

Quarterly Report Q4/20

Highlights

West Erregulla

- WE3 encounters major Permian over-pressured gas column, indicating ‘filled to spill’ structures along the Permian Gas Fairway. WE3 temporarily suspended.
- Log results in the Dongara and Upper Wagina sandstones from WE3 indicate 6m of conventional net pay at an average porosity of 10.6%.
- Strike and Warrego have executed a binding Heads of Agreement for the joint development of the West Erregulla gas field. Phase 1 gas has been revised upwards to 80 TJ/d.

Corporate

- Strike received \$8 million in historical R&D grants.
- Definitive documentation executed for up to \$28 million bank facility with Macquarie.
- Appointment of Ms Mary Hackett to the Board of Directors.

WA Gas Markets

- APA Group announced its decision to construct the Northern Goldfields interconnect pipeline, which will connect the Perth Basin to the under supplied South East region of WA.
- AEMO Gas Statement of Opportunities released in December acknowledging a looming West Australian domestic gas shortage towards the end of the decade.

Project Haber

- Subsequent to the end of the quarter Strike announced its intention to support the construction of a 1.4mtpa Urea plant near Geraldton in WA which it expects will underpin the commercialisation of its substantial Greater Erregulla conventional gas resources.

Cooper Basin

- Southern Cooper Basin gas offtake options were terminated extinguishing the liabilities from the balance sheet. PEL96 Joint Venture to commence closing down the Jaws pilot.

Comments from Managing Director & CEO Stuart Nicholls:

“It’s been another busy quarter for Strike with drilling operations, WA gas market developments, greenfield project delivery and closing down its Cooper business.

“Importantly new subsurface information has started coming in, which indicates additional prospective upside in the broader Permian Gas Fairway in the Perth Basin. This has the potential to position Strike well to strongly grasp the opportunity of a short gas market with both hands and deliver significant increases in production as we approach the middle of the decade.”

Greater Erregulla

West Erregulla – Joint Development

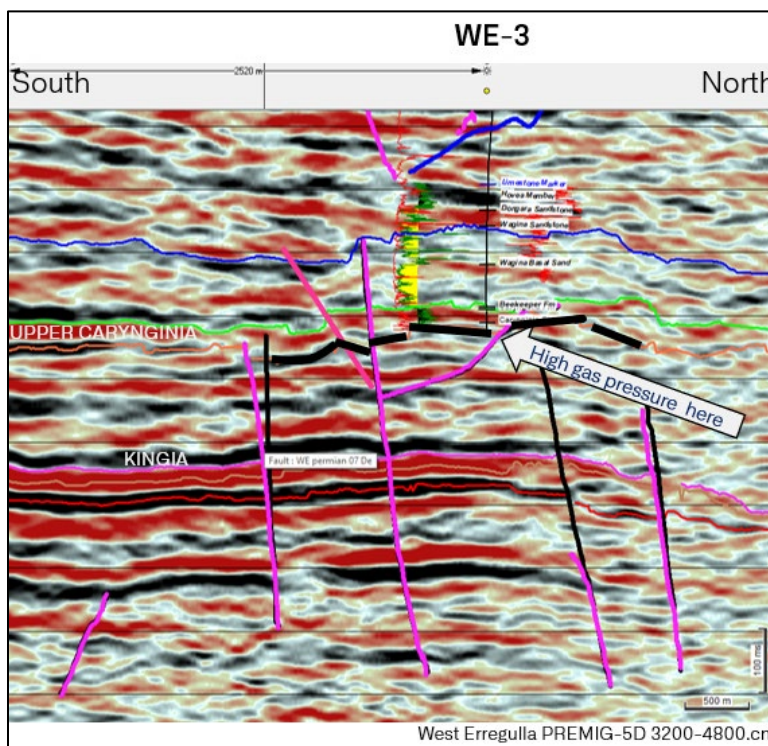
Strike and its partner in EP469, Warrego Energy Limited, signed a binding Heads of Agreement early in the quarter to develop the West Erregulla gas field in EP469. The joint venture agreed an increase in Phase 1 capacity to 80 TJ/d, which will be delivered into the Dampier to Bunbury Natural Gas Pipeline. Australian Gas Infrastructure Group (AGIG) remains the preferred proponent to build, own and operate the Phase 1 facility.

West Erregulla – Appraisal Drilling

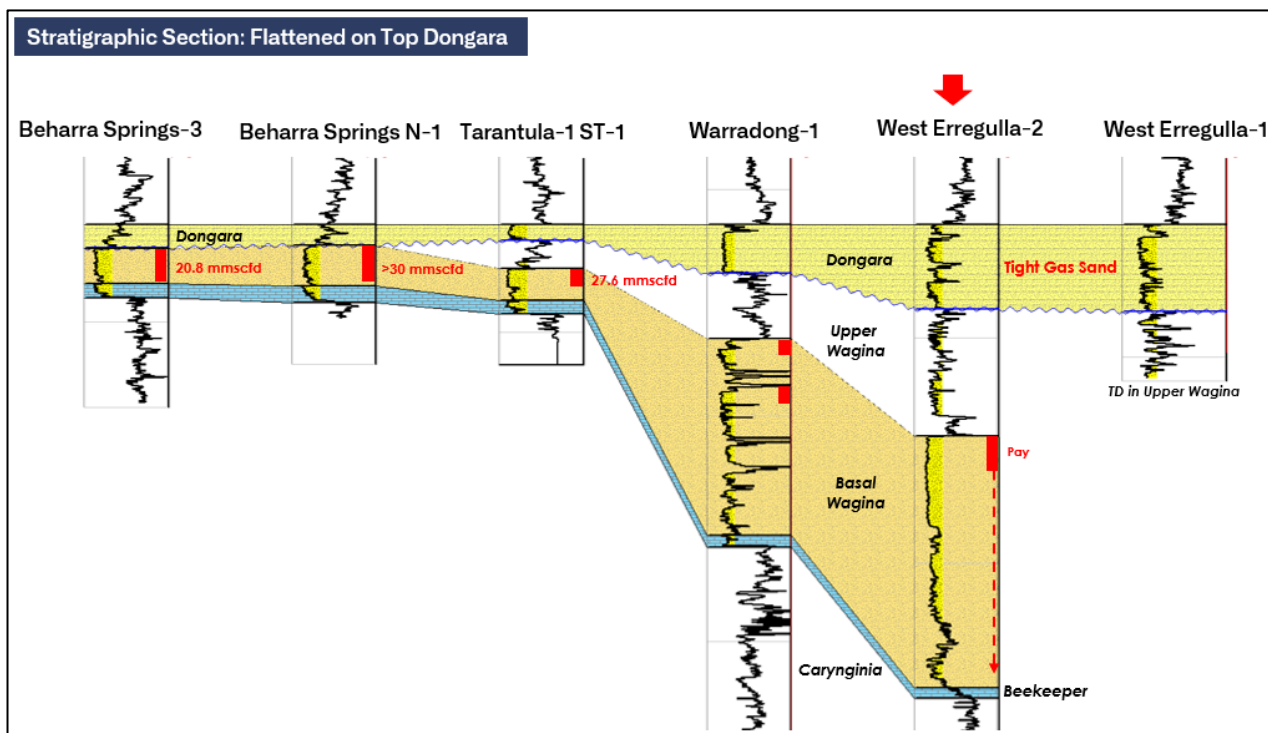
Drilling at West Erregulla 3 had challenges throughout the quarter. These challenges were overcome and provided valuable learnings in how to navigate these ultra-deep wells safely and consistently. During the campaign, Strike added additional drilling resources to its operations group and is confident that it has the right team to achieve the Company's basin wide objectives. Upon WE3 reaching a depth of 4,294m, extreme and abnormally over-pressured gas was encountered. This pressure anomaly required a dramatic increase in mud weight with the support of well control specialists to bring the well back to a balanced state. Sustained, but controlled gas flows and flaring occurred throughout rebalancing operations with an estimated reservoir pressure of ~9,700 psi based on the mud/gas behaviour.

The Company interpreted that WE3 has drilled into a fault zone, which connects the full Permian source rock sequence. This fault zone appears to be connected laterally downdip to the Erregulla half graben, which lies immediately NE of West Erregulla and is a major migratory pathway for generated hydrocarbons. As a result, the Caringinia in the Northern Fault Block of West Erregulla would appear to host an abnormally high, over-pressured and gas charged reservoir. These recent over-pressures are at a magnitude not previously seen in the Perth Basin.

As WE3 passed through the Dongara & Upper Wagina Sandstones, LWD results indicated a large bimodal gas column where conventional potential is represented in streaks throughout the sandstones. Notably, and as announced to the ASX on 23 December 2020, 6m of net pay with average porosity of 10.6% (using an 8% cut-off) has been observed



embedded within a much thicker sequence of over 150m (gross pay) of naturally fractured, low porosity gas-charged sands. No indications of a water leg have been seen and, in addition, drilling performance and mud gas peaks indicate extensive natural fracturing within these sands. Hydrocarbon saturation at WE3 is almost 50% higher than at WE2 suggesting that, on a relative permeability basis, the updip parts of these units will be most conducive to flow. The hybrid, bimodal nature of these late Permian and Lower Triassic sandstones may represent a provincial, basin-centred accumulation that has regional wide upside. This bodes well for additional commercial-conventional and hybrid pay to be identified throughout Strike's Permian gas fairway permits and will help high grade and prioritise further drilling targets.



Whilst both of these events are a very positive indication of the presence of a larger, higher-quality resource at WE3 than anticipated, the unexpected presence of these over-pressures has meant that the WE3 well was required to be temporarily suspended whilst additional well engineering, materials and equipment are procured. In order to maximise rig efficiency, the rig moved to the WE4 well and subsequent to the quarter spud the well to commence drilling operations.

West Erregulla – Development

With the joint venture agreeing the Field Development Plan, Aurecon was able to complete the upstream FEED for the gathering network and infield pipelines. Strike is preparing the upstream components for tendering with the major items and construction tenders expected to complete part way through the following quarter.

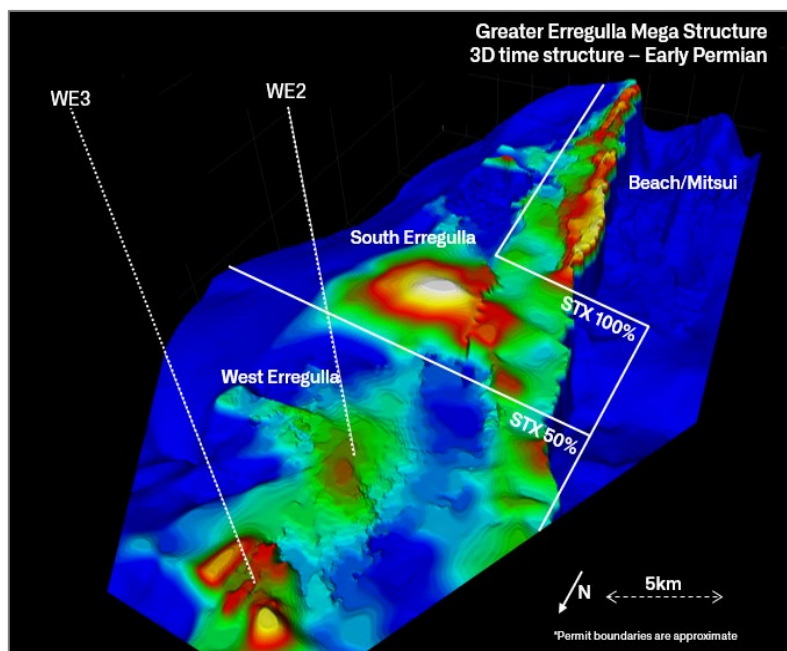
West Erregulla – Finance

During the quarter Strike executed a pre-development debt facility with Macquarie Bank Limited for up to \$28 million to support the drilling costs of the West Erregulla wells. The two-year facility is broken up into two tranches, with the first tranche of \$13 million becoming available for drawdown after achieving financial close for that tranche post the quarter balance date. The second tranche of up to \$15 million is subject to certain drilling milestones and further lender approvals.

During the quarter, Strike in co-ordination with Warrego, re-engaged with several major lending institutions to facilitate project financing. Feedback has been positive and in line with expectations, which is evidentiary of the quality of the project and its foundation customers.

South Erregulla

As the West Erregulla appraisal campaign progressed Strike has been interpreting the subsurface results and including them in the Company's regional geological models. The current interpretation is that the presence of Carynginia shale is very likely the critical success factor of the wider play, in that the Carynginia shale, even where fractured, is a competent caprock. The demonstrated presence of a competent, over pressured, gas charged, caprock/source rock, coupled with data from WE2 showing the Kingia formation below it is normally pressured, suggests that the Permian

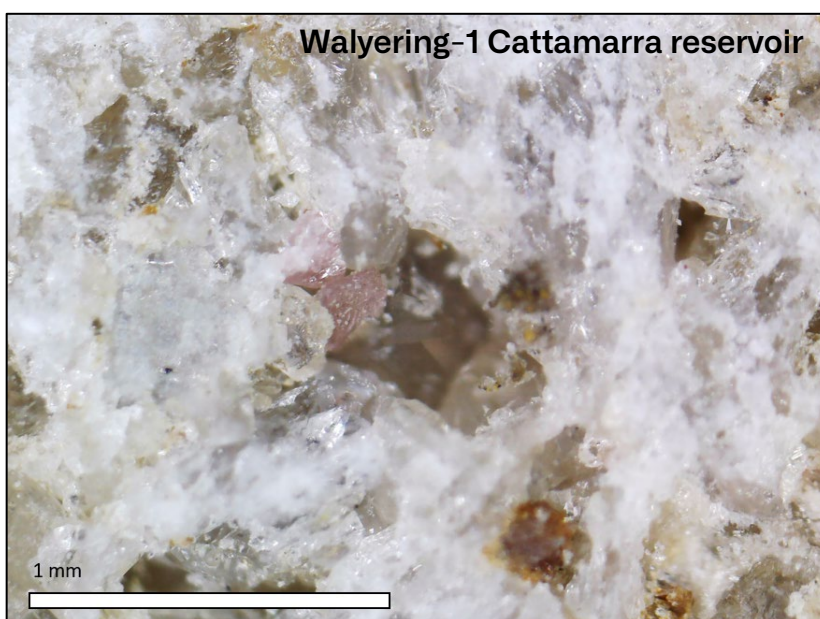


structures throughout the Greater Erregulla region are likely 'filled to spill', in that the entire trap and associated reservoirs are likely gas saturated down to the spill point. This bodes well for extension of gas charge into all structures mapped within the Greater Erregulla region. The Carynginia shale has been mapped on seismic over the top of South Erregulla, which is an exciting development for Strike's potential well into the structure later in 2021.

Walyering

During the quarter Strike completed the initial well design for the Walyering-5 appraisal well and commenced land-holder engagement.

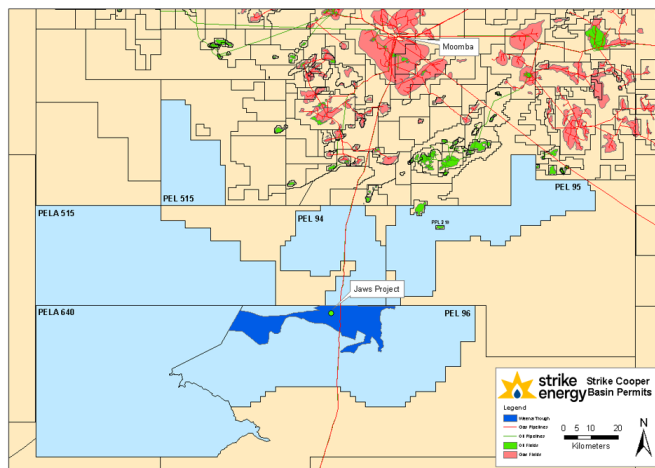
Walyering-5 will be the first well to be drilled after the West Erregulla appraisal campaign and will be targeting the Walyering structure in the Cattamarra Coal Measures, which sits at around 3,100m. The well whilst targeting a modest in place resource in comparison to the Permian targets, has the opportunity to prove up the diagnosable and conventional potential of the Jurassic wet gas play in the Cattamarra sequence where Strike has 1,853 km² acreage.



Also, during the quarter, cores from Walyearing-1 (drilled in 1971 and flowed 13.5mmscf/d on test) were pulled from the core library in order to conduct analysis on porosity and permeability mechanisms in the Cattamarra. Petrography work on these cores is being used to calibrate the geophysical results and corresponding QI results, which indicates the amplitude response seen over the top of the Walyearing structure is indicative of the presence of coarse grain sandstones that hold conventional porosity. Additional subsurface work will be conducted in the lead up to the drilling of Walyearing-5.

Cooper Basin

With the Southern Cooper Basin Gas Project not yielding a sustained commercial rate of gas production, Strike decided to cease piloting operations. Late in the quarter, Strike provided notices and entered into agreements with its various counterparties to terminate and end the three gas offtake options associated with the Southern Cooper Basin Gas Project. With the termination of these options and in conjunction with the impairment taken late last year, Strike is in process of safely mothballing the pilot with a completion date of end February 2021.



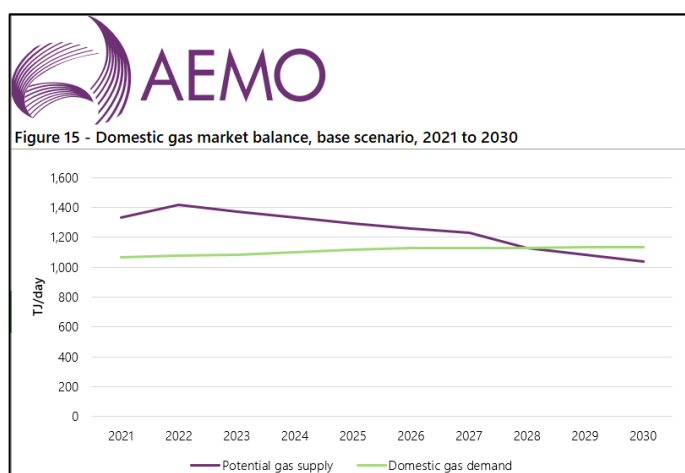
In the Company's FY20 accounts, it recognised \$12.3 million of unearned revenue associated with the above agreements and the Southern Cooper Basin Gas Project. The Company extinguished the 'other liabilities' as associated with these amounts and will assess its options with regards to its interests in the Cooper Basin. With the cessation of the pilot and exiting the associated agreements, Strike has remedied its affairs in its legacy assets and is applying its sole focus and capital to its substantial Perth Basin position

WA Gas Market

During the quarter, APA group announced its decision to build a pipeline connection to the energy constrained Goldfields from the Perth Basin. This is demonstrable evidence that large scale, low-cost, onshore gas resources can facilitate economic development and investment in broader infrastructure.

Through APA's investment in this pipeline, Strike's significant onshore gas assets will become the closest source of supply to the Goldfields region, which in turn will enable customers in that market to make material savings on energy transportation by purchasing Perth Basin gas. With these developments, Strike's geographical advantage will now grow from 70% to more than 80% of the existing WA domestic gas market.

Also, during the quarter, the Australian Energy Market Operator released their



annual update on the supply and demand outlook for WA domestic gas. Consistent with what Strike has been indicating for some time, AEMO are forecasting a looming gas shortage expected to emerge from 2029. AEMO also indicated that nearly 50% of the current domestic gas market will enter into the recontracting cycle by 2025. This all points to excellent market positioning for Strike as it prepares to embark on an exciting drilling campaign to build out its Perth Basin resource position to capture additional domestic market.

Project Haber

As announced after the balance date for the quarter, Strike and TechnipFMC have completed feasibility studies on a 1.4 mtpa urea production facility, which would process gas from Strike's Greater Erregulla development in the Perth Basin. Natural gas is a critical input into ammonia and urea production, and access to competitively priced gas from Strike Perth's Basin resources will be a key enabler for the project.

In parallel Strike has been awarded (subject to final execution) an option for a long-term lease over a 60-hectare site in Development WA's Narngulu Industrial Estate. The site is adjacent to the Geraldton Port and has direct access to State rail and road networks.

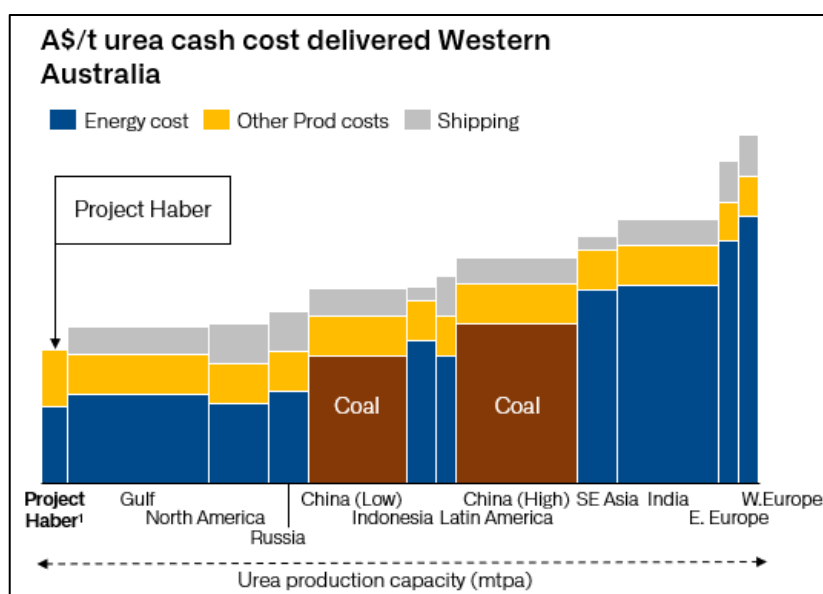
Strike's world class low-cost onshore gas resources in the Greater Erregulla region will form the backbone of the commercial viability of the project. Project Haber will consume 86 TJ per day of natural gas, and up to 628 PJ over a 20-year timeframe.

The Narngulu location has been chosen due to its proximity to Strike's Perth Basin gas fields and access to transport and shipping options. Whilst the economics are supported by Strike's high quality, low-cost gas, it is envisaged that over the useful life of the plant an increased amount of green hydrogen would supplant the raw gas input. As such, Project Haber includes the construction of a 10MW hydrogen electrolyser which will enable Strike to take advantage of the abundant local wind energy generated in the Mid-West region to form a green hydrogen input stream, which would represent approximately 2% of the initial hydrogen consumed.

The total development is estimated to cost approximately US\$1.8 billion (A\$2.30 billion) with a 20-30 year useful life. Gross fertiliser revenues from Project Haber are estimated between approximately A\$540-700 million per annum, based on current urea prices in both wholesale and direct markets.

Strike has entered into discussions with several parties with an interest in securing offtake and or equity in the project. In Q2/21, Strike will commence a formal offtake tender with various Australian and international urea consumers.

With the competitive advantage of a low-cost gas input, access to transport infrastructure and proximity to Australian fertiliser consumers, Project Haber is expected to deliver more competitively priced urea than international imports into Australia.



Sources: CF Fertilisers, Strike Energy analysis. Based on 2018 inputs costs of energy. Henry Hub ~US\$3.10/mmbtu.

¹ x-axis for Project Haber not to scale and is for illustrative purposes

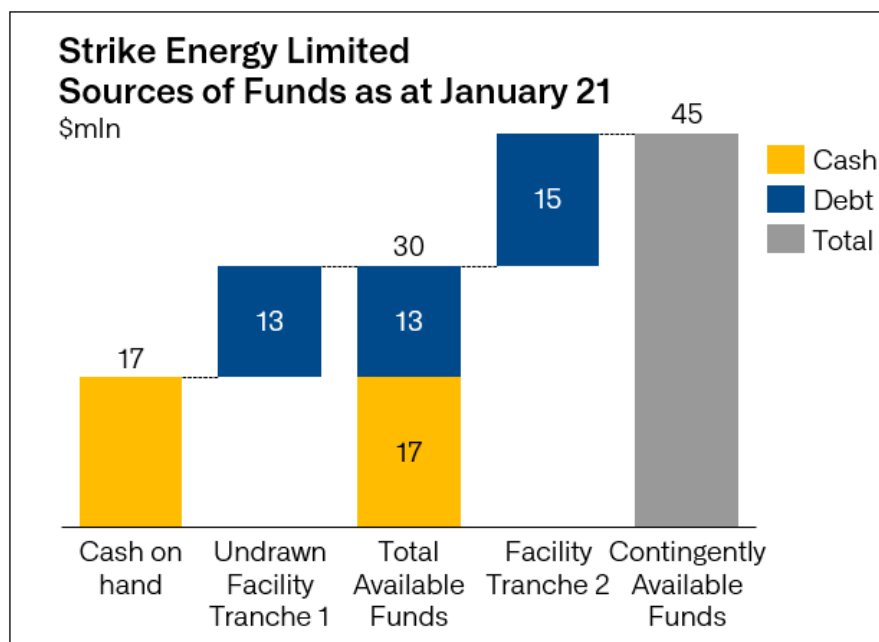
Strike plans to secure offtake agreements for up to 80% of the product prior to entering into front-end engineering and design for the project.

Towards the end of 2021, Strike will begin marketing equity participation in Project Haber, where Strike expects to retain a ~30% carried interest in the project. Between the fertiliser and gas sales revenues, Strike expects to generate superior returns and ultimately a higher realised price for its look through gas supply than, the current long term WA domestic gas price expectations.

Corporate

During the quarter Strike's expenditure focused on the appraisal drilling program for West Erregulla.

Strike's consolidated cash balance was approximately \$17 million at the end of the quarter. Also, and as advised above, Strike entered into definitive documentation for an up to \$28 million debt facility from Macquarie Bank Limited. Financial close for the initial \$13 million tranche was completed shortly following quarter end and is now available for full drawdown.



As announced in August 2020, Strike reached a positive settlement with Innovation & Science Australia with regards to Strike's Research & Development matters that had been under formal review. During the quarter, Strike received \$8 million as a result of this settlement.

As ratified at the Company's AGM during the quarter, Ms Mary Hackett was appointed to the Board of Directors. Strike is extremely fortunate to have someone of Ms Hackett's calibre on the board. Ms Hackett brings a wealth of experience from her time as an executive at both Woodside Energy and GE Oil and Gas and also her ESG experience, where she currently fulfills that role as a Non-Executive Director for Northern Star Resources Limited.

With the shutdown of the Southern Cooper Basin Gas Project and the increase in operational focus, investment and opportunity for Strike in the Perth Basin, the Board of Directors has decided to close the South Australian office and relocate the head office to Perth, where the Company currently runs its drilling and commercial operations from. Adelaide has been a welcoming home for Strike since 2017, and the access to a wealth of onshore gas experience from the industry in South Australia was a key foundation of the Company's evolution. Some changes to key personnel are expected to occur with the transition of the office, and Strike's Board are actively managing the business continuity with particular consideration to the operational timelines of the Company's various projects.

As outlined in the attached Appendix 5B (section 6.1) \$130,000 in payments were made to related parties for director fees.

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 (Walyering) ¹	Perth Basin	Strike	100%	274,287	274,287
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

1. Strike entered into an agreement to sell 45% interest in EP447 to Talon Petroleum. Transfer of the 45% farmin interest to Talon Petroleum is currently pending with registration of the transfer expected to occur in Q420.

Future Statements

Statements contained in this release (including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, oil and gas prices, reserve or resource potential, exploration drilling, potential growth of Strike, industry growth and any estimated company earnings) are or may be forward looking statements.

Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties associated with oil, gas, geothermal and related businesses, many of which are outside the control of Strike, and are not guarantees of future performance.

Although Strike believes that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results, actions and developments to differ materially from those expressed or implied by the statements in this presentation, including, but not limited to: price fluctuations, actual demand, drilling and production results, reserve estimates, regulatory developments, project delays or advancements and approvals and costs estimates.

Subject to any continuing obligations under applicable law and the Listing Rules of ASX Limited, Strike does not undertake any obligation to publicly update or revise any of the forward looking statements in this release or any changes in events, conditions or circumstances on which any such statement is based.

This announcement is authorised for release by the Managing Director and Chief Executive Officer in accordance with the Company's Continuous Disclosure Policy.



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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STRIKE ENERGY LIMITED

ABN

59 078 012 745

Quarter ended ("current quarter")

31 December 2020

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	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(1,147)	(1,851)
	(e) administration and corporate costs	(288)	(1,041)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	151	195
1.5	Interest and other costs of finance paid	(6)	(11)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	7,998	7,998
1.8	Other (cost recoveries from JVs)	720	1,296
1.9	Net cash from / (used in) operating activities	7,428	6,586
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(47)	(93)
	(d) exploration & evaluation	(7,618)	(13,067)
	(e) investments	-	-
	(f) 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Advances made from JV participants)	-	1,000
2.6	Net cash from / (used in) investing activities	(7,665)	(12,160)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	169	919
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	169	919

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,983	21,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,428	6,586
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,665)	(12,160)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	169	919

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	5	10
4.6	Cash and cash equivalents at end of period	16,920	16,920

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	15,636	14,737
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (share of JV bank accounts)	1,284	2,246
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	16,920	16,983

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	130
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	2,000	319
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	2,000	319
7.5	Unused financing facilities available at quarter end		1,681
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. Macquarie Bank Limited Facility - \$13 million (of which \$2 million was available at 31 December 2021 and remaining \$11 million subsequently became available in January 2021.) Interest rate – 11% + bank bill swap rate Maturity Date – 12 November 2022 Secured facility		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	7,428
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(7,618)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(190)
8.4	Cash and cash equivalents at quarter end (item 4.6)	16,920
8.5	Unused finance facilities available at quarter end (item 7.5)	1,681
8.6	Total available funding (item 8.4 + item 8.5)	18,601
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	98
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions: 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? Answer: - 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? Answer: -	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: -

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 28 January 2021

Authorised by: Justin Ferravant CFO & Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.