ASX Announcement

11 March 2015

The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update on its continuing flow testing program at its Southern Cooper Basin Gas Project in PEL 96 (Strike 66.7% and Operator, Energy World Corporation (ASX:EWC) 33.3%).

The attached Investor Presentation provides further information about the Company's activities to date and future plans for the Southern Cooper Basin Gas Project. This will be presented by Mr David Wrench at the forth coming Euroz Securities Institutional conference in Perth.

FLOW TESTING UPDATE

Following the recommencement of flow testing operations after the recent rain delays, gas production has continued to increase at both the Le Chiffre 1 and Klebb 1 locations. The wells have now been cycled through a series of production and shut in phases to obtain a range of flow and pressure data.

PRELIMINARY OBSERVATIONS

In each production phase, gas flows have been established quickly and continue to build. Preliminary analysis of the pressure and production data obtained to date confirm:

- Increasing gas flow rates continue to be observed as the reservoir pressure is reduced. Consistent, stable pumping operations have proved most effective in achieving sustained pressure reductions and increased gas flow rates;
- To date, reservoir pressures have been reduced to 2,000 – 2,400 psi close to the wells (from initial pressures of 2,900 – 3,000psi). Encouragingly, this limited pressure reduction has been sufficient to initiate and sustain gas flows from coal proximate to the wells and confirm that the coals are highly gas saturated;
- Well productivity is significantly improved through managed increases in pump rates.

Gas adsorption isotherms for the producing coals show that the majority of gas stored (adsorbed) on the coal surfaces will be recovered at average reservoir pressures below 500psi. Therefore, flow testing will now focus on achieving further reductions in average reservoir pressures to facilitate increases in gas production towards commercial rates.

KLEBB WELLS

During the month of February, 19 days of flow test data was obtained from the Klebb 1 location with sustained gas flows during the entire period and 6,400 bbls of water produced. During the testing period, pump rates were gradually increased with a corresponding increase in gas productivity being observed.

Klebb 3 was successfully commissioned during February and produced for 9 days averaging around 100 bbls water per day.

To date, 75 days of cumulative flow test data has been achieved from the Klebb 1 location.

LE CHIFFRE 1

During the month of February, 26 days of test data has been obtained from the Le Chiffre 1 location, with 20,600 bbls of water produced. Sustained gas flows to surface were recorded over the testing period.

To date, 69 days of cumulative test data has been achieved from the Le Chiffre 1 location.

FLOW TESTING OPERATIONS - FORWARD PLAN

The completion of the first phase of flow testing was successfully achieved once sustained gas flows at all wells were established. Flow testing operations have now advanced to a second phase which aims to build gas flow rates through consistent reservoir pressure reduction at both Le Chiffre 1 and the Klebb pilot wells. Minor modifications to the existing pumping equipment at the Klebb location are underway, which once implemented, will allow simultaneous flow testing of all three wells.

The performance of the Klebb wells have been very encouraging and we now believe they are capable of achieving further production increases beyond their original design basis with modest additional investment. As a result, the Klebb pilot will be upgraded in Phase 3 of the appraisal program through frac completions of Klebb 2 and 3 and installation of improved pumping infrastructure, which will accelerate reservoir pressure reduction and provide further reservoir and operational data for use in full development planning.

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MANAGING DIRECTORS COMMENT

"The trends we are seeing at Le Chiffre and Klebb are extremely encouraging as we continue on the path towards commercial production. Strike now believes it controls one of the few projects with the potential to provide substantial new supply to East Australian gas markets with testing and production set to increase over coming months."

Yours faithfully



DAVID WRENCH
Managing Director



STRIKE ENERGY LIMITED

EUROZ SECURITIES INSTITUTIONAL CONFERENCE

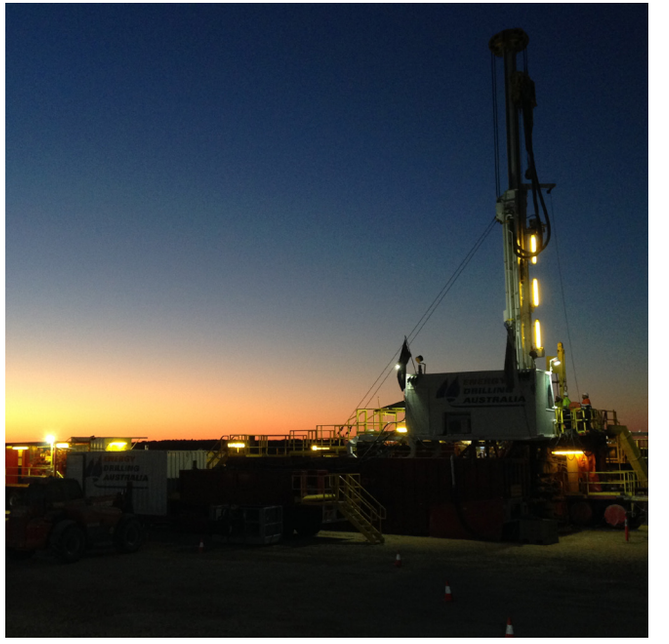
Perth, 12 March 2015

Strike Energy

Company Overview: Corporate

Strike Energy Limited (ASX : STX) is an Australian based, independent oil and gas exploration and production Company. The Company is focused on the development and rapid commercialisation of a substantial gas resource in the Southern Cooper Basin to meet the demand of the Eastern Australian gas market

Listing	ASX (ticker STX)
Issued Shares	833,330,946
Unlisted Options and Performance Rights	40,500,001
Market Capitalisation	$91.7 million (6 March 2015)
Production (2013/14)	81,357 boe
Revenue (2013/14)	$4.3 million









Eastern Australian Gas Market

Strike's Southern Cooper Basin Gas Project



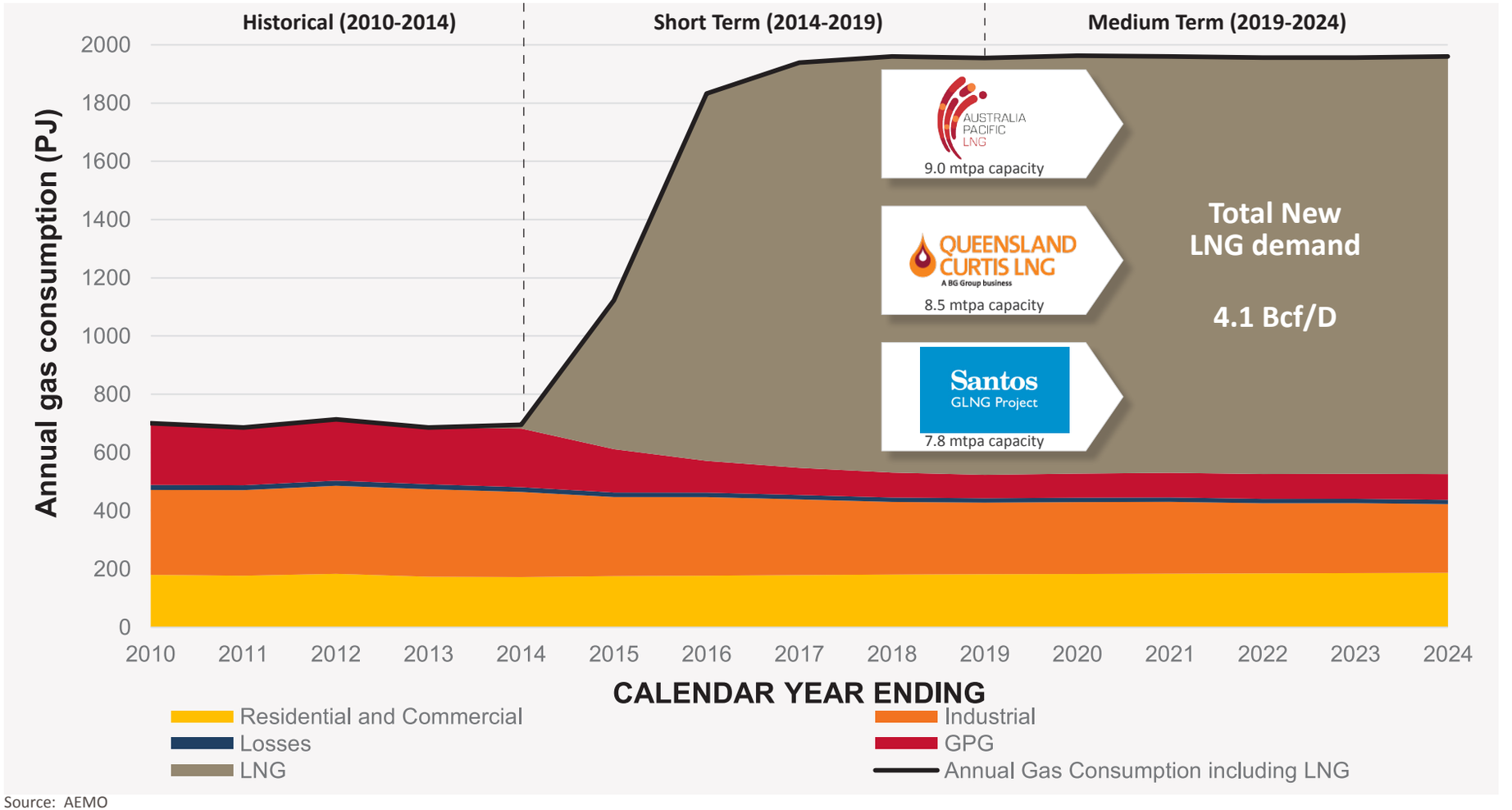




EASTERN AUSTRALIAN GAS MARKET

Eastern Australian Gas Market: Imminent demand shock

Annual gas consumption (including LNG exports) for Eastern and South-Eastern Australia

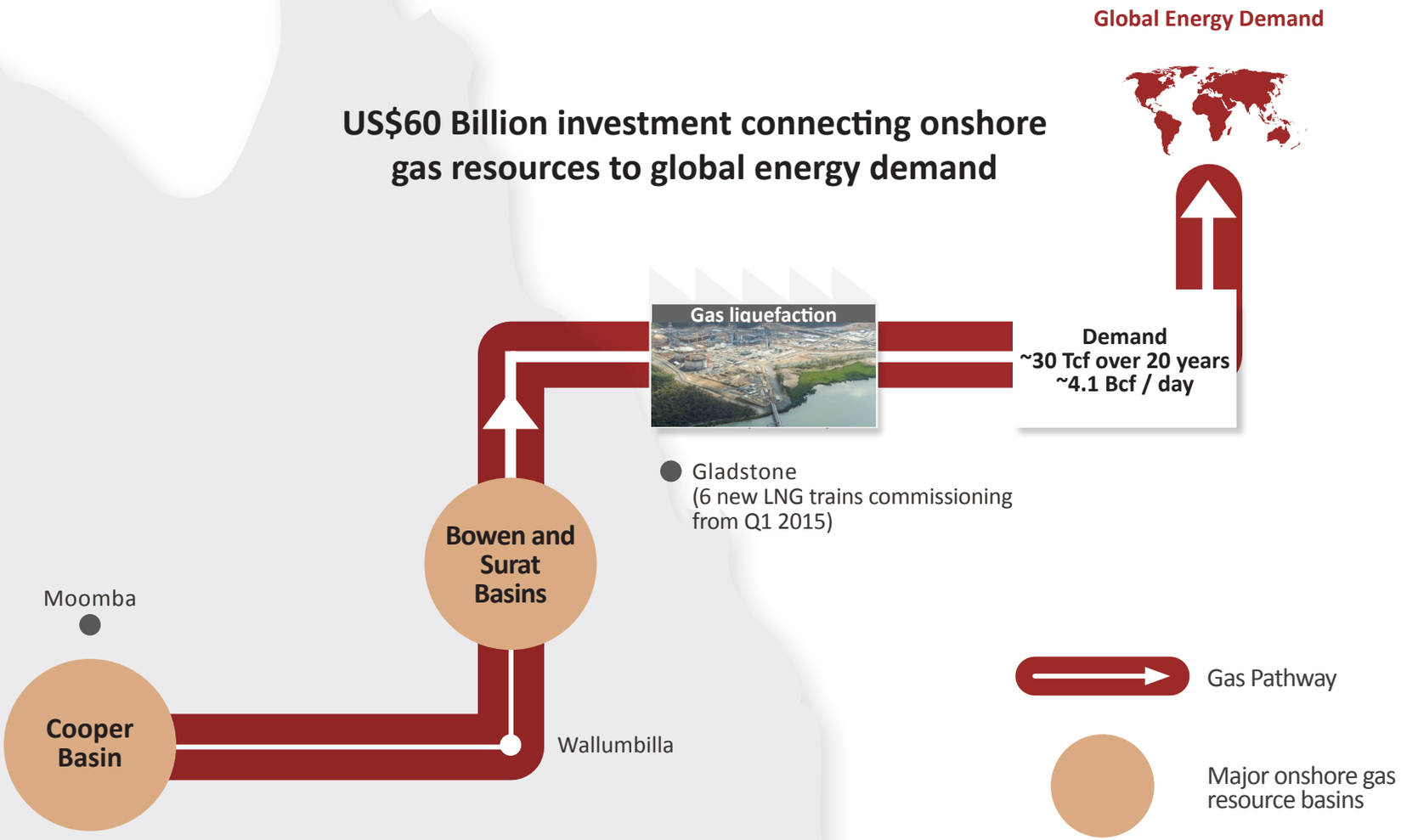


Source: AEMO

New LNG plants dramatically increasing Eastern Australian gas demand

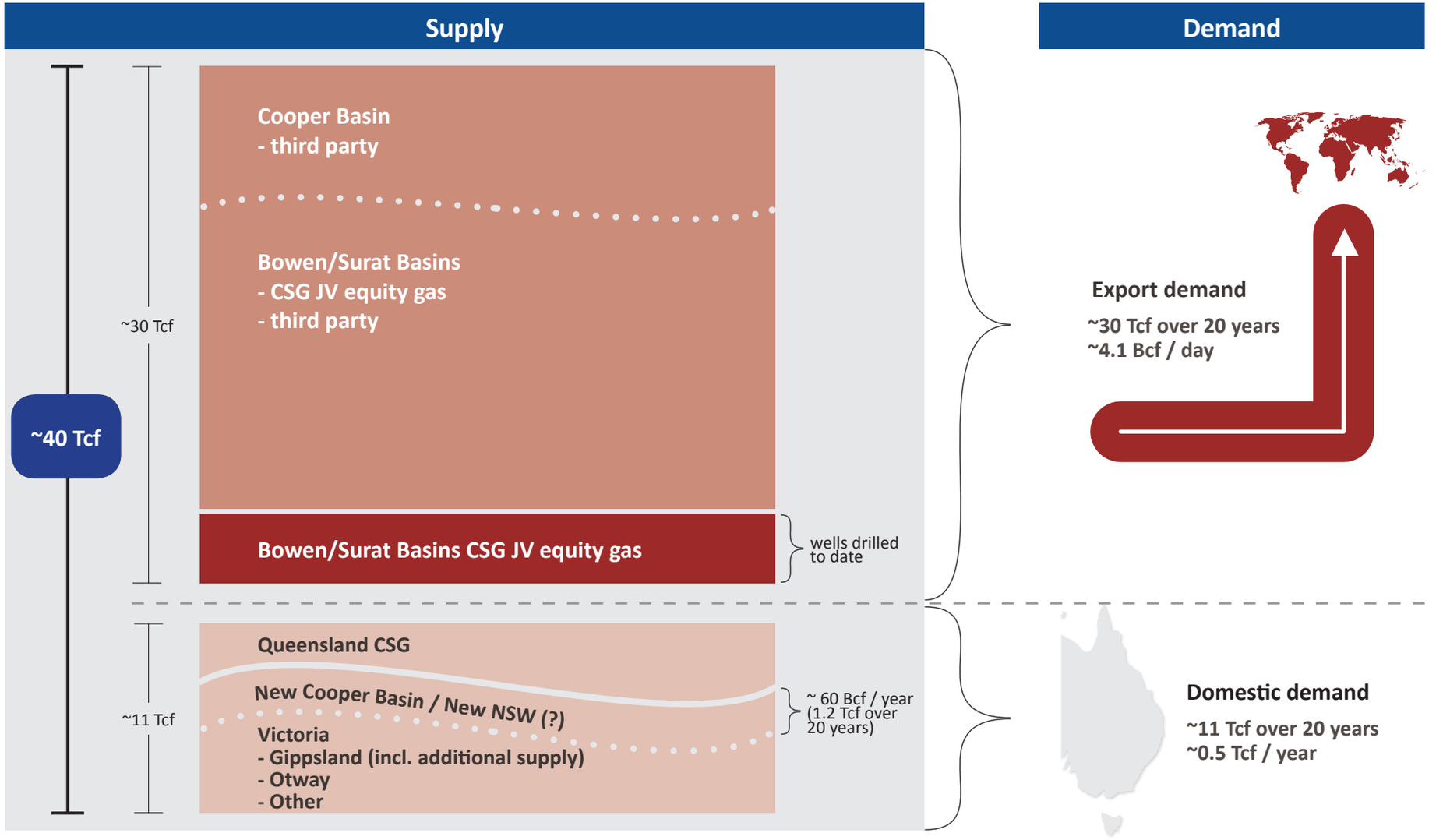
Eastern Australian Gas Market: New gas export pathway

US$60 Billion investment connecting onshore gas resources to global energy demand



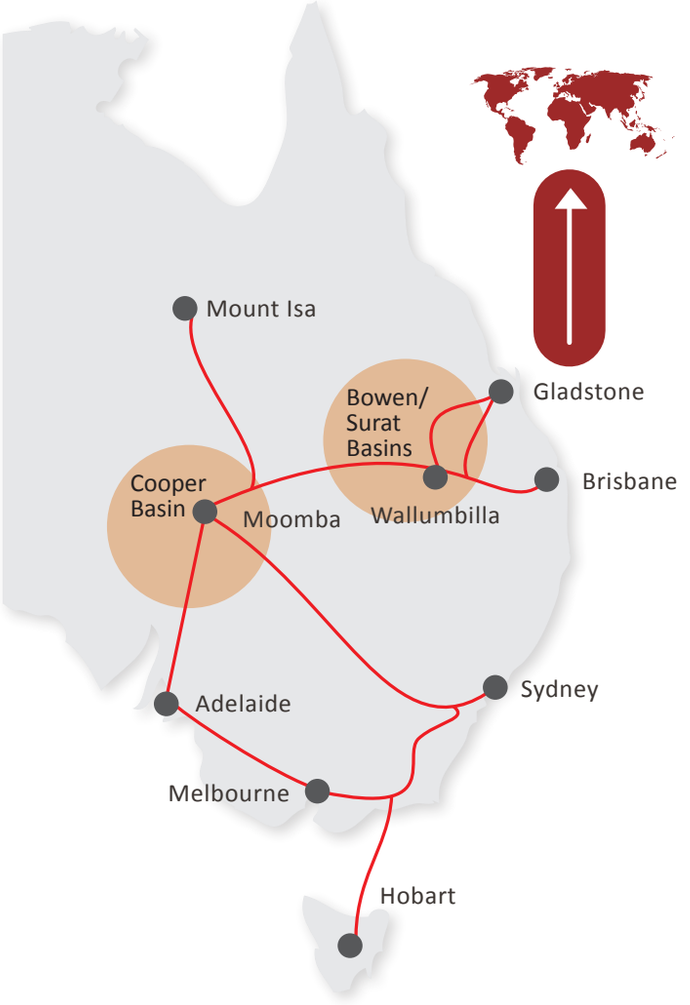
Gas export pathway creates the opportunity for major onshore gas resource development

Eastern Australian Gas Market: Supply and demand - over 20 years



Without clarity as to how future gas demand (~40 Tcf) will be met a significant gas shortfall is looming in the Eastern Australian Gas Market

Eastern Australian Gas Market: Implications of global LNG pricing



LNG price CIF Japan (USD/MMBtu) +		$10.00	$12.00	$14.00
Eastern Australian delivery point prices* +				
Gladstone	(AUD/GJ)	$8.65	$11.02	$13.39
Wallumbilla	(AUD/GJ)	$7.65	$10.02	$12.39
Moomba	(AUD/GJ)	$6.65	$9.02	$11.39

*** Assumptions +**

- AUD:USD 0.80
- Liquefaction cash operating cost A$2.0/GJ
- Includes shipping cost to Asia

+ Pricing information and assumptions presented are for information purposes only and are subject to change

Global LNG pricing will drive Eastern Australian gas prices

Eastern Australian Gas Market: Opportunity

Without clarity as to how future gas demand (~40 Tcf) will be met a significant gas shortfall is looming in the Eastern Australian Gas Market

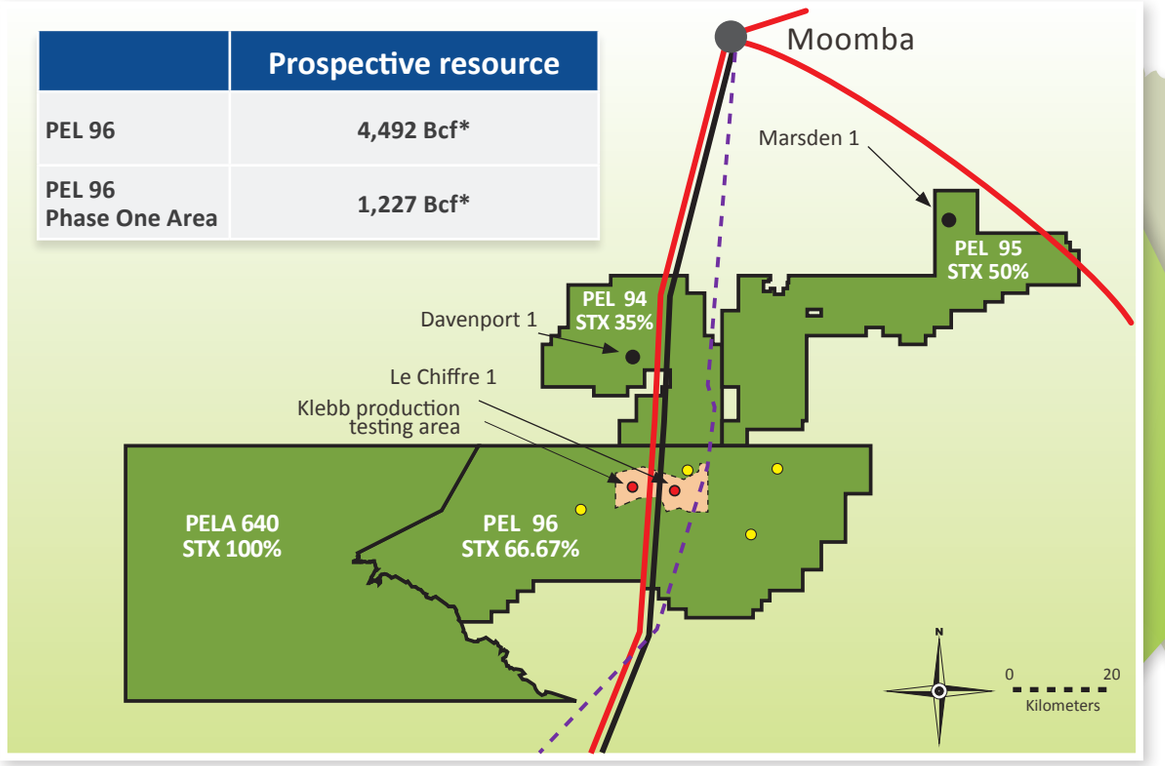
Presents a significant opportunity for new competitively priced gas supply

However, there are limited opportunities for investors to directly participate in this opportunity

SOUTHERN COOPER BASIN GAS PROJECT

Southern Cooper Basin Gas Project: Favourable location

	Prospective resource
PEL 96	4,492 Bcf*
PEL 96 Phase One Area	1,227 Bcf*





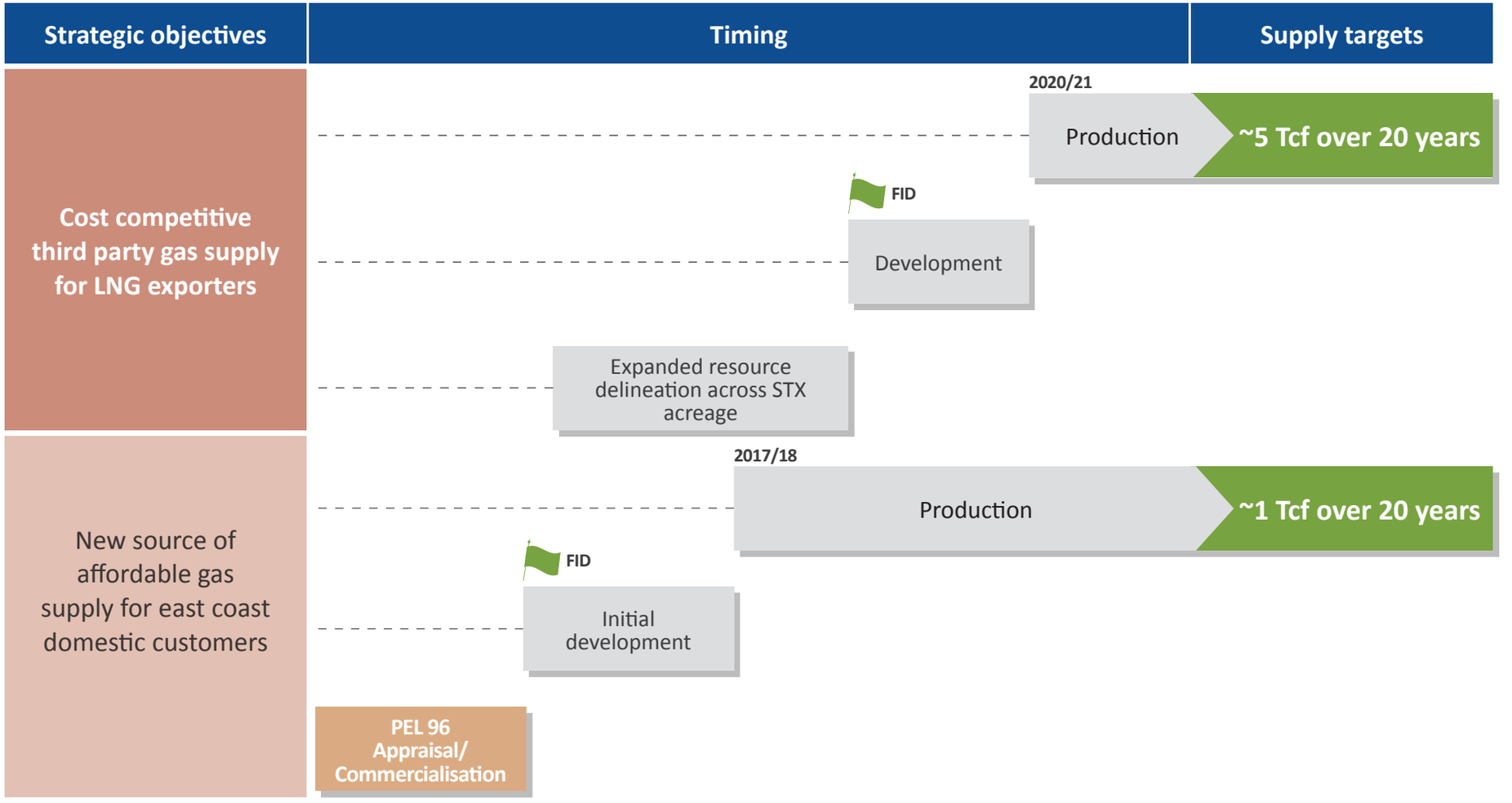
- PEL 96 Phase One Area
- Gas Pipeline
- Oil Pipeline
- Strzelecki Track
- Strike Phase One Area wells drilled
- Strike Wells Drilled
- PEL 96 Offset Wells

PEL 96 and PELA 640 - STX operated

* Mean estimate (net to Strike) per ASX announcement dated 19 Feb 2014

Strike has ideally positioned multi-Tcf resource to supply into Eastern Australian gas demand

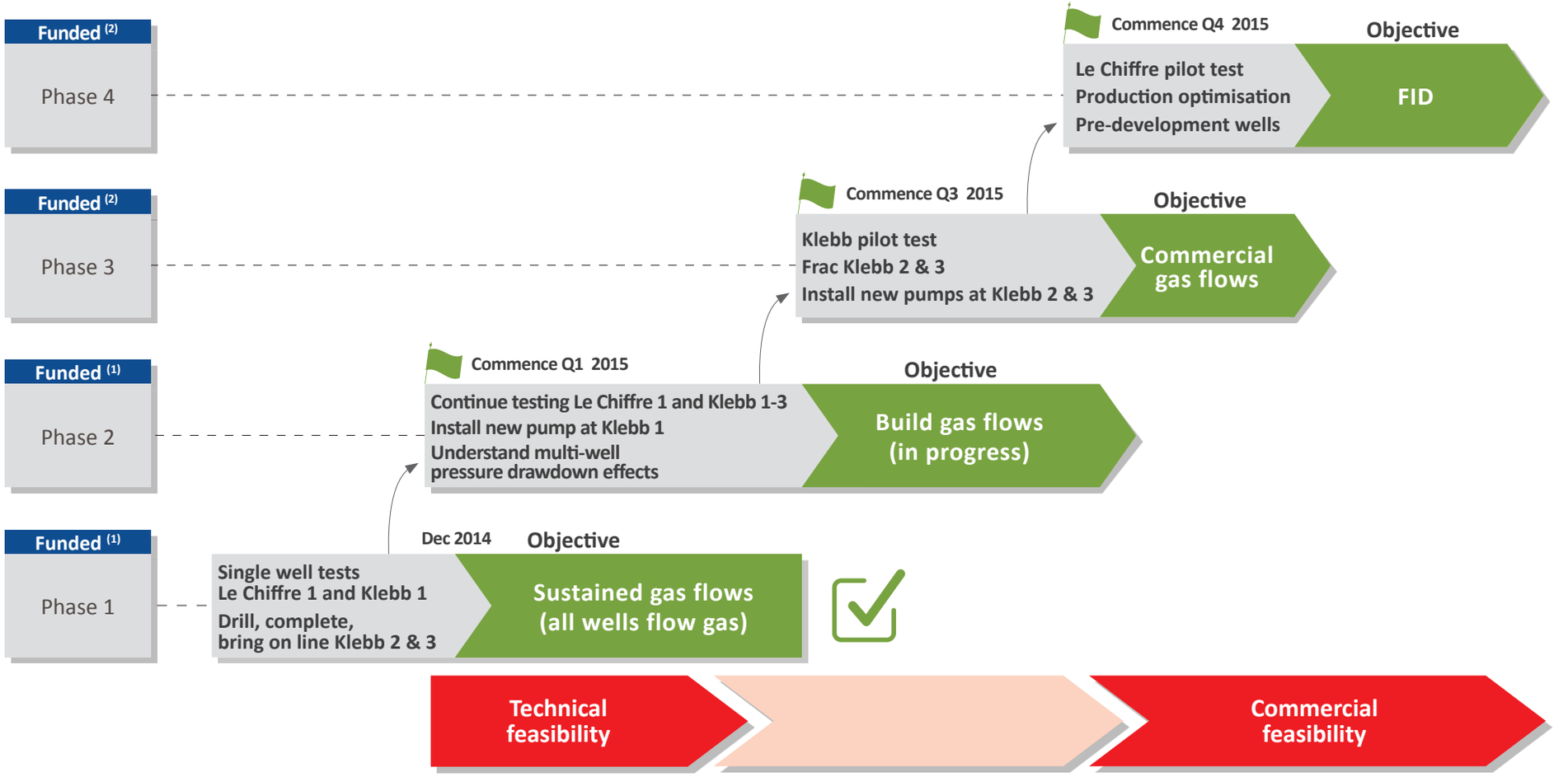
Southern Cooper Basin Gas Project: Strike's strategic objectives



The Southern Cooper Basin Gas Project is a substantial strategic resource capable of long-term domestic and export gas supply

Southern Cooper Basin Gas Project: PEL 96 appraisal program

PEL 96 - Appraisal/Commercialisation



(1) Funded from existing cash resources
(2) Funded from gas off-take prepayments and the Company's existing R&D rebate program

A disciplined, capital efficient appraisal program is being followed to establish commerciality

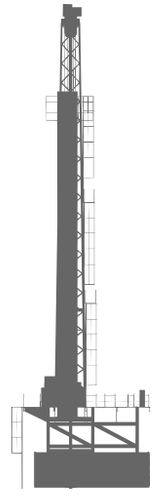
Southern Cooper Basin Gas Project: Emerging reservoir characteristics

	2013	2014			
Reservoir properties	**Net Coal**	**Permeability**	**Gas Content**	**Gas Flows**	
Observations	Discovery of up to 145m of net coal at 1,450-2,000m First target zone - 65m net - Patchawarra coals	DFIT measured up to 25 md	Patchawarra coals Est. 8-11 m^3/t Gas saturation 80%+	Early gas flows - all well tests Manageable water flows Increasing gas flow with decreasing reservoir pressure	
Implications CBM success factors	**High (+++) net effective coal thickness** **Low well capex**	**+ Good permeability**	**+ High gas content** **High gas saturation**	**+ High per well recovery potential**	**= Favourable reservoir characteristics**

An understanding of the reservoir is emerging that is very encouraging

Southern Cooper Basin Gas Project: Compelling economics

CSG economics are predominantly determined by the relationship between the amount of gas recovered per well and the capital cost of the well. The best Australian CSG wells typically recover more than 1.5PJ for every $1mln of well drilling and completion capex.



EUR/well capex



1 - 1.5 PJ/$1mln *1



~2 PJ/$1mln *2



Strike's target
>1.5 PJ/$1mln *3

Note 1: Citigroup 17 Sept 2014 - Roma estimates
Note 2: Citigroup 17 Sept 2014 - Fairview estimates
Note 3: Based on Strike internal estimate of well capex of $3m per well

The Southern Cooper Basin Gas Project is targeting an EUR / well capex ratio that delivers a very competitive gas supply cost

Investment Summary

- Gas market dynamics – significant opportunity for new strategically located supply
- Strike provides direct exposure to a substantial gas market with unrivalled leverage
- Strike has a multi-Tcf resource with direct connectivity to the Eastern Australian market
- Strike is currently producing gas next to the Moomba to Adelaide pipeline
- Favourable reservoir characteristics = compelling economics
- Clear strategic objectives with disciplined execution pathway

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COMPETENT PERSONS STATEMENT

The reported resource and or reserves in this presentation are based on information compiled by Mr C Thompson. Mr. Thompson is the General Manager of Strike's Cooper Basin Project and has consented to the inclusion of the resource and or reserves information in this report.

Mr. Thompson holds a Graduate Diploma in Reservoir Evaluation and Management and Bachelor of Science Degree in Geology. He is a member of the Society of Petroleum Engineers and has worked in the petroleum industry as a practicing reservoir engineer for over 20 years.