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QUARTERLY ACTIVITIES REPORT, PERIOD ENDING JUNE 2006

Please find attached Strike Oil Limited's Quarterly Activities Report for the period ending June 2006.

Yours faithfully

SIMON ASHTON
Managing Director

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QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING JUNE 2006

HIGHLIGHTS

- Production of gas and oil condensate has increased 218% and 151% respectively compared to the previous quarter.
- Sales revenue of gas and oil condensate has increased 203% and 183% respectively compared to the previous quarter.
- Additional gas discovery was made at the Webernich 2 appraisal well at the Mesquite Project, in Texas.
- Leasing activities increased in the Gulf Coast, Texas, and Rocky Mountains, Colorado.
- 3D and 2D seismic acquisition completed in permit ATP-633P, Cooper Basin, Queensland.

SIGNIFICANT PROJECT ACTIVITIES

USA

PRODUCTION ACTIVITIES

- ***MESQUITE PROJECT, GULF COAST, TEXAS***

Strike Oil's production and revenues from the Mesquite Project in Texas, increased significantly compared to the previous quarter.

Production of gas and oil condensate has increased 218% and 151% respectively compared to the previous quarter. Sales revenue of gas and oil condensate has increased 203% and 183% respectively compared to the previous quarter.

Sales of gas and condensate oil continued to be made during the quarter from various zones in the Shefcik 1, Webernich 1 and Shefcik 3 wells. Recent combined production rates of gas and oil condensate have been sold in the range of ten to twelve million cubic feet (MMcf) per day of gas and around 150-200 barrels (BBL) per day of oil condensate. Further production testing is taking place on the Webernich 1 and 2 wells. The results from this testing are likely to add to production next quarter.

The production and revenue figures for the Mesquite Project, Texas, are tabled below. Note, Strike Oil's Working Interest (WI) is 26.25% and its net revenue interest (NRI) is around 20%. NRI represents the company's interest net of royalties.

QUARTERLY PRODUCTION AND REVENUE FIGURES

<u>Production</u>	June Quarter		March Quarter	
	Strike WI	Strike NRI	Strike WI	Strike NRI
Gas (MMcf)	256.6	194.4	80.7	61.0
Oil (BBL)	4,468.4	3,383.2	1,781.1	1,347.3
<u>Revenue (Australian Dollars)</u>				
	Strike WI \$'000	Strike NRI \$'000	Strike WI \$'000	Strike NRI \$'000
Gas	2,313.9	1,620.9	763.2	533.8
Oil	409.2	295.6	144.3	104.1
	<u>2,723.1</u>	<u>1,916.5</u>	<u>907.5</u>	<u>637.9</u>
NB: These are preliminary and unaudited figures				

EXPLORATION ACTIVITIES

• ***GULF COAST, TEXAS PROJECTS***

Strike Oil continues to expand its involvement in the Gulf Coast program with further prospect generation and leasing progressing. Operator, Cypress E&P Corporation, is at an advanced leasing stage on many of these prospects; the larger ones being in the 30 to 200 billion cubic feet of gas potential. Some of the prospects are of a similar nature to the Mesquite discovery and provide the opportunity to build directly on the successful exploration techniques already applied. While this region is one of the most highly explored and prolific producing areas of the US, it still retains exceptional opportunities as deeper targets are defined by applying the latest 3D seismic technology.

At the Mesquite project, where three successful wells have been drilled to date and a fourth, Webernich 2, is undergoing testing, Strike Oil has a 26.25% WI (approximately 20% NRI). Based upon these four wells and the testing to date the order of 15 to 20 billion cubic feet of gas is indicated. Currently a third party independent reserve review is being carried out. Further drilling and an assessment of the potential of the project will take place later in the year after the

full results from the Webernick 1 and 2 well testing is completed and some production history has been obtained.

Further exploration drilling is planned to commence towards the end of third quarter 2006 and the provisional schedule is attached.

- **ROCKY MOUNTAINS PROJECTS**

Strike Oil, through the operator Comet Ridge Limited, continues to acquire further leases in the Bear River project and Tow Creek project areas in Colorado, where combined acreage is greater than 12,000 acres. Strike Oil has a 37.5% WI in the Tow Creek project and a 33.75% WI in the Bear River project.

The leases are in and around old oilfields where the operator plans to use directional drilling technologies to extract further oil. Detailed geological, geophysical and reservoir engineering evaluation is continuing to help locate suitable drilling locations. It anticipated that one of the early wells drilled will be close to, and on trend with, a well that has produced over 450,000 barrels of oil.

The first drilling on these projects is scheduled for late August or early September, 2006.

AUSTRALIA

EXPLORATION ACTIVITIES

- **CARNARVON BASIN**

Mapping of the recently acquired seismic data is in progress to help mature several prospects for future drilling.

Many of the prospects and leads being mapped are in the ten to 50 million barrels range of oil potential. Successful drilling and discovery at prospects of this scale will have a material effect on the value of Strike Oil. Strike Oil has high equities and is operator of most of these prospects and plans to take partners in selected permits prior to drilling.

First drilling in the Carnarvon Basin is not likely until mid 2007, after the cyclone season.

- **COOPER EROMANGA BASINS**

In the Queensland permit ATP 633 P, the Gidgee 3D seismic survey, operated by Beach Petroleum, and the Gukithi 2D seismic survey were both completed.

Following interpretation of the seismic, it is anticipated an appraisal well will be drilled to follow up on the Gidgee 1 well which flowed over 1,000 barrels of oil per day in 1989. Secondly, an exploration well is planned to be drilled on one of the larger targets, from a portfolio of oil prospects, which have potentials in the range 0.5 to ten million barrels of recoverable oil. This drilling is currently anticipated around late 2006 or early 2007.

In PELA 71 and PELA 96, Strike Oil had entered into a farm-in agreement with Advent Energy Limited ("Advent") whereby Advent will earn an interest in both PELA 71 and PELA 96, operated by Strike Oil, in the South Australian sector of the Cooper/Eromanga Basins. Certain timing requirements of this agreement have expired and discussions are planned to determine if new arrangements can be agreed.

Both PELA 71 and PELA 96 contain numerous oil prospects and leads in the Eromanga Basin sequence. On finalisation of the Native Title Agreement in PELA 71, it is intended to drill a well adjacent to the Mulapula 1 well, drilled in 1986, to test a potential 5 metre oil column observed in this earlier well.

- **KINGSTON ENERGY PROJECT**

Strike Oil's wholly owned subsidiary Kingston Energy Pty Ltd continues to evaluate the potential of the significant energy resource associated with the Kingston coal deposit in South Australia. Various options to utilise this deposit in a commercially and environmentally acceptable manner, are under evaluation.

DRILLING SCHEDULE

The proposed drilling schedule to the end of June 2007 is attached. Note proposed drilling timings are susceptible to change. The issue of drilling rig availability is one of the major issues affecting all operators in the current exploration and development drilling environment.

We anticipate the next drilling to be in the USA Rocky Mountains and Gulf Coast regions commencing in late August and early September 2006 followed by drilling the Cooper/Eromanga Basins towards the end of 2006 or early 2007 and in the Carnarvon Basin tentively around mid 2007.

CASH FLOW ASSETS

Strike Oil continues its efforts to evaluate and secure early cash flow projects in Australia and overseas. This work will continue and will be focussed on production acquisitions, appraisal, and development opportunities.

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STRIKE OIL'S PROVISIONAL FORWARD PROGRAM

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

PROJECT AREA	2006						2007					
	2nd Half						1st Half					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
GULF COAST												
ROCKY MOUNTAINS												
COOPER-EROMANGA												
CARNARVON BASIN												 

 Onshore well
  Offshore well