

The Company Announcement Officer ASX Ltd

via electronic lodgement

US Operations Update

Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update with respect to the sale of the Group's remaining production assets in the United States.

Permian Basin

The Group has entered into an agreement with Rockport Permian LLC to dispose of the Group's 25% interest in the MB Clearfork Project that has approximately 7,500 acres under lease in the Permian Basin in Martin County, Texas (the Permian Transaction). Under the terms of the Permian Transaction, cash consideration of US\$175,000 will be received by the Group (subject to customary post-closing adjustments) which will be used to re-pay a portion of the Group's production payment facility with BlueRock Energy Capital LLC (the Bluerock Facility).

Wilcox

Separately, the Group has entered into an agreement to dispose of its 40% interest in its sole remaining Wilcox formation production unit (the Louise gas-condensate well) located in Wharton County, Texas to the current operator of the property Oblaen Resources LLC, along with Donlie Enterprises LLC, and Shoreline Energy Corporation (the Wilcox Transaction). Under the terms of the Wilcox Transaction the Group will assign in full the remaining obligations associated with the BlueRock Facility (after the pay down as referenced above) to the purchasers (subject to customary post-closing transactions).

Both transactions have an effective date of 1 January 2017 and are expected to close mid-January 2017. On the completion of these transactions, the Group will cease to hold any production or exploration acreage in the United States, but will continue to benefit from certain royalty and override interests which are not expected to be significant.

In disposing of these residual production assets, the Group will reduce its current indebtedness (by approximately \$US2.4 Million) while also relieving itself in full of any future restoration and rehabilitation obligations that may arise in respect of these assets.

A handwritten signature in black ink, appearing to read "S McGuinness".

Sean McGuinness
CFO and Company Secretary