

The Company Announcement Officer ASX Ltd
via electronic lodgement

WEST ERREGULLA UPDATE

KEY HIGHLIGHTS:

1. **Strike with another Perth Basin operator have agreed to share costs supporting the mobilisation of the Easternwell 106 drill rig to the Perth Basin.**
2. **Strike's WE-2 well to be drilled first in the sequence, with spud in early May 2019.**
3. **Reprocessed 3D seismic has increased the Prospective Resource volumes for West Erregulla and it is now one of the largest pre-drilled conventional onshore prospects in Australia.**

Easternwell Rig 106 Secured

Strike Energy Limited (**Strike** - ASX:STX) and another Perth Basin operator have agreed to collaborate and sequence their drilling programs in order to mobilise the Easternwell 106 land rig to the Perth Basin. Strike will be using the EW106 to drill the West Erregulla-2 well within EP469 (Strike 50% and Operator, Warrego Energy Limited 50%).

This is a major achievement for Strike and the EP469 JV with the EW106 being one of the largest and most powerful land rigs in country and heavily sought after for work in other basins throughout Australia. The rig has been assessed as having the best capacity for the expected drilling conditions within the Perth Basin.

The high hook load, torque and pumping capacity of the EW106 will add additional contingency towards a successful outcome at the West Erregulla-2 well and as a result of these rig specifications, the EW106 is expected to reduce drill time by up to 10%. The EW106 rig is currently expected to land at West Erregulla in late April with spud planned shortly after.

Other operators directly to the West and North are looking to drill similar Kingia-High Cliff (**KHC**) targets during 2019. Strike's technical work has generated a momentum in the play with confidence growing in the commerciality of the KHC South Eastern Waitsia trend.

West Erregulla Prospective Resource Estimate

Strike has completed reprocessing of the West Erregulla 3D seismic and reinterpretation (by Igesi Consulting). The reprocessed seismic has improved structural confidence and has reaffirmed Strike's previous interpretation of an amplitude anomaly over the structure, indicative of gas filled porosity. Flat spots indicating a gas/water contact are also clearer on the reprocessed seismic and have led to an increase in chance of success and increased pre-drill estimate of gas in place. West Erregulla is now one of the largest pre-drilled conventional onshore prospects in Australia and the well with its corresponding results are likely to be watched closely by other operators across the region.

West Erregulla Kingia-High Cliff Conventional Prospective Gas Resource (OGIIP BCF)¹	STX Share (50%)	Gross
Low Estimate (P90)	303	607
Best Estimate (P50)	458	916
High Estimate (P10)	648	1,296

1. The Prospective Resource estimates are probabilistic in nature and are raw gas as of 8 June 2018.

In addition to the Kingia-High Cliff target, a basal fan has been identified on the reprocessed seismic in the Wagina formation higher in the sequence. The Basal Wagina Fan shows similar attributes to the Beharra Springs gas field which is only 9km to the West. This target will be penetrated by the West Erregulla-2 well on its way to the KHC targets. Due to the stratigraphic nature of this play it represents a secondary target of the well, yet still displays the compelling amplitude responses which are geophysically indicative of gas filled porosity.

West Erregulla Basal Wagina Conventional Prospective Gas Resource (OGIIP BCF) ¹	STX Share (50%)	Gross
Low Estimate (P90)	77	154
Best Estimate (P50)	124	247
High Estimate (P10)	186	372

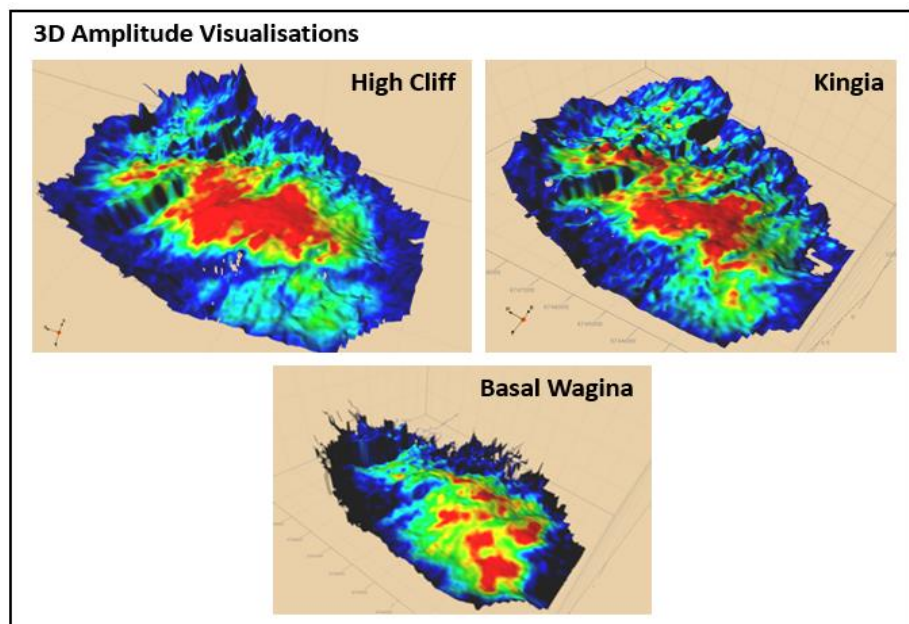
1. The Prospective Resource estimates are probabilistic in nature and are raw gas as of 02 December 2018.

Together the total stacked gross prospective resource (best P50) estimate is 1.16 TCF, with a prospective gross play range of 761 BCF (low P90) to 1.67 TCF (high P10) (un-risked).

Easternwell Group’s Chief Executive, Tim Phelan said:

“It is exciting to be working with Strike to bring Rig 106 to the Perth Basin to drill one of the biggest conventional targets in Australia. The selection of Broadspectrum’s subsidiary Easternwell, plays to the strength of our organisation in delivering high impact wells within challenging environments and we look forward to drilling West Erregulla-2 with Strike”

Strike’s Managing Director, Stuart Nicholls, said:



“It has been quite an achievement by Strike to come into the EP469 JV in June of last year and already be preparing to drill this highly attractive prospect. The increase in neighbouring activity from other operators highlights the quality and prospective commerciality of the Kingia-High Cliff trend to the South East of Waitsia. The uplift in pre-drill prospective volumes of the stacked plays points to the increased significance of the success of West Erregulla in becoming a potential key contributor to Western Australian domestic gas markets as they tighten going into the 2020s. Strike and its joint venture partner Warrego Energy look forward to progressing towards drilling in May.”

Cautionary statement

The above estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates are un-risked and have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The EP 469 Joint Venture intends to drill West Erregulla-2 in Q2 2019 with the objective of validating the prospective resources outlined above.

Competent person's statements

The information in this presentation that relates to resource estimates is based on information compiled or reviewed by Mr A. Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers. Mr A. Farley is Manager Geoscience for the Group and has worked in the petroleum industry as a practicing geologist for over 16 years. Mr A. Farley has consented to the inclusion in this report of matters based on his information in the form and context in which it appears.

Mr. Tony Cortis (M.Sc. Geology) of Igesi Consulting has consented to the inclusion in this report of matters based on his information in the form and context in which they appear. Mr. Cortis has over 29 years of industry experience, 28 of which were with Shell International, and is a member of APEGA and the AAPG. He has extensive technical and delivery experience in all three Unconventional Resource play types: tight clastic, shale and coal bed reservoirs. He has actively worked on CBM projects in the Bowser Basin, the Western Canada Sedimentary Basin and in the Ordos Basin of China. He has also worked on numerous conventional clastic and carbonate plays worldwide.

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