

The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

- **Klebb Phase 3 flow testing program on track**
- **Key indicators confirm progress toward commercial gas rates**

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 66.67% and Operator, Energy World Corporation (ASX:EWC) 33.33%).

Program Status

Over the past 3 weeks, flow testing operations at the Klebb location have continued to be focussed on building production rates. Increases in pumping rates have been managed in a controlled manner and the response of the wells, confirmed by pressure data, water and gas production rates and other field information, has reinforced the effectiveness of this approach. While the wells have not yet reached maximum water production rates, production performance to date has demonstrated encouraging results:

- Productivity of the wells is in line with expectation and is significantly higher than previously achieved. Klebb 2 and Klebb 3 are currently each producing approximately 550 bwpd at approximately 85% of the maximum pump capacity.
- Klebb 1 is producing approximately 200 bwpd, about 50% of the beam pump's capacity. Significantly, these rates are sufficient to reduce bottom hole flowing pressure in the well at lower rates than had previously been required. This confirms that the offset wells (Klebb 2 and 3) are effectively constraining the Klebb 1 drainage area - a critical objective of this program.
- Even though reservoir pressure reductions in the current testing period have yet to reach levels achieved prior to the shut in, gas rates at all wells are already higher than previously observed.
- Gas production per barrel of water produced is approximately double the rate achieved during the previous testing phase.

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Forward Plan

Pump rates at Klebb 2 and Klebb 3 will continue to be ramped up over the next few weeks and, once maximum capacity has been reached, testing will continue with a focus on maintaining stable flows with minimal operational downtime. The objective of this phase of testing is to maintain high flow rates from Klebb 2 and Klebb 3 so as to limit the reservoir volume accessible by Klebb 1. Klebb 1 can then be operated to accelerate pressure reduction in the reservoir around the well to promote increased gas desorption and production.

Managing Directors Comment

"We are extremely pleased with the early results and well performance that we are seeing. All the indicators are pointing towards commercial gas rates being achievable – the key will be to maintain stable and trouble free flow testing over the coming months."

Yours faithfully



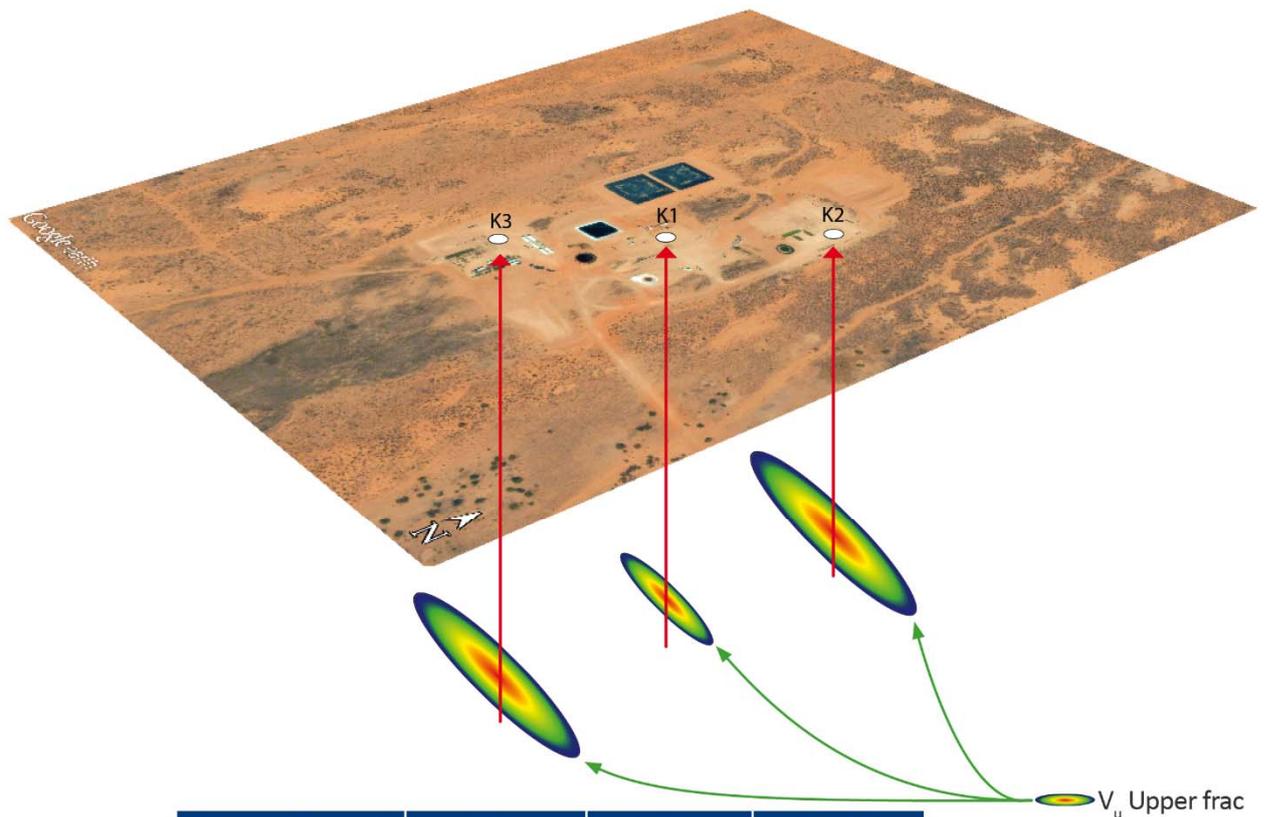
DAVID WRENCH
Managing Director



Klebb 1 Beam Pump

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Klebb pilot production test schematic



V _u Upper (35m seam)	Klebb 3	Klebb 1	Klebb 2
FRAC DETAILS			
Proppant pumped	104,000 lbs	59,000 lbs	125,800 lbs
Fluid pumped	1,780 bbls	460 bbls	1,803 bbls
PUMP TYPE	Jet	Beam	Jet