

# Independent certification of South Erregulla Wagina gas discovery

- Netherland, Sewell & Associates, Inc. (NSAI) has independently certified net 2C Contingent Resources of approximately 93 PJ (100% Strike)<sup>1</sup> in the Wagina Sandstone, resulting from successful testing at the South Erregulla 1 (SE1) well.
- Drilling at SE1 has now delivered a combined approximate 399 PJ of net 2P Reserves and 2C Contingent Resources across the Kingia and the Wagina Sandstones.<sup>2</sup>
- Testing at the Wagina delivered a peak rate of 35 mmscfd followed by sustained rates of 2 mmscfd with a flowing wellhead pressure of ~350psi on a 32/64 choke.

Strike Energy Limited (Strike - ASX: STX) is pleased to release the updated South Erregulla independently certified Reserves & Resources resulting from the drilling at South Erregulla-1 in Strike's 100% owned EP503.

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

*"With NSAI independently certifying combined net 2P Reserves and net 2C Contingent Resources of approximately 399 PJ in the Kingia and Wagina Sandstones, Strike can now confirm it has the gas feedstock required to progress its integrated low carbon fertiliser development, Project Haber.*

*"Strike has a total of 982 PJ of independently certified 2P and 2C conventional Reserves and Resources across its globally low-cost Perth Basin gas projects.<sup>3</sup> This natural gas endowment has considerable value, particularly at a time when parts of Australia and the rest of the world are experiencing severe energy and fertiliser shortages."*

## South Erregulla Wagina Resources

NSAI has independently certified net 2C Contingent Resources of approximately 93 PJ (100% to Strike)<sup>1</sup> in the Wagina Sandstone within EP503, resulting from the drilling of the first well in the South Erregulla multi-reservoir field. NSAI estimates net 3C Wagina Contingent Resources totalling approximately 184 PJ (100% to Strike). This initial certification confirms the substantial potential in this secondary play across the Erregulla region.

The combined net 2P and 2C Reserves and Resources across both the Kingia and Wagina Sandstones now totals approximately 399 PJ underscoring the outstanding results stemming from the drilling of the 100% owned South Erregulla 1 well earlier this year.

<sup>1</sup> NSAI report dated 17 October 2022. Estimates are based on data as of 30 September 2022. Refer resource tables and Important Notices at the end of this release for information relating to the South Erregulla reserve and resource report.

<sup>2</sup> Representing a combined approximate 128 PJs net 2P Reserves and 271 PJ net 2C Resources. Refer resource tables at the end of this release.

<sup>3</sup> Represents the aggregate 2P Reserves (totaling 371 PJ) and 2C Contingent Resources (totaling 611 PJ) across Strike's South Erregulla, West Erregulla, Walyering and Ocean Hill projects. Refer resource tables at the end of this release for information relating to South Erregulla and West Erregulla reserves and resources, and to ASX announcement dated 20 July 2022 for information relating to Walyering reserves and resources, and ASX announcement dated 10 October 2022 for information relating to Ocean Hill resources. Strike confirms that it is not aware of any new information or data that materially affects the information included in those announcements and that all the material assumptions and technical parameters underpinning the estimates continue to apply.

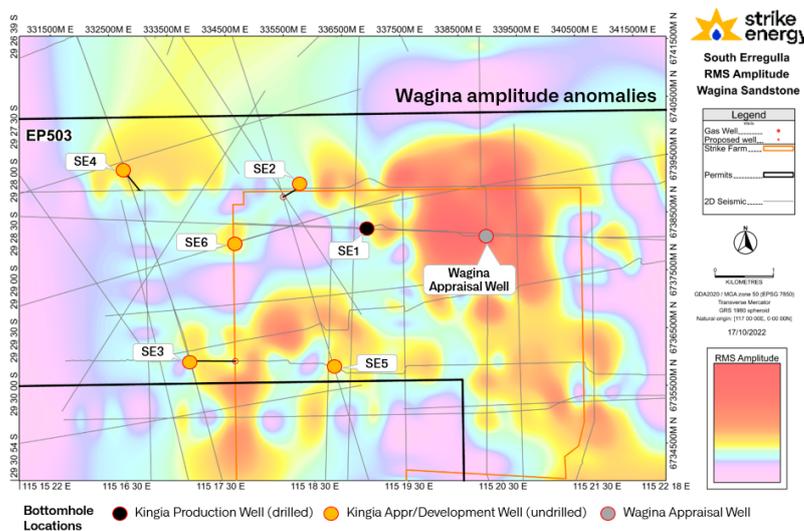
The updated NSAI Reserves and Resources report dated 17<sup>th</sup> October 2022 is based on the drilling, coring, log, seismic and production testing data from the Kingia and Wagina Sandstones in the SE1 well. Appraisal drilling is currently planned for Q2/2023 where the objective of converting the Wagina Contingent Resources to Reserves has now been included.

## SE1 Wagina Flow Testing

SE1 has proven conventional reservoir in the Wagina at ~4,200m (measured depth) with sufficient permeability to reach a peak initial rate of 35 mmscfd with reservoir pressures in excess of 7,000psi. This is a major exploration milestone for the play as it supports the conventional production potential of this Formation at this depth throughout the region. This potential has been confirmed by NSAI's analysis and booking of the conventional 2C Contingent Resources.

During the test, approximately 1,000m of completion fluid remained in the well during the test with the large 5.5" tubing string preventing the complete evacuation of the liquid. As the well was designed for the high-rate Kingia Sandstones, the Wagina did not produce a sustained rate high enough to meet the velocity required to lift the remaining fluid. This fluid likely compromised the final result of the test where sustained rates of 2 mmscfd at a FWHP of ~350psi were observed. These sustained flows are currently interpreted to be the rate at which the lower permeability rock was releasing gas into the higher quality reservoir before flowing to surface. The produced gas was measured to be dry and of a high quality with approximately 4-5% CO<sub>2</sub> and negligible other measured impurities.

The SE1 well was sited to optimally test the deeper potential of the Kingia Sandstones. Prioritizing a successful exploration outcome in the Wagina was not considered in the well design and location during planning of SE1. Strike recognises that there are clear and better locations where strong amplitude supported Wagina anomalies, along with time pushdown, exist directly to the East of SE1 in EP503 and these testing results have significantly upgraded those opportunities. A dedicated future Wagina well will be drilled to convert the Contingent Resources to Reserves and demonstrate the quality of the play.



Strike will now retrieve the downhole gauges before conducting further analysis on the results of the Wagina flow testing. SE1 will be suspended for future production operations.

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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South Erregulla Net Gas Reserves & Resources (PJ)						
100% Strike	1P	2P	3P	1C	2C	3C
Reserves						
Kingia Sandstone	58	128	209	-	-	-
Contingent Resources						
Kingia Sandstone	-	-	-	115	178	254
Wagina Sandstone	-	-	-	42	93	184
<b>Total</b>	<b>58</b>	<b>128</b>	<b>209</b>	<b>157</b>	<b>271</b>	<b>438</b>

Greater Erregulla Net Gas Reserves & Resources (PJ)						
	1P	2P	3P	1C	2C	3C
<b>South Erregulla (100% Strike)</b>						
Reserves	58	128	209	-	-	-
Contingent Resources	-	-	-	157	271	438
<b>West Erregulla (Strike, 50%)<sup>4</sup></b>						
Net Reserves	162	211	251	-	-	-
Net Contingent Resources	-	-	-	9	15	21
<b>Total</b>	<b>220</b>	<b>339</b>	<b>460</b>	<b>166</b>	<b>286</b>	<b>459</b>

### Important Notices

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

The reported South Erregulla Reserves and Contingent Resources in the Kingia and Wagina Sandstones are within Exploration Permit EP503 and have been estimated by NSAI in its 17 October 2022 report based on data as at 30 September 2022. All Reserves and Resources figures in this release are net to Strike. Strike holds a 100% operated interest in Exploration Permit EP503 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 Guide 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. The Contingent 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. For an upstream sales gas development, Strike estimates that negligible fuel consumption will be required by the upstream facilities. Shrinkage is estimated at 9.01% by NSAI with a high energy content of the gas at 1.0743 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 Dampier to Bunbury Natural 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 NSAI on the basis of an upstream sales gas development within EP503 (not taking into account Project Haber as a consumer of South Erregulla gas), with revenue assumptions based on Strike's Western Australia gas marketing processes, and capital and operating cost assumptions based on authorisations for expenditure or actual costs, or near final agreed pricing, for Strike's West Erregulla and Walyering assets. 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 100% operated interest in the EP503 South Erregulla gas field.
- LR 5.31.3 (Permits) – Strike holds Exploration Permit EP503 in respect of the reported Reserves.
- LR 5.31.4 (Description of analysis of Reserves):
  - Basis for confirming commercial producibility and booking reserves - The reserves were deemed commercial on the basis of an upstream sales gas development (not taking into account Project Haber as a consumer of South Erregulla gas) and as screened against the economic assumptions for the West Erregulla and Walyering conventional gas projects to generate net project cashflows with conservative assumptions around capital, abandonment, ongoing

operating costs and sales revenue. These assumptions are commercially sensitive.

- Analytical procedures used – The reserve estimates have been determined using a combination of deterministic and probabilistic methods based on the data generated from the SE1 exploration well, 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;
  - Proposed extraction methods – Reserves will be extracted through conventional gas production; and
  - Specialised processing (if any) – there is no specialised processing required following extraction of the gas.
- LR 5.31.5 (Estimated Quantities (in aggregate) to be recovered) – All reserves listed under the NSAI report are deemed as non-producing and undeveloped and the resulting recoverable quantities of gas reflect the ultimate recoveries of the existing well and one additional well, SE-2.
  - LR 5.31.6:
    - Status of the project –The South Erregulla gas field is in the pre-development phase and is pending the taking of a final investment decision.
    - Development timeline – South Erregulla is intended to be developed first and foremost as the raw gas feedstock supply for Strike’s Project Haber, a 1.4 mtpa urea manufacturing facility to be constructed in Strike’s proposed Low Carbon Mid-West Precinct which overlies part of EP503. To the extent there is surplus gas from South Erregulla, that gas would be supplied into the Dampier to Bunbury Natural Gas Pipeline as sales gas. As such, development of South Erregulla is intended to align with the development timeline for Project Haber, with a final investment decision targeted for 1H 2024 and first gas/fertilisers targeted for end CY26 (subject to, among other things, the timing of all requisite approvals, financing, binding offtake agreement, outcomes of FEED on Project Haber, and the results of the appraisal drilling for South Erregulla in 2023).
    - Marketing arrangements that justify development –A final investment decision to develop the South Erregulla gas field will be dependent upon securing binding offtake agreements. The gas marketing processes Strike has undertaken to date provide Strike with confidence there is sufficient demand for the supply of sales gas. In terms of development of South Erregulla as a feedstock supply for Project Haber, Strike has completed its urea offtake process and has entered into negotiations for a definitive offtake agreement for 100% of the offtake from Project Haber for up to 15 years with Koch Fertilizers.<sup>5</sup>
    - Access to transportation infrastructure – the field will be tied into both the Project Haber fertiliser facility and the Dampier to Bunbury Natural Gas Pipeline.
    - Environmental approvals required – Primary environmental approvals will be required for both the gas field and the fertiliser plant.

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 5.33.1 (Permits) – Strike holds Exploration Permit EP503 in respect of the reported contingent resources.
- 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 Kingia and Wagina Sandstones was via petrophysical analysis and flowing of gas to surface from SE1.
- 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 SE1 exploration well, 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 contingency that prevents the Kingia Sandstone Contingent Resources from being classified as Reserves is drilling of a well to demonstrate commercial flow rates on the other side of the North/South fault to the West of SE1. For the Wagina, it is acquisition of additional technical data that demonstrate producing rates and volumes sufficient to sustain economic viability.

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

About NSAI:

The Reserves and Resources estimated in this announcement have been made by Mr. John. G. Hattner, Sr Vice President at Netherland, Sewell & Associates, Inc. (NSAI). Mr. John. G. Hattner is qualified in accordance with ASX listing rule 5.41 and has consented to the use of the Reserves, and Contingent Resources estimates, and to the form and context in which these statements appear.

NSAI are a worldwide leader of petroleum property analysis to industry and financial organizations and government agencies. NSAI deliver high quality, fully integrated engineering, operational, geological, geophysical, petrophysical, and economic solutions for all facets of the upstream energy industry.

About Strike:

The information in this release that relates to the NSAI certified reserves and resources 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 and contingent 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 (including the ASX Listing Rules), Strike and any of its affiliates and their directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this document to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Strike since the date of this release.