

11 November 2016

***Sent via email***

Dear Optionholder

### **Non- Renounceable Rights Issue**

We wish to advise you that today Strike Limited (ASX: "STX") (**Strike**) announced a fully underwritten non-renounceable pro-rata rights issue of one (1) ordinary share for every fourteen (14) ordinary shares held by eligible shareholders on the record date, at an issue price of \$0.07 (7 cents) per new share, to raise up to approximately \$4.5 million (before costs and expenses) (**Rights Issue**).

The purpose of this letter is to advise you of the upcoming Rights Issue and to advise you that as an option holder you cannot participate in the Rights Issue without first exercising some or all of your options that are able to be exercised prior to the record date, being 7pm (Sydney time) on Monday 21 November 2016 (**Record Date**). **If you do not wish to participate in the Rights Issue (in respect of your options) you do not need to take any action.**

A summary of the key details of the Rights Issue are set out below.

### **Key details of the Rights Issue**

- Every person who is registered as the holder of Strike shares with a registered address in Australia or New Zealand as at the Record Date will be entitled to participate in the Rights Issue (**Eligible Shareholders**). Shareholders with registered addresses in countries other than Australia and New Zealand will not be eligible to participate in the Rights Issue.
- Under the Rights Issue, Eligible Shareholders will be entitled to apply for one (1) new Strike share for every fourteen (14) Strike shares they hold as at the Record Date, at \$0.07 (7 cents) per new share.
- Eligible Shareholders will be offered the opportunity to apply for shares in excess of their entitlement (at the same price as their entitlement, of \$0.07 per share) under a 'Top-Up Facility' comprising any shortfall in acceptances for the Rights Issue (**Top-Up Facility**). The Top-Up Facility will be provided in priority to the Underwriter and the sub-underwriters.
- The issue price for the Rights Issue represents a discount of approximately:
  - 21.3% to the closing price of Strike's shares on 10 November 2016;
  - 26.8% to the 30 day volume weighted average price of Strike's shares prior to 11 November 2016; and

- 21.8% to the 10 day volume weighted average price of Strike's shares prior to 11 November 2016.
- The Rights Issue is fully underwritten by Taylor Collison Limited.
- The proceeds of the Rights Issue, after payment of the costs and expenses of the Rights Issue, will be used to fund in part the following activities in relation to Strike's majority owned and operated PEL 96 project:
  - Continuation of field operations, including flow testing of the Klebb pilot wells to achieve commercial flows;
  - development planning activities, including well planning and demonstration gas processing facility; and
  - Engaging with industry partners to fund initial development within a proposed new Petroleum Retention Licence (PRL), to be carved out from PEL 96.
- The Rights Issue is non-renounceable. This means that shareholders' right to subscribe for new Strike shares under the Rights Issue are not transferable.
- The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth), as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

Full details of the Rights Issue are set out in the Offer Memorandum and Appendix 3B lodged with ASX on Friday 11 November 2016. The Offer Memorandum will be available to download at both [www.asx.com.au](http://www.asx.com.au) using ASX code "STX" and at Strike's website [www.strikeenergy.com.au](http://www.strikeenergy.com.au)

#### **Instructions for Exercise of Options:**

To be eligible to participate in the Rights Issue in respect of the Strike shares to be issued on exercise of the Strike options you hold, you must exercise those options and be registered as the holder of the underlying Strike shares with a registered address in Australia or New Zealand by the Record Date.

To exercise some or all of your Strike options you will need to:

1. give notice, in writing, to Strike in accordance with the terms and conditions of the options; and
2. pay to Strike the exercise price for each Strike option exercised (note that funds must be cleared before Strike will issue the shares underlying the options).

#### **Adjustment to Exercise Price**

If you do not wish to participate in the Rights Issue and accordingly do not exercise your options, and if the terms of your options permit a change in exercise price of your options in

the event of a pro-rata issue of Strike shares, then after the closing date of the Rights Issue an adjustment will be made to the exercise price of your options calculated in accordance with the terms of your options.

### Rights Issue Timetable

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
<b>Announcement of Rights Issue</b> – Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX	Friday 11 November 2016
<b>Notice to Shareholders</b> – notice of Offer sent to Shareholders containing information required by Appendix 3B	Thursday 17 November 2016
<b>Ex date</b> – the date on which Shares commence trading without the entitlement to participate in the Offer	Friday 18 November 2016
<b>Record Date</b> – the date for determining entitlements of Shareholders to participate in the Offer	7pm (Sydney time) on Monday 21 November 2016
<b>Offer Memorandum sent to Shareholders</b> – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance	Wednesday 23 November 2016
<b>Closing Date</b> – the last day for receipt of Acceptance Forms or BPAY payment	5pm (Sydney time) on Monday 5 December 2016
<b>Deferred settlement trading commences</b> – New Shares commence quotation on ASX on deferred settlement basis	Tuesday 6 December 2016
<b>Shortfall notification date</b>	Thursday 8 December 2016
<b>Issue date</b> – allotment of New Shares Deferred settlement trading ends	Monday 12 December 2016
<b>Expected commencement of normal trading in New Shares on ASX</b>	Tuesday 13 December 2016
<b>Despatch of holding statements to Shareholders who accepted the Offer</b>	Wednesday 14 December 2016

Strike reserves the right to amend this timetable subject to the Listing Rules and the underwriting agreement.

You are encouraged to read the Offer Memorandum lodged with ASX on 11 November 2016

(and will be available to download at [www.asx.com.au](http://www.asx.com.au), using ASX code "STX") fully before exercising any of your Strike options.

If you have any queries about the exercise of your options or the Rights Issue, you should consult your stockbroker or other professional adviser or contact Strike's Share Registry, Boardroom Pty Limited, on on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia);

Yours sincerely

A handwritten signature in black ink that reads "David Baker".

**David Baker**  
**Managing Director**