strike energy

28th October 2020



Quarterly Report Q3/20

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Highlights

West Erregulla

- Appraisal campaign commenced, West Erregulla-3 drilling underway.
- EP469 JV aligned on 80 TJ/d Phase 1 development and associated timeline.
- EP469 JV approved drilling of West Erregulla-5.
- Secured pre-development debt facility from Macquarie Bank of up to $28 million.

South Erregulla

- Final Trieste 3D seismic interpretation confirms high levels of prospectivity, resulting in upgrade of chance of success to 57%.
- Additional seismic program in planning and rig slot option secured for CY21 drilling.

Walyering

- Farm-out of 45% non-operated interest in Walyering (EP447) to Talon Petroleum in exchange for a $6 million free-carry in the upcoming appraisal well.
- Rig slot option secured for drilling of Walyering-5 immediately after WE campaign.

Cooper Basin

- Settlement of R&D claims, which will generate a material net cash return to Strike.

Comments from Managing Director & CEO Stuart Nicholls:

"During the quarter Strike Energy has completed further de-risking and made significant commercial and technical progress on our West Erregulla gas development in the Perth Basin.

"We have started a 12-month drilling campaign that will set up West Erregulla for future production, as well as appraising and exploring our highly prospective acreage at Walyering and South Erregulla that has the potential to multiply the company's gas resources.

"On the commercial front, we have generated alignment in our West Erregulla joint venture, which will bring more gas online as part of Phase 1. Importantly, Strike has secured up to a further $28 million of debt funding and settled our R&D dispute in Strike's favour. This has and will strengthen our balance sheet during this appraisal and development phase whilst avoiding any material dilution."

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Greater Erregulla

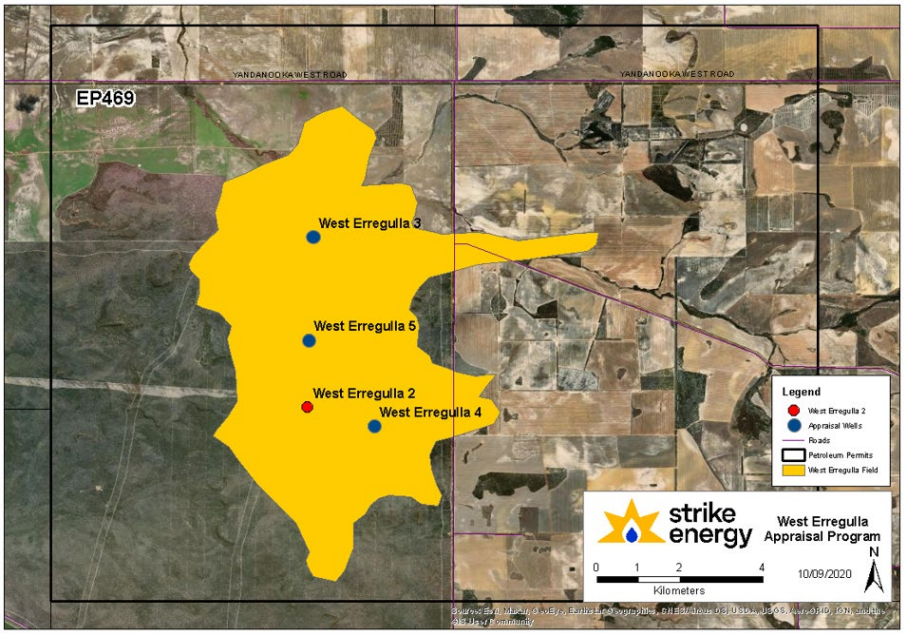
West Erregulla – JV Alignment

Strike and its partner in EP469, Warrego Energy Limited, signed a binding Heads of Agreement that ensures alignment for the development of the West Erregulla gas field in EP469. The joint venture has agreed to a significant increase in Phase 1 capacity to 80 TJ/d, to be delivered into the Dampier to Bunbury Natural Gas Pipeline. Australian Gas Infrastructure Group (AGIG) remains the preferred proponent to build, own and operate the Phase 1 facility and will complete a supplementary Front-End Engineering and Design (FEED) study for the larger capacity plant by the end of CY20. The joint venture is expected to be in a position to consider FID by the end of Q1 CY21, following the upcoming appraisal well results, and will target first gas sales from West Erregulla in mid-2022.

West Erregulla – Appraisal Drilling

During the quarter Strike achieved spud of the WE3 well, which marked the beginning of the appraisal phase for West Erregulla. The well is currently in the first intermediate hole section post drilling, casing and cementing the surface hole section. At the time of writing, the rig was drilling ahead at a depth of 1,692m.

A total of three appraisal wells will be drilled in the West Erregulla field. These appraisal wells will be drilled down to ~5,000m, with West Erregulla 3 designed to test the continuation of the commercial gas accumulation in the northern fault block. WE3 has the opportunity to add material contingent resource to the existing resource position at West Erregulla by proving communication between the fault blocks (as seen at Waitsia).



West Erregulla 4 and 5 will appraise the reservoir distribution in the central fault block and the relationship between strength of amplitude and reservoir quality/thickness. After various coring and logging operations all three wells will be flow tested (on success) and completed as future producers across the Kingia / High Cliff sequences for the proposed Phase 1 production operations. The Wagina gas discovery made in West Erregulla-2 will be appraised during the West Erregulla 4 & 5 wells and has the opportunity to add significant Prospective Resource to the existing contingent resources at West Erregulla[1]. Post completion of WE3, Rig 970 will move to the WE4 well site which is currently being prepared for drilling operations.

The upstream FEED for the gathering network continued throughout the quarter, with Aurecon expecting to deliver final outcomes during November 2020. Strike will then commence

[1] Refer ASX Announcement entitled 'West Erregulla Resource Statement' dated 11 November 2019 for details of the Wagina Prospective Resource and existing contingent resources at West Erregulla. Strike is not aware of any new information or data that materially affects the information included in that previous announcement and all material assumptions and technical parameters underpinning the estimates in that previous announcement continue to apply and have not materially changed.

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tendering for the major long lead items and construction activities, with responses expected in February 2021 to inform FID costings.

During the quarter, the EP469 joint venture also agreed on the Field Development Plan. The JV is in the final stages of completing the Field Management Plan in readiness for the Production License application.



West Erregulla is within EP469 in which Strike Energy Limited is operator and holder of a 50% interest in joint venture with Warrego Energy Limited, which holds the remaining interest.

West Erregulla - Finance

Post the end of the quarter, Strike announced a pre-development debt facility with Macquarie Bank for up to $28 million to support the drilling costs of the West Erregulla wells. The two-year facility is broken up into two tranches, with the first tranche of $13 million committed, subject to definitive documentation and limited other conditions, and the second tranche of $15 million subject to certain drilling milestones and further lender conditions and approvals. As part of the establishment cost of the facility, Strike will (upon financial close of the first tranche) issue Macquarie with 35 million options to subscribe for Strike shares at an exercise price of 29 cents with a 30-month expiry.

With the execution of the heads of agreement between Strike and Warrego, the joint venture will engage with financial institutions to facilitate project financing. Strike expects that this approach will generate a more competitive outcome in readiness for the Phase 1 FID.

South Erregulla

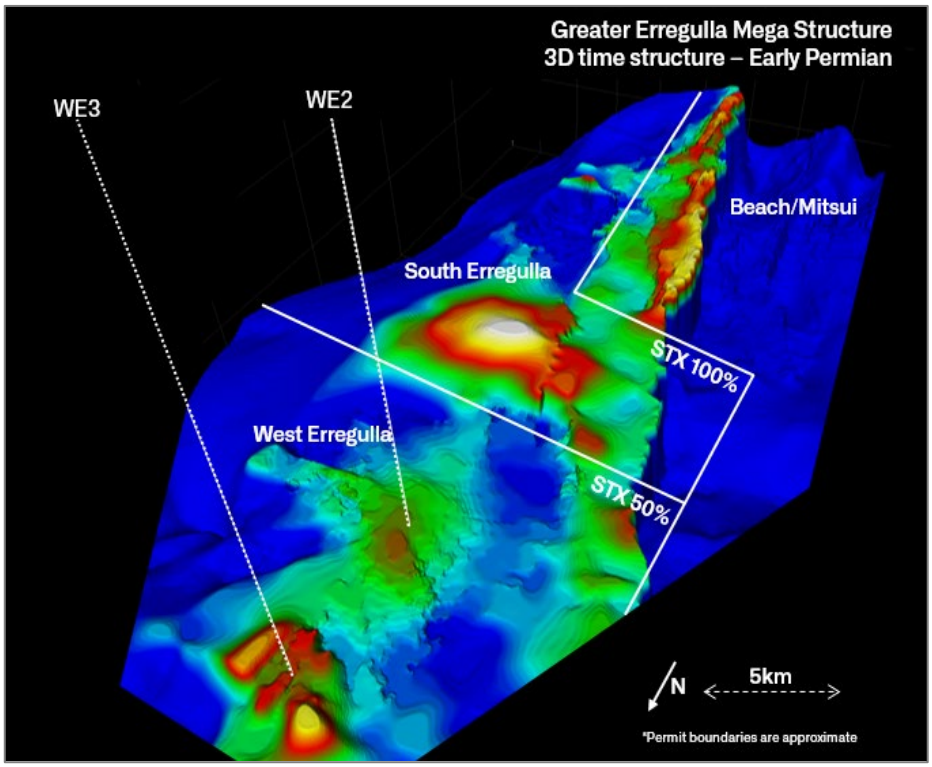
Strike completed processing and interpretation of the Trieste 3D seismic survey, which covers the southern portion of the South Erregulla structure in Beach Energy and Mitsui E&P's EP320 permit, and which was acquired in early 2020. Strike has now incorporated the seismic into its interpretation of the Greater Erregulla region. Iso-time thickening and appreciable, but discontinuous, amplitude blooms at near Kingia level are observed in the northern part of the Trieste 3D survey. These indicators are consistent with the geophysical signatures of gas filled reservoir seen in the West Erregulla 3D seismic. By analogy with West Erregulla, these are

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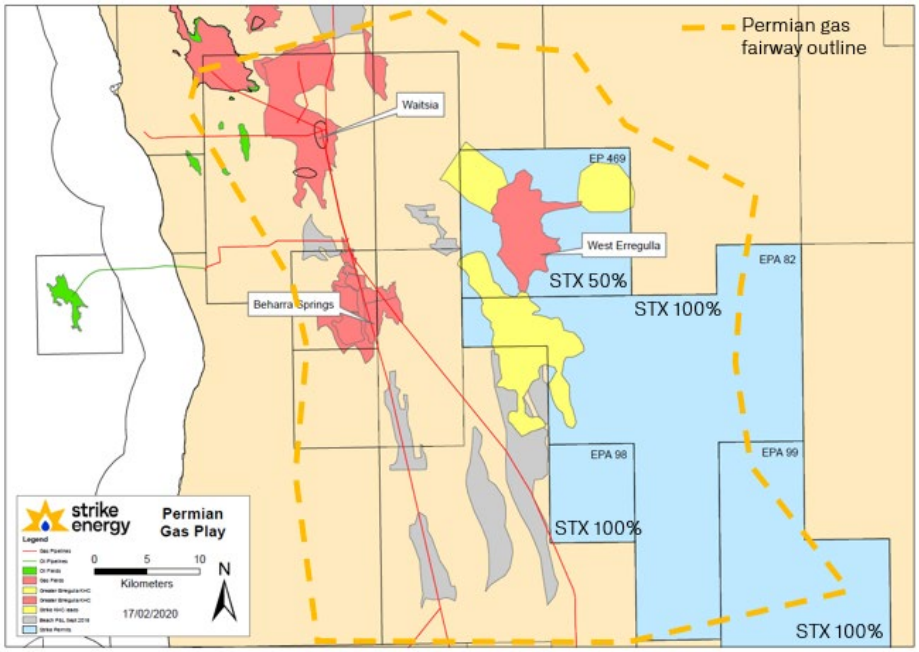
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indicative of porosity and hydrocarbons, therefore increasing the chance of success at South Erregulla from 50% to 57%.

As a result of these new technical findings and pending new information from West Erregulla, Strike is progressing planning for a limited 2D seismic campaign over South Erregulla (prior to the Minjiny 3D) in order to de-risk a well location and accelerate drilling for South Erregulla-1.



Subsequent to the quarter, Strike announced it had secured three drilling slot options with the Ensign Rig 970 that will directly follow the West Erregulla appraisal campaign. One of these slots is currently earmarked for South Erregulla-1.



Walyering

During the quarter Strike announced it had agreed terms and subsequently completed full transaction documentation with ASX listed Talon Petroleum Limited for the acquisition by Talon of a 45% non-operated interest in Walyering (EP447) and formation of an unincorporated Joint Venture for the appraisal and, if warranted, development of Walyering. Transfer of the 45% farmin interest in EP447 is pending with registration expected to occur in Q420.

Farming out Walyering is in line with Strike's strategy of accelerating production of large volumes of domestic gas from its Perth Basin portfolio, in order to capture additional market share during a period of expected supply shortage during the mid-part of the decade.

Walyering benefits from being a discovered resource that has both excellent seismic and well control, and which is in close proximity to major infrastructure and existing industrial gas users. Walyering makes an excellent test-case for the geotechnical work Strike has carried out across

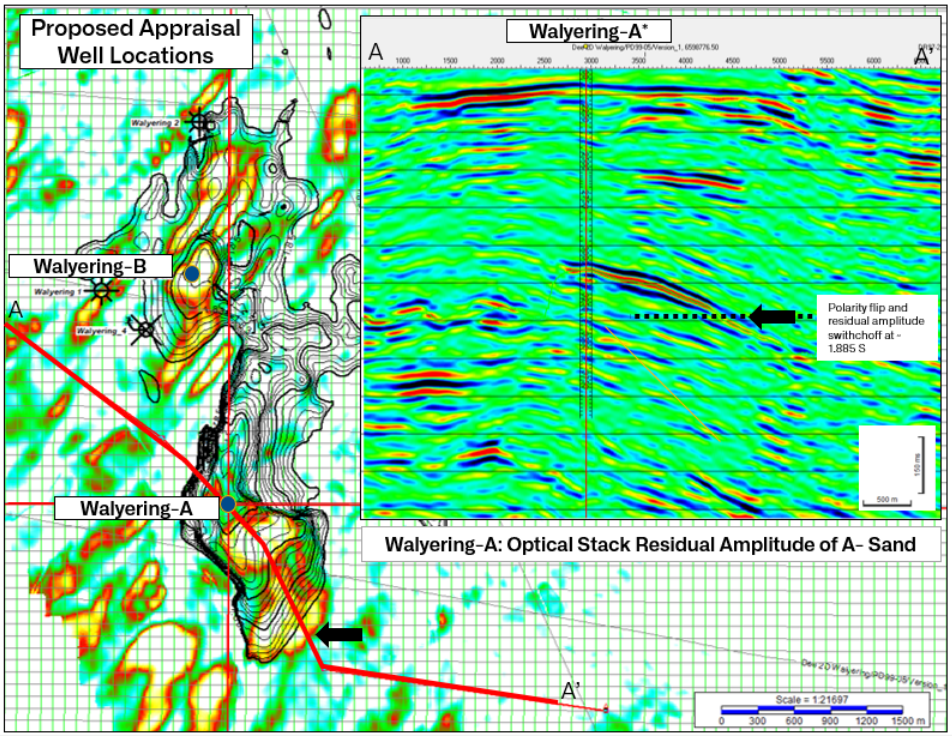
the Jurassic Wet Gas Play in the Cattamarra sequence. Should the appraisal drilling prove up a commercial development, then Strike expects this will be a catalyst for a material uplift in valuation of its 1,853 km^2 acreage position across the play.

Forming a Joint Venture at Walyering has allowed Strike to bring another well into its CY21 drilling program whilst offsetting associated expenditure. As advised above, Strike has procured several options for drilling slots on Rig 970 of which Walyering is likely to be the first well in a post-West Erregulla drilling campaign.

Proposed Walyering-5 well location

- On major structure which indicates thickest reservoir ✓
- Above indicative gas water contact (updip of W-4) ✓
- Targeting coarse channel sand / good reservoir (amplitude) ✓

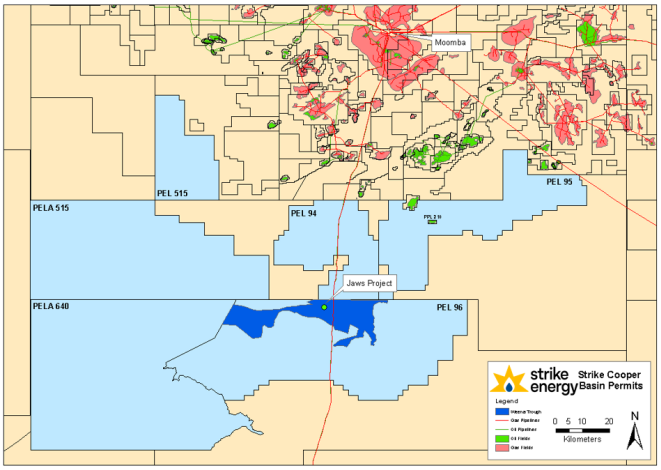
38% POS
of proving developable resource



Cooper Basin

Piloting operations have continued during the quarter, and daily average gas production has remained between ~20 mscf/d and ~40 mscf/d. Bottom hole pressures have now been drawn down to 121-141 psig, with water production remaining stable at approximately 275 bbls/d.

During its annual accounts processes Strike conducted a detailed review of its Cooper Basin assets as part of its impairment testing in accordance with Accounting Standards AASB 6 (Exploration for and Evaluation of Mineral Resources). The Company included a non-cash pre-tax impairment as at 30 June 2020 of ~$91 million in its annual accounts, to fully impair its assets in the Cooper Basin. The Company plans to retain its interest in the permits and to continue pilot testing the Jaws Project at PEL96.



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Corporate

During the quarter Strike's expenditure was centred on the development and appraisal drilling programs for West Erregulla. Strike also invested resources into preparing for its 2021 exploration / appraisal campaign and completing preparatory geoscience workflows including the processing of seismic.

Options valued at $750,000 were exercised during the quarter and Strike ended the quarter with $17 million of cash on hand. Also, and as advised above, Strike secured a debt facility of up to $28 million from Macquarie Bank, available across two tranches for the West Erregulla pre-development costs, with the second tranche of $15 million subject to certain drilling milestones and further lender conditions and approvals. Financial close of the first tranche ($13 million) is expected to complete in the December quarter.

As announced in August, Strike reached a positive settlement with Innovation & Science Australia with regards to Strike's Research & Development matters that had been under formal review. As a result of the settlement reached, the Company is expecting to receive at least $7 million over the coming months as it amends and resubmits its previous and current tax returns.

With the Macquarie Bank debt facility, Strike remains funded through to its targeted Final Investment Decision for Phase 1 of West Erregulla in Q1 CY21.

As outlined in the attached Appendix 5B (section 6.1) $136,000 in payments were made to related parties for director fees.

Petroleum Tenements Held at the End of the Quarter

Permit	Basin	Operator (parent)	STX Interest	Gross Area (acres)	STX Net Area (acres)
PEL 94	Cooper Basin	Beach	35%	222,963	78,037
PEL 95	Cooper Basin	Beach	50%	316,418	158,209
PEL 96 (Jaws)	Cooper Basin	Strike	67%	668,098	444,953
PELA640	Cooper Basin	Strike	100%	821,056	821,056
PEL 515	Cooper Basin	Strike	100%	750,483	750,483
PPL210 (Aldinga)	Cooper Basin	Beach	50%	988	494
EP447 (Walyering)[1]	Perth Basin	Strike	100%	274,287	274,287
EP488	Perth Basin	Strike	100%	73,390	73,390
EP489	Perth Basin	Strike	100%	36,572	36,572
EP495	Perth Basin	Strike	100%	73,637	73,637
EPA-82	Perth Basin	Strike	100%	138,626	138,626
EPA-98	Perth Basin	Strike	100%	18,533	18,533
EPA-99	Perth Basin	Strike	100%	92,170	92,170
EP469 (West Erregulla)	Perth Basin	Strike	50%	55,500	27,750

1. Strike entered into an agreement to sell 45% interest in EP447 to Talon Petroleum. Transfer of the 45% farmin interest to Talon Petroleum is currently pending with registration of the transfer expected to occur in Q420.

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Future Statements

Statements contained in this release (including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, production levels or rates, oil and gas prices, reserve or resource potential, exploration drilling, potential growth of Strike, industry growth and any estimated company earnings) are or may be forward looking statements.

Such statements relate to future events and expectations and as such involve known and unknown risk and uncertainties associated with oil, gas, geothermal and related businesses, many of which are outside the control of Strike, and are not guarantees of future performance.

Although Strike believes that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results, actions and developments to differ materially from those expressed or implied by the statements in this presentation, including, but not limited to: price fluctuations, actual demand, drilling and production results, reserve estimates, regulatory developments, project delays or advancements and approvals and costs estimates.

Subject to any continuing obligations under applicable law and the Listing Rules of ASX Limited, Strike does not undertake any obligation to publicly update or revise any of the forward looking statements in this release or any changes in events, conditions or circumstances on which any such statement is based.

This announcement is authorised for release by the Managing Director and Chief Executive Officer in accordance with the Company's Continuous Disclosure Policy.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

STRIKE ENERGY LIMITED

ABN	Quarter ended ("current quarter")
59 078 012 745	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(704)	(704)
	(e) administration and corporate costs	(753)	(753)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	44	44
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (cost recoveries from JVs)	576	576
1.9	**Net cash from / (used in) operating activities**	**(842)**	**(842)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(46)	(46)
	(d) exploration & evaluation	(5,448)	(5,448)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Advances made from JV participants)	1,000	1,000
2.6	**Net cash from / (used in) investing activities**	**(4,494)**	**(4,494)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	750	750
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**750**	**750**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	21,565	21,565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(842)	(842)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,494)	(4,494)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	750	750

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	**Cash and cash equivalents at end of period**	**16,983**	**16,983**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	14,737	18,935
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (share of JV bank accounts)	2,246	2,630
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,983**	**21,565**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	136
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(842)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(5,448)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(6,290)
8.4	Cash and cash equivalents at quarter end (item 4.6)	16,983
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	16,983
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.7

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: -

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: -

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8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: -	

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2020 .....

Authorised by: Justin Ferravant CFO & Company Secretary .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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