

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

US ACTIVITIES UPDATE

Strike Energy (Strike ASX:STX) is pleased to announce the following update on its US activities.

Substantial progress is being made on several fronts to expand the US business in the onshore Gulf Coast.

EAGLE FORD SHALE INITIATIVE (STX 27.5%)

The near term focus of Strike's US activities has shifted to leasing in the Eagle Ford shale, Texas.

Currently the joint venture has secured 10,000 acres, with 2,750 acres net to Strike.

The leasing activities are focussed within the interpreted oil fairway where drilling by other operators has resulted in published projected recoveries in the range of 450,000 to 1,000,000 barrels of oil equivalent per well based on 160 acres spacing. Similar recoveries, if extended onto leases secured by the Eagle Ford joint venture to date, provide a target potential of gross 28 to 62 million barrels of oil equivalent or 8 to 17 million barrels of oil equivalent net to Strike's acreage position.

WILCOX PROGRAM

Homeplace Prospect, Sadie 1 discovery (STX 40%)

Facilities installation and pipeline tie in is advancing well at the Sadie gas/condensate discovery location. Once this work is completed a fracing unit will be contracted for the completion of the well for testing. Discussions are already underway to secure this equipment.

The completion of this development work prior to testing is expected to take a further 6 to 8 weeks.

OUR STRENGTHS

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

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The Sadie 1 well was drilled on the Homeplace Prospect, and was successful in finding hydrocarbon bearing sands in the Wilcox Formation. Successful completion and testing will mark the fourth discovery for Strike after Mesquite, Rayburn and Louise and could significantly increase Strike's production and revenue commencing in the third quarter this year.

Louise Prospect, Gardner Duncan 1 well (STX 40%)

The Gardner Duncan 1 well continues to perform exceptionally well. The well has now been on production since April 2010 without decline. In recent weeks the operator has been able to increase production by 15% to 5.2 million cubic feet of gas equivalent per day (4.2 MMcf gas plus 100 bbls of condensate).

Evaluation of production data and new mapping of seismic will continue prior to any decision with respect to further drilling.

EXPLORATION DRILLING

Strike is planning to participate in the drilling of 3 to 5 wells before the end of 2011. These will come from a combination of Wilcox, Eagle Ford shale or new plays being secured. The drilling program is being restructured in light of these new activities and project priorities.

The Wilcox drilling is likely to start up in the fourth quarter this year once new mapping is completed with the results incorporated from the recent discoveries and production history from the Sadie 1 well at Homeplace.

Yours faithfully

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

SIMON ASHTON
Managing Director

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ASX Announcement

