

The Company Announcement Officer ASX Ltd
via electronic lodgement

ORICA AND STRIKE ENERGY SIGN TERM SHEET FOR REVISED 64PJ GAS SALES AGREEMENT & ORICA WITHDRAWS \$7.5 MILLION CLAIM

Strike Energy Limited (**Strike** - ASX: STX) is pleased to announce:

1. **Revised Gas Supply Agreement** - the signing of a binding term sheet by Orica International Pte Ltd (**Orica**) and Strike's wholly owned subsidiary, Strike Energy 96 Pty Ltd, for the negotiation of a new Gas Sales Agreement (**New GSA**) to replace the existing gas sales agreement entered into in 2014 for the supply of up to 250PJ (**Existing GSA**); and
2. **Withdrawal of \$7.5 million claim** - the contemporaneous withdrawal by Orica of its claim for repayment of the \$7.5 million prepayment for gas made under the Existing GSA, as was announced by Strike on 1 June 2017.

The New GSA supports the commercial development of Strike's Southern Cooper Basin Gas Project in PEL96 (Strike 66.67% and operator; Energy World Corporation Ltd (ASX: EWC) 33.33%) and continues to provide attractive returns to Orica as a foundation customer.

The key terms agreed between the parties for the New GSA are as follows:

- Strike to supply Orica 64PJs of gas to be produced from PEL 96 at a post ramp-up rate of 6.4PJs per annum, at an improved price that supports the commercial development of the project. Supply is conditional upon the PEL96 joint venture taking a final investment decision on a 50TJ/day commercial project;
- Orica to have a right of first refusal for supply of gas produced from any commercial project in PEL96 smaller than 50TJ/day on which a final investment decision is taken by the PEL96 joint venture, with any such supply netted off the 64PJ total contract quantity;
- Orica to have a right to repayment of the \$7.5 million prepayment for gas made by it under the Existing GSA in certain defined circumstances relating to the progress and development of the targeted 50TJ/day project.

Additionally, Orica has agreed to extend the date for repayment by Strike of the \$2.5 million loan made by it in 2013 from 30 June 2018 to 31 December 2021, effective upon execution of the New GSA. The loan will accrue interest from 15 July 2018 at 5.8% per annum and the principal and accrued interest will be convertible into Strike ordinary shares, in whole or in part at Orica's election at any time after 1 September 2018 until the maturity date, at a conversion price that is equal to the 30-day volume weighted average price but not less than 20 cents. The shares will be issued without shareholder approval.

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17 August 2017

The parties have suspended the operation of their existing termination rights under clause 3.8 of the Existing GSA until 15 September 2017 to allow them the opportunity to execute the New GSA. The term sheet will expire on 8 September 2017 if the New GSA is not executed by that date. Expiry of the term sheet in that circumstance could lead to either party exercising existing rights to terminate the Existing GSA from 16 September 2017 onwards.

ENDS

Investor and Media Contact:

Stuart Nicholls

Chief Executive Officer

Phone: +61 432 587 808

email: stuart.nicholls@strikeenergy.com.au

Matthew Montano

Company Secretary

Phone: +61 2 9195 5600

Email: matthew.montano@strikeenergy.com.au