

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2008**

HIGHLIGHTS FOR THE QUARTER

- Oil and gas revenue for the quarter was \$3.48 million, up 118% on the previous quarter.
- Gas production was up 72% for the quarter and oil condensate production increased by 128%.
- Production facilities and pipelines completed at the Rayburn project.
- Timetable set for approval and development of Rivoli gasfield in the Carnarvon basin.

SUBSEQUENT TO THE END OF THE QUARTER

- Testing and production from Duncan 2 and Gilbert Freeman 1 wells commenced.
- Two well drilling programme in ATP633P, in the Cooper-Eromanga Basin commenced.

Successful development operations at the Rayburn project have resulted in Strike Oil reaching record production revenues for the quarter. These revenues are expected to continue to increase substantially into the next quarter as more wells at Rayburn are tested and brought into production through the recently installed production pipeline infrastructure. The increased cash flows will help facilitate the funding of the Rayburn development and ongoing projects in USA and Australia.

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 focus on achieving and increasing cash flows.

The Duncan 1 well commenced production from the Middle Wilcox formation at the end of November 2007. It has produced at the exceptional rate of around 10 million cubic feet per day and 250 barrels of condensate per day for the entire quarter. The well has now produced over 1.2 billion cubic feet of gas and 32,000 barrels of oil condensate making it one of the best producing wells in the onshore USA in which an ASX-listed Australian company has an interest.

Meanwhile, the construction of the production facilities and pipeline connections to the Duncan 2 and Gilbert Freeman 1 wells were completed during the quarter.

Subsequent to the quarter's end both wells were being tested with all gas and oil production being sold.

The fourth well on the Rayburn project, Hlavinka Duncan 1, was located 9,700 feet (2,957 metres) north east of Duncan 1 and is interpreted to be in a separate down thrown fault block from the initial three wells. Downhole mechanical problems lead to a decision to plug and abandon the well before reaching the main objective and to redrill it approximately 300 feet (91 metres) from the original well.

In the new well, Hlavinka Duncan 1R, the main objective sand in the Middle Wilcox was found to be of good quality but wireline logs run at total depth indicated the sand was unlikely to contain hydrocarbons. However wireline logs and sidewall cores indicated two intervals above the main objective appear to be hydrocarbon bearing. The deeper of these secondary objectives will be tested in mid April.

Duncan 3, the fifth well to evaluate the Rayburn prospect, spudded on 26 March 2008. The result of this well is expected to be available by the end of April 2008.

Two or possibly three more development wells are planned to be drilled before the end of June 2008.

- **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 to natural decline. Average gross daily production for the quarter was approximately 3.9 million cubic feet of gas and 50 barrels of oil condensate.

This project is now substantially paid out and it is anticipated it will continue to generate significant revenue to Strike Oil for many years.

PRODUCTION REVENUE

Strike Oil's working interest revenue from gas and oil condensate sales for the quarter was \$3.48 million. This is an increase of 118% on the previous quarter. These numbers reflect the substantial impact the production from Duncan 1 has had.

Production (Strike Oil WI)	March Quarter	December Quarter	Movement
Gas (mmcf)	285	164	72%
Oil (bbl)	6,695	2,937	128%

Revenue (Strike Oil WI)	March Quarter (\$'000)	December Quarter (\$'000)	Movement
Gas	2,693	1,303	106%
Oil	789	296	167%
Total	3,482	1,599	118%

EXPLORATION ACTIVITIES

USA

- **Gulf Coast Projects, Texas**

No new exploration prospect drilling occurred during the quarter due to the continued focus on development drilling activity on the Rayburn project. The drilling of exploration wells is expected to recommence at the end of the June quarter or early in the following quarter.

The generation of new prospects along the Wilcox trend continued during the quarter. Leasing on these prospects is underway. At least one of the new prospects is planned for drilling before the end of 2008. Strike has a 25% working interest in these new prospects.

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

Tow Creek/Bear River Project, Routt County (Working Interest 33.75%-37.5%)

The operator, Comet Ridge, on behalf of itself and Strike Oil executed a letter of intent with Freedom Natural Resources, Inc. providing for further drilling and other well operations in the Tow Creek and Bear River project areas. This will result in a saving of at least \$2 million to Strike Oil. Strike will reduce its interest in Tow Creek from 37.5% to 10% and in Bear River from 33.75% to 6.25%.

Florence Project, Fremont County (Working Interest 39%)

The operator, Comet Ridge, has proposed up to three prospects for drilling during the next quarter. The proposed wells will test multiple targets in the Pierre shale, Niobrara formation and the Codell sands.

AUSTRALIA

- ***Carnarvon Basin***

Plans for the drilling of Baniyas and other prospects in the company's Carnarvon basin permits remain on hold while alternative shallow water drilling and production technologies continue to be evaluated.

The final report of the front end engineering design study for supplying gas from the Rivoli gasfield (Strike Oil WI: 44.5%) to the Department of Defence's communications station located north of Exmouth, was submitted during the quarter. Subject to a suitable gas supply agreement being reached, approval by the Department of Defence for the project is expected to be sought by June 2008, with first gas delivery anticipated in late 2009.

- ***Cooper-Eromanga Basins***

A two well drilling programme commenced in early April.

Subsequent to the quarter's end, the Currumbin 1 well was plugged and abandoned.

The Coolangatta 1 well will be drilled immediately after Currumbin 1. The well will test the Phi high in a crestal position at the Namur Sandstone level. The prospect could contain as much as 5.7 million barrels if full to spill.

DRILLING SCHEDULE AND PROSPECT INVENTORY

Strike Oil and its joint venture partners continued to build an inventory of prospects and leads in Australia and USA.

The company plans to participate in the drilling of at least two more development wells on the Rayburn project, a possible exploration well in Texas and up to three exploration wells at the Florence project in Colorado during the next quarter.

Drilling during the second half of the 2008 calendar year is expected to be concentrated in the Gulf Coast, Texas. Two to four more development wells are programmed for the Rayburn project and two exploration wells could be drilled.

The amount of drilling in the USA during the first half of 2009 calendar year is likely to be influenced by the results of the exploratory drilling in the second half of 2008. A number of exploration targets are available should the rig not be required for development drilling. Within Australia, one well is likely to be drilled in the Cooper–Eromanga basin.

The provisional drilling schedule to mid 2009 is attached.

Please note 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***

Hybrid Energy has entered into a joint research agreement with Adelaide Research and Innovation Pty Ltd, the commercial development arm of the University of Adelaide. The agreement will facilitate the testing of the combustion and gasification characteristics of the Kingston lignite and this testing has already commenced.

Evaluation continued of the FuturGas project which is targeting a low emissions power generation and coal to petroleum liquids project.

In conjunction with the project the company has commenced evaluation of the carbon capture and storage in the vicinity of the project location.

An office to manage the project has been further established in Adelaide and staffed with an experienced management team to oversee the feasibility work.

HEALTH SAFETY AND ENVIRONMENT

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

NEXT QUARTER ACTIVITIES

- **Complete the drilling of the Duncan 3 well at the Rayburn project.**
- **Complete the flow testing of the Duncan 2 ST 1 and Gilbert Freeman 1 wells on the Rayburn project, Texas, directly to sales.**
- **Flow test the Hlavinka Duncan 1R well.**
- **Drill at least two more development wells at the Rayburn project.**
- **Commence drilling at the Florence project, Colorado, based on the recently acquired 3D seismic data.**
- **Complete the two well drilling programme in the Cooper Basin permit ATP 633P, based on recently acquired 2D and 3D seismic data.**
- **Progress the development of the Rivoli gasfield, in the Carnarvon basin.**
- **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	Calendar Year			
	2008	2008	2008	2009
	April to June	July to September	October to December	January to March
GULF COAST USA	    	  	 	 
ROCKY MOUNTAINS USA	  			
COOPER EROMANGA	 			
CARNARVON BASIN				