

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

TEXAS DISCOVERY SIGNIFICANTLY BOOSTS PRODUCTION AND REVENUE

Strike Energy (ASX: STX) is pleased to report that successful production testing of its latest oil and gas discovery in Texas will increase the Company's production by 25%.

The results from testing at the Gardner Duncan 1 well on the Louise prospect in the Gulf Coast, Texas, came in at the upper end of the Company's expectations of 2 to 5 million cubic feet per day.

The key test data, which has been reported to the Texas Railroad Commission, is as follows:

Gas Rate:	3.7 million cubic feet per day
Oil-Condensate Rate:	111 barrels per day
Water Rate:	80 barrels per day

The above figures are gross. Strike has a 30% working interest in the well. Based on these production figures, Strike's share of the monthly revenue is approximately US\$203,000, using a sales price of US\$4/Mcf and US\$70/bbl.

The production from the well increases Strike's production by 25% to approximately 5 million cubic feet gas per day and 100 barrels of oil per day, or 600 boe per day (using 10:1 conversion).

Unlike wells in the Mesquite and Rayburn prospects, the Gardner Duncan 1 well did not require fracing (fracture stimulation) to enhance production.

Additional wells to exploit the Louise prospect will be determined from the Gardner Duncan 1 well's production performance over the coming months.

The Company is also participating in an exploration drilling programme in Texas. The following is an update on these activities:

OUR STRENGTHS

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

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Muegge 1

The Muegge 1 well (Strike WI: 30%), on the Homestead prospect in Wharton County, Texas, was at a depth of 11,380 feet (3,468 metres) on 1 June 2010. The well is expected to reach its total depth of 14,000 feet (3,962 metres) in mid to late June.

Starnes 1

The Starnes 1 well (Strike WI: 30%), on the Pathfinder prospect in Live Oak County, Texas, was drilling ahead at a depth of 9,275 feet (2,827 metres) on 1 June 2010. It is expected to reach its total depth of 13,000 feet (3,962 metres) in mid-June.

Managing Director's Comments

Strike Energy's Managing Director, Simon Ashton, commenting on the test results and the increase in production, stated:

"We are delighted that this single well has resulted in a 25% increase in Strike's daily production, particularly as the well did not require fracking and has taken less than three months to come on stream following the discovery. The result is on the upper side of pre-test expectations and has lifted the Company's production from our three fields (Rayburn, Mesquite and Louise) to 600 boe per day.

"With two wells drilling and an ongoing Gulf Coast drilling program targeting over 350 bcf of gas in the near future, we look forward to further success from this very exciting program."

Background on Strike Energy

Strike Energy 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 600 barrels of oil equivalent per day from its interest in three 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



TONY BRAZIER
Company Secretary

Further information:

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