

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

STRIKE BOOSTS US PRODUCTION AND REVENUE BY 33% WITH US\$3.75M DEAL

Acquisition lifts Strike's stake in the Louise gas-condensate field to 40%

Highlights

- Strike acquires a further 10% interest in the Louise gas/condensate field and the successful Eaglewood Joint Venture, onshore Gulf Coast, USA.
- The US\$3.75m acquisition lifts Strike's stake in the liquids-rich Louise field to 40%.
- This will provide Strike with strong ongoing cash flow from production of 2 MMcfe/day (Strike's approximate equity share).
- Strike also set to increase its exploration exposure in the USA through an ongoing exploration program. The first of these wells, Sadie-1, is currently being drilled.

Strike Energy (ASX:STX) is pleased to advise that it has increased its stake in the producing Louise gas-condensate field and associated Eaglewood Joint Venture from 30 to 40 percent.

The increased interest, which was acquired for US\$3.75 million, increases Strike's share of the liquids-rich Louise project, which is currently producing at 5 MMcfe/day, by one-third. As a result, Strike will increase its share of ongoing production from the Louise project to approximately 2 MMcfe/day.

The deal also gives Strike an increased exposure to the Joint Venture's upcoming exploration drilling program.

Louise was discovered by the Eaglewood Joint Venture in March 2010 and brought into production in May 2010. Since that time, the well has produced at a stable rate of 5 MMcfe/day without recording any production decline.

Strike's estimated monthly gross revenue from Louise post the transaction will be in the order of US\$350,000 per month at current prices.

OUR STRENGTHS

- High margin producer
- Multiple large scale growth options
- Experienced team
- Long term track record of success

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Louise is a high-margin producer delivering relatively high levels of condensate which adds to its production value in periods of rising liquid prices, as currently being experienced.

On a broader front, Strike will hold up to a 40% interest in the ongoing prospect generation and drilling activities of the Eaglewood Joint Venture. Over the past six years, the Joint Venture has generated a pipeline of prospects which have led to three high margin gas/condensate Wilcox Formation discoveries and successful developments.

Recently Strike sold its interest in two of the more mature of these fields for US\$21.7 million net cash after receiving approximately \$78 million in gross revenue since production commenced.

Strike has already started its US exploration drilling programme, including Wilcox Formation plays of the type that have led to success in the past. The first of these wells, Sadie-1, is currently being drilled.

Strike's Managing Director Simon Ashton said the acquisition of the additional stake was consistent with the Company's plan to increase its growth profile, particularly through exploration.

"We are pleased to have secured the opportunity to increase our interest in the successful Eaglewood Joint Venture and to gain a greater share of the high-quality Louise production at a time of high oil prices," Mr Ashton said. "We are continuing to evaluate new opportunities in the US to expand into new joint ventures."

Yours faithfully

A handwritten signature in black ink, appearing to read "Simon Ashton".

SIMON ASHTON
Managing Director

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