

17 November 2016

Dear Shareholder

Non- Renounceable Rights Issue

On 11 November 2016 Strike Energy Limited (ASX: "STX") (**Strike**) announced an underwritten non-renounceable pro-rata rights issue of one (1) ordinary share for every fourteen (14) ordinary shares held by eligible shareholders on the record date, at an issue price of \$0.07 (7 cents) per new share, to raise up to approximately \$4.5 million (before costs and expenses) (**Rights Issue**).

Full details of the Rights Issue are set out in the Offer Memorandum and Appendix 3B lodged with ASX on 11 November 2016. The Offer Memorandum is available to download at both www.asx.com.au using ASX code "STX" and at Strike's website www.strikeenergy.com.au.

Key details of the Rights Issue are set out below.

- Every person who is registered as the holder of Strike shares with a registered address in Australia or New Zealand as at 7pm Sydney time on 21 November 2016 (**Record Date**) will be entitled to participate in the Rights Issue (**Eligible Shareholders**). Shareholders with registered addresses in countries other than Australia and New Zealand will not be eligible to participate in the Rights Issue.
- Under the Rights Issue, Eligible Shareholders will be entitled to apply for one (1) new Strike share for every fourteen (14) Strike shares they hold as at the Record Date, at \$0.07 (7 cents) per new share.
- Eligible Shareholders will be offered the opportunity to apply for shares in excess of their entitlement (at the same price as their entitlement, of \$0.07 per share) under a 'Top-Up Facility' comprising any shortfall in acceptances for the Rights Issue (**Top-Up Facility**). The Top-Up Facility will be provided in priority to the Underwriter and the sub-underwriters.
- The issue price for the Rights Issue represents a discount of approximately:
 - 21.3% to the closing price of Strike's shares on 10 November 2016;
 - 26.8% to the 30 day volume weighted average price of Shares prior to 11 November 2016; and
 - 21.8% to the 10 day volume weighted average price of Shares prior to 11 November 2016.

- The proceeds of the Rights Issue, after payment of the costs and expenses of the Rights Issue, will be used to fund in part the following activities in relation to Strike’s majority owned and operated PEL 96:
 - Continuation of field operations, including flow testing of the Klebb pilot wells to achieve commercial flows
 - development planning activities, including well planning and demonstration gas processing facility
 - Engaging with industry partners to fund initial development within a proposed new Petroleum Retention Licence (PRL), to be carved out from PEL 96.
- The Rights Issue is fully underwritten by Taylor Collison Limited. David Baker and the two investment funds connected with Chairman, Mark Carnegie have entered into agreements with the Underwriter to partially sub-underwrite the Rights Issue. The combined sub-underwriting commitment is up to \$1,524,375 or approximately 34% of the Rights Issue, and may be partially satisfied by subscribing for their respective entitlements under the Rights Issue.
- The Rights Issue is non-renounceable. This means that shareholders’ right to subscribe for new Strike shares under the Rights Issue are not transferable.
- Strike shares will be quoted on an “ex” basis from Friday 18 November 2016 and therefore any Strike shares bought or sold on market on and from this date will not carry entitlements under the Rights Issue.
- The Rights Issue will be conducted without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth), as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.
- The Underwriter is entitled to a fee equal to 4% (plus applicable GST) of the total amount raised under the Rights Issue. The Underwriter may engage sub-underwriters at its own cost and expenses. As Lead Manager to the Rights Issue, the Underwriter will also receive a management fee of 2% (plus any GST) of the gross proceeds raised under the Rights Issue. The Underwriter will also be entitled to have reasonable costs associated with the Rights Issue paid or reimbursed by Strike (subject to conditions).
- A stamping fee of 1% (plus GST) of the value of valid and successful applications will be payable to brokers by the Underwriter.
- Other than the above, no fee or commission is payable to any brokers in connection to the Rights Issue (including any that lodge acceptances on behalf of shareholders).
- Shareholder approval is not required for the Rights Issue. Shares issued under the Rights Issue will be issued as fully paid ordinary shares and will rank equally with existing ordinary shares in Strike’s share capital.

Effect on Capital Structure

The table below sets out the number of issued shares as at 11 November 2016 and the maximum number of issued shares at completion of the Rights Issue:

Ordinary Shares	Number
Number on issue as at 11 November 2016	900,330,946
Maximum number to be issued under Rights Issue*	64,309,353
Number on issue following Rights Issue*	964,640,299

** This is based on Strike's undiluted share capital as at 11 November 2016 and assumes that all shareholders take up their full entitlements under the Rights Issue, and no existing options or performance rights are exercised or vest prior to the issue of the new shares. These figures are approximate as individual entitlements under the Rights Issue will be rounded to the nearest whole figure.*

There are currently 11,200,000 options to subscribe for Strike shares on issue. Notice of the Rights Issue was sent to option holders on 11 November 2016 in order to enable them to exercise their options prior to the Record Date and participate in the Rights Issue in respect of the shares underlying their options. If all or some of these options are exercised prior to the Record Date this will impact the maximum number of shares to be issued under the Rights Issue.

The Company also has 17,950,000 performance rights on issue. If any of these vest prior to the Record Date, this will also impact on the maximum number of shares to be issued under the Rights Issue.

Timetable

The anticipated timetable for the Rights Issue is as follows:

EVENT	DATE
Announcement of Rights Issue – Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX	Friday 11 November 2016
Notice to Shareholders – notice of Rights Issue sent to Shareholders containing information required by Appendix 3B	Thursday 17 November 2016
Ex date – the date on which Shares commence trading without the entitlement to participate in the Rights Issue	Friday 18 November 2016
Record Date – the date for determining entitlements of Shareholders to participate in the Rights Issue	7pm (Sydney time) on Monday 21 November 2016
Offer Memorandum sent to Shareholders – despatch	Wednesday, 23 November

of Offer Memorandum and Acceptance Forms – Rights Issue opens for acceptance	2016
Closing Date – the last day for receipt of Acceptance Forms or BPAY payment	5pm (Sydney time) on Monday 5 December 2016
Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis	Tuesday 6 December 2016
Shortfall notification date	Thursday 8 December 2016
Issue date – allotment of New Shares Deferred settlement trading ends	Monday 12 December 2016
Expected commencement of normal trading in New Shares on ASX	Tuesday 13 December 2016
Despatch of holding statements to Shareholders who accepted the Rights Issue	Wednesday 14 December 2016

Strike reserves the right to amend this timetable subject to the Listing Rules and the underwriting agreement.

You are encouraged to read the Offer Memorandum lodged with ASX on 11 November 2016 fully before making a decision in respect of the Rights Issue. If you have any queries in relation to the Rights Issue, you should consult your stockbroker or other professional adviser.

Yours sincerely



David Baker
Managing Director