

The Company Announcement Officer  
ASX Ltd  
*via electronic lodgement*

## EAGLE FORD SHALE PROJECT UPDATE

### *PRODUCTION TEST WELL TO SPUD*

- **Significant footprint in the Eagle Ford Shale – 9,568 net acres**
- **Bigham 1H horizontal production well to spud next week**
- **Eagle Ford Shale and Lower Austin Chalk productivity to be tested**
- **25 to 40 Mmboe potential resource net to Strike**

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### OVERVIEW

**Strike Energy Limited is pleased to announce that drilling of the company's initial Eagle Ford Shale project production test well – Bigham 1H – is expected to commence next week.**

Strike, through its' 27.5% interest in the Eagle Landing Joint Venture, has 34,793 leased and committed acres in Lavaca and Fayette Counties, Texas – 9,568 acres net to Strike.

Production results from Bigham 1H will be an important milestone in demonstrating the value of the company's acreage position and in de-risking Strike's Eagle Ford Shale project.

Operators in adjacent permit areas are also currently completing production wells in the Eagle Ford Shale unit. These wells are expected to further de-risk the play in Lavaca and Fayette counties.

Sanchez Energy has estimated EURs of 350 – 550 Mboe per well based on a 120 acre well spacing at its Marquis area located directly adjacent to Strike's acreage. If confirmed, this equates to 285 unrisked well locations (78 net to Strike) across Strike's permit areas and a resource potential of 25 – 40 million boe net to Strike.

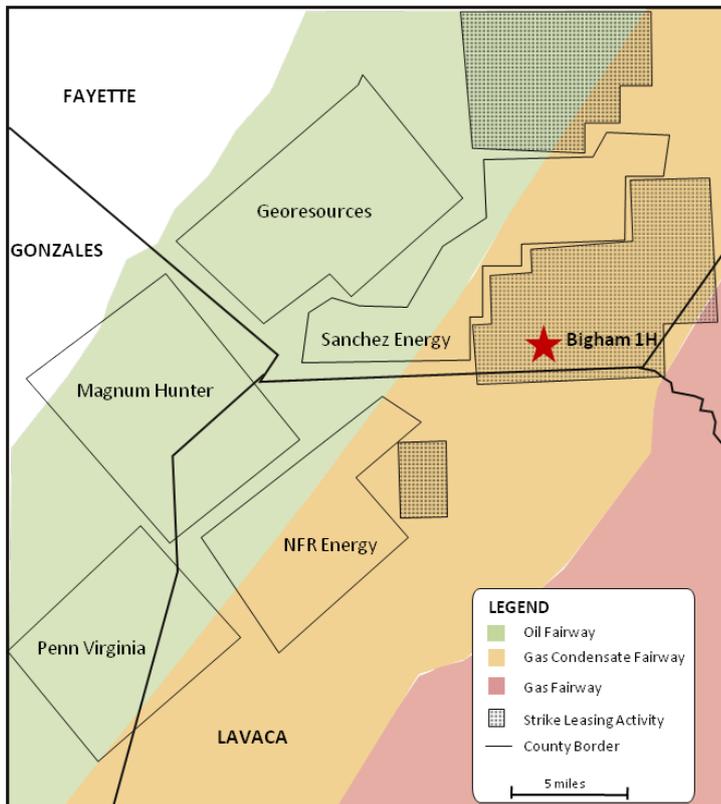
### OUR STRENGTHS

- Quality Assets
- Experienced Team
- Major Growth Potential

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Map 1 – Strike’s Eagle Ford Shale lease area and Bigham 1H well location



## MANAGING DIRECTOR’S QUOTE

Managing Director, David Wrench, said:

*“Strike has a significant footprint in the Eagle Ford Shale of over 9,500 leased and committed acres, giving the company direct exposure to a multi-million barrel resource play.*

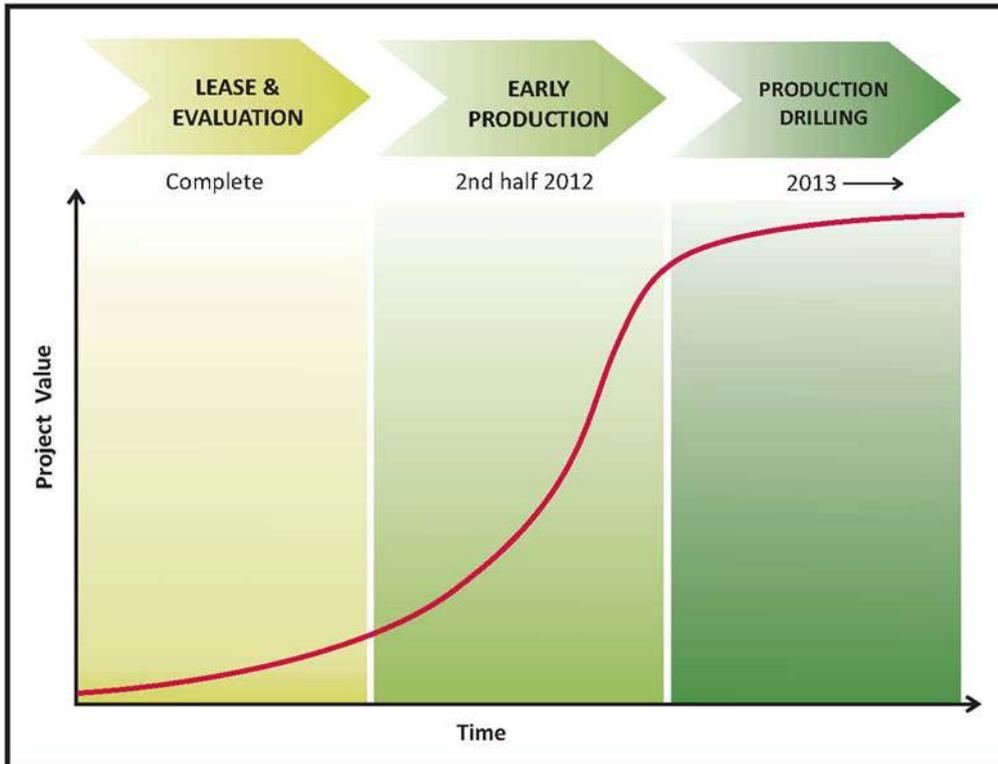
*“The Bigham 1H production test is an important step in proving up the value of our targeted shale investment.*

*“We are excited about commencing this early production phase of the project which, if successful, has the potential to significantly re-rate the company over the next six months”, he said.*

## EAGLE FORD SHALE DEVELOPMENT PLAN

The Eagle Landing Joint Venture is working to a sequential development plan to demonstrate the extent and productivity of the Eagle Ford Shale and the Lower Austin Chalk formations within its permit area as illustrated in Chart 1 below. Industry valuations clearly demonstrate that significant tangible value is added upon successful completion of each stage in this process and consequent reduction in project risk.

Chart 1 – Strike’s Eagle Ford Shale Development Plan and Value Curve



The Lease and Evaluation phase of Strike’s Eagle Ford Shale development plan has been completed and the Bigham 1H well marks the start of the production testing and early production phase. These stages are discussed in further detail below.

## STAGE ONE – LEASING and EVALUATION

The Eagle Landing Joint Venture commenced leasing about 24 months ago after identifying an extension of the established Eagle Ford Shale trend northeast into Fayette County. As at 1 June 2012, the Eagle Landing Joint Venture has 34,793 leased and committed acres (9,568 acres net to Strike).

The Joint Venture’s leasing activity has focused primarily upon the prolific gas-condensate production fairway which has been shown to generate the highest returns across the Eagle Ford play.

Technical evaluation has shown:

1. The Eagle Ford Shale and the Lower Austin Chalk are self sourcing reservoirs in the gas condensate production window *ie.* the formations generate, store and produce hydrocarbons.
2. Evidence of hydrocarbon shows and fractures including expulsion fractures with over pressured formations.
3. Rock mechanical properties and mineralogy suggest that fracture stimulation can be successfully completed in the both the Lower Austin Chalk and the Eagle Ford shale units.

## STAGE TWO – EARLY PRODUCTION

The Bigham 1H well is located in south eastern Fayette County. The well is being drilled to a vertical depth of 12,200 feet (~3,700 metres) prior to drilling a 5,000 foot (~1,500m) horizontal section. Once drilled and cased, the well will undergo a multi-stage fracture stimulation program designed to fracture both the Lower Austin Chalk and the Eagle Ford Shale formations. The well will then be produced to effectively test a single well bore “Chalkeford” play.

Bigham 1H is expected to take approximately 6 weeks to drill, log and case. In parallel, gas and condensate sales infrastructure is being developed so that production from the well and subsequent wells can be sold. Fracture stimulation and initial production is anticipated to commence in October once sales infrastructure has been completed.

Following encouraging Bigham 1H production test results, the Eagle Landing Joint Venture expects to drill subsequent wells to further optimise well design, completion techniques and demonstrate productivity across the joint venture’s lease area. In line with industry experience, significant improvements can be expected with second, third and later generation wells.

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The production testing of the Bigham 1H horizontal well is a crucial and near-term step in proving-up the value of Strike’s Eagle Ford Shale investment. Following our recent \$20 million capital raising, the company is well funded to participate in Bigham 1H and further Eagle Ford Shale activity.

Yours faithfully

A handwritten signature in black ink, appearing to read "DW", with a long horizontal line extending to the right.

DAVID WRENCH  
Managing Director

*Further information:*

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