

The Company Announcement Officer ASX Ltd

*via electronic lodgement*

## Southern Cooper Basin Gas Project Commercial Update

Strike Energy Limited (ASX: STX) ("Strike") is pleased to provide an update on 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**

Stable de-watering operations have been successfully maintained at the Klebb pilot, with flaring from both Klebb 1 and Klebb 3 throughout the last month. The dewatering process in sufficiently lowering reservoir pressure to realise commercial gas flows has continued tracking to plan and in line with expectations. Average uptime of 98% for the Klebb 1, 2 and 3 wells has been achieved since 1 January 2017.

Flow testing will proceed with a continued focus on maintaining reliable pumping operations and low flowing pressures required to build gas flows.

Procurement for the conversion from jet-pump dewatering in Klebb 2 and 3 to long-term gas producing beam-pump completions is advanced and on track for deployment in the second quarter of calendar 2017.

### **Orica GSA Discussions**

As previously advised on 11 and 22 November, 2016, Strike and Orica International Pte limited ("Orica") entered into an agreement to suspend certain rights under the Gas Sales Agreement originally dated 25 March, 2014 ("GSA") which, if exercised, may lead to termination of the GSA by either party. The period of the suspension was due to expire today but has been extended by agreement to 31 March, 2017 (subject to any further agreed extension). Discussions continue to agree a mutually acceptable outcome to align the GSA with the development strategy currently proposed by Strike for the Southern Cooper Basin Gas Project and the parties' respective commercial objectives.

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

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

### **Investor and Media Contacts**

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