

ASX Announcement

ASX Code: STX



28 February 2008

Strike Oil Limited
ABN 59 078 012 745

The Company Announcement Officer
Australian Stock Exchange Ltd
via *electronic lodgement*

MANAGING DIRECTOR ON GULF COAST REVENUE GROWTH

Please find attached an "Open Briefing" interview on Strike Oil's Gulf Coast, Onshore Texas activities.

Yours faithfully

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

SIMON ASHTON
Managing Director

Further information:

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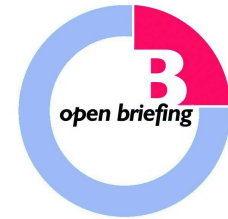


Our Strengths

- 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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**Attention ASX Company Announcements Platform
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Title: Open Briefing®. Strike Oil. MD Update on Gulf Coast Revenue Growth

Record of interview:

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Strike Oil Limited (ASX Code: STX) is involved in a substantial gas discovery at its Rayburn Prospect, onshore Gulf Coast, Texas. What is the likely impact of this discovery?

MD Simon Ashton

The confirmation of the discovery with the substantial flow rates from the Duncan 1 discovery well will have a major impact on Strike in the following ways:

- it confirms the presence of a large structure with substantial gas flow rate potential
- reinforces our producer status with immediate 3 fold daily production increase
- secures substantial growth in revenues which currently stand at approximately \$1 million per month (up from approximately \$0.5 million per month) and projected to be approximately \$2 million per month by mid year
- reduces pressure on short term equity raisings providing funding flexibility
- provides additional confidence for ongoing growth associated with further exploration success in the Gulf Coast
- adds to the companies successful track record

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Strike is currently producing gas and oil condensate at commercial rates from Duncan 1 well on the Rayburn Project (Strike 22.8% working interest) in the Gulf Coast (USA). What production rates are you achieving? What is the revenue impact? How do these rates compare with nearby fields?

MD Simon Ashton

The Duncan 1 well is flowing at approximately 10 million cubic feet of gas per day and 260 barrels of condensate. This rate equates to gross revenue from the well of the order of A\$3 million per month. The well has been performing at this rate for many weeks now.

Comparable rates in nearby fields from similar horizons flow in the 5 to 15 million cubic feet per day range. Duncan 1 is an outstanding result and is consistent with the adjacent fields.

Duncan 1 is a substantial gas and oil well and my feeling is that it is probably the highest sustained production rate achieved from the onshore Gulf Coast involving an Australian company in recent time.

Strike is now generating revenue from two projects; Rayburn and Mesquite. Rayburn provides a quantum leap in production relative to that from Mesquite, which was our first project into production. Mesquite is currently producing around 4 million cubic feet of gas per day from 4 wells compared to the 10 million cubic feet per day at Rayburn from 1 well.

We have two more wells ready for testing, one drilling and plan several more wells at Rayburn; the revenue from this project will underpin the value of the Company and provide a base for us to fund our ongoing growth projects in the Gulf Coast specifically and elsewhere in both the US and Australia.

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What is your drilling program for the next 12 months on the Rayburn Project and elsewhere in the Gulf Coast?

MD Simon Ashton

Drilling will be ongoing as we continue to get positive results at Rayburn and we could be drilling, in addition to those already drilled at Rayburn, the order of 8 to 10 wells over the next 12 months in the onshore Gulf Coast. The majority of these are likely to be development wells however some will be on new exploration prospects. We have a good rig and crew on contract and will try to maintain or even increase the momentum.

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Strike is projecting its revenues from development of its Gulf Coast projects to be the order of A\$2 million per month by mid-2008. What are the key milestones required for the Company to meet this objective? What are the main risks?

MD Simon Ashton

Depending upon the flow rates from the Rayburn wells this revenue target should be achieved from a combination of the current 4 wells on our existing producing property - the Mesquite Project - and 4 to 5 wells from the Rayburn Project. We are confident of achieving this because of the results from the wells to date, the quality of our 3-D seismic and its calibration to the wells and the confidence in the Operator, Cypress E& P.

Key milestones will be the confirmation of flow rates from each of the new Rayburn wells in addition to the Duncan 1 well. The risks in not achieving the targeted revenue of A\$2 million per month by mid-2008 will be a combination of lower than anticipated flow rates, a fall in the oil/gas price or a significant devaluation of the US\$.

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The Duncan 2 ST#1 (side track) and Gilbert Freeman 1 wells at the Rayburn Project have been completed for testing. What did drilling of these wells tell you about the structure of the broader Wilcox Formation in that area? How did the results compare with those of Duncan 1? How will you use this information to plan future drilling campaigns on the Project?

MD Simon Ashton

Both the Duncan 2 ST#1 and Gilbert Freeman 1 wells have intersected the equivalent pay interval in the Middle Wilcox to that in the Duncan 1 well. The Duncan 2 ST#1 is 1380 metres south west of Duncan 1 and Gilbert Freeman 1 is 442 metres north of Duncan 1 which demonstrates that the extent of the gas reservoir is widespread. This new drill data can now be used to recalibrate the seismic data and continue to be used to improve the interpretation of the structure hence reducing technical risk associated with future wells.

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How long will it take before you can start testing the Duncan 2 ST#1 and the Gilbert Freeman 1 wells?

MD Simon Ashton

We are in the process of constructing flow lines and tying into the regional gas transmission system. This should be completed in April at which time we will start testing and selling gas and condensate from those two wells. Hence the operator plans to have 3 wells on production in April.

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How soon after completion of production testing on Duncan 2 ST#1 and Gilbert Freeman 1, will you be in a position to update the resource or reserves at Rayburn? What about on your other Gulf projects?

MD Simon Ashton

As we drill more wells we will start to establish production and proved reserves. This will happen incrementally as we drill. Wells in adjacent Wilcox fields have the order of 5 to 10 billion cubic feet of gas per well. Because the structure is large and there are potentially several different producing horizons it will take many wells to confirm the size of the overall resource which could be in the multiple 100's of billions of cubic feet. The more success we have with the drilling the more confident we will be concerning this overall scale.

With respect to other Gulf Coast projects the fact that we are now developing a high success rate with drilling in the Wilcox suggests that we should receive some credit for the undrilled projects that we have documented which combined also have potential into the 100's of billions of cubic feet.

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You've stated that wells in adjacent fields have the order of 5 to 10 billion cubic feet of gas per well and also that there is potential for multiples of 100's of Bcf at your projects in the Gulf Coast. How have you assessed that potential? What value would you ascribe to discoveries containing in the order of 5 to 10 billion cubic feet of gas per well?

MD Simon Ashton

In the Wilcox Formation we have a 2 out of 3 success rate with exploration wells and 5 out of 5 with development wells. We have multiple 100's of Bcf potential at Rayburn and also in other prospects already leased on trend. This gives us confidence that we have substantial value potential in the Gulf Coast business area.

Gross gas revenue from individual wells can be the order of US\$35 to 70 million based upon a US\$7 per thousand cubic feet. Associated condensate could add 10 to 20% to this value.

As mentioned we are projecting \$2 million per month of revenues by mid year which is \$24 million annualised and only includes the 4 to 5 wells at Rayburn plus the Mesquite production. It is our expectation that revenues will continue to grow during the year as more wells at Rayburn are drilled and brought on production.

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With cash flow established and growing in the Gulf Coast, what are your exploration and development plans during 2008 at your other projects including drilling programs?

MD Simon Ashton

The Gulf Coast is not our only area of activity we have additional drilling planned in both Australia and the US during the year and we are advancing the evaluation of a low emissions power and gasification project through Hybrid Energy in South Australia.

In the first half of the year we are planning to participate in the drilling of some meaningful oil prospects with 2 wells in the Cooper Basin and possibly up to 4 wells in the Rocky Mountains. In the Carnarvon Basin we are making good progress on the potential Rivoli Gasfield development project while continuing to develop a series of drilling opportunities to be able to consider a multi well drilling program at the most cost effective rates.

In summary Strike is in for a very exciting year ahead.

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Thank-you Simon.

For further information on Strike Oil Limited visit www.strikeoil.com.au or call Simon Ashton on (08) 6464 0400.

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