

ASX Announcement

27 April 2015

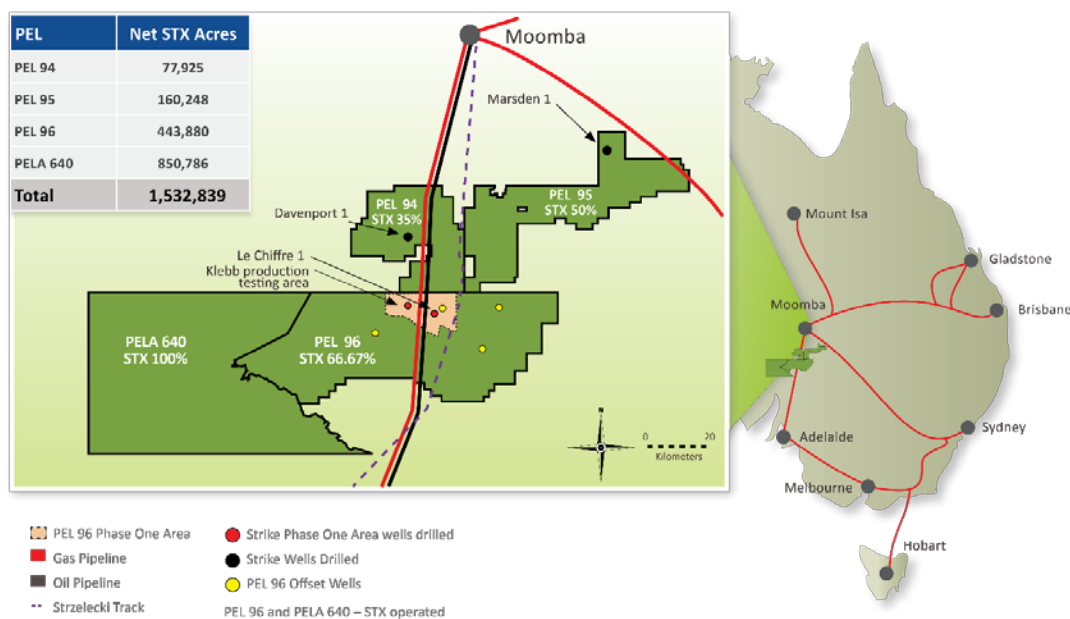
The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT INDEPENDENT CONTINGENT RESOURCE CERTIFICATION

- Multi-Tcf Southern Cooper Basin Gas Project accelerates towards commercialisation
- First contingent gas resource (gross 1C = 105 Bcf, 2C = 155 Bcf, 3C = 225 Bcf) independently certified and pathway to reserve certification now established
- Low cost resource underpinned by existing gas sales agreements

Strike Energy Limited (ASX:STX) ("Strike") is pleased to announce that leading international petroleum industry consulting firm DeGolyer and MacNaughton has independently certified contingent gas resources at the Southern Cooper Basin Gas Project in PEL 96 (Strike 66.7% and Operator, Energy World Corporation (ASX:EWC) 33.3%).

Map 1 - Southern Cooper Basin Gas Project



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CONTINGENT RESOURCE ESTIMATE

DeGolyer and MacNaughton was engaged by Strike to undertake an Independent Review of the gas resource in PEL 96 based on the data and information acquired to date by Strike from the drilling and flow testing programs carried out at the Le Chiffre 1 and Klebb 1, Klebb 2 and Klebb 3 wells.

DeGolyer and MacNaughton has estimated a contingent gas resource for the initial zones that have been flow tested within the Le Chiffre 1 and Klebb 1 wells. As these zones only represent a portion of the net coal encountered at these locations, successful flow testing of additional zones will enable an increased contingent resource to be booked.

The table below, Map 2 and Fig 1 summarise the Contingent Resource Estimates.

Well	Contingent Gas Resource Estimates – PEL 96 ¹ as of 31 March 2015		
	1C ² (Bcf)	2C ² (Bcf)	3C ² (Bcf)
Productive area (acres)	2,171	2,938	3,931
Le Chiffre 1 – Patchawarra Vu Upper and Vu Lower zones	62.9	93.2	132.4
Klebb 1 – Patchawarra Vu Upper zone	42.1	62.2	93.3
Total Gross Contingent Resource	105.0	155.4	225.7
Total Net Contingent Resource³	70.0	103.6	150.5

¹ Contingent Resource Estimates have been prepared in accordance with the Petroleum Resources Management System “PRMS”. Contingent Resource Estimates are those quantities of gas (produced gas less carbon dioxide and fuel gas) that are recoverable from known accumulations but which are not yet considered commercially recoverable.

² 1C, 2C and 3C estimates in this table are P90, P50 and P10 respectively for each well and have been summed arithmetically.

³ Net to Strike’s 66.7% interest in PEL 96.

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Map 2 - PEL 96 Phase One Area 45,500 acres

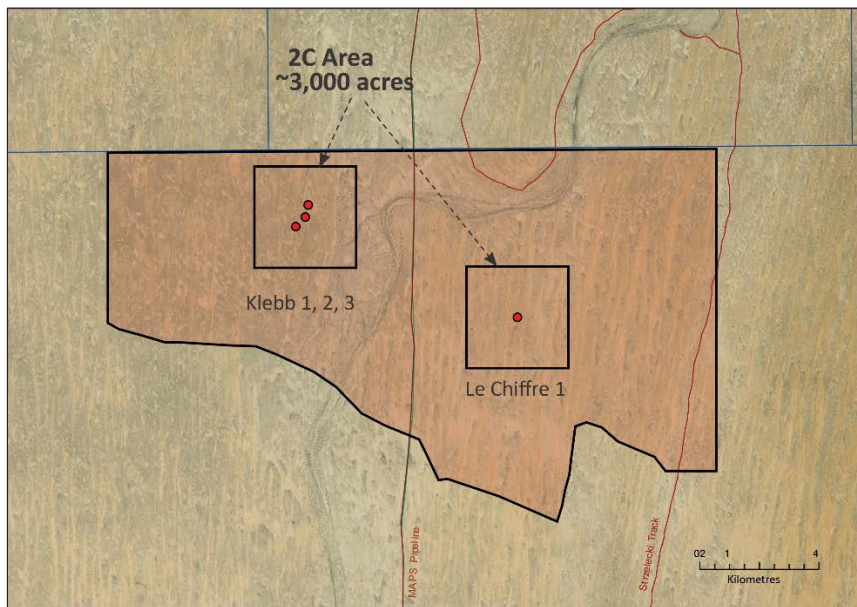
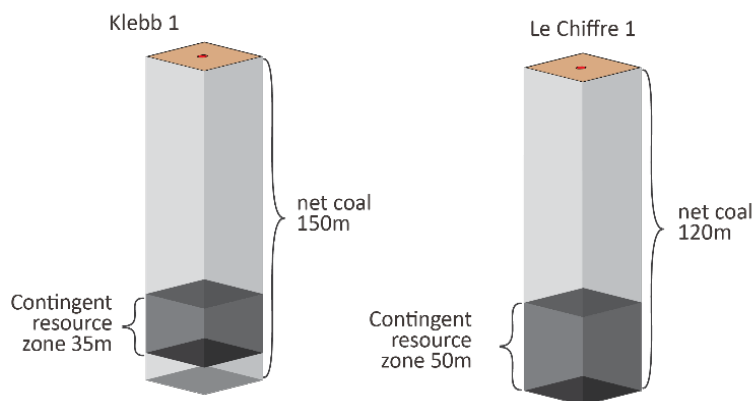


Fig 1 - Contingent Resource Zones



The Contingent Resource was estimated using probabilistic methods with reservoir data acquired from all four of the Le Chiffre and Klebb wells being incorporated in the original gas in place (OGIP) calculations and recovery factors derived from numerical simulation then being applied. The resulting volumes were then adjusted for non-hydrocarbon fractions and an allowance for fuel gas.

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For the contingent resources to be classified as reserves, establishment of sustained commercial gas flow rates from the Patchawarra Vu coals will be required to better define gas and water production rates and volumes, the drainage pattern and well spacing. Additional drilling will also be required to confirm the reservoir quality and gas content of the coals outside the existing contingent resource areas in order to grow and upgrade the resource to reserves.

Importantly, the project already satisfies a range of other typical contingencies including low well costs, gas sales agreements, proximity to pipeline infrastructure and market pricing.

DeGolyer and MacNaughton has estimated a threshold economic field size (TEFS) of 150 Bcf of sales gas (gross) which is the minimum amount of gas required to be recovered to underpin a commercial development. The TEFS estimate was based on actual cost data and indicates that the existing 2C sales gas volume of 155 Bcf will be sufficient to underpin a project development.

IMPLICATIONS

This Independent Review of the Southern Cooper Basin Gas Project has a number of important implications:

- The review confirms Strike's assessment of the results of the drilling and flow testing work undertaken to date in particular the existence of high gas saturation and gas content and the productive potential of the coals.
- Only the initial zones which have been flow tested to date have been assigned contingent resource estimates. These coal zones represent around 30% of the net coal observed in the Le Chiffre 1 and Klebb 1 wells. Successful flow testing of additional zones in the wells will allow additional contingent resources to be booked at these locations.
- Strike has increased the Phase 1 area to 45,500 acres based on revised mapping of the coals following recalibration of seismic data to drill results. Given that the contingent resource estimates have been assigned to an aggregate of around 6,000 acres in the Le Chiffre 1 and Klebb 1 areas, there is considerable scope to increase the size of the contingent resource with planned infill drilling.
- Successful results from Strike's forward plan, including achievement of sustained commercial gas flow rates at the wells will allow contingent resources to be converted to reserves. There are only limited contingencies required to be addressed before reserves can be assessed in PEL 96.

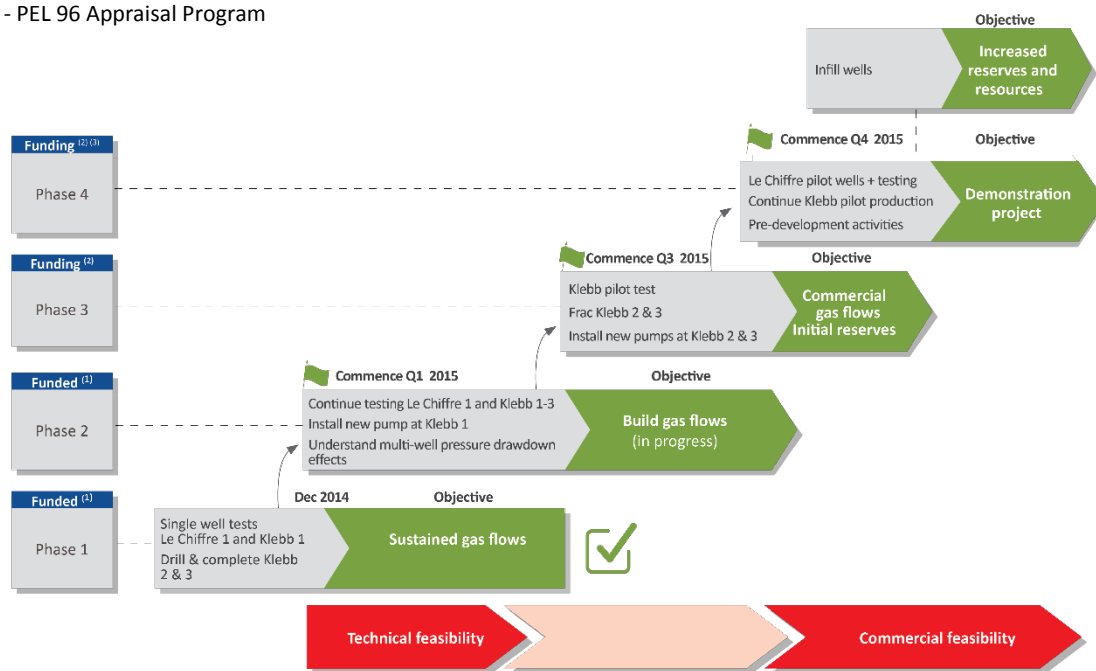
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FULLY FUNDED FORWARD PROGRAM

The next phases of the PEL 96 appraisal program are designed specifically to convert contingent resources to reserves and increase the project's resource base by:

1. Achieving commercial gas flow rates by upgrading the Klebb pilot wells through fracture stimulation of the Klebb 2 and 3 wells and installation of new pumps. This will be followed by drilling and flow testing of offset wells at the Le Chiffre location designed to confirm the commercial production potential of a demonstration project in the pre-development phase.
2. Drilling additional infill wells to confirm the reservoir qualities and gas contents of the coals outside of the existing contingent resource areas to add contingent resources and reserves.

Fig 2 - PEL 96 Appraisal Program



(1) Funded from existing cash resources
 (2) Funding from gas off-take prepayments and Company's existing R&D rebate / funding program
 (3) Activities will be refined based on outcomes of Phase 2 planned activity

Orica Share Option Agreement

The announcement of the results of this Independent Review entitle Orica to exercise its Option (as approved by Shareholders at a General Meeting of the Company on 28 May 2014) to subscribe for new shares in the Company for a payment of \$2.5million. The number of new shares to be issued by the Company is to be no more 20,833,333 shares and will be determined with reference to a price that is the higher of a 10% discount to the 10 day VWAP prior to the exercise date or 12 cents per share. If Orica does not exercise this Option within 30 days, the Option will lapse.

Gas Sales Agreements

The positive outcome of the Independent Review triggers the mechanism for the final tranche of Orora's gas prepayment under their 45PJ Gas Sales Agreement and marks the commencement of a 30 day period for Orica to elect to make the first gas prepayment under their 250PJ Gas Sales Agreement.

MANAGING DIRECTORS COMMENT

"Strike is delighted that leading international petroleum industry consulting firm DeGolyer and MacNaughton has confirmed that the results of our first appraisal wells in PEL 96 have defined a significant contingent gas resource. This achievement represents an important milestone for the project and defines a clear pathway towards building a substantial reserve base.

The review confirms that the project is already very close to being economic and our testing program over coming months specifically targets the final results required to prove commerciality and achieve reserve certification.

The Southern Cooper Basin Gas Project is one of the few projects actively moving forward with the potential to supply substantial quantities of competitively priced gas to Eastern Australian gas markets."

Yours faithfully

A handwritten signature in black ink, appearing to read "DW", with a long horizontal line extending to the right.

DAVID WRENCH
Managing Director

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Competent Persons Statement

The information in this release that relates to the PEL 96 contingent resources estimate has been taken from independent reports prepared by DeGolyer and MacNaughton, a leading independent international petroleum industry consultancy firm, and has been reviewed by Mr Chris Thompson (Chief Operating Officer of the Company). All other reported resource and or reserves information in this presentation is based on, and fairly represents, information prepared by, or under the supervision of Mr Thompson.

Mr Thompson holds a Graduate Diploma in Reservoir Evaluation and Management and Bachelor of Science Degree in Geology. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years. Mr Thompson 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 resource and or reserves information in the form and context in which that information is presented.

About DeGolyer and MacNaughton

The information contained in this release pertaining to the PEL 96 contingent resources estimate is based on, and fairly represents, information prepared under the supervision of Mr Paul Szatkowski, Senior Vice President of DeGolyer and MacNaughton. Mr Szatkowski holds a Bachelor of Science degree in Petroleum Engineering from Texas A&M, has in excess of 40 years of relevant experience in the estimation of reserves and contingent resources, and is a member of the International Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr Szatkowski 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 resource estimate related information in the form and context in which that information is presented.