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Australian Stock Exchange Ltd
Via Electronic Lodgement

POSITIVE RESULTS FROM TOW CREEK DRILLING AND 2007 GULF COAST DRILLING PROGRAM DUE TO COMMENCE

Strike Oil is pleased to announce positive results from the current Tow Creek Drilling and the imminent commencement of its 2007 Gulf Coast drilling program to add to the current Rocky Mountains drilling program that is already underway.

Highlights

- The first well at the Tow Creek project in Colorado, Coal View Unit 31-4 drilled by Cyclone Rig 16, has reached total depth. Results from drilling and logging evaluation are positive and the well will be completed for production testing in early January by a smaller and less costly work-over rig - See attached release by Comet Ridge Limited. Cyclone Rig 16 was released on 26th December and is being rigged down, following which it will commence the move to the Peltier 11-12 location, the second well of the initial three well Rocky Mountains program.
- The \$15 million (net to Strike) drilling program, with 10 plus wells, planned to be funded from cash reserves, cash flow and the current Entitlement Issue, will continue in the Gulf Coast starting early January.
- The Webernack 5 exploration well is scheduled to spud in the first week of January 2007. This well is evaluating incremental production potential in shallower zones above 5,000 feet (1220 metres), the order of 6,000 feet shallower than the main producing intervals at the Mesquite Project.
- The 200 bcf Flint Prospect well, (Strike Oil 25%) onshore Gulf Coast is scheduled for an early February 2007 start. The Flint well is the first of three large (200 to 500 bcf) Gulf Coast wells to be drilled in 2007 targeting similar features to Strike Oil's existing Mesquite Production project but of a significantly larger scale.
- In Australia, first drilling in the Cooper Basin is currently planned for first quarter 2007.

The current \$15 million (net to Strike) drilling program marks the commencement of the most active drilling phase in Strike Oil Limited's short history. The prospects to be drilled are the culmination of many years of leasing and prospect generation and are strategically targeted to take Strike Oil to the next quantum of market capitalisation.

Further details will be released in the New Year.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon Ashton', with a stylized, wavy line extending from the end.

SIMON ASHTON
Managing Director - Strike Oil Limited

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COMET RIDGE TOW CREEK ANNOUNCEMENT FOLLOWS:

The Company Announcements Officer
Australian Stock Exchange Limited Exchange Centre
20 Bridge Street
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By Electronic Lodgement

**OPERATIONS UPDATE
COAL VIEW UNIT 31-4, TOW CREEK PROJECT,
ROUTT COUNTY, COLORADO, USA**

The directors of Comet Ridge Limited (ASX Code COI) are pleased to provide the following operational update on the Coal View Unit 31-4 well drilled on the Tow Creek prospect in Routt County, Colorado, USA.

The well reached a total depth of 6,600 feet on 25 December after encountering the first and second target reservoir intervals.

Preliminary interpretation indicates that the first target interval was encountered between 5,450 feet (measured depth or md) and 5,625 feet (md). Oil shows in the form of fluorescence and gas shows (methane through butane) were encountered over a number of intervals throughout the zone.

The main objective of the well, the second bench of the Niobrara, was penetrated between 6,170 feet (md) and approximately 6,450 feet (md). These depths are slightly deeper than those estimated prior to drilling, due to suspected higher bed angles. This also resulted in the third target interval not being penetrated in this well bore.

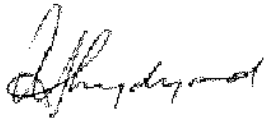
Oil shows and elevated gas readings (up to 210 units total gas comprising methane through butane) were observed over an interval of 245 feet.

Wire line logs including a borehole image log – a high resolution tool capable of detecting fractures - have been successfully acquired and processed. Preliminary analysis by a formation evaluation expert retained by the Company indicates the second bench of the Niobrara is moderately to intensely fractured and warrants completion. This entails running a slotted liner across the interpreted pay sections. This operation will be conducted by a smaller and cheaper work-over rig in early January.

The well bore was drilled very close to prognosis with the bottom hole located some 1,520 feet south of the surface location. The modified under-balanced drilling procedure worked well and further refinements are planned for the next well. Preliminary interpretation suggests that the well bore is in excellent condition indicating that the potassium formate mud system has worked well in controlling the sensitive shale formations.

Cyclone Rig 16 was released on 26th December and is being rigged down. It will commence the move to the Peltier 11-12 location next week.

Yours sincerely



ANDREW LYDYARD
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