



STRATA-X ENERGY

Quarterly Activities Report

For Quarter Ended
31 March 2017

Directors

Mr. Ron Prefontaine –

Chairman of the Board of Directors

Mr. Tim Hoops –

President and Managing Director

Mr. Dennis Nerland –

Non Executive Director

Mr. Tim Bradley –

Non Executive Director

Mr. Bohdan (Don) Romaniuk –

Non Executive Director

Mr. Greg Hancock –

Non Executive Director

Company Management

Mr. David Hettich –

Chief Financial Officer

Company Secretaries

Shaun Maskerine – Canada

Duncan Cornish – Australia

Share Registries

Canada

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Australia

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Tel: 1300-554-474

Stock Exchanges

- TSX Venture Exchange (TSX-V)
- Australian Securities Exchange (ASX)

Auditor

Collins Barrow Calgary LLP
1400, 777 8th Ave SW
Calgary, Alberta, Canada T2P 3R5

Solicitors

Canada

Armstrong Simpson
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Canada, V6Z 1S4

Australia

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Certain statements in this report regarding future expectations and plans of the Company may be regarded as "forward-looking statements". Although the Company believes that its expectations and plans are based upon reasonable assumptions, it can give no assurance that its goals will be met. Actual results may vary significantly from those anticipated due to many factors, including oil and gas prices, operating hazards, drilling risks, environmental risks and uncertainties in interpreting engineering and other data relating to oil and gas reservoirs, as well as other risks.

Quarter Highlights

- Coring operations, subject to rig availability, expected to commence in 8 weeks on Serowe CSG Project.
- Retained local Botswana exploration and regulatory experts.
- Established Botswana operating subsidiary, transferred prospecting license to SXE control.
- Contracting with vendors for CY 2017 Serowe CSG drilling programme.

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.

Serowe Gas Project

Features of Serowe Farm-in – Republic of Botswana

- *Earn up to 75% of the Serowe Gas Project in the Kalahari Basin CSG fairway in Botswana, Africa.*
- *Strata-X will operate the Project covering two licenses spanning 273,000 acres.*
- *The Project has a mean estimate of 1.045 Tcf (1075 PJ) of recoverable prospective resource net to Strata-X's interest. ⁽¹⁾*
- *There are immediate and expanding domestic gas markets in southern Africa.*
- *Botswana rated as an attractive investment destination.*

In November 2016, SXE executed a Farm-in Agreement with Magnum Gas and Power (ASX:MPE) for a staged farm-in to earn up to 75% of the Serowe Gas Project located on the Kalahari Basin CSG Fairway in Botswana, Africa. Strata-X will operate the Project which spans approximately 273,000 acres and has certified 1.045 Tcf (1075PJ) of recoverable Prospective Resources.⁽¹⁾

Mr. Ron Prefontaine will be assuming the executive leadership of the Serowe Project. Mr. Prefontaine has extensive management experience in CSG as an executive director of Arrow Energy and as co founder and Managing Director of Bow Energy - companies which were taken over for \$3.3 billion and \$550 million respectively. Mr. Prefontaine is also a co-founder and principal owner of private, Brisbane-based, WellPro which has developed CSG production optimization equipment and methods. The Company's plan is to combine geology/engineering skills with Wellpro production optimization technology to successfully develop the Serowe Gas Project.

The Republic of Botswana is one of the oldest democracies in Africa, becoming independent in 1966. The rule of law is well established and long-standing, and Botswana is recognized as having the lowest rate of corruption in Africa. The geography of the project area is predominantly flat with good road access. These factors, combined with a 3% government royalty (there is also a 3% private royalty payable to parties associated with MPE) on produced gas, make Botswana one of the more favorable economic settings in the world for natural resource development. The growing demand for power in Botswana and neighboring countries offers immediate and expanding domestic gas markets.

The Farm-in is in three stages and the Company has up to 3 years to complete all stages, with each stage earning the Company a 25% working interest in the Serowe Gas Project. The first stage started in the first quarter of 2017 and will involve the desorption analysis of 3 CSG core wells as required for continued gas resource certification. One well has been cored previously by MPE and only needs final analysis to be completed, a second has been top holed and will be re-entered to core the coal section and the third will be a new core well. In addition, one well will be completed and production tested. Stages 2 and 3 are optional and the decision to proceed to these stages will be based on the results of the prior stages. The final 25% (third stage) working interest will be earned when 97.5 Bcf (100 PJ) of 2P reserves are certified for the project.

The Serowe Gas Project is an underexplored and underdeveloped opportunity, covering the coal seam gas deposit fairway in the Republic of Botswana. The economies of the Republic of Botswana and its regional neighbors are rapidly growing with energy demand poised to skyrocket. The Republic has set goals for promoting the exploration and development of natural gas resources in the county to meet these demands.

Recently, the Company established Rhino CBM Pty Ltd. (100% owned) and is now the registered holder of the exploration permits after they were transferred to it from MPE. Rhino will be the operator of the Serowe CSG Project. The Company is contracting with vendors and reviewing drilling proposals for its first cored well operations on the Serowe CSG Project with operations expected to commence in the next 8 weeks, subject to rig availability. Surface access rights and other approvals for this operation have been acquired from the necessary authorities. After the results of the core hole have been evaluated, the Company intends on drilling, coring and production testing an additional well to evaluate the prospectively of the Serowe Gas Fairway.

The permits Strata-X acquired are in an area where others from South Africa and Australia are also exploring the CSG fairway. The Company's acreage position is near Tlou Energy's (ASX:TLOU) CSG Project where it has announced independently certified contingent gas resources consisting of 3.3 TCF of 3C, 239 BCF of 2C and 5 BCF of 1C .⁽¹⁾

(1) Prospective Resources figures are from an audit report prepared by MHA Petroleum Consultant dated 26 October 2016 following their audit 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. There is no certainty that stated resources will be commercially viable to produce any portion of the resources. 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 6% royalty and are shown at a 75% working interest in the Project that Strata-X will only earn upon completing the farm-in program. 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. For additional information see Strata-X November 2016 Presentation

Company Outlook

In addition to the recently sourced Serowe CSG Project, Strata-X continues to focus on projects in areas where drilling and operational costs are low and margins are sufficient in the current energy market. The Illinois Basin still fits this model of low costs and good margins. Strata-X owns approximately 17,440 acres with 2P reserves of 1.282 million barrels net to Strata-X⁽¹⁾. The Company plans to restart efforts to bring projects forward in the Illinois Basin over the next year. Consistent with the above approach, the Company is continuously reviewing project opportunities that will be accretive and complimentary to management's skillset and build shareholder value.

On the Serowe Gas Project where the Company farmed into approximately 273,000 acres in the Kalahari Basin and has the opportunity to achieve a 75% working interest in the Project, significant progress has been made to ensure the project is drill ready within the next 8 weeks. The Company established a Republic of Botswana operating subsidiary, Rhino CBM Pty Ltd. (100% owned) and is now the registered holder of the exploration permits after they were transferred to it from MPE. Rhino will be the operator of the Serowe CSG Project.

The Company is contracting with vendors and reviewing drilling proposals for its first cored well operation on the Serowe CSG Project. These operations should commence in the next 8 weeks, subject to rig availability. Surface access rights and other approvals for this operation have been acquired from the necessary authorities. After the results of the core hole have been evaluated, the Company intends on drilling, coring and production testing an additional well to evaluate the prospectively of the Serowe Gas Fairway.

For the quarter ended 31 March 2017, the Company invested ~C\$6,000 in the Illinois Basin Oil Project, principally on lease and project maintenance and ~C\$43,000 into the Serowe CSG Project mainly on farm-in expenses and acquiring various approvals for its entity Rhino CBM. The calendar year 2017 Serowe CSG Project budget is fully funded by the capital raise completed in December 2016.

The Company has plugged and abandoned the Cinco Saus Creek #1 well, which was related to the Maverick Oil Project, located in Maverick County, Texas. The Company also plans to plug and abandon the Rohweder #1-11 well, located in Emmons County, North Dakota, in Spring 2017 as weather conditions permit, at an expected cost of ~\$25,000.

(1) Information originally appears in the Company's NI 51-101 Report for FYE 2016 which is available for review at www.strata-x.com

Tenements

Project	Location	% Interest	Net Acres
Serowe CSG ⁽¹⁾	R. Botswana	75%	204,750
Illinois Oil	Illinois, USA	100%	17,440
Vallecitos	California, USA	22.5%	4,528
Eagle	California, USA	23.9%	770
Total			227,488

(1) Prospecting Licenses % interest subject to fulfillment of certain terms, conditions and work programs as stated in the governing Farm-in agreement dated Dec 2016 between MPE and SXE.

During the quarter ended 31 March 2017, there were no material changes to Strata-X's tenement holdings. In 2017, the Company expects further lease reductions of approximately 4,000 net acres on the Illinois Oil Project.

Production Summary

For the three months ended 31 March 2017, oil production to the Company's net revenue interest was up 291% to 626 barrels (bbls) compared to 160 bbls for the three months ended 31 March 2016. The increase in oil production is attributable to Burkett 5-34HOR being productive during the period whereas it was offline for the comparative period. For each of the three month periods ended 31 March 2017 and 31 March 2016, no natural gas was sold.

For the nine months ended 31 March 2017, oil production to the Company's net revenue interest was up 4% to 3,056 bbls compared to 2,926 bbls for the nine months ended 31 March 2016. The Burkett 5-34HOR was substantially the only well on production for the Company during the period with the exception of insignificant production from minor vertical wells. For each of the nine month periods ended 31 March 2017 and 31 March 2016, no natural gas was sold.

Total revenue for the three months ended 31 March 2017 was \$36,241 compared to \$5,607 for the three months ended 31 March 2016, an increase of 546%. This increase is attributable to higher production volumes and an increase in the weighted average price of crude oil. The average daily production for the Company during the three months ended 31 March 2016 was 6.9 bbls. of oil at an average realized sale price of \$46.96 per barrel of oil. Royalties per barrel of oil averaged \$7.60 (16.9%), with production operating expenses for the period of \$37.30 per barrel of oil. The netback received by the Company per barrel of oil sold during the three months ended 31 March 2017 was \$2.06.

Total revenue for the nine months ended 31 March 2017 was \$140,267 compared to \$123,311 for the nine months ended 31 March 2016 an increase of 13%. This increase is attributable to higher production volumes and an increase in the price of crude oil. The average daily production for the Company during the nine months ended 31 March 2017 was 11.3 bbls of oil at an average realized sale price of \$45.89 per barrel of oil. Royalties per barrel of oil averaged \$7.75 (16.9%), with production operating expenses for the period of \$35.56 per barrel of oil. The netback received by the Company per barrel of oil sold during the nine months ended 31 March 2017 was \$2.58.

Corporate Financial and Other Information

Financial Position

Strata-X Energy Ltd's cash position at the end of the quarter was USD\$1,154,000.

Reporting Currency

The functional reporting currency of Strata-X Energy Ltd is United States of America dollars (USD). Therefore, the corresponding ASX Appendix 5B (Statement of Cash Flows) is denoted in USD.

Corporate Events

The Company established a new operating subsidiary in the Republic of Botswana called Rhino CBM (PTY) Ltd. The purpose of the subsidiary is to hold the prospecting licenses and operate within the Republic of Botswana on the Serowe CSG Project.

Share Data

As of 31 March 2016, Strata-X had 89,825,208 shares outstanding, including 67,123,980 CDIs.

Person Compiling Information

Technical information contained herein is based on the information compiled by the Company's Chief Executive Officer and President, Tim Hoops. Mr. Hoops has over 35 years' experience in the petroleum industry and is a graduate of the Colorado School of Mines with a degree in Geological Engineering. Mr. Hoops consents to the inclusion in this document of the matters based on this information, in the form and context in which they appear.