

The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

- **Klebb Phase 3 flow test program ahead of schedule**
- **Klebb 2 and 3 frac program to be completed by end of June**

Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update on operations at its Southern Cooper Basin Gas Project in PEL 96 (Strike 66.7% and Operator, Energy World Corporation (ASX:EWC) 33.3%).

Program Overview

Operations to enhance the water and gas production capacity of the 3 Klebb wells are well underway (Phase 3 flow test program). The work program comprises the following activities:

- **Klebb 1**

The current jet pump will be replaced with a rod pump. This will allow fixed water production rates to be maintained at lower reservoir pressures and will also facilitate down-hole gas separation, further reducing back-pressure on the well. The maximum water rate attainable with the beam pump is expected to be similar to the rates achieved with the jet pump of around 500 bwpd.

- **Klebb 2 and 3**

The Vu Upper zone at Klebb 2 and 3 will be fracture stimulated pumping approximately double the volume of fluid and proppant as used at Klebb 1. The current downhole jet pump assemblies will be used with each well having a dedicated surface pump. This will allow both wells to be run at the maximum pump capacity and the stimulated completions are expected to result in substantially higher productivity.

The maximum combined water flow rate we have been able to achieve from the Klebb wells to date is 900 bwpd and we expect to be able to double this rate once the current work over program is completed. This will accelerate reservoir pressure reduction around the Klebb 1 well in particular and provide comparative data on fracture stimulation performance.

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Program Status

The frac spread is currently in the process of rigging up on Klebb 2 with the job planned to be pumped on Friday. The unit will then move to Klebb 3 to pump the second frac over the weekend.

Flow back of Klebb 2 and 3 will commence immediately following completion of the fracs and the down-hole jet pump completions will then be run in the wells once the preliminary clean-up flow has been completed.

A rig is planned to commence the work over of Klebb 1 this weekend, pulling the tubing, packer and jet-pump assembly out of the well and running in larger tubing and the rod-string for the rod pump completion.

Le Chiffre 1 Status

Le Chiffre 1 has been shut in since 26 April 2015 for long term pressure build up measurement. Analysis of the data indicates that the average reservoir pressure around the well has been reduced to approximately 2,400psia from an initial reservoir pressure of approximately 2,900psia.

This information confirms previous observations that the well is connected to a substantial but finite reservoir volume and water inflow from the reservoir is manageable. Further, the coal reservoir has high gas saturation as sustained gas flows have been achieved following minimal reservoir pressure reduction.

Flow testing of the Le Chiffre 1 well is planned to recommence late in July, construction of additional surface water storage capacity will be required to continue extended flow testing at this location.

Yours faithfully



DAVID WRENCH
Managing Director