

The Company Announcement Officer
ASX Ltd
via electronic lodgement

136% UPGRADE TO STRIKE'S COOPER BASIN PROSPECTIVE RESOURCE

- **Strike Energy has upgraded its' Cooper Basin prospective resource estimate by 136% to 14.3 Tcf of gas (net to Strike)**
- **Flow testing and evaluation program planned for 2013**

OVERVIEW

Strike Energy Limited is pleased to announce a 136 per cent upgrade of its resource estimate for the Southern Flank of the Cooper Basin to 14.3 Tcf of gas.

The company's most likely (PMean) prospective resource estimate is 14.3 Tcf of gas and 54 million bbls of liquids (net to Strike) within the Permian coals and shales across PEL's 94, 95 and 96 (see Map 1, Prospective Resource Estimate and Additional Information sections for further details).

This is a significant upgrade to Strike's initial estimate following the recent results of the Davenport 1 and Marsden 1 wells in PEL 94 and PEL 95 respectively. Information from these wells has been used to calibrate existing seismic data and remap the Permian coals across Strike's key permits, which together with gas preliminary content data obtained from the cores recovered, has resulted in this substantial upgrade.

Strike is planning to undertake drilling operations in its PEL 96 in the 2013 calendar year. In parallel Beach Energy, the operator of PEL's 94 and 95 is considering a program to frac and flow test the coals encountered at Davenport 1 ST1 which may be undertaken in 2013.

OUR FOCUS

- **COOPER BASIN**
Participating in over 4 million acres, including over 1.5 million acres with unconventional potential
- **EAGLE FORD SHALE**
Participating in over 37,000 acres within the gas-condensate window

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MANAGING DIRECTOR'S QUOTE

Managing Director, David Wrench, said:

"The sheer size of the resource gives our company unrivalled leverage to successful economic recovery of unconventional resources from the Cooper Basin and is a pleasing result from the first significant unconventional exploration activity in the Southern Flank of the Cooper Basin."

"While we still have much work to do to prove the commerciality of Strike's prospective resource, our next goal is to demonstrate that the coals within Strike's permit areas are capable of flowing hydrocarbons to the surface."

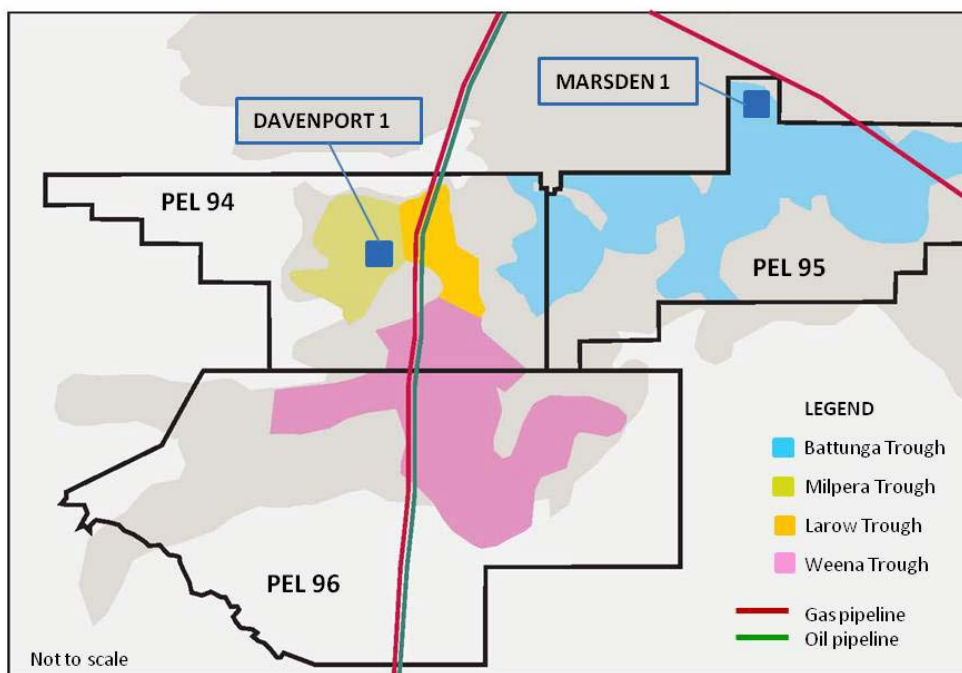
"This milestone will be another important step towards the successful commercialisation of this massive resource," he said.

COOPER BASIN STRATEGY

Strike's exploration strategy is focussed on the unconventional gas and liquids potential in the troughs across the Southern Flank of the Cooper Basin at shallower depths than encountered towards the centre of the basin.

During February and March 2012 Strike and its joint venture partner Beach Energy drilled one well in the Battunga Trough within PEL 95 (Strike 50%) – Marsden 1; and in April and May its partners Beach Energy and Senex Energy drilled one well in the Milpera Trough within PEL 94 (Strike 35%) – Davenport 1 and Davenport 1 ST1.

Map 1 – Strike Energy - Southern Cooper Basin permit areas and target troughs



These wells were the first significant unconventional exploration activity in the Southern Flank of the Cooper Basin and resulted in the discovery of thicker than expected coals, particularly in the Milpera Trough. These wells when calibrated with the existing regional seismic data allowed the Toolachee, Epsilon and Patchawarra coals to be mapped with more confidence resulting in revision of the resource potential of the coal sequences within each of the structural troughs.

In order to progress the appraisal and potential development of the significant resources in its southern Cooper Basin assets, Strike has appointed Chris Thompson to lead the project in the position of General Manager – Cooper Basin. Chris is a petroleum engineer with 20 years of industry experience, most recently with Origin Energy.

PROSPECTIVE RESOURCE ESTIMATE

The prospective resource has been estimated for coals within the Battunga, Milpera, Larow and Weena Troughs and for shales in these troughs below depths of 1,500 metres. The total (recoverable hydrocarbon) prospective resource estimate is summarised as follows:

Table 1 – Strike Energy’s gas and liquids prospective resource estimate

	Low Estimate (P90)	Best Estimate (Pmean)	High Estimate (P10)
Prospective resource¹ total			
- Gas (Bcf)	16,785	28,990	43,714
- Liquids (Mmmbbl)	30	113	229
Prospective resource¹ Strike’s share			
- Gas (Bcf)	8,248	14,253	21,479
- Liquids (Mmmbbl)	14	54	109

1. Prospective Resource as per Society of Petroleum Engineers – Petroleum Resources Management System

COMPETENT PERSONS STATEMENT

The reported prospective resources in this presentation are based on information compiled by Mr. Christopher Thompson. Mr. Thompson is the General Manager of Strike’s Cooper Basin project and has consented to the inclusion of the prospective resource information in this report.

Mr. Thompson holds a B.Sc in Applied Science (Geology) and a Graduate Diploma in Reservoir Evaluation and Management. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry for 20 years, 18 of which as a practicing petroleum engineer.

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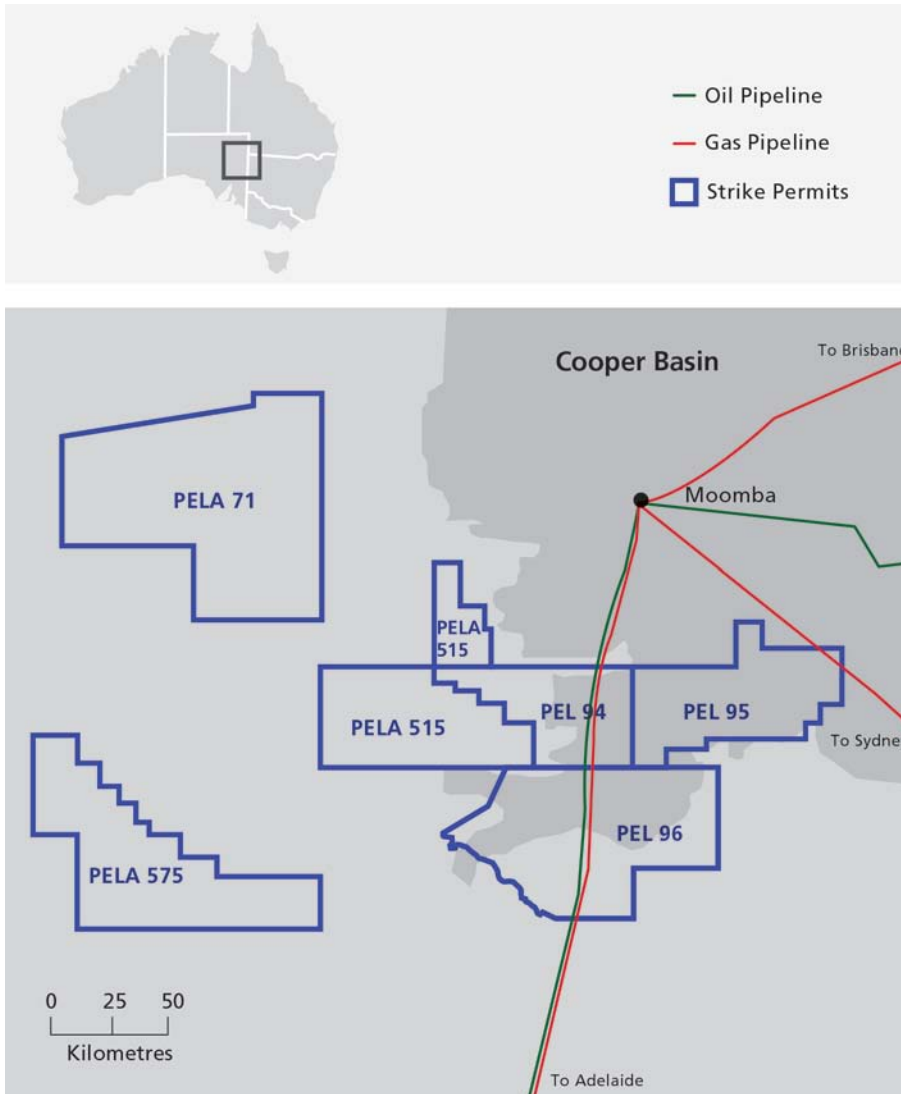
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ADDITIONAL INFORMATION

STRIKE ENERGY'S PERMIT AREAS

Strike's extensive Cooper and Eromanga Basin exploration territory exceeds 16,000 net km² (4 million acres) held under permit and application. Export infrastructure is already in place with the Moomba to Sydney gas pipeline passing through PEL 95 and the Moomba to Adelaide gas pipeline passing through PELs 94 and 96.

Chart 2 – Strike Energy's Cooper & Eromanga Basin permit areas & pipeline infrastructure



Strike has material working interests in each of its permits, maximising the company's leverage to successful exploration.

Table 2 – Strike Energy's key Cooper & Eromanga Basin permit areas and interests

Permit	Working Interest	Gross Area (km ²)	Net Area (km ²)	Operator	Permian Coals
PEL 94 ¹	35%	1,804	631	Beach Energy	Present
PEL 95 ¹	50%	2,581	1,291	Beach Energy	Present
PEL 96	66.7%	4,060	2,707	Strike	Present
PELA 71	75%	6,145	4,609	Strike	Eromanga only
PELA 515	100%	3,038	3,038	Strike	Eromanga only
PELA 575	100%	3,804	3,804	Strike	Eromanga only
Total		21,432	16,080		

¹ 50% of these permits is required to be relinquished upon permit renewal in Nov 2012. The prospective resources presented in this document are contained within the areas proposed to be retained by the Joint Venture.

GROSS GAS RESOURCE ESTIMATE

Strike has reviewed its 2011 study of the coals and shales within the Toolachee, Daralingie, Roseneath, Epsilon, Murteree and Patchawarra Formations based on new information gathered via the Davenport-1 and Davenport 1 ST1 wells in PEL 94 and the Marsden-1 well in PEL 95. This data has been used to revise the estimate of the prospective unconventional coal seam gas (CSG) resources within PELs 94, 95 and 96.

Analysis of the shales penetrated in the Marsden-1, Davenport-1 and Davenport 1 ST1 wells is still ongoing and our resource estimates will be reviewed in due course.

The total gross prospective gas resource estimate by PEL and structural troughs is summarised in Table 3 as follows and has been prepared in accordance with the Society of Petroleum Engineers PRMS guidelines.

Table 3 – Total gross recoverable prospective gas resource by PEL and target trough

Trough	Permit	Prospective Resource ¹ Coals (Bcf)			Prospective Resource ¹ Shale (Bcf)		
		P90	Pmean	P10	P90	Pmean	P10
Milpera, Larow & Weena	PEL 94	4,741	7,720	11,372	1,043	1,799	2,707
Battunga	PEL 95	3,895	7,633	12,172	2,770	4,741	7,087
Weena	PEL 96	3,973	6,469	9,432	364	628	944
Total Prospective Gas Resource		12,609	21,822	32,976	4,176	7,168	10,738

1. 'Prospective Resource' is described in the Society of Petroleum Engineers – Petroleum Resources Management System as undiscovered potentially recoverable gas

In calculating the prospective resources summarised in Table 3 above, Strike has made calculations with respect to the gas initially in place (GIIP) and made further allowances for the potential range of non-saleable gases, such as CO₂ and a range of potential recovery factors.

LIQUID HYDROCARBON RESOURCE ESTIMATE

Strike also believes that a portion of the prospective resource is within the liquids rich hydrocarbon generation window. Analysis of the shales penetrated in the Marsden-1 and Davenport-1 wells is still ongoing and our resource estimates will be reviewed in due course.

The total prospective liquids resource estimate is summarised as follows:

Table 4 – Total prospective liquids resource by PEL and target trough

Trough	Permit	Prospective Resource Shales (MMbbl)		
		P90	Pmean	P10
Milpera, Larow & Weena	PEL 94	7.6	28.4	57.6
Battunga	PEL 95	20.0	74.4	151.5
Weena	PEL 96	2.7	9.9	20.1
Total Prospective Liquids Resource		30	113	229

NEAR TERM EVALUATION PROGRAM

Strike is planning to undertake further drilling operations in PEL 96 during 2013 to explore and delineate unconventional gas resources within the Weena Trough. Approximately two thirds, of the Weena Trough (570 km²) is located within PEL 96 with the remainder in PEL 94. The same coals and shales observed in the Milpera Trough via the Davenport -1 and ST1 well are interpreted to be present and have been mapped in the Weena Trough.

In addition, Beach Energy as operator of PEL 94 is currently considering a program to frac and flow the Davenport 1 ST1 well which may be undertaken in 2013.

The Battunga Trough, occupying approximately one-third (833 km²) of the total permit area of PEL 95 contains the Toolachee, Roseneath, Epsilon, Murteree and Patchawarra formations. The Marsden 1 well encountered 62 gross metres and 43 net metres of coal within the Toolachee and Patchawarra formations within the Battunga Trough.

The Milpera Trough is 284 km² in area, and occupies about 15% of PEL 94. It is known to contain the Roseneath, Epsilon, Murteree and Patchawarra formations. In particular, over 110 metres of net coal was encountered by the Davenport 1 and ST1 wells including one seam with over 45 metres of net coal and a further two seams with net coal thickness of 20 metres.

CALCULATION METHODOLOGY

In its review of the CSG Prospective Resource in its Southern Cooper Basin project, Strike has utilised “Monte Carlo” statistical calculation methods. This methodology incorporates a range of uncertainty relating to each of the key input parameters to predict the likely range of outcomes. This is deemed to be the most appropriate methodology at this time due to the early stage exploration nature of the project and is consistent with the Society of Petroleum Engineers’ “Guidelines for Application of the Petroleum Resource Management System”.

The Petroleum Resource Management System (PRMS) provides a framework for the classification and categorisation of all hydrocarbon reserves and resources and incorporates both the range of uncertainty in addition to the level of project maturity as shown below.

Chart 1 – Society of Petroleum Engineers PRMS resource classification framework

