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Australian Stock Exchange Ltd
Via Electronic Lodgement

NON-RENOUNCEABLE ENTITLEMENT ISSUE

Strike Oil Limited is pleased to announce a one for seven Non-Renounceable Entitlement Issue at 25 cents to raise up to \$7,983,455.

These additional funds are required as Strike Oil has embarked on an expansion of its US activities.

Three areas of significant expansions are planned.

Firstly, we have commenced additional development activities at the Mesquite production project in the Gulf Coast, Texas which include the fracing of further zones and bring onto production other completed producing zones in the existing wells. This work is underway and will continue to proceed over the next two months. Additionally, new development drilling is planned with preparations underway to drill the Shefcik 2 and Shefcik 4 wells in the next three months. This work is aimed at adding value to the Mesquite asset by increasing production and reserves.

Secondly, we are in the process of committing to the extension of our area of exploration with Operator, Cypress E&P in the Gulf Coast, which will involve the acquisition and processing of further existing 3-D seismic data over the next three months. This will provide for a steady flow of new prospects for drilling and will enable us to build on the current success.

Finally, have committed to the acquisition of the Florence Oilfield redevelopment project where we will shortly be commencing field operations on the recently acquired new oil project in Colorado. We will be earning a 26% Working Interest in the Florence Oilfield. The acquisition of 3-D seismic is planned to start in the next two months.

These additional activities in conjunction with our ongoing program of appraisal drilling at Tow Creek/Bear River in Colorado and exploration drilling planned to commence in January 2007 on the large gas prospects in the Gulf Coast have resulted in the need for additional funds.

These program expansions are consistent with our stated strategy of growing US activities in the Gulf Coast and Rocky Mountains regions.

Strike Oil is now well on track to having up to three drilling rigs working potentially simultaneously within the next three months hence running some of the projects in parallel rather than in sequence representing an acceleration of activity.

The Company will also be planning for the start up of its Australian activities in the Cooper Basin and the Carnarvon Basin in 2007.

The combination of the new work and existing program will enhance Strike Oil's portfolio of assets in its four key areas of activity.

An Appendix 3B, a disclosure document and timetable will be released within seven days.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Simon Ashton', with a stylized flourish at the end.

SIMON ASHTON
Managing Director - Strike Oil Limited

Further information:

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