STRATA-X ENERGY

Quarterly Activities Report

For Quarter Ended
30 June 2020

Company Quarter Highlights

- **Strata-X and Real Energy Ltd have entered into a binding Scheme Implementation Agreement to merge and become Pure Energy, an ASX listing Company focused on developing its considerable natural gas resources (as announced after the period).**
- **Strata-X and Real Energy Ltd, 50/50 joint venture partners of a highly prospective 154km2 tenement in the Walloon CSG fairway in Queensland Australia called 'Project Venus', expects to begin operations on the Connor-1 re-entry to test the targeted coals in August 2020.**
- **Due to execution complexities surrounding the COVID-19 pandemic, Strata-X executed a revised Heads of Agreement with BotsGas Pty Ltd ('BotsGas') for a farmin program designed to de-risk the Serowe CSG Project and, if successful, prove sufficient reserves to secure a foundation Gas Sales Agreement (GSA).**
- **Strata-X Serowe CSG Project farm-in partner – Botsgas Pty Ltd, subject to the Revised Heads of Agreement, has made its first Joint Venture Payment to Strata-X totaling A$300,000. Funds will be used to advance the Serowe CSG Project through enhanced mapping and, subject to COVID-19 travel restrictions, drilling of a test well.**

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.

STRATA-X ENERGY LTD
ARBN - 160 885 343

Pure Energy – Strata-X/Real Energy Merger

As announced on 15 July 2020, Strata-X Energy Limited and Real Energy Corporation Limited (ASX: RLE) ("Real Energy") (collectively the "Companies") have entered into an arm's length binding Scheme Implementation Agreement dated July 15, 2020 ("SIA") to pursue a nil premium merger whereby Real Energy shareholders will receive one (1) new Strata-X share for three (3) Real Energy shares that they own. A copy of the SIA is attached to this announcement.

The combination of Strata-X and Real Energy will be renamed Pure Energy Corporation Limited ('Pure Energy') and represents a compelling opportunity to create a material gas business from the significant 100% owned gas resources contained within projects located in the Surat and Cooper Basins in Queensland and the Republic of Botswana.

PURE ENERGY'S GAS PROJECTS OFFER SIGNIFICANT COMPANY GROWTH POTENTIAL (POST-MERGER)

Pure Energy's Project Venus is located within the Walloon CSG fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin.[(1)]

In addition, the merged entity's 100% owned broader asset portfolio in Australia and the Republic of Botswana presents further upside potential. Pure Energy will have a total 11.8 TCF[(1,2,3)] of Prospective Gas Resources with 770 BCF of 3C[(2)] and 353 BCF of 2C[(2,3)] Contingent Gas Resources. Stated Prospective Resource figures are from a Report dated 10 December 2019 by Timothy Hower, Senior Advisor at MHA Petroleum Consultants for Project Venus along with Prospective and Contingent Resources for the Serowe CSG Project by the same author in a report dated 10 May 2019 and for the Windorah Gas Project in a report dated 5 June 2015 from Paul Szatkowski, Senior VP of DeGolyer and MacNaughton.

Pure Energy's gas projects have several common attributes:

1. Wells are drilled that prove the gas resources are present including third party certifications.
2. The primary technical risk is finding completion methods to prove commercial gas flows.
3. Over the next 12 months, Pure Energy plans to use innovative well completion and non-frack reservoir enhancement methods with the goal to prove commercial gas flows.
4. Proving commercial gas flows is the precursor to predictable reserves increases and the potential for substantial company growth.
5. All three gas projects have ready gas markets.

The merger of Strata-X Energy and Real Energy into Pure Energy has the goal to create the next ASX energy growth stock. With the significant resources in the three gas projects and finding the keys to unlock those resources, this goal is achievable.

Pure Energy targets lower emissions and joining the Hydrogen Economy

Pure Energy's vision is to lower emissions initially through substitution of methane for coal and diesel. Pure Energy is also investigating the feasibility of building a methane to hydrogen plant in Gladstone. Looking ahead, one of Pure Energy's goals is converting methane to hydrogen and value add graphite products using a hybrid methane pyrolysis method.

Merger to reduce administration costs and combine technical and management expertise

The removal of duplicate administrative functions and listing costs delivers significant cost savings to the merged entity. Scott Brown, Real Energy's current Managing Director is the nominated Managing Director for Pure Energy. Strata-X Energy's current Executive Chairman, Ron Prefontaine, a 41-year veteran and one of the pioneers of CSG in Australia, is the nominated Chairman of Pure Energy.

More information about the Merger can be found in a presentation posted to both Companies' websites.

(1) ***WINDORAH GAS PROJECT –*** *LR 5.25.1 – The Contingent Resources are reported as at 31 July 2019. LR 5.25.2 – The petroleum resources are contingent resources. LR5.25.3 – There are currently no reserves in the permit. Estimates for contingent resources have not been adjusted for development risk LR 5.25.5 – The contingent resources are reported as 100% share. LR 5.25.6 - The stochastic method was used to estimate contingent resources in ATP 927P. The stochastic method is based on assigning a statistical distribution to each of the various parameters of the volumetric calculation of recoverable hydrocarbons (in this instance gas) and varying them in a Monte Carlo simulation. LR 5.27.3 – Arithmetic summation has been used in each category to determine Contingent Resources LR 5.33.1 – The contingent resources are reported for Authority to Prospect (ATP927P) in the State of Queensland. LR 5.33.2 – The existence of a significant moveable hydrocarbons are determined by the results of 4 petroleum wells and the flow of gas to surface from these wells. LR 5.33.3 – The analytical procedures used to estimate the contingent resources are based on the Petroleum Resource Management System (PRMS). The key contingent that prevents the contingent resource from being classified as petroleum reserves are production rates and recoverable volumes. Based on the correlations between wells and volumetric calculations, there appears to be sufficient reservoir to provide the recoverable volumes. However, it appears that fracture stimulations may not currently be contacting sufficient reservoir to provide commercial recoveries. LR 5.33.5 The Contingent Resources relate to unconventional petroleum resources with an area of approximately 1,718 sq kilometres in which 4 petroleum wells have been drilled. LR 5.41 - The contingent Resources for Queenscliff area are prepared by DeGolyer & MacNaughton, al leading international consulting firm in June 2015 and for Tamarama are are prepared by Aeon Petroleum Consultants, an independent petroleum engineering firm, whose principals are James R. Weaver, P.E. and Stephen E. Dunbar. LR 5.42 - The information contained in this release pertaining to the ATP927P contingent resources estimates are based on, and fairly represent, information prepared under the supervision of Mr James Weaver, CEO of Aeon Petroleum Consultants. Mr Weaver is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules and consents to the inclusion in this release of the contingent resources and prospective resources estimates related information in the form and context in which that information is presented.* ***ATP 927P Prospective Resources*** *and Queenscliff area contingent resources estimates are based on, and fairly represent, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton in 5 June 2015. Mr Szatkowski is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules. The prospective resources figures have been adjusted on a pro-rata basis for the reduced area of*

Features of Project Venus – Queensland Australia

- **Stage 1 of the Connor-1 re-entry program at Project Venus expected to commence in August 2020 – this program includes abrasive jetting and water influx testing over the 26 metres of ~100% gas saturated Juandah coal seams intersected in Connor-1 between 405 and 645 metres depth as required to design the Stage 2 Connor re-entry program.**
- **Strata-X Energy Ltd ("Strata-X") and Real Energy Ltd ("Real") 50/50 joint venturers on a highly prospective Surat Basin (Australia) Coal Seam Gas (CSG) tenement targeting Walloon coals.**
- **Project Venus has a 329 Bcf Prospective Resource net to Strata-X. (1)**
- **The tenement is surrounded by major CSG producing tenements and covers 154 km2 approximately 9 km west of Miles, Queensland.**

Project Venus is located within the main Walloon CSG fairway in the Surat Basin, Queensland. It is immediately adjacent to gas infrastructure and is prospective for CSG over the entire area of ATP 2051. A recent independent review of the data within and around the permit certified a Prospective Gas Resource of 658 BCF (694 PJ) gross, 329 BCF (347 PJ) net to Strata-X in the Walloon coal seams in ATP 2051.(1) Given the location of the Venus Project adjacent to gas infrastructure, the JV plans to expedite appraisal and conversion of resources to reserves to fast track development

There are several previously drilled CSG and conventional wells located within and around ATP-2051 including a fully cored well indicating the upper Walloon coal seams are fully gas saturated. One of the historic wells in the permit, the Connor-1 well, was drilled immediately adjacent to the core hole, then cased and underreamed but never properly flow-tested.

The Project Venus JV expects to begin ground operations on the Connor-1 well in August 2020 to reservoir-enhance and flow-test the upper Walloon coals. The re-entry flow-test program is designed to prove sufficient water flows to allow efficient dewatering and early gas flows from the fully gas saturated upper Walloon coal seams.

Assuming the Connor-1 re-entry flow-test goes to plan, the Project Venus JV expects to drill two wells offsetting Connor-1 and fully equip the three wells as a production pilot program. This program will include long term flow-testing of the upper Walloon coals with the objective to prove commercial gas flows rates.

Once commercial gas flow rates are achieved in the pilot program, the Project Venus JV can commence progressively converting the 658 BCF (694 PJ) Prospective Gas Resource to reserves with the goal to fast track development of the project thereby offering the potential for early cash flows.

Real and Strata-X formed a 50:50 joint venture for Project Venus where Real will be the administrative and commercial operator while Strata-X, at least for the initial phase to predictable reserves certification, will be the technical operator.

(3) Prospective LR 5.25.1 – The Prospective resources are reported as at 10 December 2019 LR 5.25.2 – The petroleum resources are Prospective Resources in accordance with SPE-PRMS. LR5.25.3 – There are currently no reserves in the permit. Estimates for prospective resources have not been adjusted for development risk LR 5.25.5 – The Prospective resources are reported as 100% - Strata-X's share is 50%. Gross royalty over Project Venus is 10%. LR 5.25.6 - The prospective resources volumes were obtained by deterministic method, calculating the potentially recoverable portion of the gas-in-place using the overall prospect area, the mapped net coal thickness, raw gas content and coal density, as well as a range of estimates of the gas recovery factor of the coals. The review was carried out in accordance with the standards in the Canadian Oil and Gas Evaluation Handbook as amended from time to time, maintained by the Society of Petroleum Evaluation Engineers. This leads to a Best Estimate of prospective resources in the subject areas of 658 Bcf, a Low Estimate of 526 Bcf, and a High Estimate of 789 Bcf (all numbers are gross 100% volumes). There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. LR 5.28.1 – The Prospective Resources estimate is based on best estimate and low and high estimate. LR 5.28.2 - Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons. Prospective Resource assessments in this release were estimated using probabilistic methods in accordance with SPE-PRMS standards. LR 5.35.1 – The Prospective Resources are reported for the area ATP2051 (previously PLR2019-1-11) in the State of Queensland. LR 5.35.2 – The existence of a significant moveable hydrocarbons are determined by the results of previous petroleum wells in and around the permit area and review of seismic data. LR 5.35.3 – The changes of the Prospective Resources being converted to a higher PRMS designation (i.e contingent resource or reserves) is high and there is a high degree of confidence in leading to development status however there are the usual risks associated with a gas resource of this type- see Cautionary Statement above.

Features of Serowe CSG Project – Republic of Botswana

- **Serowe CSG Project is a 1,129,000 acre (4,572 KM2) coal bed methane project, with a Prospective Gas Resource of 6.08 Tcf. [3]**
- **Strata-X executed a (revised) Heads of Agreement with BotsGas Pty Ltd ('Botsgas') for a staged farm-in program designed to de-risk the Serowe CSG Project and, if successful, prove sufficient reserves to secure a foundation Gas Sales Agreement (GSA).**
- **Subject to execution of a JOA by November 2020, BotsGas will fund up to USD$4.6 million of Serowe CSG Project development costs.**
- **Full EIA approved on the Botswana Serowe CSG project that grants Strata-X the right to drill and test up to 75 additional wells (95 Total) over the 2.38 Tcf Prospective Resource high-grade area.**
- **BotsGas agreed to pay AUD$300,000 by 30 June 2020.**
- **In addition to the AUD$300,000, BotsGas agreed to a private placement of AUD$300,000 at $0.06 per share to be completed by 31 May 2020.**

The Serowe CSG Project is located in the Kalahari Basin CSG fairway in Botswana Africa. In total, the Project spans 1,129,000 acres in the heart of the Kalahari CSG Fairway with all tenements primary exploration terms extending to 2025 and in perpetuity when commercial production is established. Of the Project holdings, 330,000 acres (1,475sq. km) are located within the Company's interpreted CSG high-grade area.

In early March 2020, Strata-X in an effort to realize its considerable shareholder value in the Serowe CSG Project, executed a Heads of Agreement to develop the project with Australia based BotsGas Pty Ltd. Due to execution complexities surrounding the COVID-19 pandemic, Strata-X and Botsgas agreed to a revised structure for BotsGas to farmin to the Serowe CSG Project in April 2020.

Under the Revised HOA, the parties will proceed directly to negotiating and entering 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 made a A$300,000 investment into the Company through a private placement of ASX CHESS Depository Interests (with attaching options) at an issue price of A$0.06 ("Placement").

Separate from and in addition to the Placement, BotsGas paid Strata-X the sum of AUD$300,000 on 30 June 2020 ("JV Funds"). SXA is entitled to use this sum for the Serowe CSG Project at its sole discretion. 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.

Both the Placement and JV Funds are conditions precedent to entering into a Joint Operating Agreement ("JOA") which is due to be executed no later than 30 November 2020. Upon execution of the JOA 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 made 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 funding 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.

If a Joint Operating Agreement is not entered into by 30 November 2020 because BotsGas does not wish to proceed with the JV, then the Revised HOA may be terminated. In such event, the Placement and Joint Venture Payment remain to the benefit of the Company.

The main focus of the BotsGas farmin will be Strata-X's high-grade area of the Botswana CBM Fairway. This area is interpreted to contain, on average, 10 metres net Serowe bright-coal seams over a 50 metre interval with high gas saturations up to 100%. A third party has certified 2.38 TCF prospective gas resource within Strata-X's tenements in the high-grade area.(1) This interpretation is re-enforced by the results of the Company's 19B-1 well drilled in 2019 by Strata-X and data from a nearby historic core hole, which bubbled free gas from the target bright-coals. The 19B-1 well intersected 18 metres of net coal with 12 metres of multi seam bright coals having up to 100% gas saturations. After the drilling of 19B-1, an area immediately surrounding the well was certified to contain 2C Contingent Resources of 23 Bcf of natural gas.

(3) 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 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.

Corporate Financial & Other Information

Financial Position- Strata-X Energy Ltd's unrestricted cash position at the end of the quarter was USD$382,000 (AUD$545,000).

Reporting Currency -The functional reporting currency of Strata-X Energy Ltd is United States of America dollars (USD).

Corporate Events - The Company raised gross proceeds of A$300,000 through the issuance of 5,000,000 Units at a price of A$0.06 per Unit in a non-brokered private placement in Australia. Each Unit consists of one Chess Depository Unit ("CDI") and one half of one (unlisted) option. Each option is exercisable into one CDI at an exercise price of A$0.07 up until May 31, 2022. The Company intends to use the proceeds from the Placement 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.

Share Data - As of 30 June 2020, Strata-X had 112,538,318 shares outstanding, including 90,116,731 CDIs.

Production Information - For the three months ended 30 March 2020, oil and gas production to the Company's net revenue interest was nil. The lack of production is attributable to all the Company's Illinois (United States) wells being offline pending maintenance workovers to re-establish production.

ASX Listing Rule 5.4 - For the quarter ended 30 June 2020, the Company invested USD$3,000 into Project Venus and USD$75,846 into the Serowe CSG Project mainly on consulting and expenses related to well planning and tenement management. During the reporting period the company incurred USD$88,000 in ongoing corporate costs . Related party payments (shown in Item 6.1 of the ASX Appendix 5B) were for management fees.

Person Compiling Information -Technical information contained herein is based on the information compiled by the Company's Executive Chairman, Ron Prefontaine. Mr. Prefontaine has over 40 years' experience in the petroleum industry and is a graduate of the University of British Columbia with a degree in Geophysics. Mr. Prefontaine consents to the inclusion in this document of the matters based on this information, in the form and context in which they appear.

Tenements

Project	Location	% Interest	Net Acres
Venus	Queensland, Australia	50%	19,000
Serowe CSG	R. Botswana	100%	1,129,000
Illinois Oil	Illinois, USA	100%	1,400
Total			**1,149,400**

During the quarter ended 30 June 2020, the Company elected to cease maintianing an active tenement program over the Eagle Project in California, reducing its overall tenement position by 770 net acres. There are no further changes to the Company's tenement holdings expected in calendar year 2020.

Company Outlook

Company retains a 50% interest in Project Venus, a highly prospective 154 km2 Queensland, Australia coal seam gas tenement and a majority controlling interest in the 1,129,000 acre Serowe CSG Project located in the heart of the Kalahari Basin. Project Venus and the Serowe CSG Project have a prospective resource net to the Company of 329 Bcf[(1)] and 6.08 Tcf[(2)] respectively. Both projects will be the growth drivers for the Company in 2020 and beyond.

The Company plans to fast-track development of Project Venus to prove commercial gas flows, a precursor to reserves certification. Project Venus is (1) uniquely located near gas pipelines connecting the tenement to major east coast (Australia) markets, (2) surrounded by major CSG fields, and (3) well suited for fast track development, thereby offering the potential for early cash flows.

In March 2020, the Company executed a Heads of Agreement ("HOA") with Botsgas Pty Ltd and in April 2020 revised the HOA due to operational complexities surrounding the COVID-19 pandemic. The revised HOA calls for Botsgas to pay SXA A$300,000 by 30 June 2020, enter definitive agreements with Strata-X by November 2020, and thereafter fund USD$4.6 million of joint venture expenditures within 2 years.

Once field work begins the initial focus will be to drill and production-test within the Company identified high-graded area. In 2019, the Company drilled a 476 metre well that encountered 18 metres of net coal with 12 metres interpreted as high gas saturated bright coals.

The Company has been seeking commercial market opportunities to sell its gas. Botswana and the Southern African region are moving to generate more electricity from lower emission natural gas, while stemming the widespread use of expensive imported diesel fuel. Along these lines, the initial market opportunities for the Company's gas will be gas-to-electric power plants and diesel-to-gas conversions at large industrial facilities.

The strategy and outlook of the Company is subject to material change pending the aforementioned merger with Real Energy Pty Ltd.