

South Erregulla Peaking Gas Power Station Final Investment Decision

- Strike's Board of Directors have taken an unconditional final investment decision (FID) and sanctioned the South Erregulla fully integrated peaking gas power station development.
- South Erregulla will now transition into the execution phase with a \$137¹ million budgeted development cost.
- FID economics have improved substantially since completion of the feasibility studies released in June with an increased modelled plant utilisation and higher than expected future capacity credit pricing.
- Commissioning of the power station is to be completed before October 2026 in order to commence energy sales and receive capacity credit payments.

Strike Energy Limited (Strike - ASX: STX) is pleased to announce that its Board of Directors have taken an unconditional Final Investment Decision and sanctioned the South Erregulla peaking gas power plant development (the Project) in Production License L24 (100% STX).

Strike's Chief Executive Officer & Managing Director Stuart Nicholls said:

"Today's development decision marks the second leg in Strike's Perth Basin Gas Acceleration Strategy and the beginning of a new and highly attractive integration into peaking power."

"The integration of South Erregulla's gas Reserves into peaking gas power generation takes advantage of the proximal metro electricity transmission infrastructure to the gas field and the incremental value that integrated gas to power projects can generate from the spark-spread during short term power prices coinciding with lower renewable generation."

"WA's electricity generation is in a state of transition from relying on its aging coal fired power units to incorporating increasing amounts of renewable energy. Strike's peaking gas power station is a highly complementary facility with the ability to firm these renewables and support the State in this transition whilst underwriting the reliability of the State's primary grid."

Key Project Details

The fully integrated South Erregulla peaking gas power station is designed to deliver 85 MW of firming power into the South West Interconnected System via a connection to the existing 132 kVa line between Geraldton and Three Springs. The Project will be constructed on the 3,500ha strategic land holding known as the Precinct, which sits above the South Erregulla gas field and on Production License L24, all of which are 100% owned by Strike.

The Project has been awarded Reserve Capacity Credits commencing in the 2026-27 year and Network Access Quantity in order to deliver energy into the grid. The published price of the first year of capacity payments is ~\$216k per MW per annum (~\$18.3 million)² and is estimated by the Economic Regulation Authority to increase towards the recently released Benchmark Reserve

¹ Refer to capital estimate on page 2.

² Capacity price is a floating price that can vary from capacity year to capacity year. The published price applies to the 2026 capacity year only.

Capacity Price for the 2027-28 year of \$354k per MW per annum (~\$31 million), which is higher than Strike's previous forecasts.

Positively, the power station is estimated to have an increased utilisation from 18.8% to at least 30% based on updated electricity demand and supply modelling following data released by AEMO during the 2026 Capacity Credits process. Energy production will be fueled by South Erregulla's 82 PJs of 2P Reserves and 2C Resources³, where existing 2P Reserves will support more than 20 years of operations at this higher utilisation (~2 PJs per annum).

The Economic Regulation Authority of WA has updated the Energy Offer Price Ceiling for electricity sales into the Real-Time Market within the Wholesale Electricity Market, increasing the ceiling price by 49% from \$738 MWh to \$1,100 MWh⁴. This policy change may result in higher than forecast revenue generation from energy sales during peak periods from the South Erregulla power station.

The cost to complete and commission the Project is estimated at \$137m, which includes a contingency allowance of 10%. Commissioning of the plant is to be completed prior to October 2026 in order to commence energy sales in the 2026-27 capacity year.

The construction of the Project will be funded by Strike's recently announced and increased \$217 million financing package with Macquarie Bank Limited⁵ and the free cash flow generation from Strike's producing Walyering gas project.

Over the first five years, the power station is expected to generate \$50-55 million per annum of revenue based on energy and capacity price forecasts from Strike's independent consultants. These revenues are made up of approximately 60% in energy sales and 40% in capacity revenues with previously estimated ancillary services not included in the FID modelling.

The South Erregulla peaking gas power station investment case (using the assumptions, schedule and inputs below) generates an attractive pre-tax Net Present Value of \$250 million and a 27% Internal Rate of Return (100% net to STX).

FID Assumptions, Schedule and Inputs

Key Economic Input / Output	
Start date	01-Oct-26
Operating life	21 years
South Erregulla Independently Certified 2P Reserves ⁶	45 PJ
Capex (nominal)	\$137m
Opex (2024\$)	\$7.1m pa
Utilisation	30%
Average realised energy price (2024\$)	\$135 MWh
Reserve capacity price (Years 1) (nominal)	\$216k per MW pa
Reserve capacity price (Years 2) ⁷ (nominal)	\$354k per MW pa
Forecast average reserve capacity price (Years 3+) (nominal)	\$258k per MW pa
NPV₈ (Pre-tax unlevered)⁸	\$250 million
IRR	27%

³ Refer to Important Notices for information on Reserves and Resources estimates. Comprising 45 PJs 2P Reserves and 37 PJs 2C Resources, 100% to Strike.

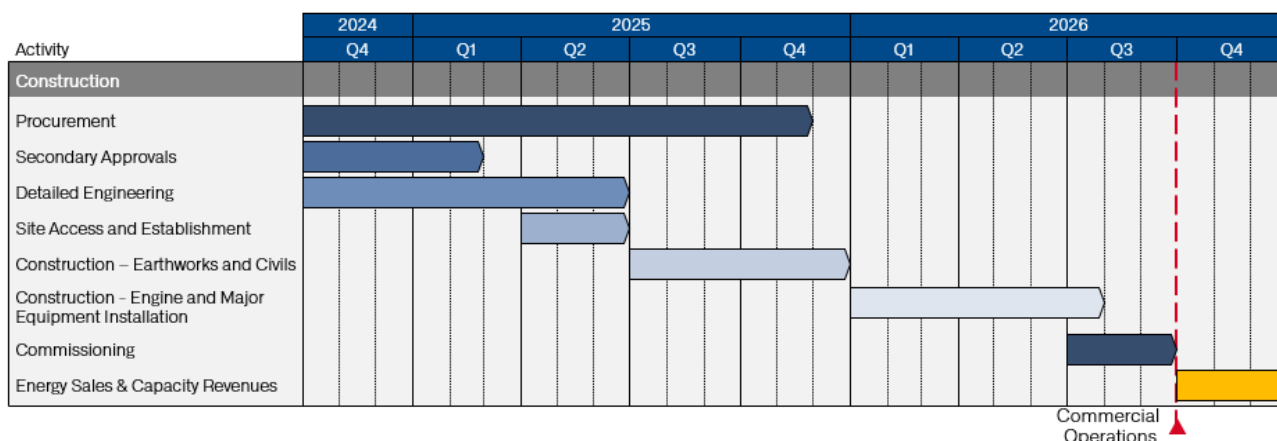
⁴ Source: www.erawa.com.au/cproot/24370/2/EOPC-2024-Energy-Offer-Price-Ceiling-second-draft-determination-redacted.PDF

⁵ For further information see ASX announcement dated 27 November 2024 entitled "Development Funding Package Increased".

⁶ Refer footnote 3 above.

⁷ Draft Benchmark Reserve Capacity Price published by the Economic Regulation Authority on 6 November 2024 and is subject to change on final Capacity Price release by AEMO on 1 October 2025.

⁸ 8% discount rate used versus traditional 10% for Aus O&G projects due to large percentage of underwritten revenues by AAA-credit rated WA Government through capacity payments.



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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Important Notices

Power Project

Further details of the Power Project are set out in ASX release dated 24 June 2024 entitled “Peaking Power Plant submission supported by South Erregulla”.

Notes to Economic Assumptions

Economic Input / Output	Source
Start date	AEMO Capacity Year 2026-27
Operating life	Strike modelling
South Erregulla Independently Certified 2P Reserves	Netherland, Sewell & Associates Inc
Capex	Strike estimates, 67% of total is fixed (engines) or quoted packages
Opex	Increva & Strike estimates
Utilisation	AEMO & Strike modelling
Average realised energy price	Incite Energy
Reserve capacity price (Years 1)	AEMO
Reserve capacity price (Years 2)	ERA-WA & AEMO
Forecast average reserve capacity price (Years 3+)	Aurora Energy Research

The Project’s pre-tax valuation and rate of return is most sensitive to utilisation and energy price. These two factors have a somewhat inverse relationship. Reduced utilisation will likely result in a higher average realised energy price whilst higher utilisation will likely result in a lower average

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realised energy price. Incite Energy models an increase in the target utilisation of +5% likely results in a decrease in average realised energy price to ~\$130/MWh (2024\$) and a pre-tax NPV increase to \$280m and pre-tax IRR of 29%. A -5% reduction in target utilisation likely results in an increase in average realised energy price to ~\$140/MWh (2024\$) and a pre-tax NPV decrease to \$220m and pre-tax IRR of 25%.

Reserves and Resources Information

Unless otherwise stated, references in this report to the South Erregulla Reserves and Resources Estimate is to the reserves and resource estimates set out in ASX announcement dated 24th June 2024 entitled “South Erregulla Reserves”. This announcement is available to view on Strike Energy's website at www.strikeenergy.com.au. Strike confirms it is not aware of any new information or data that materially affects the information included in the referenced announcement and that all the material assumptions and technical parameters underpinning the estimates in that announcement continues to apply.

Forward looking Statements

Statements contained in this release, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as ‘project’, ‘foresee’, ‘plan’, ‘expect’, ‘budget’, ‘outlook’, ‘schedule’, ‘estimate’, ‘target’, ‘guidance’, ‘aim’, ‘intend’, ‘anticipate’, ‘believe’, ‘estimate’, ‘may’, ‘should’, ‘will’ or similar expressions. Forward looking statements including all statements in this document regarding projections, guidance on future earnings 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 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 document. Refer to the risk factors set out in Talon Energy Limited’s Scheme Booklet dated 3 November 2023 in relation to the acquisition by Strike Energy (through its wholly owned subsidiary) of all of the issued shares in Talon Energy by way of scheme of arrangement pursuant to Part 5.1 of the Corporations Act 2001 (Cth) for a summary of certain general, Strike Energy specific and acquisition specific risk factors that may affect Strike Energy. There can be no assurance that actual outcomes will not differ materially from these statements. 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 release will under any circumstances create an implication that there has been no change in the affairs of Strike since the date of this document.