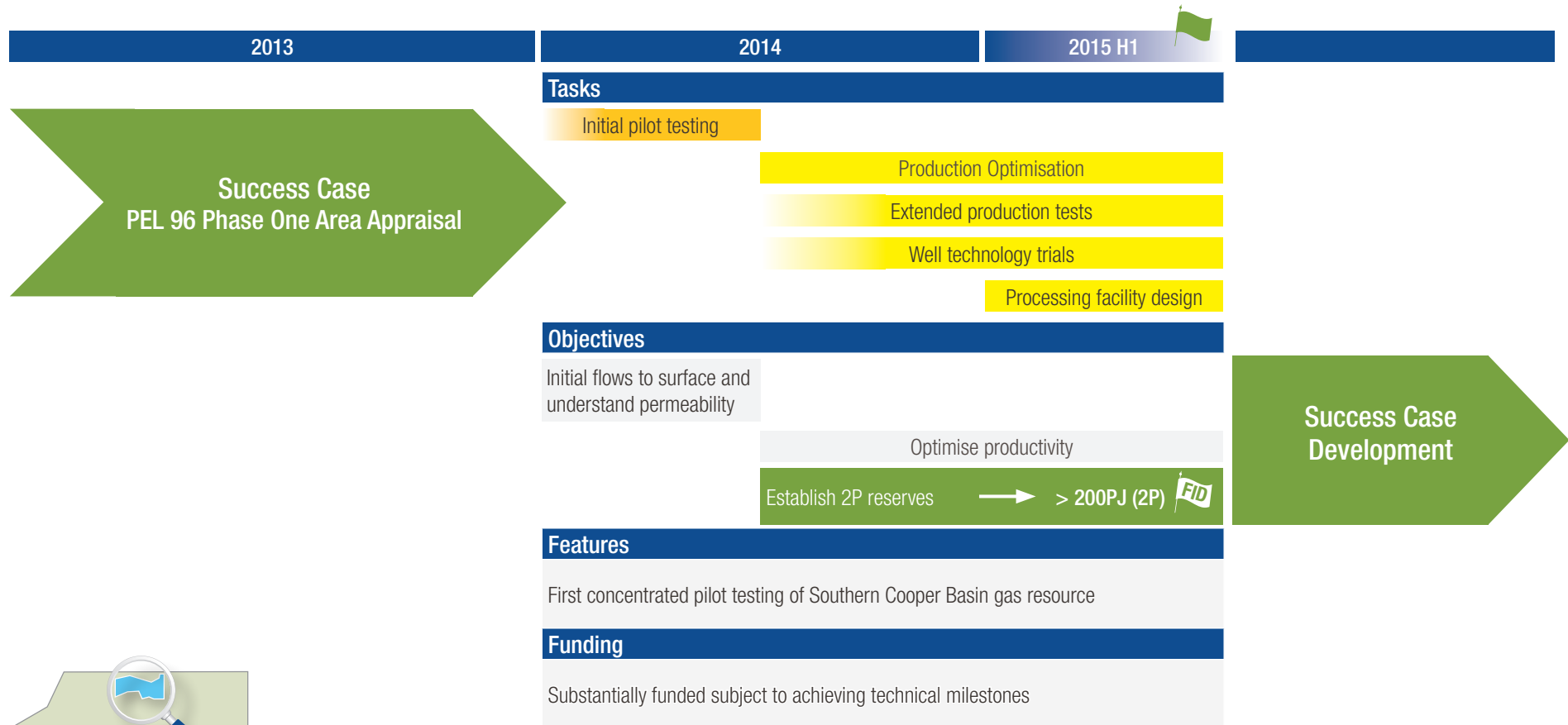
**Potential to accelerate pilot testing with early appraisal success**



# Southern Cooper Basin Gas Project: PEL 96 Proposed Pilot Production Test Project



The objective of the pilot production test project will be to establish commerciality of the PEL 96 Phase One Area resource.

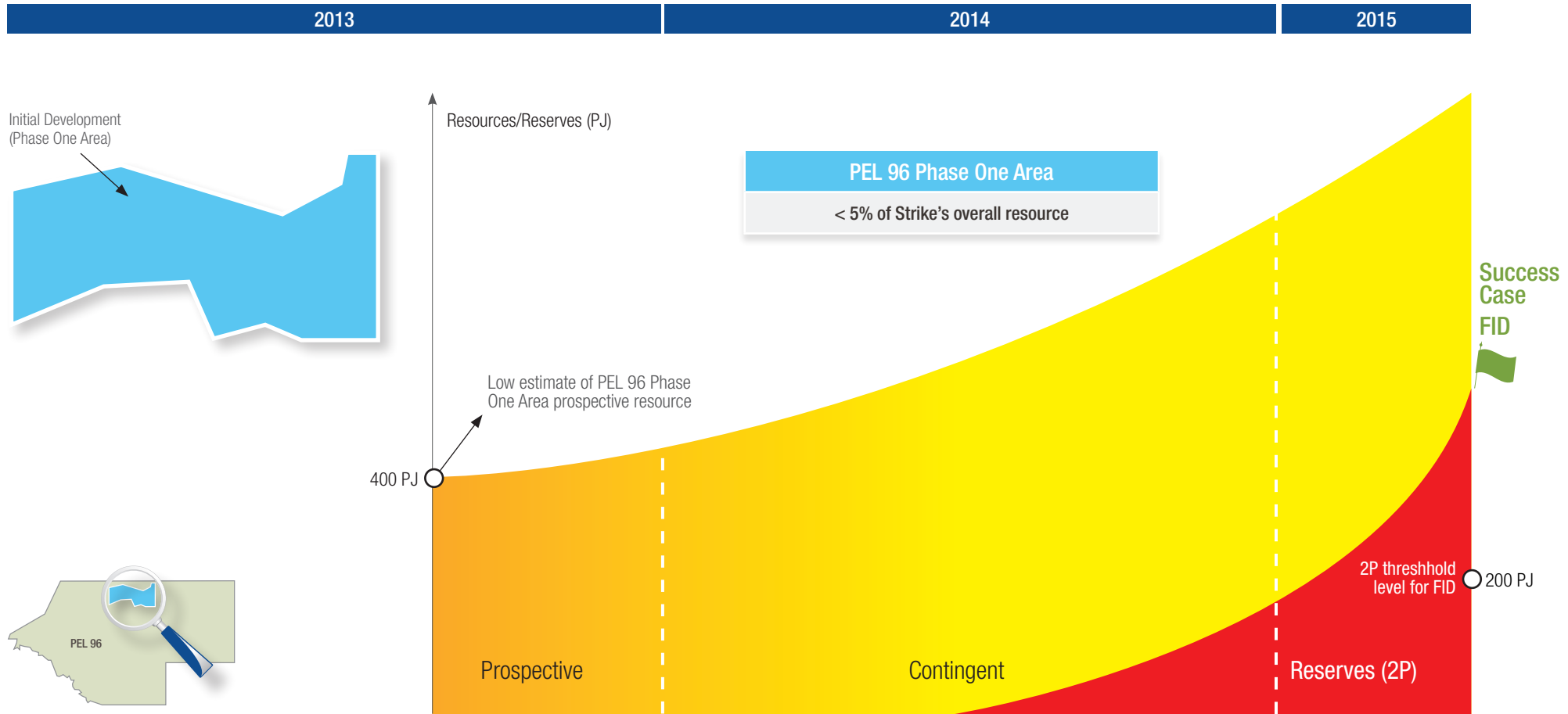


**Demonstrating commerciality of the gas resource will establish the reserves profile for final development approval**

# Southern Cooper Basin Gas Project: Reserve maturation plan



The appraisal and pilot testing program is specifically designed to establish reserves in the PEL 96 Phase One Area.

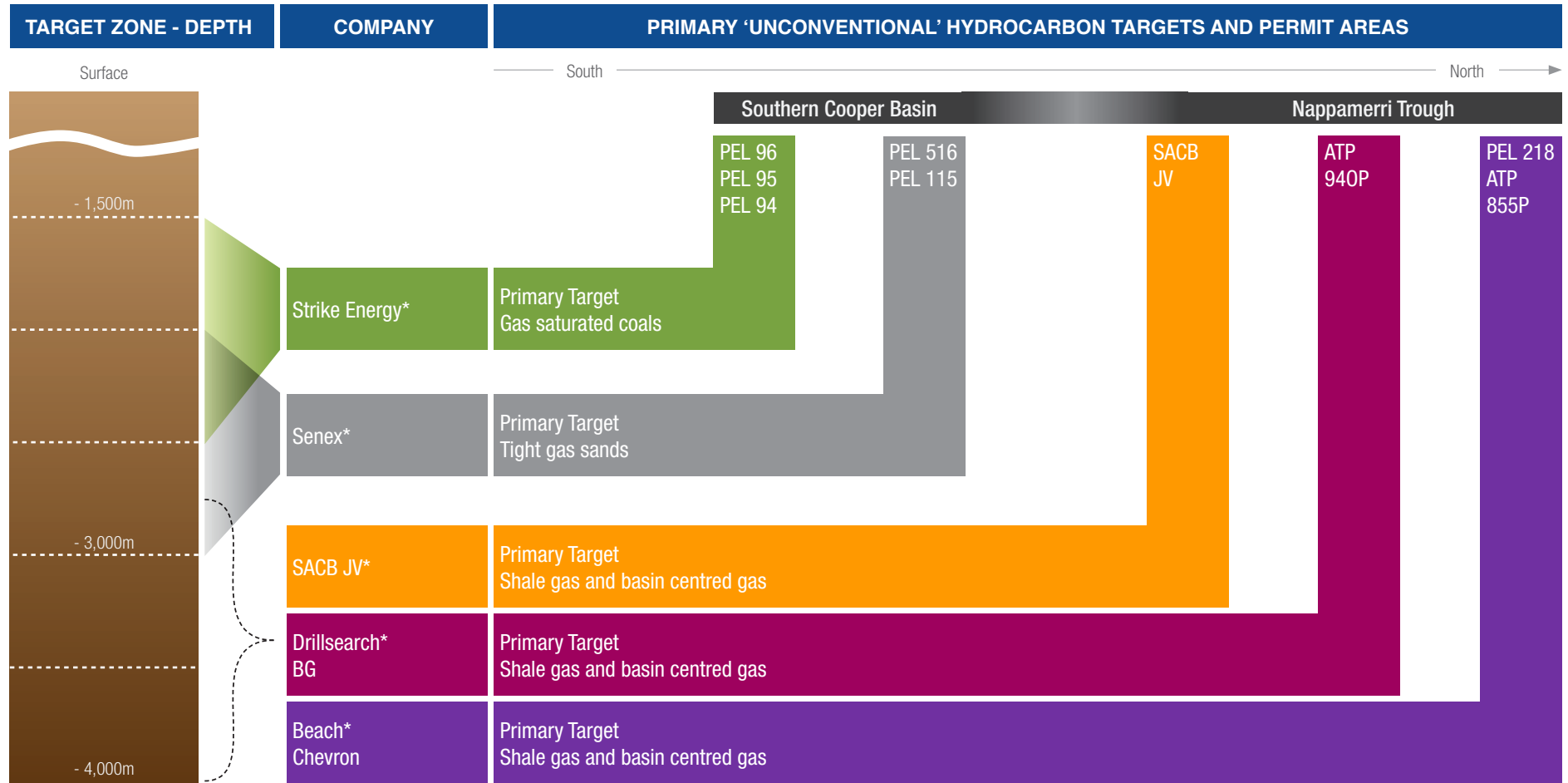


**Focus on rapid commercialisation and development of the PEL 96 Phase One Area resource**

# Southern Cooper Basin Gas Project: Economics



The commercialisation of new gas resources in the Cooper Basin will largely depend on production costs. Strike’s relatively shallow primary gas target avoids the complexities and costs associated with deep drilling.



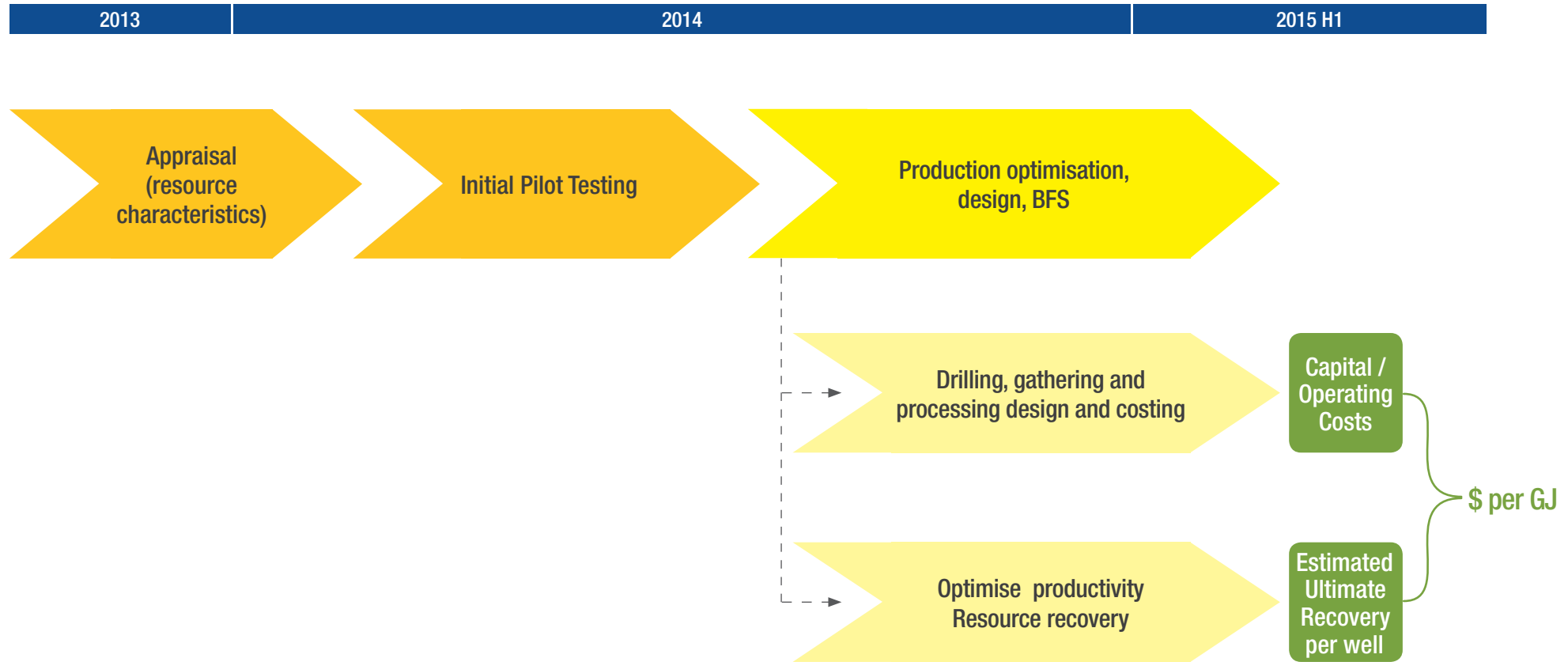
\*Approximations only of target zone depth and permit areas

**Strike’s relatively shallow Southern Cooper Basin gas resource provides significant cost advantages**

# Southern Cooper Basin Gas Project: Economics



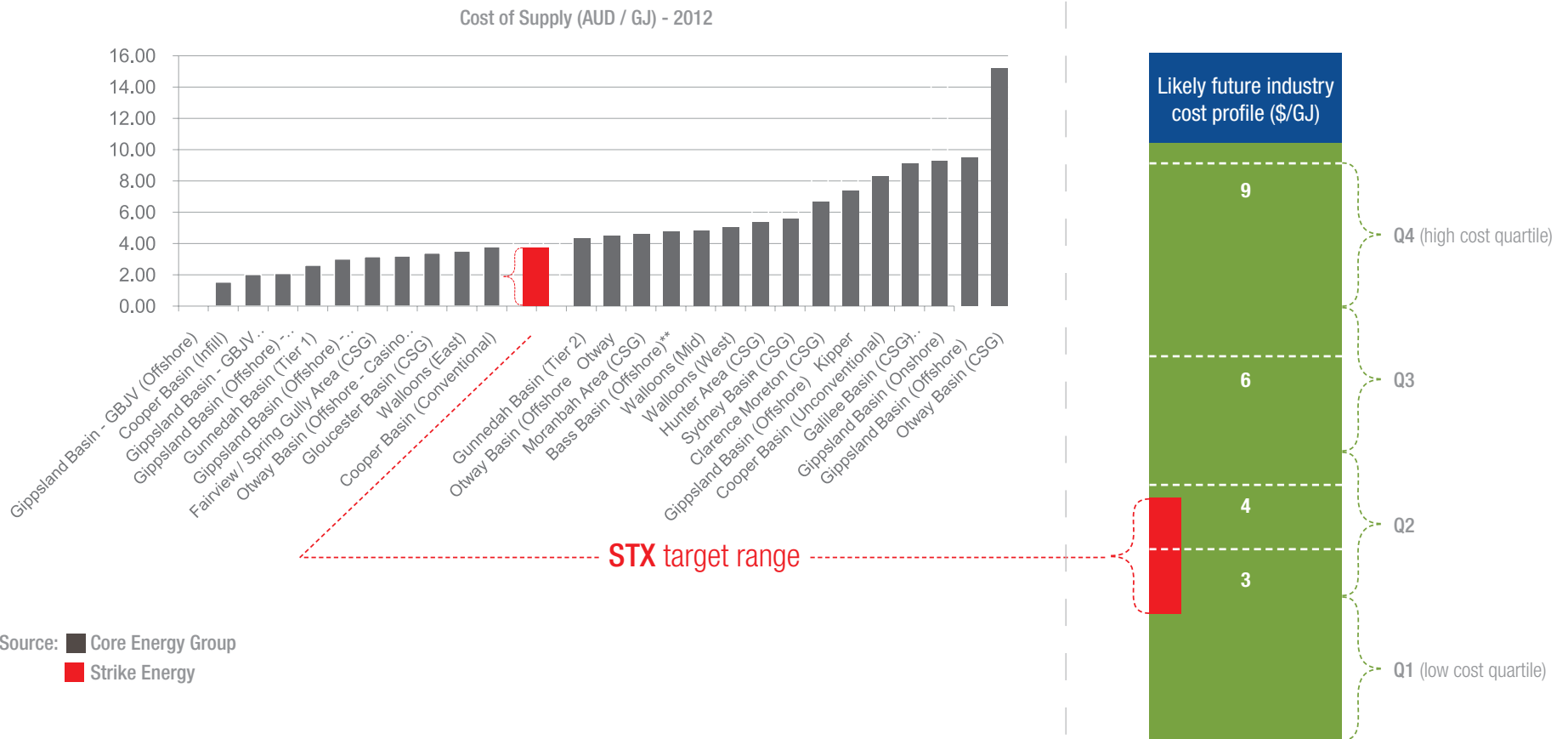
Strike's work programme for the PEL 96 Phase One Area will establish the key parameters and inputs for commercial gas flows.



The 'game changer' for Strike is achieving commercial flows from its gas saturated coals

# Southern Cooper Basin Gas Project: Relative Economics

Future cost of extraction will determine which new resources are developed.

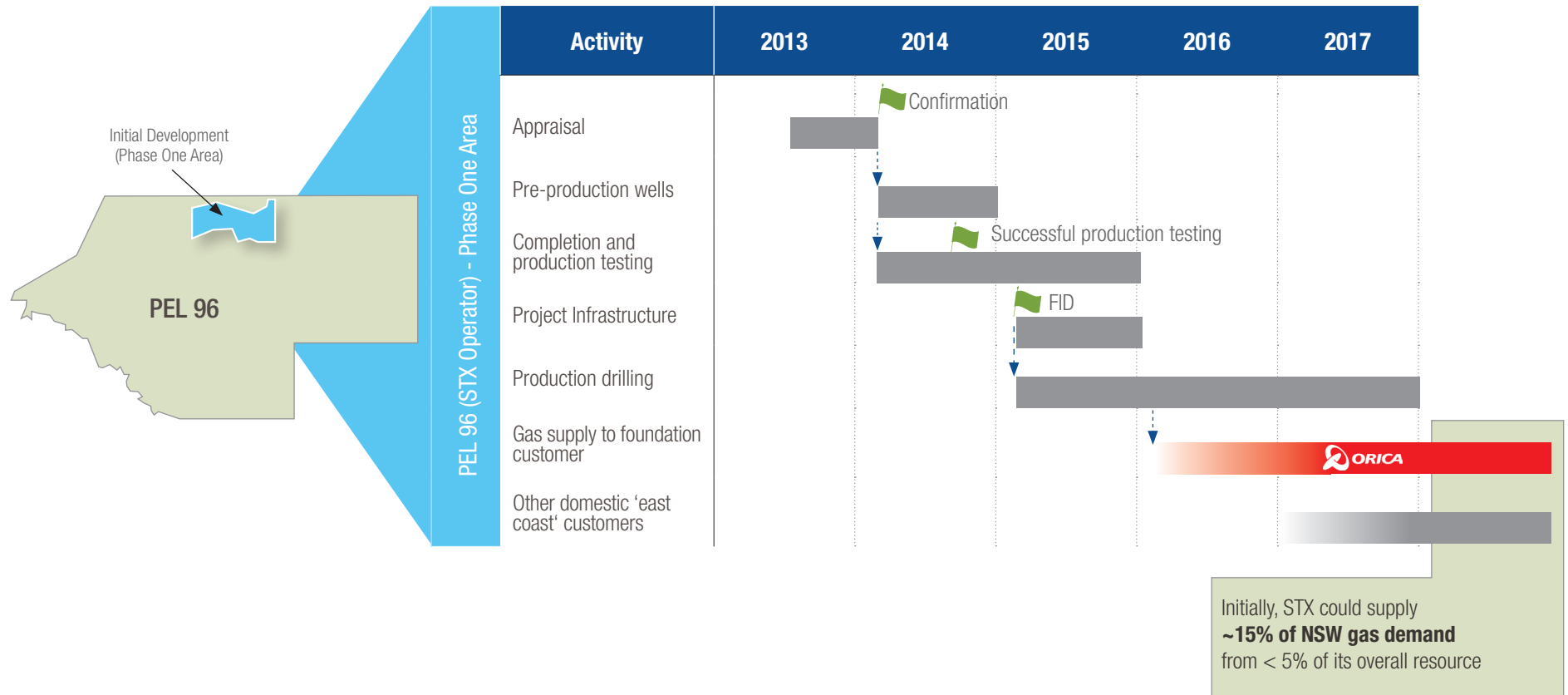


Strike is targeting a low cost position on the gas supply curve

# Southern Cooper Basin Gas Project: PEL 96 Phase One Area path to market



The appraisal, testing and development timing for the PEL 96 Phase One Area will position Strike as the 'frontrunner' to meet the forecast east coast gas shortage.

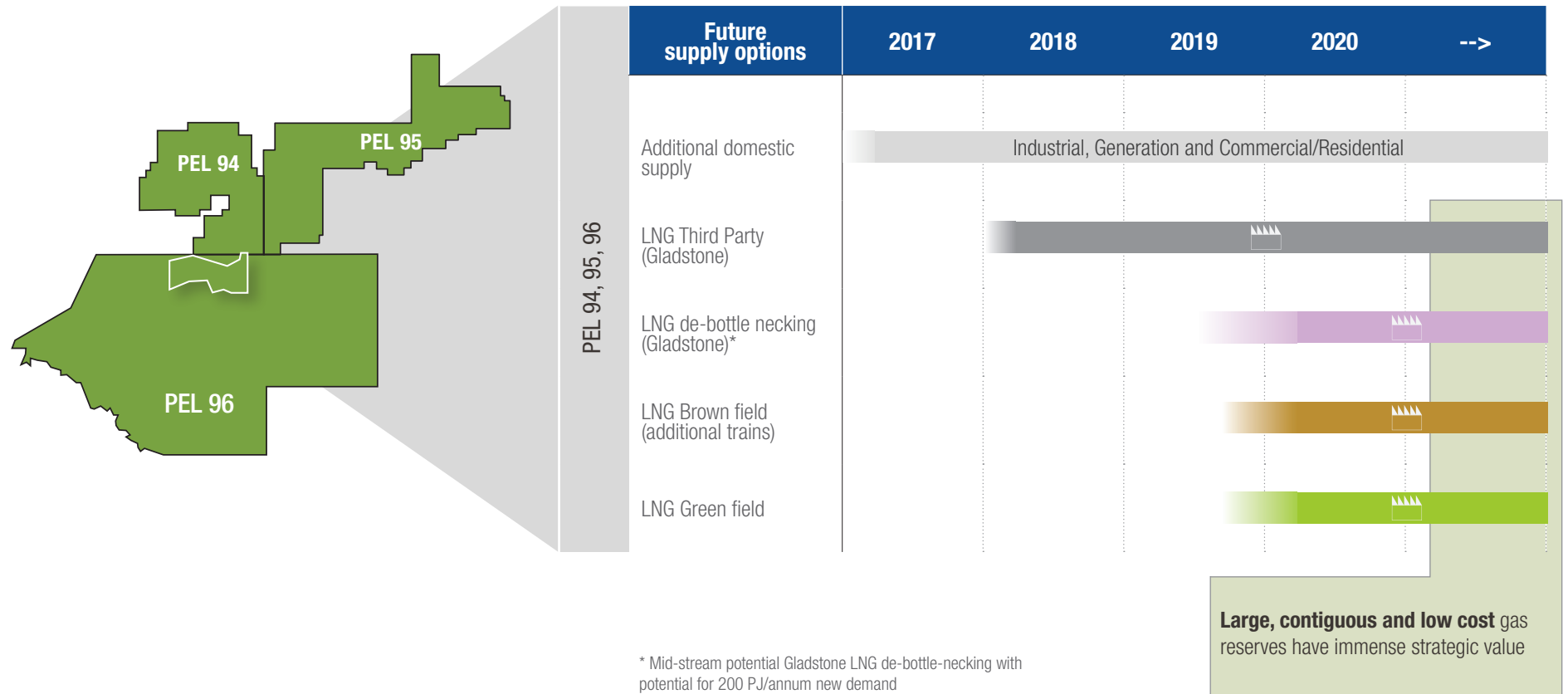


**Focus on rapid commercialisation of the PEL 96 Phase One Area resource for supply to domestic gas users with Orica as foundation customer**

# Southern Cooper Basin Gas Project: Potential to deliver enormous value



Subject to development 'proof of concept' in the PEL 96 initial development area, Strike will pursue a monetisation path to fully capture the value of the large, contiguous and ideally located multi-Tcf gas resource present across PEL 94, 95, 96.



**Following PEL 96 Phase One Area initial project development expand the focus to unlock the potential of the entire world scale resource**

**World-scale resource**

**Company-making project for Strike**

**Successful commercialisation will deliver enormous value**

**Appraisal drilling commenced**

**Potential to accelerate pilot testing**

**Targeting favourable economics**

**Multiple paths to market**



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## COMPETENT PERSONS STATEMENT

The reported resource and or reserves in this presentation are based on information compiled by Mr C Thompson. Mr. Thompson is the General Manager of Strike's Cooper Basin Project and has consented to the inclusion of the resource and or reserves information in this report.

Mr. Thompson holds a Graduate Diploma in Reservoir Evaluation and Management and Bachelor of Science Degree in Geology. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years.