STRIKE OIL LIMITED
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23 September 2005

Australian Stock Exchange Ltd
Via Electronic Lodgement

2005 ANNUAL REPORT

Attached please find the 2005 Annual Report incorporating the audited financial statements for the year ended 30 June 2005. The printed version is expected to be released towards the end of October with the Annual General Meeting schedule for 30 November 2005.

Yours faithfully

SIMON ASHTON
Managing Director - Strike Oil Limited

Further information:

Strike Oil Limited
Simon Ashton - Managing Director
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STRIKE OIL LIMITED

2005 ANNUAL REPORT

Strike Oil

DIRECTORS
Mr Jeff Schneider (Chairman)
Mr Simon Ashton (Managing Director)
Mr Jim Durrant (Technical Director)
Mr Roy Woodall
Mr David Wrench
Mr John Traicos

COMPANY SECRETARY
Ms Gillian Swaby

REGISTERED OFFICE
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LISTED ON AUSTRALIAN STOCK EXCHANGE LIMITED
ASX CODE: STX

CONTENTS

The financial report covers both Strike Oil Limited as an individual entity and the Consolidated Entity consisting of Strike Oil Limited and its controlled entities.

Strike Oil Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Strike Oil Limited
Level 10, International House
26 St. George's Terrace
Perth, Western Australia 6000

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial statements and other information is available on our website www.strikeoil.com.au.

CHAIRMAN'S LETTER

Dear Shareholder,

Strike Oil completed a successful capital raising and listed on the Australian Stock Exchange on 5 August 2004, having raised $12 million.

As was envisaged in the Company's prospectus by end January 2005 Strike Oil participated in the drilling of three wells namely Altostratus 1 (in permit TP/17), Boojum 1 (in TP/18/EP 420) and Cooper 1 (in EP 325). Additionally during July the company participated in the drilling of the Gats 1 in WA-261-P. Unfortunately none of the wells encountered commercial hydrocarbons. Strike Oil however operated two of these wells and established its offshore drilling capabilities with the wells being on budget and with no health, safety or environmental issues being encountered.

Following the disappointing drilling results early in the year considerable effort has been applied to identifying valid new prospects and leads elsewhere in the company's extensive Carnarvon Basin acreage. Importantly Native Title negotiations have been advanced in the Cooper Basin such that seismic activity is expected to be undertaken on some of the acreage by late 2005.

Strike Oil acquired the coal and gas exploration rights to the Kingston coal deposit in South Australia where it plans to evaluate the potential energy options and uses of this significant coal resource.

Strike Oil also expanded its area of activity to the United States of America. The company has already commenced a drilling program in the onshore Gulf Coast, Texas just south west of Houston. This program with experienced Texas operator Cypress E&P Corporation is focussed on gas prospects which can be commercialised rapidly. While the first well in this program has not been successful we remain confident (based on their proven track record) that the relationship with Cypress will provide exploration success and near term cash flow. Subsequent to year end the Company also announced it had entered into an opportunity to search in the Rocky Mountains area of the United States of America.

The principal business focus is now on the exploration and development of its positions in Australia and United States of America. The current high oil price environment in both regions and the high gas price in the United States of America and the proximity to existing infrastructure and market means that even moderate exploration success will provide a basis for development.

The drilling program planned in the next year will see wells drilled in the Carnarvon, Cooper, and onshore Gulf Coast, Texas and is possible in the Rocky Mountains area. This higher level of activity will provide shareholders with a more active program and spread of risk profiles.

CHAIRMAN'S LETTER

Additionally, further prospect generation, seismic acquisition and the search for new opportunities continue with a view to adding to the future drilling portfolio and providing for ongoing active drilling.

Strike Oil also has a 10% shareholding in Comet Ridge Limited a dedicated Coal Seam Gas company. The Company has made significant advancements during the year bringing the successful Tipton West Pilot Project to reserve certification. With Comet Ridge's planned activities in Australia and in North America an exciting year is ahead for Comet Ridge.

Subsequent to the end of the year Strike Oil initiated a Share Purchase Plan to assist funding of the anticipated accelerated drilling program in 2005/06.

Oil and gas exploration activity carries with it business risk. Your Company seeks to minimize these risks through its technological skills and business processes. While drilling results have to date been disappointing we are confident that if the Company maintains both a rigorous approach to prospect evaluation and an active drilling program we will be successful.

Finally, I would like to thank the rest of the Board and all employees for their contribution to the achievements throughout the year. With the prospectivity inherent in the company's various acreage positions Strike Oil continues to be very well placed to build a successful public company.

Yours sincerely

JEFF SCHNEIDER
Chairman

OVERVIEW OF OPERATIONS

HIGHLIGHTS

- Strike Oil Limited publicly listed on the Australian Stock Exchange, raising $12 million.
- Participated in 3 offshore wells and established offshore drilling operating capability.
- Generated new large scale oil prospects and leads in Carnarvon Basin.
- Expanded area of exploration to include United States of America.
- Secured the coal and gas rights to the Kingston coal deposit in South Australia.

OBJECTIVES

Strike Oil is seeking to create shareholder value by becoming an established petroleum explorer and producer, in existing prolific producing areas including the Carnarvon and Cooper/Eromanga Basins in Australia and the Gulf Coast, Texas and Rocky Mountains in the United States of America (USA). Focussing in these areas reduces the risk of discovery and enhances the speed to commercialise discoveries.

STRATEGY

The Strike Oil strategy during this year has been expanded to focus on petroleum exploration and production acquisitions in selected parts of Australia and USA.

More specifically the focus of the Company is to:-

- explore acreage in proximity to proven petroleum fields, infrastructure and with market access;
- rapidly commercialise discoveries and development opportunities;
- acquire production assets with value add potential;
- utilise competitive technical advantages;
- be positioned in high product price environments; and
- be proactive to rapidly take advantages of new opportunities.

With the above strategy in place Strike Oil has established a position in four specific geographical locations to achieve its objectives. These areas are:-

- Carnarvon Basin, offshore, Australia
- Cooper/Eromanga Basin, onshore, Australia
- Gulf Coast, Texas, onshore, United States of America
- Rocky Mountains Region, onshore, United States of America

All these areas are established producing regions with significant infrastructure in place. In Australia Strike Oil's focus is primarily on oil exploration. In the USA the exploration focus includes both oil and gas due to the much higher gas prices received by producers in this region.

The expansion of Strike Oil's areas of activities into the United States of America, which is consistent with its initial strategy of focusing in mature producing areas close to infrastructure, will provide shareholders with a more balanced risk profile of opportunities, more continuous exposure to exploration activities, and greater chance of early cash flow based upon exploration success.

In addition to the primary focus, Strike Oil will continue to investigate and invest in other energy-related opportunities that it believes will provide value growth for the Company's shareholders.

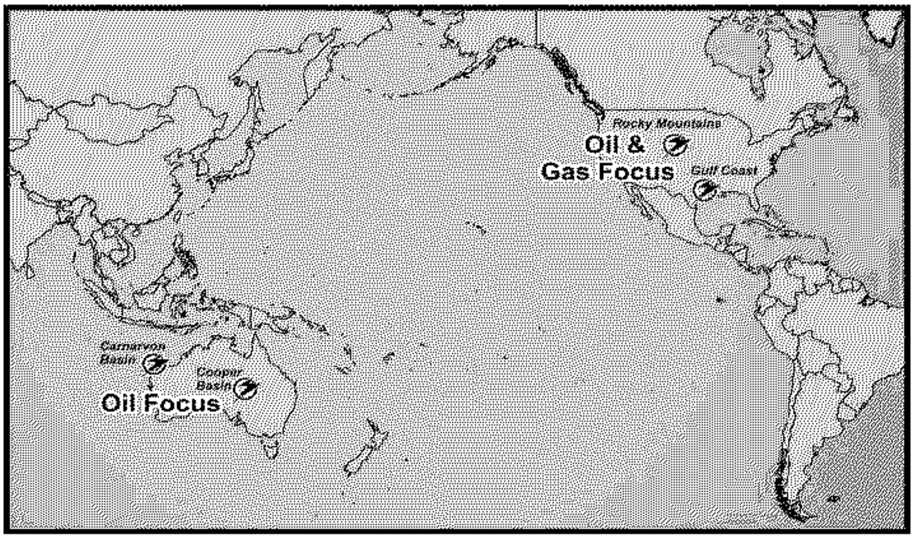


Figure 1- Strike Oil Limited Project Areas

STRIKE OIL'S COMPETITIVE POSITION

- Strategic acreage position
- Experienced commercial and technical team
- Numerous drilling opportunities with varying risk profiles
- Low drilling and development costs with nearby infrastructure in place
- Proximity of prospects to infrastructure reduces cycle time between discovery and development
- Established acreage position and activities in currently high oil and gas price environment
- Proven exploration operating capability in highly regulated environment
- Extensive data, knowledge and skill base
- Geographically focused and integrated hi-tech approach
- Joint Ventures with "leading edge" technology explorers

OVERVIEW OF OPERATIONS

REVIEW OF ACTIVITIES

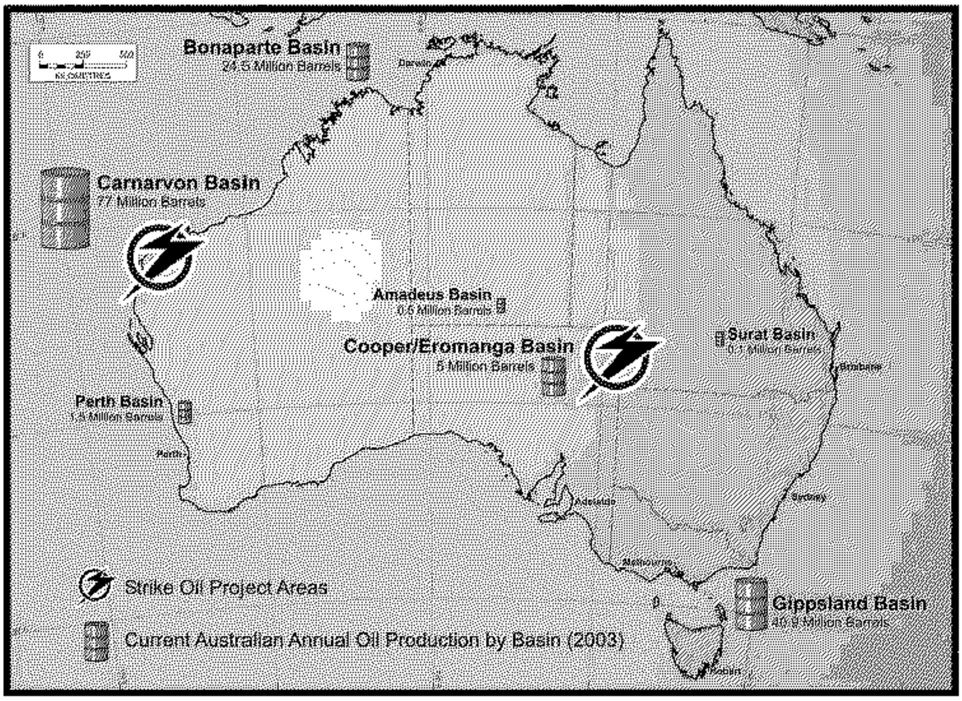


Figure 2 - Strike's Project Areas / Australian Annual Oil Production (2003)

EXPLORATION ACTIVITIES - AUSTRALIA

- **CARNARVON BASIN**

During the year Strike Oil's prime activity was the drilling of the Altostratus 1, Boojum 1 and Cooper 1 (formerly Champion) wells and subsequent to year end the Gats 1 well. Unfortunately, although Altostratus 1 and Boojum 1 both encountered hydrocarbons, none of these wells discovered a commercial accumulation and all four wells were plugged and abandoned (refer table 1).

Results from this drilling of these four wells are now being incorporated into Strike Oil's ongoing interpretation of the adjacent areas to assist with further prospect and leads generation.

Contemporaneously, Strike Oil continued to high grade its opportunities in its more recent permits in the Barrow Sub-Basin with geological studies, mapping and prospect and lead generation. A number of new opportunities have been documented, some of which will be evaluated by additional seismic planned to be acquired in the fourth quarter of this calendar year.

OVERVIEW OF OPERATIONS

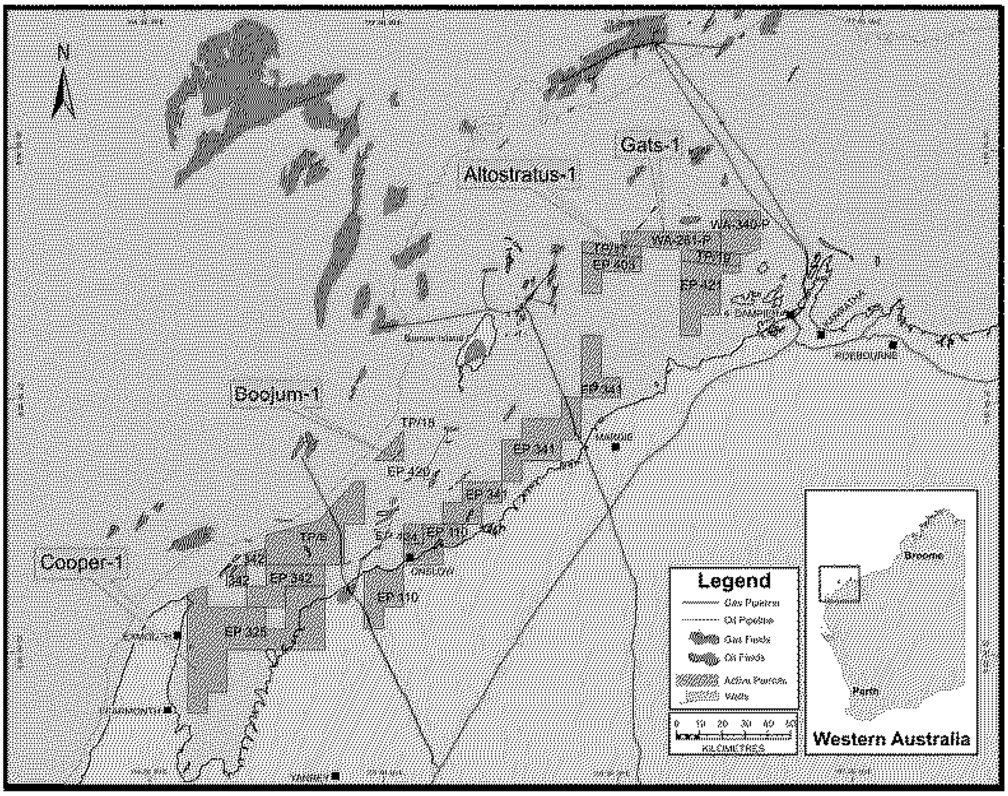


Figure 3 - Carnarvon Basin Permits and 2004/05 Drilling

Table 1 - Summary of Wells Drilled

CARNARVON BASIN	INTEREST	OPERATOR	RESULTS
Altostratus 1	90%	Strike Oil	3 metre gas interval non-commercial
Boojum 1	50%	Tap Oil	17 metre gas interval non-commercial
Cooper 1	40%	Strike Oil	No significant hydrocarbons
Gats 1	16.26%	Apache Energy	No significant hydrocarbons

OVERVIEW OF OPERATIONS

Carnarvon Basin - 2005/06 Programme

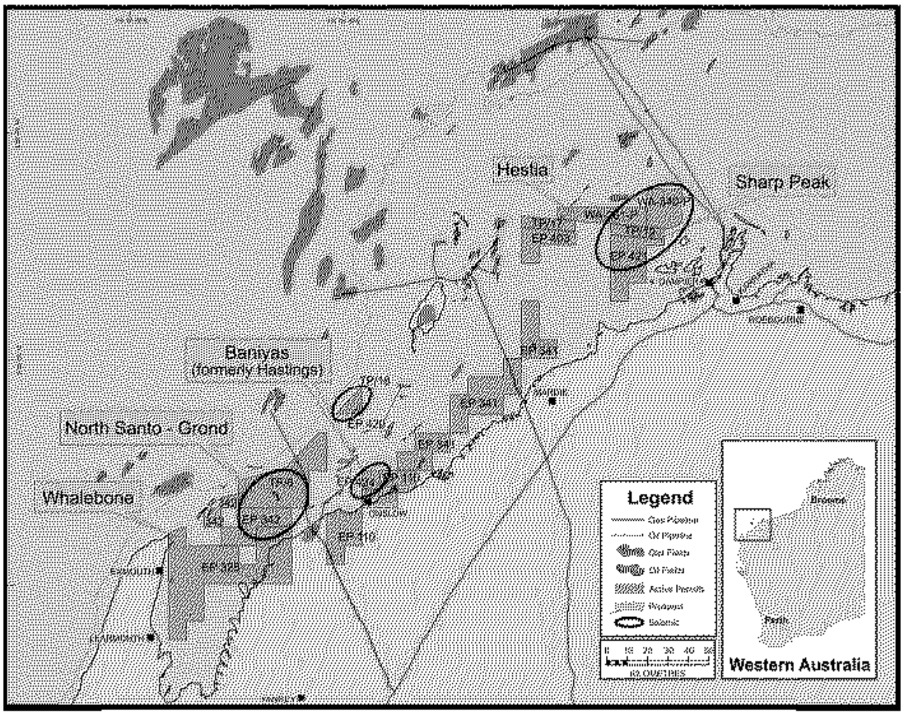


Figure 4 - Carnarvon Basin Permits, Forthcoming
Seismic Locations & High-graded Leads and Prospects

Seismic is planned to mature drilling locations and to develop new prospects for drilling. The current high graded prospects (which typically have recoverable oil potentials in the order of 20-50 million barrels) are shown on Figure 4 and listed below:

Prospect	**Permit**	**Strike Oil Interest**	**Operator**
Baniyas (formerly Hastings)	EP 424	40%	Strike Oil
Whalebone	EP 325 *	40%	Victoria Petroleum*
North Santo-Grond	TP/6**	100%	Strike Oil
Sharp Peak	TP/19	90%	Strike Oil
Hestia	WA-261-P	16.2%	Apache

* Current operator Victoria Petroleum NL will transfer operatorship to Strike Oil.

** Apache Energy has a 40% back-in right.

Note, Strike Oil will be considering taking farm-in partners in selected prospects once the new seismic is acquired and interpreted.

OVERVIEW OF OPERATIONS

- **CARNARVON BASIN - SUMMARY OF ACTIVITIES**

A brief summary of activities in each permit follows. Strike Oil is the operator of the permit unless otherwise indicated.

TP/17 (Strike Oil 90%)

The Altostratus 1 well was drilled to a total depth of 1,132 metres with the Ensco 56 drilling rig. A non-commercial 3 metre interval of gas was interpreted in the Triassic and the well was plugged and abandoned. The seismic amplitude anomaly present at the *M.australis* level is interpreted to be due to gas saturation in poor quality sandstones at that level.

Strike Oil operated the Altostratus 1 well with a 90% working interest.

Prior to the drilling of the well Strike Oil reduced its interest to 90% following a farm out to Bow Energy Limited. Subsequent to year end the entire permit area was renewed for a further five years.

In the event of a success in the planned Hestia well adjacent to this permit (see below) a number of significant follow-up prospects remain in TP/17.

WA-261-P (Strike Oil 16.2%) (Operator: Apache Northwest)

Gats 1 was drilled subsequent to year end to a depth of 860 metres using the Ensco 106 Jack up drilling rig. No significant hydrocarbons were intersected and the well was plugged and abandoned.

Apache Northwest Pty Ltd operated the Gats 1 well and Strike Oil had a 16.2% working interest in the well.

The Hestia 1 well (previously referred to as Vesta 1) is under technical review based upon the results of the Gats 1 well and may be drilled late 2005 or early 2006.

This permit also contains the Chamois Oilfield which remains a possible future oil development.

TP/18 & EP 420 (Strike Oil 50%) (Operator: Tap Oil Limited)

Boojum 1 was the second of Strike Oil's wells during the year and drilled to a total depth of 2,577 metres with the Ensco 56 drilling rig. The well intersected a 17 metre gas column in the primary target which, on a stand alone basis, is of no commercial significance at this location and the well was subsequently plugged and abandoned.

Tap Oil Limited operated the Boojum 1 well and Strike Oil had a 50% working interest in the well.

OVERVIEW OF OPERATIONS

An experimental seismic survey to investigate sands encountered in the Boojum 1 well is expected to be conducted during the 2005/06 financial year.
This permit also contains the Jabberwocky prospect. The drilling of a similar prospect is anticipated in an adjacent permit in the very near future. Success in this drilling would greatly enhance the prospectivity of Jabberwocky.

EP 325 (Strike Oil 40%) (Operator: Victoria Petroleum)
Cooper 1 was the third of Strike Oil's wells during the year and drilled to a total depth of 2,103 metres also using the Ensco 56 drilling rig. No significant hydrocarbons were intersected and the well was plugged and abandoned.

Strike Oil operated the well on behalf of Victoria Petroleum. Strike Oil had a 40% working interest in the well.

The permit is currently being renewed for a further five year term. Approximately one quarter of the permit area has been relinquished in compliance with the Petroleum Act but the area containing the Rivoli gas field has been retained as a possible future development opportunity.

EP 41 (1) (Strike Oil 40% option) (Operator: Victoria Petroleum)
Strike Oil elected not to exercise its option to take a 40% interest in the permit following the disappointing results from the Cooper 1 well in the adjacent permit EP 325.

TP/6 (Strike Oil 100%)
Re-interpretation of the existing well and seismic data continued throughout the year. A number of critical seismic lines were reprocessed. The proposed seismic acquisition program over the identified leads was delayed due to the lack of a suitable vessel. The survey is now planned to take place in late 2005. Subsequent to financial year end the entire permit area was renewed for a further five years. A number of prospects in this strategically located permit are being reviewed for possible drilling during 2006.

EP 342 (Strike Oil 100%)
The data from this permit is being reinterpreted in conjunction with data from the adjacent permit TP/6. Reprocessing of selected seismic lines has shown the quality of the data can be significantly improved and it is hoped that a number of new prospects can be identified from this improved seismic data. Such prospects would be highly regarded in this strategically located area. Acquisition of new seismic data is planned for late 2005.

OVERVIEW OF OPERATIONS

EP 341 (Strike Oil 10%) (Operator: Tap Oil Limited)

The operator reprocessed seismic during the year and further mapping is in progress. A number of prospects have been identified and an application to renew the entire permit area for a further five years has been submitted.

TP/19 & EP 421 (Strike Oil 90%)

These two contiguous permits are managed together as they were issued with a single work program. During the year Strike Oil reduced its interest to 90% following a farmout to Bow Energy Limited. This permit contains the large Sharp Peak prospect. The proposed seismic acquisition program focussed on the Sharp Peak Prospect was delayed due to the lack of a suitable vessel. The survey is now planned to take place in late 2005.

EP 403 (Strike Oil 10%) (Operator: Tap Oil Limited)

The entire 3D seismic coverage across the permit was reprocessed during the year. The reprocessed data is currently being interpreted. If a prospect is matured the joint venture will consider drilling a well during the 2005/06 financial year.

WA-312-P (Strike Oil 15%) (Operator: Victoria Petroleum)

Subsequent to financial year end the joint venture unanimously agreed to surrender the permit after additional technical and commercial studies indicated that there was not a viable drilling target available.

WA-340-P (Strike Oil 40%)

Several leads requiring additional seismic data have been identified. The proposed seismic acquisition program was delayed due to the lack of a suitable vessel. The survey is now planned to take place in late 2005.

EP 424 & EP 110 (Strike Oil 40%)

The two permits are contiguous with common parties and are managed together. Technical work during the year downgraded the Jasper prospect that straddles the boundary of the two permits. However a new lead (Baniyas) which is on trend with the Roller, Skate, and Saladin Oil Fields has been identified in EP 424. The proposed seismic acquisition program was delayed due to the lack of a suitable vessel. A survey to acquire seismic over the new lead is now planned to take place in late 2005.

OVERVIEW OF OPERATIONS

- **COOPER/EROMANGA BASIN**

The onshore Cooper/Eromanga Basin continues to deliver significant drilling success to a number of small independent explorers following the reallocation of permit areas previously held by Santos and its co-venturers. Strike Oil has good exposure to some significant oil prospects within its four permits (Figure 5). Commencement of work in three of the four permits is awaiting finalisation and signing of Native Title agreements. It is anticipated that two agreements will be settled early in 2005/06.

Strike Oil's permits offer:-

- Oil prospects on proven oil fairways;
- Undeveloped oil discovery in highly prospective permit ATP 633P;
- By passed oil pay opportunity in PELA 71;
- Near-term drilling close to oil fields and infrastructure; and
- Acreage position providing ongoing drilling prospects in prospective areas.

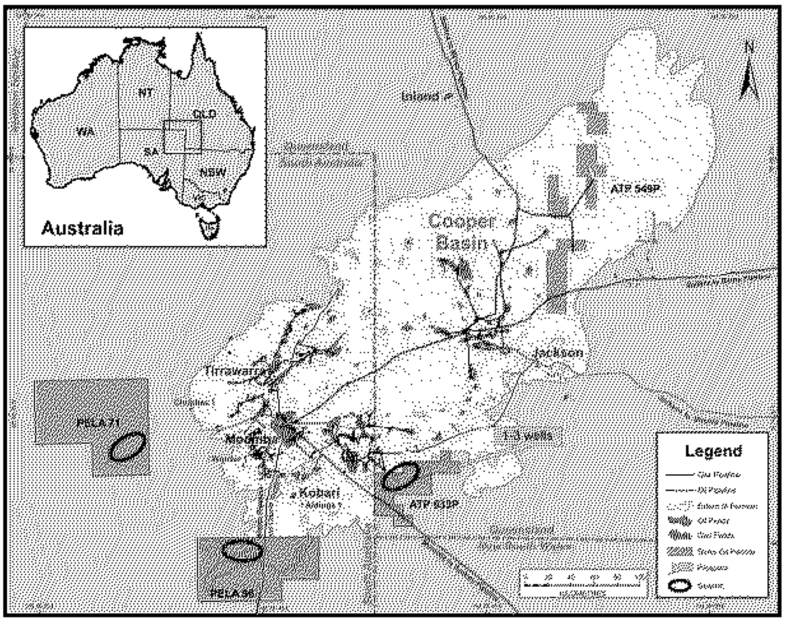


Figure 5 – Cooper/Eromanga Basin – Forthcoming Seismic Locations

ATP 633P (Strike Oil up to 15%) (Operator: Beach Petroleum)

This permit is strategically located over the south-eastern Permian edge of the Cooper Basin (Figure 6). Five prospects and 26 leads have been identified. The prospects are located in the northern part of the block, near to the zero edge of the Permian sediments, up-dip from significant discoveries (Figure 7). The largest of these prospects, Phi, mapped by the previous operator, has recoverable oil potential of 9.5 million barrels.

OVERVIEW OF OPERATIONS

The prospects and leads require further definition by reprocessing of the current multi-vintage seismic grid, and acquisition of new seismic data. It is also planned to re-evaluate the Gidgee oil discovery with the acquisition of 3D seismic over the field.

Seismic acquisition is anticipated before the end of 2005 after signing of a Native Title agreement.

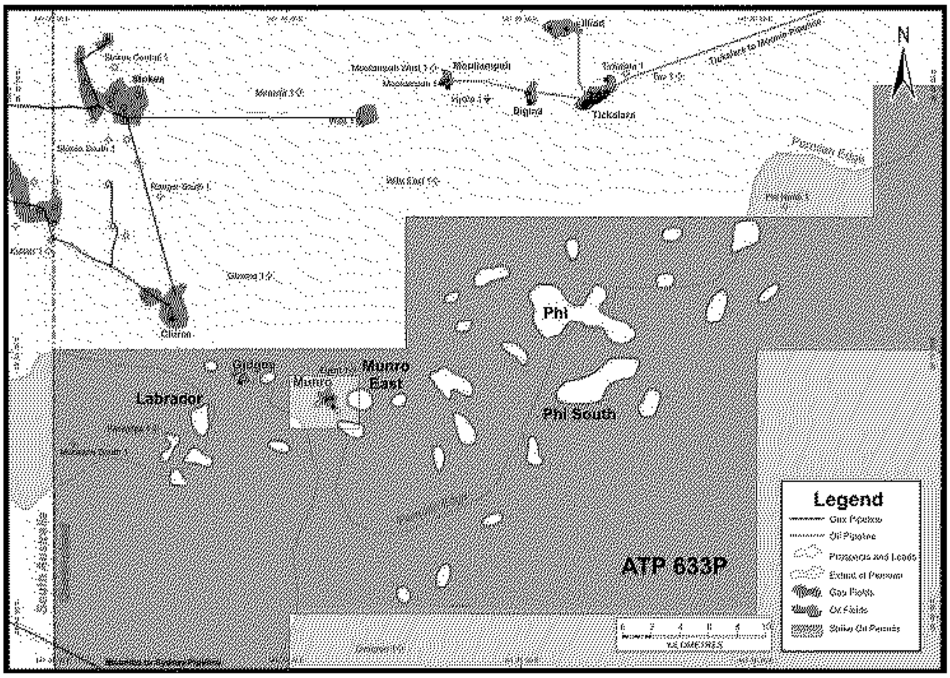


Figure 6 - ATP 633P Permit and Prospects Location Map

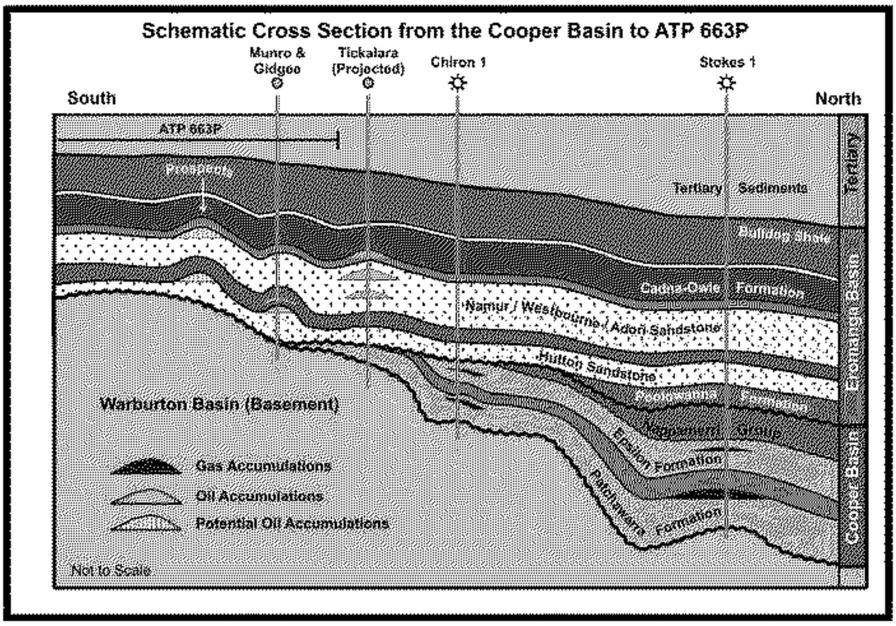


Figure 7 - ATP 633P Schematic Cross Section

OVERVIEW OF OPERATIONS

PELA 71 (Strike Oil 75%)

The key prospects in this permit are located on the Birdsville Track Ridge up-dip from the margin of the Permian Cooper Basin. The primary prospect in PELA 71 (Figure 8) is the structure tested by the Mulapula 1 well, which intersected an interpreted five metre oil column (as suggested by the recovery of oil in the drill string after drill stem testing and analysis of the geophysical well logs and other geological data). The seismic data will be reprocessed to redefine the structure and to determine up-dip potential from the well. The main risk for other prospects in PELA 71 is volume of hydrocarbon charge into the structure, although the nearby Mulapula well and the Inland Oil Field, situated a similar distance from the Cooper Basin Permian sub-crop, indicates that long distance migration has occurred in the basin.

A number of other prospects are ideally situated on the migration path from the Cooper Basin depocentre (Figure 9) prior to reaching the Mulapula structure and will be further evaluated once Native Title clearances are obtained.

The relevant authorities have recently agreed to expedite the Native Title settlement.

PELA 96 (Strike Oil 66.67%)

This permit in the southern portion of the Cooper Basin has not been explored for more than two decades. However, the permit is located up dip of significant oil shows encountered in recent drilling in the adjacent permit to the north. Further evaluation of the permit is waiting on the settlement of Native Title issues.

ATP 549P (Strike Oil 5-15%) (Operator: Energy World Corporation)

The permit was renewed during the 2004/05 financial year. A 25% reduction in the area under license was made in compliance with the Queensland Petroleum Act. Strike Oil considers the southern area to be particularly prospective for oil discoveries and awaits advice from the operator regarding the forthcoming work program.

OVERVIEW OF OPERATIONS

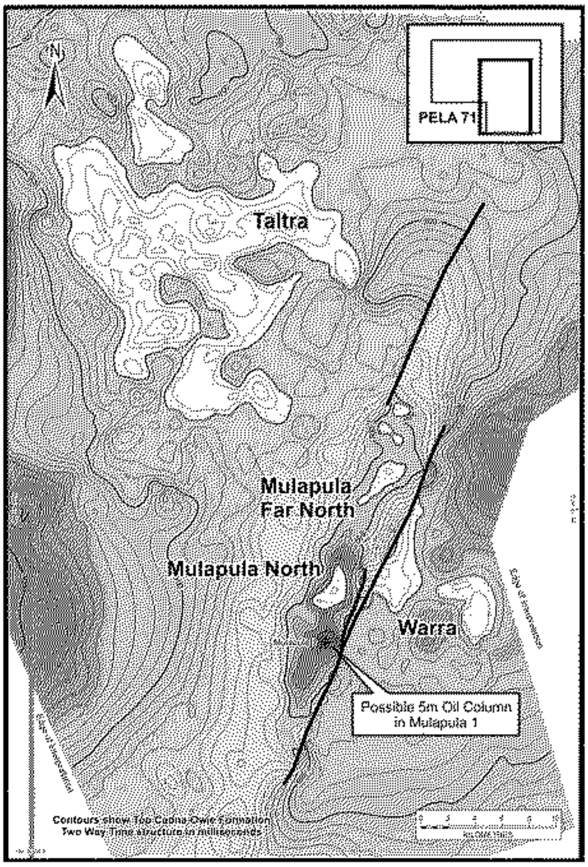


Figure 8 - PELA 71 Permit and Prospects Location Map

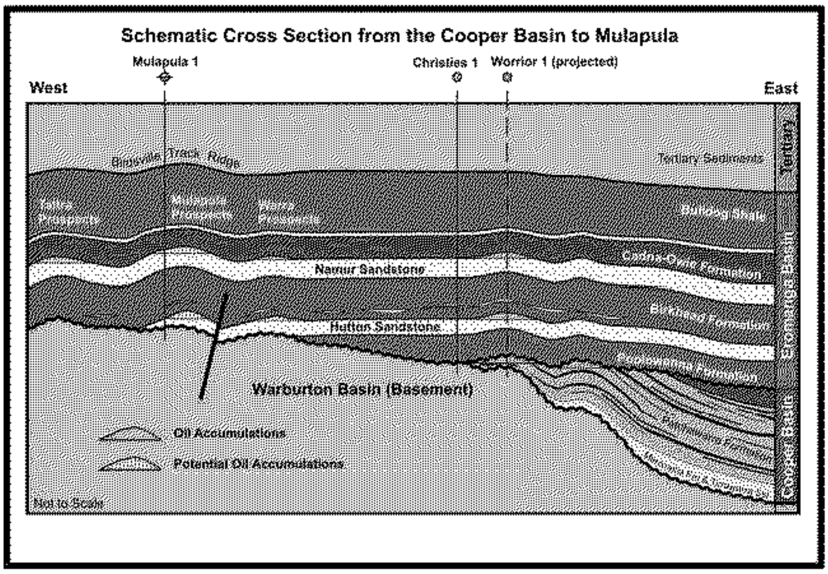


Figure 9 – PELA 71 Schematic Cross Section

OVERVIEW OF OPERATIONS

OTHER INTERESTS IN AUSTRALIA

Coal Seam Gas Assets

Strike Oil retains a 10% shareholding in Comet Ridge Limited, a company listed on the Australian Stock Exchange. This shareholding, which amounts to 6,250,000 fully paid shares, is restricted from trading for 2 years until 19 April 2006.

Comet Ridge Limited has had a very successful year achieving reserves status at its Tipton West coal seam gas pilot project in Queensland. Subsequent to the end of the year Comet Ridge announced an agreement to sell its interest in Tipton West project and surrounding acreage and retain a royalty the total value of the deal being around $12.5million. Additionally Comet Ridge announced it will be expanding its opportunity search into the USA. Refer to the Comet Ridge web site for further information; www.cometridge.com.au

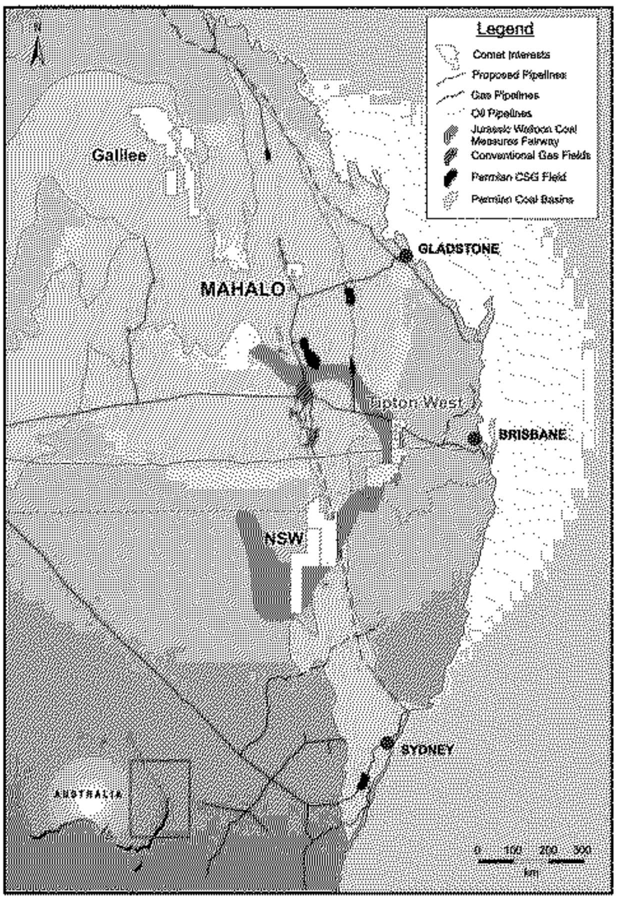


Figure 10 – Comet Ridge Limited Project Areas

OVERVIEW OF OPERATIONS

Kingston Energy Project

Strike Oil secured the exploration rights to the coal, coal seam gas and gasification of the Kingston coal deposit in south-eastern South Australia. Strike Oil plans to evaluate the various options to commercialise the substantial energy resource that is present in the coal deposit. It is the intention to transfer these assets into a wholly owned subsidiary, Kingston Energy Pty Ltd.

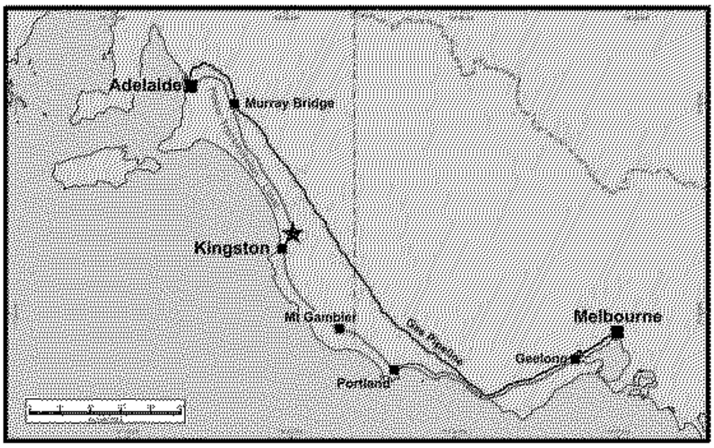


Figure 11 – Kingston Energy Project Location

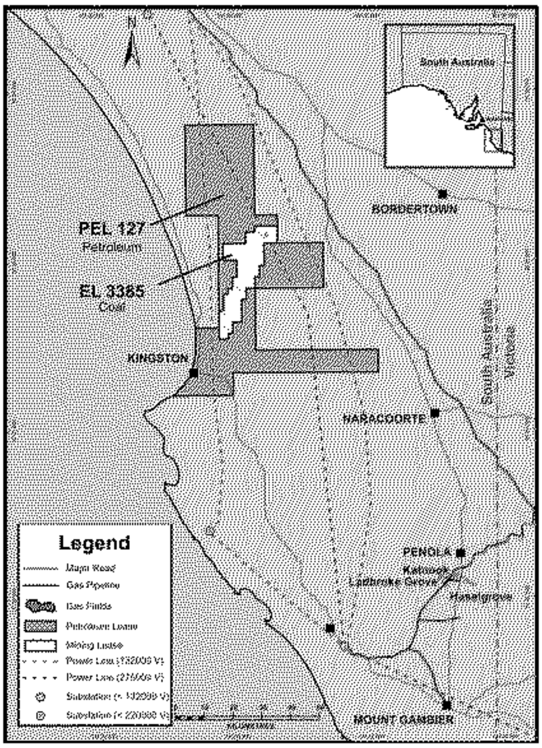


Figure 12 – Kingston Project Permit Locations

OVERVIEW OF OPERATIONS

EXPLORATION ACTIVITIES - UNITED STATES OF AMERICA (USA)

Strike Oil has entered into exploration activities in 2 regions of the USA. Firstly Strike Oil has entered into an agreement with Cypress E&P Corporation in the onshore Gulf of Mexico in close proximity to existing production. Subsequent to year end, Strike Oil has also entered into agreement with Comet Ridge Limited and AJ Lucas Group Limited to explore opportunities in the Rocky Mountains Region of the USA.

Strike Oil formed Strike Oil Corp (a Delaware Corporation), a wholly owed subsidiary, to manage its USA interests.

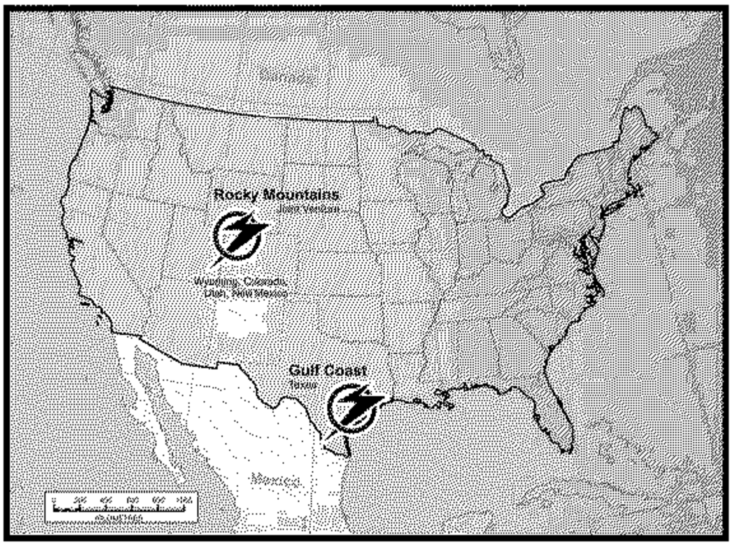


Figure 13 – Strike Oil's Project Areas

USA Strategy

Strike Oil believes that supplementing the Company's existing portfolio with selected opportunities in the US energy market has the capacity to create additional shareholder value for the following reasons:-

- The USA is a very large market with a range of low to high risk opportunities, significant levels of deal flow and established infrastructure, all of which lead to the capacity to generate early cash flow;

- Strike Oil's senior management has extensive experience working in the USA, a working knowledge of the USA industry and a significant network of contacts and relationships;

- USA spot gas prices are currently four to five times those received in Australia and when combined with rapid, inexpensive development result in USA project Net Present Values of the order of five to ten times greater than those generated from similar reserve accumulations developed in Australia;

- In addition to the current Australian program, involvement in the USA drilling program provides shareholders with a more active ongoing drilling program with an improved mix of risk exposure; and

- Strike Oil has partnered with companies which have significant local knowledge and a demonstrable technical advantage to enhance Strike Oil's competitive position while permitting it to continue to focus its internal resources on the Carnarvon and Cooper basins.

- **GULF COAST, TEXAS**

Strike Oil entered into an agreement with Cypress E&P Corporation (Cypress), an independent Houston based Exploration and Production Company, to participate in an exploration drilling program in the onshore Gulf Coast, Texas.

The drilling program, in which Strike Oil will have varying interests between 10% and 26.25%, will provide Strike Oil with the opportunity to participate in at least four wells in the next 12 months and six to ten wells in the following year, enabling the Company to accelerate its growth strategy.

The agreement will provide Strike Oil with access to ongoing exploration and appraisal opportunities in selected parts of Jackson, Wharton and Fort Bend counties immediately to the west of Houston (Figure 14). This region has been one of the most prolific oil and gas producing regions of North America. These opportunities will generally be in the Yegua, Cook Mountain and Wilcox formations; all known gas productive horizons.

Cypress has many years experience successfully exploring in the region with a demonstrated track record applying advanced 3D seismic processing (AVO) technology similar to that applied by Strike Oil to locate and discover the Casino Gasfield in offshore Victoria. Cypress is an experienced operator in this area which is an essential ingredient to being successful in the USA. The Strike Oil management has known the principals of Cypress for many years, having worked with them in the USA prior to the formation of Strike Oil. The opportunity also exists to transfer the AVO technology back to some of Strike Oil's projects in Australia.

Strike Oil's USA expansion strategy will add a new focus area for the Company and provide an additional ongoing drilling program with lower risk leverage for shareholders. The USA program will enable Strike Oil to accelerate exploration drilling activity, bring forward potential positive cash flow projects and take advantage of the much higher gas prices received in the USA compared to Australia. The decision to accelerate the program was driven by the unique opportunity this represents for Strike Oil to gain access to superior quality projects and the continuing high USA energy prices.

OVERVIEW OF OPERATIONS

Strike Oil will fund its access to the opportunities through a combination of cash and the issue of options, in order to preserve cash for ongoing exploration. Strike Oil paid US$385,000, in cash and issued 15 million unlisted options in Strike Oil exercisable at 16 cents each and expiring on 23 June 2009.

It is Strike Oil's intention to participate in the opportunities developed at around the 10% to 26.25% level initially, potentially increasing its equity share at a later date. Strike Oil will earn its working interest in each exploration well by funding a ⅓ of the costs to earn a ¼ interest ("⅓ for ¼ deal"). For example to earn a 10% interest Strike Oil will fund 13.33% of the dry hole costs.

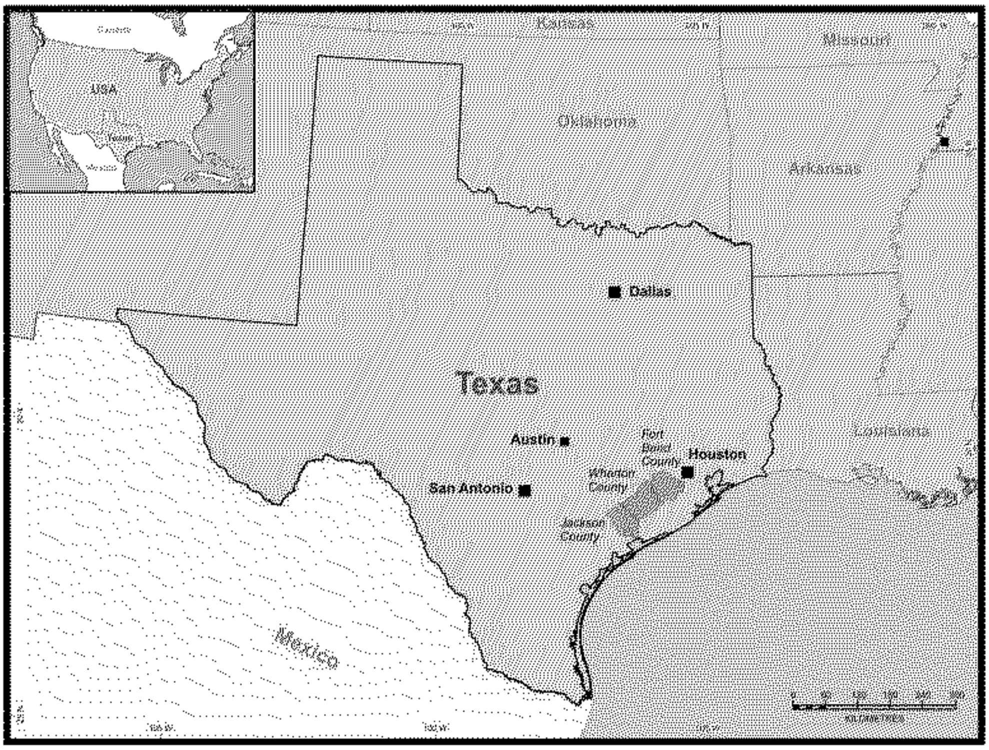


Figure 14 – Gulf Coast, Texas – Project Areas

Jabber et al 1 Well, Keepsake A Prospect

The first well of the Texas program the Jabber et al 1 well spudded on the 1 July 2005 and reached its total depth of 13,300 feet on 29 August 2005. Strike Oil earned a 10% interest in the prospect by funding 13.333% of the drilling of the well. Unfortunately no commercial hydrocarbons were penetrated in the well.

OVERVIEW OF OPERATIONS

- **ROCKY MOUNTAINS**

Subsequent to year end Strike Oil entered into a USA Joint Venture Heads of Agreement with Comet Ridge Limited and AJ Lucas Group Limited to pursue conventional oil and gas opportunities as well as coal seam gas projects in a four state Area of Mutual Interest (AMI) incorporating the States of Colorado, Wyoming, New Mexico and Utah in the USA (refer Figure 15).

The Joint Venture further expands Strike Oil's activities in the USA and the alliance with AJ Lucas Group provides a technological edge by means of directional drilling expertise to assist with the development of projects. Additionally, the links with Comet Ridge, as operator, provide the avenue to local expertise and experience.

The Joint Venture arrangement sees Comet Ridge and Strike Oil jointly funding a prospect generation and leasing program in the four states comprising the AMI. The focus is on coal seam gas and other unconventional oil and gas reservoirs that are expected to be amenable to development with horizontal or high angle deviated wells or multi-lateral holes. In return for agreeing to provide specialised directional drilling services, drilling equipment and engineering technology, Comet Ridge and Strike have agreed to grant AJ Lucas Group an option to participate with up to 33⅓% interest, on the same terms and conditions applicable to them, in any prospect the two companies acquire in the AMI.

Geotechnical work on specific prospects is well advanced and acquisition of leases is expected to commence shortly. Initial efforts have been focused on abandoned oil fields that can be re-developed and extended using the drilling technology.

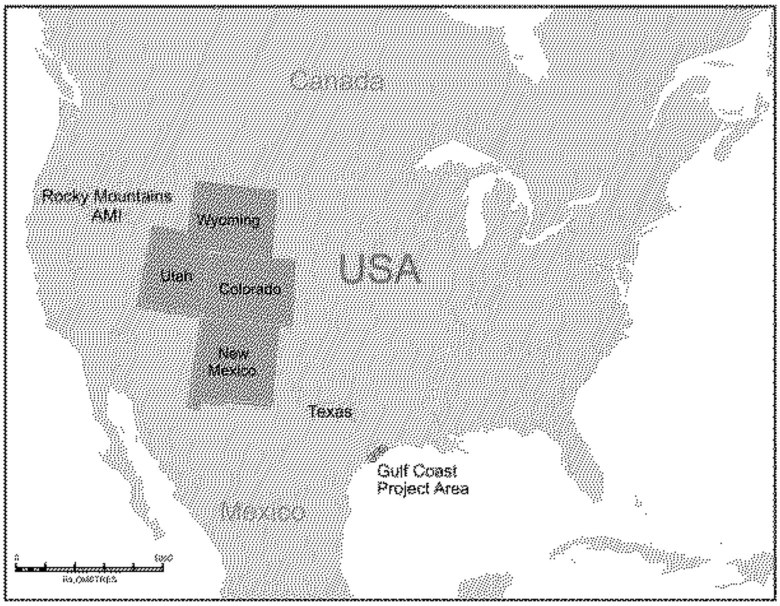


Figure 15 – Rocky Mountain – Area of Interest (AMI)

OVERVIEW OF OPERATIONS

OCCUPATIONAL HEALTH AND SAFETY

Strike Oil is committed to conducting its activities with the health and safety of its employees, contractors and third parties as a fundamental consideration.

The oil and gas industry measures its safety performance using Lost Time Injuries (LTI) per million hours worked. Each year the industry's peak body, APPEA, monitors the performance of the Australian industry with the ultimate aim of reducing the LTI level to zero.

Strike Oil employees and contractors worked approximately 36,000 hours during the year without recording any LTIs. Strike Oil is particularly proud of this record as it includes the drilling of the Company's first two offshore wells.

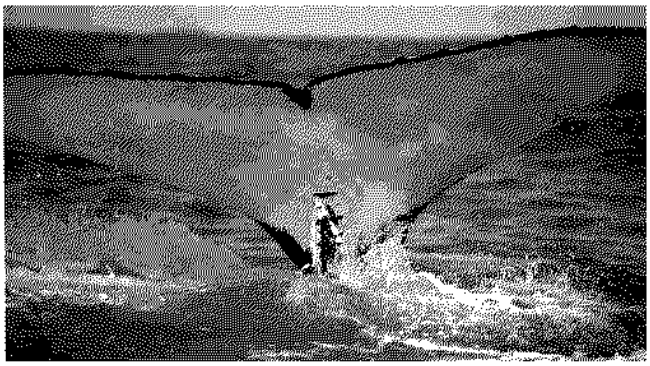
ENVIRONMENT

Strike Oil is committed to exploring and developing resources in an environmentally responsible manner. Activities are planned and implemented in a way to ensure impacts to the environment are either avoided or kept to an acceptable level.

Strike Oil's permits in the Carnarvon Basin contain a diverse range of marine habitat and fauna. An increasing number of humpback whales pass through the area on their southward migration after the females have calved in waters off the Kimberley coast. The shallow waters between Onslow and Exmouth in particular are used as a resting ground before the whales return to Antarctic waters to spend the summer months.

During the year the Company continued to support the large-scale genetic study (DNA Study) of the *Western Australian Humpback Whale (Antarctic Area Group IV)* in the Exmouth region being conducted by Edith Cowan University by further contributing $2,000. The purpose of this research is to find out as much as possible about the humpback whale in WA in order to manage and protect this very valuable stock by determining which subgroups may be susceptible to impact by human activities.

The Cooper 1 well was drilled in the central part of the Exmouth Gulf. To avoid any interference with the humpback whales the operator Victoria Petroleum NL and Strike Oil acting as its agent for the drilling, undertook to delay the drilling of the well until after the whales had left the area. As the well was located within 20km of the Ningaloo Marine Park additional precautions were taken to ensure our activities would have minimal environmental impact on the area. A "no fuel transfer" policy was implemented and cleanup equipment was kept onboard the rig to minimize the response time should such equipment be required. No environmental incidents were recorded while drilling Cooper 1 or the earlier Altostratus 1 well.



FUTURE OUTLOOK

Strike Oil has positioned itself for growth through its:-

- Extensive acreage position;
- Projected active drilling and seismic programs;
- Comprehensive list of prospects and leads in Australia and United States of America;
- Established team with successful track record; and
- Sound balance sheet.

OVERVIEW OF OPERATIONS

TABLE OF PERMIT INTERESTS

Geological Area	Permit No	Strike Oil Interest		Operator
Carnarvon Basin	TP/17	90%		Strike Oil
	WA-261-P	16.2%		Apache Energy
	TP/18 & EP 420	50%		Tap Oil
	EP 325	40%	(Note 1)	Victoria Petroleum
	TP/6	100%	(Note 2)	Strike Oil
	EP 342	100%		Strike Oil
	EP 341	10%		Tap Oil
	TP/19 & EP 421	90%		Strike Oil
	EP 403	10%		Tap Oil
	WA-312-P	15%	(Note 3)	Victoria Petroleum
	WA-340-P	40%		Strike Oil
	EP 424	40%	(Note 4)	Strike Oil
	EP 110	40%		Strike Oil
Cooper/Eromanga Basin	PELA 71	75%		Strike Oil
	ATP 633P	5-15%	(Note 5)	Beach Petroleum
	PELA 96	66.67%		Strike Oil
	ATP 549P:			AGL (Energy World Corp)
	- Cypress Block	5%		
	- Solitaire Block	11.55%		
Otway Basin	PEL 127	100%		Strike Oil
	EL 3385	100%		Strike Oil

Note 1: Operatorship to be transferred to Strike Oil at the time permit is renewed

Note 2: Apache Energy has a 40% "back-in" to the permit

Note 3: Interests relinquished subsequent to year end

Note.4: Interests presently being assigned, subject to approval by the Department of Industry and Resources.

Note 5: Carried 5% until first well, option to take up to 15% in the first well.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of Strike Oil Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business of Strike on behalf of the shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of the shareholders.

Strike Oil Limited has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.strikeoil.com.au:-

(a) Board Charter, including details of materiality threshold;
(b) Summary of policy and procedure for selection and appointment of new directors;
(c) Summary of Code of Conduct for Directors and key executives;
(d) Code of Conduct for the Company;
(e) Summary of Policy on Securities Trading;
(f) Policy and procedure for selection of external auditor and rotation of audit engagement partners;
(g) Summary of policy and procedures for compliance with continuous disclosure requirements;
(h) Summary of arrangements regarding communication with and participation of shareholders;
(i) Summary of Company's Risk Management Policy and internal compliance and control system; and
(j) Summary of process for performance evaluation of the Board, Board committees, individual directors and key executives.

The ASX Corporate Governance Council has developed a set of guidelines, *Principles of Good Corporate Governance and Best Practice Recommendations*. This document articulates ten core principles that the ASX Corporate Governance Council believes underlie good corporate governance, together with best practice recommendations. Companies are required to disclose in their Annual Report the extent to which these recommendations have been complied with. They are not prescriptive and, if certain recommendations are not appropriate for the company given its circumstances, the company may choose not to adopt that particular practice. It must, however, disclose in its Annual Report which recommendations have not been followed and the reasons why. The Company has complied with each of the Ten Essential Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the Australian Stock Exchange Corporate Governance Council, other than in relation to the matter referred to below in respect of the independence of the Board.

CORPORATE GOVERNANCE STATEMENT

ROLE OF THE BOARD

The Board guides and monitors the business of Strike Oil on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board is responsible for setting corporate direction, defining policies and monitoring the business of the Company, to ensure it is conducted appropriately and in the best interests of shareholders.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders, taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community.

The Board operates under a Charter and has a written Code of Conduct which establishes guidelines for its conduct. The purpose of the Code is to ensure that Directors act honestly, responsibly, legally and ethically and in the best interests of the Company.

The Board is responsible for setting the strategic direction and establishing goals for management and the monitoring of the achievements against these goals.

INDEPENDENCE OF BOARD

The Best Practice Recommendations state a majority of the Board should be independent directors.

Two members of the six person Board (Roy Woodall and David Wrench) satisfy the test of independence as set out in the recommendations.

The Board considers one other director (Jeff Schneider) to be independent for the reason set out below under the heading "Identification of Independent Directors".

The Board does not consider John Traicos to be independent because Mr Traicos is the Company Secretary for Perilya Limited (a substantial shareholder of the Company). Mr Traicos therefore does not meet paragraph 1 of the Independence Criteria set down by the ASX Best Practice Recommendations.

Accordingly the Board does not comprise a majority of independent directors. However, notwithstanding Mr Traicos not being independent, the Board considers he has demonstrated the ability to act in the best interests of the Company and shareholders in general. The Board notes he declares interests in any matters concerning Perilya Limited and does not participate in the decision making processes unless otherwise allowed by the Board, as is required within the Corporations Act.

Given the Company has three independent directors; which provides a quorum of independent directors for all decisions to be made by the Company especially where issues of conflict arise, the

Board considers it has sufficient independent representation even though not comprising a majority of the Board.

INDEPENDENCE OF CHAIRMAN

As the Board considers that Jeff Schneider is an independent director, the Board considers that their recommendation that the Chairperson is an independent director has been satisfied.

SKILLS, EXPERIENCE, EXPERTISE AND TERM OF OFFICE OF EACH DIRECTOR

The relevant details for each director are contained in the profile for each director in the Directors' Report.

IDENTIFICATION OF INDEPENDENT DIRECTORS

The Company considers Roy Woodall and David Wrench to be independent directors in accordance with the criteria of independence as prescribed in the ASX Principles and Recommendations ("**Independence Criteria**").

Notwithstanding that he does not meet all of the Independence Criteria, the Company also considers Jeff Schneider, to be an independent director for the reasons set out below.

Mr Schneider has provided consultancy services to, and fulfilled an executive role in, the Company within the last three years. Accordingly, he does not fulfil paragraphs 2 and 3 of the Independence Criteria. Mr Schneider's executive role within the Company was brief and specific (approximately 6 months) to a particular transaction being undertaken by the Company. Mr Schneider withdrew from his executive role once the transaction was complete. The Board considers there to be minimal scope for conflict in connection with Mr Schneider's past or present relationship with the Company, and in the circumstances, considers Mr Schneider to be an independent director.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the Director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

BOARD COMMITTEES

The Board has established Audit, Nomination, Remuneration and Risk Committees which assist in the discharge of the Board's responsibilities. Board approved charters set out the terms of reference and rules governing these Committees.

CORPORATE GOVERNANCE STATEMENT

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities to ensure that the Company complies with appropriate and effective accounting, auditing, internal control, compliance and reporting practices in accordance with the Audit Committee Charter.

The role of the Audit Committee is to:-

- Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements;
- Review the Company's internal financial control system;
- Monitor and review the effectiveness of the Company's internal audit function (if any);
- Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- Perform such other functions as assigned by law, the Company's constitution, or the Board.

The current members of the Audit Committee are:-

- David Wrench - Chairman
  Non-Executive Director
- John Traicos
  Non-Executive Director
- Roy Woodall
  Non-Executive Director

The members of the Audit Committee by virtue of their professional background experience and personal qualities, are well qualified to carry out the functions of the Audit Committee.

Mr Wrench is considered to be the member with "financial expertise" by virtue of his 15 years experience in merchant banking overseas and in Australia.

Mr Traicos is qualified to be a member of the Audit Committee by his long term industry expertise, including as a legal adviser to Australian and overseas resource companies, and in senior management and operations positions in a variety of industries.

Mr Woodall has over 50 years experience in the resource industry, including several years as an executive and Board member of Western Mining Corporation. Accordingly, he is well qualified to be a member of the Audit Committee.

The Audit Committee meets at least twice a year and at any other time requested by a Board member, Company Secretary or external auditor. The external auditors attend at least twice a year and on other occasions where circumstances warrant.

CORPORATE GOVERNANCE STATEMENT

The number of meetings of the Audit Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

Nomination Committee

The responsibilities of the Nomination Committee include:-

- Reviewing the size and composition of the Board and making recommendations to the Board or any appropriate changes;
- Developing and planning for identifying, assessing the enhancing Director competencies;
- Making recommendations on the appointment and removal of Directors;
- Evaluating Board performance so that individual and collective performance is regularly and fairly assessed; and
- Providing new Directors with an induction into the Company and provide all Directors with access to on going education relevant to their position.

The Chairman of the Board will chair the Nomination Committee and the Committee shall meet at least once per year and at such additional times as is necessary to fulfil its duties.

The current members of the Nomination Committee are:-

- Jeff Schneider - Chairman
  Non-Executive Director
- Jim Durrant
  Executive Technical Director

The number of meetings of the Nomination Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

Remuneration Committee

The role of the Committee, in accordance with the Remuneration Committee Charter, is to assist the Board with respect to remuneration by reviewing and making appropriate recommendations on:-

a) Remuneration packages of Executive Directors, Non-Executive Directors and senior executives; and
b) Employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed.

The ASX Listing Rules and the Constitution require that the maximum aggregate amount of remuneration to be allocated among the Non-Executive Directors be approved by the shareholders in general meeting. In proposing the maximum amount of consideration by shareholders, and in determining the allocation, the Remuneration Committee will take into account the time demands made on Directors and such factors as fees paid on Non-Executive Directors in comparable Australian companies.

The remuneration paid to Directors and senior executives is shown in the Remuneration Report contained in the Directors' Report, which includes details on the Company's remuneration policies.

The Chairman of the Board is the Chairman of the Remuneration Committee and the Committee shall meet at least twice a year and otherwise as required.

The current members of the Remuneration Committee are:-

- Jeff Schneider - Chairman
  Executive Director
- Roy Woodall
  Non-Executive Director

The number of meetings of the Remuneration Committee during the reporting period and the attendance record of members is set out in the Directors' Report.

Risk Management Committee

Strike Oil has a Risk Management Policy together with a Risk Management Committee, reporting to the Board.

The Committee comprises:-

- Simon Ashton - Chairman
  Managing Director
- Jim Durrant
  Executive Technical Director
- Gillian Swaby
  Company Secretary
- Don Poynton - Manager
  Exploration and Environment
- Len Seet - Manager
  Accounting and Finance

The objective and purpose of the Committee is to assist the Board in the effective discharge of its corporate governance and oversight responsibilities by establishing, monitoring and reviewing internal control and risk management systems.

CORPORATE GOVERNANCE STATEMENT

BOARD PERFORMANCE EVALUATION

During the year an evaluation of Board performance was undertaken. The purpose of the review was to identify any issues relating to the performance of individual director's (including the Managing Director) and the board as a whole. The review was undertaken by an independent consultant on a confidential and anonymous basis to encourage full and open disclosure. No significant detrimental performance issues were raised.

Accountability for undertaking the review and resolving any issues is with the Chairman.

EXISTENCE AND TERMS OF ANY SCHEMES FOR RETIREMENT BENEFITS FOR NON-EXECUTIVE DIRECTORS

There are no retirement benefits for non-executive directors.

RELATIONSHIP WITH SHAREHOLDERS

The Company places a high priority on communications with and accountability to shareholders. The Board recognises that shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant high quality information about their investment. Similarly, prospective investors should be able to make an informed decision when considering the purchase of shares in Strike Oil.

To safeguard the effective dissemination of information, the Board has implemented procedures for compliance with continuous disclosure requirements and adopted a Shareholder Communications Policy. These reinforce the Company's commitment to its continuous disclosure obligations imposed by law.

Information will be communicated to shareholders by:-

- Ensuring that published financial and other statutory reports are prepared in accordance with applicable laws and industry best practice;
- Ensuring the disclosure of full and timely information about the Company's activities in accordance with the general and continuous disclosure principles in the ASX Listing Rules, the Corporations Act in Australia and any other relevant legislation;
- Providing detailed reports from the Chairman and the Managing Director at the Annual General Meeting;
- Placing all material information released to the market (including Notices of Meeting and explanatory materials) on the Company's website as soon as practical following release; and
- Placing the Company's market announcements and financial data for the preceding three years on its website.

In addition, the website includes a facility to allow interested parties to subscribe to receive, electronically, public releases and other relevant material concerning the Company.

Shareholders are encouraged to attend Annual General Meetings and ask questions of Directors and senior management and also the Company's external auditors, who are required to be in attendance. In the event that shareholders are unable to attend meetings, they are encouraged to lodge proxies signifying their approval or otherwise of the business to be considered.

SECURITIES OWNERSHIP AND DEALINGS

The Company has a Policy for Trading in Company Securities which is binding on all Directors and employees. The purpose of this policy is to provide a brief summary of the law on insider trading and other relevant laws, set out the restrictions on dealing in securities by people who work for or are associated with Strike Oil and assist in maintaining market confidence in the integrity of dealings in Strike Oil securities.

DIRECTORS' REPORT

The Directors present their report on the Consolidated Entity consisting of Strike Oil Limited and the entities it controlled at the end of, or during, the year ended 30 June 2005.

DIRECTORS

The following persons were directors of Strike Oil Limited during the whole or part of the financial year and up to the date of this report.

JEFF SCHNEIDER *(Non-Executive Chairman) Age 54*
B.Com.

Jeff has over 30 years experience in the resource industry in Australia having graduated from the University of Western Australia with a Bachelor of Commerce in 1972.

Jeff worked for Woodside Petroleum Limited (Woodside) in a number of roles from 1978 to 2002 culminating in the role of Director Australia Gas. He was responsible for the Sunrise gas project and Woodside's developing natural gas business in eastern Australia. Jeff was also involved in the Woodside response to the Shell takeover offer.

In November 2002 Jeff left Woodside to pursue other interests. This included appointment as a Director of Strike Oil. His responsibilities include commercialisation of the Casino gas discovery in the Otway Basin.

Jeff was appointed as a director on 8 November 2002 and became Chairman of Strike Oil in July 2003. He is also Chairman of Comet Ridge Limited.

Special Responsibilities
Remuneration Committee Chairman
Nomination Committee Member

SIMON ASHTON *(Managing Director) Age 53*
B.Sc. (Hons) M.Sc. MBA

Simon is co-founder of Strike Oil and graduated with a B.Sc. (Hons) in Geology from Adelaide University in 1973, obtained a M.Sc. in Petroleum Geology from Imperial College, London in 1980 and an executive MBA from Melbourne University in 1993.

Simon has over 30 years experience in the Australian and international petroleum and resource industries. Simon joined WMC Limited (WMC) in 1974 where he had various positions in WMC's nickel, coal and petroleum business including a period as Exploration Manager of WMC's Carnarvon Basin interests. From 1987 to 1991, Simon was responsible for establishing WMC's USA petroleum subsidiary, Greenhill Petroleum Corporation, where he served as Senior Vice President in Houston, Texas. In 1991 he returned with WMC to Australia and was Manager, International New Business-Petroleum Division, when he left the company in 1996.

Simon's responsibilities at Strike Oil include strategy development, capital raising and general corporate management. Simon is also a non-executive director of Comet Ridge Limited.

Simon was appointed a director on 8 May 1997.

Special Responsibilities
Managing Director
Risk Management Committee Chairman

JIM DURRANT *(Executive Technical Director) Age 53*
B.Sc.

Jim is co-founder of Strike Oil and graduated with a physics degree from the University of London in 1974. He worked as a geophysicist with various seismic acquisitions and processing companies gaining extensive international experience throughout Europe, Africa, the Middle East, the Persian Gulf and South East Asia.

He joined Delhi Petroleum as a Senior Geophysicist in 1980, working in the Cooper/Eromanga province and in 1985 moved to WMC Limited's (WMC) Petroleum Division. During this period he worked on the Australian North West Shelf, including WMC's exploration and production assets in the Carnarvon Basin and the Timor Sea where he developed the Evans Shoals Prospect, subsequently drilled by BHP as a farmin well and now considered a multi-TCF gas discovery. During this time he was appointed Chief Geophysicist, then Regional Exploration Manager.

He left WMC in 1993 and established "Durrant & Associates - Petroleum Exploration Consultants". The Consultancy had a staff of three professionals operating "state of the art" interactive exploration software on workstations with fully equipped exploration office facilities. The company worked on oil industry projects and counted major Australian companies amongst its clients.

Jim held the office of National President of the Petroleum Exploration Society of Australia (PESA) in 1996 and 1997. He has been actively involved with the Society for many years and was awarded the PESA Meritorious Service Medal in 1998. He was a founding member of the Australian Petroleum Consultants Association, is a long time member of the American Association of Petroleum Geologists and is a Council Member of the peak industry body, the Australian Petroleum Production and Exploration Association.

Jim was appointed a director on 8 May 1997.

Special Responsibilities
Executive Technical Director
Nomination Committee Member
Risk Management Committee Member

JOHN TRAICOS *(Non-Executive Director) Age 58*
BA (Hons) BL LLB

John is a lawyer with more than 25 years experience in legal and corporate affairs in Southern Africa and Australia.

John obtained a BA (Hons) from the University of Natal (South Africa) and BL, LLB from the University of Rhodesia and practiced with a leading law firm in Harare from 1974 until 1991.

He joined the Tabex Group of Companies in Zimbabwe in 1991 and held the position of Director of Tabex Limited, a Zimbabwe public company, until 1996. John was involved in the management and operation of several companies in the Group on a regional and international basis in a wide range of businesses including tobacco, mining, gas exploration, steel, transport and hotel operations.

Since moving to Perth in February 1998 John has acted as a corporate lawyer to several Australian resource companies and has been involved in resource projects in Australia, Africa and Indonesia. John is currently Company Secretary and Commercial Legal Manager for Perilya Limited, representing the interests of Perilya Limited

John was appointed a director on 11 October 2000.

Special Responsibilities
Audit Committee Member

DAVID WRENCH *(Non-Executive Director) Age 39*
B.Eng (Mining) Hons

David joined Strike Oil as a Director in 1998 and is also a director of CH4 Gas Limited.

David graduated with a B Eng (Mining) from the University of Sydney in 1987 and has gained significant experience in precious metal, base metal and energy markets in Australia and North America. Over the past seven years, David has been directly involved with a number of private resource companies and project developments in his capacity as a director of the private equity arm of Macquarie Bank Limited.

David is currently Managing Director of Eastern Portable Buildings, a privately owned company specialising in the hire and sale of portable and modular buildings.

David was appointed a director on 29 October 1998.

Special Responsibilities
Audit Committee Chairman

ROY WOODALL O A (*Non-Executive Director) Age 74*
B.Sc. M.Sc.

Roy is a founding Director and investor in Strike Oil. He graduated from the University of Western Australia in 1953 in Geology and obtained an M Sc in mining from the University of California in 1957.

He joined WMC Limited (WMC) in 1953 as a geologist, was appointed to Chief Geologist in 1967 and Director of Exploration in 1978. Roy was responsible for mineral exploration and initiating the development of WMC's Petroleum Division and was the founding President of the United States of America subsidiary Greenhill Petroleum Corporation.

In 1995 he retired as an Executive of WMC and as a Director in 2001. He is currently a director of Bendigo Mining NL.

Roy's outstanding career in the industry has been recognised with many awards around the world such as Officer of the Order of Australia in 1981, William Smith Medal (Geological Society of London) in 1983 and in 1996 the Ian Wark Medal (Australian Academy of Science). He is a Fellow of the Australian Academy of Science, the Australian Academy of Technological Science and Engineering and the Australian Institute of Mining and Metallurgy. Roy has numerous public lectures and publications to his credit dealing with diverse resource and exploration subjects.

Roy was appointed a director on 22 May 1997.

Former Directorships of listed companies in last three years
Gympie Gold Ltd (2000-2004)
Bendigo Mining Ltd (2001-present)

Special Responsibilities
Audit Committee Member

DIRECTORS' REPORT

GILLIAN SWABY *(Company Secretary) Age 45*

B.Bus., FCIS, FAICD

Gill has been Strike Oil's Company Secretary since 1997 and has been involved in the Australian mining and exploration industry for over 20 years. She is experienced in areas of corporate secretarial practice, corporate law, management accounting and corporate management and is a Fellow of the Charted Institute of Secretaries and a Fellow of the Institute of Company Directors. She is the principal of Strategic Consultants Pty Ltd, corporate advisers, and is a regular course presenter on corporate secretarial matters. Gill is a member of the Risk Management Committee, and also a non-executive director of Comet Ridge Limited.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2005 and the number of meetings attended by each Director.

	Board of Directors' Meetings		Audit Committee Meetings	
	Number attended	**Number eligible to attend**	**Number attended**	**Number eligible to attend**
Mr S Ashton	6	6		
Mr J Durrant	6	6		
Mr J Schneider	6	6		
Mr R Woodall	5	6	3	4
Mr D Wrench	6	6	4	4
Mr J Traicos	6	6	4	4

Remuneration Committee Meetings

During the year, one meeting was held at which all members were in attendance.

Nomination Committee Meetings

During the year, three meetings were held at which all members were in attendance.

REMUNERATION REPORT

The Remuneration Report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Service agreements

DIRECTORS' REPORT

A Principles used to Determine the Nature and Amount of Remuneration

The Remuneration Committee, on behalf of the Board of Directors, monitors compensation of the Directors and senior executives of the Company.

Generally, compensation is provided by the Company to its Directors and senior executives, by way of base salary, short-term bonus, granting of employee options and superannuation. The overall objective is to ensure that remuneration is fair and reasonable and sufficient to attract and retain qualified and experienced Directors and senior executives.

The remuneration program for the Directors and senior executives of the Company is designed to ensure that the level and form of remuneration achieves certain objectives, including:

(a) Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives;
(b) motivating their short and long-term performance; and
(c) aligning their interests with those of the Company's shareholders.

The Remuneration Committee continues to review the overall compensation plan for Directors and senior executives so as to continue to address the objectives identified above.

Company Performance

The overall level of remuneration takes into account the growth in shareholder wealth of the Company via participation in the employee incentive option plan and aligning bonus payments with increases in the Company's market capitalisation.

As a result of the exploration and development nature of the Company's activities the overall level of remuneration does not focus on the earnings of the Company.

Directors' Fees

The Non-Executive Directors receive fees in cash. The fees are fixed and approved by shareholders and are not related to the performance of the Company. The Company's Constitution provides that directors may collectively be paid a fixed sum not exceeding the aggregate maximum per annum from time to time as determined by the Company.

Fees payable to Non-Executive Directors are set at $40,000 per annum. In addition, D Wrench receives superannuation at the rate of 9%. Exceptions to this fee structure are the Chairman of the Audit Committee who receives an additional $5,000 per annum, and the Chairman of the Board who receives an additional $20,000 per annum.

Compensation paid to the Managing Director and Executive Technical Director is set out under Section C - Service agreements.

In addition, the Company's Constitution provides for additional remuneration to be paid if any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or the business of the Company. The Directors may remunerate such Director in accordance with such services or exertions, and such remuneration may be either in addition to or in substitution for the Directors' fees referred to above.

Base Salary

The first step to attracting and retaining talented, qualified and effective directors and senior executives is paying base salaries which are competitive in the markets in which the Company operates. Competitive salary information on companies of a similar size in a similar industry is complied from a variety of sources, including surveys conducted by independent consultants and national and international publications. The Company subscribes to the Minerals and Energy Human Resources Conference Inc. (MEHRC) which provides benchmark data for salary bands in the industry.

Short-term Bonus

The Company may provide short-term bonuses to the Executive Directors.

The short-term bonuses are based on achieving the following measures where these are applicable to the specific Director:

(a) performance of the Company in meeting its objectives;
(b) financial performance of the Company;
(c) increase in market capitalisation of the Company; and
(d) such other matters determined by the Remuneration Committee in its discretion.

These measures have been selected to align the interests of Directors and executives with shareholders. The Remuneration Committee is responsible for assessing whether the measures are met and will take into account, amongst other things, the progress of the Company in meeting its objectives, the financial performance of the Company, and the growth in market capitalisation.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the measures. This is at the discretion of the Board on the recommendation of the Remuneration Committee.

Company Employee Share Incentive Option Plan

The Company believes that encouraging its Directors and senior executives to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's employee option plan. Options are granted taking into account a number of factors, including the amount and term of options previously granted, base salary, and competitive factors.

Information on the Employee Share Incentive Option Plan is set out under Section D - Share-based compensation, below. Options granted during the year have a three year term and vest in two tranches, 50% one year from issue and 50% two years from issue.

B Details of Remuneration (this information has been audited)

Details of the remuneration of each Director of the Company for the financial year and the Consolidated Entity are set out in the following tables.

Due to the size of the Company and its current level of operations, there are no Specified Executives other than the Managing Director, Mr S. Ashton and the Executive Technical Director, Mr J. Durrant.

Directors of the Company

	Year	Primary	Post Employment	Total
		Salary/Fees $	Superannuation $	$
Mr J Schneider	**2005**	**65,000**	**-**	**65,000**
(Non-Executive Chairman)	2004	15,000	-	15,000
Mr S Ashton	**2005**	**178,668**	**16,080**	**194,748**
(Managing Director)	2004	186,468	16,782	203,250
Mr J Durrant	**2005**	**178,668**	**16,080**	**194,748**
(Executive Technical Director)	2004	186,468	16,782	203,250
Mr R Woodall	**2005**	**46,250***	**-**	**46,250**
(Non-Executive Director)	2004	15,000	-	15,000
Mr D Wrench	**2005**	**53,750***	**1,935**	**55,685**
(Non-Executive Director)	2004	15,000	-	15,000
Mr J Traicos	**2005**	**46,250***	**-**	**46,250**
(Non-Executive Director)	2004	15,000	1,350	16,350
Total	**2005**	**568,586**	**34,095**	**602,681**
	2004	432,936	34,914	467,850

* Amounts paid include payments in respect to prior period that had remained unpaid

Transactions with director-related entities

The following transactions with Directors and director-related entities occurred during the year on normal commercial terms and conditions:

(i) Specialised technical software was leased from a company in which J Durrant is a director and shareholder totalling \$18,000 (2004: \$18,000).

C Service Agreements

Remuneration and other terms of employment for the Managing Director and Executive Technical Director are formalised in employment agreements.

Mr. S. Ashton, *Managing Director* and Mr. J. Durrant, *Executive Technical Director*

The Company has entered into employment agreements with the above for a period of two years from 1 June 2004. The agreement provides for a base salary of \$183,028 plus superannuation contributions of 9%, which shall be reviewed annually. The next review is due on 1 January 2006.

The Company agreed to pay bonus payments to each party for the period from 1 June 2004 to 31 December 2004, calculated on the following basis.

If the average market price from shares quoted on ASX for the month of December 2004 was:

(i) less than 25 cents, no bonus payment was payable;

(ii) 25 cents, a bonus payment of \$40,000 was payable;

(iii) greater than 25 cents and less than or equal to 40 cents, a bonus payment calculated in accordance with the following formula was payable:

$$40{,}000 + \left(100{,}000 \times \frac{(Y-25)}{15}\right)$$

Where Y equals the average market price for Shares in cents quoted on ASX for the month of December 2004; and

(iv) greater than 40 cents, a bonus payment of \$140,000 was payable

Each party agreed that the Australian dollar value of all bonus payments would, once calculated, be converted into a commensurate number of shares and/or options calculated on the basis of the average monthly market price for the month of December 2004. The bonus payments were not to be paid in cash in any circumstances and the issue of any shares and/or options was subject to the Listing Rules and the Corporations Act.

The performance criteria for the payment of the bonus payments was only effective until 31 December 2004. This criteria was not met and therefore no bonus payment was made.

DIRECTORS' REPORT

The Board, with the agreement of the Executive Directors has proposed that future bonus payments will be in the form of options rather than cash. No specific performance hurdles have been set for the 2005 periods. The Board has considered both the current level of remuneration and the performance of the Executive Directors for this period and, subject to the approval of shareholders, proposed to award 1,000,000 options on the following basis to both Executive Directors. The options will expire on 31 December 2008 and will vest when the Strike Oil's closing share price, as quoted on the ASX, is at or above 35 cents for a period of 20 consecutive trading days.

The Board may in its absolute discretion change the terms of bonus payments (including providing additional incentives) in consultation with each party.

The employment agreement may only be terminated by mutual agreement in writing other than due to bankruptcy, death, misconduct or breach of the employment agreement.

If the employment agreement is terminated by the Company for any reason other than bankruptcy, death or breach of the agreement, the parties are entitled to be paid three months salary and entitlements.

OPTIONS OVER UNISSUED SHARES

Strike Oil Limited Option Plan

During the year a total of 1,128,108 options were exercised, 775,000 at 3 cents, 255,000 at 8 cents, 50,000 at 23 cents, 6,250 at 33 cent and 41,858 at 38 cents. A total of 4,082,157 options are outstanding at the date of this report (2004: 5,210,265). All these options are issued in accordance with the Strike Oil Limited Option Plan and expire on 2 August 2007. No further options will be issued pursuant to this Plan.

Strike Oil Limited Employee Share Incentive Option Plan

On 24 August 2004, the Company issued 925,000 unlisted options exercisable at 30 cents on or before 24 August 2007 pursuant to the Strike Oil Limited Employee Share Incentive Option Plan. On 9 June 2005, the Company issued 1,750,000 unlisted options exercisable at 20 cents on or before 9 June 2008. These options vest in two tranches, 50% one year after issue and 50% two years after issue. A total of 2,675,000 options are outstanding at the date of this report (2004: nil).

DIRECTORS' REPORT

OPTIONS OVER UNISSUED SHARES (cont.)

Summary

Description	Number	Exercise Price $	Expiry Date
Option Plan	731,027	0.03	2/08/07
	555,000	0.08	2/08/07
	160,000	0.23	2/08/07
	1,610,000	0.33	2/08/07
	1,026,130	0.38	2/08/07
	4,082,157		

Description	Number	Exercise Price $	Expiry Date
Employee Share Incentive Option Plan	1,750,000	0.20	9/06/08
	925,000	0.30	24/08/07
	2,675,000		
Allotment	15,000,000	0.16	23/06/09
Total	21,757,157		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

NON-AUDIT SERVICES AND AUDITOR INDEPENDENCE

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in Note 19 to the Financial Statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

The Directors received an independence declaration from the auditor of the Company and a copy, as required under section 307C of the Corporation Act 2001, is set out on page 46.

PRINCIPAL ACTIVITY OF THE CONSOLIDATED ENTITY

The principal activity during the financial year was oil and gas exploration.

RESULTS OF OPERATIONS

The Company's policy is to write off acquisition and exploration costs associated with abandoned or non-commercial projects. To this extent an amount of $7,598,657 (2004: $204,555) was written off during 2005. Expenditure totalling $3,376,705 (2004: $2,722,572) has been carried forward on other projects where operations are continuing.

	2005 $	2004 $
Operating (loss)/profit after income tax	(7,740,525)	7,985,011

DIVIDENDS

No dividend has been paid on ordinary shares during the financial year and no dividend is recommended for the current year.

A dividend of $2,532 (2004: $744,333) at the rate of 7% was paid on the 4,888,889 preference shares on 24 August 2004.

REVIEW OF OPERATIONS

A review of the activities of the Consolidated Entity is set out in the accompanying Overview of Operations.

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity, the results of these operations or the state of affairs of the Consolidated Entity in subsequent financial periods with the exception of those matters disclosed in Note 21 to the Financial Statements.

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

	2005 Ordinary Fully Paid Shares	2005 Options	2004 Preference Shares	2004 Ordinary Fully Paid Shares	2004 Options
Mr S Ashton	6,078,761	-	-	6,078,761	-
Mr J Durrant	6,958,236	-	-	6,958,236	-
Mr R Woodall	1,898,164	-	-	1,898,164	-
Mr D Wrench* (non beneficial)	-	-	4,888,889	17,553,979	200,000
Mr J Traicos** (non beneficial)	29,402,267	2,000,000	-	29,402,267	1,000,000
Mr J Schneider	525,836	1,250,000	-	525,836	1,250,000

The particulars of Directors' interests in shares and options are as at the date of this report.

* In the prior year Mr Wrench was a director of Macquarie Direct Investment Limited, the manager of Macquarie Investment Trust II, whose shareholding of fully paid shares (16,105,845), and option holdings (200,000) were held in the name of Perpetual Trustees of Australia Limited and he was also an officer of Bond Street Investments Pty Ltd, who owned 1,448,134 shares. Mr D Wrench resigned from these companies on 31 December 2004.

** Shares held in the name Kolmar Limited (26,752,109 shares) and Strike Energy Pty Ltd (2,650,158 shares), which are both wholly owned subsidiaries of Perilya Limited. Mr J Traicos is Company Secretary of Perilya Limited, and is the Board nominee for Perilya Limited.

LIKELY DEVELOPMENTS

Likely future developments in the operations of the Company and the Consolidated Entity are referred to in an accompanying Review of Operations.

DIRECTORS' REPORT

INSURANCE OF OFFICERS

During the financial year, the Company has paid premiums to insure the Directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover is subject to a confidentiality clause under the insurance policy.

Neither the Company nor any of its related bodies corporate have provided any insurance for an auditor of the Company or a related body corporate.

DATED at Perth this 23rd day of September 2005

Signed in accordance with a resolution of Directors

S. ASHTON
Managing Director

PricewaterhouseCoopers
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Auditors' Independence Declaration

As lead auditor for the audit of Strike Oil Limited for the year ended 30 June 2005, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Strike Oil Limited and the entities it controlled during the period.

David J Smith
Partner
PricewaterhouseCoopers

Perth
23 September 2005

STRIKE OIL LIMITED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2005

CONTENTS OF THE FINANCIAL REPORT

STRIKE OIL LIMITED AND CONSOLIDATED ENTITY
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

		Consolidated		Parent Entity	
	Notes	2005	2004	2005	2004
		$	$	$	$
Revenue from ordinary activities	3	**679,100**	25,169,855	**679,100**	25,169,855
Exploration costs written off	4	**(7,598,657)**	(204,555)	**(6,549,753)**	(204,555)
Provision for diminution in investment	4	-	(562,500)	-	(562,500)
Cost of projects sold		-	(14,334,398)	-	(14,334,398)
Write-down of loan to controlled entity		-	-	**(1,062,988)**	-
Administration		**(1,605,823)**	(1,298,536)	**(1,591,739)**	(1,298,536)
(Loss)/profit from ordinary activities before related income tax expense		**(8,525,380)**	8,769,866	**(8,525,380)**	8,769,866
Income tax credit/(expense)	17	**784,855**	(784,855)	**784,855**	(784,855)
Net (Loss)/profit		**(7,740,525)**	7,985,011	**(7,740,525)**	7,985,011
Total changes in equity other than those resulting from transactions with owners as owners		**(7,740,525)**	7,985,011	**(7,740,525)**	7,985,011

		Cents	**Cents**
Basic (loss)/earnings per share	26	**(5.66)**	16.39
Diluted (loss)/earnings per share	26	**(5.66)**	15.81

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

STRIKE OIL LIMITED AND CONSOLIDATED ENTITY
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Notes	Consolidated 2005	Consolidated 2004	Parent Entity 2005	Parent Entity 2004
		$	$	$	$
CURRENT ASSETS					
Cash	5	**7,218,418**	5,395,128	**7,218,418**	5,395,128
Receivables	6	**853,422**	209,366	**853,422**	209,366
Other	7	**44,881**	28,675	**44,881**	28,675
TOTAL CURRENT ASSETS		**8,116,721**	5,633,169	**8,116,721**	5,633,169
NON CURRENT ASSETS					
Receivables	8	-	69,541	**72,398**	69,541
Exploration and Evaluation Expenditure	9	**3,376,705**	2,722,572	**3,304,306**	2,722,572
Property, Plant and Equipment	10	**160,361**	48,780	**160,361**	48,780
Other Financial Assets	11	**687,500**	687,500	**687,501**	687,500
Deferred Tax Asset	27	-	31,917	-	31,917
TOTAL NON CURRENT ASSETS		**4,224,566**	3,560,310	**4,224,566**	3,560,310
TOTAL ASSETS		**12,341,287**	9,193,479	**12,341,287**	9,193,479
CURRENT LIABILITIES					
Payables	12	**471,700**	341,835	**471,700**	341,835
Provisions	13	**62,492**	55,308	**62,492**	55,308
TOTAL CURRENT LIABILITIES		**534,192**	397,143	**534,192**	397,143
NON CURRENT LIABILITIES					
Provisions	13	**86,136**	-	**86,136**	-
Deferred Tax Liability	28	**-**	816,772	**-**	816,772
TOTAL NON CURRENT LIABILITIES		**86,136**	816,772	**86,136**	816,772
TOTAL LIABILITIES		**620,328**	1,213,915	**620,328**	1,213,915
NET ASSETS		**11,720,959**	7,979,564	**11,720,959**	7,979,564
EQUITY					
Contributed Equity	14	**18,969,405**	7,484,953	**18,969,405**	7,484,953
Retained Profits/ (Accumulated Losses)	15	**(7,248,446)**	494,611	**(7,248,446)**	494,611
TOTAL EQUITY	18	**11,720,959**	7,979,564	**11,720,959**	7,979,564

The above Statements of Financial Position should read in conjunction with the accompanying notes.

STRIKE OIL LIMITED AND CONSOLIDATED ENTITY
STATEMENTS OF CASH FLOWS
for the year ended 30 June 2005

	Notes	Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
Cash flows from operating activities					
Payments to suppliers and employees		**(1,292,251)**	(1,189,376)	**(1,278,167)**	(1,189,376)
Overhead cost recoveries - joint ventures		**65,500**	70,500	**65,500**	70,500
Interest received		**571,100**	349,355	**571,100**	349,355
Net cash outflow from operating activities	22	**(655,651)**	(769,521)	**(641,567)**	(769,521)
Cash flows from investing activities					
Proceeds on project farmin		-	-	-	-
Proceeds on sale of project interests		-	23,500,000	-	23,500,000
Exploration and evaluation expenditure		**(8,649,042)**	(1,631,331)	**(7,527,739)**	(1,631,331)
Payments for property, plant and equipment		**(175,521)**	(33,669)	**(175,521)**	(33,669)
Loans to related parties		-	-	**(1,135,387)**	-
Performance bonds		-	-	-	-
Net cash inflow/(outflow) from investing activities		**(8,824,563)**	21,835,000	**(8,838,647)**	21,835,000
Cash flows from financing activities					
Share placement		**12,000,000**	3,306,115	**12,000,000**	3,306,115
Option conversions		**73,118**	48,800	**73,118**	48,800
Fundraising costs		**(767,082)**	(247,655)	**(767,082)**	(247,655)
Capital return		-	(20,032,096)	-	(20,032,096)
Dividends paid		**(2,532)**	(744,333)	**(2,532)**	(744,333)
Net cash inflow/(outflow) from financing activities		**11,303,504**	(17,669,169)	**11,303,504**	(17,669,169)
Net increase in cash held		**1,823,290**	3,395,310	**1,823,290**	3,396,310
Cash at the beginning of the financial year		**5,395,128**	1,998,818	**5,395,128**	1,998,818
Cash at the end of the financial year	5	**7,218,418**	5,395,128	**7,218,418**	5,395,128

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF ACCOUNTING POLICIES

(A) Nature of Operations

Strike Oil Limited ("Company") operates in the oil and gas industry. The principal business of the Company is the evaluation and development of projects in Australia and the USA. Strike Oil Limited is a public company registered and domiciled in Australia. The Company listed on Australian Stock Exchange Limited on 5 August 2004. The Company's principal place of business and registered office is Level 10, International House, 26 St George's Terrace, Western Australia, 6000.

(B) Basis of Accounting

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(C) Exploration, Evaluation and Development Expenditure

Costs incurred during the exploration, evaluation and development stages of specific areas of interest are accumulated. Such costs are written off unless the Directors consider that the costs are expected to be fully recouped through the successful development of the project, or where activities to date have not reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves. Costs are written off as soon as a project has been abandoned or is considered to be non-commercial.

Expenditure is not carried forward in respect of any area of interest unless the Company's rights of tenure to that area of interest are current. Once production commences, expenditure accumulated in respect of areas of interest will be amortised on a unit of production basis against the economically recoverable resources.

(D) Cash

For the purposes of the Statements of Cash Flows, cash includes deposits, which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

1. STATEMENT OF ACCOUNTING POLICIES (cont.)

(E) Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. Unless otherwise stated, in assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(F) Farm-out Arrangements

Where part of an interest is farmed out in consideration of the farminee(s) undertaking to incur further expenditure on behalf of both the farminee(s) and the entity in the area of interest, exploration expenditure incurred and carried forward prior to farmout continues to be carried forward without adjustment, unless the terms of the farmout are excessive based on the diluted interest retained. Any cash received in consideration for farming out part of an interest is treated as a reduction in the carrying value of the exploration expenditure carried forward. Where the value of the consideration received exceeds the carrying value, the excess consideration is recognised as a gain.

(G) Foreign Currency Translation

(i) Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit and loss for the year.

(ii) Foreign Controlled Entities

The activities undertaken in the USA are integrated with the activities of the Company. The assets, liabilities and equity of the USA operations are consolidated into the Company using the temporal method of translation whereby non-monetary assets and liabilities and equity items, including revenue and expenses, are translated into Australian currency using historic rates of exchange, and monetary assets and liabilities are translated using rates of exchange current at the reporting date. Any resultant exchange differences are recorded as revenue or expense by the Consolidated Entity.

(H) Employee Benefits

Liabilities for wages and salaries and annual leave are recognised and are measured as the amounts expected to be paid when the liabilities are settled.

1. STATEMENT OF ACCOUNTING POLICIES (cont.)

(I) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(J) Joint Ventures

Joint Venture Operation

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in Note 24.

(K) Revenue Recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised on receipt in respect of interest and at the time of issue of invoice in relation to other revenue.

(L) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(M) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(N) Depreciation of Property Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net costs or re-valued amount of each item of property plant and equipment over its expected useful life. The expected useful lives are as follows:

1. STATEMENT OF ACCOUNTING POLICIES (cont.)

(N) Depreciation of Property Plant and Equipment (cont.)

Furniture and Fittings	7-8 years
Plant and Equipment	3-4 years
Computer Equipment	3-4 years

(O) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

(P) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost and dividend income is recognised in the Statement of Financial Performance when receivable. Where, in the opinion of the directors, there has been a diminution in the value of any individual investment, a provision for diminution in value is made.

(Q) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. STATEMENT OF ACCOUNTING POLICIES (cont.)

(R) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(S) Equity-Based Compensation Benefits

Equity-based compensation benefits are provided to employees and third parties in the form of options. Information relating to these benefits is set out in note 25 and note 29.

No accounting entries are made in relation to these benefits until options are exercised, at which time the amounts receivable from the exercise are recognised in the Statements of Financial Position as share capital.

(T) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Strike Oil Limited ("company" or "parent entity") as at 30 June 2005 and the results of all controlled entities for the year then ended. Strike Oil Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates is recognised in the consolidated statements of financial performance, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

Investments in joint ventures are accounted for as set out in note 1(J).

1. STATEMENT OF ACCOUNTING POLICIES (cont.)

(U) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

2. SEGMENT INFORMATION

Accounting policy

Segment information is prepared in conformity with the accounting policies of the Company as disclosed in Note 1 and accounting standard AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, property, plant and equipment and project exploration, evaluation and development expenditure, net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and bank loans. Segment assets and liabilities do not include income taxes.

The Consolidated Entity operates in the following segments:

Geographical segments

Year Ended 30 June 2005	**Australia**	**USA**	**Inter-Segment Eliminations**	**Consolidated**
	$	**$**	**$**	**$**
Revenue from ordinary activities	679,100	-	-	679,100
Total segment revenue	**679,100**	**-**	**-**	**679,100**
Loss from ordinary activities before income tax expense	(7,462,392)	(2,125,976)	1,062,988	(8,525,380)
Income tax expense	784,855	-	-	784,855

2. **SEGMENT INFORMATION (cont.)**

Geographical segments

Year Ended 30 June 2005	**Australia**	**USA**	**Inter-Segment Eliminations**	**Consolidated**
	$	**$**	**$**	**$**
Loss from ordinary activities after income tax expense/segment result	**(6,677,537)**	**(2,125,976)**	**1,062,988**	**(7,740,525)**
Segment current assets	8,116,721	-	-	8,116,721
Segment non-current assets	4,224,566	72,399	(72,399)	4,224,566
Total assets/segment assets	**12,341,287**	**72,399**	**(72,399)**	**12,341,287**
Segment liabilities	620,328	2,270,775	(2,270,775)	620,328
Acquisitions of non current assets	7,307,008	1,121,303	-	8,428,311
Non cash expenses:				
Depreciation	63,940	-	-	63,940
Write-back of income tax provision	(784,856)	-	-	(784,856)
Write-down of loan to controlled entity	-	1,062,988	(1,062,988)	-
Exploration costs written off	6,549,753	1,048,904	-	7,598,657

In the prior year, no segment information was reported as all activities took place in Australia.

3. **REVENUE**

	Consolidated		**Parent Entity**	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Revenue from outside the operating activities				
- Interest received from other corporations	**571,100**	349,355	**571,100**	349,355
- Sale of project interests	**-**	24,750,000	**-**	24,750,000
- Overhead recovery	**108,000**	70,500	**108,000**	70,500
	679,100	25,169,855	**679,100**	25,169,855

4. OPERATING PROFIT/ (LOSS)

The profit/ (loss) from ordinary activities before income tax expenses includes the following specific net gains and expenses

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Expenses:				
Depreciation				
- Property, plant and equipment	**63,940**	30,664	**63,940**	30,664
Bad debt written off	-	49,414	-	49,414
Net gains:				
Sale of project interests	-	10,415,602	-	10,415,602
Other charges against assets:				
Exploration expenditure written off	**7,598,657**	204,555	**6,549,753**	204,555
Write-down of loan to controlled entities	-	-	**1,062,988**	-
Provision for diminution in investment	-	562,500	-	562,500
Other provisions:				
Employee entitlements	**101,102**	6,399	**101,102**	6,399

5. CASH

Cash at bank and on hand	**7,218,418**	5,395,128	**7,218,418**	5,395,128

6. CURRENT RECEIVABLES

Sundry debtors	**853,422**	209,366	**853,422**	209,366

7. OTHER

Prepayments	**44,881**	28,675	**44,881**	28,675

8. NON CURRENT RECEIVABLES

Cash deposit	-	69,541	-	69,541
Loan to controlled entity	-	-	**1,135,386**	-
Write-down of loan to controlled entity	-	-	**(1,062,988)**	
	-	69,541	**72,398**	69,541

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
9. EXPLORATION AND EVALUATION EXPENDITURE				
Exploration expenditure brought forward	**2,722,572**	16,306,756	**2,722,572**	16,306,756
- Direct expenditure for the year	**8,252,790**	954,769	**7,131,487**	954,769
- Expenditure written off	**(7,598,657)**	(204,555)	**(6,549,753)**	(204,555)
- Cost of projects sold	-	(14,334,398)	-	(14,334,398)
	3,376,705	2,722,572	**3,304,306**	2,722,572
10. PROPERTY, PLANT AND EQUIPMENT				
Office furniture and equipment at cost	**383,424**	207,903	**383,424**	207,903
Less: accumulated depreciation	**(223,063)**	(159,123)	**(223,063)**	(159,123)
	160,361	48,780	**160,361**	48,780

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Office, furniture and equipment				
Carrying amount at start of year	**48,780**	45,776	**48,780**	45,776
Additions	**175,521**	33,668	**175,521**	33,668
Disposals	-	-	-	-
Depreciation expense (Note 4)	**(63,940)**	(30,664)	**(63,940)**	(30,664)
Carrying amount at end of year	**160,361**	48,780	**160,361**	48,780

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
11. OTHER FINANCIAL ASSETS				
Shares at cost – non related party-(a)	**1,250,000**	1,250,000	**1,250,000**	1,250,000
Less: Provision for diminution in value	**(562,500)**	(562,500)	**(562,500)**	(562,500)
Market value	**687,500**	687,500	**687,500**	687,500
Shares at cost - controlled entities-(b)	-	-	**1**	-
	687,500	687,500	**687,501**	687,500

(a) The investment in listed corporation relates to 6,250,000 fully paid shares in Comet Ridge Limited, a coal seam gas company listed on Australian Stock Exchange Limited. These shares were received in consideration of the sale of the Company's coal seam gas assets to Comet Ridge Limited and represent a 10.2% equity interest in that company. Strike Oil is subject to a two year escrow period imposed by Australian Stock Exchange Limited which restricts trading on these shares until 19 April 2006.

(b) Investment in Material Controlled Entities

Name	Country of Incorporation	Percentage Interest Held		Cost of Parent Entity's Interest	
		2005	2004	2005	2004
		%	%	$	$
Strike Oil Corp. (1)	USA	**100**	-	1	-
Strike E&P Corp. (2)	USA	**100**	-	-	-
Texas Strike Oil Management L.L.C. (3)	USA	**100**	-	-	-
Strike Delaware L.L.C. (4)	USA	**100**	-	-	-
Texas Strike Oil L.P. (5)	USA	**100**	-	-	-
Total investments in controlled entities				1	-

(1) The company was incorporated on 3 June 2005

(2) The company was incorporated on 3June 2005

(3) The company was incorporated on 6 June 2005

(4) The company was incorporated on 3 June 2005

(5) The partnership was formed on 6 June 2005

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
12. PAYABLES				
Trade creditors and accruals	**471,700**	341,835	**471,700**	341,835
13. PROVISIONS				
Current				
Employee entitlements (See Note 25)	**62,492**	55,308	**62,492**	55,308
Non-Current				
Employee entitlements (See Note 25)	**86,136**	-	**86,136**	-

14. CONTRIBUTED EQUITY

	2005 Number of Shares	2004 Number of Shares	2005 $	2004 $
(a) Share Capital				
Ordinary Shares issued and fully paid	**143,494,729**	77,477,732	**18,969,405**	7,338,286
Preference Shares	**-**	4,888,889	**-**	146,667
	143,494,729	82,366,621	**18,969,405**	7,484,953

	Date	Number of Shares	Issue Price ¢	Total $
(b) Movements -				
Ordinary Fully Paid Shares				
Balance at start of year	01/07/2003	42,806,578		22,209,789
Less Capital Return @ $0.42 per share	April 2004	-	-	(17,978,763)
Exercise of Options	April 2004	1,600,000	3	48,000
Exercise of Options	April 2004	10,000	8	800
Placement	May 2004	33,061,154	10	3,306,115
Less Fundraising Costs		-	-	(247,655)
Balance at end of year	30/06/2004	77,477,732		7,338,286

14. CONTRIBUTED EQUITY (cont.)

	Date	Number of Shares	Issue Price ¢	Total $
(b) Movements -				
Ordinary Fully Paid Shares				
Float	August 2004	60,000,000	20	12,000,000
Conversion of Preference Shares	August 2004	4,888,889	-	146,667
Less IPO costs	August 2004	-	-	(588,667)
Exercise of Options	October 2004	50,000	3	1,500
Exercise of Options	October 2004	250,000	8	20,000
Exercise of Options	October 2004	41,858	38	15,906
Exercise of Options	November 2004	525,000	3	15,750
Exercise of Options	November 2004	5,000	8	400
Exercise of Options	November 2004	50,000	23	11,500
Exercise of Options	November 2004	6,250	33	2,063
Exercise of Options	May 2005	200,000	3	6,000
Balance at end of year	30/06/2005	143,494,729		18,969,405
Preference Shares				
Balance at start of year	01/07/2003	4,888,889		2,200,000
Less Capital Return @ $0.42 per share	April 2004	-		(2,053,333)
Balance at end of year	30/06/2004	4,888,889		146,667
Conversion to Ordinary Share Capital	August 2004	(4,888,889)	-	(146,667)
Balance at end of year	30/06/2005	-		-
Total issued capital at end of year		143,494,729		18,969,405

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

14. CONTRIBUTED EQUITY (cont.)

(b) Movements (cont.)

The non-redeemable preference shares rank pari passu in all respects, with the ordinary shares of the Company with the exception of the additional condition that as from 1 July 1999 the preference shares earn a cumulative non-compounding preferred dividend of 7% per annum payable in cash semi-annually, or upon conversion in cash or share-equivalent of the issue price. These shares were converted to fully paid shares on 29 July 2004.

(c) Options

The total number of options on issue as at 30 June 2005 is 21,757,157 (2004: 5,210,265). Details in relation to options are set out in Note 25 Employee Benefits and Note 29 Non-Cash Financing and Investing Activities.

	Consolidated		Parent Entity	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
15. RETAINED EARNINGS				
Accumulated profit /(losses) at beginning Of financial year	**494,611**	(6,746,067)	**494,611**	(6,746,067)
Net profit/(loss) attributable to members of Strike Oil Limited	**(7,740,525)**	7,985,011	**(7,740,525)**	7,985,011
Dividend paid	**(2,532)**	(744,333)	**(2,532)**	(744,333)
Retained earnings/(accumulated losses) at the end of the financial year	**(7,248,446)**	494,611	**(7,248,446)**	494,611
Dividends				
7% Non-redeemable Preference Shares				
Unfranked dividend paid in cash during year	**2,532**	744,333	**2,532**	744,333

16. COMMITMENTS AND CONTINGENT LIABILITIES

The outstanding commitments as at 30 June 2005 relate to exploration permits. In order to maintain the permits in which the Company and other parties are involved, all parties are committed to meet the conditions under which the permits were granted in accordance with the Relevant legislation in Australia. These commitments relate to permit rentals and the minimum expenditure requirements of the State Mines Departments attaching to the permits and are

16. COMMITMENTS AND CONTINGENT LIABILITIES (cont.)

subject to re-negotiation upon expiry of the exploration permits or when application for a production licence is made. In 2005/2006, estimated outlays by the Company in Australia relating to the above and in USA relating to leasing and drilling are $3,400,000 (2004: $8,500,000). Commitments beyond 2005/2006 are dependent upon whether existing rights of tenure are renewed, new rights of tenure are acquired and the level of farmouts negotiated.

17. INCOME TAX

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are reconciled as follows:

	Consolidated		Parent Entity	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Profit/(loss) from ordinary activities before income tax expense	**(8,525,380)**	8,769,866	**(8,525,380)**	8,769,866
Income tax calculated at 30% (2004: 30%)	**(2,557,614)**	2,630,960	**(2,557,614)**	2,630,960
Tax effect of permanent differences:				
- Provision for diminution in value of investment	**-**	168,750	**-**	168,750
- Write-down of loan to controlled entity	-	-	**318,896**	**-**
- Non-deductible entertainment expenditure	**2008**	3,071	**2008**	3,071
- Capital gain on disposal – VIC/P44	-	7,050,000	-	7,050,000
- Capital gain on disposal – Coal seal gas assets	-	375,000	-	375,000
- Profit on farmout – VIC/P44	-	(2,915,318)	-	(2,915,318)
- Profit on sale of coal seal gas assets	-	(209,362)	-	(209,362)
- Equity raising (2003)	**(5,145)**	(5,145)	**(5,145)**	(5,145)
- Equity raising (2004)	**(14,859)**	(14,859)	**(14,859)**	(14,859)
- Equity raising (2005)	**(35,320)**	-	**(35,320)**	-
Income tax adjusted for permanent differences	**(2,610,930)**	7,083,097	**(2,312,034)**	7,083,097
Benefit of tax losses of prior years recouped	-	(6,865,894)	-	(6,865,894)

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
17. INCOME TAX (cont.)				
Effect of deferred balance brought to account	1,826,075	567,652	**1,527,179**	567,652
Income tax expense attributable to profit from ordinary activities	**(784,855)**	784,855	**(784,855)**	784,855

The Company has estimated net potential future income tax benefits available as at 30 June 2005 in respect of revenue losses not brought to account of $2,837,273 (2004: $25,551).

These benefits will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;

(ii) the Company continues to comply with the conditions for deducibility imposed by tax legislation; and

(iii) no changes to tax legislation adversely affect the Company in realising the benefit from the deductions.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
18. EQUITY				
Total equity at beginning of financial year	**7,979,564**	17,663,723	**7,979,564**	17,663,723
Total changes in equity recognised in the Statements of Financial Performance less dividend paid	**(7,743,057)**	7,240,678	**(7,743,057)**	7,240,678
Transactions with owners as owners:				
Contribution of equity, net of transaction costs	**11,484,452**	3,107,260	**11,484,452**	3,107,260
Capital return at 42 cents per share	-	(20,032,097)	-	(20,032,097)
Total equity at the end of the financial year	**11,720,959**	7,979,564	**11,720,959**	7,979,564

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
19. AUDITORS' REMUNERATION				
Audit Services:				
Fees paid to PricewaterhouseCoopers Australian firm				
Remuneration for audit and review of the financial reports and other audit work under the Corporations Act 2001	**26,000**	18,500	**26,000**	18,500
Advisory Services:				
Fees paid to related practices of PricewaterhouseCoopers Australian firm				
Preparation of Investigating Accountant's Report	-	13,500	-	13,500
Taxation Services:				
Fees paid to PricewaterhouseCoopers Australian firm				
Tax compliance services	**5,700**	5,200	**5,700**	5,200

It is the Company's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Company is important. These assignments are principally tax compliance and, in the 2004 financial year, preparation of the Investigating Accountant's Report for the Company's Initial Public Offering.

20. DIRECTOR AND EXECUTIVE DISCLOSURE

The Company has applied the exemption under Corporations Amendments Regulation 2005 which exempts listed companies from providing remuneration disclosures in relation to Directors and specified Executives in the Financial Report required by Accounting Standard AASB 1046 Director and Executive Disclosures by Disclosing Entities. These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report under Details of Remuneration and is designated as audited.

20. DIRECTOR AND EXECUTIVE DISCLOSURE (cont.)

(a) Directors' Shareholdings

	Balance at 1/7/04	Options Exercised	Allotted During Year	Other Change During Year	Balance at 30/6/05
Fully Paid Shares					
Mr S Ashton	6,078,761	-	-	-	6,078,761
Mr J Durrant	6,958,236	-	-	-	6,958,236
Mr R Woodall	1,898,164	-	-	-	1,898,164
Mr D Wrench* (non-beneficial)	12,665,090	-	-	(12,665,090)	-
Mr J Traicos** (non-beneficial)	29,402,267	-	-	-	29,402,267
Mr J Schneider	275,836	-	-	-	275,836

(b) Directors' Option Holdings

	Balance 1/7/04	Granted During Year	Other Changes During Year	Balance 30/6/05	Total Vested & Exercisable at Year End
Preference Shares					
Mr D Wrench* (non-beneficial)	4,888,889	-	-	(4,888,889)	-
Mr. J. Schneider	1,250,000	-	-	1,250,000	1,250,000
Mr. D. Wrench* (non-beneficial)	200,000	-	(200,000)	-	-
Mr. J. Traicos** (non-beneficial)	1,000,000	1,000,000	-	2,000,000	2,000,000

* In the prior year Mr Wrench was a director of Macquarie Direct Investment Limited, the manager of Macquarie Investment Trust II, whose shareholding of fully paid shares (16,105,845), and option holdings (200,000) were held in the name of Perpetual Trustees of Australia Limited and was also an officer of Bond Street Investments Pty Ltd who owned 1,448,134 shares. Mr D Wrench resigned from these companies on 31 December 2004.

** Shares and options held in the name of Kolmar Limited (26,752,109 shares) and Strike Energy Pty Ltd (2,650,158 shares), which are both wholly owned subsidiaries of Perilya Ltd. Mr J Traicos is Company Secretary of Perilya Limited.

The particulars of Directors' interests in shares and options are as at 30 June 2005.

21. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Consolidated Entity in subsequent financial periods with the exception of:

(a) Jabber et al 1 Exploration Well, Gulf Coast, Texas

On 1 July 2005, Strike Oil participated in its first well in the Gulf Coast, Texas, the Jabber et al 1 exploration well operated by Cypress E&P Corporation. Strike Oil funded a 13.33% interest to earn a 10% working interest in the prospect. The well reached a total depth of 4053 metres (13,300 feet) on 29 August 2005 with no significant hydrocarbons being penetrated.

(b) Rocky Mountains Joint Venture

On 19 July 2005 Strike Oil entered into a US Joint Venture, Heads of Agreement with Comet Ridge Limited and AJ Lucas Group Limited to pursue conventional and unconventional oil and gas opportunities including coal seam gas in a four state Area of Mutual Interest incorporating the states of Colorado, Wyoming, New Mexico and Utah in the USA.

(c) Gats 1 Exploration Well, Carnarvon Basin

On 4 August 2005 Strike Oil participated in the Gats 1 exploration well in WA-261-P operated by Apache Northwest Pty Ltd. The well drilled to 860 metres and no commercial hydrocarbons were intersected.

(d) Conversion of Debt to Equity

On 6 September 2005, the funds advanced from Strike Oil Limited to its USA subsidiary, Strike Oil Corp., have been converted into equity.

(e) Rocky Mountains Area of Mutual Interest with Comet Ridge Limited ("Comet") and AJ Lucas Group Limited ("Lucas")

On the 12 September 2005 Comet announced that it has entered into a "letter of Intent" with a Houston based company Ponder Exploration Ltd ("Ponder") to acquire a 75% working interest and operating rights in 35sq kms (8,700 acres) of non-producing leases over four historic oil fields in Routt County, Colorado. Comet will pay US$ 697,000 for the leases plus a further US$150,000 for future leasing plus free carry Ponder on 2 wells to be drilled in the second quarter of 2006. Strike Oil along with Lucas has the option to acquire 33⅓ % or 50% of the interest that Comet acquires depending upon whether Lucas participates or not. Participation is on the same deal terms that Comet participates. Strike Oil exercised its option on 16 September 2005 to participate at the level of 33⅓% interest.

21. EVENTS SUBSEQUENT TO BALANCE DATE (cont.)

(f) Proposed Issue of Incentive Options

On 16 September 2005 the Board announced it has resolved to seek approval to offer 1,000,000 unlisted incentive options to each of Messrs Ashton and Durrant, the Managing Director and Executive Technical Director respectively. The options will expire on 31 December 2008 and will vest when the Strike Oil's closing share price, as quoted on the ASX, is at or above 35 cents for a period of 20 consecutive trading days.

The above issue of options is subject to shareholder approval to be sought at the 2005 Annual General Meeting.

(g) One 20 September 2005, Strike Oil announced that all eligible shareholders with a registered address in Australia and New Zealand as of the close of business on 23 September 2005 will have the right to apply for up to $5,000 of new fully paid ordinary shares in the company under a Share Purchase Plan. This plan has a potential of raising up to $4,735,326 in capital (by issuing up to 43,048,419 shares at $0.11 each), which will then be used to participate in the drilling of six gas exploration wells in the onshore Gulf Coast of Texas USA commencing in mid October 2005, the drilling associated with the Tow Creek oil project in Colorado and general working capital.

22. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING (LOSS)/PROFIT AFTER INCOME TAX

	Consolidated		Parent Entity	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Net operating (loss)/profit after income tax	**(7,740,525)**	7,985,011	**(7,740,525)**	7,985,011
Project costs written off	**7,598,657**	204,555	**6,549,753**	204,555
Write-down of loan to controlled entity	-	-	**1,062,988**	-
Provision for diminution in value of Investment	-	562,500	-	562,500
Depreciation	**63,940**	30,664	**63,940**	30,664
Sale of project interest	-	(24,750,000)	-	(24,750,000)
Cost of projects sold	-	14,334,398	-	14,334,398
Fundraising costs	**178,415**	-	**178,415**	-
Decrease/(Increase) in other debtors	**121,529**	(56,680)	**121,529**	(56,680)
(Decrease)/Increase in trade creditors	**(169,926)**	124,464	**(169,926)**	124,464

22. RECONCILIATION OF NET CASH OUTFLOW FROM OPERATING ACTIVITIES TO OPERATING (LOSS)/PROFIT AFTER INCOME TAX (cont.)

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Increase in provisions	**93,320**	6,399	**93,320**	6,399
Decrease/(Increase) in prepayments	**(16,206)**	4,313	**(16,206)**	4,313
Decrease/(Increase) in future income tax benefit	**31,917**	(31,917)	**31,917**	(31,917)
(Decrease)/Increase in provision for deferred income tax	**(816,772)**	816,772	**(816,772)**	816,772
Net cash outflows from operating activities	**(655,651)**	(769,521)	**(641,567)**	(769,521)

23. FINANCIAL INSTRUMENTS

The net fair value of financial assets and financial liabilities of the Company approximates their carrying value. The credit risk on financial assets of the Company, which have been recognised in the balance sheet, is the carrying amount, net of any provision for doubtful debts. The consolidated entity's exposure to interest rate and the effective weighted average interest rate by maturity periods is set out in the following table.

All other financial assets and liabilities are non-interest bearing.

	Notes	Interest Bearing	Non-interest Bearing	Total
2005		$	$	$
Financial Assets				
Cash	5	7,218,418	-	7,218,418
Weighted average interest rate		4.53%		
2004				
Financial Assets				
Cash		5,395,128	-	5,395,128
Weighted average interest rate		4.69%		

24. JOINT VENTURE INTERESTS

The Company is a participant in the following exploration joint ventures as at 30 June 2005. The percentage interests of the respective partners under these joint ventures may vary depending on the monies expended by certain of the joint venturers. The Company's percentage interests in future output if all the venturers fulfil their obligations to the joint ventures are as follows:-

Area	**Working Interest 2005**	**Working Interest 2004**
Cooper/Eromanga Basin		
* PELA 71	75% (earning)	75% (earning)
ATP 633P	15% (earning)	15% (earning)
ATP 549P		
- Bunya/Cocos PPL's (below Toolachee formation)	11.55%	11.55%
- Solitaire Block	11.55%	11.55%
- Cypress Block	5%	5%
*PELA 96	66 2/3%	66 2/3%
*TP/17	90%	100%
Carnarvon Basin		
WA-261-P	16.2%	16.2%
TP/18 EP 420	50%	50%
EP 403	10%	10%
*TP/19 EP 421	90%	100%
EP 341	10%	10%
WA-312-P	0% (surrendered)	15%
* WA-340-P	40%	40%
* EP 325	40%	40% (earning)
EP 41 (1)	0%	40% (option)
* EP 424	40%**	40%**
* EP 110	40%	40%

* Denotes Strike is operator

** Subject to registration by Department of Industry and Resources

24. JOINT VENTURE INTERESTS (cont.)

The Consolidated Entity's interests in the assets employed in these joint ventures are included in the Statements of Financial Position and Statements of Financial Performance, in accordance with the accounting policy described in Note 1(J) under the following classifications:

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Revenue				
Interest received	**36,467**	-	**36,467**	-
Government grants	**65,628**	-	**65,628**	-
Expenses				
Exchange loss	**51,006**	-	**51,006**	-
Current Assets				
Cash	**1,412,816**	14,530	**1,412,816**	14,530
Accounts receivable	**810,546**	128,350	**810,546**	128,350
Non-Current Assets				
Exploration and evaluation expenditure capitalised	**2,872,754**	2,597,647	**2,872,754**	2,597,647
Current Liabilities				
Accounts payable	**266,826**	71,762	**266,826**	71,762

25. EMPLOYEE BENEFITS

Strike Oil Limited Option Plan

The Strike Oil Option Plan was approved by shareholders at a General Meeting held on 13 May 1999. Directors, employees, contractors and consultants were eligible to participate in the plan at the invitation of the Board in its absolute discretion.

Options were granted under the plan for no consideration. Options expire three years after the date that the Company's shares were first quoted for trading on Australian Stock Exchange, being 2 August 2007. The exercise price of the option is determined by the Board in its absolute discretion.

25. EMPLOYEE BENEFITS (cont.)

Strike Oil Limited Option Plan (cont.)

Options issued pursuant to the plan can be one of the three following categories:-

1. Package Consideration Options

   These are granted on commencement of employment with the company and vest at the end of the first year after grant or prorata on termination.

2. Incentive Plan Options

   These may be granted at any time and vest 25% upon grant and 25% upon each anniversary of grant.

3. Special Issue Options

   These may be granted at any time and unless otherwise determined by the Board will vest on grant.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share within fifteen business days of the exercise of the option.

This plan has since been replaced with the Strike Oil Limited Employee Share Incentive Option Plan.

Grant Date	Expiry Date *	Exercise Price	Balance at start of the year	Issued during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
2004							
13/06/99	13/06/04	0.03	2,000,000	-	1,500,000	-	500,000
21/06/99	21/06/99	0.03	1,025,000	-	100,000	-	925,000
10/03/00	10/03/05	0.03	81,027	-	-	-	81,027
08/01/01	08/01/06	0.08	70,000	-	10,000	-	60,000
02/04/01	02/04/06	0.08	750,000	-	-	-	750,000
22/10/01	22/10/06	0.38	1,067,988	-	-	-	1,067,988
07/11/01	07/11/06	0.23	160,000	-	-	-	160,000
22/01/02	22/01/07	0.23	50,000	-	-	-	50,000
18/11/02	18/11/07	0.33	366,250	-	-	-	366,250
05/02/03	05/02/03	0.33	1,250,000	-	-	-	1,250,000
Total			6,820,265	-	1,610,000	-	5,210,265

25. EMPLOYEE BENEFITS (cont.)

Strike Oil Limited Option Plan (cont.)

2005							
13/06/99	02/08/07	0.03	500,000	-	500,000	-	-
21/06/99	02/08/07	0.03	925,000	-	250,000	-	675,000
10/03/00	02/08/07	0.03	81,027	-	25,000	-	56,027
08/01/01	02/08/07	0.08	60,000	-	5,000	-	55,000
02/04/01	02/08/07	0.08	750,000	-	250,000	-	500,000
22/10/01	02/08/07	0.38	1,067,988	-	41,858	-	1,026,130
07/11/01	02/08/07	0.23	160,000	-	-	-	160,000
22/01/02	02/08/07	0.23	50,000	-	50,000	-	-
18/11/02	02/08/07	0.33	366,250	-	6,250	-	360,000
05/02/03	02/08/07	0.33	1,250,000	-	-	-	1,250,000
24/08/04	24/08/07	0.30	-	925,000	-	-	925,000
09/06/05	09/06/08	0.20	-	1,750,000	-	-	1,750,000
Total			5,210,265	2,675,000	1,128,108	-	6,757,157

* The expiry date is the later of the date set out in the above table and three years after the date that the Company's shares are first quoted for trading on Australian Stock Exchange. Following the listing of the Company on the Australian Stock Exchange on 5 August 2004, the expiry date for all options is 2 August 2007. During the year, the Company made a capital return of 42 cents per share, which resulted in the exercise price of options reducing by the same amount.

	2005 Number	2004 Number
Options vested at the reporting date	**2,742,157**	4,977,765

	Consolidated and Parent	
	2005	**2004**
	$	**$**
Provision for Annual Leave and Long Service Leave		
Aggregate employment entitlement liability	**148,628**	55,308

25. EMPLOYEE BENEFITS (cont.)

Employee numbers

	Number	Number
Average number of employees during the financial year	**12**	12

26. EARNINGS PER SHARE

	Consolidated	
	Cents	Cents
Basic earnings per share	**(5.66)**	16.39
Diluted earnings per share	**(5.66)**	15.81

Weighted average number of shares used as the denominator

	Number 2005	Number 2004
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**136,876,879**	48,733,264
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**136,876,879**	50,499,387

Options

Options on issue with an exercise price below 20 cents are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. Such options have not been included in the determination of basic earning per share. Details relating to the options are set out in Note 25.

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
27. DEFERRED TAX ASSET				
Future income tax benefit	-	31,917	-	31,917

28. DEFERRED TAX LIABILITY

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Provision for deferred income tax	-	816,772	-	816,772

29. NON-CASH FINANCING AND INVESTING ACTIVITIES

On 23 June 2005, the Company announced an agreement with Cypress E&P Corporation, an independent Houston based Exploration and Production Company, to participate in an exploration drilling program in the onshore Texas Gulf Coast of the USA. As part consideration for this agreement the company allotted 15,000,000 unlisted options exercisable at $0.16 and expiring on 23 June 2009.

30. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2005	2004	2005	2004
	$	$	$	$
Lease Commitments				
Operating Leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**45,828**	22,914	**45,828**	22,914
Less than one year but not later than 5 years	**22,914**	-	**22,914**	-
Commitments not recognised in the financial statements	**68,742**	22,914	**68,742**	22,914

31. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Consolidated Entity's financial statements for the half year ended 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Company's management has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Consolidated Entity.

The known or reliably estimated impacts on the financial report for the year ended 30 June 2005, had it been prepared using AIFRS, are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the Statements of Financial Performance and Statements of Financial Position, with descriptions of the differences. No material impacts are expected in relation to the Statements of Cash Flows.

The figures disclosed in this note are based on the Company management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 Financial Report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

(I) Ongoing work being undertaken by the AIFRS project team;
(II) Potential amendments to AIFRS's and interpretations thereof being issued by the standard setters and IFRIC; and
(III) Emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group interpretations.

31. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (cont.)

(i) Income tax

Under the new AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, where items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

However, as no deferred tax balances have been recognised, the application of AASB 112 will have no effects on the financial statements for the year ended 30 June 2005.

(ii) Financial Instruments

The group will be taking advantage of the exemption available under AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurements* only from 1 July 2005. This allows the group to apply previous Australian generally accepted accounting principles (Australian GAAP) to the comparative information of financial instruments within the scope of AASB 132 and AASB 139 for the 30 June 2006 financial report.

Under AASB 132 and AASB 139, the current classification of financial instruments issued by enitites in the consolidation entity would not change.

(iii) Accounting for extractive industries

Under AASB 6: *Exploration for and Evaluation of Mineral Resources*, entities recognising exploration and evaluation assets must perform impairment tests on those assets may be impaired.

It is expected that there will be no impact in terms of Statements of Financial Position, Financial Performance or Cashflows from the transition to AASB 6.

31. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS (cont.)

(iv) Equity-based payment transactions

Under the new AASB 2 *Share-based Payment*, from 1 July 2004 the company is required to recognise an expense for those options that were issued to employees and third parties after 7 November 2002 that had not vested by 1 January 2004.

This will result in a change to the current accounting policy, under which no expense is recognised for equity-based compensation.

If the policy required by AASB 2 had been applied during the year ended 30 June 2005, consolidated and parent entity share-based payment reserve as at 30 June 2005 would have been $765,928 higher. This valuation has been determined using the Cox, Ross and Rubinstein Binomial Tree Model ignoring non-market related option conditions. A corresponding increase of $765,928 would occur to accumulated losses at 30 June 2005 to reflect the current year expense portion ($629,823) and the transaction date 1 July 2004 adjustment ($136,105) of the issued options.

(v) Recoverable amount of non current assets.

Discounted cash flows must be used to calculate recoverable amounts under the new AASB 136 *Impairment of assets*. The current accounting policy does not require discounted cash flows.

However, it is expected that there will be no impact in terms of the Statements of Financial Position, Financial Performance or Cashflows from the transition to AASB 136.

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the Directors' opinion

a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2005 and of their performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations by the Managing Director and Company Secretary required by section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

This declaration is made in accordance with a resolution of the Directors.

Signed at Perth this 23rd day of September 2005 in accordance with a resolution of the Directors.

S ASHTON
Managing Director

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Independent audit report to the members of Strike Oil Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of Strike Oil Limited (the Company) and the Strike Oil Limited Group (defined below) for the financial year ended 30 June 2005 included on Strike Oil Limited Group's web site. The Company's directors are responsible for the integrity of the Strike Oil Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and the remuneration disclosures identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Audit opinion

In our opinion:

1. the financial report of Strike Oil Limited:
   - gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Strike Oil Limited and the Strike Oil Limited Group (defined below) as at 30 June 2005, and of their performance for the year ended on that date,
   - is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*; and
2. the remuneration disclosures that are contained in pages 36 to 41 of the directors' report comply with Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* (AASB 1046) and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Strike Oil Limited the company and the Strike Oil Limited Group (the consolidated entity), for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The company has disclosed information about the remuneration of directors and executives (remuneration disclosures) as required by AASB 1046, under the heading "remuneration report" on pages 36 to 41 of the directors' report, as permitted by the *Corporations Regulations 2001.*

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001.* This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows. We also performed procedures to assess whether the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and remuneration disclosures, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

David J Smith

David J Smith
Partner

Perth
23 September 2005

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 12 September 2005.

1. NUMBER OF EQUITY HOLDERS

Ordinary Share Capital

143,494,729 fully paid ordinary shares are held by 2,005 individual shareholders.

Other than options issued under the Strike Oil Employee Scheme and the Strike Oil Limited Employee Share Incentive Option Plan, no options were on issue at the date of this report.

2. VOTING RIGHTS

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by a proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by a proxy, attorney or representative has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

3. DISTRIBUTION OF SHAREHOLDINGS

Holdings	Number of Shareholders
1-1,000	12
1,001-5,000	254
5,001-10,000	397
10,001-100,000	1,190
100,001-Over	152
Total Shareholders	2,005

152 shareholders hold less than a marketable parcel

4. SUBSTANTIAL SHAREHOLDERS

The following information is extracted from the Company's Register of Substantial Shareholders:

Name	Number of Shares Held
Perilya Limited	29,402,267 (20.49%)

The above shareholdings are disclosed pursuant to Section 671B(3) of the Corporate Act 2001 but the relevant interests shown do not necessarily represent the beneficial interest in the share capital of the Company or parties concerned.

SHAREHOLDER INFORMATION

5. 20 LARGEST HOLDERS OF ORDINARY SHARES

	Number of Shares	% Held
1. Kolmar Limited	26,752,109	18.64
2. Pontia Pty Ltd	6,958,236	4.85
3. S & Y Ashton Nominees Pty Ltd	6,078,761	4.24
4. ANZ Nominees Limited	5,390,080	3.76
5. Strike Energy Pty Ltd	2,650,158	1.85
6. Bond Street Custodian Limited	1,500,000	1.05
7. Calm Holdings Pty Ltd	1,500,000	1.05
8. CEP Holdings Limited	1,486,219	1.04
9. Roy Woodall	1,447,424	1.01
10. Chanrich Properties Pty Limited	1,105,135	0.77
11. Mr David John Breiner Retirement Fund	1,000,000	0.70
12. Mr Marcus Edward Jocelyn Loane	1,000,000	0.70
13. Mr James A Hartman	940,182	0.66
14. Thomas Ensmann	700,000	0.49
15. Nefco Nominees Pty Ltd	700,000	0.49
16. Robert M Sneider	650,000	0.45
17. Mr Jeffrey Ebeyer	605,300	0.42
18. Mr Christopher Osborne Haslam	600,000	0.42
19. Mr Guy Francois Le Clezio	600,000	0.42
20. Sneider Partners Ltd	579,336	0.40
Total	62,242,940	43.41

6. ESCROW PROVISIONS

14,556,835 fully paid shares are restricted from trading until 5 August 2006.

2,250,000 unlisted options are restricted from trading until 5 August 2006.