

1 February 2019

Ms Violetta Codreanu  
Senior Adviser, Listings Compliance (Sydney)  
ASX Limited  
20 Bridge Street  
Sydney, NSW 2000

Dear Violetta

**Strike Energy Limited (Strike) – Aware Query**

Please find the response to your letter dated 29 January 2019 (using the same numbers) as follows:

1. *Does STX consider the information contained in the Quarterly Report relating to the Event to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

No.

2. *If the answer to question 1 is “no”, please advise the basis for that view?*

Strike is in the testing and piloting phase of the Jaws appraisal wells. Gas desorption events are expected during this testing and piloting phase as the reservoir pressure approaches the gas desorption window. Whilst the gas desorption event, which resulted in a spike of gas on 1 January 2019 was at a higher flowrate than previously experienced, it was considered part of normal testing and piloting operations. By virtue of the sand carried into the wellbore, and equipment going offline, the gas spike was not considered to be of sufficient duration to be meaningful to proving the commerciality or otherwise of the project or to provide certainty of outcome.

The wells were brought back online after the event and, while gas flowrates were reduced due to the sand in the wellbore, there were regular signs of improvement and an ability to impact downhole conditions through oscillation of the downhole pumps with the expectation that previous conditions could be restored without the need for well intervention.

3. *If the answer to question 1 is “yes”, please explain why STX did not disclose information relating to the Event on 1 January 2019, commenting specifically on when you believe STX was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps STX took to ensure that the information was released promptly and without delay.*

Not applicable.

4. *Given an announcement regarding the Event was not released on 1 January 2019, please explain the basis on which STX decided it was necessary to lodge the Jaws Pilot Update.*

As described above, the changes in downhole conditions were considered part of normal testing and piloting activities and not considered material due to the short duration of the gas spike and the expectation that normal conditions could be restored using the existing operating equipment. Once it was determined that well intervention was required, Strike determined it necessary to release information to the market due to the delay that either the rig-less intervention or a workover rig and coiled tubing unit would cause to operations, and the unplanned cost that would be incurred as a result.

5. *Given the decline in gas production at the Jaws-1 well following the Event, please provide details of the extent to which the Event may have an impact on STX's revenue.*

Not applicable. STX does not generate any revenue from the Jaws project.

6. *Please confirm that STX is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Confirmed.

7. *Please confirm that STX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of STX with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Justin Ferravant".

Justin Ferravant  
Company Secretary & Chief Financial Officer  
Strike Energy Limited



29 January 2019

Mr Justin Ferravant  
Company Secretary  
Strike Energy Limited  
Level 1  
31-35 George Street  
Thebarton SA 5031

By email: Justin.Ferravant@strikeenergy.com.au

Dear Mr Ferravant

**Strike Energy Limited ('STX'): Aware Query**

ASX refers to the following:

- A. STX's announcement entitled "Strike Energy Limited Quarterly Report Q4 - 2018" lodged on the ASX Market Announcements Platform ("MAP") and released at 8:22 AM on 23 January 2019 (the "Quarterly Report"), disclosing that a significant desorption event occurred on 1 January 2019 at the Jaws-1 well which resulted in a release of gas causing a deposit of sand into the wellbore, temporarily destabilising downhole conditions (the "Event") and that there had been a decline in gas production from Jaws-1 since 1 January 2019.
- B. STX's announcement entitled "Jaws Pilot Update" lodged on MAP and released at 8:26 AM on 25 January 2019 which described the Event as a "major gas event" and disclosed that STX had attempted rig-less intervention at the Jaws-1 well in order to re-establish normal downhole conditions (the "Jaws Pilot Update").
- C. The decrease in STX's share price from \$0.075 at the close of trading on 22 January 2019 to a low of \$0.066 on 23 January 2019 after the release of the Quarterly Report.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*

- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

### **Request for Information**

Having regard to the above, ASX asks STX to respond separately to each of the following questions and requests for information:

1. Does STX consider the information contained in the Quarterly Report relating to the Event to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", please explain why STX did not disclose information relating to the Event on 1 January 2019, commenting specifically on when you believe STX was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps STX took to ensure that the information was released promptly and without delay.
4. Given an announcement regarding the Event was not released on 1 January 2019, please explain the basis on which STX decided it was necessary to lodge the Jaws Pilot Update.
5. Given the decline in gas production at the Jaws-1 well following the Event, please provide details of the extent to which the Event may have an impact on STX's revenue.
6. Please confirm that STX is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that STX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of STX with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9:30am AEDT on Friday, 1 February 2019.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in STX's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, STX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the

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market. Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to STX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that STX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in STX's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 Trading Halts & Voluntary Suspensions.

### **Suspension**

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in STX's securities under Listing Rule 17.3.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Violetta Codreanu**  
Senior Adviser, Listings Compliance (Sydney)