



STRATA-X

ENERGY

STRATA-X REVISES SEROWE CSG PROJECT HEADS OF AGREEMENT TOGETHER WITH PRIVATE CDI PLACEMENT

Highlights

- On 5 March 2020 Strata-X announced a Heads of Agreement with BotsGas Pty Ltd (“Botsgas”) for a staged farm-out program designed to de-risk the Serowe CSG Project and, if successful, to prove sufficient reserves to secure a foundation Gas Sales Agreement.
- Due to execution complexities surrounding the COVID-19 pandemic, the parties have agreed on a revised structure for Botsgas to farm-in to the Serowe CSG Project.
- The revised Heads of Agreement (which replaces the terms announced on 5 March 2020):
 - requires Botsgas to pay SXA AUD\$300,000 by 30 June 2020 (“JV Payment”).
 - provides for Strata-X and Botsgas to enter into a definitive joint operating agreement on or before 30 November 2020 pursuant to which Botsgas is required to sole fund USD\$4.6 million of joint venture expenditure within 2 years of the JV Payment; and
 - requires Strata-X to transfer a 49% interest in its tenements in Botswana to Botsgas upon entry into the definitive joint operating agreement.
- In addition to the \$300,000 JV payment, Botsgas has agreed to a private placement of 5,000,000 CDIs (with attaching options) at a price of A\$0.06 for gross proceeds of A\$300,000 (“Placement”), to be completed by 2 June 2020.

ASX disclosure note - 5.28.2 – Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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STRATA-X ENERGY LTD - BRISBANE, QUEENSLAND AUSTRALIA and VANCOUVER, BRITISH COLUMBIA CANADA – April 27, 2020

The directors and management of Strata-X Energy Ltd. (“Strata-X” or the “Company”) (TSX-V:SXE) (ASX:SXA) are pleased to announce that Strata-X has negotiated a revision of the terms upon which Botsgas Pty Ltd (“Botsgas”) will participate in the development of the Company’s Serowe CSG Project in Botswana (“Project”). These new terms replace those previously announced to the market on 5 March 2020 (“Previous Announcement”).

As a result of global travel restrictions due to the COVID-19 crisis, Strata-X and Botsgas have reviewed the exploration program and timing contemplated under that Heads of Agreement and have reached agreement to revise the structure of Botsgas’s participation in the project. The result of this review is that Strata-X and Botsgas have agreed to replace the farmin structure as outlined in the Previous Announcement with a new structure for proceeding to a joint venture to develop the Project (“Revised HOA”).

Under the Revised HOA, the parties will proceed directly to the negotiation and entry into a joint operating agreement for the development of the Project with Botsgas receiving a 49% interest and Strata-X retaining a 51% interest (and the role of Operator). None of the terms as outlined in the Previous Agreement carry over to the Revised HOA.

In conjunction with the Revised HOA, Botsgas has also agreed to make a A\$300,000 investment into the Company through a private placement of ASX CHESS Depository Interests (“CDIs”)(with attaching options) at an issue price of A\$0.06 (“Placement”). Completion of the Placement is a condition precedent to progression with the restructured farmin arrangements under the Revised HOA.

Placement

Botsgas has entered into a Subscription Agreement to subscribe for a Placement of 5,000,000 Units issued by the Company at a price of A\$0.06 per Unit for gross proceeds of A\$300,000. Each Unit consists of one CDI and one half of one option. Each option will be unquoted and exercisable into one CDI at an exercise price of A\$0.07 up until 31 May 2022 (“Option”).

Each Placement CDI will represent one common share of Strata-X and will rank equally with existing CDIs. All CDIs issued pursuant to the Placement are to be fully tradable and listed on the ASX, subject to the necessary approvals by the TSX-V and ASX, respectively. Completion of the Placement is due on (or before) 2 June 2020.



Funds raised from the Placement will be used primarily for progression of the Surat Basin (Queensland, Australia) CSG project, ongoing exploration, environmental and development studies of the Serowe (Botswana) CSG Project, lease maintenance and general working capital purposes.

Upon issue, the Units will be subject to a restriction agreement preventing Botsgas from disposing of the Units until 2 June 2021. The CDIs and Options will be issued under the Company's existing ASX placement capacity as follows:

- 5,000,000 CDIs issued under Listing Rule 7.1A.2; and
- 2,500,000 Options (unquoted) issued under Listing Rule 7.1.

Further information in relation to the Placement is contained in the Appendix 3B lodged in conjunction with this announcement.

Revised Heads of Agreement

The key terms of the Revised HOA are as follows:

Placement

Progression of the Revised HOA is subject to completion of the Placement by Botsgas on or before 2 June 2020. If Botsgas does not complete the Placement, the Company may either waive this requirement or terminate the Revised HOA.

Exclusivity

Strata-X cannot deal with any third parties in relation to the Botswana Tenements until at least 30 November 2020.

Joint Venture Payment

The Revised HOA requires Botsgas to pay Strata-X the sum of AUD\$300,000 by 30 June 2020. SXA is entitled to use this sum for the Serowe CSG Project with input from Botsgas. Any work produced from such expenditure will remain the property of Strata-X until such time as the parties enter into the Joint Operating Agreement.

Joint Operating Agreement

The parties must enter into a Joint Operating Agreement with respect to the development of the Serowe CSG Project by no later than 30 November 2020.



Upon receipt of the Joint Venture Payment and entry into the Joint Operating Agreement, the Company will transfer to Botsgas a 49% interest in the Botswana Tenements. Strata-X will retain a 51% interest of the Botswana Tenements upon commencement of the Joint Operating Agreement.

Pursuant to the Joint Operating Agreement, Botsgas must solely fund USD\$4.6 million of joint venture expenditure within 2 years of the Joint Venture Payment being paid to SXA ("Expenditure Deadline"). Strata-X will be the Operator of the Project under the Joint Operating Agreement and will determine the joint venture budgets and use of funds in consultation with the management committee.

If Botsgas does not meet the USD\$4.6 million obligation by the Expenditure Deadline, then its interest in the Botswana Tenements will be reduced to the percentage of the expenditure target which has been satisfied. For example, if the expenditure met is only USD\$3.8 million (ie. 82% of the targeted expenditure), the earned interest will be reduced to 40%. The Expenditure Deadline can be extended by the Company by an additional 6 months if insufficient cash calls have been made by the Company during the initial two-year period. Future cash calls will otherwise be funded by Strata-X and Botsgas in accordance with the terms of the Joint Operating Agreement.

The terms of the Joint Operating Agreement must otherwise reflect provision for the usual terms of such arrangements, including with respect to (without limitation):

- contributing to the expenses of the joint venture in accordance with their respective participating interest (other than where there is a Botsgas sole funding requirement);
- dilution of interest in the event of a failure to meet on-going funding commitments;
- formation of a management committee to develop work programmes and budgets for all exploration, development and production activities of the joint venture and to agree, oversee and manage those work programmes and budgets, although with use of funds and budgets to be at the sole discretion of Strata-X in consultation with the management committee;
- otherwise in accordance with AMPLA Model Petroleum Joint Operating Agreement except to the extent such provisions are inconsistent with these key terms.

The terms of the Joint Operating Agreement remain to be negotiated by Strata-X and Botsgas and will be announced to the market once an agreement has been reached. If the terms of the Joint Operating Agreement cannot be agreed between the parties, the terms will be referred to expert determination.

If a Joint Operating Agreement is not entered into by 30 November 2020 because Botsgas does not wish to proceed with the Joint Operating Agreement, then the Revised HOA may be terminated. In such event, the Placement and Joint Venture Payment must still be completed (if not already completed) and remain to the benefit of the Company.



Transfer of Interest to Botsgas

As noted above, by complying with the Revised Heads of Agreement, and upon the Joint Operating Agreement coming into effect, Botsgas will earn a 49% interest in the Botswana Tenements - which interest will be reduced proportionately if Botsgas does not meet its funding commitment over the first two years of the Joint Operating Agreement. Thereafter, the retention of the interest by Botsgas (and also by Strata-X) will be dependent upon meeting future contributions to funding requirements as required under the Joint Operating Agreement.

By order of the Board of Strata-X Energy Limited

About Strata-X

Strata-X is a Brisbane, Queensland, Australia based company and is engaged in the business of CBM exploration and appraisal in Queensland, Australia and the Republic of Botswana. Strata-X has 107,538,318 common shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

About Botsgas

BotsGas Limited is an Australian oil and gas exploration and development company focused on opportunities for natural gas in the form of coal-bed methane (CBM) in Botswana. BotsGas and SXA share the same vision of gas underpinning a transition to cleaner energy solutions within southern Africa. www.botsgas.com

The Company's target is to establish material gas reserves while jointly pursuing off-take agreements for the Strata-X/Botsgas joint ventures gas resources in Botswana. BotsGas plans to list on the ASX in 2021 with a CBM off-take agreement in place with IK Holdings (a CBM-to-power company), targeting Botswana's domestic market hungry for reliable clean energy as well as market gas and power to neighboring South Africa in the future

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This announcement was made in Canada for the TSX.V and in Australia for the ASX.

Public documents for Strata-X Energy Ltd. can be found at SEDAR (Canada) (www.sedar.com) and ASX.com.au (Australia).

- (1) *Prospective and Contingent Resources figures are from an audit report prepared by Timothy Hower of MHA Petroleum Consultants, a qualified independent reserves auditor, dated and effective 10 May 2019 following MHA's audit in accordance with the COGE Handbook of the available technical data including the geological interpretation, information from relevant nearby wells, Company drilled wells, analogous reservoirs and the proposed program for the Project, prepared and presented to MHA by Strata-X. Tim Hower is a member of the Society of Petroleum Engineers and has consented to the resources estimates in the context they appear. Stated Prospective and Contingent Resources are based on, and fairly represents, information and supporting documentation prepared and/or audited by, or under the supervision of Timothy Hower. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development project. Prospective Resources have both an associated chance of discovery and a chance of development. A high level of uncertainty exists with the Prospective resources given the lack of historical drilling, available data and other productivity factors that limit the economic viability of coal seam gas deposits. The reports Prospective and Contingent Resources are over Prospecting Licenses Strata-X holds for methane production the Republic of Botswana. Actual sales from the Prospecting License cannot begin until converted by Strata-X election and environmental filings to the Republic of Botswana. Stated Prospective Resource figures are Best Estimate estimated using deterministic method – unrisks, undiscovered natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project and are derived from coal characterization data from the 19B-1 well comprised of 10 net metre of coal, gas saturation yields of 120 cubic feet per ton, coal density of 1.7g/cm and using a 75% recovery factor. Stated Contingent Resource figures are Best Estimate – natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project and are derived from coal characterization data from the 19B-1 well comprised of 10 net metre of coal, gas saturation yields of 120 cubic feet per ton, coal density of 1.7g/cm and using a 75% recovery factor. Contingent Resources stated are estimated using low, best and high analytical inputs, using deterministic method. Contingent Resources were extrapolated over an area of 15km² using the coal characterization of the 19B-1 well which area assumes consistent coal characterization as seen in the 19B-1 well over this area. Contingent Resources stated are prevented from being reserves until sufficient production tests are carried out and to date these tests have not been carried out. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Project's development. There is no certainty that any portion of the Prospective Resources will be discovered, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The 19B-1 well is located at Long 22.9541/Lat-22.1804 and the fully cored historical Botswana government well named ML-1 is located at Long 25.9299/Lat-22.1793.*

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements, which relate to future events or future performance, including but not limited to, the completion and size of the Placement, receipt of regulatory approvals and timing thereof, the Corporation's business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management's current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and third party approvals and completion of the Placement and stability of general economic and financial market conditions. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions is intended to identify forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions in North America and globally, risks associated with liquidity and capital resource requirements, that may cause future results to differ materially from those expected and the forward-looking statements included in this news release should not be unduly relied upon. See also "Risks Factors" in the Company's Annual Information Form available on SEDAR at www.sedar.com. Those factors are not, and should not be construed as being exhaustive. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.