

ASX Announcement



3 March 2016

The Company Announcement Officer ASX Ltd
via electronic lodgement

AUSTRALIAN RESOURCES INVESTMENT CONFERENCE

Please find attached a presentation to be given by Mr David Wrench at the Australian Resources Investment Conference sponsored by Schroeder Equities to be held in Zurich Switzerland on Friday 4 March, 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read "S McGuinness".

Sean McGuinness
Chief Financial Officer & Company Secretary

STRIKE ENERGY LIMITED

SCHROEDER EQUITIES

AUSTRALIAN RESOURCES CONFERENCE

Zurich, March 2016

The logo for Strike Energy, featuring the words "Strike Energy" in a bold, sans-serif font, followed by a stylized graphic of a cluster of white dots of varying sizes, resembling a molecular structure or a starburst.

**Strike
Energy**

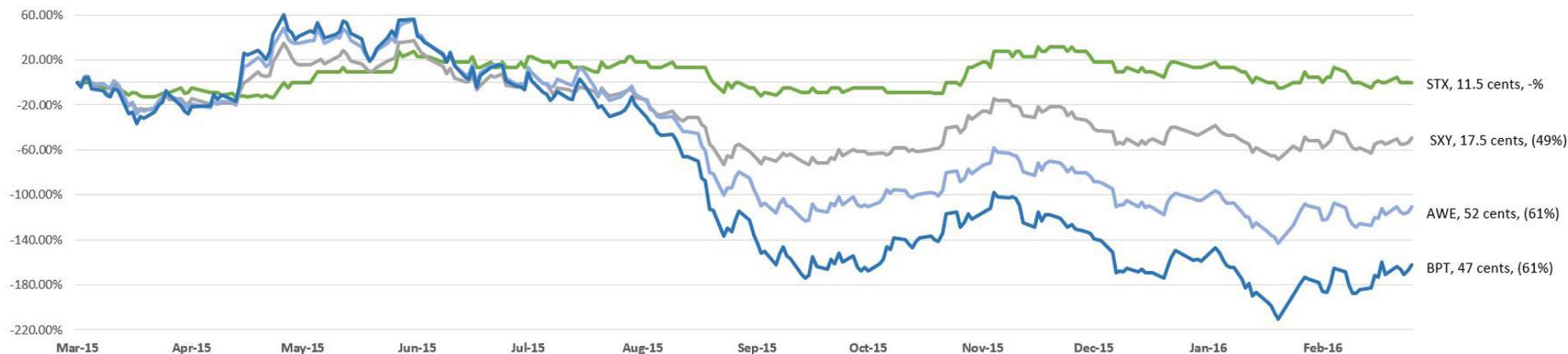


Strike Energy Limited (ASX : STX) is an Australian based, independent oil and gas exploration and production company. The company is focused on the development of a substantial gas resource in the Southern Cooper Basin to meet Eastern Australian gas market demand.

Listing	ASX (ticker STX)
Issued Shares	833,330,946
Options/Performance Rights	40,150,000
Market Capitalisation	\$91.6 million (26 February 2015)
Cash at 31 December 2015	\$6.4 million



12 Month Relative Share Price Performance

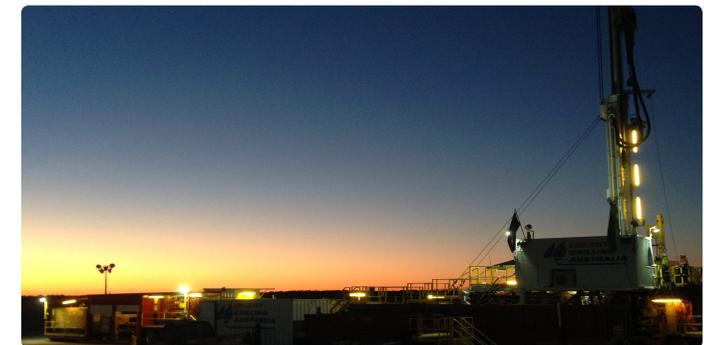




Tightening gas market driving Eastern Australian gas price increases

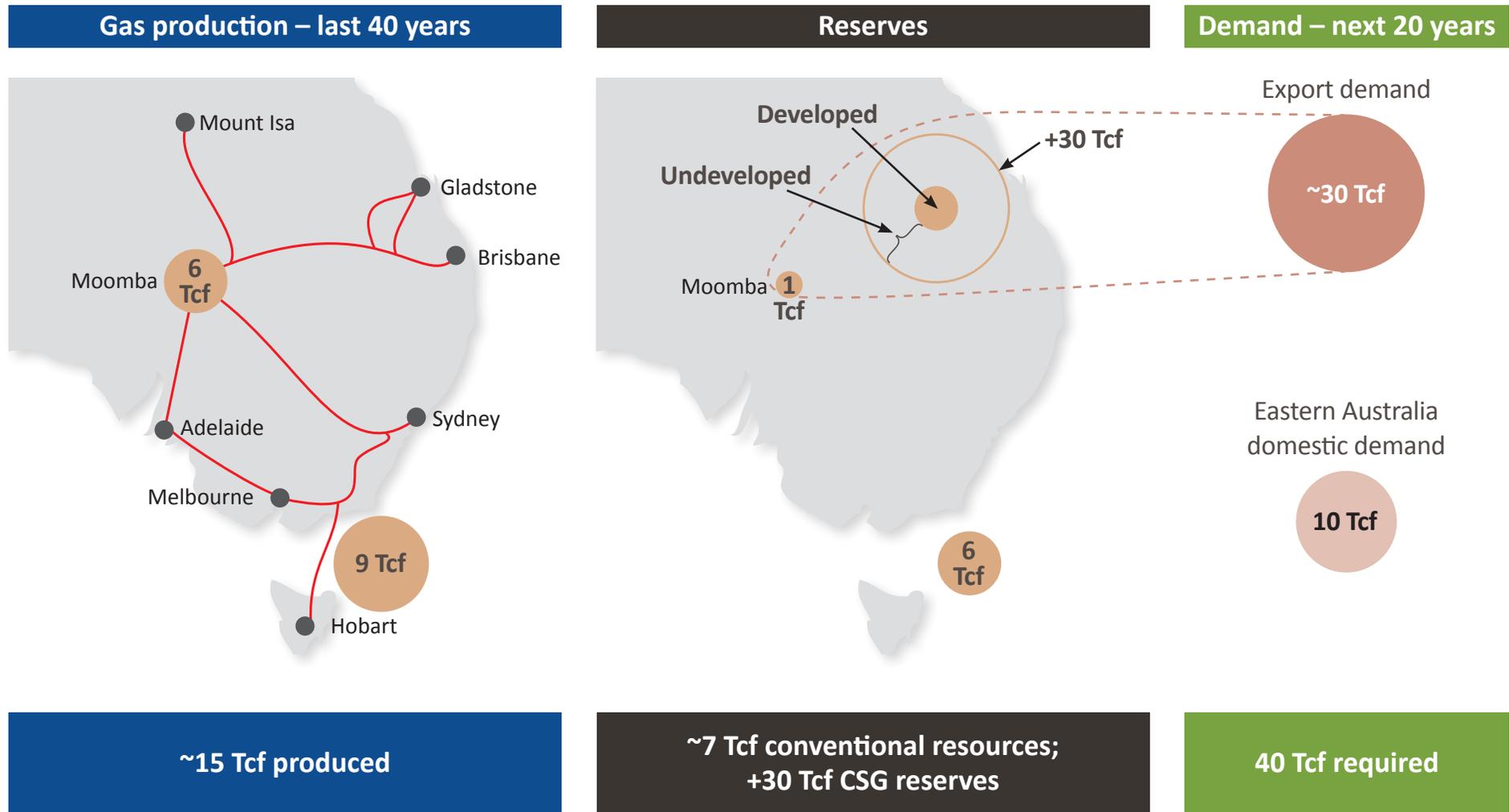
Strike controls the only new, large scale gas project with the essential pre-requisites for successful development

Southern Cooper Basin Gas Project (SCBGP) targeting early cashflow generation



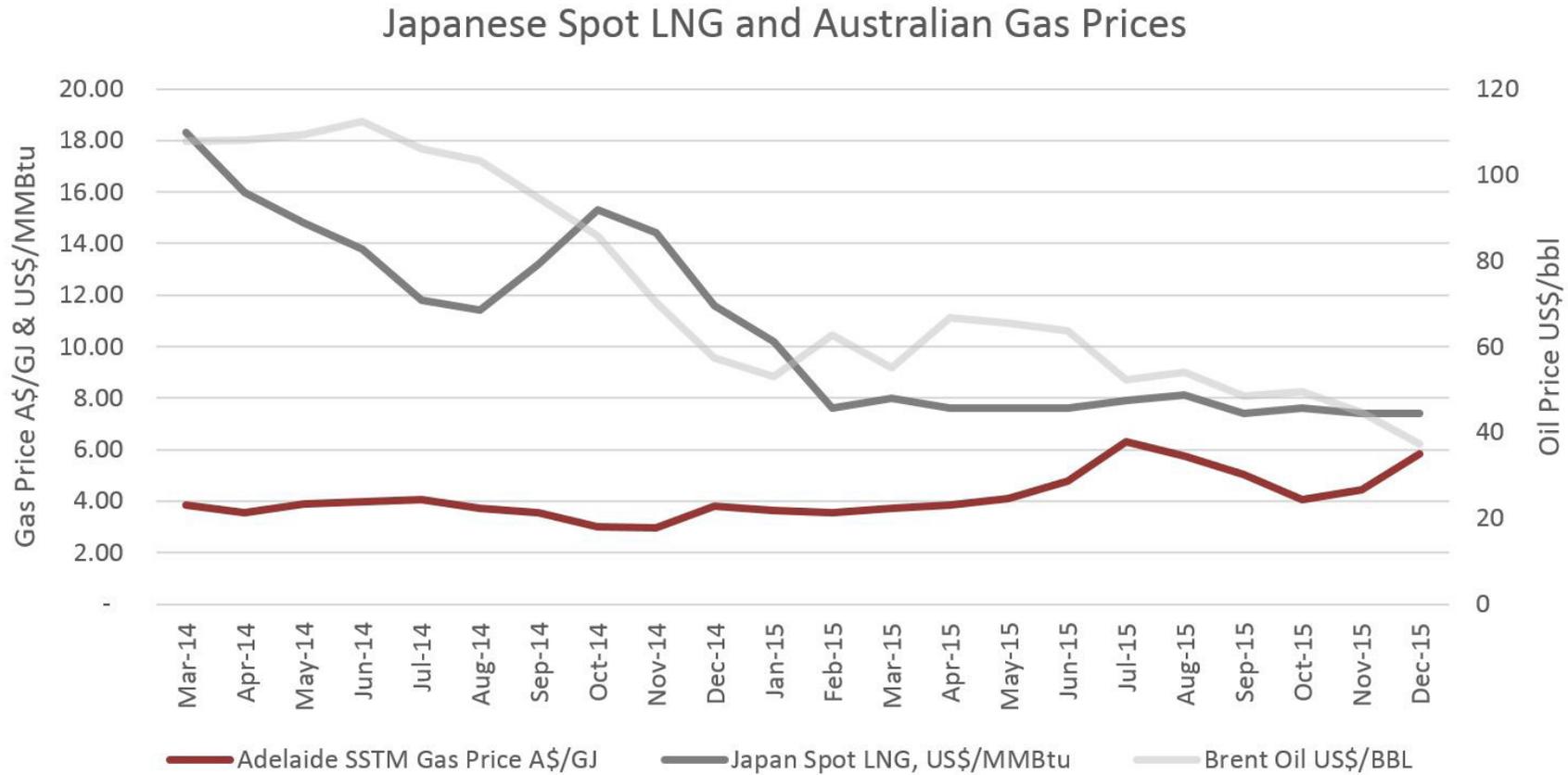
Eastern Australian Gas Market: Supply tightness emerging

Australia's east coast gas demand has historically been supplied from conventional reserves in the Cooper Basin (SA) and the Gippsland Basin in Bass Strait. These reserves are in decline. Substantial new CSG resources have been developed in Queensland, however they and the majority of existing Cooper Basin reserves have been committed to export markets. The domestic market is still 'short' gas and new supply options are needed to meet forecast demand.



Eastern Australian gas market: Gas price trending higher

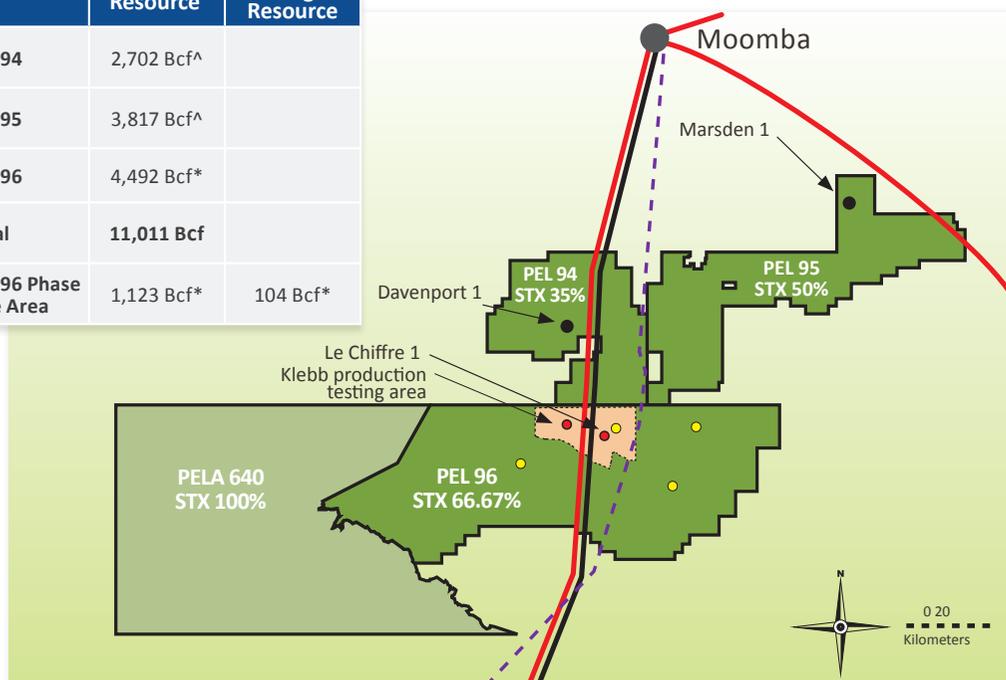
Eastern Australian gas prices are trending up – the only energy market in the world to be experiencing price increases.



Eastern Australian gas prices are responding to market tightness

Eastern Australian Gas Market: Substantial opportunity for Strike

	Prospective Resource ⁺	2C Contingent Resource
PEL 94	2,702 Bcf [^]	
PEL 95	3,817 Bcf [^]	
PEL 96	4,492 Bcf [*]	
Total	11,011 Bcf	
PEL 96 Phase One Area	1,123 Bcf [*]	104 Bcf [*]



- PEL 96 Phase One Area
- Gas Pipeline
- Oil Pipeline
- Strzelecki Track
- Strike Phase One Area wells drilled
- Strike Wells Drilled
- PEL 96 Offset Wells
- PEL 96 and PELA – STX Operated

PEL	Net STX Acres
PEL 94	77,925
PEL 95	160,248
PEL 96	443,880
PELA 640	850,786
Total	1,532,839

* Mean estimate (net to Strike determined on a probabilistic basis) per ASX announcement dated 19 Feb 2014 and adjusted for announced contingent resource estimate per ASX announcement dated 27 April 2015.

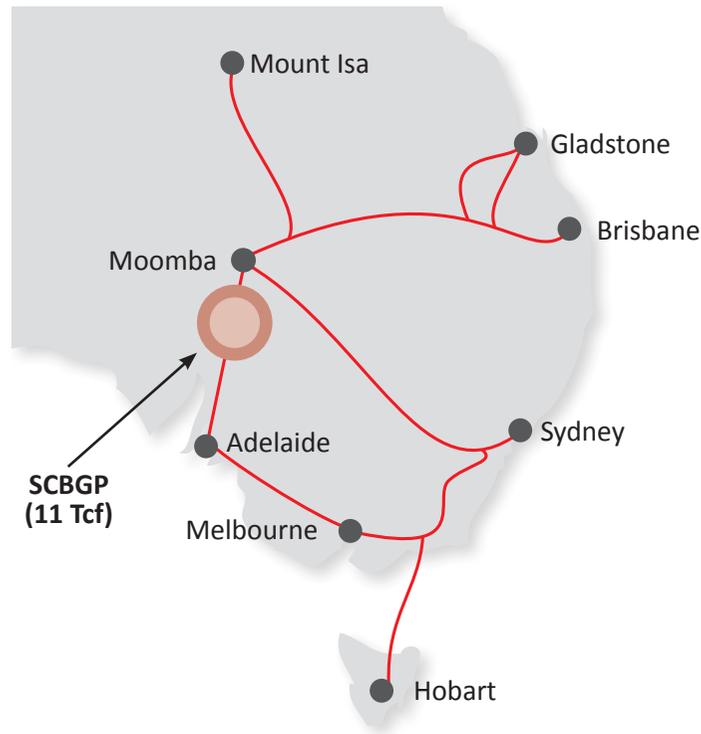
[^] Mean estimate (net to Strike determined on a probabilistic basis) per ASX announcement dated 19 September 2012.

⁺ The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates 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 movable hydrocarbons.

Strike has an ideally positioned long-life multi-Tcf resource to supply into ~40 Tcf Eastern Australian gas demand over the next twenty years

Eastern Australian Gas Market: Substantial opportunity for Strike

Strike’s multi-Tcf gas resource, directly connected to the ~40 Tcf Eastern Australian gas market, is ideally placed to be a competitive supply solution. In the short term, Strike plans to develop an initial project targeting domestic gas customers and early cashflow. The establishment of a world-scale, low cost resource then provides a future opportunity to supply cost competitive gas for export.



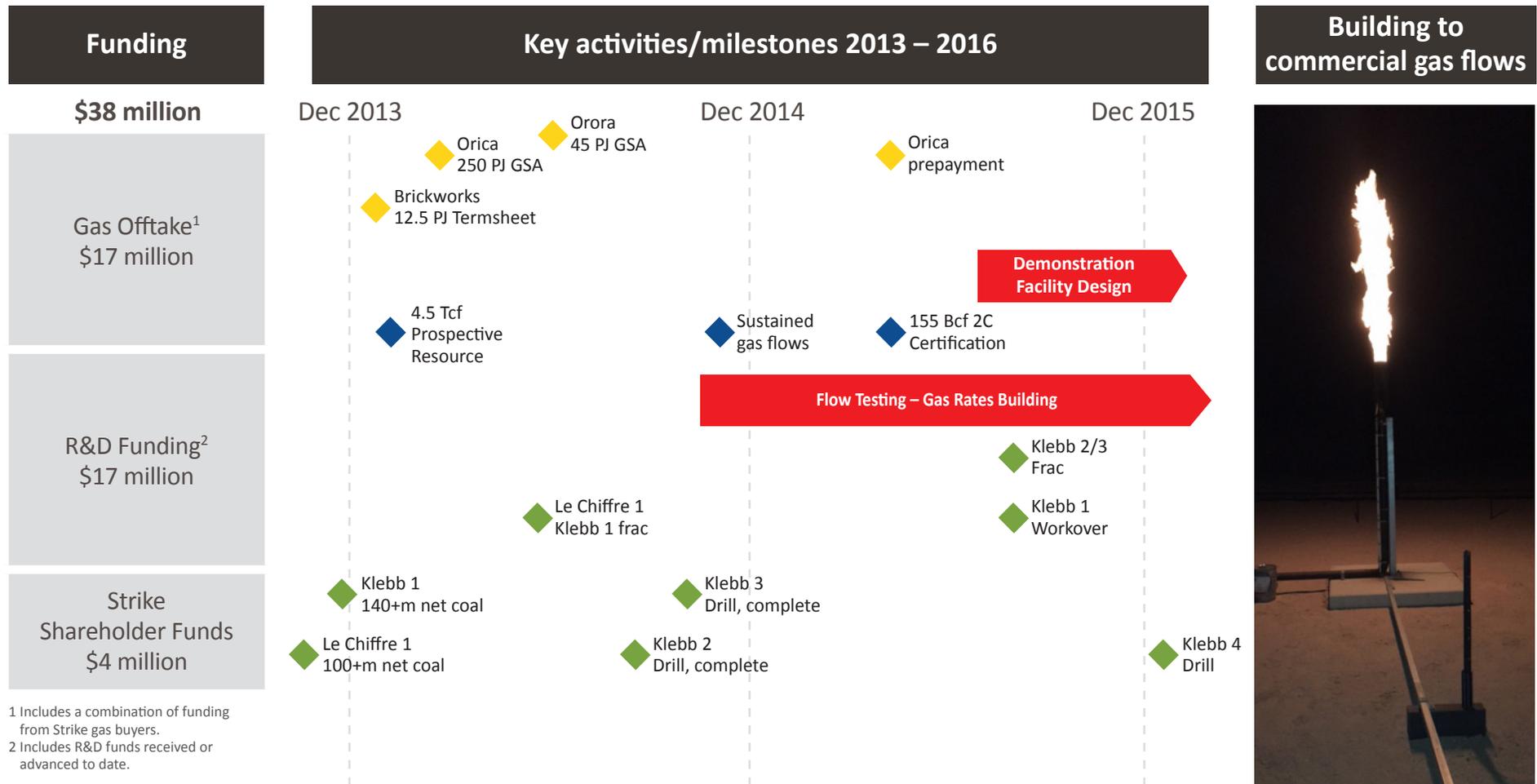
Strategic objectives		Supply targets
<p>Short term New source of affordable gas supply for east coast domestic customers</p>		<p>>1 Tcf over 20 years</p>
<p>Medium term Cost competitive third party gas supply for LNG exporters</p>		<p>up to 5 Tcf over 20 years</p>

Strike has positioned the Southern Cooper Basin Gas Project as a long-life resource for domestic and export gas supply

Southern Cooper Basin Gas Project: Key activities/milestones 2013-2016



In less than three years Strike has used a disciplined approach to rapidly progress from a large multi-Tcf resource discovery, to technical feasibility and towards commercial feasibility.



¹ Includes a combination of funding from Strike gas buyers.
² Includes R&D funds received or advanced to date.

Strike has successfully developed an innovative mix of funding sources

A successful gas resource development needs to deliver on all of the essential pre-requisites below

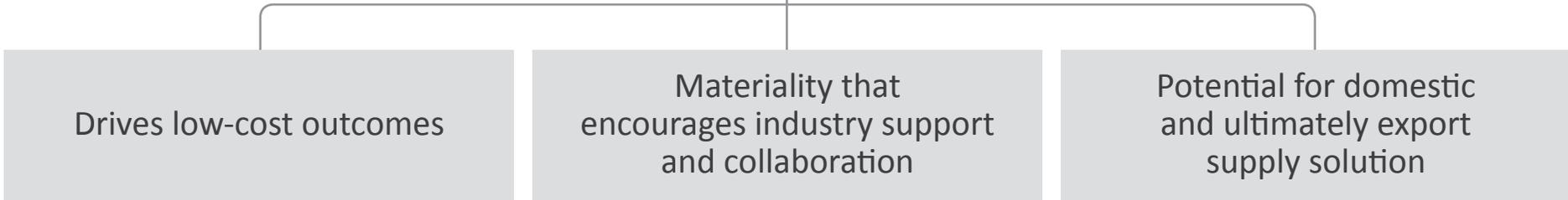
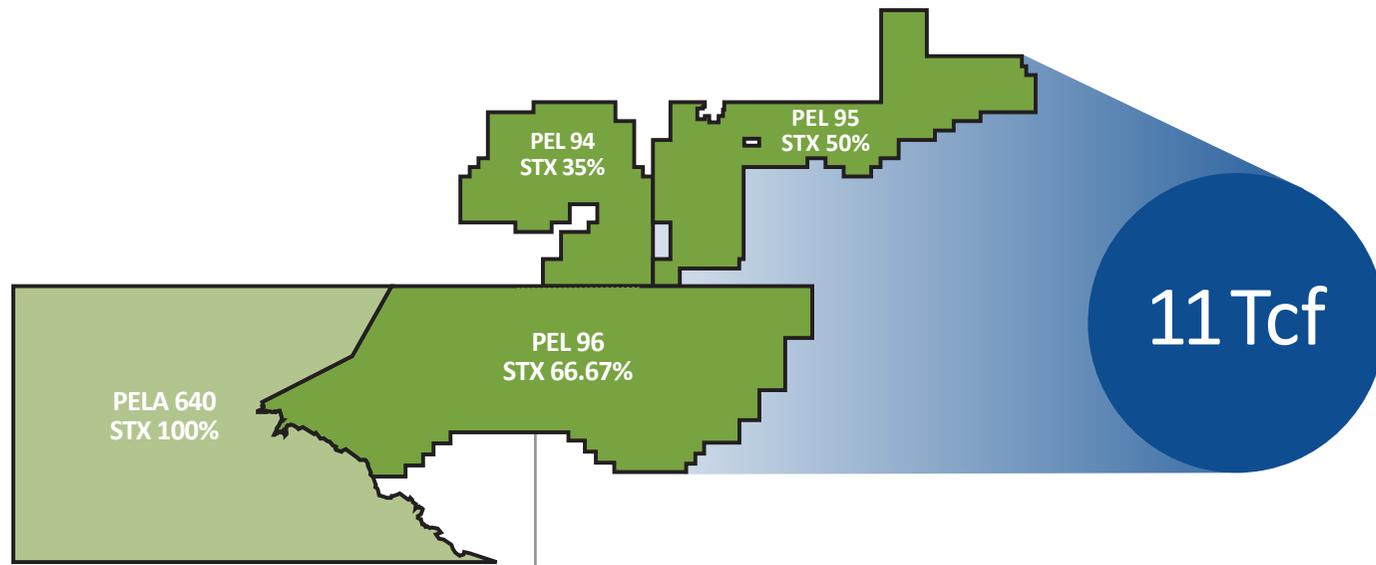
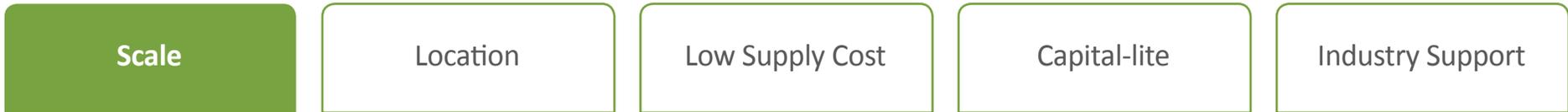
Scale

Location

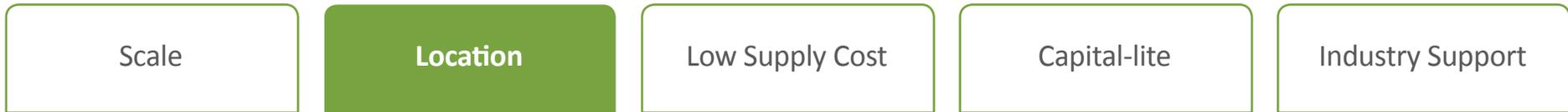
Low Supply Cost

Capital-lite

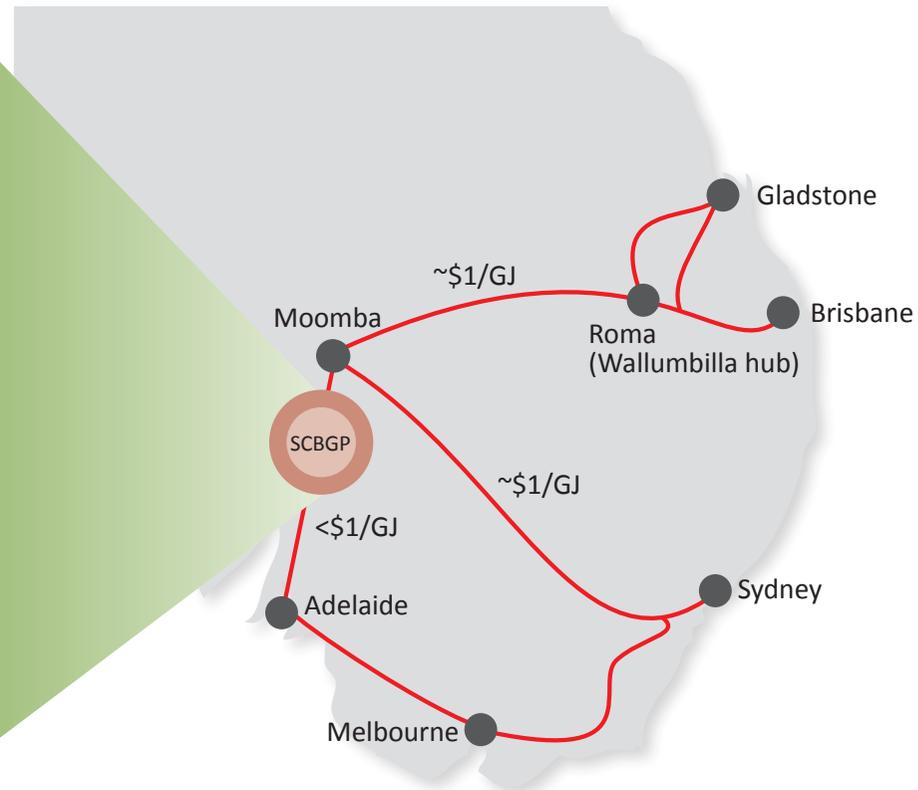
Industry Support



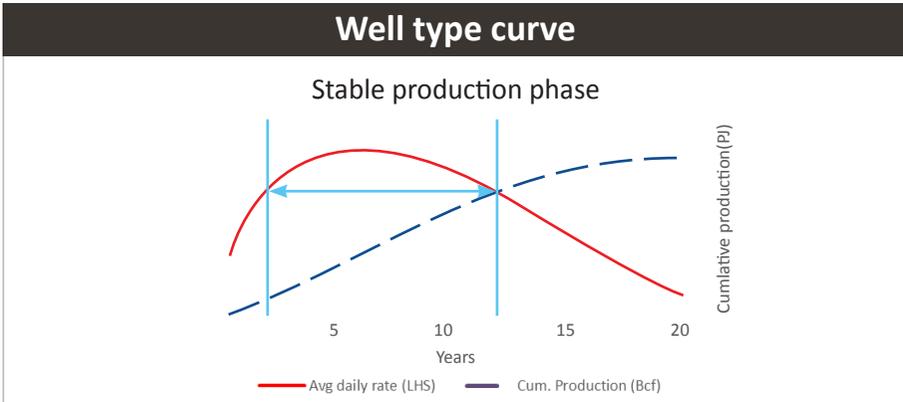
The project has the scale to provide substantial new gas supply for Eastern Australian customers



- Cooper Basin – key hub for Eastern Australian gas markets
- SCBGP is directly connected to Eastern Australian gas pipeline network
- ~\$1/GJ pipeline tariff to all major markets
- Access to well established oil field services in Moomba
- Strike has developed positive relationships with key community and government stakeholders



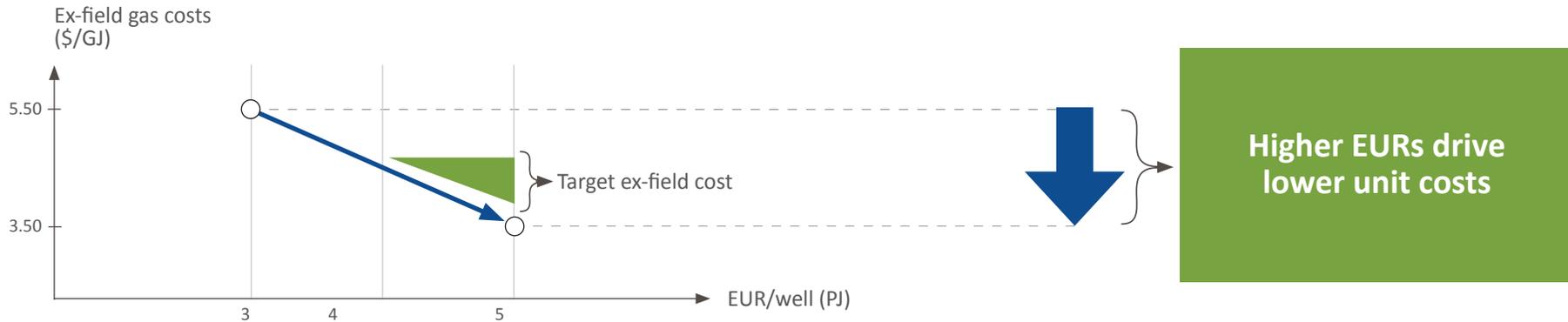
Cooper Basin is the ideal location for new supply to all major demand centres



PEL 96 well full cycle costs (undiscounted)

Well capex (drill/complete/connect)	\$3.5m
Other capex (gathering/processing) + Opex	\$13.5m
Total	\$17.0m

Ex-field gas costs

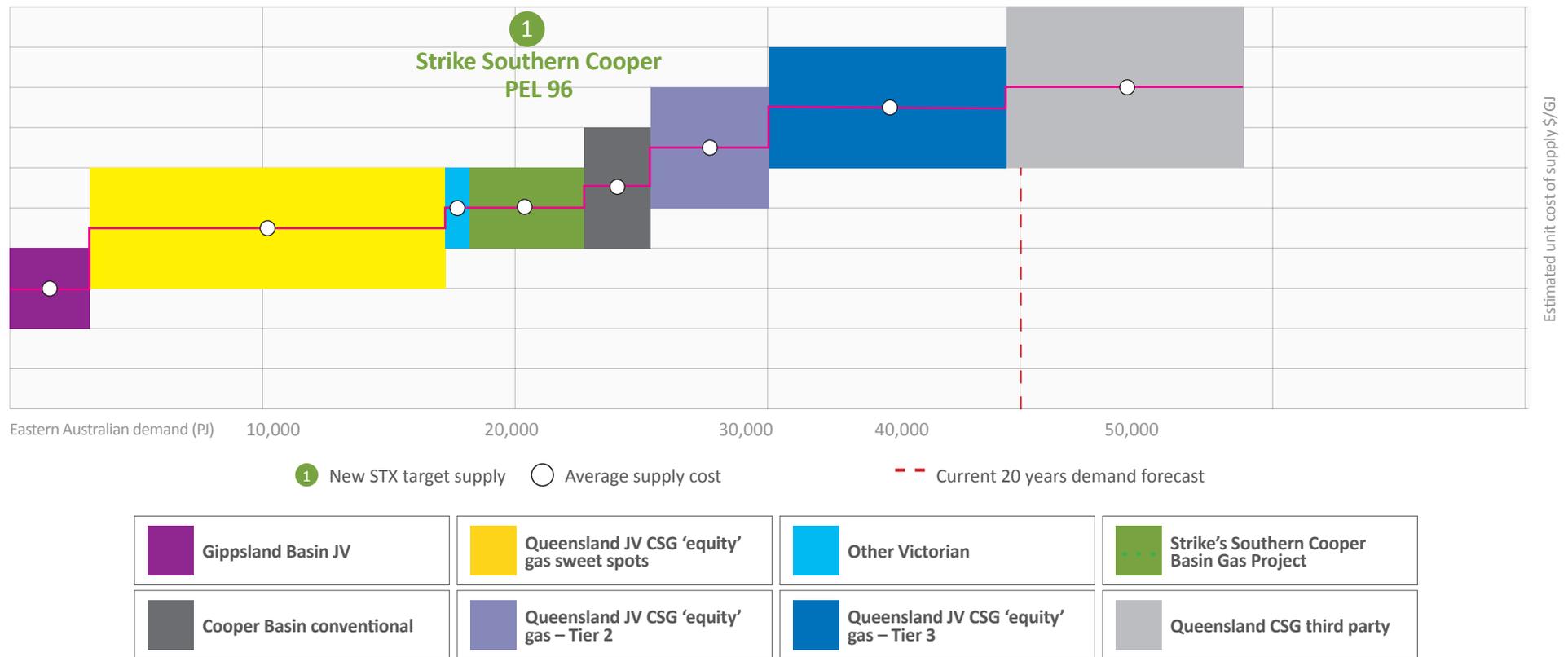


Strike is targeting low cost Cooper Basin gas supply

Southern Cooper Basin Gas Project: Essential pre-requisites for development



Strike’s analysis highlights the steepness of the Eastern Australian gas supply cost curve. Strike’s Southern Cooper Basin Gas Project has the potential to be a low cost producer.

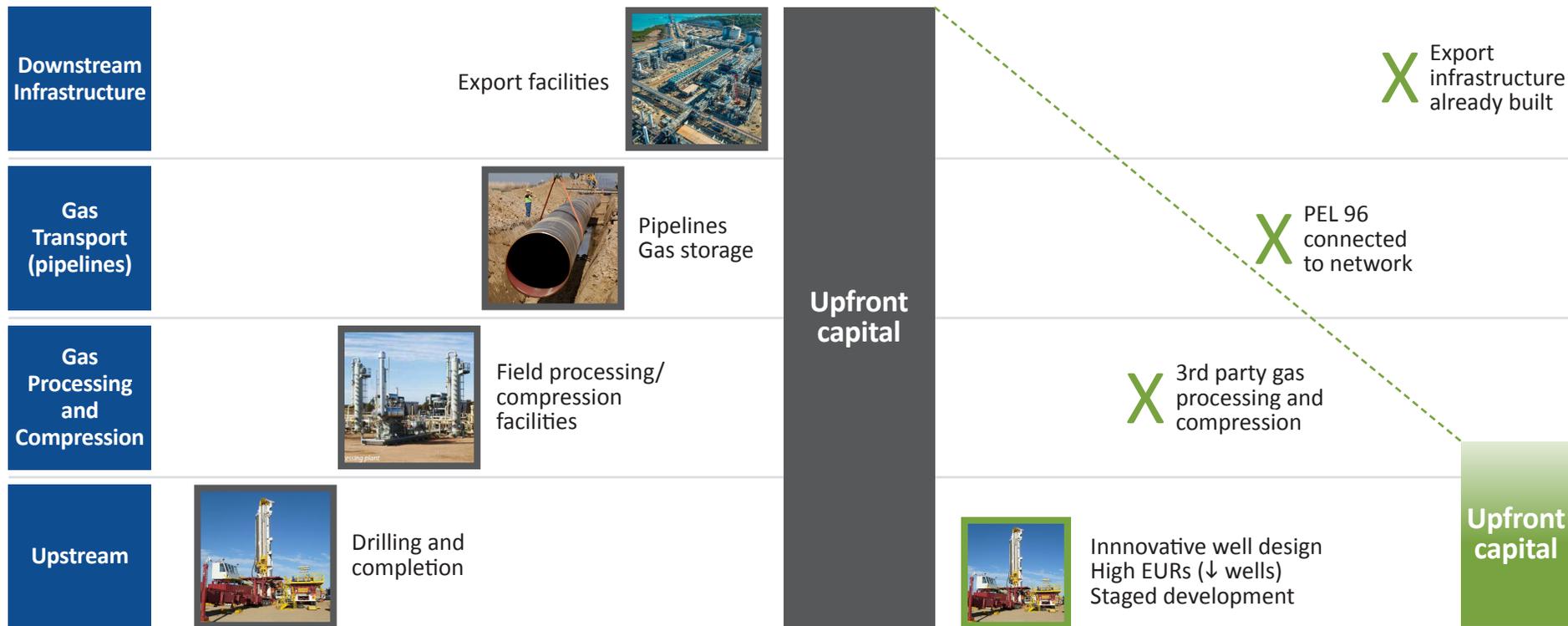


The lower the unit cost the larger the market opportunity



Typical 'greenfields' development upfront capital

SCBGP upfront capital

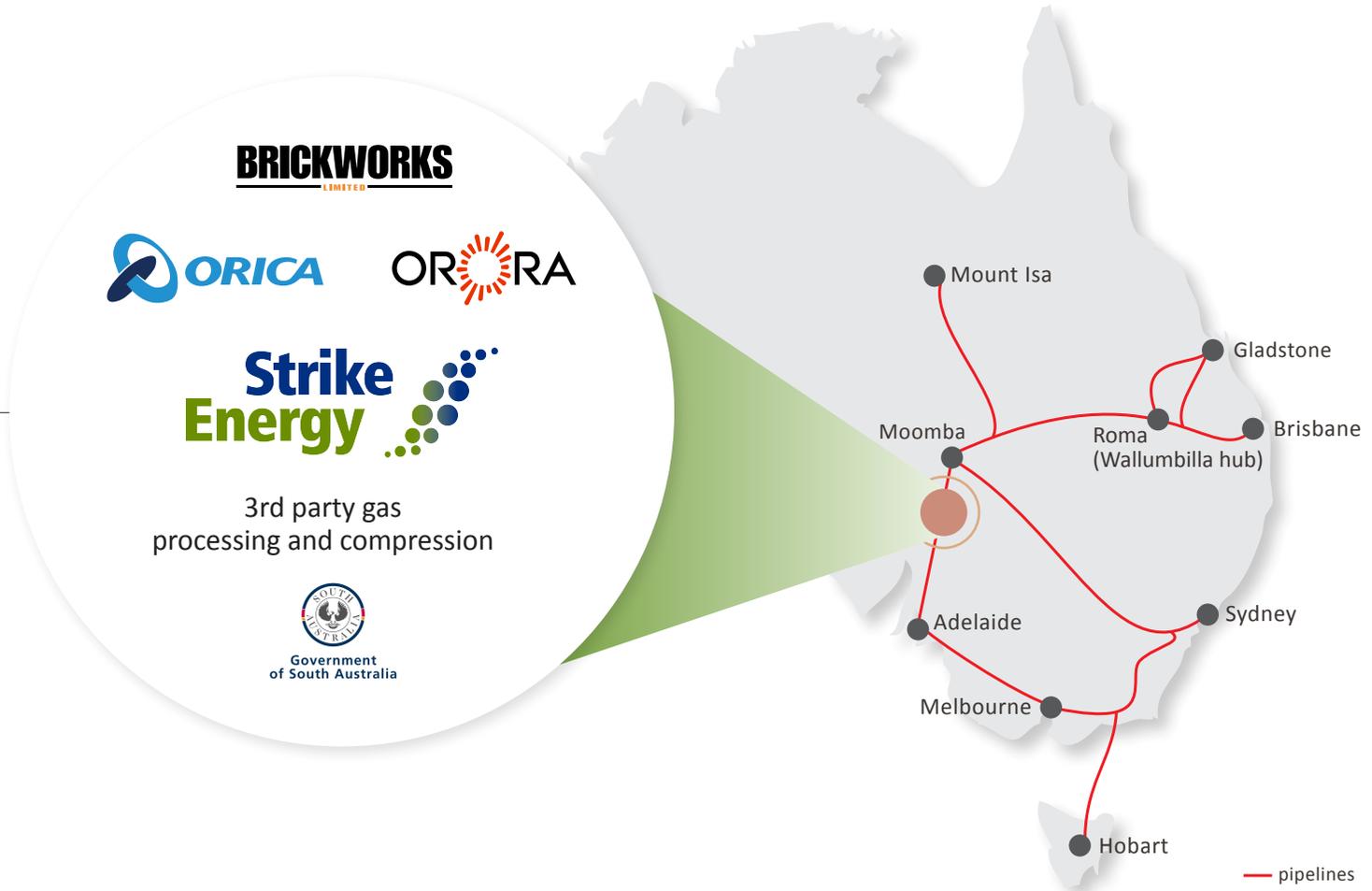


Strike's capital-lite development model is an agile solution allowing Strike to focus its capital and expertise on upstream production



Signed GSA's evidence the collective industry intent to facilitate new gas supply into the Eastern Australian gas market.

Additional stakeholders recognise the emerging significance of the SCBGP.



Strike's strategic domestic objective is rapidly gaining industry support and momentum

Over the past few years Strike has been able to demonstrate the SCBGP is the only project of scale that can deliver on the essential pre-requisites for successful development

Scale

Location

Low Supply Cost

Capital-lite

Industry Support



Well costs 
Building to commercial
gas flows



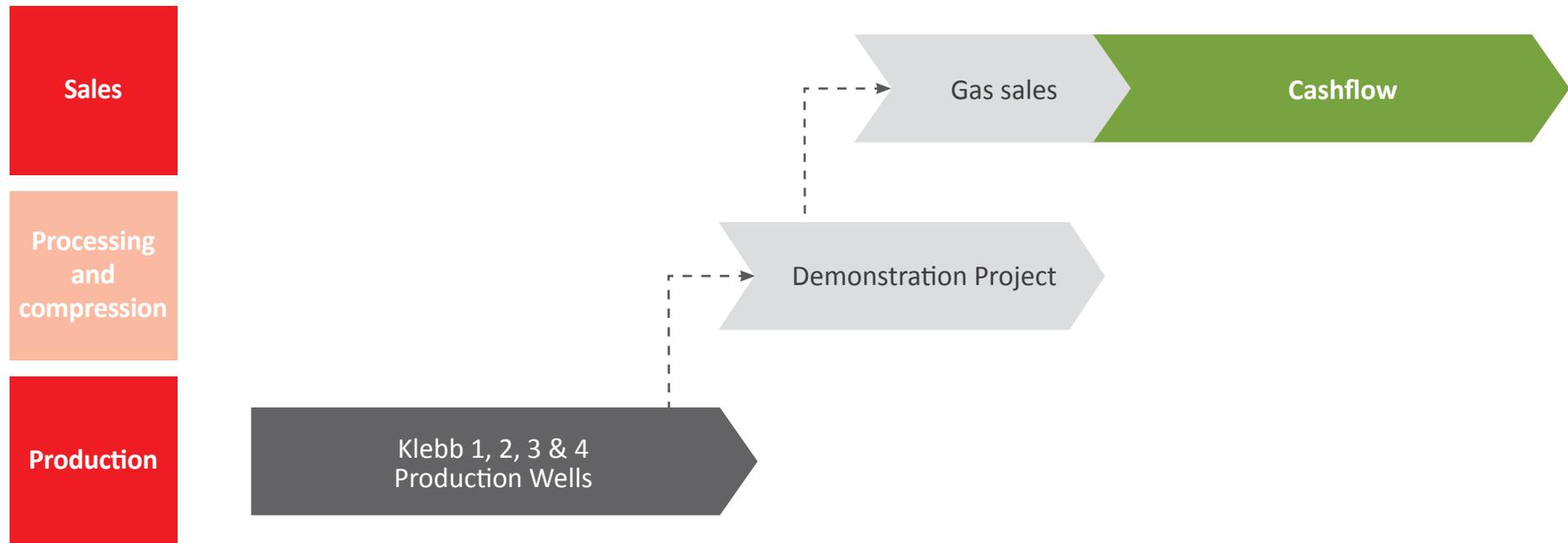
Operations Update

Record gas volumes produced in February 2016 with increases in peak and average gas flow rates at Klebb 2 and Klebb 3.

A series of tests at both wells have confirmed that gas flows build in line with a consistent type curve while water production is maintained above the minimum threshold rate. Gas flows are then only constrained by the current jet pumps' capacity to simultaneously handle water and the increasing gas volumes.

Extrapolation of these gas production type curves give confidence that commercial gas flows will be achieved as production constraints are removed.

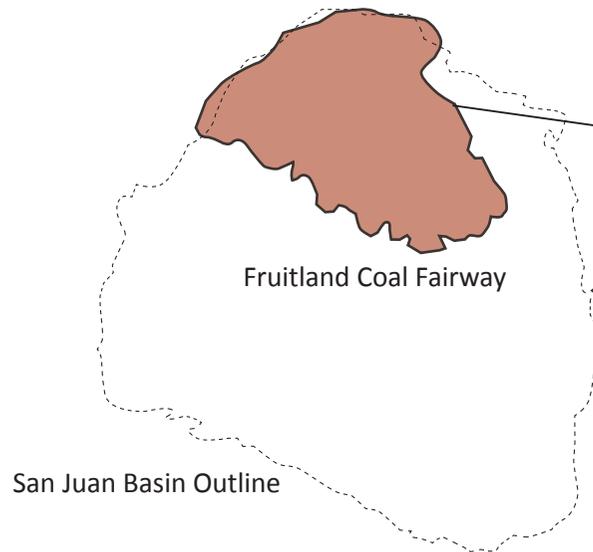




NEXT STEPS	Klebb 2 and Klebb 3 pump upgrade in March - substantially increase gas production capacity.	Klebb 4 frac and completion - submersible pump to deliver an unconstrained production test.	Demonstration project - engineering design.
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Modest incremental investment will enable the project to generate cashflow

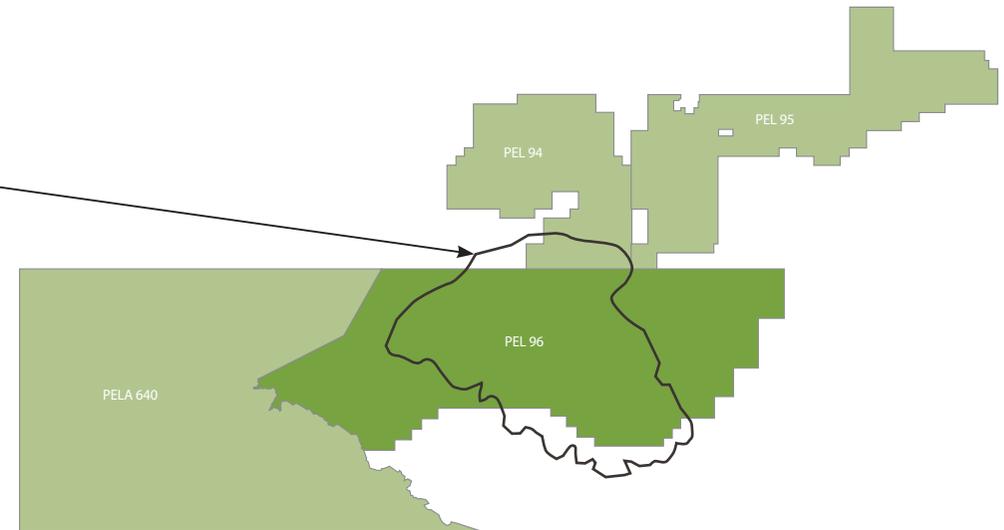
San Juan Basin, New Mexico



Fruitland Coal Fairway

Productive acres	300,000
Cumulative production	16 Tcf
Wells	7,800

Southern Cooper Basin Gas Project



PEL 96

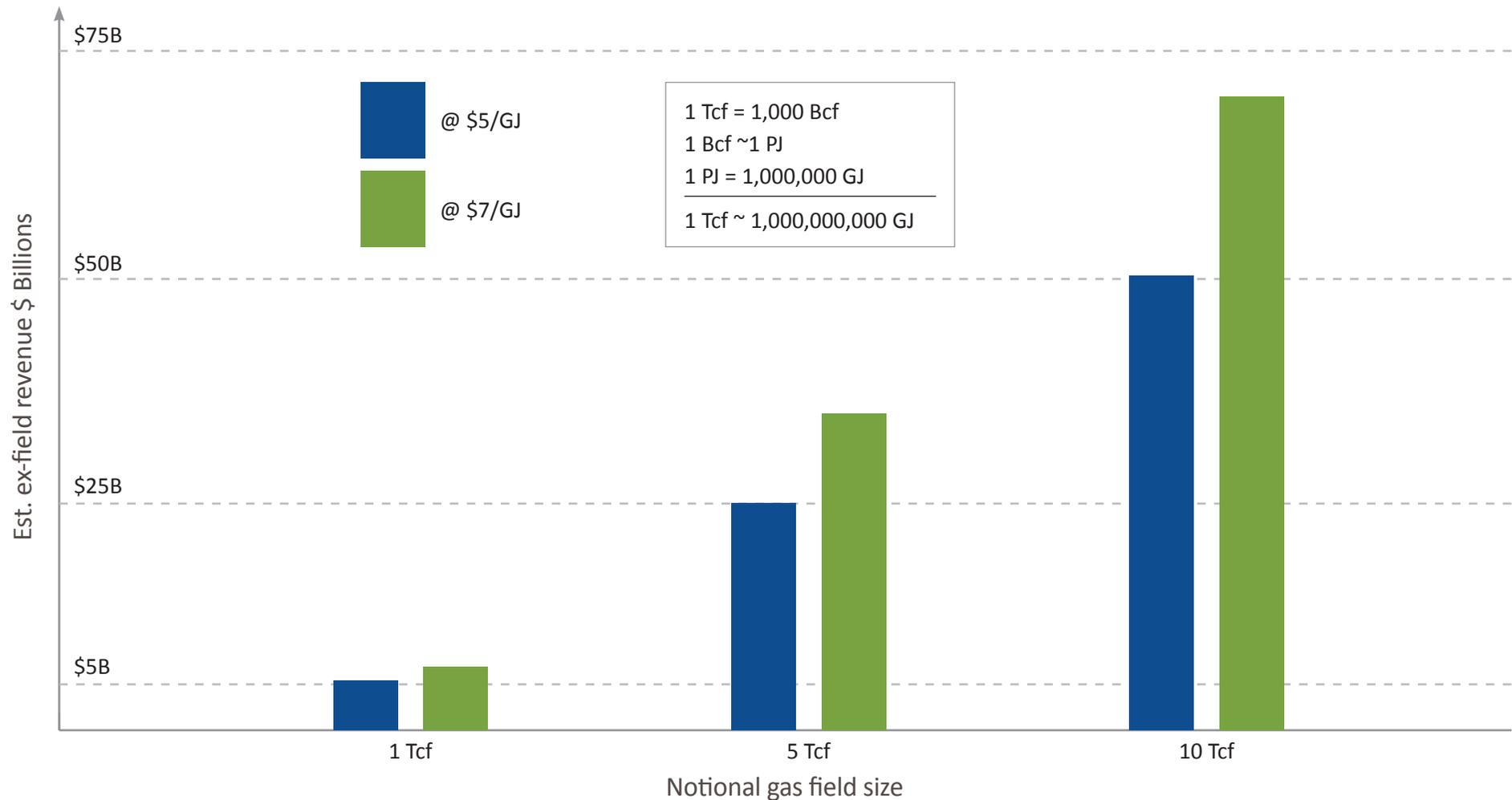
Acres (8/8)	665,820
Prospective Resource ¹	4.5 Tcf
Wells	5

¹ Prospective resources net to STX, inferred permit resource 6.75 Tcf

The San Juan Basin, New Mexico is an indicator of the commercial scalability of Strike's gas resource

Southern Cooper Basin Gas Project: Potential value

The graph below highlights the revenue potential of fully developed Eastern Australian onshore gas resources.



Successful development of a large scale resource has the potential to create substantial value



Tightening gas market driving Eastern Australian gas price increases

Strike controls the only new, large scale gas project with the essential pre-requisites for successful development

Southern Cooper Basin Gas Project (SCBGP) targeting early cashflow generation



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Contingent Resource Estimate

DeGolyer and MacNaughton was engaged by Strike to undertake an Independent Review of the gas resource in PEL 96 based on the data and information acquired to date by Strike from the drilling and flow testing programs carried out at the Le Chiffre 1 and Klebb 1, Klebb 2 and Klebb 3 wells.

DeGolyer and MacNaughton has estimated a contingent gas resource on a probabilistic basis for the initial zones that have been flow tested within the Le Chiffre 1 and Klebb 1 wells. As these zones only represent a portion of the net coal encountered at these locations, successful flow testing of additional zones will enable an increased contingent resource to be booked.

The table below summarises the Contingent Resource Estimates.

	Contingent Gas Resource Estimates – PEL 96 ¹		
Well	1C ²	2C ²	3C ²
Productive area (acres)	2,171	2,938	3,931
Le Chiffre 1 – Patchawarra Vu Upper and Vu Lower zones (bcf)	62.9	93.2	132.4
Klebb 1 – Patchawarra Vu Upper zone 9 (bcf)	42.1	62.2	93.3
Total Gross Contingent Resource (bcf)	105.00	155.4	225.7

1. Contingent Resource Estimates have been prepared in accordance with the Petroleum Resources Management System “PRMS”. Contingent Resource Estimates are those quantities of gas (produced gas less carbon dioxide and fuel gas) that are recoverable from known accumulations but which are not yet considered commercially recoverable.
2. 1C, 2C and 3C estimates in this table are P90, P50 and P10 respectively for each well and have been summed arithmetically
3. Net to Strike’s 66.7% interest in PEL 96

Competent Persons Statement

The information in this presentation that relates to the PEL 96, PEL 95 and PEL 94 contingent resources estimate has been taken from the independent reports as prepared by DeGolyer and MacNaughton, a leading independent international petroleum industry consultancy firm, and has been reviewed by Mr Chris Thompson (Chief Operating Officer of the Company). All other reported resource and or reserves information in this presentation is based on, and fairly represents, information prepared by, or under the supervision of Mr Thompson.

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. Mr Thompson is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion in this release of the resource and or reserves information in the form and context in which that information is presented.

About DeGolyer and MacNaughton

The information contained in this release pertaining to the PEL 96 contingent resources estimate is based on, and fairly represents, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton. Mr Szatkowski holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M, has in excess of 40 years of relevant experience in the estimation of reserves and contingent resources, and is a member of the International Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr Szatkowski is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion of the contingent resource estimate related information in the form and context in which that information is presented.

While not yet commercial, these results confirm that the coals will be capable of substantial gas production rates and highly economic per well recoveries as the reservoir pressure is reduced at increasing distances from the wells.

