

# Independent certification of Walyering reserves

- The Walyering exploration and appraisal program has exceeded the gross pre-drill gas in place estimates by 35%.
- RISC Advisory has independently certified gross 2P gas Reserves of 54 PJ and 0.55 mmbbls condensate at the Walyering gas field.
- Substantial upside has been identified by RISC in the Walyering gas field with a further 32 PJ and 0.31 mmbbls of gross 2C Resources and 16 PJ and 0.16 mmbbls of gross 2U Resources.
- RISC's Reserves certification supports progression of the Walyering gas field into construction and development.

Strike Energy Limited (Strike - ASX: STX) is pleased to release the maiden independently certified Reserves & Resources report for the Walyering gas field procured for the EP447 JV (Strike operator and owner of 55% equity interest, Talon Energy (ASX: TPD) 45%).

## Strike Energy Limited Managing Director & CEO Stuart Nicholls said:

*"The booking of a gross aggregate 102 PJ gas and 1.02 mmbbls of condensate at Walyering is hugely exciting for Strike and its shareholders. The Walyering gas field's fast to market and low-cost development profile will likely translate these resources into delivering the Company's maiden cash flows given the project has successfully navigated its primary environmental review process.*

*"The full field results have exceeded Strike's mid case pre-drill estimates by 35%, which is a great outcome for the project, particularly at a time of heightened commodity pricing.*

*"As previously highlighted, the Walyering gas field was not captured in the forward supply modelling by the AEMO in their 2021 Gas Statement of Opportunities and, therefore Walyering's gas supplies will be influential in minimising or even avoiding any forecasted mid-decade WA industrial gas shortage"*

## Walyering Gas Field Reserves & Resources

RISC Advisory (RISC) have estimated gross 2P gas reserves of 54 PJ (30 PJ net to Strike)<sup>1</sup> and 0.55 mmbbls of associated condensate (0.30 mmbbls net to Strike), which supports the progression of the Walyering gas field into development and construction and recognises the success of the drilling, appraisal, and development programme to date.

RISC has recognised growth potential in the Walyering gas field with a further gross 2C Contingent Resource of 32 PJ and 0.31 mmbbls of associate condensate (18 PJ and 0.17

<sup>1</sup> Refer to resource tables at the end of this release.



mmbbls net to Strike) and 16 PJ of gas and 0.16 mmbbls of condensate of gross 2U Prospective Resources (9 PJ and 0.09 mmbbls net to Strike) in undrilled or untested compartments / reservoirs of the Walyering gas field's Cattamarra Sands.

The RISC Reserves and Resources report is based on the drilling, coring, log, seismic and production testing data from both the Cattamarra Sands and the Cadda Formations exploration and appraisal wells drilled throughout the field.

### Walyering Gas Field Development

Strike intends to shortly engage with the EP447 JV to contemplate a final investment decision given the proposed development has successfully passed through its primary environmental review process. The investment decision would consider taking the Walyering gas field into construction and commissioning immediately.

A full field development cost of \$14.2m (including contingency) is estimated to complete the existing wells and construct the associated 33 mmscf/d (up to 37 TJ/d) and 1,400 bbls of condensate storage and offloading upstream infrastructure, which would be tied into the Parmelia Gas Pipeline and or the Dampier to Bunbury Natural Gas Pipeline. Momentum Engineering is currently finalising the detailed design for the upstream plant and pipeline tie in. Gas contracting processes for the ramp up/ commissioning gas and firm supply contracts are expected to complete in Q3/4 CY22 with positive responses from Strike's tender process received to date.

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

### Company Contact

**Stuart Nicholls**

CEO & MD

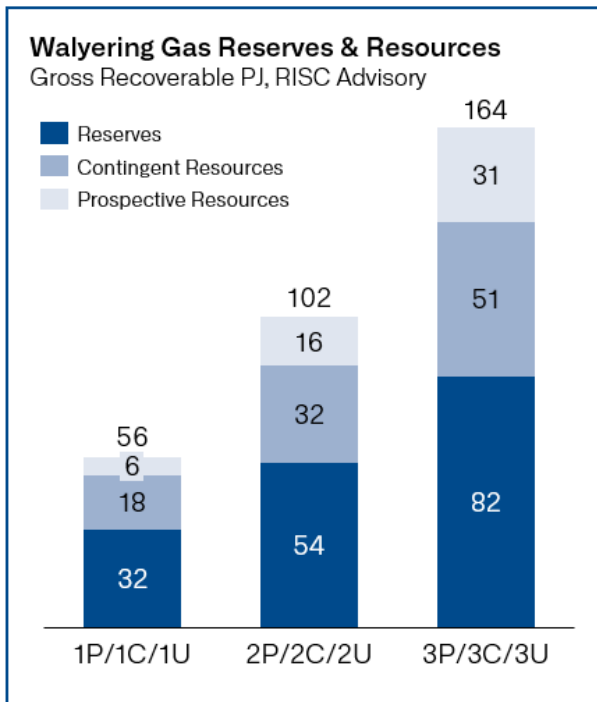
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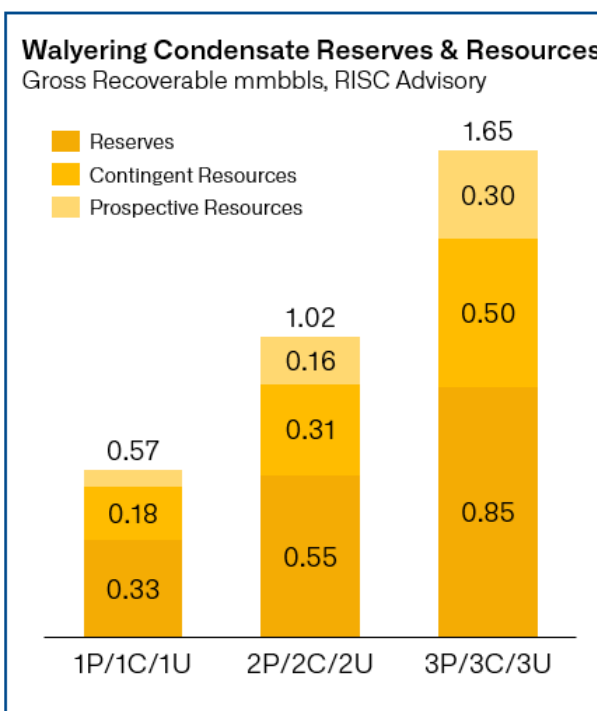
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Please refer to resource tables at the rear for further detail and important notices, Strike share is 55%.

Cautionary Statement: Prospective resources are unrisks and the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These estimates have both an associated risk of discovery (40-80% and risk of development (60%). Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



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## Walyering Reserve and Resource Tables

As at 20<sup>th</sup> July 2022

Walyering Gas & Condensate Reserves Gross						
	Original Gas/Oil in Place (bcf / mmbbls)			Proved, Probable & Possible (PJ / mmbbls)		
	P90	P50	P10	1P	2P	3P
Gas	35.4	58.5	92.9	32.4	54.2	82.4
Condensate	-	-	-	0.33	0.55	0.85

Walyering Unrisked Contingent Resources Gross						
	Original Gas/Oil in Place (bcf / mmbbls)			Low, Best and High (PJ / mmbbls)		
	P90	P50	P10	1C	2C	3C
Gas	24.7	37.8	57.9	17.9	31.9	50.9
Condensate	-	-	-	0.18	0.31	0.50

Walyering Unrisked Prospective Resources Gross						
	Original Gas/Oil in Place (bcf / mmbbls)			Low, Best and High (PJ / mmbbls)		
	P90	P50	P10	1U	2U	3U
Gas	8.8	20.1	32.7	5.8	15.9	30.8
Condensate	-	-	-	0.06	0.16	0.30

Cautionary Statement: Prospective resources are unrisked and the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These estimates have both an associated risk of discovery (40-80%) and risk of development (60%). Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Walyering Gas Reserves Gas Net to Strike (55%)						
	Original Gas/Oil in Place (bcf / mmbbls)			Proved, Probable & Possible (PJ / mmbbls)		
	P90	P50	P10	1P	2P	3P
Gas	19.5	32.2	51.1	17.8	29.8	45.3
Condensate	-	-	-	0.18	0.30	0.47

Walyering Unrisked Contingent Resources Net to Strike (55%)						
	Original Gas/Oil in Place (bcf / mmbbls)			Low, Best and High (PJ / mmbbls)		
	P90	P50	P10	1C	2C	3C
Gas	13.6	20.8	31.8	9.8	17.5	28.0
Condensate	-	-	-	0.10	0.17	0.27

<b>Walyering Unrisked Prospective Resources Net to Strike (55%)</b>						
	<b>Original Gas/Oil in Place</b> (bcf / mmbbls)			<b>Low, Best and High</b> (PJ / mmbbls)		
	<b>P90</b>	<b>P50</b>	<b>P10</b>	<b>1U</b>	<b>2U</b>	<b>3U</b>
Gas	4.8	11.1	18.0	3.2	8.7	15.1
Condensate	-	-	-	0.03	0.09	0.17

Cautionary Statement: Prospective resources are unrisked and the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These estimates have both an associated risk of discovery (40-80%) and risk of development (60%). Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## Important Notices

### Additional Information in respect to Reserves and Resources as required by the ASX Listing Rules:

The reported Reserves, Contingent Resource and Prospective Resources in the Cadda and Cattamarra are within Exploration Permit EP447 and have been estimated by RISC Advisory based on data as at 20<sup>th</sup> July 2022.

All Reserves and Resources figures in this document are net to Strike unless otherwise stated. Strike holds a 55% operated interest in Exploration Permit EP447 to which the Reserve and Resource estimates relate.

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

This Report has been prepared in accordance with the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112. The Reserves and Resources have been categorised and reported in the most specific category that reflects the degree of uncertainty in the estimated quantities, that is 1P, 2P and 3P in the case of Reserves, 1C, 2C and 3C in the case of Contingent Resources, and low (1U), best (2U) and high (3U) in the case of Prospective Resources. The Contingent and Prospective Resource estimates are un-risked and have a risk of development.

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

In respect to the Reserve estimates:

- LR 5.25.6 – the Reserve estimates have been determined using a combination of deterministic and probabilistic methods.
- LR 5.26.1 - Strike has a high degree of confidence in the commerciality of the project and evidence of the economic producibility of the reservoir.
- LR 5.26.4 (Lease Fuel) - The Reserves estimates do not include fuel and flare gas consumption. Strike estimates that negligible fuel consumption will be required by the upstream facilities. Deployment of solar panels and a battery system will be the primary form of electricity generation for the development. Shrinkage of condensate is estimated at 2.1% by RISC with a high energy content of the gas at 1.12 PJ per BCF measured at a standard temperature and pressure after condensate drop out;
- LR 5.26.5 (Reference Point) – The reference point at which these reserves have been estimated is the inlet to the Parmelia Gas Pipeline;
- LR 5.26.7 and 5.26.8 (Aggregation)- The Reserves have been aggregated by arithmetic summation by category, that is 1P, 2P and 3P. As recommended by the PRMS, the 1P, 2P and 3P Reserves have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation;
- LR 5.31.1 (Material economic assumptions) - All economic assumptions that form the basis of the commerciality test were provided by Strike to RISC as actual or planned expenditures and forecast revenues based on Strike's WA gas marketing processes for the field. Any assumptions on capital or operating costs were based on authorisations for expenditure or actual costs, or near final agreed pricing. These assumptions are commercially sensitive. Economic consideration has been applied for all State based royalties and federal taxes when assessing the resulting net project cashflows.
- LR 5.31.2 (Operated interest) – Strike has a 55% operated interest in the EP447 Walyering gas field.
- LR 5.31.3 (Permits) – Strike holds Exploration Permit EP447 in respect of the reported Reserves in joint venture with Talon (AUST) Pty Ltd.
- LR 5.31.4 (Description of analysis of Reserves) – The reserves were deemed commercial as screened against the economic assumptions for the Walyering conventional gas project to generate net project cashflows with conservative assumptions around capital, abandonment, ongoing operating costs and sales revenue. These assumptions are commercially sensitive. The cashflows were generated from sales quantities of gas tendered by offtake proponents of the project at estimated screening level pricing based on Strike's WA gas marketing processes for the field.
- LR 5.31.5 (Estimated Quantities (in aggregate) to be recovered) – All reserves listed under the RISC report are deemed as undeveloped and the resulting recoverable quantities of gas reflect the ultimate recoveries of the existing well inventory inclusive of compression at the point in time of pressure depletion of the field.
- LR 5.31.6:
  - Status of the project –The Walyering gas field is in the pre-development phase and remains contingent on the taking of a final investment decision by the EP447 Joint Venture.

- Development timeline - Construction of the upstream facilities is expected to commence in 2H 2022 following the endorsement of upstream final investment decisions receipt of necessary permits and approvals, with first gas expected by end CY22/early CY23.
- Marketing arrangements that justify development – Strike has completed several rounds of gas marketing and has received strong demand with the plan to finalise gas contracting processes in Q3/4 CY22.
- Access to transportation infrastructure – The 33 mmscfd and 1,400 bbl condensate storage and offloading upstream facility will directly tie into the Parmelia Gas Pipeline and or the Dampier to Bunbury natural Gas Pipeline.
- Environmental approvals required – The Walyering gas field has completed its Part IV assessment with the EPA recommending it be 'not assessed'. Secondary standard approvals will apply to development of the field.

In respect to the Contingent Resource estimates:

- LR 5.27.3 and 5.27.4 (Aggregation) - The Contingent Resources have been aggregated by arithmetic summation by category, that is 1C, 2C and 3C. As recommended by the PRMS, the 1C, 2C and 3C Contingent Resources have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1C may be a very conservative estimate and the aggregate 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.
- LR 5.33.2 (Basis for confirmation of hydrocarbons and discovery)- The existence of potentially moveable hydrocarbons and the determination of a discovery in the Cattamarra formation was via petrophysical analysis and, in the case of the Cattamarra, flowing of gas to surface from Walyering-1.
- LR 5.33.3 (Analytical procedures and key contingencies) - The estimates have been determined using a combination of deterministic and probabilistic methods based on the data generated from the historical Walyering exploration and appraisal program, this includes interpretation of porosity, hydrocarbon saturation and net reservoir thickness from the logging program, the analysis of potential hydrocarbon columns from the pressure data and the fluid properties derived from the gas samples and applied to the structure map with recovery factors calculated using analogues and industry standards. The key contingencies that prevent the Contingent Resources from being classified as Reserves are (1) demonstration of producing rates and volumes sufficient to sustain economic viability; or (2) commitment to develop (drill) the resources.

In respect to the Prospective Resource estimates:

- LR 5.35.2 (Basis of estimation and further exploration activities) - The Prospective Resource estimates have been determined using a combination of deterministic and probabilistic and methods based on the data generated from the Walyering exploration and appraisal program, this includes interpretation of porosity, hydrocarbon saturation and net reservoir thickness from the logging program, the analysis of potential hydrocarbon columns from the pressure data and the fluid properties derived from the gas samples and applied to the structure map with recovery factors calculated using analogues and industry standards. Activities that may be required to generate conversion of the prospective Resource to a degree of higher classification include, the drilling of a western compartment well or the individual testing and demonstration of producibility of certain Cattamarra reservoirs.
- LR 5.35.3 (Chance of discovery and development) – RISC have listed the Prospective Resources as unrisks. Strike estimates that these Prospective Resources have a high

degree of confidence in being discovered or confirmed with each individual Prospective Resource from each sand or compartment having a different degree of probability based on reservoir makeup, gas saturation, reservoir productivity and thickness. The probability of success for each horizon sits between 40-80% with a 60% chance of development.

### **Competent person's statements**

About RISC Advisory:

The preparation of this report has been managed by Mr. Peter Stephenson who is an employee of RISC. Mr. Stephenson is a member of the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers, the Institute of Chemical Engineering and holds a BSc (Chemical Engineering), University of Nottingham, 1982 and an MEng (Petroleum Engineering), Herriot Watt University, 1984. Mr. Stephenson has over 35 years' experience in the sector and is a qualified petroleum reserves and resources evaluator (QPRRE) as defined by ASX listing rules.

RISC is an independent oil and gas advisory firm. All of the RISC staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts, each with many years of relevant experience and most have in excess of 20 years.

RISC was founded in 1994 to provide independent advice to companies associated with the oil and gas industry. Today the company has approximately 40 highly experienced professional staff at offices in Perth, Brisbane, Jakarta and London. We have completed over 2,000 assignments in 70+ countries for nearly 500 clients. Our services cover the entire range of the oil and gas business lifecycle.

About Strike:

The information in this release that relates to the RISC certified reserve and resource estimates is based on information compiled or reviewed by Mr Andrew Farley who holds a B.Sc in Geology and is a member of the Society of Petroleum Engineers (SPE), and the Petroleum Exploration Society of Australia (PESA). Mr Farley is the Exploration Manager for the Group and has worked in the petroleum industry as a practicing geologist for more than 20 years. Mr Farley has consented to the form and context in which the estimated petroleum reserves, contingent resources and prospective resources and the supporting information are presented.

### **Forward Looking Statements**

Statements contained in this release are or may be forward looking statements. All statements in this release regarding the outcomes of preliminary and definitive feasibility studies, projections and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike. Actual results, performance, actions and developments of Strike Energy may differ materially from those expressed or implied by the forward-looking statements in this release. Such forward-looking statements speak only as of the date of this release. Refer to the 'Summary of Key Risks' section of the release titled "Equity Raising and Corporate Update April 2021" released to ASX on 15 April 2021 for a summary of certain general, Strike specific and acquisition specific risk factors that may affect Strike. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including the risk factors set out in the aforementioned ASX release. Investors should consider the forward looking statements contained in this release in light of those disclosures. To the maximum extent permitted by law



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