

Quarterly Report Q4/19

Highlights

Perth Basin

- 1.185 TCF 2C (gross) contingent resource booked at West Erregulla within the Kingia & High Cliff sandstones. Upside in the Wagina formation with an upgraded 273 BCF P50 (gross) prospective resource.¹
- Outstanding productivity with the Kingia sandstone flow testing at 69 mmscf/d.
- Completion of 90km² of high-resolution 3D seismic over the Walyering gas discovery.

Jaws

- Production pilot continues with average daily gas rates rising to ~40 mscf/d and water production remaining stable at ~300 bbls/d.

Corporate

- Company fully funded to deliver 2020 program with more than \$30 million raised via placement and share purchase plan.

Comments from Managing Director & CEO Stuart Nicholls:

“Strike has completed one of its most formative quarters, with the production testing and resource booking at the West Erregulla gas field. Strike now operates one of the largest, high quality, onshore conventional gas discoveries ever made in Australia.

“The discovery at West Erregulla has proven the existence of a deep, conventional gas fairway within the Permian sequence of the Perth Basin. This discovery together with the activity of neighbouring operators validates Strike’s commercial and geological strategy, with Strike now holding the largest land and equity position within what is fast becoming one of Australia’s most prolific onshore conventional gas basins.

“Post the recent capital procurement process Strike is now fully funded for the pathway to a Final Investment Decision on the Phase 1 West Erregulla development, which will see the company transform from exploration to production.

“Having booked 593 BCF 2C Strike share and with a Wagina prospective resource of 137 BCF P50 Strike share, the previous quarter has set the foundations for 2020 to be a year of strong progress against our strategy to becoming a major Australian gas producer. The technical milestones achieved to date have significantly de-risked the company’s ambitions and this is a very exciting time for Strike.”

1. Refer ASX announcement “West Erregulla Resource Statement” dated 11 November 2019 and pages 2-3 of this report.

Exploration & Development

Perth Basin

With the discovery at the West Erregulla gas field, the activities executed in the Perth Basin during the quarter have centred around defining the subsurface and commencing development planning at West Erregulla. Activities also included delineating the additional near-term targets within Strike's 100% owned acreage.

West Erregulla (EP469)

During the quarter after the drilling and completion of West Erregulla-2 (WE-2), Strike conducted a multi-rate flow and pressure build-up test. During this testing period WE-2 flowed gas to surface from the Kingia sandstone from 48 metres of perforations across the target interval (4,799m – 4,951m measured depth) in the Kingia formation. At the largest choke setting (2-inch), the well flowed at a rate of 69 mmscf/d with a wellhead pressure of 700 psig.

This result is the second highest flow rate achieved by any Perth Basin well and shows the highly producible nature of the West Erregulla resource. Pressure support in the well was excellent with back pressure still significant using the large 2-inch choke. Given that the flowrate was mechanically constrained and that this multi-rate flow test exceeded expectations, it is highly likely that a larger well completion could have achieved even higher rates.

Analysis of these results have generated several new findings for the field's expected performance. These include an estimated per well raw gas recovery (2C) of ~50 BCF (gross) in the Kingia alone and a drainage radius of approximately 800m.

Post the flow testing and analysis, Strike announced an initial resource estimate (refer below) on the basis of which West Erregulla is believed to be one of the largest conventional gas fields ever discovered onshore Australia. The resource booked is believed to be part of a larger contiguous structure. With additional resources expected to be added from the Wagina sandstone, West Erregulla is very likely to be a generational asset capable of producing some of the lowest cost gas in Australia.

West Erregulla Conventional Gas Gross (BCF) ¹						
	Discovered Original Gas in Place			Contingent Resource		
	P90	P50	P10	1C	2C	3C
Kingia	1,022	1,183	1,368	858	1,004	1,175
High Cliff	162	213	273	136	181	234
Wagina	Subject to further testing					
Current Total	1,184	1,396	1,641	993	1,185	1,409

As the Wagina sandstone was not flow tested or subject to advanced downhole tool evaluation, Strike believes there is potential for this to represent a significant recoverable conventional gas accumulation on top of the booked Kingia and High Cliff resources.

West Erregulla Conventional Gas Net to Strike (BCF)¹

	Discovered Original Gas in Place			Contingent Resource		
	P90	P50	P10	1C	2C	3C
Kingia	511	592	684	428	502	588
High Cliff	81	107	137	68	91	117
Wagina	Subject to further testing					
Current Total	592	698	821	497	593	705

Following analysis of drilling and log data procured from the drilling of WE-2, the prospective resource estimate for the Wagina formation has been revised upward to 273 BCF gross (P50), representing a 10% increase to the previously announced P50 estimate.

West Erregulla Wagina Conventional Gas (BCF) ¹ Prospective Resource

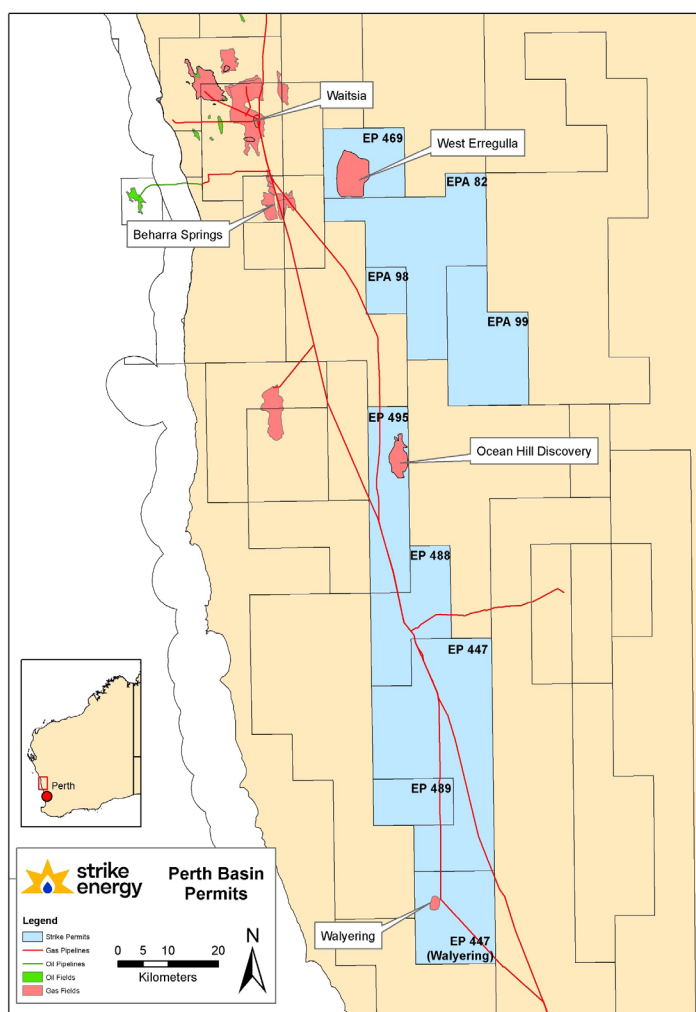
Date		P90	P50	P10
31 st October 2019	Gross	208 (+54)	273 (+26)	363 (-9)
	Net to Strike	104	137	182

Prospective Resource Estimate

Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to discovered and undiscovered accumulations. These estimates are un-risked and have associated risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

¹ Refer to ASX announcement dated 11 November 2019 entitled "West Erregulla Resource Statement" for information relating to the 2C Contingent Resource Estimate and Prospective Resource Estimate for the West Erregulla Project. Strike Energy interest is 50%. Strike confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply.

West Erregulla is within EP469 in which Strike Energy Limited is operator and holder of a 50% interest with Warrego Energy Limited holding the remaining interest.



West Erregulla – Appraisal & Development

Joint Venture (JV) processes concluded during the quarter with the JV approving the work program and budget items for the drilling of West Erregulla-3 (WE-3) in the Northern section of the West Erregulla structure and additional surrounding 3D seismic. WE-3 has been designed to accommodate higher production flow rates by utilising a 5.5” production casing, increasing significantly from the 3.5” completion in WE-2. The objectives of the WE-3 will be to test the northern extent of the Kingia / High Cliff formations and acquire the remaining information required to convert the Wagina prospective resource to contingent resource. WE-3 will be completed as a producer in preparation for production from a Phase 1 development. Contracting and procurement processes have subsequently commenced and are well progressed to secure the drilling rig and long lead items associated with WE-3. Additional wells in the proposed campaign remain subject to JV processes.

Also, during the quarter, Strike began initial discussions with several counter parties who would be capable of providing third-party processing infrastructure for the tie-in of the Phase 1 appraisal/development wells. These discussions are expected to progress over the next quarter to commercial negotiations and form the basis of the Concept Select planned for the end of Q1/20.

In line with the development timeline, Strike has commenced work on the conversion of EP469 to a Production License and will progress the application for conversion over Q1 2020. Project financing (for the Phase 1 development) discussions with several lending institutions have commenced and will progress over the coming quarters.

Strike is targeting an FID for the Phase-1 development at the end of Q4 2020 and continues to advance this milestone as the company’s highest priority.

In parallel with the Phase 1 development plan, Strike has commenced the terms of reference definition and expressions of interest ready for the petrochemical, LNG (small scale greenfield and/or North West facilities backfill) and hydrogen/gas to power studies. These studies will form the basis of the Phase 2 downstream development planning and will progress throughout 2020.

Permian Conventional Gas Fairway

During the quarter Strike concluded negotiations with Traditional Owners for the Native Title Agreement on EPAs 82, 98 & 99, which is in the process of being executed. Strike expects the permits will be granted by the Western Australian Government by end Q1 2020.

The grant of these permits will enable Strike to begin exploration activities over this highly prospective acreage adjoining West Erregulla which Strike holds at 100%.

Since the discovery of West Erregulla, Strike has been studying the existing 2D seismic in these permit areas and has commenced reprocessing of these lines to improve the resolution of the Permian sections. Initial analysis is very exciting with additional prospectivity clear and indicative of a potential multi-TCF accumulation to the South of West Erregulla.

Planning of a future 3D seismic program over these new permit areas is progressing and Strike will look to commence 3D seismic operations over these areas of interest as soon as the necessary regulatory and landholder approvals can be obtained.

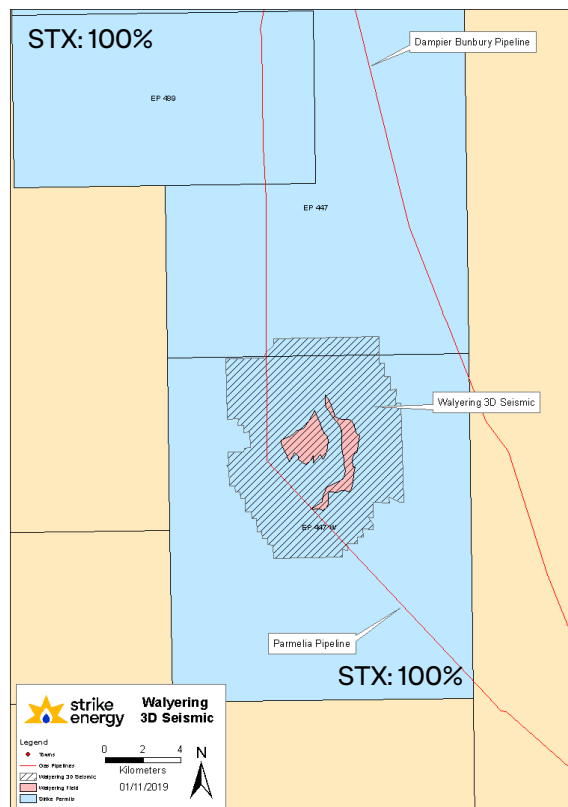
Further validation of the prospectivity and pervasiveness of the Permian conventional gas fairway came in the quarter when Beach Energy announced a successful discovery in the Kingia sandstone at the Beharra Springs Deep well. Testing of that well produced flow rates up to 46 mmscf/d, constrained by production tubing.

Walyering (EP447)

During the quarter Strike completed 90km² of 3D seismic over the Walyering gas discovery. Initial interpretation of the dataset is in line with Strike's expectations and shows the presence of the structure previously identified on 2D seismic.

Should the data display a positive correlation between seismic amplitude response and well results (Walyering-1 flowed at 13.5mmscf/d), Strike is confident that the broader Cattamarra play, which extends North to Ocean Hill, can be targeted for commercial conventional gas and liquids. Given the project's optimal location in between the two transmission pipelines to Perth, Walyering could, subject to further exploration and appraisal, be accelerated to be a near term source of gas and liquids production revenue.

As Strike is 100% owner of the permit, Strike will look to identify drilling targets for future programs once seismic results are available and in parallel run a farm-out process to provide capital for this activity.

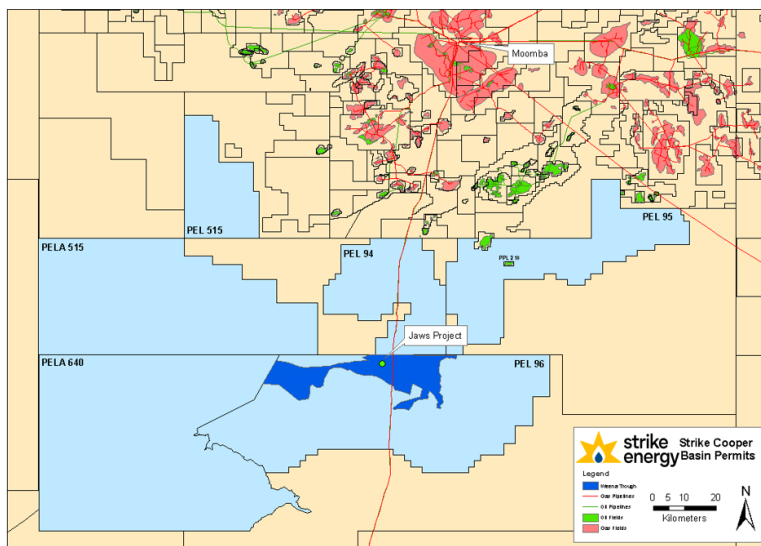


Southern Cooper Basin Gas Project - Jaws

Piloting operations have continued during the quarter where both water and gas production has continued to support the prospectivity of the resource. Daily average gas production was measured at ~20 mscf/d at the start of the quarter which has risen to a high of ~40 mscf/d. Bottom hole pressure has been drawn to 209 psig, which has seen instantaneous gas rates of ~100 mscf/d with water remaining stable at approximately 300 bbls/d. A major inflection point (or exponential increase) in the rate of

gas production has not yet been achieved, however Strike continues to believe this will occur once a sufficient amount of coal reservoir is brought into the critical desorption window. A recent increase in annulus pressure at the vertical intercept well is evidence of improving downhole conditions. Whilst taking longer than anticipated, the controlled drawdown appears to be progressing well with uptime of the pumping operations remaining high.

Given the upward trend observed in gas production, stable water rates and reduction in running costs Strike will continue the production pilot into the first half of 2020, until either commercial gas rates are achieved or water production declines without a commensurate increase in the



gas flow rate. Further updates will be provided should any major changes or observations be made outside of the expected progress.

Corporate

During the quarter Strike raised \$30.4 million before costs through a share placement, share purchase plan and exercised options. These funds enable Strike to embark on its 2020 exploration and appraisal and pre-development programs with confidence. Strike is now fully funded for the pathway to a Phase 1 FID which includes the appraisal, FEED and analysis of the West Erregulla gas field. Strike ended the quarter with \$27.2 million of cash on hand with expenditure during the quarter being centred around the testing of the West Erregulla-2 well, Walyering 3D seismic program and the continued piloting of the Jaws project. The next quarter's expenditure will cover further analysis of the WE-2 well results, preparatory works and long lead purchases for the WE-3 well, additional 3D seismic and pre-FEED related activities for the Phase 1 development.



Jaws-1 Jan-20

Petroleum Tenements Held at the End of the Quarter

Permit	Basin	Operator (parent)	STX Interest	Gross Area (acres)	STX Net Area (acres)
PEL 94	Cooper Basin	Beach	35%	222,963	78,037
PEL 95	Cooper Basin	Beach	50%	316,418	158,209
PEL 96 (Jaws)	Cooper Basin	Strike	67%	668,098	444,953
PELA640	Cooper Basin	Strike	100%	821,056	821,056
PEL 515	Cooper Basin	Strike	100%	750,483	750,483
PPL210 (Aldinga)	Cooper Basin	Beach	50%	988	494
EP447	Perth Basin	Strike	100%	201,391	201,391
EP447 (Walyering)	Perth Basin	Strike	100%	72,896	21,869
EP488	Perth Basin	Strike	100%	73,390	73,390
EP489	Perth Basin	Strike	100%	36,572	36,572
EP495	Perth Basin	Strike	100%	73,637	73,637
EPA-82	Perth Basin	Strike	100%	138,626	138,626
EPA-98	Perth Basin	Strike	100%	18,533	18,533
EPA-99	Perth Basin	Strike	100%	92,170	92,170
EP469 (West Erregulla)	Perth Basin	Strike	50%	55,500	27,750



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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")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(6,151)	(12,525)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(628)	(1,294)
	(e) administration and corporate costs	(1,332)	(1,279)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	32
1.5	Interest and other costs of finance paid	(1)	(31)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (cost recoveries from JVs)	432	1,007
1.9	Net cash from / (used in) operating activities	(7,666)	(14,090)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(55)	(55)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(55)	(55)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	30,435	30,735
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	7	763
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,427)	(1,427)
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)	(37)	(37)
3.10	Net cash from / (used in) financing activities	28,978	30,034

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,985	11,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,666)	(14,090)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(55)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	28,978	30,034
4.5	Effect of movement in exchange rates on cash held	1	3
4.6	Cash and cash equivalents at end of period	27,243	27,243

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	26,504	4,371
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (share of JV bank accounts)	739	1,614
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,243	5,985

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	138
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	2,057
9.2 Development	-
9.3 Production	-
9.4 Staff costs	637
9.5 Administration and corporate costs	296
9.6 Other (repayment of borrowings)	-
9.7 Total estimated cash outflows	2,990

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: 20 January 2020

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.