



# STRATA-X ENERGY

## Strata-X Announces Serowe CSG Project Drilling Appraisal program to commence first week in February 2019

### Highlights

- Turnkey Drilling Contract for up to two CSG appraisal wells executed with Danos Drilling – Gaborone, Botswana.
- Appraisal wells will be the first to drill and flow test bright and gas saturated coals within Strata-X’s interpreted high-graded area within the Botswana CSG Fairway.
- The Company holds 100% equity in approximately 320,000 acres (1,295 sq km) within the interpreted high-grade area.
- Coal Seam Gas expert appointed to manage well site appraisal program.

**STRATA-X ENERGY LTD - DENVER, COLORADO USA, BRISBANE, QUEENSLAND AUSTRALIA and VANCOUVER, BRITISH COLUMBIA CANADA – January 10, 2019 (Pacific Time - Canada)**

The directors and management of Strata-X Energy Ltd. (“Strata-X” or the “Company”) (TSX-V:SXE) (ASX:SXA) are pleased to announce that the Company has entered into a turnkey contract for 1 firm plus one optional vertical well with Danos Drilling of Gaborone, Botswana for the initial appraisal drilling of the Company’s 100% owned Serowe CSG Project. The Company has received all the necessary government approvals for the appraisal program and is set to begin drilling operations during the first week of February.

Following the Company’s internal interpretation of historical coal and CSG drilling in Botswana last year, Strata-X focused on the upper stratigraphic section within a high-graded area of the Botswana CSG

#### **Board of Directors:**

Tim Hoops - CEO / Managing Director  
Ron Prefontaine - Chairman / Director  
Dennis Nerland - Director  
Don Romaniuk - Director  
Greg Hancock - Director

#### **Investor Relations:**

Colin Christensen (Canada)  
+1 403-483-8363  
colin@strata-x.com

#### **Mailing Address:**

280-777 Hornby St  
Vancouver, BC V6Z 1S4

855-463-2400  
info@strata-x.com  
www.strata-x.com

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Fairway. The stratigraphic section has bright and gas saturated coals that are interpreted to be highly prospective for commercial CSG. The Company holds 100% equity in approximately 320,000 acres (1,295 sq km) within the interpreted high-grade area.

SXE 19B-1 will be the first vertical well to drill and flow test within the high-graded area and is located adjacent to (~ 2.5 km) a fully cored well. The cored well was drilled in 2003 by the Government of Botswana and intersected about 8 metres of bright coals with gas saturations up to 100%. The SXE 19B-1 well will be drilled to approximately 490 metres and is located in Strata-X's 100% owned Prospecting License (PL) 19-B.

The operations plan is to case and suspend the SXE 19B-1 well for long term production testing. If the results of SXE 19B-1 are sufficiently positive, the Company may consider expanding the drilling program to a pilot program and include the optional second well in that pilot.

As previously announced, the Company has selected Mr. Adam Scott to direct the CSG wellsite evaluation for the drilling program. Mr. Scott has a long career in CSG exploration and appraisal with Arrow Energy, Sino Gas and Energy, Origin Energy and others and is a highly regarded expert in CSG evaluation. Mr. Scott will be on location directing the evaluation of the coals, gas measurements and flow tests.

Ron Prefontaine, Strata-X Chairman stated, *"Our small team at Strata-X is looking forward to the results of the first wells within the interpreted high-graded area of the Botswana CSG Fairway. Botswana has low sovereign risk and a supportive government that recognizes the value of commercializing domestic gas, to feed the growth of this emerging economy.*

*In addition to the immediate and longer term gas markets in Botswana, there are large and diverse energy hungry markets in the surrounding Southern Africa countries. The potential size of the Southern African gas market far exceeds the internal estimates of the potential gas markets for the Walloon CSG Fairway in Queensland, when I started as an executive director at Arrow Energy in 2001. Starting from zero reserves in 2001, fast-forwarding to 2018, the Walloon CSG Fairway now has 30 TCF of remaining reserves.<sup>(2)</sup>*

*There are many similarities between the Surat Basin Walloon CSG Fairway and the Botswana CSG Fairway. The main technical difference is that the majority of the Walloon CSG Fairway has bright coals that typically have high gas saturations and have proven to be highly prospective for CSG. Whereas over a large portion of the Botswana CSG Fairway the coals are dull and under-saturated that require more regional water drawdowns than bright, highly gas saturated coal seams before sustained gas flows are*



*achieved and therefore can be more expensive to produce. However, there is an area where the coals in the Botswana CSG Fairway are interpreted to be bright and highly gas saturated.*

*Last year, following an internal regional geological review, Strata-X identified an area over the Botswana CSG Fairway with multiple bright and highly gas saturated coal seams similar to the Walloon CSG Fairway coals over an ~80 metre stratigraphic interval. These coals are interpreted to be highly prospective for CSG. We have referred to this area as the high-graded area.*

*Since the high-grade area identification, Strata-X has acquired all available vacant and dormant acreage and now owns 100% of approximately 320,000 acres (1,295 sq km) of land holdings within the interpreted high-grade area. Our certifier has estimated an average of ~1.3 Bcf of gas resource potential per square kilometer within the high-graded area.<sup>(1)</sup>*

*Strata-X's 19B-1 test will be the first vertical production well to drill and flow test the bright, gassy coals within the high-graded area of the Botswana CSG Fairway.*

*An example of positive results from our first well would be encountering multiple bright coal seams coupled with modest water flows and some free gas. This result could demonstrate to our technical team that the high-graded area has the potential to be highly prospective for commercial CSG.*

*If positive results are encountered in the first well, and with the goal to accelerate timelines to achieve reserve certification required for a foundation gas sales agreement, Strata-X may elect to go straight to a CSG pilot programme with the target outcome to prove commercial gas flows. Commercial gas flows are not only a requisite for reserve certification, but are in my experience, a major catalyst for gas sales agreements and successful CSG field development”*

The Company holds 4,784 KM2 (1,173,000 acres) over the Serowe CSG Project with an certified Prospective Resource of 3.3 TCF.<sup>(1)</sup> ASX disclosure note - 5.28.2 - *The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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 moveable hydrocarbons.*

### **About Strata-X**

Strata-X is a Denver, Colorado (USA) based company and is engaged in the business of oil and gas exploration and development with a variety of exploration opportunities in the States of California and Illinois in the United States of America and the Republic of Botswana. Strata-X has 81,201,984 common



**STRATA-X**  
ENERGY

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shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

For further information please contact:

- (1) *Prospective Resources figures are from an audit report prepared by MHA Petroleum Consultant, a qualified reserves auditor, dated and effective 26 March 2018 following their audit in accordance with the COGE Handbook of the available technical data including the geological interpretation, information from relevant nearby wells, analogous reservoirs and the proposed program for the Project, prepared and presented to MHA by Strata-X. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development project. Prospective Resources have both an associated chance of discovery and a chance of development. A high level of uncertainty exists with the Prospective resources given the lack of historical drilling, available data and other productivity factors that limit the economic viability of coal seam gas deposits. The Report reviewed only Prospective Resources as the project is not sufficiently developed to assign Contingent Resources or additional Petroleum Reserves to it. Stated Prospective Resource figures are Best Estimate – undiscovered natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Project's development. There is no certainty that any portion of the resources will be discovered, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*
- (2) [https://www.dnrm.qld.gov.au/data/assets/excel\\_doc/0005/1261886/petroleum-gas-reserves-statistics.xlsx](https://www.dnrm.qld.gov.au/data/assets/excel_doc/0005/1261886/petroleum-gas-reserves-statistics.xlsx)

Tim Hoops (USA)  
President  
+1 855-463-2400  
[info@strata-x.com](mailto:info@strata-x.com)

*This announcement was made in Canada for the TSX.V and in Australia for the ASX.*

*Public documents for Strata-X Energy Ltd. can be found at SEDAR (Canada) ([www.sedar.com](http://www.sedar.com)) and ASX.com.au (Australia).*

#### **FORWARD-LOOKING STATEMENTS**

*This news release contains forward-looking statements, which relate to future events or future performance, including but not limited to, the completion and size of the Placement, receipt of regulatory approvals and timing thereof, the Corporation's business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management's current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and third party approvals and completion of the Placement and stability of general economic and financial market conditions. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions is intended to identify forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions in North America and globally, risks associated with liquidity and capital resource requirements, that may cause future results to differ materially from those expected and the forward-looking statements included in this news release should not be unduly relied upon. See also "Risks Factors" in the Company's Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com). Those factors are not, and should not be construed as being exhaustive. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.*

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