

The Company Announcement Officer
ASX Ltd
Via electronic lodgement

US OPERATIONS UPDATE

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

EAGLE FORD SHALE

Strike has a 27.5% working interest in the Eagle Ford Shale Joint Venture ("Eagle Ford JV"), operated by Cypress E&P Corporation ("Cypress"), in the Blackjack and Blackjack South prospect areas in Lavaca and Fayette Counties, Texas.

Strike is pleased to advise that it has entered into a Purchase and Sale Agreement with PVOG to sell 1,617 net acres in Lavaca County, Texas. The PSA contains customary pre closing conditions including landowner approvals, with closing expected to occur within the next eight weeks.

The sale proceeds, net of transaction costs, is expected to be approximately US\$4.5 million.

Subject to the completion of the sale to PVOG, the Eagle Ford JV participants have agreed to seek a partner to further evaluate the Eagle Ford JV's remaining Fayette County acreage adjacent to the Lavaca County acreage sold to PVOG under the terms of this transaction. It is Strike's objective to minimise any further investment in the Eagle Ford JV whilst retaining exposure to continued success in the play. It is anticipated that leases outside of the core Fayette County acreage will not be extended upon expiration of their primary lease terms, resulting in a progressive reduction in Strike's net acreage interest.

US ASSET PORTFOLIO

Following the completion of the sale of the Lavaca County acreage, Strike will continue to evaluate opportunities to monetise the remaining elements of the Company's US operations. As the portfolio of US assets currently generate positive cash flow, any further divestment opportunity will be evaluated in light of upfront sale consideration compared to the value of the asset's future cash flows.

ASX Announcement

11 July 2014

Managing Director, David Wrench said

"We are delighted to have advanced our strategy to progressively monetise our US assets with the announcement of the sale of a portion of the Eagle Ford JV acreage to PVOG. This sale and the commitment of the Eagle Ford participants to invite participation in the retained acreage from third parties 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."

Yours faithfully



DAVID WRENCH
Managing Director