

ASX Announcement

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25 July 2008

Strike Oil Limited
ABN 59 078 012 745

The Company Announcement Officer
Australian Stock Exchange Ltd
via electronic lodgement



QUARTERLY ACTIVITIES REPORT - PERIOD ENDED 30 JUNE 2008

Please find attached Strike Oil Limited's Quarterly Activities Report for the period ended 30 June 2008.

Yours faithfully

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

SIMON ASHTON
Managing Director

Further information:

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Simon Ashton - Managing Director
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Our Strengths

- Producer/Explorer with strong cash flow
- Track record of discoveries
- Geographically diverse portfolio
- Highly experienced team
- Strong experienced partners
- Innovative approach to E&P

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**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 JUNE 2008**

HIGHLIGHTS FOR THE QUARTER

- **Oil and gas revenue for the quarter was \$9.22 million, up 165% on the previous quarter;**
 - **Gas production was up 88% for the quarter and oil condensate production increased by 129%;**
 - **Four Rayburn wells successfully tested and brought onto production (one subsequent to end of quarter);**
 - **Rocky Mountains assets sold for US\$2.5 million - proceeds redirected to focus on highly successful Gulf Coast programme;**
 - **US\$11.7 million debt facility secured with Commonwealth Bank of Australia Ltd;**
 - **Further development drilling planned for Gulf Coast - fully funded from operating cash flows and bank facility;**
 - **2008/09 revenues now targeting between \$50-55 million - up from previously reported range of \$35-40 million.**
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Managing Director's Report and Outlook

Overall a very successful June 2008 Quarter which has strengthened the Company through increased production and substantial monthly revenues that places the Company in a strong position to develop its interests in the US and Australia.

The successful development of the Rayburn project has underpinned record quarterly production and a 165% increase in sales revenues from the prior corresponding period. The company successfully tested and produced from four wells at the Rayburn project, lifting gross daily production from the Rayburn and Mesquite fields to 38 million cubic feet of gas and 900 barrels of oil condensate and Strike Oil's share of daily production to 8.8 million cubic feet of gas and 219 barrels of oil condensate.

The strong lift in revenues, coupled with the USD debt facility secured in May, will underpin Strike's exploration and development activities in the US and Australia going forward. Production is expected to increase substantially into the next quarter as additional wells are tested and brought into production on the Rayburn Project.

The 2007/08 oil and gas revenues for the year totalled \$15.7 million (up 82% on \$8.7 million for 2006/07). The Company's revenues have now reached record levels of \$4 million per month (on track to exceed recent forecasts of \$35-40 million for the 2008/09 financial year) and enabling the Company to revise its 2008/09 forecast to \$50-55 million based only on estimated production from wells already drilled assuming gas prices of US\$10 per thousand cubic feet (mcf) and oil prices of US\$120 per barrel. Additional success from new wells could see the production increase above these estimates.

The increase of the Company's interest in the Gulf Coast, Eaglewood Area Participation Agreement from 25% to 30% holds the potential for additional revenues and production from further exploration success.

A strategic decision to sell the Company's interests in the Rocky Mountains Project realised \$2.5 million, focussing the Company's resources on its Gulf Coast interests.

In addition to its strong revenues, the Company's US\$11.7 million debt facility with the Commonwealth Bank of Australia provides considerable flexibility to fund the Company's exciting exploration and development activities in the US and Australia.

In the development of its Australian interests, the Company progressed the FuturGas Project, operated in South Australia by its wholly owned subsidiary Hybrid Energy Australia Pty Ltd, to focus on the project's significant coal to liquids potential.

Steps were taken to develop the Company's Carnarvon Basin interests through a proposal to the Department of Defence for the supply of gas from the Rivoli gas field to its communication station north of Exmouth. The Department of Defence continues to fund work to progress the development. The Company also pursued strategies to secure a cost effective drilling rig for its shallow water acreage in the Carnarvon Basin

Outlook

Going forward Strike Oil is well positioned to effectively develop its interests in both the US and Australia during the coming year.

In the US its prime focus will be on progressing its successful activities in the Gulf Coast, Texas which include an intensive development and exploration programme through to the end of the 2008/09 financial year designed to substantially increase production and revenue.

In the development of its Australian interests, the company continues to explore funding options to advance to bankable feasibility study stage the 10,000 bbl per day coals to liquids project, FuturGas, operated in South Australia by its wholly owned subsidiary Hybrid Energy Australia Pty Ltd. The company has secured a technology agreement with the University of Adelaide and with current strong demand for cost-effective liquid fuels there will be significant opportunities to negotiate with industry and investors in the coming 12 months

In addition, the Company will continue its efforts to finalise a cost effective drilling rig for its extensive Carnarvon Basin portfolio of prospects and to identify the conventional and non conventional petroleum potential of its Cooper Basin interests.

Simon Ashton
Managing Director

SIGNIFICANT PROJECT ACTIVITIES

PRODUCTION ACTIVITIES

USA

- **Rayburn Project, Gulf Coast, Texas (22.8% Working Interest, ~ 17.5% Net Revenue Interest)**

Activities during the quarter continued to be focused on drilling, testing and producing wells which will have an immediate positive affect on cash flow.

Well	Status	Test Results, rates /day	
		Gas	Oil Condensate
Duncan 1	On production	10.1 mmcf	260 bbl
Gilbert Freeman 1	On production	3.8 mmcf	126 bbl
Duncan 2	On production	10 mmcf	224 bbl
Hlavinka Duncan 1	On production	<50 mcf	
Duncan 3	On production	10 mmcf	234 bbl
Gilbert Freeman 2	Awaiting testing		
Gilbert Freeman 3	Awaiting testing		
Hlavinka GU 1-1 ¹	Drilling		

¹ well spudded subsequent to 30 June 2008

The initial discovery well, Duncan 1, continued to flow for the whole quarter at daily rates of approximately 10 mmcf of gas and 270 bbl of oil condensate. The well has now produced over 2.1 billion cubic feet of gas and over 58 thousand barrels of oil condensate since coming on stream in December 2007.

The Duncan 2 (currently producing 10 mmcf and 230 bbl per day) and Gilbert Freeman 1 (currently producing 4 mmcf and 140 bbl per day) wells were successfully tested and brought onto production in early April. In late April, production (less than 50 thousand cubic feet per day) was added from a zone above the Wilcox Formation in the Hlavinka Duncan 1R well.

The testing of Duncan 3, the fifth successful well on the Rayburn Project, commenced in the last week of June with all test gas and oil condensate being sold. Results subsequent to the end of the quarter recorded a test result of 10 mmcf of gas and 234 bbl of oil condensate per day.

The Gilbert Freeman 2 and 3 wells, which have previously encountered gas and were cased awaiting facilities to be installed, will be tested in the next quarter.

Subsequent to the quarter's end, the Hlavinka Gas Unit 1-1 well was spudded. This well is targeting multiple objectives in the Wilcox Formation which could add new reserves to the project.

Up to two more development wells are planned to be drilled next quarter.

Mesquite Project, Gulf Coast, Texas (26.25% Working Interest, ~20% Net Revenue Interest)

Production from the Mesquite Project was lower than the previous quarter due primarily to natural decline. Average gross daily production for the quarter was approximately 3.25 mmcf of gas and 52 bbl of oil condensate.

PRODUCTION REVENUE

Strike Oil's Working Interest revenue from gas and oil condensate sales for the quarter was \$9.22 million. This is an increase of 165% on the previous quarter. This result reflects the substantial impact of bringing the additional wells into production at the Rayburn Project and strong oil and gas prices.

Production (Strike Oil WI)	June Quarter	March Quarter	Movement
Gas (mmcf)	537	285	88%
Oil (bbl)	15,310	6,695	129%

Revenue (Strike Oil WI)	June Quarter (\$'000)	March Quarter (\$'000)	Movement
Gas	7,243	2,693	169%
Oil	1,977	789	151%
Total	9,220	3,482	165%

RESERVES

At Rayburn, the Wilcox wells are targeting 5 bcf per well with upside potential to 10 bcf per well.

An independent reserve report at Rayburn is planned for next quarter.

EXPLORATION ACTIVITIES

USA

- **Gulf Coast Projects, Texas**

During the quarter the Company increased its working interest in the Eaglewood Area Participation Agreement in onshore Gulf Coast, Texas from 25% to 30%.

The Agreement controls the relationship that Strike Oil has with Cypress E&P Corporation in the Gulf Coast exploration programme where prospects containing greater than 400 bcf of prospective resource have been located and are being prepared for drilling.

In addition to the increase in its overall interest under the Agreement, Strike Oil increased its interest in the Flint Prospect from 25% to 35%. The Flint Prospect is a specific exploration project within the Eaglewood Agreement which has a 50 bcf prospective resource.

Further exploration drilling is planned later in the year.

- ***Rocky Mountains Projects, Colorado***

During the quarter Strike Oil entered into a Purchase and Sale Agreement with a privately held US company, Pine Ridge Oil & Gas, LLC, to sell the Rocky Mountains interests that it held in Joint Venture with Comet Ridge Limited.

Settlement on the deal occurred on 26 June 2008 at which time the Company received approximately US\$2.5million as payment of the purchase price and cost reimbursement.

As previously announced the cash payments and cost savings, in the order of US\$4.5 million, will enable Strike Oil to redirect additional funds to its expanded Gulf Coast programme.

Although Strike Oil will no longer have a direct interest in the Rocky Mountain Projects, it will, through its 8.34% shareholding in Comet Ridge, retain exposure to the projects, particularly the imminent 2-3 well Florence drilling programme.

AUSTRALIA

- ***Carnarvon Basin***

Efforts continue to secure a suitable, cost effective drilling rig for drilling in the shallow waters of the Carnarvon Basin. The first well planned to be drilled will be on the Baniyas Prospect (prospective resource size of P_{mean} to P_{10} of 61 to 111 bcf of gas).

The Department of Defence is considering a proposal to supply gas from the Rivoli gas field (Strike Oil WI: 44.5%) to its communications station located north of Exmouth. In the meantime the Department of Defence continues to fund further work including the gathering of environmental information to ensure an early and comprehensive stakeholder engagement upon project sanction.

- ***Cooper-Eromanga Basins***

Two wells drilled in ATP633P in Queensland operated by Joint Venture partner Beach Petroleum were plugged and abandoned. Oil shows in the Coolangatta 1 well indicate oil has been generated in the vicinity. Further seismic data may now be acquired to better define migration pathways and prospective traps.

Progress has recently been made towards the granting of a permit over the PELA 96 in the southern Cooper Basin in South Australia. The joint venture is working towards having all the prerequisite documentation in place during the next quarter. The permit has conventional petroleum potential and non conventional potential in the form of coal seam gas and insitu coal gasification.

DRILLING SCHEDULE AND PROSPECT INVENTORY

Drilling during the second half of the 2008 calendar year is again expected to be concentrated in the Gulf Coast, Texas. Efforts are underway to locate drilling services in the Gulf Coast to add to the current drilling rig under contract.

No drilling is scheduled within Australia during the next two quarters.

The provisional drilling schedule to mid 2009 is attached.

The proposed drilling times are susceptible to change due to rig availability, climatic conditions, joint venture and regulatory approvals and operator schedules.

BUSINESS DEVELOPMENT

- ***Hybrid Energy Australia Pty Ltd – FuturGas Project***

In late June the Company provided an update on the development of its FuturGas Project, to be located near Kingston in South Australia.

The project has been advanced to incorporate a coal to liquids gasification facility with integrated electricity generation, and will evaluate carbon capture and storage technology. The FuturGas facility will have a potential production output of 10,000 barrels of petroleum liquid fuels per day and 40MegaWatts of electricity.

Development of the project to Bankable Feasibility ("BFS") is planned in a number of stages culminating in the completion of the BFS, which will include pilot plant testing, initial liquids production and electricity generation, by the end of 2012.

Funding options to take the project through to BFS continue to be evaluated.

HEALTH SAFETY AND ENVIRONMENT

The company did not record any safety or environmental incidents during the quarter.

CORPORATE

The Company's cash balance at 30 June 2008 was \$8.4 million.

In May the Company announced that it had secured a definitive borrowing base facility agreement ("Facility") with the Commonwealth Bank of Australia ("CBA"). Under the agreement CBA will make available to the Company a debt facility of US\$11.7 million, to be repaid over a term of five years.

The Facility is a conventional borrowing base arrangement, secured against the Company's production assets at the Mesquite and Rayburn gas fields.

The Facility will be used to support the Company's intensive Gulf Coast drilling programme. The Company has the ability to increase the facility limit should additional reserves be recognised at its production assets.

At 30 June 2008 the Company had drawn down \$7.6 million of the Facility.

NEXT QUARTER ACTIVITIES

- Complete drilling of the Hlavinka GU 1-1 well at the Rayburn Project;
- Flow test the Gilbert Freeman 2 and 3 wells on the Rayburn Project directly to sales;
- Drill up to two more development wells at the Rayburn Project;
- Carryout an independent reserve assessment of the Rayburn Project;
- Progress the grant of PELA 96 in the Cooper Basin, South Australia;
- Progress the development of the Rivoli gas field, in the Carnarvon Basin, Western Australia;
- Continue the project evaluation and funding process for Hybrid Energy.

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
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PROVISIONAL DRILLING SCHEDULE

Note: Timing of all activities subject to equipment availability, weather conditions, joint venture and regulatory approvals.

PROJECT AREA	2008 Financial Year				2009
	July to September	October to December	January to March	April to June	
GULF COAST USA	  	 	 	 	
COOPER EROMANGA					
CARNARVON BASIN					



Onshore well



Offshore well