



STRATA-X

ENERGY

Strata-X Secures Financing for Serowe CSG Appraisal Program

A\$1.355 million Financing and Completion of a 5 for 3 Consolidation

Highlights

- Initial Appraisal Program of Strata-X's 100% owned, 680,000 acre Serowe CSG Project in Botswana to commence in 4th Quarter 2018.
- Drilling to focus on highgraded area identified within the Serowe CSG Project.
- Located in the heart of the Kalihari CSG Fairway.
- Secured commitments for A\$1.355 million private placement at A\$0.05 per CDI following a 5 for 3 share Consolidation.

STRATA-X ENERGY LTD - DENVER, COLORADO USA, BRISBANE, QUEENSLAND AUSTRALIA and VANCOUVER, BRITISH COLUMBIA CANADA – July 2, 2018 (Pacific Time - Canada)

Strata-X Energy Ltd. ("Strata-X" or the "Company") (TSX-V:SXE) (ASX:SXA) announces that the Company has arranged an A\$1.355 million equity raise that will enable it to carry out initial appraisal drilling on its Serowe CSG Project located in the Republic of Botswana.

The Company will complete a 5 for 3 consolidation of its outstanding capital (the "Consolidation") and complete a non-brokered Private Placement of 27.1 million CDIs or common shares at a price of A\$0.05 on a post Consolidation basis for gross proceeds of A\$1.355 million (the "Financing").

Board of Directors:

Tim Hoops - CEO / Managing Director
 Ron Prefontaine - Chairman / Director
 Tim Bradley - Director
 Dennis Nerland - Director
 Don Romaniuk - Director
 Greg Hancock - Director

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TSX.V : SXE

ASX : SXA





Proposed Initial Appraisal Program

The Company expects to begin appraisal drilling within the highgraded area the Company previously identified as having the best potential for commercial gas flows (see 22 May 2018 announcement). The Company's permits total approximately 743 square kilometers within the highgraded area. Based on resource estimates previously made by MHA, the Company's independent evaluator, Strata-X's share of this highgraded area contains approximately 1 TCF of Prospective Gas Resources.⁽¹⁾ The drilling will be subject to environmental and other approvals expected late in the 3rd quarter of 2018. *ASX disclosure note - 5.28.2 - 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.*

The proposed appraisal program will consist of two low-cost vertical wells on Strata-X's 100% owned Serowe CSG Project, in the identified highgraded area. In addition to the normal wireline logging suite, the Company will use recently developed QTEQ technology wireline logging tools (www.qteq.com.au) designed to quantify coal gas contents and permeabilities. Using this technology, Strata-X can drill and log two appraisal wells for the cost of drilling and analyzing one conventional core hole. Further, the results are available immediately after logging, whereas results from conventional core hole methods typically take months.

Strata-X plans to use the results of the conventional and QTEQ wireline logging suite to determine the coal properties in the wells and identify a suitable CSG pilot location, thereby potentially fast tracking the pathway to commercial gas flows. Importantly, if the wells have high gas saturations and permeability, the Company may complete and flow test one or more of the wells.

Tim Hoops, the Company Managing Director stated: "Securing the financing to enable an initial appraisal program is a key step forward in what we feel is an exciting opportunity to establish a natural gas resource in a country that imports all of its hydrocarbons. The market is tremendously attractive in Botswana and the Company now has the capital resources to complete the acquisition of our permits and begin an appraisal drilling program later this year. Leading Strata-X's efforts is Chairman Ron Prefontaine. He has successes as executive director driving greenfield projects similar to the Serowe CSG Project through to commercial stages that resulted in premium takeovers of Arrow Energy and Bow Energy."

5 for 3 Consolidation

To ensure compliance with TSX Venture Exchange capital raising requirements, the Company's Board of Directors has approved a Consolidation of Strata-X's issued and outstanding common shares on the basis



of three (3) post-Consolidation CDIs or common shares for every five (5) pre-Consolidation CDIs or common shares resulting in a total of approximately 53,895,125 post-Consolidation common shares issued and outstanding following the Consolidation and immediately prior to the completion of the Financing. No fractional common shares will be issued as a result of the Consolidation. All fractions of post-Consolidation common shares will be rounded to the next lowest number and such fractional common shares will be cancelled. Following the completion of the Financing, outstanding capital will be approximately 80,995,125 shares. The Consolidation is subject to the approval of the TSX Venture Exchange and the ASX.

The capital structure of the Company post-Consolidation (and before the Financing) will be as follows:

	Current	Post-Consolidation
Shares (including CDIs)	89,825,208	53,895,125
Unquoted warrants/options	12,347,917	7,408,750

For the purposes of CDIs listed on the ASX, the timetable for the Consolidation relating to these CDIs is set out below:

Item	Date (Australian time)
Company announces that the Board has resolved to undertake the Consolidation, including the CDIs	Tuesday 3 July 2018
Last day for trading in pre-Consolidation CDIs	Thursday 5 July 2018
Trading in the post-Consolidation CDIs on a deferred settlement basis starts	Friday 6 July 2018
Last day for entity to register transfers of CDIs on a pre-Consolidation basis.	Monday 9 July 2018
First day for entity to register CDIs on a post-Consolidation basis and first day for issue of holding statements.	Tuesday 10 July 2018
End of trading in post-Consolidation CDIs on a deferred settlement basis.	Monday 16 July 2018
Trading of CDIs starts on a normal T+2 basis	Tuesday 17 July 2018



The Company will notify the market if there is any change to this timetable.

A\$1.355 Million Financing

The Company will complete a non-brokered Private Placement of a total of 27.1 million CDIs or common shares (where each CDI represents one common share) at a price of A\$0.05 on a post Consolidated basis for gross proceeds of A\$1.355 million (the “Financing”). The Company has also reserved the right to take oversubscriptions of up to a further A\$145,000 (2,900,000 CDIs).

After giving effect to the Consolidation, each CDI or common share will be priced at A\$0.05. Eligible finders may receive a fee of up to 6.0% payable in cash or CDIs (at the same price as the Financing).

The Financing is expected to close in two tranches, subject to completion of the Consolidation. The first tranche of A\$545,000 will be completed using the Company’s current placement capacity under the ASX Listing Rules and will settle immediately following the Consolidation, which is expected to occur around 17 July 2018. The second tranche of A\$810,000 is subject to receipt of shareholder approval at the Company’s Extraordinary General Meeting (“EGM”) to be held on 21 August 2018. This tranche and any oversubscriptions accepted by the Company are expected to close within 3 days of the EGM.

Mr Ron Prefontaine, a director of the Company, has subscribed for A\$200,000 of the Financing, subject to shareholder approval at the EGM. This amount is included in the second tranche of A\$810,000.

Closing

The Consolidation is to be completed and the first tranche of the Financing is expected to close on or before 17 July, 2018, subject to TSX Venture Exchange approval. The second tranche of the Financing is expected to close shortly after the EGM on 21 August 2018, assuming a favourable vote by shareholders and subject to TSX Venture Exchange approval.

Completion of the Consolidation is conditional upon the funds from the first tranche of the Financing being in place immediately prior to effecting the Consolidation, after which the first tranche of the Financing will close. The Company will issue a press release immediately prior to the closing of each tranche of the Financing, setting out the new CUSIP number for the timing of trading commencement on the TSXV on a post-Consolidation basis.

About Strata-X

Strata-X is a Denver, Colorado (USA) based company and is engaged in the business of oil and gas exploration and development with a variety of exploration opportunities in the States of California and



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Illinois in the United States of America and the Republic of Botswana. Strata-X has 89,825,208 common shares outstanding (pre-Consolidation) and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

For further information please contact:

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- (1) *Prospective Resources figures are from an audit report prepared by MHA Petroleum Consultant, a qualified reserves auditor, dated and effective 26 March 2018 following their audit in accordance with the COGE Handbook of the available technical data including the geological interpretation, information from relevant nearby wells, analogous reservoirs and the proposed program for the Project, prepared and presented to MHA by Strata-X. 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 Report reviewed only Prospective Resources as the project is not sufficiently developed to assign Contingent Resources or additional Petroleum Reserves to it. Stated Prospective Resource figures are Best Estimate – undiscovered natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project. 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 resources will be discovered, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.*

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).

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.