

18 December 2013

The Company Announcement Officer
ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT DRILLING UPDATE

- ***Le Chiffre 1 - cased and suspended for flow testing***
- ***Klebb 1 – setting intermediate casing at 960m***
- ***Project on track to move to pilot production testing***

Strike Energy Limited (ASX:STX) (“Strike”) is pleased to provide the following update on drilling activities at the company’s Southern Cooper Basin Gas Project. Please also refer to the Southern Cooper Basin Project Investor Presentation released in conjunction with this announcement.

LE CHIFFRE 1

The Le Chiffre 1 well was drilled to 2,089m and has been cased using premium casing which will enable the well to be fracture stimulated and flow tested. The drilling rig was released on 11 December and was immediately rigged down and moved to the Klebb 1 location.

In excess of 105m of coal was encountered in Le Chiffre 1, of which 86m was cored and recovered.

In particular, a 70m gross pay (interpreted 46m net coal) interval was observed in the primary target Patchawarra formation (Vm3 and Vu coal seams) between 1,905m and 2,000m. The high pay thickness within a 95m interval allows for the design and implementation of a simpler and more cost effective fracture stimulation program than had previously been envisioned.

Elevated gas readings were recorded across all coal intervals with gas concentration increasing with depth, as expected. Preliminary analysis of the coal samples obtained show that the coals are in the peak gas generation window for inertinite rich coals. This is consistent with observations that the coals have very low water content and are gas saturated with free gas present in the coal pores.

KLEBB 1

Klebb 1 spudded on 16 December and is currently setting intermediate casing at 960m.

The well will be drilled to a proposed total depth ("TD") of around 2,126m. The well will be drilled to TD and an extensive suite of logs run including formation productivity testing and side wall coring. The well will then be cased and suspended pending completion and production testing in 2014.

NEXT STEPS

During Q1 2014, the data obtained from the current drilling program will be analysed and will be combined with recent industry best practice for fracture stimulation and flow testing of deep Cooper Basin coals to finalise the design of an initial pilot testing program. It is anticipated that completion and testing operations will then be undertaken in Q2 2014.

MANAGING DIRECTOR QUOTE

Managing Director, David Wrench said:

"The preliminary results from Le Chiffre confirm the presence of an extensive, gas saturated coal system in PEL 96 - exceeding Strike's pre-drill expectations.

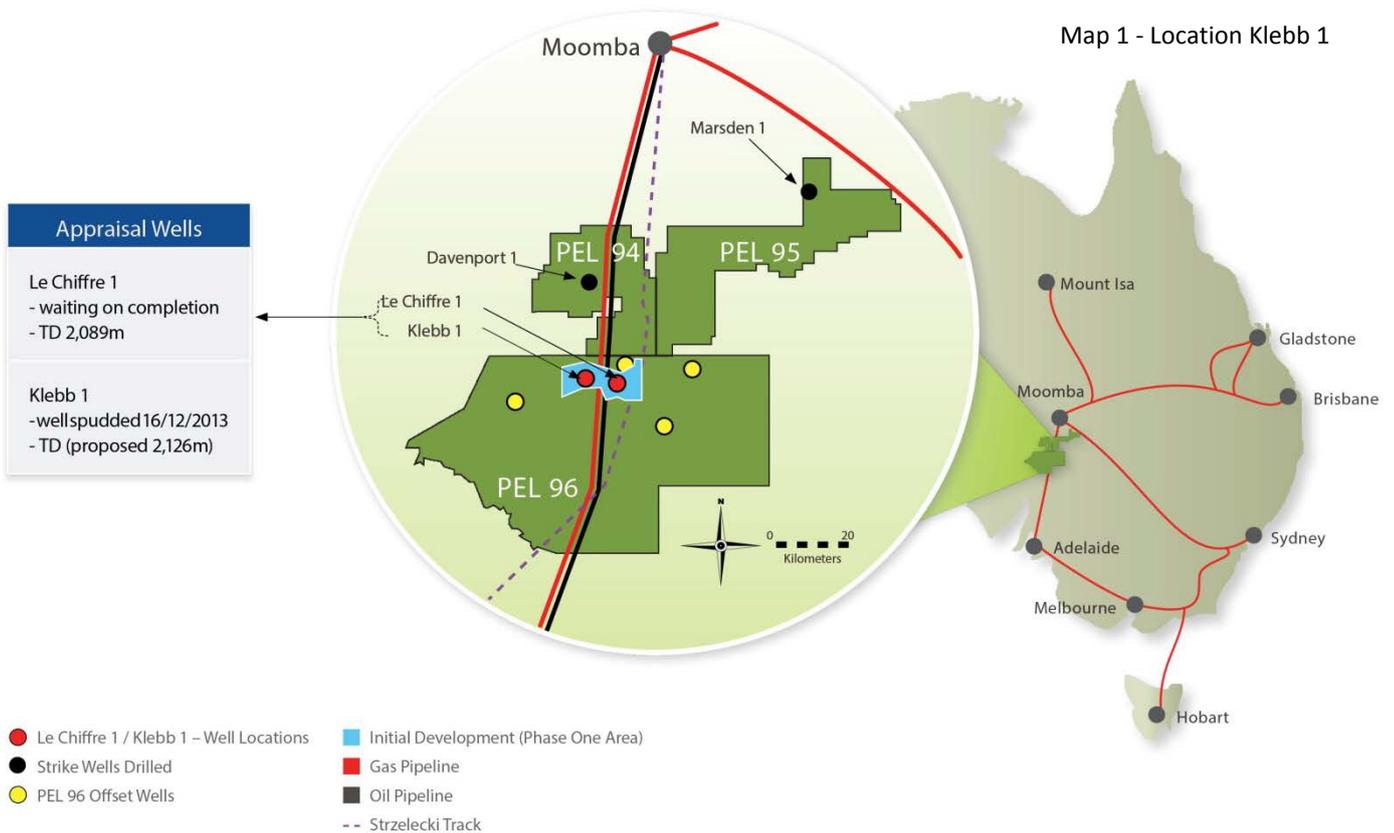
"We now look forward to completing the drilling program and commencing pilot production testing in 2014. If productivity testing is successful, the project will be on track to meet our objectives of being a low cost, independent gas producer in time to supply the emerging Eastern Australian gas market shortfall."

KLEBB 1 DETAILS

The Klebb 1 well is being drilled by the PEL 96 joint venture (Operator Strike 66.7% and Energy World Corporation (ASX:EWC) 33.3%) and is located approximately 105 km south-south west of Moomba and 4km west of the Moomba to Adelaide Pipeline ("MAPS") (see Map 1 below).

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Map 1 - Location Klebb 1



Yours faithfully

DAVID WRENCH
Managing Director

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