

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Strike Delivers 77% Increase in USA Onshore Gas Reserves

Recent Louise discovery contributes to substantial growth in Gulf Coast reserves

Highlights:

- **2P (proved plus probable) reserve increased by 77% to 13.22 Bcf of gas and 0.21 MMbbls of condensate**
- **1P (proved) reserve increased by 62% to 12.11 Bcf of gas and 0.2 MMbbls of condensate**
- **Independent Reserve Report due in December 2010 Quarter**
- **Further reserves growth targeted with recently spudded well at Deerslayer prospect (target 200 Bcf)**

International oil and gas company **Strike Energy (ASX: STX)** is pleased to report a substantial increase in gas and condensate reserves for its profitable onshore North American gas/condensate production business.

Proved plus Probable (2P) reserves at the Company's producing properties – Rayburn, Mesquite and Louise, onshore Gulf Coast, Texas, USA – have increased to **13.22 Bcf of gas** and **0.21 million barrels of condensate** (1.53 million barrels of oil equivalent or 15.33 Bcf gas equivalent).

This represents a **77% increase** over the previously reported estimate as at 30 June 2009, reflecting the continued growth in Strike's US production business. Over the past five years, the business has grown steadily providing a strong foundations for the Company's continued growth and diversification.

The reserves growth reflects another year of exploration success in the USA with the Louise gas/condensate discovery which was brought into production in May 2010 at a rate of 5 million cubic feet of gas equivalent per day.

Ongoing drilling has delivered a one in two success rate for Strike in onshore Gulf Coast exploration. The addition of production from Louise is expected to offset declining production from the other fields, enabling gross production to be maintained at the current level for the 2011 financial year.

OUR STRENGTHS

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

Strike Energy Limited
Level 9, Wesfarmers House
40 The Esplanade
Perth WA 6000

T: 61 8 6103 0999
F: 61 8 6103 0990
E: strike@strikeenergy.com.au
www.strikeenergy.com.au

Reserves as of 30 June 2010 are:

Reserves	30 June 2010		30 June 2009	
	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)
Proved (1P)	12.11	0.20	7.47	0.17
Probable	1.11	0.01		
Total Prov+Prob (2P)	13.22	0.21	7.47	0.17
Total 2P: Boe*	1.53		0.92	
Total 2P: Bcfe**	15.33		9.17	

Note

* Barrels oil equivalent (Boe) is based upon 10:1 value ratio

** Gas equivalent is based upon 1:10 value ratio

Total Proved Reserves (1P) increased by 62% and Proved and Probable Reserves (2P) increased by 77% over the past 12 months.

The reserve figures represent the combined reserves at the Mesquite, Rayburn and Louise producing properties, net to Strike's working interest. The increase in reserves is arrived at after taking into account production over the 12 month period. Reserve increases have occurred at Rayburn and Mesquite with the bulk of the increase contributed from the recent Louise discovery.

Production for the 2010 financial year was 1,782 MMcf of gas and 35,659 barrels of oil-condensate, underpinning revenues of \$14.4 million and EBITDAX of \$7.6 million for the year despite depressed gas prices and a period of six weeks when production was shut in.

A third party assessment of reserves is underway. A reserve report is expected to be received in the December 2010 Quarter.

Commenting on the announcement, Strike Energy's Managing Director, Simon Ashton, said:

"We are very pleased with the exploration achievements over the past year, which have resulted in a substantial increase in our reserves position in the USA, providing a very strong foundation for this profitable business.

"Exploration is continuing targeting further additions to this reserve, with the recently spudded Steindorf-1 well targeting a potential fivefold increase in our reserves at the exciting Deerslayer prospect (200 Bcf prospective gas resource, 60 Bcf net to Strike).

"This is an important time for Strike as we progress initiatives which could add substantial value to our asset base."

Competent Persons Statement

The reported reserves as at 30 June 2010 are based on information compiled by Mr R J Weeden and Mr B A Thomas.

Mr Weeden holds a B.Sc in Geology. He is a member of the American Association of Petroleum Geologists, a member of the Australian Association of Exploration Geophysicists, a member of the Petroleum Exploration Society of Australia, a member of the Formation Evaluation Society of Australia and has worked in the petroleum industry as a practising geologist for over 25 years.

Mr Weeden is a full-time employee of Strike Energy Limited and has consented to the inclusion of the reserves information in this report.

Mr Thomas holds a B.Sc in Petroleum Engineering. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practising reservoir engineer for over 40 years.

Mr Thomas is a consultant to Strike Energy Limited and has consented to the inclusion of the reserves information in this report.

Background on Strike Energy

Strike is an active ASX-listed oil and gas exploration and development Company with high-margin gas/condensate production. The Company has substantial growth potential from its exploration acreage in both Australia and the USA.

In the USA, the Company produces approximately 570 barrels of oil equivalent per day from interests in three fields in Texas and is undertaking an ongoing exploration program to expand this position.

In Australia, the Company holds an extensive and strategic ground position in the Southern Cooper Basin, for coal seam gas and conventional targets as well as shallow water, oil and gas prospects in the Carnarvon Basin. It also controls a large shallow "open pittable" coal resource in South Australia and is evaluating it as a potential feed source for a proposed coal gasification project.

Yours faithfully

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

SIMON ASHTON
Managing Director

Further information:

Strike Energy Limited

Simon Ashton – Managing Director

T: 61 8 6103 0999

E: strike@strikeenergy.com.au