

The Company Announcement Officer
ASX Ltd
via electronic lodgement

HYDROCARBON FLOWS AT SURFACE DURING DAVENPORT 1 TESTING

- **Preliminary testing of Patchawarra Vu and Vm3 coal seams successfully completed**
- **Good permeability and hydrocarbon shows observed during testing**

Strike Energy Limited (ASX:STX) is pleased to announce that completion and preliminary testing operations at Davenport 1 in PEL 94 (Beach Energy Limited (ASX:BPT) 50% (Operator), STX 35% and Senex Energy Limited 15% (ASX:SXY)) have been successfully completed.

COMPLETION, FLOW BACK AND TESTING OPERATIONS

Completion, flow back and testing operations at Davenport 1 commenced on 2 August 2014. A Patchawarra Vu coal zone was perforated and a small fracture stimulation treatment pumped. Coil tubing operations, including nitrogen pumping, were then undertaken to clean the wellbore and to artificially lift fluid out of the well. Encouraging hydrocarbon shows were observed via gas detector at surface throughout the duration of the nitrogen lift operations and an estimated 90% of the frac fluid was recovered during the flow back period.

A plug was then set and the Patchawarra Vm3 coal perforated. Based on the analysis of the data from the lower zone, the joint venture decided to proceed with flow testing of this zone without fracture stimulation using coiled tubing and nitrogen lift. Encouraging hydrocarbon shows were again observed at surface throughout the duration of the nitrogen lift operation.

The well is currently shut in for ongoing pressure observation pending further testing activities.

OBSERVATIONS AND NEXT STEPS

Analysis of the Davenport 1 pre-fracture stimulation diagnostic fracture injection test (DFIT) indicate that the permeability of the Patchawarra Vu coal seams is broadly similar to that observed in Strike's Le Chiffre 1 and Klebb 1 wells. Subsequent fracture stimulation and flow back of this interval has confirmed the permeability interpreted from the DFIT.

The Davenport 1 Vm3 coal DFIT, and analysis of subsequent flow test data, indicates that the Vm3 seam has similar permeability to the underlying Vu coals.

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The PEL 94 Joint Venture plans to install a pump and continue testing the un-stimulated Vm3 coal as a single zone test to build on the encouraging results obtained to date. The unstimulated Vm3 completion is designed to minimise the volume of any formation fluid produced ahead of gas desorption.

The continued testing program at Davenport 1 compliments Strike's ongoing PEL 96 appraisal program and the companies intend to work collaboratively to accelerate the evaluation of the play.

The Company will be providing a further update on the next phase of testing activities at the Klebb 1 and Le Chiffre 1 wells early next week.

David Wrench, Strike's Managing Director said:

"The fact that we have now seen consistent reservoir characteristics from testing programs at wells in both PEL 94 and PEL 96 is very encouraging. The extensive nature of these high deliverability coals underpins the potential of this part of the Cooper Basin to deliver a major new gas resource."

Yours faithfully



DAVID WRENCH
Managing Director

