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Via Electronic Lodgement

QUARTERLY ACTIVITIES REPORT – PERIOD ENDED 31 MARCH 2007

Please find attached Strike Oil Limited's Quarterly Activities Report for the period ended 31 March 2007.

Yours faithfully

SIMON ASHTON
Managing Director

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QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2007

HIGHLIGHTS

- Total sales revenue from gas and oil condensate \$2.054 million, down slightly from \$2.221 million the previous quarter.
- McGall 1 well on the Flint Prospect, Onshore Gulf Coast Texas, was drilled and subsequent to quarter end the well is to be completed for testing in a secondary objective.
- Site preparations commenced for drilling of the Duncan 1 well on the 500 billion cubic feet of gas potential Rayburn Prospect, Onshore Gulf Coast Texas.
- First two “proof of concept” wells in Colorado, encountered extensive fracturing and strong oil indications and await further evaluation.
- The Kewarra 1 well in the Cooper Basin was drilled and plugged and abandoned subsequent to the end of the quarter after penetrating non-commercial oil accumulated at the Hutton Sandstone level.
- Webernich 5 well at Mesquite Project, Gulf Coast Texas brought on to production.
- \$8.84 million Private Placement Issue closed fully subscribed subsequent to quarter end.

SIGNIFICANT PROJECT ACTIVITIES

PRODUCTION ACTIVITIES

USA

- ***Mesquite Project, Gulf Coast, Texas***

Daily gas and oil condensate production rates from the Mesquite project decreased slightly due to natural decline.

Gross production from Strike Oil's leases at the end of the quarter was around 8.2 million cubic feet of gas and 135 barrels of oil condensate per day.

Production of gas and oil condensate for the quarter decreased 2% and 9% respectively from the previous quarter.

In addition to the slight decrease in production, the effects of the stronger Australian dollar caused gas revenues to decrease by 6% over the previous quarter. Oil condensate revenues decreased by 17%, on the back of the decreased production, reduced average oil price, and stronger Australian dollar over the previous quarter.

Towards the end of the quarter a gas compressor was installed to maintain optimum production rates and to prepare for anticipated rising sales line pressures as the warm weather season approaches. An additional benefit is that this action is expected to extend by several months the period each well can effectively produce on casing flow, deferring the expense to install production tubing.

The thin gas zone completed in the shallow Frio Formation in Webernich 5 was placed on production at the beginning of February at around 200mcfpd. At the end of the quarter the well was shut-in for a pressure build-up test. It is unlikely that this well will produce any significant quantity of gas.

PRODUCTION AND REVENUE

The gas and oil condensate production and revenue figures for the quarter are tabled below. The majority of the production was from the Mesquite project. Less than 3% was derived from some minor production associated with leases acquired as part of a land acquisition during 2006. Strike Oil's working interest (WI) in the Mesquite project is 26.25% and its net revenue interest (NRI) is around 20%. NRI represents the company's interest net of royalties.

	March Quarter	December Quarter	Movement (%)
Production (Strike Oil WI)			
Gas (MMcf)	202.6	206.7	(2.0)
Oil (Bbl)	3,775	4,141	(8.9)
Revenue (Strike Oil WI)	(\$'000)	(\$'000)	
Gas	1,798	1,913	(6.0)
Oil	256	308	(16.9)
Total	2,054	2,221	(7.5)

EXPLORATION ACTIVITIES

USA

- ***Gulf Coast, Texas Projects***

Activities in the Gulf Coast program concentrated on the drilling of the first of the larger prospects in the 200 to 500 billion cubic feet of gas potential, which Strike Oil will have an interest in during 2007 calendar year.

The McGall 1 well, the first exploration well on the Flint prospect (prospective resource size the order of 200 billion cubic feet of gas) spudded on 3 January 2007. At quarter end the well had reached a measured depth of 14,455 feet (4,406 metres). Subsequent to the end of the quarter the well reached a total depth of 16,510 feet (5,032 metres) on 21 April 2007. A potential commercial gas zone has been interpreted in a secondary objective in the Wilcox Formation and the well is now being completed for production testing. Unfortunately, no commercial gas zones are interpreted in the main objectives.

Also during the quarter, work commenced on preparing the drilling location for the next well, the Duncan 1, to be drilled on the Rayburn prospect, Wharton County, Texas. The prospective resource size of Rayburn is the order of 500 billion cubic feet.

Reprocessing of 3D seismic data over the third largest prospect, Rodeo, (200 billion cubic feet of gas potential) commenced during the quarter. The Rodeo prospect is scheduled to be drilled later in 2007 along with a well on the smaller Canyon Prospect (60 billion cubic feet of gas potential). Results at either the McGall 1 or Duncan 1 wells could lead to the Rodeo and/or Canyon well(s) being delayed while the drilling rig, which is on long term contract, is used to drill production appraisal wells.

In keeping with the company's previously advised intention to broaden the area of investigation along trend, Strike Oil participated in the licensing of further 3D seismic to maintain a steady flow of quality prospects.

- ***Rocky Mountains Projects***

Strike Oil, through the operator Comet Ridge Limited, participated in the drilling and testing of the first two of the three well "proof of concept" drilling program in Colorado during the quarter.

The first well, Coal View Unit 31-4, located on the Tow Creek prospect, intersected 245 feet (75 metres) of oil and gas shows in the main objective which is interpreted to be moderately to intensely fractured. During the completion operation the drill pipe became stuck in the hole. Attempts to recover the stuck pipe were unsuccessful. The plan is now to re-enter the well bore in the northern spring months, when the weather conditions improve, and re-drill and flow test the section which indicated fracturing and oil pay. Strike Oil has a 37.5% Working Interest in the Tow Creek project.

The second well, Peltier 11-12, located on the Bear River prospect, spudded on 12 January 2007. Oil and gas shows, including an incidence of free oil in the mud, were observed while drilling the three benches of the Niobrara Formation objectives. Wireline logs including borehole imaging logs indicated the objectives are extensively fractured over a 700 feet (213 metre) thick interval. However, following completion and installation of an electrical submerged pump the flow rate was relatively low which is inconsistent with the data collected during the drilling and logging of the well. The well is currently shut-in while data is analysed to investigate the cause of the low rates. Strike Oil has a 33.75% Working Interest in the Bear River project.

Plans are well advanced to acquire 3D seismic over the Florence prospect in Fremont County, Colorado. Subject to the results of the seismic being available, the Joint Venture participants will drill a well during the first quarter of 2007/08. Strike Oil has a 26% Working Interest in the Florence project.

AUSTRALIA

- ***Carnarvon Basin***

The jack-up rig market remained very tight during the quarter and is forecast to remain so for the foreseeable future. It now appears unlikely that a suitable rig can be obtained before mid 2008. In the meantime, environmental approval is being sought from regulatory authorities for several wells and alternative drilling rig options are under investigation.

Materials are being prepared to help facilitate the farming out of selected prospects. Strike Oil has high equities and is Operator of most of these prospects.

- ***Cooper Eromanga Basins***

During the quarter Strike Oil exercised its option to take a fifteen percent (15%) Working Interest in Queensland permit ATP633P, Operated by Beach Petroleum.

The Kewarra 1 well in ATP633P was spudded on Wednesday, 28 March 2007. Subsequent to quarter end, the well was plugged and abandoned after the oil accumulation penetrated at the top of the Hutton Sandstone was found to be too small to be commercial.

In permits PELA 71 and PELA 96 in South Australia, work is still progressing to finalise Native Title agreements.

- ***Kingston Energy Project***

Strike Oil's wholly owned subsidiary Kingston Energy Pty Ltd continued investigating environmentally acceptable gasification and power generation options for the Kingston lignite deposit in South Australia.

During the quarter a number of consultants were contracted to assist with the investigation and evaluation of the technologies and issues involved. Consideration is being given to initiating a pre-feasibility study to investigate potential commercial development options.

DRILLING SCHEDULE AND PROSPECT INVENTORY

Strike Oil continues to build an inventory of prospects and leads.

Strike Oil plans to participate in the drilling of at least five more wells before the end of calendar year 2007. The prospects and leads inventory will continue to be upgraded with time to provide the best chance for success and risk management.

The proposed drilling schedule to the end of 2007 is attached. Note: proposed drilling timings are susceptible to change due to rig availabilities, climatic conditions, joint venture and regulatory approvals and operator schedules.

HEALTH SAFETY AND ENVIRONMENT

The company registered another quarter without any safety or environmental incidents.

CORPORATE

Subsequent to the quarter end, the Company undertook a Private Placement Issue of 34 million shares at 26 cents to raise \$8.84 million. The issue closed on the 4 April 2007 fully subscribed.

NEXT QUARTER ACTIVITIES

- **Finish the completion of the McGall 1 well on the Flint prospect, Texas.**
- **Drill the Duncan 1 well on the Rayburn prospect, Texas.**
- **Re-enter and test the Coal View Unit 31-4 well at Tow Creek, Colorado.**
- **Investigate the performance of the Peltier 11-12 well at Bear River, Colorado.**
- **Acquire 3D seismic over the Florence prospect, Colorado.**
- **Advance the Kingston gasification project.**

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PROVISIONAL FORWARD PROGRAM

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

Calendar - 2007				
PROJECT AREA	January to March	April to June	July to September	October to December
GULF COAST USA	 		 	
ROCKY MOUNTAINS USA			 	 
COOPER EROMANGA				
CARNARVON BASIN				

 Onshore well
  Offshore well