

The Company Announcement Officer  
Australian Securities Exchange Ltd  
*via electronic lodgement*

## EXPLORATION STRATEGY TO CAPITALISE ON SIGNIFICANT COOPER BASIN ACREAGE

- **Strike Energy outlines its Cooper Basin exploration program**
- **Estimated 6.1 Tcf gas and 54 million bbl liquids prospective resource (net to Strike)**
- **16,000 net km<sup>2</sup> (4 million acres) held under permit and application in the Cooper & Eromanga Basins**
- **Drilling program to commence Q1/2012**
- **First significant drilling activity targeting unconventional targets in the Southern Flank of the Cooper Basin**

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### OVERVIEW:

Strike Energy Limited is pleased to announce its exploration strategy for the Southern Flank of the Cooper Basin.

The refocused exploration strategy follows the recent recapitalisation of Strike and the appointment of a new management team led by experienced industry executive David Wrench as Managing Director.

Strike has estimated a 6.1 Tcf gas and 54 million bbl liquids (net to Strike) prospective resource within the coals and shales of its key Cooper Basin permits – PELs 94, 95 and 96.

A program to further evaluate the resource will commence in Q1/2012 with the drilling of two exploration wells, one in each of PEL 94 and PEL 95.

### OUR STRENGTHS

- Quality Assets
- Experienced Team
- Major Growth Potential

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## MANAGING DIRECTOR'S QUOTE:

Managing Director, David Wrench, said:

*“Strike Energy has a significant position in Australia’s rapidly developing unconventional hydrocarbon industry, focused on the potential for unconventional gas and liquids in the highly prospective Southern Flank of the Cooper Basin.”*

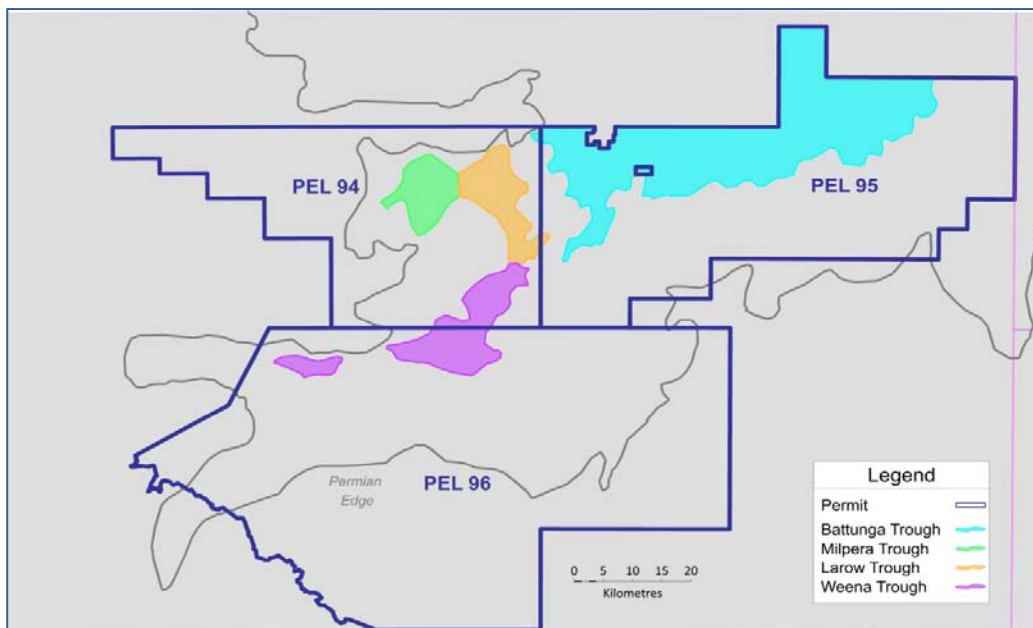
*“We believe that our exploration program is the first step in demonstrating the significant potential of our vast resource and are delighted to be partnering with Beach Energy, a clear leader in the industry.”*

## COOPER BASIN STRATEGY:

Strike’s exploration strategy is focussed on the unconventional gas and liquids potential in the troughs across the Southern Flank of the Cooper Basin. The coals and shales targeted in the project area are approximately 1,000 meters shallower than in the centre of the basin. These shallower formations have the potential to produce liquid hydrocarbons, which when combined with lower drilling and completion costs, enhance project economics.

Strike and its joint venture partner Beach Energy have approved the drilling of one well in the Battunga Trough within PEL 95 (Strike 50%) and its partners Beach Energy and Senex Energy have approved the drilling of one well in the Milpera Trough within PEL 94 (Strike 35%).

Chart 1 – Strike Energy - Southern Cooper Basin permit areas and target troughs



The drilling programs will be operated by Beach Energy, a recognised leader in Cooper Basin unconventional exploration, and represent the first significant unconventional exploration activity in the Southern Flank of the Cooper Basin.

## SUBSTANTIAL PROSPECTIVE RESOURCE:

The prospective resource has been estimated for depths below 1,500 metres in the Battunga, Milpera, Larow and Weena Troughs. The resource is summarised as follows:

**Table 1 – Strike Energy’s gas and liquids prospective resource estimate**

	P90	P50 (mean)	P10
<b>Prospective resource<sup>1</sup> total</b>			
- Gas (Bcf)	7,310	12,393	18,393
- Liquids (Mmmbbl)	30	113	229
<b>Prospective resource<sup>1</sup> Strike’s share</b>			
- Gas (Bcf)	3,599	6,099	9,045
- Liquids (Mmmbbl)	14	54	109

1. Prospective Resource as per Society of Petroleum Engineers – Petroleum Resources Management System

## STRONG MARKET OUTLOOK

Strike is seeking to benefit from the significant forecast rises in east coast market gas prices in coming years as a result of increased domestic consumption and unprecedented demand from Queensland’s LNG export projects.

Strike is confident that unconventional resources from the Cooper Basin have the potential to play a key role in meeting the looming supply shortfall. In addition, the presence of existing pipeline infrastructure creates a clear path to commercialise any discoveries.

*Further information:*

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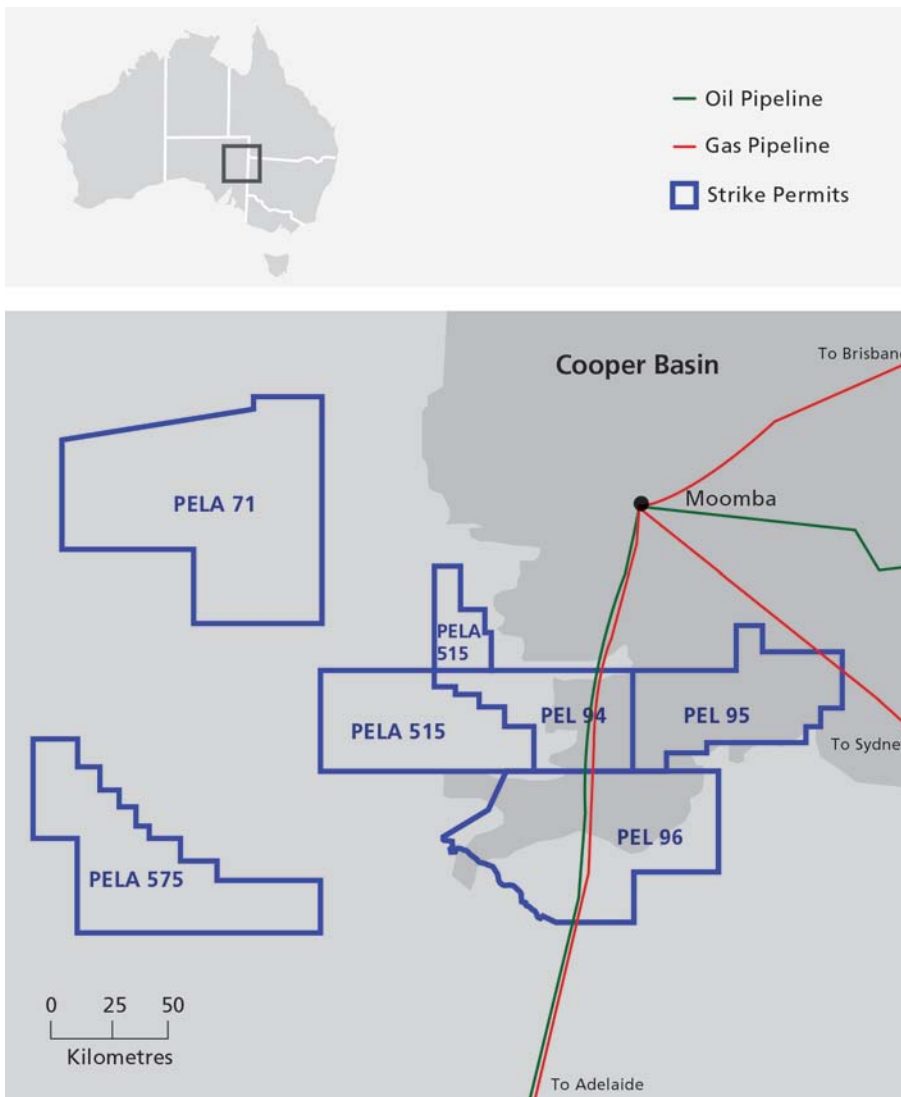
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## ADDITIONAL INFORMATION

### STRIKE ENERGY'S PERMIT AREAS

Strike's extensive Cooper & Eromanga Basin exploration territory exceeds 16,000 net km<sup>2</sup> (4 million acres) held under permit and application. Export infrastructure is already in place with the Moomba to Sydney gas pipeline passing through PEL 95 and the Moomba to Adelaide gas pipeline passing through PELs 94 and 96.

Chart 2 – Strike Energy's Cooper & Eromanga Basin permit areas & pipeline infrastructure



Strike has high working interests in each of its permits, maximising the company's leverage to successful exploration.

**Table 2 – Strike Energy’s key Cooper & Eromanga Basin permit areas and interests**

Permit	Working Interest	Gross Area (km <sup>2</sup> )	Net Area (km <sup>2</sup> )	Operator
PEL 94	35%	1,804	631	Beach Energy
PEL 95	50%	2,581	1,291	Beach Energy
PEL 96	66.7%	4,060	2,707	Strike
PELA 71	75%	6,145	4,609	Strike
PELA 515	100%	3,038	3,038	Strike
PELA 575	100%	3,804	3,804	Strike
<b>Total</b>		<b>21,432</b>	<b>16,080</b>	

## SUBSTANTIAL PROSPECTIVE RESOURCE

Strike has undertaken an extensive in-house study of the coals and shales within the Toolachee, Daralingie, Roseneath, Epsilon, Murteree and Patchawarra formations to estimate the prospective unconventional resources within PELs 94, 95 and 96.

Existing well and seismic data has been used to build the resource model. The total prospective gas resource estimate as between the target troughs is summarised as follows:

**Table 3 – Total prospective gas resource by target trough**

Trough	Permit	Prospective Area (km <sup>2</sup> )	Prospective Resource <sup>1</sup> Coals (Bcf)			Prospective Resource <sup>1</sup> Shale (Bcf)		
			P90	P50	P10	P90	P50	P10
<b>Battunga</b>	PEL 95	833	484	905	1,415	2,770	4,741	7,087
<b>Milpera</b>	PEL 94	284	515	825	1,185	304	522	789
<b>Larow</b>	PEL 94	184	280	480	715	375	649	974
<b>Weena</b>	PEL 94/96	842	1,855	3,015	4,340	727	1,256	1,888
<b>Total Prospective Gas Resource</b>			<b>3,134</b>	<b>5,225</b>	<b>7,655</b>	<b>4,176</b>	<b>7,168</b>	<b>10,738</b>

1. ‘Prospective Resource’ is described in the Society of Petroleum Engineers – Petroleum Resources Management System as undiscovered potentially recoverable gas

Strike also believes that a portion of the prospective resource is within the liquids rich hydrocarbon generation window. This is based on analysis of vitrinite reflectance data that is available for the Permian section within the target areas. Strike’s analysis has been supported by Senex Energy (Strike’s partner in PEL 94) at its recently drilled Vintage Crop 1 well in PEL 516, only about 3 kilometres from the PEL 95 boundary. The well intersected Roseneath, Epsilon and Murteree (REM) formations and Senex has reported the “presence of liquids-rich gas, favourable mineralogy, and properties similar to successful North American shale plays”.

The total prospective liquids resource estimate as between the target troughs is summarised as follows:

**Table 4 – Total prospective liquids resource by target trough**

Trough	Permit	Prospective Area (km <sup>2</sup> )	Prospective Resource Coals & Shales (Mmmbbl)		
			P90	P50	P10
<b>Battunga</b>	PEL 95	833	20.0	74.4	151.5
<b>Milpera</b>	PEL 94	284	2.2	8.3	16.8
<b>Larow</b>	PEL 94	184	2.7	10.2	20.7
<b>Weena</b>	PEL 94/96	842	5.3	19.7	40.2
<b>Total Prospective Liquids Resource</b>			<b>30</b>	<b>113</b>	<b>229</b>

## NEAR TERM EVALUATION PROGRAM

Strike has committed to a two well unconventional exploration program commencing in Q1/2012. The program will target the Battunga Trough in PEL 95 (Strike 50%, Beach Energy 50%) and the Milpera Trough in PEL 94 (Strike 35%, Beach Energy 50%, Senex Energy 15%). Both wells will be operated by Strike's partner Beach Energy, a recognised leader in Cooper Basin unconventional exploration.

Approximately 833 km<sup>2</sup> of the Battunga Trough is within PEL 95, about one-third of the total permit area. The trough is known to contain the Toolachee, Roseneath, Epsilon, Murteree and Patchawarra formations. The Battunga Trough well will be drilled to approximately 2,500 meters and will test each of these units.

The Milpera Trough is 284 km<sup>2</sup> in area, about 15% of PEL 94. It is known to contain the Roseneath, Epsilon, Murteree and Patchawarra formations. The Milpera Trough well will have a planned depth of 2,200 meters.

Each well is expected to have a total cost of approximately \$2.5 million. The data from the wells will be used to refine Strike's resource model and allow for further exploration and test work to be undertaken.