

Strike moves to become first integrated gas producer, manufacturer and renewable energy supplier in WA

- Strike has agreed terms to acquire 100% of the existing geothermal rights of the Perth Basin via the acquisition of Mid West Geothermal Power Pty Ltd.
- Subsurface evaluation of the Perth Basin Permian sandstones has identified the potential for a high-quality geothermal resource within the non-gas bearing structures with the potential to support up to 350MW of renewable power for at least 30 years.
- The geothermal business is a natural complement to Strike's existing gas business and has a high degree of operational and intellectual property overlap.

Strike Energy Limited (Strike - ASX: STX) is pleased to announce that it has signed a non-binding term sheet to acquire 100% of the existing geothermal rights of the Perth Basin via the acquisition of Mid West Geothermal Power Pty Ltd (MWGP).

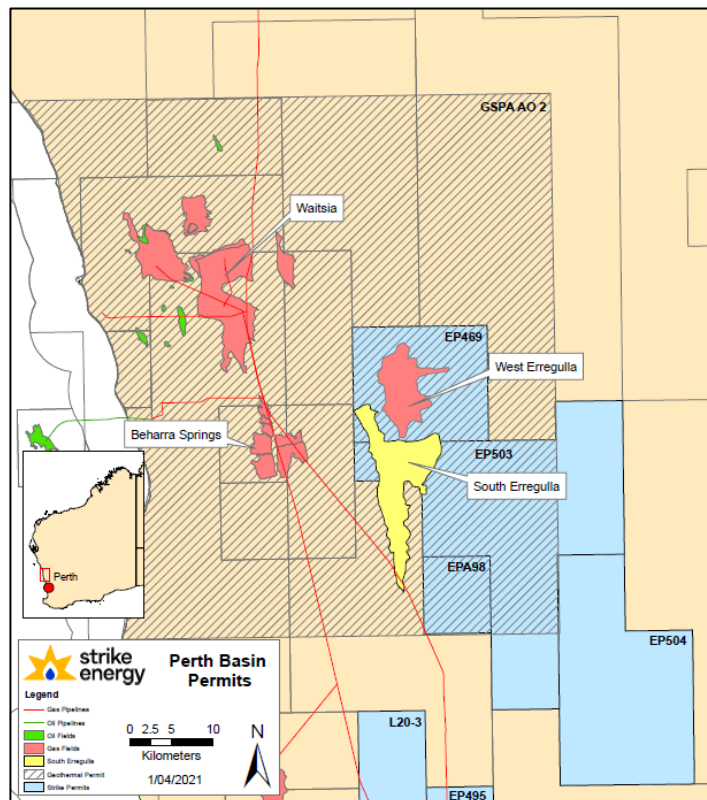
CEO & Managing Director, Stuart Nicholls said:

“Between Strike’s gas resources and potential future geothermal power, the Perth Basin could be a supplier of low-cost and low to zero carbon energy into WA for more than 50 years.

“As one of the leading experts of the Perth Basin’s Permian sandstones Strike has recognised the renewable energy potential of the area which it believes could be a unique nationally significant geothermal resource.

“This geothermal resource is 100% complementary to Strike’s existing gas business and has the potential to generate meaningful operational and subsurface synergies with Strike’s substantial gas interests.

Strike’s pursuit of this geothermal opportunity amplifies how it is intending to be the driver of WA’s energy transition and its long-term commitment to producing energy and fertiliser products with the lowest feasible carbon footprint.



MWGP Director Mark Ballesteros commented:

“We believe the North Perth Basin contains one of the most prospective geothermal resources in Australia and has the potential to supply enough zero-emission, baseload power to make a significant contribution to reducing carbon emissions in Western Australia. We are excited to be consolidating with Strike and recognise that their technical and operational expertise offers immense synergies that will facilitate realising the substantial geothermal potential of the area.”

Perth Basin Geothermal Energy

Strike’s understanding of the Permian sandstones of the North Perth Basin has greatly increased as a result of the exploration and development of the Waitsia, West Erregulla and Beharra Springs gas fields in the Perth Basin. Reservoir engineering work and studies conducted by Strike and separately by MWGP corroborates the geothermal potential of this hot sedimentary lithology where the naturally occurring porosity and permeability has been preserved by a favourable diagenetic history of the sandstones. These high-quality reservoirs are modelled to have high flow rates of hot water that can be achieved without any requirement for stimulation.

The Permian sandstones of the North Perth Basin have the key attributes of a successful geothermal energy source when not gas bearing, and is analogous to the Williston Basin in Canada, where geothermal opportunities are being commercialised. These attributes include:

- Regionally pervasive and extensive sandstones with thick distribution across large areas
- Static measured temperatures of 150°C to 200°C
- A high level of retained permeability at depth
- Contains extremely hot water (where gas bearing structures are not present)
- Very high reservoir pressures

Mapping of potential resources within water bearing units of the Kingia sandstone indicate more than 500 km² of geothermal resource where water temperatures exceed 150°. Modelling of the resource indicates a geothermal energy potential of up to 350 MW of synchronous, dispatchable power for at least 30 years. Early power plant engineering indicates the geothermal energy is best produced via a binary system whereby geothermal fluids will be produced, heat exchanged and then reinjected into the reservoir to reheat and maintain the pressure dynamics.

Geothermal Tenure & Complimentary Business Synergy

The early-Permian sandstones of the Perth Basin can be both a conventional gas reservoir or host to hot water wet sands, which can be used for geothermal purposes. Having dual interests over the same acreage is a natural hedge to all of Strike’s drilling activity, where all wells drilled into the basin could generate commercial outcomes.

The geothermal business will have immense overlap with Strike’s existing operations and intellectual property, in that Strike’s core competencies in subsurface mapping and identification of the Permian sandstones, deep Perth Basin onshore drilling, land access and community / regulatory engagement are all requirements for a successful geothermal operation. This overlap is hugely complementary and, should the transaction complete, will potentially enable the Strike group to drive down well costs and benefit from further economies of scale and further refinement of its Permian models, and may be able to generate longer term cashflows from existing sunk gas wells after watering out at end of life.

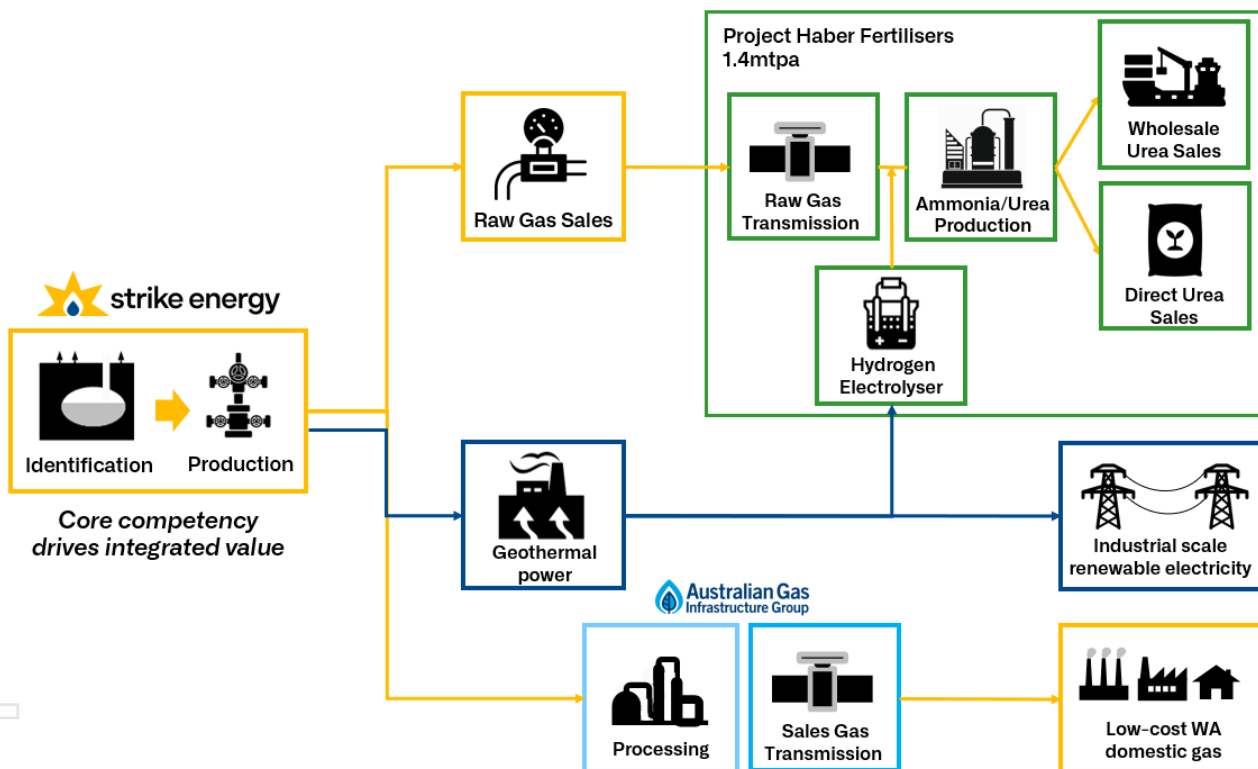
In the event the acquisition of MWGP completes, Strike will hold the only geothermal rights in the Perth Basin with ownership of the Geothermal Special Prospecting Authority with Acreage Option 2 (GSPA-AO2) which cover 3,500km² of high-quality Permian area. Subject to completion of the transaction, Strike will complete, in partnership with ex-MWGP Directors (as Strike consultants) the required heat flow survey in order to convert 50% of the GSPA-AO2 to a

Geothermal Exploration Permit, which will secure geothermal exploration rights over 1,750km² of the Perth Basin in the area that Strike considers optimal for geothermal purposes.

Strike's integrated gas, energy and fertilisers business

Strike has several integration opportunities for its own organic source of clean renewable energy. Specifically, the 10MW hydrogen electrolyser proposed at Project Haber could be supported by its own dedicated source of geothermal power. This will facilitate the manufacturing of some of the first green fertiliser in the world. Through access to continuous renewable power, Strike will be able to displace other fuels it consumes in the generation of its own Scope 1 and 2 emissions from the various gas plants and machinery that will sit inside its portfolio.

Subject to completion of the transaction and successful appraisal results, Strike will also look to generate industrial scale baseload power that will provide grid stabilisation and simultaneously reduce carbon emissions from WA's electricity sector. It is commonly understood that when geothermal resources are successfully extracted, they can provide the lowest level cost of dispatchable power in an energy system with very high rates of reliability.



Mid-West Geothermal Power Acquisition

Consideration for the acquisition of 100% of MWGP would involve a series of payments in shares and cash to MWGP shareholders over a number of years as the geothermal resource is defined and progressed towards commercialisation. The key terms of the of the potential transaction include:

1. \$2 million of Strike fully paid ordinary shares to be issued on the signing of the formal documentation.
2. \$1 million (subject to requisite shareholder and ASX approvals) of fully paid ordinary shares in Strike to be issued on DMIRS awarding the full Geothermal Exploration Permit (GEP). Grant of GEP is estimated in 1H 2022. Cash will be paid in lieu if the requisite approvals listed above are not ultimately obtained.

3. \$0.08 per MWh of indicated and measured resources defined in the GEP within 14 months of completion of the transaction, to be paid in cash or, subject to requisite shareholder and ASX approvals, and at the MWGP shareholders' election, fully paid ordinary shares in Strike.
4. An estimated \$4 million based on the flow test of a geothermal well within 3 years of the completion of the transaction, to be paid in cash.
5. \$0.12 per MWh of measured resource and \$0.10MWh of indicated resources defined in the GEP post well flow test within 3.5 years of completion of the transaction, to be paid in cash.

The transaction remains subject to confirmatory due diligence, the execution of full form transaction documentation, and requisite ASX and shareholder approvals in respect of the issue of securities as part consideration for the transaction. Further updates regarding the completion of the transaction will be released in due course.

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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