

The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

- **Record gas flows achieved by the Klebb Phase 3 pilot**

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%).

Klebb Production Test Update

Excellent progress towards commercial gas flows continues to be made by the Klebb pilot with particularly pleasing rates achieved by the Klebb 2 and 3 wells.

Klebb 3 – December 2015



Klebb 2 and Klebb 3 have performed well with strong, consistent gas flows and stable water production. Work is ongoing to optimise the capacity of the Klebb 2 and 3 jet pumps through adjustments to the downhole pump and surface equipment configuration to maximise performance.

The beam pump at Klebb 1 has operated with very high availability and the well is producing gas consistently. However, we have not yet been able to achieve stable downhole gas separation to prevent gas from entering the pump and tubing. As a result, the pump operating rate has had to be limited to minimise the risk of a pump failure.

Observations

The testing program has achieved water flow rates and bottom hole pressure reductions required to create and sustain low pressure zones around each of the wells. Significant increases in gas flow rates are recorded as these low pressure zones expand away from the wells and the volume of coal below critical gas desorption pressure increases. The rate at which the low pressure zones grow is driven by the rate at which water is produced from the reservoir and the time required to reach commercial gas flow rates simply depends on how quickly the low pressure zones expand.

Production testing will continue over the Christmas and New Year period with a focus on maximising water and gas flow rates.

Managing Directors Comment

"We are really excited by the performance of the Klebb Phase 3 pilot wells. We are building momentum and fully expect that the wells will demonstrate productive capacity exceeding our threshold commercial gas rates."

Yours faithfully

A handwritten signature in black ink, appearing to read "DWrench", with a long horizontal line extending to the right.

DAVID WRENCH
Managing Director