ASX Announcement

11 November 2016

The Company Announcement Officer ASX Ltd
via electronic lodgement

CHAIRMAN'S ADDRESS AND AGM PRESENTATION

Please find attached the following items which will be presented and discussed as part of the Annual General Meeting of the Company to be held at 9.00 am today (EST) in Sydney.

- Chairman's address; and
- Managing Director's presentation

Yours faithfully



SEAN MCGUINNESS
Chief Financial Officer & Company Secretary

STRIKE ENERGY LIMITED

CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING

11 NOVEMBER 2016

Ladies and Gentlemen,

The 2016 financial year has been another year of significant progress for our Company, with the near term commercialisation of our world scale gas resource in the Southern Cooper Basin proceeding with steady resolution.

We are confident that our production testing is on track to unlock the potential of this significant resource to supply the gas starved east coast energy and manufacturing markets. We are extremely fortunate that our gas project has the best address in the most prospective gas market globally.

The Southern Cooper Basin Gas Project is ideally positioned under the newly upgraded, bi-directional Moomba to Adelaide Pipeline System to deliver competitively priced gas into all high demand sectors of the east coast gas market. As predicted, the successful commissioning and outperformance of the LNG export trains at Curtis Island has had a seismic impact on gas pricing dynamics and our shareholders will have noted the daily media commentary on South Australia's surging gas and electricity prices. There is a desperate need to find new sources of gas for existing gas fired base load power generators to stabilise an energy market that is suffering from the progressive withdrawal of old and inefficient generation assets in that State. It is extremely rare to have a globally significant resource that is close to markets in a supportive jurisdiction. The fact that we are also enjoying a price environment that has had a massive structural shift in our favour both as to the cost of doing business and the price that we can expect to receive for our product, further promote the auspicious outlook for our company.

During the year we successfully increased gas flow rates at our test wells and confirmed the process required to deliver commercial success: reduce reservoir pressure → produce gas; reduce reservoir pressure further → produce more gas.

We know the gas is there, we can produce it and that the reservoir has excellent productivity. Our focus is therefore on building and maintaining water production capacity, to deliver increased gas flows.

The construction, commissioning and efficient operation of wells and pump equipment in a remote environment and development of production management skills all within a constrained budget have been a real challenge over the past twelve months. Our progress has been slower than I expected but we have a development pathway that is very clearly defined.

As announced today my fellow Directors and I are pleased to offer Shareholders the opportunity to participate in a fully underwritten 1 for 14 non-renounceable rights issue to raise $4.5m before costs. Directors, Simon Ashton, Brendan Ostwald and Jody Rowe have committed to take up all or part of their respective entitlements. In addition, David Baker and certain investment funds connected to myself have entered into sub-underwriting agreements with the Underwriter to partially sub-underwrite the Rights Issue. The combined sub-underwriting commitment is up to $1,524,375 or approximately 34% of the Rights Issue, and may be partially satisfied by subscribing to the respective entitlements under the Rights Issue.

If our efforts are successful, and I believe they will be, our Southern Cooper Basin Gas Project can deliver substantial rewards to our shareholders.

I am grateful for the contributions of my fellow Directors, the executive team, staff and contractors and their efforts over the past year.

I would finally like to acknowledge the Company's shareholders and to thank you for your continued support.

Mark Carnegie

Chairman – Strike Energy Limited



STRIKE ENERGY LIMITED

2016 ANNUAL GENERAL MEETING

Sydney, 11 November 2016

Managing Director's Presentation

Strike Energy

2016 AGM: Strike Energy Limited





2016 Review

Eastern Australian Gas Market

Southern Cooper Basin Gas Project Update

Forward Plan - Funding and Objectives



2016 Key Highlights and Achievements

Cooper Basin

- Multiple desorption events observed during FY2016
- Major facility and pumping upgrade successfully completed
- Four wells now contributing to de-watering at Klebb pilot
- Demonstration facility concept advanced
- On track to provide proof of concept for development

Finance and Commercial

- $6.7m placement completed in April 2016 to fund ongoing PEL 96 exploration and appraisal program
- Completed the year with $7.2 million in cash with a post balance date receipt of $6.3 million from the ATO under its R&D eligible rebate scheme

United States

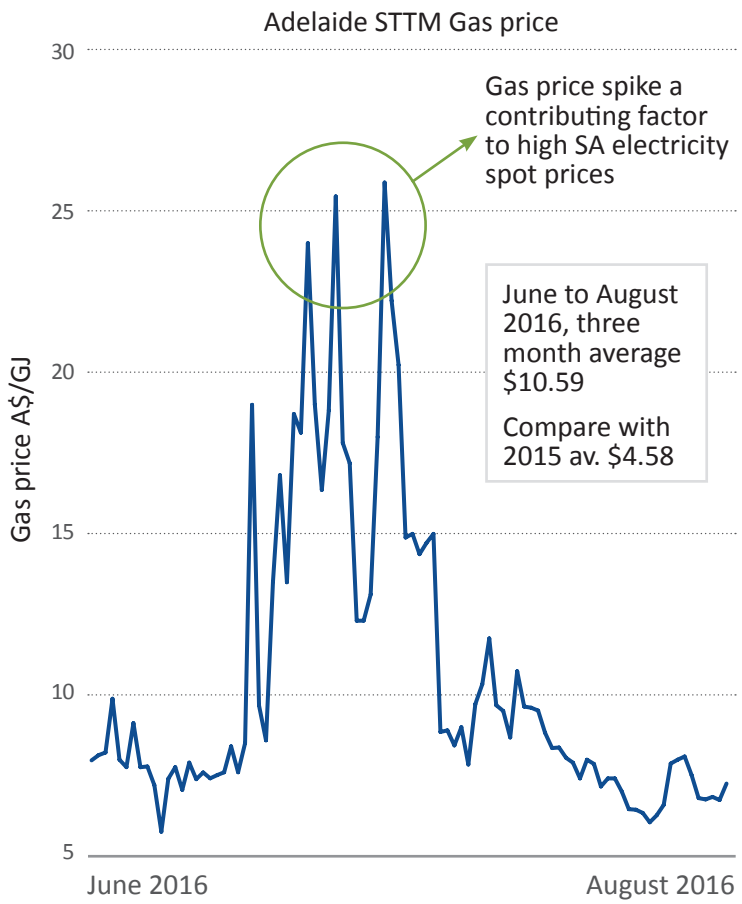
- Divestment of US assets proceeding



EASTERN AUSTRALIAN GAS MARKET

Eastern Australian Gas Market: Gas prices trending higher

Market gas pricing



Industry response

Collective industry intent to facilitate new gas supply into the Eastern Australian gas market.

ORICA

ORORA

australbricks

Adelaide Brighton Ltd

Government response

SOUTH AUSTRALIA

Government of South Australia

Energy market changes to increase competition and drive down costs

Jay Weatherill
September 8, 2016

"…The Government will also commit $24million towards a program to incentivise companies to extract more gas and supply it to the local market.

This will increase the supply of gas into the energy market, with South Australian energy generators, industry and households having first offering…"

Increasing gas prices have created the impetus for policy and industry initiatives to promote affordable new sources of gas supply

Eastern Australian Gas Market: Summary

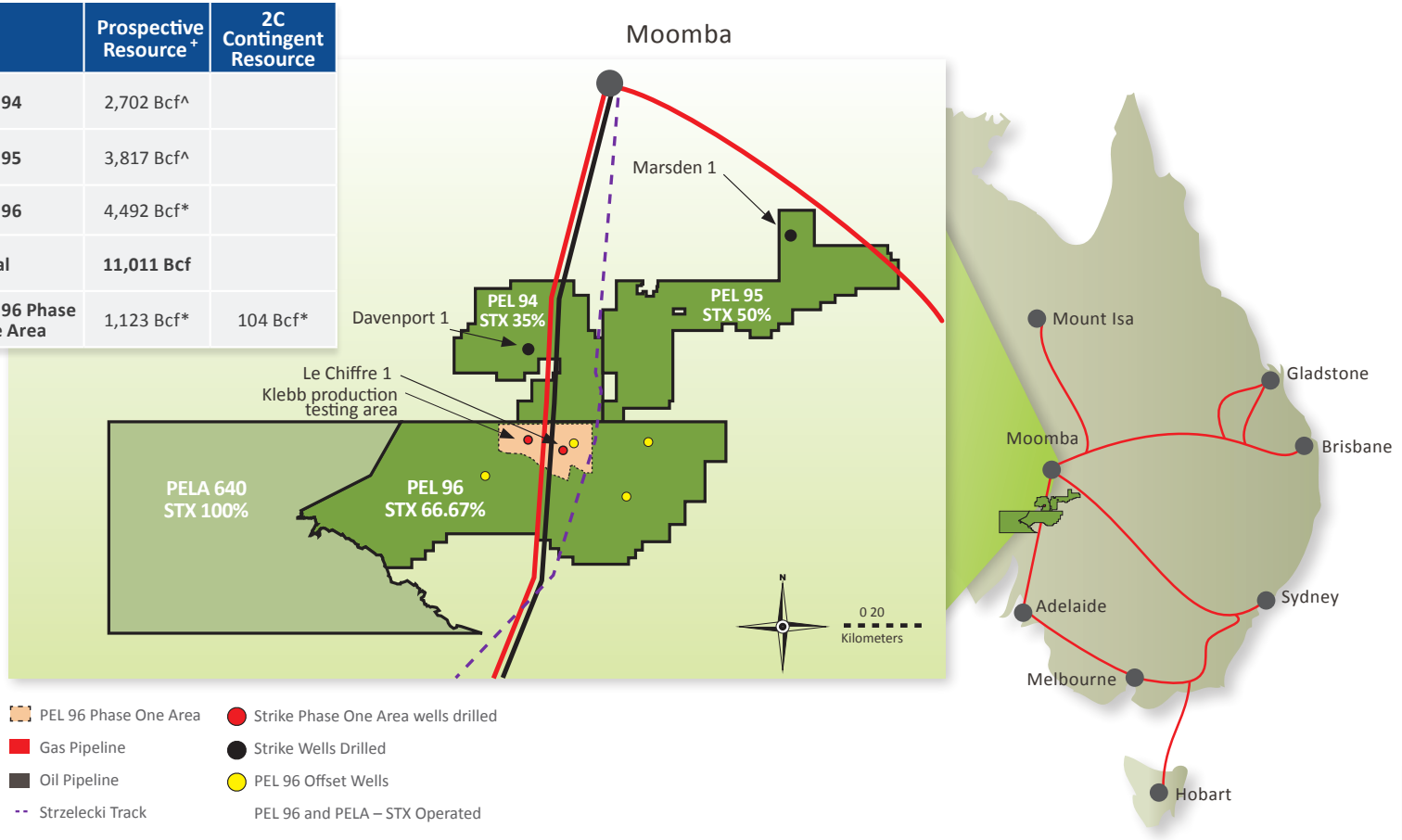
Gas demand	~40 Tcf over twenty years; LNG the dominant gas buyer
Supply tightening	Supply tightness emerging and likely to worsen by 2020
Gas prices	Domestic gas prices already reflecting changing market dynamics
Cost Curve	Eastern States gas market cost curve is very steep
Stakeholder response	SA Government and industry promoting new affordable supply options

New gas supply is urgently needed to avoid further demand destruction that could result in long-term economic damage

SOUTHERN COOPER BASIN GAS PROJECT

Eastern Australian Gas Market: Substantial Opportunity

	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	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 probalistic 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 probalistic 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.

Southern Cooper Basin Gas Project: Status

Resource scale	World class onshore gas resource – ideally located.
Reservoir	Favourable reservoir characteristics provide high confidence in future project scale and productivity.
Field operations	Pilot Production Project in PEL96 (STX 66.67% and operator) with 5 test wells in thick extensive coals at the Le Chiffre and Klebb locations. Highly competent and experienced operations team. Continuing to increase productivity, efficiency and on-line field performance.
Gas offtake	Gas offtake agreements in place with Orica, Orora and Brickworks.
Team	Building organisational capability to deliver on key objectives.
Strategy	Well defined commercial development strategy.

Project positioned to deliver on near-term objectives

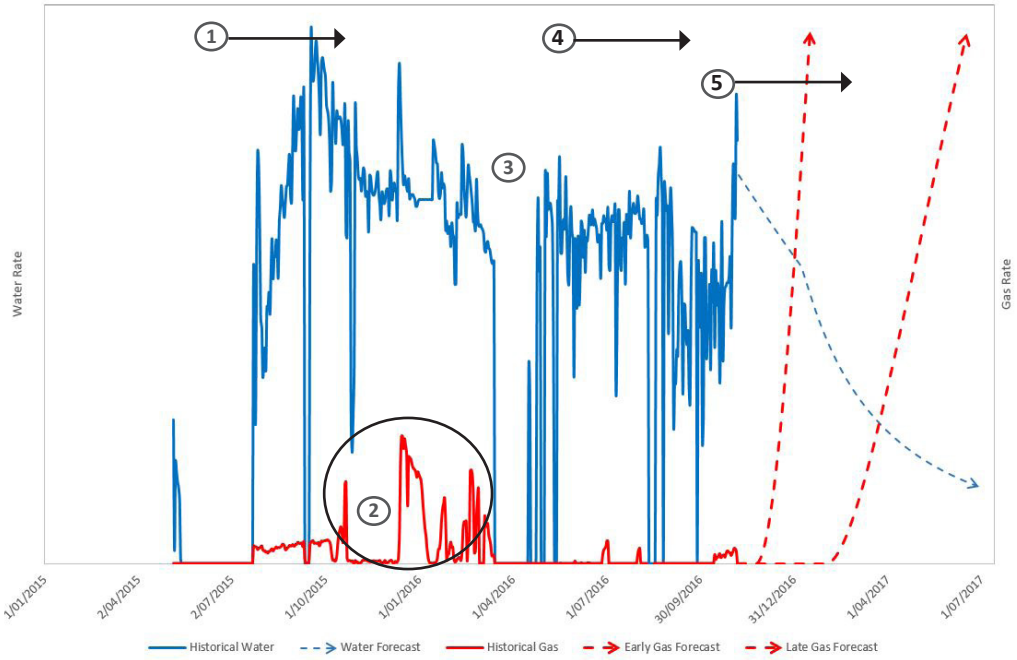
Proof of Concept

Proof of concept will be demonstration of sustained gas flows somewhat above what we have achieved already.

Klebb production testing has repeatedly shown the ability to initiate gas flows:

1. Continuous de-watering periods are required to sufficiently reduce the reservoir pressure and initiate gas flows from the area being drained.
2. Historically, Strike has achieved gas flows, but this has been compromised by mechanical issues and horsepower limitations.
3. An extended shut-in for upgrades stalled the gas desorption process. However the upgrades address these limitations.
4. The well's drainage area expands and the dewatering effort is somewhat increased after the extended shut-in.
5. Increasing rates and consistency, with full redundancy, minimises the expected period to re-establish gas desorption.

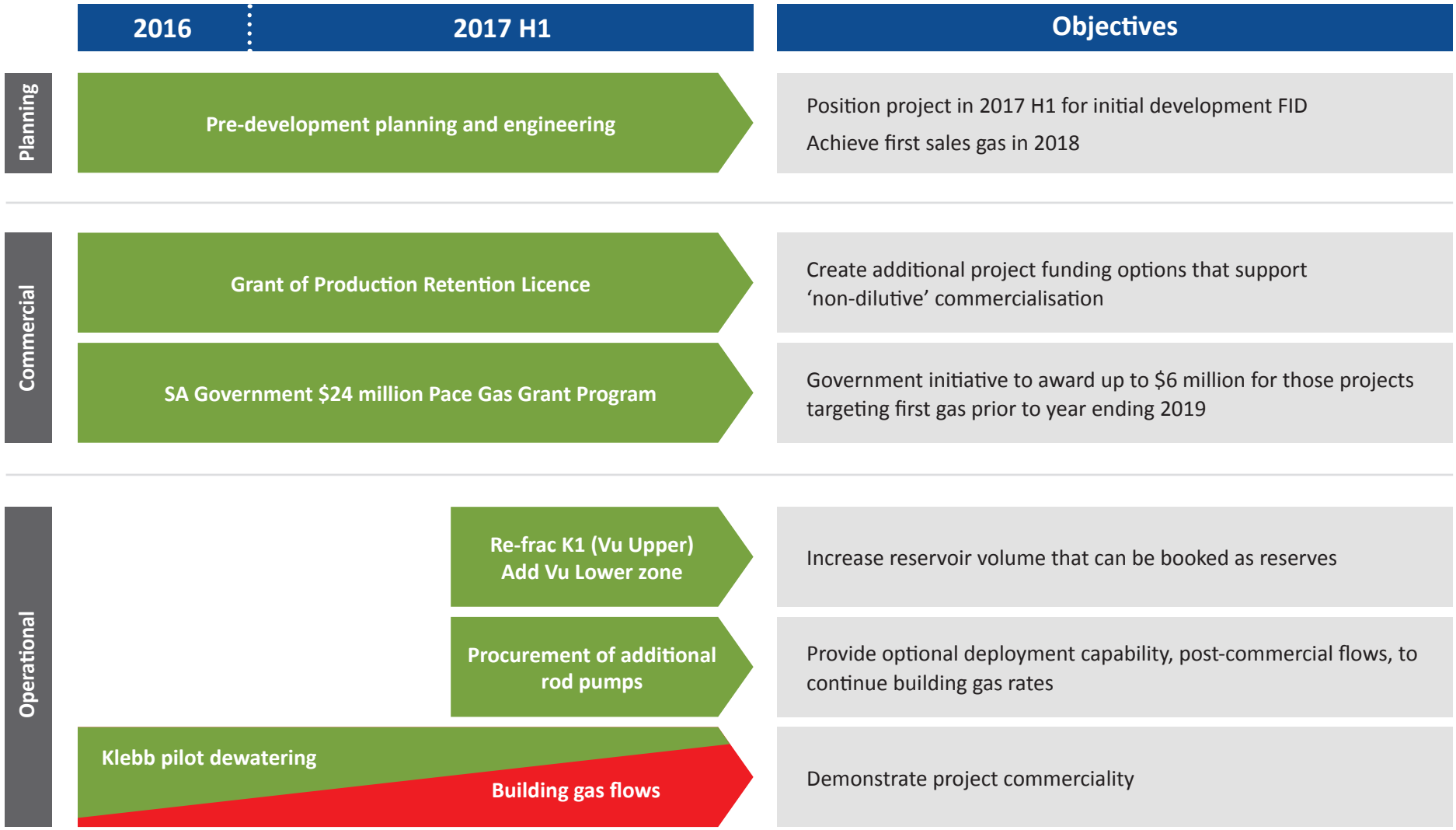
Operational reliability improved to ensure that 3 & 4 above are not repeated.





Success comes from continuous dewatering

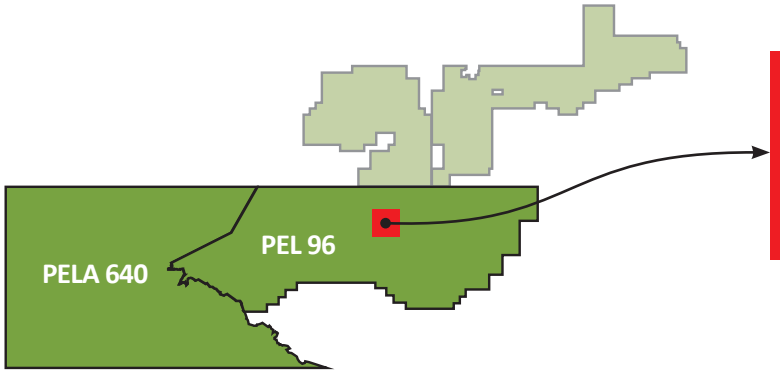
Southern Cooper Basin Gas Project: Planned activities



Southern Cooper Basin Gas Project: Near-term value opportunity

Moving to commerciality and booking first project reserves are the key catalysts that will drive near-term value. Initial development activities within the proposed new Petroleum Retention Licence (PRL) has the potential to position the project to capture significant value by providing critical new gas supply to domestic markets.

Data sharing discussions with industry participants being progressed by Strike to stimulate appraisal of additional multi-Tcf acreage in Patchawarra coals.



PRL
~10% of PEL96 acreage.
Includes Klebb pilot area

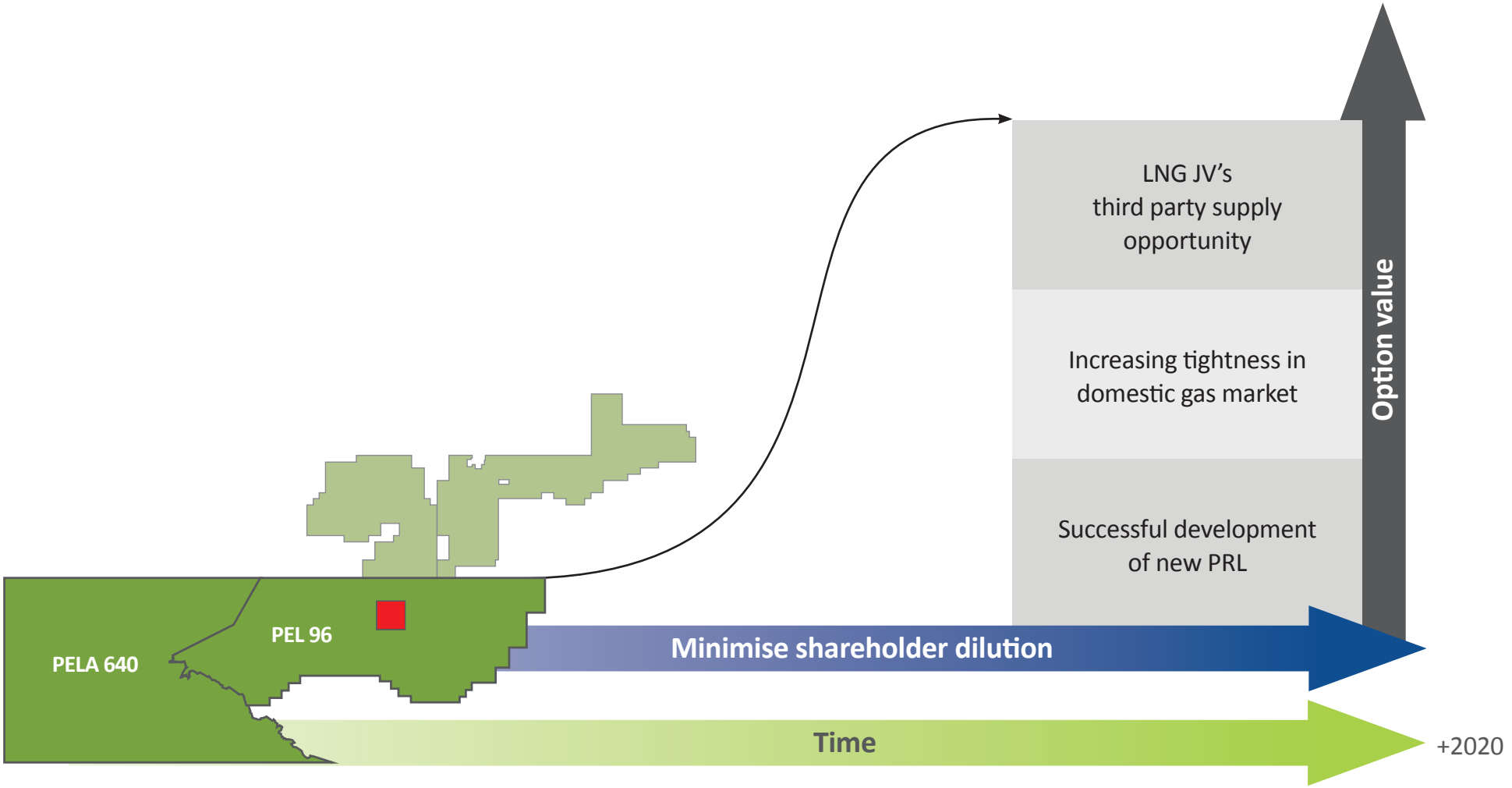
PRL – focus of development activities
New source of affordable gas supply for east coast domestic customers
Provides funding options for initial development
Critical new gas supply source in a market negatively affected by material reserve downgrades and scarcity of new supply options
Significant gas supply opportunity from within PRL area

New PRL the focus of initial development activities to supply domestic gas customers

Southern Cooper Basin Gas Project: Medium-term option value

Grant of the proposed new PRL, together with continued gas market tightness, will highlight the considerable option value available from the underdeveloped acreage across the SCBGP. This acreage can be progressively delineated and developed.

This is a low cost value catalyst that will facilitate large scale commercialisation.



FORWARD PLAN - FUNDING & OBJECTIVES

Raising $4.5m to Fund Operations

Strike is conducting a $4.5 m Pro-Rata Non-Renounceable Rights Offer ("Offer")

- 1 New share for every fourteen (14) Strike shares held.
- $0.07 per New Strike Share.
- Total raising up to $ 4.5 m (before transaction costs).

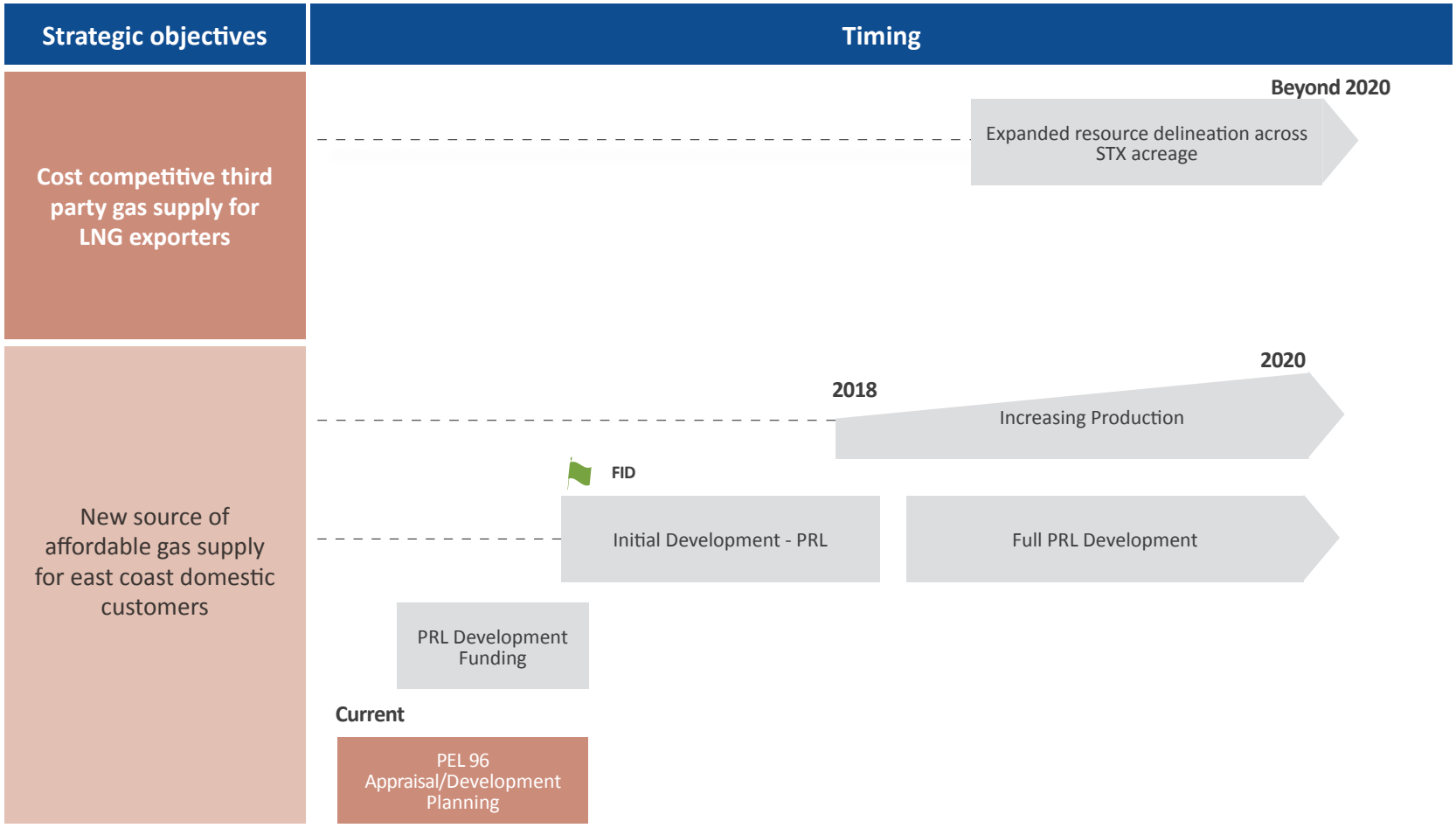
Equity funds raised to be used to fund in part the following activities

- Continue field operations including flow testing of the Klebb pilot wells to achieve commercial flows.
- Conduct development planning activities including well planning and demonstration gas processing facility.
- Engage with industry partners to fund initial development within a proposed Petroleum Retention Licence (PRL), to be carved out of PEL 96.
- The costs associated with the Offer.

The Offer is fully underwritten

- Taylor Collison underwriting the offer in full.
- Sub-underwriting support from largest shareholder (MH Carnegie & Co) and Managing Director.

Southern Cooper Basin Gas Project: Strike's Strategic Timeline



Strike is positioning the Southern Cooper Gas Project to be a key resource in rebalancing the South Australian electricity market and the East Australian gas market

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Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties, many of which are outside the control of Strike Energy Limited. Actual results, actions and developments may differ materially from those expressed or implied by the statements in this presentation.

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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 probalistic 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

Contingent Resource Estimate

Important Notice: continued

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.

