

Q3 2013

STRIKE ENERGY LIMITED
QUARTERLY ACTIVITIES REPORT
For the period ending 31 March 2013





MANAGING DIRECTOR'S COMMENTS

Strike Energy Limited ("Strike") has made considerable progress during the March quarter in its two major oil and gas projects in two of the world's most prospective unconventional regions – the Eagle Ford Shale, Texas and the Southern Cooper Basin, South Australia.

Over the past twelve months there has been continued extension of the Eagle Ford play towards Strike's acreage. The Company's confidence in the play continues to be strong and we will shortly announce plans to renew the drilling program. Strike is in the final stages of discussions for a funding arrangement for its share of costs for the next phase of evaluation, an external validation of our confidence in the play.

With the forward plan and funding of the Eagle Ford close to finalisation, Strike's near-term focus is now concentrated on capitalising on the tremendous opportunity in the Company's Southern Cooper Basin gas project.

The March quarter was noticeable for the increasing public debate centred on the Eastern Australian gas market, with a particular focus on supply concerns. The Company's position has been to focus its efforts on delivering a timely supply response to domestic market participants. During the quarter the emphasis has moved from evaluation to a detailed work plan. The plan will provide for a three-well program in H2 calendar year 2013. The Company is working towards a rapid appraisal of stage one of the project which, because of the relatively shallow well depths, can be undertaken at a modest cost.

Strike's Southern Cooper Basin project focus on a domestic supply solution has increased market awareness of the project leading to accelerated interest and enquiry from industry participants. During the quarter these initial enquiries have developed into a number of prospective discussions around future supply and the funding of an appraisal program. The Company expects to update shareholders on the outcome of these discussions in the current quarter.

At a corporate level the Company has entered into a conditional agreement to sell four permits in the Carnarvon Basin, for a consideration of \$3.5 million, to Torrens Energy Limited. The sale is conditional upon technical and commercial due diligence and approval of Torrens shareholders.

Elsewhere in the Carnarvon Basin Strike retains its holding in, 33.3% operated, WA-460-P. The permit lies adjacent to WA-384-P where Shell is drilling the 13.5 TCF Palta gas target part of which extends into the Strike acreage.

The maturing of the various funding initiatives referred to above are part of a plan to strengthen the Company's financial position ahead of embarking upon a very exciting phase in the evaluation of its two core growth projects

DAVID WRENCH
Managing Director



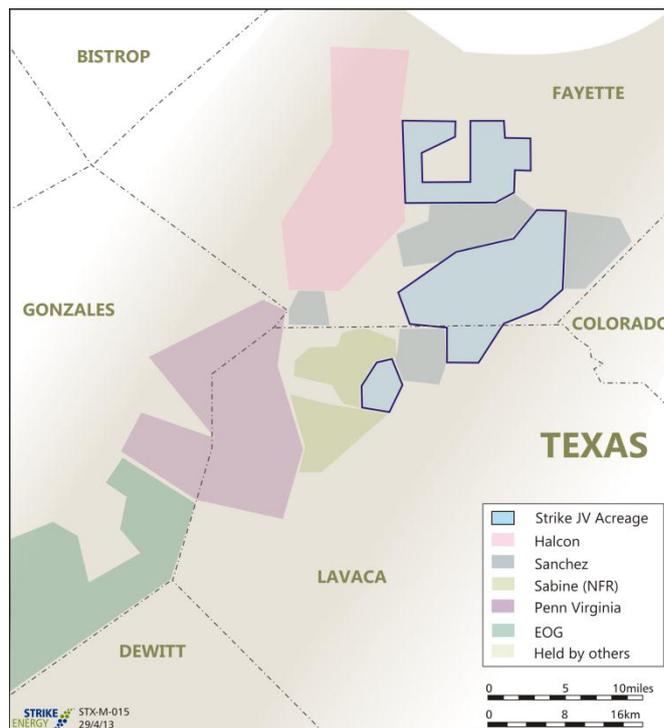
EXPLORATION AND DEVELOPMENT

EAGLE FORD SHALE, TEXAS

Over the past two years, Strike has built a large lease position in the Eagle Ford Shale in southern Fayette and northern Lavaca counties, Texas. Leasing activities are on trend with high activity areas in Gonzales and Dewitt Counties where successful wells are being drilled by EOG and Petrohawk (BHP Billiton). Strike now participates in over 38,850 leased acres (approximately 10,680 acres net to Strike). Recent successful wells completed by Penn Virginia, Sabine Oil & Gas (formerly NFR Energy) and Sanchez Energy have extended the trend into Lavaca and Fayette counties, demonstrating the commerciality of the trend close to acreage held by Strike.

There is now extensive competitor leasing of acreage in Dewitt, Gonzales, Lavaca and Fayette counties and surrounding the Strike acreage (Figure 1) corresponding to the north-eastern extension of the Eagle Ford trend.

Figure 1

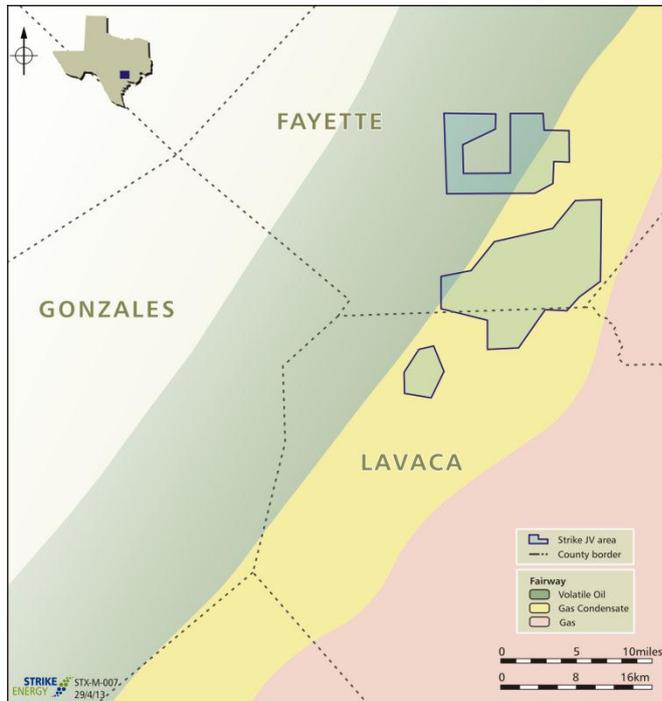


The Eagle Ford Shale trend can be sub-divided into three primary hydrocarbon productive fairways based on depth and thermal maturity of the source rocks; the dry gas fairway, the gas condensate fairway and the volatile oil fairway as illustrated on Figure 2. Commensurate with continual exploration and drilling activities, the mapping of these windows is emerging with greater certainty.

Strike's acreage is located 75% in the gas condensate window (analogous to BHP Billiton in Dewitt County) and 25% in the volatile oil window based on well-tests and depth correlations. These two windows are the most favoured of the Eagle Ford Play.



Figure 2



Strike’s Bigham 1H Well

Strike’s first production well in the play, Bigham 1H, was drilled horizontally in the Upper Eagle Ford formation during the September quarter 2012 and a 20 stage fracture stimulation program was completed in early October 2012. Flow back operations commenced on 19 October and the well was successfully brought on production in late October 2012. Early production from the Bigham 1H peaked around 300 boe/day (2,200 GOR) and has declined over three months to around 200 boe/day.

Bigham 1H has confirmed that the majority of Strike’s acreage is located in the highly commercial gas condensate window of the Eagle Ford Shale. The results from Bigham 1H and other recently completed nearby wells in the trend have been applied to establishing the optimal completion interval in the Eagle Ford Shale at this location and to establish the most favourable completion technology to be pursued in the next phase of evaluation of Strike’s acreage.

Forward Plan and Funding

Details of the forward plan will be announced shortly. The planning and timing of the next wells in Strike’s evaluation of its Eagle Ford Shale acreage are being designed to maximise the leverage available from both the Bigham 1H well and subsequent analysis and from the on-trend and adjacent activities of other operators. This detailed analysis has been a key activity of the current quarter. Bigham 1H, being the first well drilled in the Strike acreage in this part of the Eagle Ford trend, is providing critical data for optimising future drilling and evaluation. Moreover, the Joint Venture is benefitting from the year-on-year improvements across the play due to improved completion methods and subsurface understanding.



Strike is in the process of completing a funding arrangement to meet its capital commitments for the next phase of the drilling and evaluation program. Strike is confident that the next phase of the forward plan will be an important milestone in demonstrating the extent and productivity of the Eagle Ford Shale within its acreage and point towards considerable value accretion as the play is progressively proved up.

SOUTHERN COOPER BASIN, SOUTH AUSTRALIA

Strike is one of the largest permit holders in the Southern Cooper and Eromanga Basins with over 16,000km² net to Strike (approximately four million acres) across six permits and permit applications. The Company is focussed on proving-up the commercial potential of its key permits – PEL 96 (Strike 67% and Operator), PEL 95 (Strike 50%) and PEL 94 (Strike 35%).

In the first half of 2012 Strike drilled two successful evaluation wells to analyse the coal and shale sequences within the Permian section. The Marsden 1 well in PEL 95 encountered thick coals and shales and the presence of heavy hydrocarbons up to pentane (C₅), and the Davenport 1 well in PEL 94 encountered thick shales and over 110 metres of net coal – the thickest coals yet encountered in the Cooper Basin.

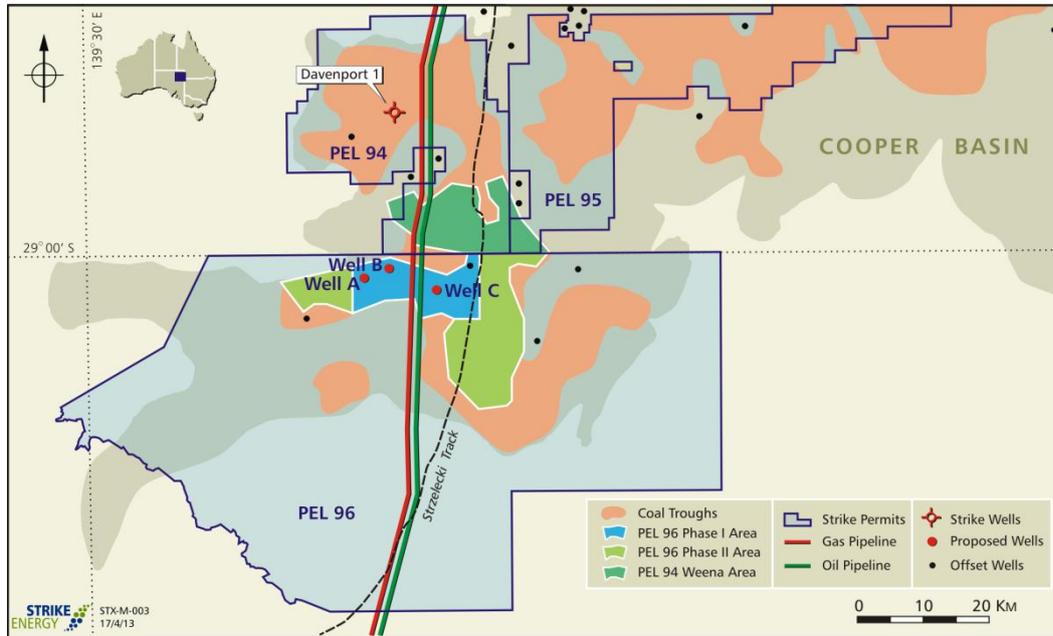
During the March quarter, Strike's focus has been on the future appraisal program for the Southern Cooper Basin Project. Activities during the quarter included geological prognoses for potential well locations within PEL 96, review of preliminary well plans with South Australian regulatory authorities, the progression of well planning activities and conceptual development planning.

In response to the domestic market supply concerns, the Company has prioritised the establishment of an appraisal and development pathway for a material component of the resource initially focussing on, the Phase I Area in PEL 96 (Figure 3). The Phase I Area defined is a portion of the Weena trough where overlap and thickening of the Toolachee, Epsilon and Patchawarra are interpreted to exist within 10 km of the Moomba to Adelaide Pipeline System (MAPS). Approximately 400 to 800 Bcf (net Strike) of hydrocarbons is calculated to be recoverable from within the Phase I Area, which Strike plans to target with up to three wells in the second half of 2013. The area is analogous to the Milpera trough tested by Davenport 1. Geological and reservoir engineering studies conducted over the last two quarters highlighted key data to be acquired in the coming well program to ensure the maturation of the resource. As Strike's plans have crystallised during the March quarter, we have advanced our discussions with potential vendors regarding long-lead items, drilling rigs and data acquisition.

Based on the information that has been acquired to date, various conceptual field development scenarios have been investigated and preliminary discussions held with engineering firms. The range of outcomes from these studies provides a compelling case for Strike to pursue the appraisal of the project targeting the Phase I Area. Given the relatively shallow drilling required to access the resource and proximity to the gas sales pipeline, capital expenditure is expected to be relatively modest by comparison to competing new sources of gas to the East Australian market.



Figure 3 – Strike’s planned Weena trough wells within the “Phase I Area” to be appraised



CARNARVON BASIN

Drilling operations by Shell on its permit WA-384-P (Palta 1), adjoining WA-460-P (STX 33 1/3 %), were reported in industry news letters to have been impacted by significant delays during the quarter. Reports indicate that drilling operations have now recommenced.

The Palta 1 well is designed to test a very large 13.5 Tcf gas prospect which is mapped as extending into Strike’s permit. The potential resource interpreted to lie within the Strike permit (800 Bcf net to Strike) will have a material impact on the Company’s valuation in the event of a discovery.

OTHER ASSETS

There was no material exploration or development activity at Strike’s other assets.

PRODUCTION

Strike produces oil and gas from three independent assets.

The Eaglewood Joint Venture (Strike 40% WI) produces from the Cypress Raven (Wilcox) gas-condensate field in Wharton County, Texas. The Cypress Raven field’s Gardner-Duncan 1 well produced 104,716 Mcf of gas and 2,382 bbls of oil net to Strike during the March quarter, down 5% on the previous quarter.

The MB Clearfork Project (Strike 25% WI) produces oil from 19 conventional Permian Basin wells in Martin County, Texas. During the quarter, the MB Clearfork Project produced 2,390 bbls of oil net to Strike, up 14% on the previous quarter. Drilling activities in this project are scheduled to re-commence



during the second quarter with the drilling of two wells, one to test the Lower Clearfork shale and the other an infill well to test the Middle Clearfork carbonate. These wells are also covered by the financing discussed above.

The Eagle Ford shale project (Strike 27.5% WI) produces oil and gas from the Bigham 1H well in Fayette County, Texas. The well produced 2,565 bbls of oil and 6,267 Mcf of gas net to Strike during the quarter. The well was shut in for 24 days during the quarter due to workovers and pipeline and gas processing plant outages.

Strike's production for the March quarter, and the previous quarter, is summarised in Table 1 below.

Table 1 – Strike's quarterly production

	MAR QTR 2013	DEC QTR 2012	QUARTERLY CHANGE
EAGLEWOOD JV – CYPRESS RAVEN (WILCOX)			
Gas (Mcf)	104,716	110,080	-5%
Oil (Bbl)	2,382	2,501	-5%
Barrels of oil equivalent (Boe) ¹	19,835	20,848	-5%
Mcf of gas equivalent (Mcf) ¹	119,009	125,087	-5%
PERMIAN BASIN – MB CLEARFORK PROJECT			
Gas (Mcf)	131	87	51%
Oil (Bbl)	2,390	2,097	14%
Barrels of oil equivalent (Boe) ¹	2,412	2,112	14%
Mcf of gas equivalent (Mcf) ¹	14,469	12,669	14%
EAGLE FORD SHALE – BIGHAM 1H			
Gas (Mcf)	6,267	6,870	-9%
Oil (Bbl)	2,565	3,096	-17%
Barrels of oil equivalent (Boe) ¹	3,610	4,239	-15%
Mcf of gas equivalent (Mcf) ¹	21,659	25,433	-15%
TOTAL			
Gas (Mcf)	111,113	117,027	-5%
Oil (Bbl)	7,337	7,694	-5%
Barrels of oil equivalent (Boe) ¹	25,856	27,198	-5%
Mcf of gas equivalent (Mcf) ¹	155,137	163,189	-5%

¹ Calculated based on industry convention energy equivalence of 6 Mcf of gas = 1 Bbl of oil. Note that based on actual realised oil and gas prices for the quarter, the price equivalent ratio is 21 Mcf of gas = 1 Bbl of oil



REVENUES

Strike generated revenues of \$1,105,000 during the March quarter, down 5% from the previous quarter.

Strike's revenues for the March quarter, and the previous quarter, are summarised in Table 2 below.

Table 2– Strike's quarterly revenues from production

AUD '000	MAR QTR 2013	DEC QTR 2012	QUARTERLY CHANGE
EAGLEWOOD JV – LOUISE GAS-CONDENSATE FIELD			
Gas	396	472	-16%
Oil	233	249	-6%
Total	629	721	-13%
Gross margin	64%	64%	
PERMIAN BASIN – MB CLEARFORK PROJECT			
Gas	1	1	0%
Oil	172	169	2%
Total	173	170	2%
Gross margin	50%	31%	
EAGLE FORD SHALE – BIGHAM 1H			
Gas	25	8	212%
Oil	279	269	4%
Total	304	277	10%
Gross margin	50%	71%	
TOTAL			
Gas	422	481	-12%
Oil	683	687	0%
Total	1,105	1,168	-5%
Gross margin	58%	60%	

Average realised oil prices during the March quarter were \$93/Bbl, up 4% from \$89/Bbl in the previous quarter. Average realised gas prices were \$3.80/Mcf, down 12% from \$4.30/Mcf in the previous quarter.



CORPORATE

Strike's corporate office is in Sydney, New South Wales. The Company has a technical and administrative office in Perth, Western Australia, and an office in Houston, Texas.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Tim M Clifton
Managing Director	David C Wrench
Executive Director	Ben A Thomas
Non-Executive Director	Simon M Ashton
Non-Executive Director	Tim R B Goyder
Non-Executive Director	Eytan Uliel

ISSUED CAPITAL

Issued Shares	614,519,664
Unlisted Options	21,175,000

CORPORATE OFFICE

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MineLife	Gavin Wendt

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