

The Company Announcement Officer
ASX Limited
via electronic lodgement

STRIKE ENERGY'S SOUTHERN COOPER BASIN EXPLORATION PROGRAM COMMENCES

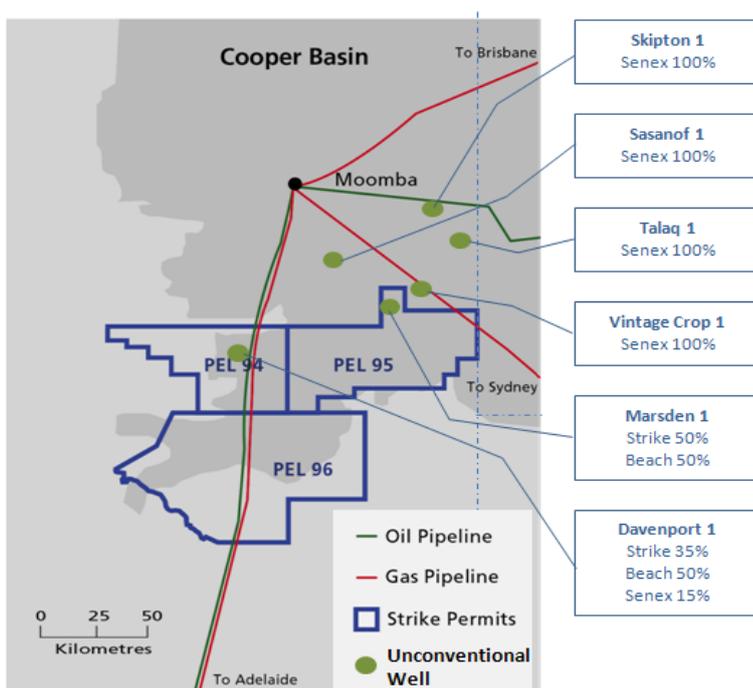
- **Strike's Marsden 1 unconventional coal and shale evaluation well to spud on Wednesday 22 February**
- **The Southern Cooper Basin emerging as a centre for coal and shale evaluation with six unconventional wells by mid-2012**

OVERVIEW:

Strike Energy Limited has been advised by Beach Energy, the operator of PEL 95 (Strike 50%, Beach 50%), that the Marsden 1 well is expected to spud on Wednesday, 22 February. Marsden 1 is one of a series of wells being drilled in coming months specifically focused on evaluating the potential of the Southern Cooper Basin gas and liquids unconventional fairway.

Marsden 1 will be followed back-to-back by Strike's second unconventional evaluation well, Davenport 1, that will test the Permian sections within PEL 94 (Strike 35%).

Map 1 – Southern Cooper Basin unconventional wells



OUR STRENGTHS

- Quality Assets
- Experienced Team
- Major Growth Potential

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MANAGING DIRECTOR'S QUOTE:

Managing Director, David Wrench, said:

“Strike Energy is uniquely placed to capitalise on its strategic permit holding in the Southern Cooper Basin, which has emerged as one of the most active regions in Australia for unconventional coal and shale exploration.

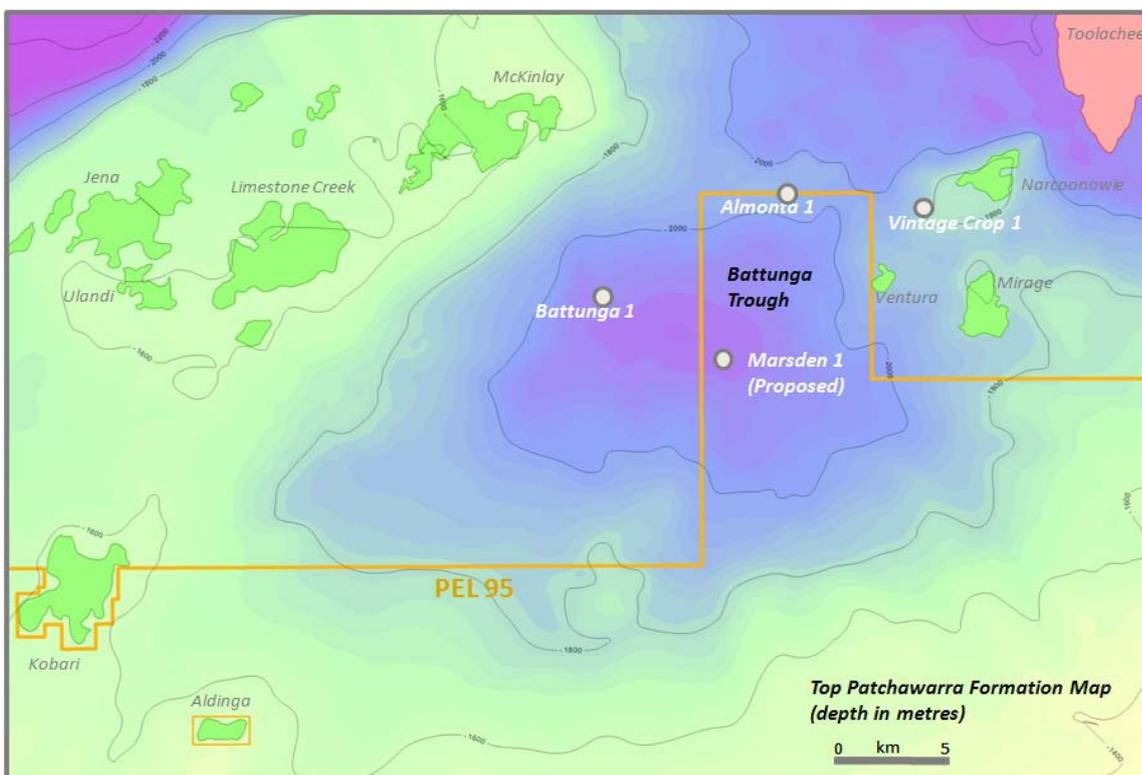
“The spudding of Marsden 1 marks the first stage of Strike’s unconventional coal and shale exploration and development program which is focused on evaluating the gas and liquids potential of the coals and shales in this region.

“We are confident in the liquids potential of this region which together with the lower cost of drilling and the ready access to infrastructure creates a clear path to commercialisation,” he said.

MARSDEN 1 COAL & SHALE EVALUATION WELL:

Strike has been advised by Beach Energy, the operator of PEL 95 (Strike 50%, Beach 50%), that the Marsden 1 coal and shale evaluation well will spud tomorrow. Ensign rig 918 has moved into position and will drill the well, located in the Battunga Trough, to a planned total depth of 2,640 metres. Strike anticipates that Marsden 1 will intersect 700 to 800 metres of Permian sediments including the Toolachee, the Roseneath, Epsilon and Murteree formations (together ‘REM’) and the Patchawarra. The well will be extensively cored and logged and is expected to take 25 – 30 days to drill.

Map 2 – Marsden 1 well location (Battunga Trough)



Marsden 1 will be followed back-to-back by Strike's second unconventional evaluation well, Davenport 1, that will test the Permian sections within PEL 94 (Strike 35%).

SOUTHERN COOPER BASIN UNCONVENTIONAL FAIRWAY:

The Southern Cooper Basin is emerging as a major centre for unconventional exploration with leading operators, Beach Energy and Senex Energy, each conducting drilling programs to evaluate the Permian coal and shale formations. While there is still considerable work ahead, the path to commercialisation of the large unconventional Southern Cooper Basin resource will be aided by the following factors:

1. **Liquids potential** – The Permian formations are significantly shallower than the dry gas plays within the centre of the Cooper Basin and Strike believes they are at depths consistent with a potential wet gas window
2. **Lower cost** – Shallow formation depths will result in lower drilling and completion costs
3. **Infrastructure access** – The Southern Cooper Basin has access to east coast domestic and LNG markets via existing export pipelines that have substantial unused capacity
4. **Land access** – The Southern Cooper Basin is not subject to competing agricultural land and aquifer use claims that are impacting gas development projects elsewhere in eastern Australia

The Southern Cooper Basin unconventional fairway will be extensively evaluated over the next few months. In addition to Strike's and Beach's Marsden 1 and Davenport 1 evaluation wells within PELs 95 and 94 respectively, Senex Energy is advancing an active unconventional program within the adjacent PEL 516 (Senex 100%). Following on from its successful Vintage Crop 1 that was drilled approximately 10 kilometres from Strike's Marsden 1 location and recorded the 'presence of liquids rich gas', Senex is currently drilling the Sasanof 1 evaluation well. It will be followed in coming months by two other unconventional evaluation wells, Skipton 1 and Talaq 1 (see Map 1), with all three wells being fracture stimulated and flow-tested.

Data from Strike's Marsden 1 and Davenport 1 wells will be used to confirm the company's resource model and to develop a follow-on evaluation and development program.

Yours faithfully

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

DAVID WRENCH
Managing Director

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