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Australian Stock Exchange Ltd
Via Electronic Lodgement

MESQUITE PROSPECT DRILLING, GULF COAST, TEXAS, USA

Strike Oil is pleased to announce that it is about to start drilling the Shefcik No1 well on the Mesquite B prospect in Jackson County, Texas. Cypress E&P Corporation is the operator and they have been successful in contracting a drilling rig to drill the well which is programmed to spud on the 1 November 2005. The well is expected to take around 45 days to drill to a proposed depth of 12,500 feet (3,810 metres).

The prospect will target the Wilcox Formation on a broad faulted structure which has exceptional production established from six other wells drilled by competitors on adjacent leases over the last 8 months. A successful well at this location can be quickly developed and tied into nearby pipeline infrastructure to take advantage of the very high gas prices being experienced in the area if a discovery is made.

The abovementioned competitor drilling on the structure in the last 8 months has resulted in publicly announced test results ranging from 5.4 to 16.9 million cubic feet of gas per day from reservoirs in the Wilcox Formation, the same target horizon being pursued in the Mesquite wells in which Strike Oil is participating. One of these wells has produced in excess of 1.5 Billion cubic feet (current gross value over US$15 million) since March 2005.

The Mesquite B prospect, which the Shefcik No1 well is evaluating has the order of 10 to15 Billion cubic feet of gas potential with individual well potentials of 3 to 5 Billion cubic feet each. Success in the well will result in additional drilling on the structure, including the Mesquite A prospect with potential additional reserves of 15 to 20 Billion cubic feet of gas. With the current high gas prices in the region the potential gross value of the Mesquite B prospect alone (15 Billion cubic feet of gas) is the order of US$150 million (assuming US$10 per thousand cubic feet. - note; current spot gas prices are in excess of US$12 per thousand cubic feet)

Strike Oil will be funding 35% of the cost of the well to earn a 26.25% working interest in the prospect with the financial exposure being the order of AUS$1.5 million.

Yours faithfully

SIMON ASHTON
Managing Director - Strike Oil Limited

Further information:

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Shefcik #1, Mesquite B Prospect, Texas