

Strike Energy Limited Quarterly Report

Q3 - 2018



Jaws-1 Horizontal Flare 28th October 2018

Key Highlights Q3 2018

Jaws-1

- Jaws-1 permeability retained with productivity improving throughout the quarter.
- Jaws-1 pilot test has transitioned into the gas desorption phase.
- Flares observed from both horizontal and vertical wellbore leases.

West Erregulla & EP469

- Post further geological & geophysical studies WE's attractiveness has continued to improve. Consequently Strike has decided to retain operatorship and a high equity interest due to the strategic position of the block in the context of the basin.
- Additional prospect mapped in basal Wagina sandstone, analogous to Beharra Springs.

Finance

- Successfully raised \$13mIn (gross) for the drilling of WE-2 and launched an SPP for \$5mIn.

UIL Energy

- Strike has made an all equity bid for UIL Energy

Jaws-1 horizontal flare stack
October 2018



Jaws Progress Update

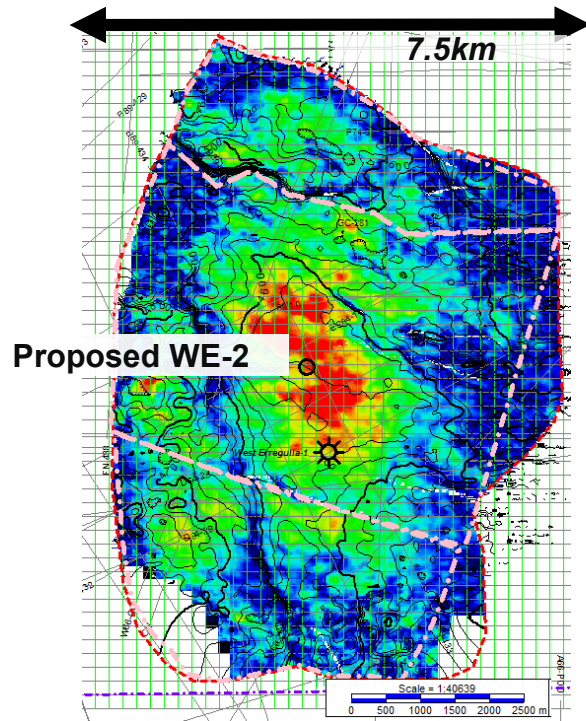
Jaws-1 Initial Flare



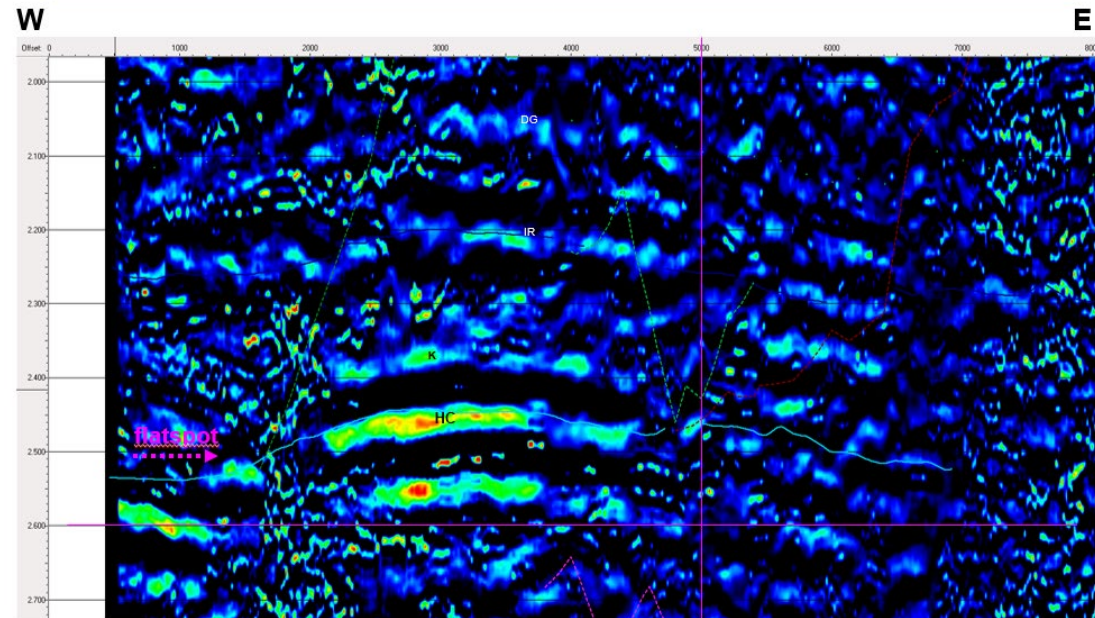
- Jaws-1 initial dewatering phase was predicted to be between 2-4 months, actual ~3 months.
- Permeability retention evidenced by steady water production at 750-800 bwpd.
- Sustained gas production building as further coal is brought below desorption pressure.
- Regular surging of gas from the formation is being observed with increasing frequency and intensity. These surges are resultant from cleats and fractures in the coal coming into the desorption window and instantaneous peak rates of 100-200,000scf/d have been recorded.
- Klebb vertical wells continue to operate as shielding wells to Jaws.
- Commercial success will be declared when sustained gas production crosses the threshold for booking a reserve.

*Currently, sustained gas production rates are too low to accurately report with the gas meters on the installed equipment and therefore not published at this stage.

West Erregulla-2



WE Sweetness Index Mid Amplitude Stacks.



- Exploring options for rig collaboration with other Perth Basin operators to reduce costs.
- WE-2 will intercept the fringes of the Beharra Springs style anomaly in the basal Wagina sandstone.
- Environmental Permit submitted and other technical approvals documentation is well progressed in preparation for submission to regulator.

Bid by Strike for UIL Energy

Strike plans to build a material domestic gas business in the Perth Basin to complement its extensive Cooper Basin position.

Transaction Rationale

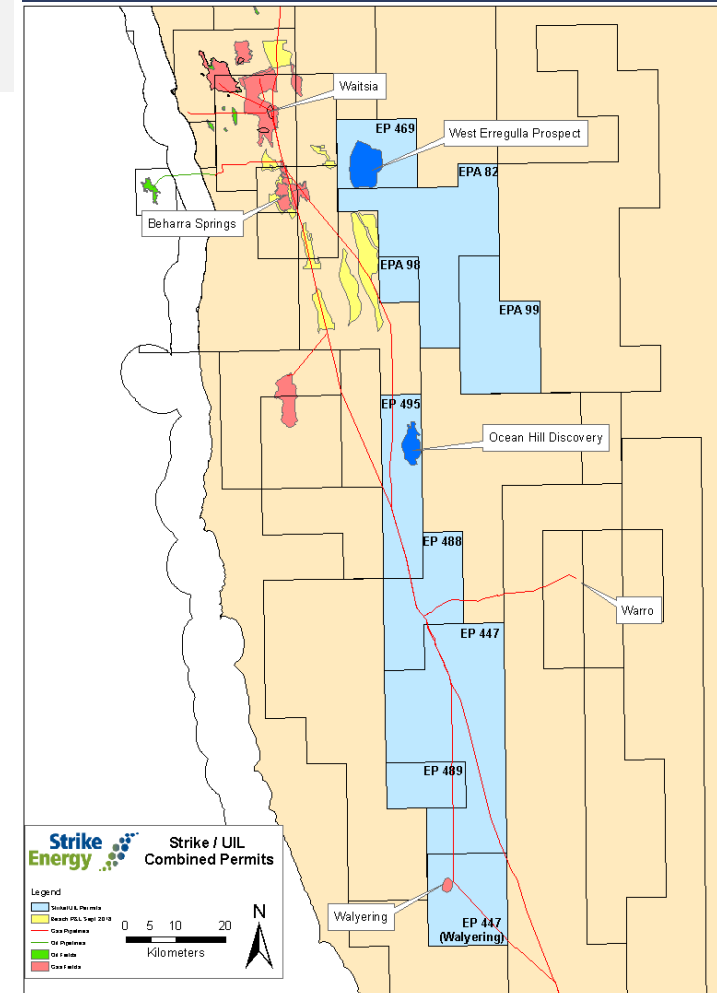
Technical

1. Follow-on activity after WE-2 in the highly prospective Kingia-High Cliff play (Waitsia play type)
2. UIL portfolio to leverage off Strike's subsurface expertise and well delivery competence
3. Diversified across multiple plays in the Perth Basin (~3,000 km² of a proven petroleum basin)
4. Provides further resilience to the east/west portfolio

Commercial

1. Strike will have a commanding acreage position in the Perth Basin with very high equity in all blocks
2. Cost synergies and overhead reductions in merged group
3. Strong funding position to fund merged group future activities
4. Additional portfolio activity will allow Strike to negotiate deals / services with a critical mass
5. Deepens exposure to long term WA gas markets

A Prominent Perth Basin Position



UIL Transaction and Capital Raising Timetable



Announcement of the Transaction and Capital Raising	Monday, 22 October 2018	✓
Placement Bookbuild opens	Monday, 22 October 2018	✓
Placement Bookbuild closes	Tuesday, 23 October 2018	✓
Record date for the SPP	Tuesday, 23 October 2018	✓
Lodgement of Strike's Bidder's Statement in relation to the UIL Transaction	Wednesday, 24 October 2018	✓
Opening date for the SPP and release of SPP offer booklet	Wednesday, 24 October 2018	✓
Expected Placement Settlement and quotation of new shares	Tuesday, 30 October 2018	
SPP Offer closes	Friday, 16 November 2018	
Scheduled close of the UIL Transaction¹	Friday, 30 November 2018	

1. Scheduled close of the Offer unless otherwise extended.

Finance & Commercial Update

- Spend for the quarter on operations was \$4 mln and was centered around the workover and clean-out of the horizontal well (post start-up) and subsequent piloting of Jaws-1. Costs associated with the preparatory works including long lead procurement for West Erregulla-2 were also incurred.
- Expenditures at the SCBGP are to be minimised to the piloting operations of the Jaws project and supporting activities of the Klebb facilities until Commercial Success is achieved.
- Strike has successfully raised gross proceeds of \$13mln through a placement to international and local institutional and professional investors.
- Strike has launched a SPP targeting the raising of \$5mln.
- **The Company completed the quarter with \$1.9mln of cash on hand at 30th of September 2018.**

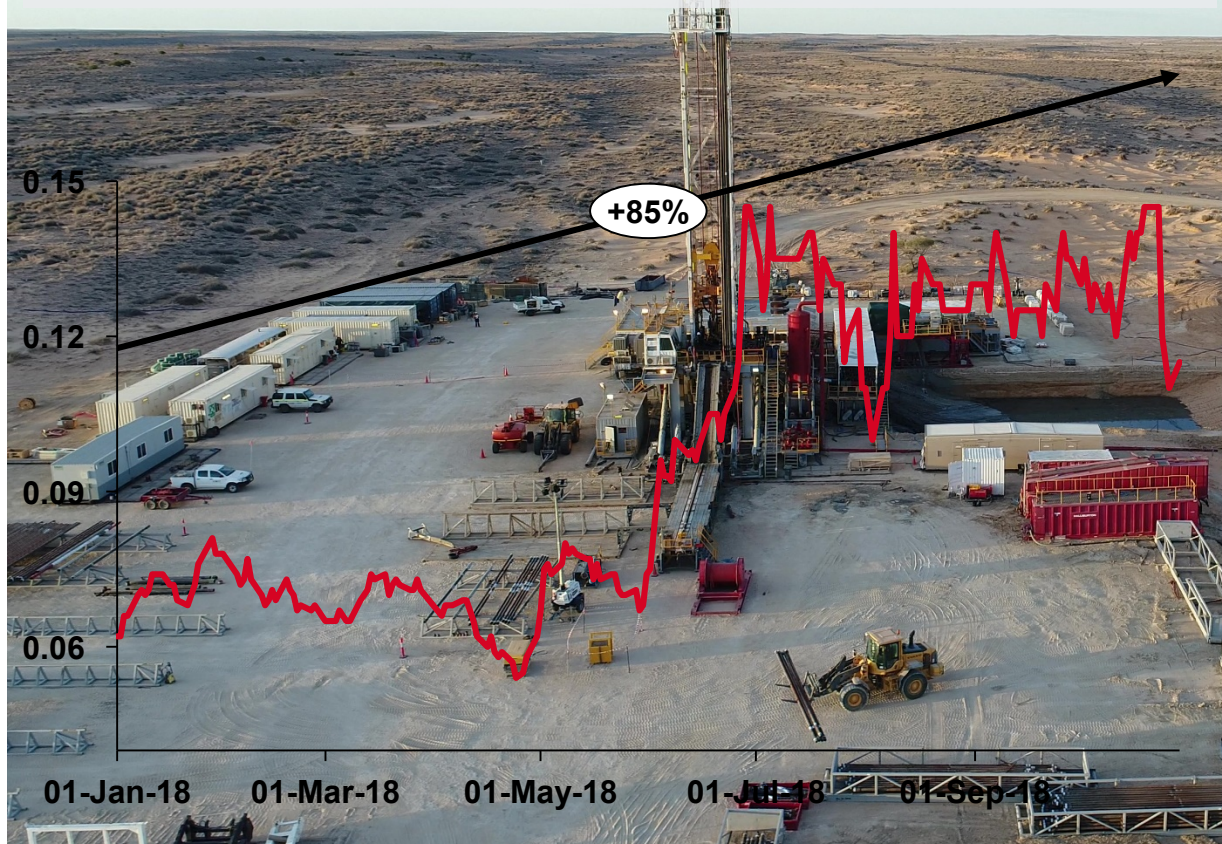


High Cliff Sand from Field Visit to Perth Basin

Strike Energy Limited



Strike has a portfolio of high quality and potentially transformational gas projects capable of delivering material near term value



Board of Directors

John Poynton (Chair)
Jody Rowe
Andrew Seaton
Stuart Nicholls (MD)
Tim Goyder

Securities Exchange

ASX: STX

Market Capitalisation

\$129 million

29th Oct 2018

\$0.115 per share

Securities on Issue

Shares: 1,123,511,727

Options: 28,000,000

Performance Rights 14,920,299

Top 30 Shareholders

39.9% ownership

Cash & Facilities

~\$2million as per the end of Q3/2018

Corporate / Registered Office

Unit 1 31-35 George St, Thebarton

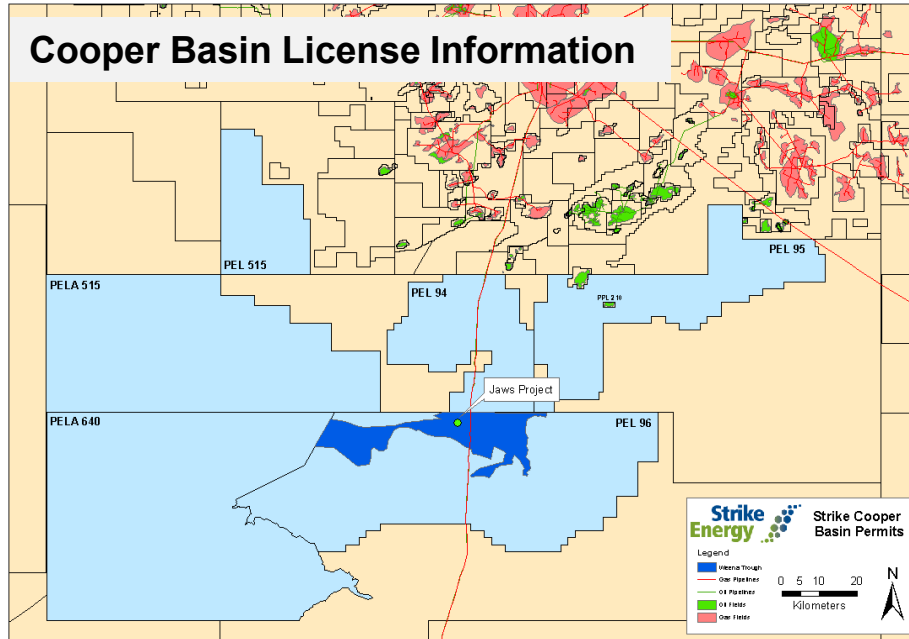
Adelaide, South Australia

T: +61 8 7900 7464

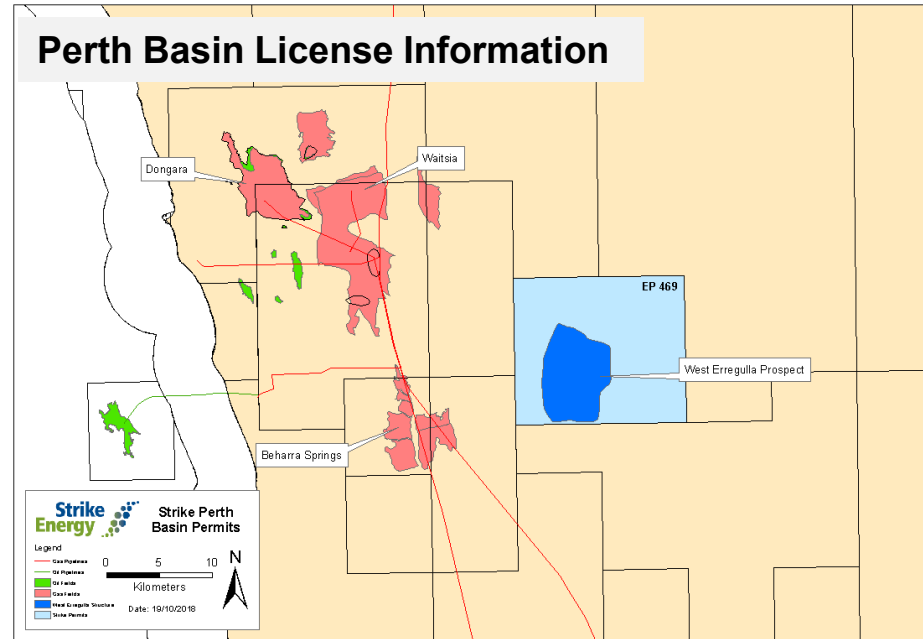
E: strike@strikeenergy.com.au

W: www.strikeenergy.com.au

Cooper Basin License Information



Perth Basin License Information



Permit	Basin	Lifecycle	Target	Operator (Parent)	STX Position	Gross Area (Acres)	Gross Area (km ²)	STX Net Area (acres)	STX Net Area (km ²)
PEL 94	Cooper Basin	Exploration	Deep Coal Seam Gas	Beach	35%	222,963	902	78,037	316
PEL 95	Cooper Basin	Exploration	Deep Coal Seam Gas	Beach	50%	316,418	1,281	158,209	640
PEL 96 (Jaws)	Cooper Basin	Appraisal	Deep Coal Seam Gas	Strike	67%	668,098	2,704	444,953	1801
PELA640	Cooper Basin	Exploration	Deep Coal	Strike	100%	821,056	3,323	821,056	3323
PEL 515	Cooper Basin	Exploration	Shallow Oil	Strike	100%	750,483	3,037	750,483	3037
PPL210 (Aldinga)	Cooper Basin	Production	Shallow Oil	Beach	50%	988	4	494	2
EP469 (West Erregulla)	Perth Basin	Exploration	Conventional Gas	Strike	50%	55,500	225	27,750	112

Shareholder Conference Call



Content of the call will be shared at the WA Shareholder Event on 31st October 2018. If attending the event, it is not necessary to dial in.

Tuesday 30th October 2018

7.00am – AWST (Perth)

8.30am – ACST (Darwin)

9.00am – AEST (Brisbane)

9.30am – ACDT (Adelaide)

10.00am – AEDT (Sydney/Melbourne/Hobart)

1800 179 061

Access Code 5291776#

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

STRIKE ENERGY LIMITED

ABN

59 078 012 745

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(3,781)	(3,781)
(b) development	-	-
(c) production	-	-
(d) staff costs	(242)	(242)
(e) administration and corporate costs	(551)	(551)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	(120)	(120)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (cost recoveries from JVs)	696	696
1.9 Net cash from / (used in) operating activities	(3,988)	(3,988)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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)	7	7
2.6	Net cash from / (used in) investing activities	7	7

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,000	3,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(120)	(120)
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)	-	-
3.10	Net cash from / (used in) financing activities	2,880	2,880

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,972	2,972
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,988)	(3,988)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7	7
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,880	2,880
4.5	Effect of movement in exchange rates on cash held	(11)	(11)
4.6	Cash and cash equivalents at end of period	1,860	1,860

5. Reconciliation of cash and cash equivalents 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	1,308	1,966
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (share of JV bank accounts)	552	1,006
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,860	2,972

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
65
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7,900	7,765

Lender	Interest Rate	Secured/Unsecured	Balance Outstanding at Quarter End
Orica Australia Pty Ltd	5.80%	Unsecured – convertible note	A\$2,500,000
Commonwealth Bank of Australia	BBSY plus 4.55%	Secured against R&D refund from ATO	A\$5,264,650

A share capital placement was conducted for \$13m as announced on 22 October 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	5,284
9.2 Development	-
9.3 Production	-
9.4 Staff costs	300
9.5 Administration and corporate costs	63
9.6 Other (provide details if material)	(330)
9.7 Total estimated cash outflows	5,317

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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.

Sign here:



(Director/Company secretary)

Date:30 October 2018.....

Print name:Justin Ferravant.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.