

SHARESCOPE

Strike Energy Ltd (STX)

Analyst: Breakaway Research

Report Date: March 2012

Recommendation: Speculative Buy

Issued Capital: 542,653,495

Market Capitalisation: \$105,817,432

Share price at April 20: \$0.1950

12 month high/low: \$0.2250-\$0.0997

Strike Energy is now firmly focused on its key Cooper Basin and Eagle Ford Shale assets.

Breakaway Research says that Strike represents a stand-out investment opportunity in the unconventional energy space.

"We believe the share price is likely to be driven by both strong news flow and the likely success from its initial appraisal well drilling program," the analyst said.

Strike's new Cooper Basin interests are untapped and Breakaway feels that Strike is the best value play in terms of exposure in the basin with more than 16,000 sq km under licence.

While the unconventional have been enormously successful in the USA over recent years, there are marked differences between the industry there and the fledgling industry in Australia, including significant demarcations in respect of geology, technical know-how and infrastructure.

Strike's exposure to the Eagle Ford Shale in the US means it is not too far behind its peers in terms of activity or technical understanding, and it is hoping to close the value gap between it and its Cooper Basin unconventional peers, most of which have market values of \$1 billion or more.

The company also has unconventional acreage positions within the EFS and the Permian Basin in the USA that will benefit from substantial drilling activity by other operators in the vicinity of the assets.

Following a \$20 million placement to institutional investors, Strike is well funded to progress its programs.

"That the placement was heavily oversubscribed demonstrates the strong levels of interest in Strike and the view amongst institutional investors that we may soon see the company's share price momentum catch-up to its industry peers," Breakaway said.

