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The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

STRIKE MAKES US GAS DISCOVERY

Find could double the Company's reserves

Strike Energy Limited (ASX: STX) is pleased to announce that it has made, what it believes to be, a significant commercial gas discovery at its Gardner Duncan 1 well in the onshore Gulf Coast of the US.

Gas pay zones have been interpreted based upon the wireline logging and mud logging results in the primary objective. The results are in line with pre drilling expectations and the well is now being prepared for production testing to confirm commerciality.

The forward plan is to run casing, install facilities, negotiate gas sales contract and test the well to sales. We estimate this work to take in the range of 4 to 6 weeks.

The Gardner Duncan 1 well is located on the Louise Prospect. Reserves will be determined from production performance of the Gardner Duncan 1 well and future development wells. Strike has a 30% interest in the prospect which is located in Wharton County, Texas, 9 km northwest of the Company's existing Rayburn Project.

Strike's share of the prospect has the potential to double the Company's current reserve position.

Preparations are underway to start drilling the next exploration well in the Gulf Coast. This target is a 100 Bcf scale prospect in the Wilcox Formation. Success with this well could treble Strike's reserve inventory.

Strike's Managing Director, Simon Ashton commented that:

"These results are extremely encouraging and add to the outstanding success we are experiencing in the onshore Gulf Coast. We now look forward to the next exploration well which is on a 100 Bcf prospect due to spud later this quarter".

OUR STRENGTHS

- High margin producer
- Multiple large scale growth options
- Experienced team
- Long term track record of success

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Background on Strike Energy

Strike is an active ASX-listed oil and gas exploration and development company with high-margin production from its proven reserves and substantial growth potential from its highly prospective exploration acreage in Australia and the USA.

In the USA, the Company currently produces approximately 700 barrels of oil equivalent per day from its interest in two fields in Texas and is undertaking an ongoing exploration program to expand this successful position.

In Australia, the Company holds an extensive strategic ground position in the Southern Cooper Basin, for coal seam gas and conventional prospects and in the Carnarvon Basin for shallow water oil and gas prospects.

Yours faithfully

A handwritten signature in black ink, appearing to read "Simon Ashton".

SIMON ASHTON
Managing Director

Further information:

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