STRIKE OIL LIMITED
Level 10, International House
26 St George's Terrace
Perth Western Australia 6000

Phone: 61 8 9225 4446
Facsimile: 61 8 9225 4448

Email: strike@strikeoil.com.au
www.strikeoil.com.au

29 September 2004

Australian Stock Exchange Ltd
Via Electronic Lodgement

Strike Oil Farms-out 10% Interest in Altostratus 1 well to Arrow Energy

Independent oil and gas explorer, Strike Oil today announced an agreement with Bow Energy, a wholly owned subsidiary of Arrow Energy, to farm out a 10% interest in Strike Oil's forthcoming Altostratus 1 well in the offshore Carnarvon Basin. This agreement will generate a cost saving to Strike Oil of around $0.5 million with the Company retaining a 90% interest in the well and significant value add leverage to any discovery.

Bow Energy will earn a 10% interest in the TP/17 Permit offshore Carnarvon Basin by committing to pay total costs around $0.5 million. Additionally Bow Energy will have an option to acquire a 10% interest in two further permits, TP/19 and EP 421 in the Carnarvon Basin, by committing to the ongoing work program in these permits. If Bow Energy elects to exercise the option, Strike Oil's interest in these two permits will reduce from 100% to 90%.

The key elements of the agreement are-

1) Bow Energy will pay approximately $0.5 million representing 15% of the Altostratus 1 well drilling costs and 10% of the 3-D seismic cost to date in the TP/17 permit.

2) These costs will be paid in cash prior to the commencement of the Altostratus 1 well and will earn Bow Energy a 10% interest in the Permit.

Strike Oil Managing Director, Simon Ashton said, "This agreement allows us to defray significant costs while retaining the upside of a 90% interest in the well. We are committed to actively manage our exploration portfolio to deliver real value to our shareholders by continually assessing farmout opportunities."

"At the same time, Strike Oil is committed to retain a minimum 70% working interest in the forthcoming Altostratus 1 high leverage drilling opportunity" he said.

The Ensco 56 offshore drilling rig is now scheduled to commence drilling the Altostratus 1 well on the 5th November 2004. This date may vary slightly, dependant upon the progress of the current drilling program.

Yours faithfully

SIMON ASHTON
Managing Director

Further information:

Strike Oil Limited
Simon Ashton - Managing Director
T: 08 9225 4446
E: strike@strikeoil.com.au

Fowlstone Communications
Geoff Fowlstone
T: 02 9955 9899
M: 0413 746 949
E: geoff@fowlstone.com.au

Lindsay Muir
T: 02 9955 9899
M: 0400 320 540
E: lindsay@fowlstone.com.au