

The Company Announcement Officer
ASX Ltd
via electronic lodgement

SHALE WORLD AUSTRALIA CONFERENCE PRESENTATION

Please find attached a presentation to be made by David Wrench today at the Shale World Australia Conference being held in Brisbane.

Yours faithfully



DAVID WRENCH
Managing Director

Further information:

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OUR STRENGTHS

- Quality Assets
- Experienced Team
- Major Growth Potential

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Strike Energy



THE  AND  OF
UNCONVENTIONAL RESOURCE DEVELOPMENT

SHALE WORLD AUSTRALIA

30-31 JULY 2012



DAVID WRENCH – Managing Director

B. Eng – University of Sydney

20 years in oil & gas management and finance including Macquarie, Credit Suisse, Chase

Co-founder of CH4 Gas Limited, one of Australia’s first successful coal seam gas producers

CORPORATE INFORMATION

Corporate office	Sydney, Australia
Listing	Australian Stock Exchange
Market capitalisation	~A\$95 million
Ordinary shares	615 million
Major shareholders	Board & management ~11%
	Institutional investors ~25%
Cash (30 June 2012)	~A\$16 million

KEY UNCONVENTIONAL ASSETS

Southern Cooper Basin, South Australia



Over 4,500 km² (1.1 million acres)

Recent evaluation wells encountered very thick coal & shale formations with strong gas shows

Eagle Ford Shale, Texas



~35,000 gross / ~9,700 net acres in the gas-condensate window

First production test well currently drilling



APPROPRIATE MARKET CONDITIONS

A DEEP MARKET WITH STRONG GAS PRICES



BIG, ECONOMICALLY RECOVERABLE RESOURCE

RESOURCE SIZE, RECOVERABILITY AND ECONOMICS



COMMERCIALISATION FUNDAMENTALS

ACCESS TO LAND, SERVICES AND INFRASTRUCTURE



APPROPRIATE MARKET CONDITIONS

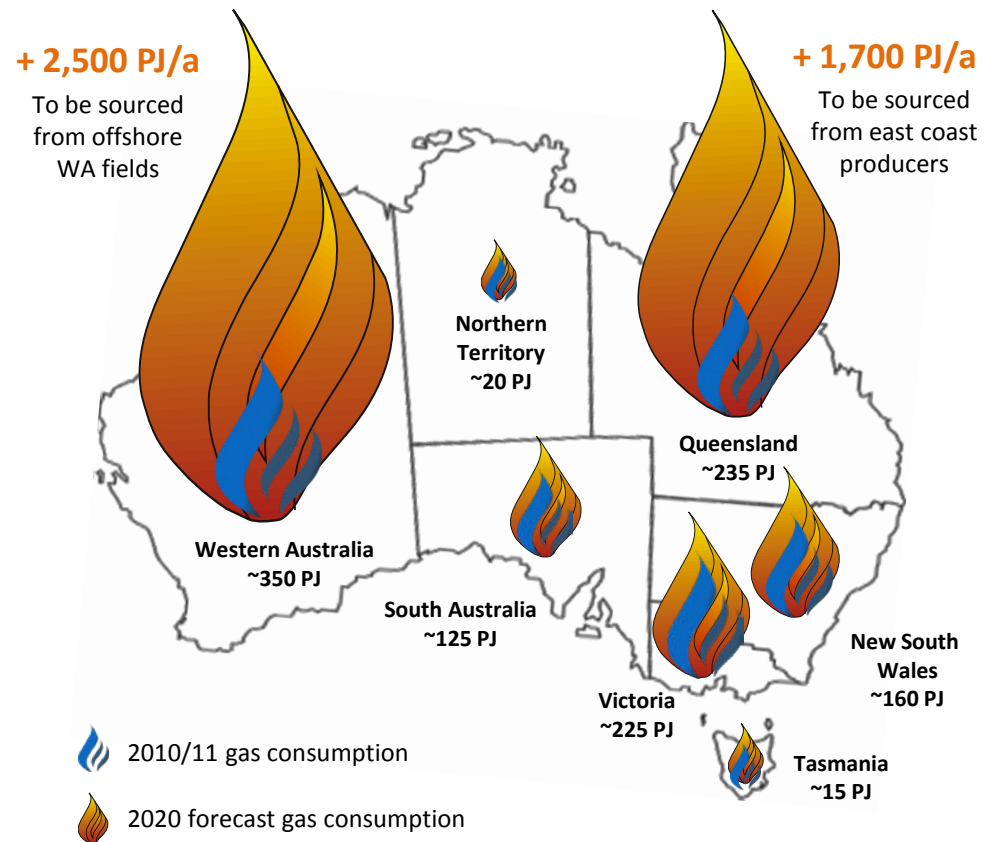
A DEEP MARKET WITH STRONG GAS PRICES

LNG EXPORT PROJECTS ARE DRIVING A MASSIVE INCREASE IN DEMAND FOR AUSTRALIAN GAS

1 EAST COAST GAS DEMAND TO TRIPLE BY 2020

2 AUSTRALIAN DOMESTIC DEMAND FORECAST TO INCREASE ABOUT 50% BY 2020

3 UNPRECEDENTED OPPORTUNITIES EXIST TO DEVELOP NEW GAS SUPPLIES



Source: EnergyQuest, Queensland Government

RISING GAS DEMAND IS TRANSLATING INTO SUBSTANTIALLY HIGHER GAS PRICES



LNG PROJECTS ARE COMPETING WITH DOMESTIC CONSUMERS FOR GAS SUPPLIES



ANALYSTS FORECAST GAS PRICES TO DOUBLE FROM CURRENT LEVELS



INCREASING GAS VOLUMES AND PRICES SUPPORT THE DEVELOPMENT OF UNCONVENTIONAL PROJECTS



"The east coast gas market is currently going through transformational changes... We see domestic sales gas prices in the A\$8-12/GJ range by the end of the decade" - July 2012



"It is difficult to overstate the market impact of impending LNG exports... It is increasingly the consensus view from both producers and consumers that domestic east coast gas prices are set to rise significantly" - May 2012



Deutsche Bank

"It appears inevitable that the domestic gas price in Australia will rise" - July 2012



Merrill Lynch

"In a market that is set to experience transformation change due to LNG exports, we believe most buyers will ultimately be willing to accept a new oil-linked paradigm" - March 2012



IG, ECONOMICALLY RECOVERABLE RESOURCE

RESOURCE SIZE, RECOVERABILITY AND ECONOMICS

AUSTRALIA HAS SOME OF THE WORLD'S MOST PROSPECTIVE UNCONVENTIONAL GAS RESOURCES



AUSTRALIA HAS ABUNDANT UNCONVENTIONAL RESOURCES — COALS, SHALES + TIGHT SAND



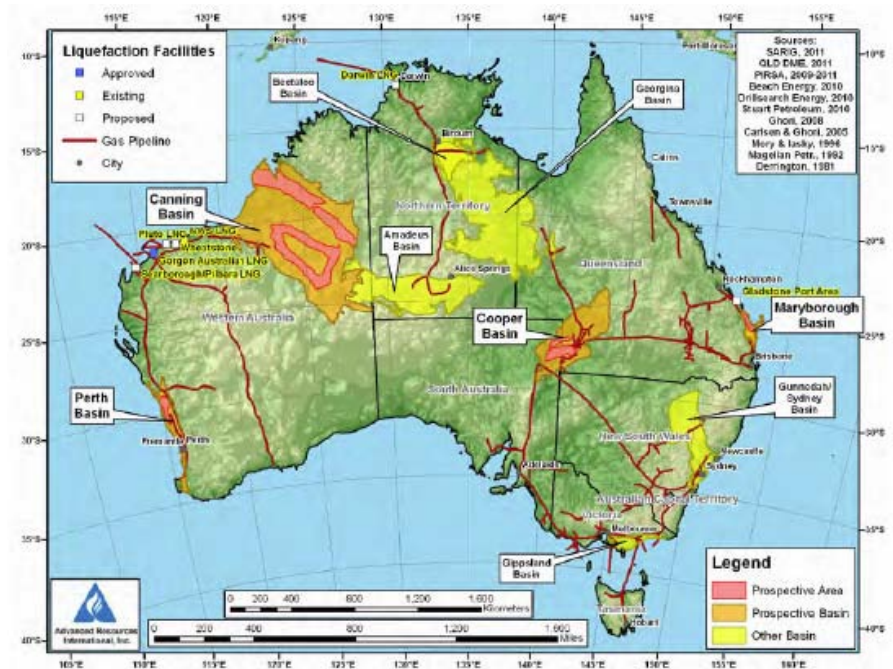
SHOWN TO CONTAIN GAS, AND POTENTIALLY LIQUIDS



THE US ENERGY INFORMATION ADMINISTRATION ESTIMATES THAT AUSTRALIA HAS 396 TCF OF SHALE GAS-IN-PLACE — 300+ YEARS SUPPLY



Australia's prospective gas shale basins



Source: Energy Information Administration

ADVANCES IN TECHNOLOGY NOW ENABLE GAS RECOVERY FROM COALS, SHALES & TIGHT SAND



HORIZONTAL DRILLING MAXIMISES EXPOSURE TO AN UNCONVENTIONAL FORMATION

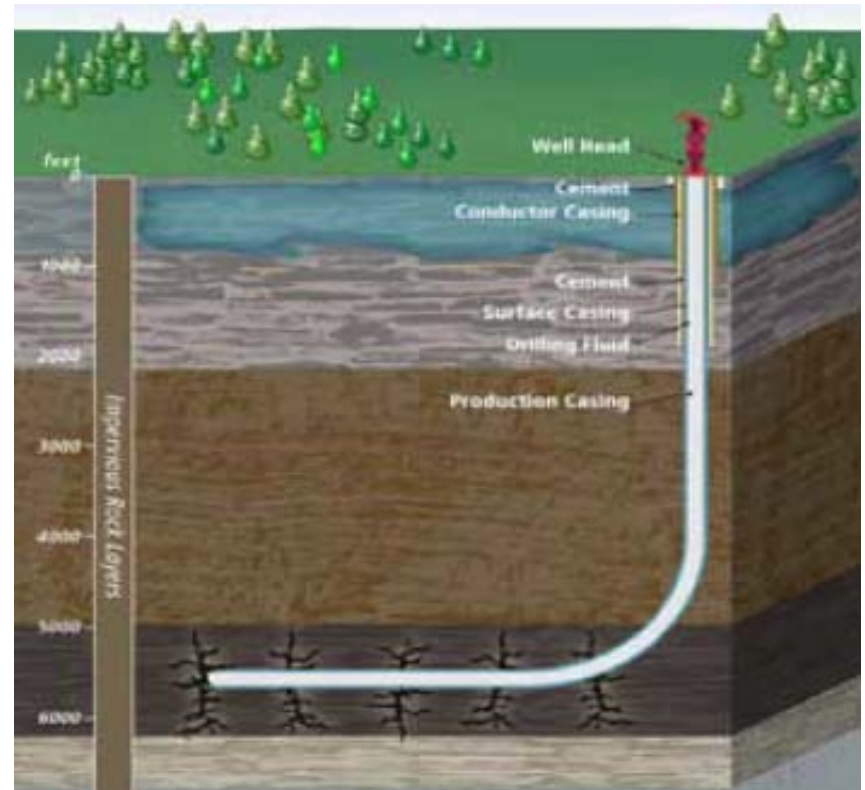


FRACTURE STIMULATION ALLOWS TIGHT RESERVOIRS TO FLOW HYDROCARBONS



NEW TECHNOLOGY ENABLES PREVIOUSLY INACCESSIBLE HYDROCARBONS TO BE RECOVERED

Shale gas extraction using horizontal drilling & 'fracking'



Source: BHP Billiton

RESOURCE SIZE, PRODUCTIVITY AND RECOVERY DEFINE REVENUES



AREA x THICKNESS x HYDROCARBON
CONTENT = RESOURCE SIZE



PRODUCTIVITY + RECOVERY DEPENDS
ON SATURATION, PERMEABILITY +
PRESSURE



*THE COMBINATION OF RESOURCE
SIZE AND PRODUCTIVITY DRIVE
REVENUES*

Key resource parameters influencing economics



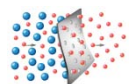
Resource size is gross rock volume (area x thickness) x hydrocarbon content

- thick formations generally require fewer wells and potentially allow for lower-cost vertical completions



Gas content & saturation determines the quantity of gas stored within the formation

- high content & saturation = more gas technically recoverable



Permeability determines the ability of fluids to flow through the formation

- high permeability will drive flow rates



Formation pressure forces gas from the formation

- improves flow rates

DIFFERENT UNCONVENTIONAL PLAY TYPES HAVE DIFFERENT CAPITAL & PRODUCTION COST PROFILES



CAPITAL COSTS (DRILLING, COMPLETION, GATHERING + PROCESSING) WILL VARY GREATLY BETWEEN PROJECTS

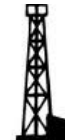


OPERATING COSTS MAY ALSO VARY BETWEEN PROJECTS, ESPECIALLY IF MITIGATED BY LIQUIDS RECOVERY



THE HIGHEST RETURN ON CAPITAL MAY NOT BE THE PROJECT WITH THE HIGHEST FLOW RATES

Key cost factors impacting project economics



Drilling & completion costs are typically a major capital component

- shallow formations are substantially less expensive to drill
- vertical drilling is significantly less expensive than horizontal and may be an option for thick formations
- fracture stimulation adds substantial cost but can enhance production and recovery



Gathering & processing facilities require considerable capital expenditure and ongoing operating costs

- high CO₂ and other inerts and impurities require additional processing and potential carbon tax liabilities
- fewer wells = less gathering infrastructure



Natural gas liquids recovery can provide a valuable credit against operating costs



COMMERCIALISATION FUNDAMENTALS

ACCESS TO LAND, SERVICES AND INFRASTRUCTURE

PIPELINE ACCESS SUBSTANTIALLY REDUCES COST, AND IMPORTANTLY, TIME TO MARKET



PROJECTS WITH IMMEDIATE PIPELINE ACCESS AVOID (VERY) EXPENSIVE PIPELINE CONSTRUCTION COSTS

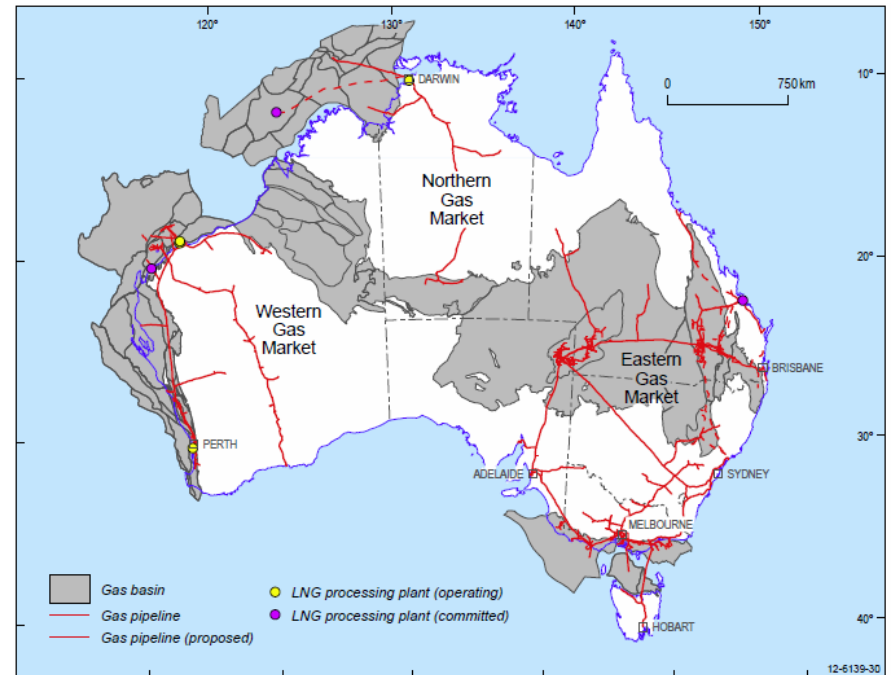


IMMEDIATE PIPELINE ACCESS REDUCES TIME-TO-MARKET BY SEVERAL YEARS



PROJECTS WITH IMMEDIATE PIPELINE ACCESS WILL LIKELY BE COMMERCIALISED FIRST

Australia's gas transmission pipeline network



Source: Geoscience Australia

ACCESS TO LAND AND DRILLING & COMPLETION SERVICES REDUCE DEVELOPMENT TIME AND COST



AUSTRALIA'S OIL + GAS DRILLING + SERVICES SECTOR REMAINS RELATIVELY SMALL





LAND ACCESS IS LESS OF AN ISSUE AWAY FROM URBAN, AGRICULTURAL + ENVIRONMENTALLY SENSITIVE AREAS



UNCONVENTIONAL PROJECTS WITHIN ESTABLISHED PRODUCING BASINS HAVE SIGNIFICANT ADVANTAGES

Australia's shale oil & gas services sector

		
O&G drill rigs capable of drilling long horizontal shale wells	~1,150	~ 5
O&G drill rigs capable of drilling deep vertical wells	~1,900	< 20
'Frac spreads' capable of fracking long horizontal shale wells	> 200	~1
'Frac spreads' capable of fracking shallow coal seam gas wells	> 300	~3

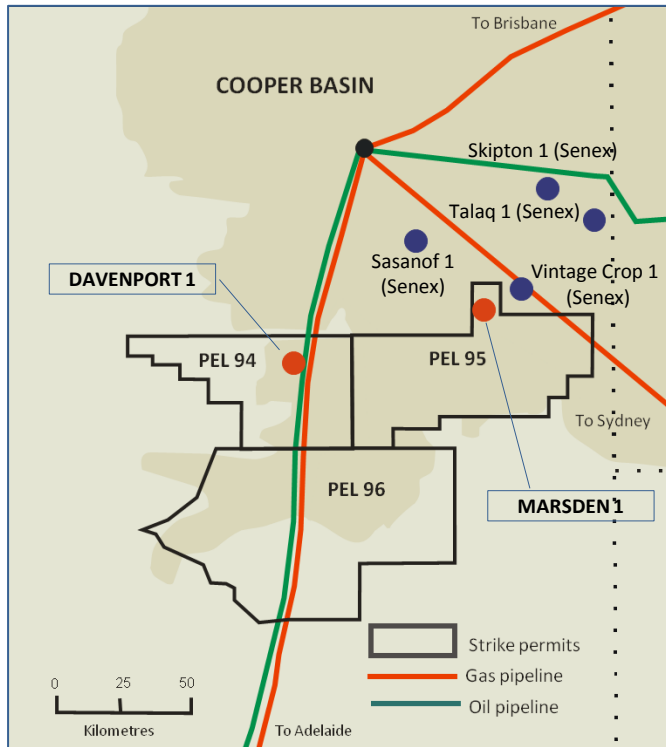
Source: Baker Hughes, Rig Zone, Energy Digger



STRIKE'S SOUTHERN COOPER BASIN PROJECT

A HUGE HYDROCARBON RESOURCE WITHIN AUSTRALIA'S BEST BASIN

STRIKE HAS A VERY LARGE LEASE POSITION WITHIN THE SOUTHERN COOPER BASIN



Large permit area including over 4,600 km² net (1.1 million acres) with unconventional coal and shale potential

PERMIT	STX INTEREST	OPERATOR	SIZE (km ² net)
PEL 96	67%	Strike	2,707
PEL 95	50%	Beach Energy	1,291
PEL 94	35%	Beach Energy	631
			4,629

Recent drilling of the Marsden 1 (PEL 95) and Davenport 1 (PEL 94) unconventional evaluation wells has identified two distinct plays:

- 1 EXCEPTIONALLY THICK, GAS-SATURATED COALS**
- 2 SHALES WITH THE PRESENCE OF NATURAL GAS LIQUIDS**

Prospective gas resource of 6 TCF (net) likely to increase following positive drilling results



APPROPRIATE MARKET CONDITIONS?

Deep market & strong prices?	✓	The Cooper Basin is already connected to the high-growth east coast gas market
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BIG, ECONOMICALLY RECOVERABLE RESOURCE?

Resource size?	✓	Thick coals & shales, including the thickest coals yet identified in the Cooper Basin
Gas content & saturation?	✓	Preliminary testing of cores and samples indicates high gas contents
Permeability?	?	Unknown at this stage. To be tested
Formation pressure?	✓	Active hydrocarbon system encountered during drilling
Drilling & completion costs?	✓	Shallowest coals & shales in the Cooper Basin. Coals potentially productive without fracking
Gathering & processing costs?	✓	Low CO2 compared to elsewhere in the Cooper Basin. High resource concentration
Hydrocarbon quality?	✓	Liquids shows in the shales



COMMERCIALISATION FUNDAMENTALS?

Pipeline infrastructure?	✓	Gas pipelines cross all permits, providing immediate access to east coast markets
Oil & gas services?	✓	The Cooper Basin is a hub for the onshore oil & gas services industry
Land access?	✓	Native title agreements settled and no land-use disputes
Environmental concerns?	✓	Remote location. Environmental risks are manageable

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COMPETENT PERSONS STATEMENT

The reported reserves in this presentation are based on information compiled by Mr. Ben A Thomas. Mr. Thomas is the Manager of Strike's US operations and has consented to the inclusion of the reserves information in this report.

Mr. Thomas holds a B.Sc in Petroleum Engineering. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 40 years.