

South Erregulla Update

- SE1 has reached the primary objective in the Permian aged Kingia Sandstone and is now preparing to commence coring operations.
- Gas shows and drilling breaks observed in the interpreted high quality sub-section at the top of the Kingia Sandstone.

Strike Energy Limited (Strike - ASX: STX) provides an update on the drilling operations at the company's 100% owned South Erregulla target in EP503.

Completed Operations

Since the last update, Strike has successfully drilled through the lower Carynginia Formation and the Irwin River Coal Measures, where mud gas was observed.

Strike has continued drilling operations with SE1 currently at a measured depth of 4,859m, which is believed to be a short distance into the top of what is observed and interpreted to be the higher quality sub-section of the primary target in the early Permian aged Kingia Sandstone.

Forward Plan

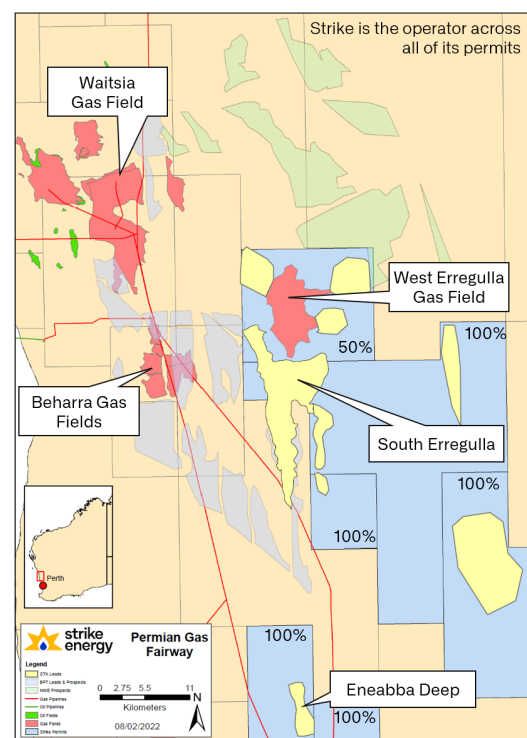
Strike is now pulling out the bottom hole assembly to reconfigure for coring operations in order to acquire core across this section of the Kingia Sandstones. Strike will proceed to core a 45m interval of the Kingia, which may take several runs. At completion, Strike will return with the drilling assembly to drill through the Bit Basher Shale, the High Cliff Sandstones before calling final depth in the Holmwood Shale.

About South Erregulla-1

South Erregulla is located in the 100% Strike owned EP503 which adjoins EP469 where Strike as operator has made a large, high quality conventional gas discovery at West Erregulla. SE1 lies less than 5km to the South of the nearest successful West Erregulla intersection. SE1 is being executed at: 29° 28' 29.816 S, 115° 19' 5.618E.

South Erregulla has significant resource potential in the Kingia Sandstones with a high chance of success due to the strong data control over the Erregulla region (wells and seismic), consistent geological outcomes in the Kingia and recent identification of updip connectivity to the known West Erregulla gas field.

SE1 expects to encounter the Kingia at a shallower depth than the penetration of the Kingia at West Erregulla 2. Strike is planning to collect whole core and an advanced series of wireline logs across the Kingia Sandstones and on success will be flow tested in order to be completed as a future producer.

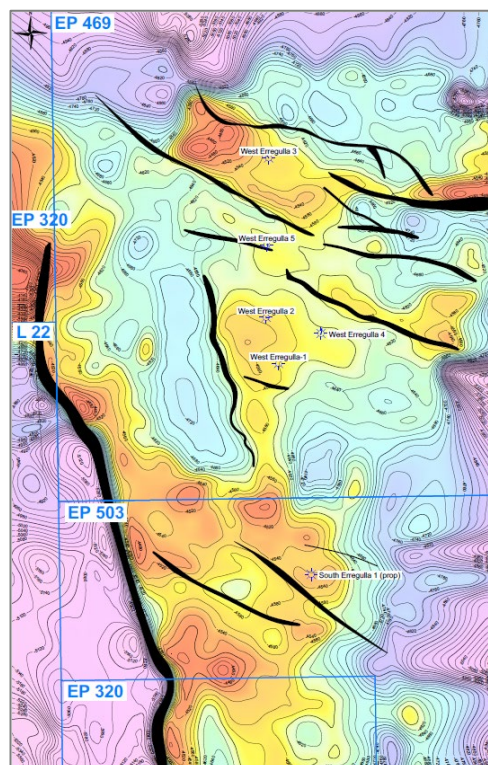


Through seismic interpretation (with good well control) of the 3D seismic data over EP469 and EP320 in combination with the recently acquired Maior 2D seismic and reprocessed legacy 2D lines in EP503, Strike has interpreted a major structural high to the South of West Erregulla. Numerous drilling results at West Erregulla, Waitsia, Beharra Deep, Lockyer Deep and Irwin correlate to Strike's geophysical model which supports the presence of gas charged porous sands in the Kingia Sandstone at South Erregulla.

Structural mapping (which has recently been corroborated by Netherland Sewell and Associates Inc. through their West Erregulla work), shows the Greater Erregulla structure rising to the South where the South Erregulla target has been identified. This interpretation suggests that South Erregulla is connected and updip of West Erregulla (a known conventional gas field) meaning a similar gas accumulation is likely to be encountered.

The primary objective of SE1 (and any subsequent appraisal wells in South Erregulla) is to delineate approximately 350 PJs of high confidence resource in order to secure the gas requirements for Project Haber, Strike's proposed Mid-West based 1.4mtpa urea fertiliser manufacturing facility. On confirmation of success at SE1, Strike will look to sanction additional detailed engineering (FEED), finalise the urea offtake, and progress the equity/debt processes for Project Haber.

This announcement is authorised for release by the Managing Director and Chief Executive Officer in accordance with the Company's Continuous Disclosure Policy.



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