

ASX Announcement

ASX Code: STX



7 May 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 ACTIVITIES

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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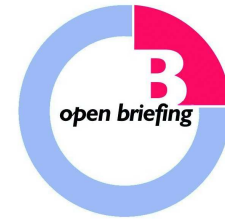


Our Strengths

- 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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Date of lodgement: 07-May-2008

Title: Open Briefing®. Strike Oil. MD Update on Gulf Coast Activities.

Record of interview:

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Strike Oil Limited (ASX Code: STX) has announced that production testing from the Duncan-2 well located in the Rayburn Prospect in the Gulf Coast (USA) is currently flowing at 10 mmcf/d gas and 224 bbls/day of gas condensate. How do these results compare with Duncan-1? Are these considered 'commercial' rates? What are your longer-term flow rate expectations for both wells?

MD Simon Ashton

The Duncan-2 well is comparable to the Duncan-1 well which continues to produce at rates of 10 million cubic feet per day and 260 barrels of condensate. Hence this second well has doubled the field production. At these rates of production, and at current gas and oil prices, the Duncan-2 well will likely payout in 2 months demonstrating the very profitable nature of the wells.

Gross revenues from this well are in the order of US\$4 million per month (Strike Oil share: US\$ 0.9 million)

The Duncan-1 well has now been on production for over 4 months with no production decline. In general we would expect these wells to produce 70 to 80% of the gas within 2 to 3 years and decline during this period with our expectation of a total volume of 5 billion cubic feet (bcf) of gas per well.

All wells will have different flow rates and we have indicated that initial gas production rates are expected to be in the range of 5 million cubic feet per day. Accurate decline rates will be established with production history. These results are comparable with nearby commercial fields in the Wilcox Formation.

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How soon after completion of production testing on Duncan-2, Duncan-3 and Gilbert Freeman-1, will you be in a position to update the resource at Rayburn? What about on your other Gulf Coast projects?

MD Simon Ashton

We are planning to carry out a reserve analysis for part of the Rayburn field once the existing wells have all been tested and a preliminary production history is determined. This is likely to be in the next 2 to 3 months. Indicative numbers based upon analysis to date, and production from existing wells in nearby fields, suggests that the order of 5 bcf per well is a reasonable expectation. Current drilling at Rayburn is focused primarily on one pay zone in the Middle Wilcox; hence our reserve estimates will only be primarily for this zone. Several other potential gas pay zones occur on the large Rayburn structure and these will be evaluated as part of a further ongoing program. We see the potential at Rayburn as being in the order of multiple 100's of bcf.

Up to 8 wells are planned in the Gulf Coast during the remaining 2008 calendar year and extending into 2009, of which 3 to 4 are to be drilled on new exploration prospects (Strike Oil 25% working interest) with the remainder being development wells. The exploration wells will be testing the order of 200 to 300 bcf of gas potential.

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The sixth well on the Rayburn Project, Gilbert Freeman-2, is currently being drilled to target the Middle Wilcox Pay Sands identified in both the Duncan-1 and 2 wells. What are your expectations for this well? How long will it take to complete and test? Are any new wells planned to test this formation?

MD Simon Ashton

The expectation for the Gilbert Freeman-2 well is similar to what we have stated for these Middle Wilcox wells, that we expect initial gas flow rates to be in a range of 5 million cubic feet per day and gross volumes of 5 bcf gas potential with associated condensate. The well is likely to take 30 days to drill and on success would be completed, tested and brought onto production in the following month.

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Strike is projecting revenues from development of its Gulf Coast Projects to be up to A\$4 million per month by mid-2008. What are the key milestones required for the company to meet this objective? Are there any risks?

MD Simon Ashton

This projection is based upon a combination of production from current wells on the Mesquite and Rayburn Projects, which include 4 wells at Mesquite and the Duncan-1 and 2 wells at Rayburn. In addition, it assumes additional production contribution at the Middle Wilcox level from 2 or 3 other wells at Rayburn, for example Gilbert Freeman-1, Duncan-3 and or Gilbert Freeman-2 which are either testing or drilling at present. No additional production is assumed from the Hlavinka Duncan-1R well which did not penetrate gas pay at the Middle Wilcox but is testing a shallow secondary objective.

The key risks are poorer than expected results at Gilbert Freeman-1, Duncan-3 and Gilbert Freeman-2 and a significant drop in the oil and gas price. Success at all these three wells will likely see revenues closer to A\$4 million per month by mid year 2008. The combination of production at Rayburn and Mesquite during the 2008/09 year, coupled with further development wells at Rayburn, could see revenues in the 2008/09 year the order of A\$40 to 50 million net to Strike.

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On a 100% dry-hole basis the cost of each well to the Middle Wilcox at Rayburn is between A\$4 to A\$5 million with a further A\$2 to 3 million required to complete, test and establish facilities. Are you confident that stabilised flow rates from the wells already completed will cover your costs and future development obligations? What is your Gulf Coast drilling plan for the next 12 months?

MD Simon Ashton

Based upon these well and development costs and current prices of US\$10 per million cubic feet, the order of 1 bcf of gas per well will cover the costs. Our expectation of 5 bcf per well demonstrates profitability of successful wells. This does not include additional value for condensate, which could be in the order of 10 to 20% of the gas value. At current gas and oil prices this equates to potentially greater than US\$120 million revenue (gross 100%), or US\$27 million net to Strike (22.8% working interest) from a single well.

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You recently secured a US\$11.7million debt facility against your Gulf Coast production assets. Where will the funds be directed? Why was this an important strategic step for Strike and what are the benefits? What has been the reaction from shareholders?

MD Simon Ashton

The funds will be used for the ongoing development of our Gulf Coast program; initial development drilling and facilities at Rayburn and then ongoing further developments as needed. This is strategic for Strike Oil as it demonstrates for the first time that we have a project of sufficient size and quality to justify the facility. The response from Strike shareholders has been very positive. Strike has enjoyed strong support from loyal shareholders who have during the past 2 years assisted in funding drilling and development activities in the Gulf Coast through a number of rights issues and placements. The establishment of the facility means that Strike will not need to raise equity funds in the near future to meet its Gulf Coast commitments and will be able, through the flexibility of the facility, to maximise the benefits of its Gulf Coast interests for its shareholders. The facility of US\$11.7 million is a substantial facility that is repayable over a generous period of 5 years and can be increased as further reserves are established. A very good working relationship has been secured with the CBA who have been most co operative in putting the facility together and with their understanding of the nature of our business in the US will assist in developing our growth strategy.

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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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