

The Company Announcement Officer
ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT UPDATE

- **Fracture stimulation operations at Le Chiffre are underway**
- **Six well accelerated drilling program planned for September start**
- **Strike aiming to have up to eight operated wells on production test by 1st quarter 2015**

Strike Energy Limited (ASX:STX) ("Strike") is pleased to advise that the first phase of a comprehensive completion, flow testing and production optimisation program at the Southern Cooper Basin Gas Project in PEL 96 (STX 66.7% and operator) has commenced.

The results from this initial testing phase will be important in developing a better understanding of the project's commercial potential, however, as has been the case for most unconventional resource plays, a more definitive understanding of project economics will only develop through a series of drilling, completion and production trials.

The six wells to be drilled by year end are designed for a second phase of fracture stimulation, completion and production testing trials. The design and implementation of this second round of testing will build on the data and experience obtained from the first round. Optimisation of productivity, well recoveries and costs will then continue towards a decision to develop an initial project.

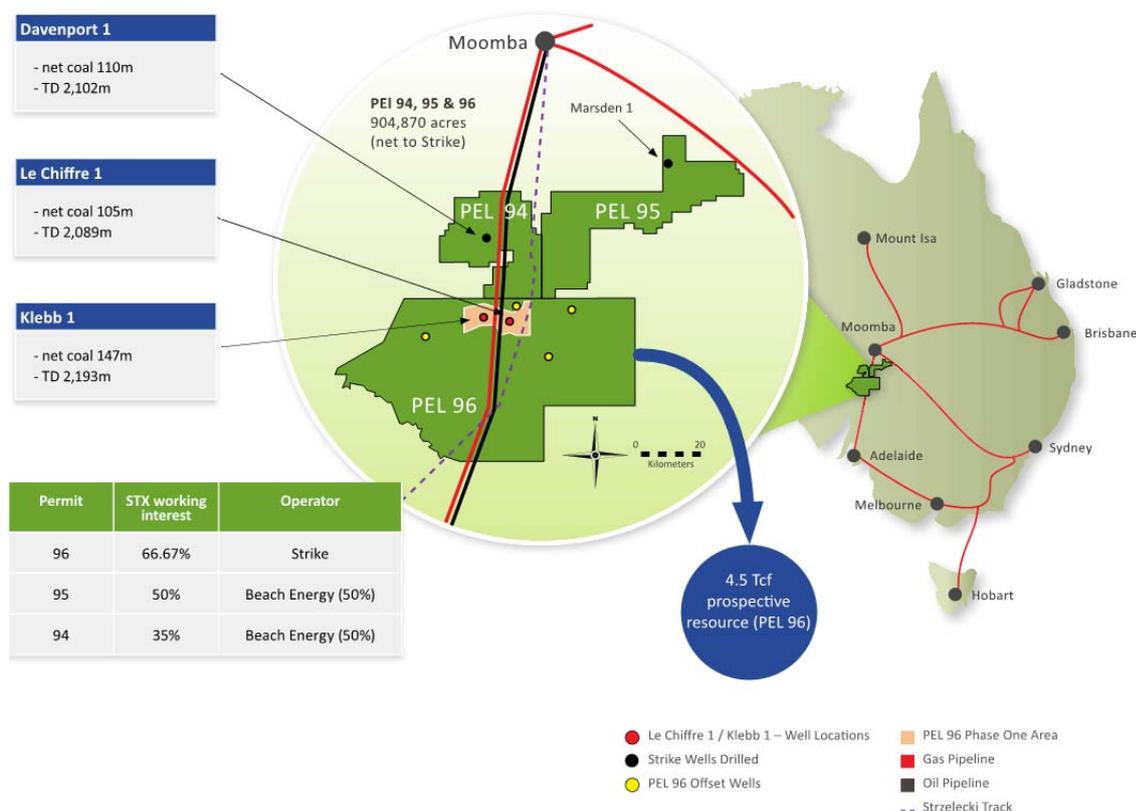
The first phase of the program will take four weeks to complete and will involve:

- fracture stimulation of the Le Chiffre 1 and Klebb 1 wells (Map 1);
- inter stage plug milling, clean up and initiation of flow back;
- completion of the wells to enable extended flow testing.

Production testing will then continue for an extended period (expected to be at least three months) to provide data on gas recoveries per well and for subsequent production testing trials.

Beach Energy will undertake a similar program of activities in PEL 94 (STX 35%) at the Davenport 1 well during July.

Map 1: Southern Cooper Basin Gas Project



FRACTURE STIMULATION OPERATIONS

Well	Target coals	Depth	Stages	Net Coal
Le Chiffre 1	Patchawarra Vu Lower & Upper seams	1,900m – 1,976m	2	44m
Klebb 1	Patchawarra Vu Lower & Upper seams	2,015m – 2,090m	2	50m

Two stages will be fracture stimulated in each well with each stage individually designed to enable a range of variables to be independently trialled. Strike’s aim is to obtain a comprehensive data set for subsequent design optimisation while limiting operating risk and complexity.

FLOW BACK AND PRODUCTION TESTING

Immediately following fracture stimulation operations, a coil tubing rig will mill out the inter stage plug, clean out sand or other debris in the well and then pump nitrogen to initiate flow back of frac fluids. Each well will then be placed on a long term production test.

During flow testing our plan is to conservatively manage pressure drawdown to preserve reservoir integrity and provide data for subsequent production rate optimisation.

INITIAL OBJECTIVES

The initial objectives of the program are to establish sustained gas flows to surface which, combined with reservoir pressure data, will enable the effective stimulated rock volume and volume of gas connected to the well to be estimated. Raw gas samples will also be taken and tested to determine gas composition.

ACCELERATED DRILLING PROGRAM

A six well drilling program is planned to commence in September. These wells will target further resource delineation and provide additional wells for fracture stimulation, completion and production testing by year end. The information and learning obtained from the initial phase of fracture stimulation and testing will drive the design and implementation of this second phase of the completion and production testing program.

On completion of these activities, Strike will have a portfolio of up to eight wells on production test in PEL 96.

MANAGING DIRECTOR QUOTE

Managing Director, David Wrench, said:

"The picture that has emerged of this unique reservoir system, based on our work to date, is very exciting and is in line with our long held view around the potential of these coals.

This initial round of production testing is an important next step in our plan to rapidly commercialise the resource and allows us to accelerate and broaden our evaluation program."

Yours faithfully

A handwritten signature in black ink, appearing to be "DW", followed by a horizontal line.

DAVID WRENCH
Managing Director

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Photo 1: Le Chiffre 1 well site - frac pumping equipment rig up

