

The Company Announcement Officer ASX Ltd via *electronic lodgement*

STRIKE TO ACQUIRE 50% INTEREST IN HIGHLY ATTRACTIVE PERTH BASIN BLOCK

- **Strike to acquire a 50% interest in and operatorship of EP469 within the highly prospective Perth Basin.**
- **EP469 contains a top tier analogous prospect to the recently tested and history making Waitsia discovery (which is only 16km from the prospect).**
- **Strike will fund Warrego Energy's share for one exploration well inclusive of associated costs.**
- **Acquisition provides Strike's portfolio with resilience and potentially transformational gas supplies in both Eastern and Western Australia.**

Strike Energy Limited (**Strike** - ASX:STX) is pleased to announce it has executed a definitive agreement with Warrego Energy Pty Ltd (**Warrego**) to acquire a 50% interest and operatorship of Exploration Permit EP469 located in the highly prospective Perth Basin. Strike and Warrego will form a joint venture for the further exploration, appraisal and ultimate development of the permit.

Exploration Permit 469

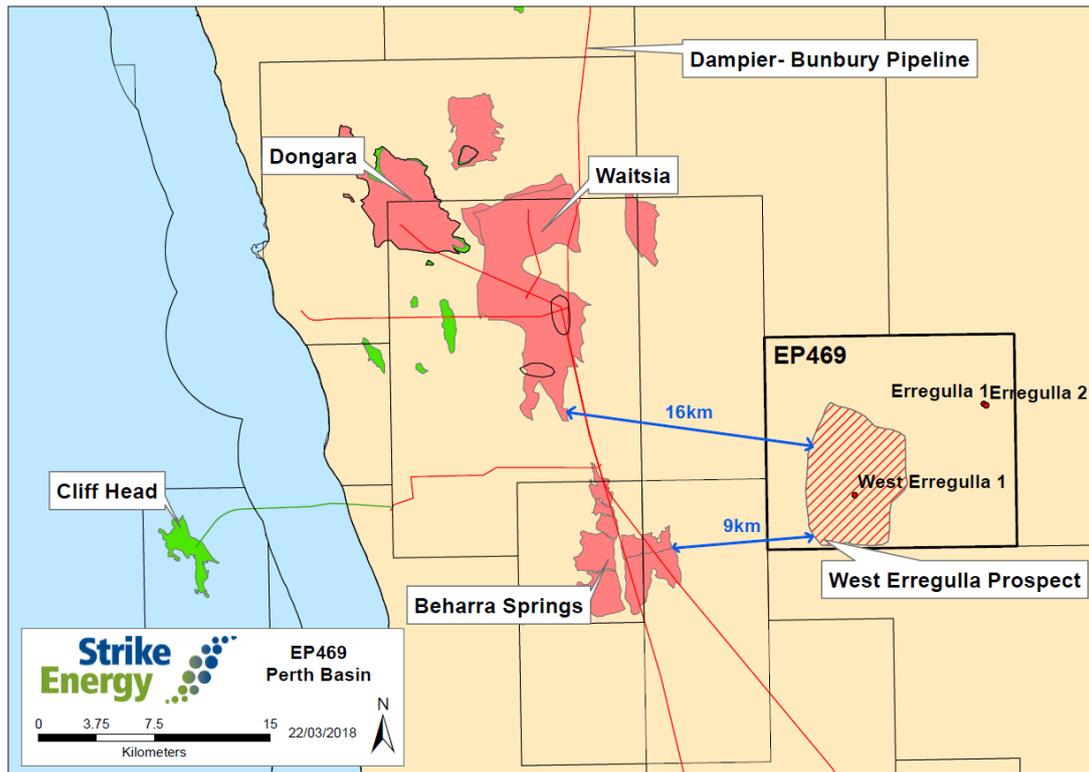
EP469 is located within the underexplored and evolving proven petroleum system in the Northern Perth Basin. EP469 contains extensions of the known commercial plays from within the basin, which include the recent Kingia-High Cliff sand sequence (Waitsia), Irwin Coal Measures and Dongara-Wagina formation (Beharra Springs).

Strike's prospect evaluation from the existing 3D seismic within the yet to be intersected Kingia-High Cliff sequence (Waitsia), has yielded an extremely attractive, top tier, conventional structure in a combined dip and fault closure. Presence of material hydrocarbons is indicated by structurally conformable amplitudes and associated flat-spots. Subject to confirmation from additional model calibration, the Kingia-High Cliff sands are believed to be present with thickness and porosity development that is interpreted to be similar in quality to that in the adjacent Waitsia gas discovery. Initial views of the prospect are that it would be more than sufficient in size to support a stand-alone development.

The block is approximately 300 km north of Perth and is proximate to the major Dampier to Bunbury Gas Pipeline allowing a simple and cost-effective path to market for any commercial hydrocarbons. EP469 is between 9 and 16 km from the major discoveries within the basin that include Waitsia and Beharra Springs.

EP469 currently has 80 km² of high quality 3D seismic (majority of which is on Crown land) and has had three exploration wells drilled within the license. Oil and gas has been produced to surface from the existing wells and, based on information provided by Warrego and validated by independent oil and gas advisory firm RISC

Operations Pty Ltd, the permit currently has gross 71 BCF of 2C Contingent Resource from within the Dongara-Wagina formation (36 BCF 2C STX share, subject to settlement of the transaction)¹



Strike Managing Director Stuart Nicholls said:

“It is an exciting time for Strike to enter the northern Perth Basin with a prospect analogous to the recent high profile Waitisia discovery. Major corporate transactions and exploration activity continue to bring attention to this heavily underexplored petroleum system. This transaction plays to Strike’s strengths of being a low cost and high impact onshore exploration and appraisal operator, and coupled with the block’s proximity to existing major gas infrastructure, makes this an extremely attractive opportunity.

The West Erregulla block (EP469) contains an onshore conventional gas prospect that can utilise existing infrastructure and that is near end users. This coupled with the huge domestic and export gas demand in W.A. are the makings of a commercially successful gas project.

Strike remains committed to the development plan outlined for the Southern Cooper Basin Gas Project and believes the addition of this opportunity provides the portfolio with further resilience and access to potentially transformational gas supplies in both Eastern and Western Australia.

Western Australia is a supportive environment for the gas industry and Strike looks forward to working with Warrego Energy in joint venture to deliver material gas discoveries and volumes into the future energy system.”

¹ Strike expects to announce (in accordance with the ASX Listing Rules) its assessment of Contingent Resources attributable to the Permit after the transaction has completed.

Warrego Energy Pty Ltd Managing Director Dennis Donald said:

“We are delighted to be working with such a competent and technically driven partner in Strike. After assembling the excellent quality data set over the West Erregulla block it is exciting to begin well delivery preparations. Warrego looks forward to bringing this top tier gas asset to the attention of its European and global investment audience at a time of increased gas demand.”

Key Terms of the Acquisition

Strike has agreed the following key terms for its transaction with Warrego:

1. **Acquisition** – 50% of EP 469 and operatorship.
2. **Joint Venture** – Unincorporated joint venture formed on settlement of the acquisition and entry into a joint operating agreement.
3. **Cash Consideration** – Strike to pay Warrego cash consideration in the following tranches:
 - A\$350,000 at settlement; and
 - A\$250,000 prior to commencement of exploration operations by Strike on the Permit and not later than 1 January 2019.
4. **Carry** – Strike to sole fund 100% of the cost of drilling and completing one exploration well within the Permit and carrying out related G&G Studies and G&A costs, up to a maximum expenditure amount of A\$11,000,000, within 24 months of commencement of the joint venture.
5. **Conditions precedent** – The transaction is subject to satisfactory completion of Strike’s legal due diligence investigations and regulatory approvals.

ENDS

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