

25 February 2014

The Company Announcement Officer
ASX Ltd
Via electronic lodgement

US ACTIVITIES UPDATE

Strike Energy Limited (ASX:STX) ("Strike" or "the Company") is pleased to provide the following update on its US portfolio.

EAGLE FORD SHALE

Strike has a 27.5% working interest in the Cypress Eagle Ford Shale Joint Venture, operated by Cypress E&P Corporation, in Lavaca and Fayette Counties, Texas which has 41,550 gross acres under lease (Strike's net interest is 10,995 acres). The large, mostly contiguous position in the Eagle Ford is located on trend with highly productive fields in Lavaca and De Witt counties with leases predominantly positioned in the optimum gas-condensate window.

As previously announced, the Board has undertaken a comprehensive review of the strategic alternatives for our Eagle Ford investment and our other US exploration and production assets and is pleased to advise that the Cypress Eagle Ford Shale Joint Venture has retained Scotia Waterous (USA) Inc. ("Scotia Waterous") to conduct a sale of the Cypress Group Eagle Ford interests in these oil and gas properties. Strike has elected to participate in this sale process which the Company believes will maximise the potential of the assets in light of the highly commercial results and increased leasing activity on trend by Penn Virginia Corporation, Sabine Oil and Gas and Sanchez Energy Corporation.

Scotia Waterhouse has invited interested parties to lodge bids for the Cypress Group Eagle Ford acreage early in April, 2014.

EDWARDS FORMATION PROSPECTS

Within the Cypress Eagle Ford Shale Joint Venture properties, a number of conventional prospects have been identified within the Edwards formation following processing of a 3D seismic survey acquired over the Eagle Ford lease area. The Edwards formation lies beneath the Eagle Ford Shale and is expected to be excluded from the interests being offered for sale in the process outlined above.

A well designed to test the first of the Edwards prospects, Murphy Gas Unit #1, is anticipated to spud later in March. Strike has agreed to farm-out its' interest in the Edwards prospects to Fairways Exploration & Production, LLC ("Fairways") who will fund Strike's share of drilling costs in the Murphy Gas Unit #1 to casing point to earn a 20.625% working interest in the prospect with Strike retaining a 6.875% working interest. If the well is a discovery, Strike will be required to fund 6.875%

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of costs to complete the well for production. Fairways has the option to farm into subsequent Edwards Prospects on the same general terms.

This farm-out agreement with Fairways allows Strike to maintain an interest in the evaluation of the Edwards formation while limiting further commitment of Strike's capital at the exploration phase.

PERMIAN BASIN

Strike also has a 25% working interest in the MB Clearfork project which produces oil from 19 conventional Permian Basin wells in Martin County, West Texas. The Joint Venture, with over 7,500 gross acres under lease (1,875 acres net to Strike) produced on average 21 boe per day, net to Strike during the six month period to 31 December 2013. Production rates have increased to around 25-30 boepd (net to Strike) in January 2014 due to the contribution from the recently completed MBCU#17 well.

US ASSET PORTFOLIO

The commencement of a broader sale process for the Cypress Group Eagle Ford acreage, the re-positioning of Strike's exposure to conventional Edwards exploration targets combined with encouraging progress by the Permian Basin Joint Venture present Strike with a timely opportunity to explore the full monetisation of the Company's US asset portfolio. A successful sale process of the entire portfolio would allow Strike to focus all of its resources on its highly prospective, domestic Southern Cooper Basin Gas Project. Strike expects to appoint external advisers to initiate this sales process shortly.

Managing Director, David Wrench said

"These initiatives are consistent with the Company's previously announced objective of limiting future capital commitments in respect of this portfolio of assets, whilst maintaining exposure to near term value opportunities. These strategies also allow the Company's resources to be focused on the development and rapid commercialisation of our substantial gas resource in the Southern Cooper Basin."

The Company will make further announcements as progress is made on each of these initiatives.

Yours faithfully

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

DAVID WRENCH
Managing Director

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