



21 July 2011

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Dear Shareholder,

NON-RENOUNCEABLE RIGHTS ISSUE – NOTICE TO SHAREHOLDERS

This letter is to notify you on 13 July 2011, Strike Energy Limited (**Strike or the Company**) announced that it is undertaking a Capital Raising to raise up to \$16.83 million before costs (**Capital Raising**).

The Capital Raising comprises a placement to institutional and professional investors to raise \$7.39 million (before costs) and a 1 for 6 non-renounceable pro rata entitlements issue of up to approximately 62.97 million new shares (**New Shares**) at an issue price of \$0.15 for each New Share to raise up to \$9.44 million (before costs) (**Rights Issue**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 6 Shares held at 5:00 pm (WST) on Thursday, 28 July 2011 (**Record Date**). On the basis that no optionholders of Strike exercise their options before the Record Date, a maximum of approximately 62,973,699 New Shares will be offered under the Rights Issue.

Underwriting of the Rights Issue

The Rights Issue is underwritten by Blackswan Equities Limited (**Blackswan**) and M H Carnegie & Co Pty Ltd (**Carnegie**). The Underwriters will receive an underwriting fee equal to 5% of the amount raised under the Rights Issue.

Eligibility to the Rights Issue

The Rights Issue is only open to shareholders of Strike who are registered as shareholders at 5:00 pm (WST) on the Record Date with registered addresses in Australia or New Zealand (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia and New Zealand are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Rights Issue.

Strike has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Rights Issue having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

Purpose of the Capital Raising

The Company is at an exciting stage in its development. In addition to its ongoing and successful exploration activities in the US, the Company is experiencing a period of increased and high quality deal flow.

As a consequence, over the past few months, Strike has secured positions in two outstanding opportunities in the United States - the fast developing unconventional Eagle Ford Shale and conventional Wilcox Slope plays, in Texas and Louisiana respectively. Both projects are opportunities with large scale potential, an oil and liquids emphasis and on trend from significant discovery wells.

In order to take advantage of these and other opportunities, the Board has taken the decision to raise additional capital via a placement which, for the first time, introduces a number of long-term institutional investors to the Company's share register, anchored by well regarded private equity investor M H Carnegie & Co Pty Ltd. The second part of the Capital Raising is the Rights Issues which will provide Eligible Shareholders the opportunity to support the Company's activities. The Rights Issue is fully underwritten to provide the company with certainty of funding.

Proceeds raised from the Capital Raising will be used by Strike for oil and gas exploration for projects in the USA specifically in Eagle Ford Shale, Texas and Wilcox Formation Slope Play, Louisiana, for general working capital purposes and to meet the costs of the Capital Raising.

Offer Document and Rights Issue Details

The Rights Issue will be made to Eligible Shareholders without disclosure under Part 6D.2 of the Corporations Act 2001 (Cth) (**Corporations Act**)

Details of the Rights Issue including the rights attaching to the New Shares, together with all other relevant information relating to the Rights Issue are set out in the offer document which was lodged with ASX on Wednesday, 20 July 2011 (**Offer Document**). The Offer Document is currently available from www.strikeenergy.com.au or www.asx.com.au by searching the Strike's ASX code "STX".

A copy of the Offer Document together with the Entitlement and Acceptance Form will be sent to shareholders on or about Tuesday, 2 August 2011. The Offer Document will be sent to Ineligible Foreign Shareholders for information purposes only.

The Rights Issue is non-renounceable which means that the entitlements to participate in the Rights Issue are not transferable and cannot be traded on the ASX or any other exchange or privately transferred. Therefore, Eligible Shareholders will not receive any value if they do not take up their Entitlements.

The New Shares issued pursuant to the Rights Issue will rank equally in all respect with existing fully paid ordinary shares on issue in Strike. Fractional entitlements will be rounded up to the nearest whole Share.

Key Dates

The proposed timetable for the Rights Issue is as follows:

Event	Date
Announcement of the Capital Raising	Wednesday, 13 July 2011
Cleansing Notice and Appendix 3B for the Rights Issue lodged with ASX	Wednesday, 13 July 2011
Lodgement of the Offer Document	Wednesday, 20 July 2011
"Ex" date for the Rights Issue	Friday, 22 July 2011
Record Date to determine entitlements under the Rights Issue	Thursday, 28 July 2011
Opening Date of Rights Issue	Tuesday, 2 August 2011
Dispatch of the Offer Document and Entitlement and Acceptance Form to Eligible Shareholders	
Closing Date for acceptances under the Rights Issue	Tuesday, 16 August 2011
ASX notified of under subscription under the Rights Issue	Friday, 19 August 2011
Allotment of New Shares	Monday, 22 August 2011
Dispatch of holding statements for New Shares	Tuesday, 23 August 2011
Trading of New Shares expected to commence	Wednesday, 24 August 2011

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules, to extend the closing date or to withdraw the Rights Issue without prior notice.

Effect on Capital Structure

The table below sets out the impact of the Capital Raising on the capital structure of the Company:

Issued Shares	Number of Shares
Total issued capital at the date of announcement of the Capital Raising	328,558,430
Shares to be issued pursuant to the Placement	49,283,764
Maximum Number of New Shares offered under the Rights Issue*	62,973,699
Total issued capital at completion of the Capital Raising	440,815,893

* Assuming no options are exercised prior to the Record Date.

You should consider the Offer Document in deciding on whether to participate in the Rights Issue.

If you have any queries concerning the Rights Issue please contact Computershare Investor Services Pty Ltd at 1300 557 010 or +61 (0)8 9323 2000.

Yours faithfully



TIM CLIFTON
Chairman