

The Company Announcement Officer  
ASX Ltd  
*via electronic lodgement*

## SOUTHERN COOPER BASIN GAS PROJECT UPDATE

- **Key project milestones successfully achieved following completion of the appraisal drilling program**
- **Klebb 1 highlights:**
  - **Over 145m of net coal encountered with strong gas shows while drilling**
  - **Target coals encountered at Klebb 1 are 35% thicker than at Le Chiffre 1 and confirm the presence of a substantial, continuous gas resource directly under the Moomba to Adelaide gas pipeline**

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Strike Energy Limited (ASX:STX) ("Strike") is pleased to advise that the Southern Cooper Basin Gas Project appraisal drilling program has been successfully completed. The results obtained from the Le Chiffre 1 and Klebb 1 wells have materially de-risked key parameters underpinning project resource and cost estimates ahead of the next stage of the project's commercialisation.

### **KLEBB 1**

The Klebb 1 well was drilled to a total depth of 2,193m and cased using premium casing to allow for future fracture stimulation and flow testing.

**Wireline logs have shown over 145m of net coal was encountered in the well.**

In particular, 89m of coal was observed in the Patchawarra Formation, including one continuous 34m thick seam and two other seams each over 15m thick.

Notable increases in gas readings were recorded while drilling through coals encountered in the well. The increase in gas readings with depth was consistent to that observed in the Le Chiffre 1 well.

## PROGRAM HIGHLIGHTS

While data obtained from the Le Chiffre 1 and Klebb 1 wells will continue to be analysed through Q1 2014, preliminary results confirm:

- The presence of a continuous coal system in the Weena Trough in PEL 96, with very thick coal development in excess of our pre-drill estimates observed in both wells as outlined below.

Well	Pre-drill net coal mean estimate (m)	Actual net coal (m)	% of Pre-drill estimate
Le Chiffre 1	89	105	118%
Klebb 1	89	147	165%

- Coals encountered in the primary target horizons are in the peak gas generation window for inertinite rich coals and have very low moisture contents. These observations together with the gas shows recorded while drilling indicate that the coals are gas saturated with free gas present in the coal pores. This highlights the potential for these coals to produce gas without material associated water production.
- Relatively shallow well depths (<2,200m) combined with very thick coals will allow simple, low cost drilling, completion and production programs to be implemented.

## NEXT STEPS

A comprehensive completion, testing and production optimisation program is currently being developed. The program's main objective is to determine a development plan for the resource and will involve a series of drilling, completion and production trials to optimise project economics.

As gas is already being successfully produced from deeper Cooper Basin coals after fracture stimulation, the first trial under the program will involve a fracture stimulation and production test at both LeChiffre 1 and Klebb 1 during Q2 2014. Planning and environmental assessments for this program are well advanced.

Results from the initial production trial will then underpin further technology and production testing to optimise project economics.

## MANAGING DIRECTOR QUOTE

*"We are very encouraged by the results from our initial Southern Cooper Basin drilling program, which have exceeded our pre-drill expectations."*

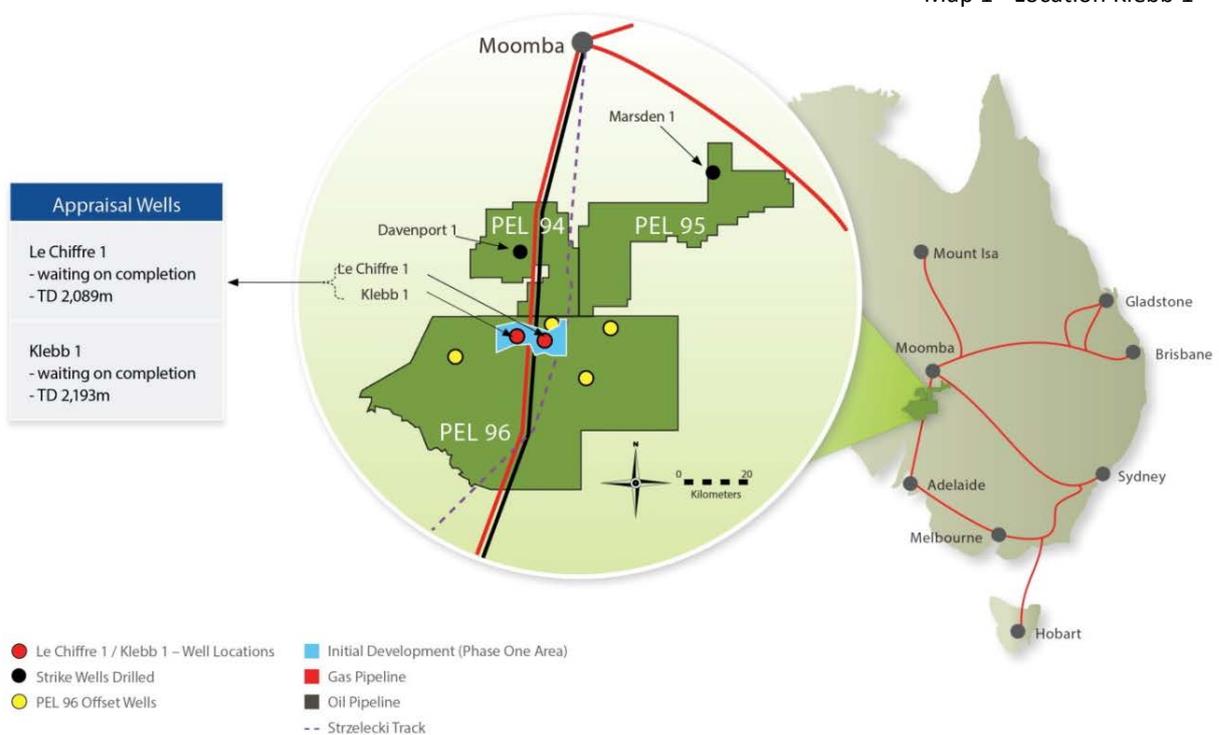
# ASX Announcement

8 January 2014

*The Le Chiffre 1 and Klebb 1 wells have confirmed both the presence and continuity of a thick gas saturated coal system in PEL 96 and provide the foundation for production testing as the next step in the development of the Southern Cooper Basin Gas Project.*

*Recent advances in fracture stimulation techniques have led to improved gas flows from coals deeper in the Cooper Basin and have increased our confidence in the productive potential of the extensive, shallower coals we have discovered in PEL 96."*

Map 1 - Location Klebb 1



Yours faithfully



DAVID WRENCH  
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