ABN 59 078 012 745

STRIKE OIL LIMITED
Level 9, Wesfarmers House
40 The Esplanade
Perth Western Australia 6000

Phone: 61 8 6464 0400
Facsimile: 61 8 6464 0401
Email: strike@strikeoil.com.au
www.strikeoil.com.au

13 November 2006

Australian Stock Exchange Ltd
Via Electronic Lodgement

ENTITLEMENT ISSUE - PROSPECTUS

Further to the release on Friday, please find attached the Entitlement Issue Prospectus.

Yours faithfully

SIMON ASHTON
Managing Director - Strike Oil Limited

Further information:

Strike Oil Limited
Simon Ashton - Managing Director
T: 08 6464 0400
E: strike@strikeoil.com.au

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10 November 2006

Dear Shareholder,

STRIKE OIL LIMITED (STRIKE OIL) ENTITLEMENT ISSUE
- NOTIFICATION DETAILS

On 7 November 2006 Strike Oil announced a 1 for 7 non-renounceable entitlement issue of up to 31,933,818 new shares at an issue price of 25 cents per share. The issue will raise a maximum of $7,983,454 if all entitlements are taken up.

The issue is conditional on the Company receiving minimum subscriptions of $2,100,000.

On 10 November 2006 Strike Oil lodged a Prospectus setting out the details of the entitlement issue with the Australian Securities and Investments Commission.

A copy of the Prospectus was also lodged with the Australian Stock Exchange (ASX) on the same date and is available on the website of ASX and Strike Oil.

Foreign Shareholders

Shareholders with registered addresses outside of Australia and New Zealand are not eligible to participate in this issue.

Summary of Key Information

A summary of key information is set out below for your information:-

Type of Offer	Non-renounceable entitlement issue of up to 31,933,818 new ordinary fully paid shares
Offer Price	25 cents per share
Offer Ratio	1 new share for every 7 shares held at the record date

Proposed Timetable

The current proposed timetable for the entitlement issue is set out below. The dates are indicative only and Strike Oil reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

Lodgement of this Prospectus with ASIC and ASX and application to ASX for listing New Shares	Friday, 10 November 2006
Notification to Shareholders	Tuesday, 14 November 2006
"Ex" date	Wednesday, 15 November 2006
Record Date to determine Entitlements to New Shares	Tuesday, 21 November 2006
Despatch of Prospectus and Entitlement and Acceptance Forms	Thursday, 23 November 2006
Closing Date	Thursday, 7 December 2006
New Shares quoted on a deferred settlement basis	Friday, 8 December 2006
ASX notified of total Shortfall	Tuesday, 12 December 2006
Despatch date of holding statements	Friday, 15 December 2006

Dealing with Entitlements

The entitlement issue is non-renounceable, which means if shareholders do not wish to take up their entitlement they **cannot** sell their entitlement, it simply lapses.

Accordingly Shareholders have the following options in relation to the entitlement issue:

- Take up their full entitlement
- Take up part of their entitlement
- Allow their entitlement to lapse
- Apply for more than their entitlement by application for shortfall shares, such allocation to be made at the discretion of the Directors.

The entitlement issue is not underwritten and the Directors have reserved the right to place any shortfall.

For further information on your entitlement please contact your stockbroker or Strike Oil's share registrar:

Computershare Investor Services Pty Limited
Telephone: 1300 557 010 (within Australia) or +61 9415 4000 (outside Australia)
Facscimile: (08) 9323 2033 (within Australia) or +61 9232 2033 (outside Australia)

Yours faithfully

GILLIAN SWABY
Company Secretary - Strike Oil Limited

Further information:
Strike Oil Limited
T: 08 6464 0400
E: strike@strikeoil.com.au

STRIKE OIL LIMITED
ACN 078 012 745

P R O S P E C T U S

FOR A NON-RENOUNCEABLE ENTITLEMENT ISSUE

of up to 31,933,818 New Shares at an issue price of 25 cents per New Share on the basis of one New Share for every seven Shares held by Shareholders as at 5.00pm WST on 21 November 2006

The New Shares offered by this Prospectus are of a speculative nature.

THIS DOCUMENT IS IMPORTANT

If you do not fully understand it, or are in doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

CONTENTS

SECTION 1

IMPORTANT NOTES

This Prospectus is dated 10 November 2006 and a copy was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. New Shares issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Entitlement Issue which is not contained in the Prospectus.

Application will be made to ASX within 7 days after the date of issue of this Prospectus for official quotation of the New Shares the subject of the Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Certain words and terms used in this Prospectus have defined meanings, which appear in the Glossary.

This Prospectus will be issued as an Electronic Prospectus in relation to the Shortfall. The Prospectus will be available on the Company's website at www.strikeoil.com.au. The offer of New Shares comprising the Shortfall pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person an Application Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. Prior to the Closing Date, any person may obtain a hard copy of this Prospectus by contacting the Company by email at strike@strikeoil.com.au or by telephone (08) 6464 0400.

TRANSACTION-SPECIFIC PROSPECTUS

This Prospectus is a "transaction-specific" prospectus issued under section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. The Prospectus is therefore intended to be read in conjunction with the publicly-available information in relation to Strike Oil which has been notified to the ASX; it does not include all information that would be included in a prospectus for an initial offering of securities in a company that is not already listed on the ASX. Investors should therefore also have regard to the other publicly-available information in relation to Strike Oil before making a decision whether or not to subscribe to the Entitlement Issue.

PRIVACY DISCLOSURE

The Company collects information about each applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the applicant's shareholding in the Company.

By submitting an Application Form, each applicant agrees that the Company may use the information provided on the Application Form for the purposes set out in this privacy disclosure statement and may disclose that information for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

If an applicant becomes a shareholder of the Company, the Corporations Act requires the Company to include information about the shareholder (including name, address and details of the shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a shareholder of the Company. Information contained in the Company's registers is also used to facilitate dividends and other distribution payments and corporate communications (including the Company's financial results, annual reports, and other information that the Company may wish to communicate to its shareholders) and compliance by the Company with legal and regulatory requirements.

SECTION 2

CORPORATE DIRECTORY

DIRECTORS:	Jeff Schneider - Chairman Simon Ashton - Managing Director Jim Durrant - Technical Director Roy Woodall - Non-Executive Director David Wrench - Non-Executive Director Peter Gunzburg - Non-Executive Director
COMPANY SECRETARY:	Gillian Swaby
REGISTERED OFFICE:	Level 9, Wesfarmers House 40 The Esplanade Perth, Western Australia 6000
TELEPHONE:	(08) 6464 0400
FACSIMILE:	(08) 6464 0401
EMAIL:	strike@strikeoil.com.au
WEBSITE:	www.strikeoil.com.au
SHARE REGISTRAR:	Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace Perth, Western Australia 6000 * Tel: 1300 557 010 (within Australia) or +61 9415 4000 (outside Australia)
STOCK EXCHANGE:	AUSTRALIAN STOCK EXCHANGE LIMITED* Code: STX

* These entities have had no involvement in the preparation of this Prospectus and their names appear above for information purposes only.

SECTION 3

TIMETABLE AND IMPORTANT DATES

The following dates are indicative only and may be subject to change without notice:

Event	Date
Lodgement of this Prospectus with ASIC and ASX and application to ASX for listing New Shares	Friday, 10 November 2006
Notification to Shareholders	Tuesday, 14 November 2006
"Ex" date	Wednesday, 15 November 2006
Record Date to determine Entitlements to New Shares	Tuesday, 21 November 2006
Despatch of Prospectus and Entitlement and Acceptance Forms	Thursday, 23 November 2006
Closing Date	Thursday, 7 December 2006
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Despatch date of holding statements	Friday, 15 December 2006

SECTION 4

CHAIRMAN'S LETTER

On behalf of the board of Strike Oil I invite you to participate in this non-renounceable Entitlement Issue of up to 31,933,818 New Shares at an issue price of 25 cents each. The Entitlement Issue is not underwritten and the minimum subscription level under the Prospectus is $2,100,000. Full details of the Entitlement Issue are set out in this Prospectus.

Strike Oil has embarked on an expansion of its US activities. Since issuing the 2006 Annual Report in September, there have been a number of significant expansions to our US activities and these are referenced on page 24 of this Prospectus.

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 fraccing of further zones and bringing 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 we anticipate it will enable us to build on the current success.

Finally, we 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 is intended to enhance Strike Oil's portfolio of assets in its four key areas of activity.

Oil and gas exploration by its nature carries business risk, however, the rewards for success are high. The board and management of Strike Oil are committed to minimising this business risk through a strong in-house technical team and prudent risk mitigation processes such as promoted farm-outs and good governance practices.

You should read this Prospectus in its entirety. On behalf of the board of Strike Oil, I look forward to you participating in this issue.

The directors have indicated to the Company that they will be participating in the Entitlement Issue.

Yours sincerely

Jeff Schneider
Chairman

<u>SECTION 5</u>

DETAILS OF THE ENTITLEMENT ISSUE

The Entitlement Issue

Pursuant to this Prospectus, the Company is inviting Shareholders who are registered at 5.00pm WST on 21 November 2006 ("**Record Date**") to participate in the Entitlement Issue of up to approximately 31,933,818 New Shares at an issue price of 25 cents each to raise up to approximately $7,983,454 (before expenses of the Entitlement Issue).

The New Shares will be offered on the basis of one New Share for every seven Shares held at the Record Date.

The Entitlement Issue may have to be increased by up to 3,374,951 New Shares, raising up to a further approximately $843,738 if the existing optionholders exercise their options prior to the Record Date.

Assuming no existing optionholders exercise their options prior to the Record Date, the maximum number of New Shares which could be issued under this Prospectus is 31,933,818 (subject to rounding of fractional Entitlements). In the calculation of any Entitlement, fractions will be rounded down to the nearest whole number.

You should carefully read this Prospectus in its entirety in order to make an informed assessment of the effect of the Entitlement Issue on the Company and the rights and liabilities attaching to the New Shares offered by this Prospectus. If you are unsure of any aspect of the Entitlement Issue, please contact your stockbroker, solicitor, accountant or other professional adviser.

Minimum Subscription

The minimum level of subscriptions for the offer pursuant to this Prospectus is $2,100,000.

Purpose of Entitlement Issue

The purpose of the Entitlement Issue is to raise funds for the additional development of the Mesquite Production Project in the Gulf Coast, the work associated with the acquisition of the leases associated with the Florence Oilfield in Colorado and the expansion of the Gulf Coast exploration program with the acquisition of additional existing 3-D seismic data.

Intended Use of the Funds Raised by the Entitlement Issue

It is anticipated that the amount to be raised by the Entitlement Issue (approximately $7,983,454 assuming no option holders exercise their options and the Entitlement Issue is fully subscribed), will be expended in the following manner.

	A$
Mesquite Development	
Shefcik 2 drill and complete for production	2,100,000
Shefcik 4 drill and complete for production	2,100,000
Other existing well operations	700,000
Florence Oilfield Appraisal	
3-D seismic acquisition, processing and evaluation	500,000
Gulf Coast Exploration Expansion	
3-D seismic existing data acquisition processing and evaluation	2,400,000
Working Capital	183,454
Total	$7,983,454

As stated above the minimum level of subscription pursuant to the offer under this Prospectus is $2,100,000, which amount will be applied towards drilling at the Shefcik 2 well. For amounts raised between $2,100,000 and $7,800,000 those amounts will be applied first towards the remaining Mesquite Development costs (including Shefcik 4 well) and then towards the Florence Oilfield Appraisal and then the Gulf Coast exploration expansion. If the Company does not raise sufficient funds to cover these costs, it will consider seeking alternative financing or reducing its level of participation. Amounts raised above $7,800,000 will be applied towards the Company's working capital. Expenses of the Entitlement Issue will be met from existing working capital.

Expenses of the Entitlement Issue

The expenses of the Entitlement Issue are estimated at up to $50,000 which includes the cost of preparation of Prospectus including legal fees, ASX listing fee and ASIC lodgement fees, share registry, costs and printing.

Should any Shortfall be placed through member organisations of ASX, a 5% placement fee will be payable.

The expenses of the Entitlement Issue will be met from the Company's existing working capital.

Acceptance

If you wish to take up all or part of your Entitlement, please complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form. Forward your completed form together with your cheque for the amount shown on your Entitlement and Acceptance Form to reach the Company's Share Registry at:

By delivery:

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000

By post:

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

not later than 5.00pm WST on Thursday, 7 December 2006. Cheques should be made payable to "STRIKE OIL LIMITED – SHARE ISSUE ACCOUNT" and crossed "Not Negotiable".

Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement, the New Shares not accepted will revert to the Company, to be dealt with by the Directors as Shortfall in their discretion as detailed below in the paragraph "Shortfall Shares".

Overseas Shareholders

This Prospectus does not constitute an offer in any place in which, or to any person to whom it, it would not be lawful to make such an offer. This Prospectus has not been and will not be registered outside Australia and New Zealand.

The Company is of the view that it is unreasonable to make an offer under this Prospectus to Shareholders outside of Australia and New Zealand having regard to:

(a) the number of shareholders outside of Australia and New Zealand;

(b) the number and value of the securities to be offered to shareholders outside of Australia and New Zealand; and

(c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, the Company is not required to make offers under the Prospectus to Shareholders outside of Australia and New Zealand.

No Entitlement Trading

As the Entitlement Issue is non-renounceable, Shareholders may not sell or transfer all or any part of their Entitlement.

Enquiries

If you have any queries regarding your Entitlement please contact Computershare Investor Services Pty Ltd by telephone on 1300 557 010 or your stockbroker or professional adviser.

The acceptance of applications and the allocation of New Shares under the Entitlement Issue are at the discretion of the Company. The Company reserves the right to allocate a lesser number of New Shares than the number for which the applicant applies. If the number of New Shares allotted to an applicant is fewer than the number applied for, or if no allotment is made to that applicant, the surplus application moneys will be refunded without interest within 30 days after the close of the Entitlement Issue.

Application moneys will be held by the Company in trust for applicants so long as those moneys or any part of them are liable to be repaid in accordance with this Prospectus.

Application moneys will only be released to the Company on allotment of the New Shares offered by this Prospectus.

Shortfall Shares

Any Entitlement not taken up pursuant to the Entitlement Issue will form the Shortfall. The Directors reserve the right to place any New Shares which are not taken up by Shareholders under the Entitlement Issue within 3 months after the Closing Date of the Entitlement Issue. Those New Shares will be issued at the same issue price as offered to Shareholders under the Entitlement Issue. An application to participate in any Shortfall may be made by either an Eligible Shareholder or any member of the public except that related parties (as defined in the Listing Rules) may not participate in any Shortfall.

If applicants wish to participate in any Shortfall that may arise under the Entitlement Issue, they should complete the Shortfall Application Form attached to this Prospectus and lodge the Shortfall Application Form together with the relevant application monies with the Share Registry at:

By delivery:	**By post:**
Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace PERTH WA 6000	Computershare Investor Services Pty Ltd GPO Box D182 PERTH WA 6840

Any Eligible Shareholders wishing to apply to participate in any Shortfall should return their Shortfall Application Forms at the time of returning their Entitlement and Acceptance Form.

The Directors do not guarantee that any Shortfall application will be successful. In the event the Shortfall application is not accepted (whether in whole or in part) monies in relation to the New Shares applied for and not allocated will be refunded in full without interest within 21 days of notification of the Shortfall by the Company to ASX.

The Company may, at its discretion, pay a 5% commission on any Shortfall application received, in particular in respect of applications bearing a broker stamp of a member organisation of the ASX, provided the Shortfall application is accepted by the Directors and New Shares are subsequently allotted. The payment of the commission will be made 14 days after acceptance by the Company of a Shortfall application.

Electronic Prospectus

In respect of the offer of the Shortfall, this Prospectus is available in a paper version and in electronic form. The electronic version can be found on the Company's website www.strikeoil.com.au until the Entitlement Issue closes.

Those who wish to participate in any Shortfall may either:

- complete and return the Shortfall Application Form which is included in the paper version of this Prospectus; or

- print a copy of the Shortfall Application Form from the above internet address and complete and return it.

If you view an electronic copy of the Prospectus, please ensure that you have retrieved the entire Prospectus accompanied by the relevant Application Form before applying for New Shares. If you have not received the entire Prospectus please contact the Company Secretary on (08) 6464 0400.

Please note that the Electronic Prospectus is only available to persons receiving it within Australia.

Opening and Closing Dates

The Entitlement Issue will open on Thursday, 23 November 2006.

The Closing Date for the Entitlement Issue is 5.00pm WST on Thursday, 7 December 2006.

The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the New Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

Official Quotation of New Shares

Application will be made for official quotation by ASX of the New Shares the subject of this Prospectus within 7 days after the date of issue of this Prospectus. If approval is not granted by ASX before the expiration of three months after the date of issue of this Prospectus, the Company will not allot or issue any New Shares the subject of this Prospectus and will repay all application moneys (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares now offered for subscription.

Dividends

The New Shares the subject of this Prospectus will rank pari passu in all respects with the Company's existing fully paid ordinary shares on issue. The Company has not yet paid a dividend and it is not envisaged that dividends will be paid in the foreseeable future.

Underwriting

The Entitlement Issue is not underwritten.

Allotment

New Shares will be allotted as soon as practicable after the Closing Date for acceptance of the Entitlement Issue and in any event holding statements will be mailed to allottees no later than Friday, 15 December 2006.

Market Price of Shares on ASX

The highest and lowest market sale prices of Shares on the ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were 32 cents on 7 November 2006 and 20 cents on 18 August 2006. The latest available market sale price of Shares on the ASX immediately before the date of this Prospectus was 28 cents being the closing price on 9 November 2006.

SECTION 6

EFFECT OF THE ENTITLEMENT ISSUE ON THE COMPANY

To illustrate the effect of the Entitlement Issue on the capital structure and financial position of the Company, a proforma capital structure and Statement of Financial Position are set out below.

Capital Structure

The Entitlement Issue will have an effect on the capital structure of the Company. The effect (assuming that existing optionholders do not exercise their options and the Entitlement Issue is fully subscribed) is summarised below.

Number		$
	Present Issued Capital	
223,536,730	Ordinary shares fully paid	35,340,420
	New Shares the Subject of this Prospectus	
31,933,818	Ordinary shares fully paid	7,983,454
	Less expenses of the issue	(50,000)
	Issued Capital after Completion of Issue	
255,470,548	Ordinary shares fully paid	43,273,874

The Company also has on issue the following unlisted options:

	Number	Exercise Price	Expiry Date
	46,027	3 cents	2/8/07
	405,000	8 cents	2/8/07
	150,000	23 cents	2/8/07
	1,610,000	33 cents	2/8/07
	1,026,130	38 cents	23/6/09
	1,550,000	20 cents	9/6/08
	15,000,000	16 cents	23/6/09
	887,500	30 cents	24/8/07
	850,000	20 cents	15/11/08
	2,000,000	35 cents	31/12/08
	100,000	40 cents	10/3/09
	1,000,000	40 cents	8/1/09
TOTAL	24,624,657		

PROFORMA BALANCE SHEET

Unaudited Proforma Balance Sheet of the Company and its controlled entities as at 30 September 2006.

The Entitlement Issue will also have an effect on the Company's Balance Sheet. A copy of the unaudited management accounts to 30 September 2006 together with the proforma Consolidated Balance Sheet of the Company and its controlled entities, (assuming that existing optionholders do not exercise their options and the Entitlement Issue is fully subscribed and was completed on 30 September 2006), is set out below.

	\$ Unaudited Management Accounts 30/09/06	**\$ Effect of Current Issue**	**\$ Proforma Unaudited 30/09/06**
CURRENT ASSETS			
Cash	7,632,068	7,933,454	15,565,522
Inventories	2,375	-	2,375
Receivables	1,970,219	-	1,970,219
Other	123,398	-	123,398
TOTAL CURRENT ASSETS	9,728,060	7,933,454	17,661,514
NON-CURRENT ASSETS			
Exploration and Evaluation Expenditure	19,232,992	-	19,232,992
Fixed Assets	361,540	-	361,540
Other Financial Assets	2,131,250	-	2,131,250
TOTAL NON-CURRENT ASSETS	21,725,782	-	21,725,782
TOTAL ASSETS	**31,453,842**	**7,933,454**	**39,387,296**
CURRENT LIABILITIES			
Payables	1,086,237	-	1,086,237
Provisions	74,946	-	74,946
TOTAL CURRENT LIABILITIES	1,161,183	-	1,161,183
NON-CURRENT LIABILITIES			
Payables	234,375	-	234,375
Provisions	116,559	-	116,559
TOTAL NON-CURRENT LIABILITIES	350,934	-	350,934
TOTAL LIABILITIES	**1,512,117**	**-**	**1,512,117**
NET ASSETS	**29,941,725**	**7,933,454**	**37,875,179**
SHAREHOLDERS' EQUITY			
Issued Share Capital	35,340,420	7,933,454	43,273,874
Reserves	1,361,137	-	1,361,137
Accumulated Profit/(loss) b/fwd	(8,209,629)	-	(8,209,629)
Current year profit	1,449,797	-	1,449,797
TOTAL EQUITY	**29,941,725**	**7,933,454**	**37,875,179**

INCOME STATEMENT

The Entitlement Issue will have no immediate effect on the Company's Income Statement other than any interest earned on the funds represented by the application moneys pending their expenditure in the manner described on page 7 of this Prospectus.

SECTION 7

RISK FACTORS

Introduction

Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for New Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business of petroleum exploration. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

This Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. The following summary, which is not exhaustive, outlines some of the major risk factors which potential investors need to be aware of.

Exploration Risk

The petroleum industry involves significant risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Exploration for, and development of, resources is speculative and involves a significant degree of risk. Whilst the rewards can be substantial, there is no guarantee that exploration on the Company's permits will lead to commercial discovery or, if there is such discovery, that the Company will be able to develop the oil and/or gas reserves on an economic basis and produce such reserves as intended.

Drilling and Operating Risks

Exploration and development activities may be delayed or adversely affected by factors outside the control of the Company. These include adverse climatic and oceanographic conditions, the performance of joint venture or farmin partners on whom the Company may be or may become reliant, compliance with governmental requirements, shortage or delays in installing and commissioning plant and equipment or import or customs delays. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support which result in failure to achieve expected target dates for exploration or production and/or result in a requirement for greater expenditure. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Substantial operational risks are involved in the drilling for, development of and production from oil and gas fields, including blow-outs, cratering, explosions, pollution, seepage or leaks, fire, earthquake activity, unusual or unexpected geological conditions and other hazards which may delay, or ultimately prevent, the exploitation of such fields or may result in cost overruns or substantial losses to the Company due to substantial environmental pollution or damage, personal injury or loss of life, clean up responsibilities, regulatory investigation and penalties or suspension of operations. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties.

Damage or loss occurring as a result of such risks may give rise to claims against the Company. Although the Company maintains and proposes to maintain insurance which the Directors consider to be appropriate in accordance with industry practice, there may be circumstances where the Company's insurance or that of the operator of a field will not cover or be adequate to cover the consequences of such events or where the Company may become liable for pollution or other operational hazards against which it either cannot insure or may have elected not to insure on account of high premium costs or otherwise. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates the Directors consider reasonable.

As the Company holds some of its interests as a member of a joint venture, the joint venture may make decisions which do not necessarily suit the Company's particular interests.

Environmental Regulation

Environmental and safety legislation (eg in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the Company may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions.

Ability to Exploit Successful Discoveries

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. Such further work may also require the Company to meet or commit to financing obligations, which it may not have anticipated or may not be able to commit to due to lack of funds or inability to raise funds.

Market Risk

In the event of successful development of oil and gas reserves, the marketing of the Company's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates over which the Company may have limited or no control. Pipelines may be inadequately maintained and subject to capacity constraints and economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas leading to the income receivable by the Company being adversely affected, and it is possible that from time to time export licences may be refused.

Reliance on Strategic Relationships

In conducting its business, the Company will rely on continuing existing strategic relationships and forming new ones with other entities in the oil and gas industry, such as joint venture parties and farmin partners, and also certain regulatory and governmental departments. While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed.

Competition

A number of other oil and gas companies operate, and are allowed to bid for exploration and production licences and other services, in the areas in which the Company operates, thereby providing competition to the Company. Larger companies, in particular, may have access to greater resources than the Company, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Volatility of Prices for Oil and Gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future.

Dependence on Key Personnel

The Company has a small management team and the loss of a key individual or the Company's inability to attract suitably qualified personnel in the future could affect the Company's business.

Additional Requirement for Capital

The Company is likely to remain cash flow negative for some time and there can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities. The Directors are satisfied that the working capital available to the Company will be sufficient for its present requirements. However, it is likely that the Company will need to raise additional capital in the future and actual future production, oil and gas prices, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological success will all be factors which have an impact on the amount of additional capital required. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as and when needed, it may be required to reduce the scope of its operations or anticipated expansion.

Liquidity of Shares

The share price of publicly traded oil and gas exploration companies can be highly volatile. The price at which Shares will be traded and the price at which investors may realise their investments will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect small oil and gas exploration companies or quoted companies generally. The market perception of small oil and gas exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise funds by the issue of further Shares in the Company.

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available.

Land Access and Native Title

The effect of the Native Title Act is that new permit applications and existing licences in Australia may be affected by native title claims or procedures. This may preclude or delay granting of exploration and production permits and considerable expense may be incurred in negotiating and resolving issues.

The possibility that native title may affect the Company's permits and applications for permits must be recognised. The Company has not undertaken the legal, historical and anthropological research and investigations at the date of this Prospectus that would be necessary to enable it to form an opinion as to whether any claim for native title could be upheld over any particular parcel of land covered by a permit or a permit application.

Reliance on Third Parties

Various aspects of the Company's future performance and profitability are dependent on the outcome of future negotiations with third parties. These include negotiations on land access arrangements and any native title issues referred to elsewhere in this Prospectus in addition to transportation of any petroleum.

Payment Obligations

Under the exploration licences and certain other contractual agreements to which the Company is or may in the future become a party, the Company is or may become subject to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to the other parties, this could result in dilution or forfeiture of interests held by the Company. The Company may not have, or be able to obtain, financing for all such obligations as they arise.

Regulatory

In the jurisdictions in which the Company operates, both the conduct of petroleum operations and the steps involved in the Company acquiring its current interests involve or have involved the need to comply with numerous procedures and formalities.

The Company's exploration and development programs will, in general, be subject to approval by governmental authorities. The majority of the permits will be subject to an obligation to relinquish a portion of the land held under the permit at the time that the permit is due for renewal. Exploration in and development of any of the Company's properties will be dependent on meeting planning and environmental laws and guidelines and approval by governmental authorities.

Oil and Gas Operations in the United States

Title and Title Opinions

The system for obtaining title to oil and gas leases in the United States is complex given that numerous parties may hold the undivided mineral rights to a particular tract of land. In order to independently verify that the parties with whom the Company is dealing are the correct and sole holders of the mineral rights and to analyse the full rights and restrictions applying to the interest held by those parties requires that a company obtain detailed title opinion from appropriately qualified and experienced lawyers. This can be a lengthy and expensive process and the final opinions are often the subject of numerous qualifications. It is therefore customary that such title opinions are not sought until the company proposes to conduct a drilling operation and/or expend significant amounts of money on a particular lease.

As a consequence there may be third parties that hold or claim mineral rights in relation to the Company's leases, which have not previously been identified.
Further, some of the leases in which the Company has an interest may have a fixed term and be subject to applications for renewal. The renewal term of each permit or licence is usually at the discretion of the relevant lessor.

(i) Regulation in the United States – General

The oil and gas industry in the United States is extensively regulated. Extensive federal, state, local and foreign laws and regulations relating to the exploration for and development, production, gathering and marketing of oil and gas will affect the Company's operations. From time to time, regulatory agencies have imposed price controls and limitations on production.

Numerous environmental laws impact and influence our operations. As with the industry in general, compliance with existing and anticipated regulations increases the overall cost of business. Environmental regulations have historically been subject to frequent change and, therefore, one cannot predict with certainty the future costs or other future impacts of environmental regulations on future operations. If the Company fails to comply with environmental laws it may be subject to liabilities to the government and third parties, including civil and criminal penalties. New laws or regulations, or modifications of or new interpretations of existing laws and regulations, may increase substantially the cost of compliance or adversely affect oil and gas operations and financial conditions.

(ii) Regulation in the United States – Sale of Oil and Gas

Most sales of natural gas are not currently regulated and are generally made at market prices. The price received from the sale of these products is affected by the cost of transporting the products to market.

(iii) Regulation in the United States – Exploration and Production

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with such laws.

Permits are required by the State for drilling operations, drilling bonds and the filing of reports concerning operations and they impose other requirements relating to the exploration and production of oil and gas.

The Company is required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which impose a substantial rehabilitation obligation on the Company, which may have a material adverse effect on the Company's financial performance.

(iv) Exploration and Development Risks
Oil and gas exploration involves significant risk.

There is no assurance exploration and development of the prospects in the Company's leases, or any other projects that may be acquired in the future, will result in the discovery of an economic oil and gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.
Furthermore, the Company will only proceed to the next stage of exploration or development when data supports the existence of an economically viable oil and gas deposit. Should the empirical data not support the existence of an economically viable oil and gas deposit, the Company will not proceed to the next stage of exploration.

(v) Secondary Recovery Operations
Secondary recovery operations may be used by the Company or a project the Company has an interest in. Costs are also higher during the later stages of the life of the project as production declines. The degree of success, if any, of any secondary recovery program depends on a large number of factors beyond the control of the Company.

(vi) Ability to Exploit Successful Discoveries
It may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

(vii) Hydrocarbon Reserve Estimates
Hydrocarbon reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Company encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Company's operations.

Other Risks

The future viability and profitability of the Company is also dependent on a number of other factors that affect the performance of businesses in all industries and not just the exploration and petroleum industries, including, but not limited to, the following:

- The strength of the equity and share markets in Australia and throughout the world.
- Currency fluctuations in particular with respect to the AUD/US exchange rate.
- General economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions.
- Financial failure or default by a participant in any of the joint ventures or other contractual relationships to which the Company is, or may become, a party.
- Insolvency or other managerial failure by any of the contractors used by the Company in its activities.
- Acts of terrorism causing market instability.

Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Prospectus.

Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider the investment in the Company to be speculative and should consult their professional advisers before deciding whether to apply for New Shares.

SECTION 8

ADDITIONAL INFORMATION

Rights Attaching to the New Shares

The New Shares the subject of this Prospectus will rank equally in all respects with the Company's fully paid ordinary shares already on issue.

The following is a broad summary of the rights which attach to the Company's existing ordinary shares.

(a) Voting Rights
Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at a general meeting every holder of ordinary shares present in person or by proxy or being a corporation, by a representative duly authorised under the Corporations Act 2001, has one vote on a show of hands and one vote per share on a poll. A person who holds a share which is not fully paid is entitled to a fraction of a vote equal to the amount paid up divided by the issue price of the share.

(b) Dividend Rights
The Directors may, in accordance with the Corporations Act, from time to time declare a dividend to be paid only out of the profits of the Company and to the shareholders entitled to the dividend.

The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

(c) Rights on Winding up
If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Subject to the rights of shareholders entitled to shares with special rights in a winding-up (at present there are none), all moneys and property that are to be distributed among shareholders on a winding-up, shall be so distributed in proportion to the shares held by them respectively, irrespective of the amount paid-up or credited as paid up on the shares.

(d) Transfer of Shares
A shareholder may transfer shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of shares, other than a proper market transfer, where permitted or required to do so by the Listing

Rules or the SCH Business Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper SCH transfer of shares or other securities.

(e) Future Increases in Capital
The allotment and issue of any new shares is under the control of the Directors. Subject to the restrictions on the allotment of shares to Directors or their associates, the Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

(f) Variation of Rights
At present, the Company only has ordinary shares on issue. If shares of another class were issued, the rights and privileges attaching to any class of shares may be varied with the consent in writing of the holders of at least a three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) Meetings and Notice
Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of the Company, the Corporations Act or the Listing Rules.

(h) Alteration to the Constitution
The constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) ASX Listing Rules
If the Company is admitted to the official list, then despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

CONTINUOUS DISCLOSURE AND DOCUMENTS AVAILABLE FOR INSPECTION

The Company is a "disclosing entity" for the purposes of section 111AC of the Corporations Act 2001. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Having taken such precautions and made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX (as applicable from time to time throughout the 12 months immediately prior to the issue of this Prospectus) which required the Company to notify ASX of information about specified events or matters as they arose for the purpose of ASX making that information available to the stock market conducted by ASX.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the currency of this Prospectus:

(a) the annual financial report for the financial year of the Company ended 30 June 2006 (being the last annual financial report for the financial year to be lodged with the ASIC in relation to the Company before the issue of this Prospectus); and

(b) all documents used to notify the ASX of information relating to the Company under the provisions of the Listing Rules of ASX since lodgement of the annual financial report referred to in paragraph (a) above, being the following documents:

1	02/10/06	2006 Annual Report
2	3/10/06	US Oilfield lease Option
3	6/10/06	Operational Update – Tow Creek
4	18/10/06	Quarterly Activities Report- September 2006
5	20/10/06	Appointment of Director – P Gunzburg
6	27/10/06	Dispatch of Annual Report & AGM Notice
7	30/10/06	Drilling Rig Contracted – Tow Creek/Bear River Projects
8	31/10/06	First Quarter Cashflow Report
9	01/11/06	Rocky Mountains Leasehold Acquisition
10	02/11/06	Open Briefing – Strike Oil – Operation & Exploration Update
11	07/11/06	Drilling Rig on the Move
12	07/11/06	Non-Renounceable Entitlement Issue
13	08/11/06	Gulf Coast Update - Onshore Texas
14	08/11/06	Resignation of Director
15	08/11/06	Allotment of Staff Options and Appendix 3B
16	10/11/06	Peter Gunzburg Appendix 3X
17	10/11/06	Operations Update - Tow Creek Project Colorado

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers would reasonably require for the purpose of making an informed assessment of:

(a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

(b) the rights and liabilities attaching to the New Shares comprised in the Entitlement Issue.

This Prospectus contains details specific to the Entitlement Issue. If investors require any further information in relation to the Company, the Directors recommend that they take advantage of the ability to inspect or obtain copies of the documents referred to above.

INTERESTS OF NAMED PERSONS AND DIRECTORS' INTERESTS

(a) Other than as set out below or elsewhere in this Prospectus, no:

(i) Director or proposed Director;
(ii) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
(iii) promoter of the Company; or
(iv) financial services licensee named in the Prospectus as a financial services licensee involved in the Entitlement Issue,

holds, or held at any time during the last two years, any interest in the Entitlement Issue, in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Entitlement Issue. No amounts have been paid or agreed to be paid, and no benefit has been given or agreed to be given, to any Director or proposed Director, either to induce him to become, or to qualify him as, a director of the Company, or for services provided by any of the persons referred to in (i), (ii), (iii) or (iv) above in connection with the Entitlement Issue or the formation or promotion of the Company.

(b) Directors' Interests in Securities

The interests of the Directors in the securities of the Company at the date of this Prospectus are as follows:

	No. of Shares Held Directly	No. of Shares Held Indirectly	No. of Options [(a)] Held Directly
J Schneider	865,549	-	1,250,000 (exercisable 33c, expiring 2/8/07)
S Ashton	-	7,349,059[1]	1,000,000 (exercisable 35c, expiring 31/12/08)
J Durrant	-	8,404,429[2]	1,000,000 (exercisable 35c, expiring 31/12/08)
R Woodall	1,791,454	595,434[3]	-
D Wrench	140,000	-	-
P Gunzburg	100,000	-	-

[(a)] All options are unlisted

1. These Shares are held by S&Y Ashton Nominees Pty ltd as trustee for the Simon Ashton Family Trust of which Simon Ashton is a beneficiary.

2. These Shares are held by Pontia Pty Ltd as trustee for the Durrant Family Trust of which Jim Durrant is a beneficiary.

3. These Shares are held by Smith-Woodall Pty Ltd as trustee for a family trust of which Mr Woodall is a beneficiary.

(c) Directors' Remuneration

Details of remuneration paid to Directors by the Company during the period of two years ending on the date of this Prospectus are as follows:

	2006 $	2005 $
J Schneider	55,000	55,000
S Ashton	236,114	229,024 *
J Durrant	233,126	229,024 *
R Woodall	40,000	40,000
D Wrench	51,670	43,000
P Gunzburg	-	-

* Included in this figure is $46,000 representing the value of 1,000,000 unlisted options issued to each party on the 9 December 2005 as approved at the 2005 Annual General Meeting.

ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of New Shares in response to an electronic application form subject to compliance with certain provisions. Strike Oil is relying on this exemption in relation to the offer of Shortfall.

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Shortfall Application Form. If you have not, please email Strike Oil at strike@strikeoil.com.au and the Company will send to you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both.

Strike Oil reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered. In such case, the application monies received will be dealt with in accordance with section 722 of the Corporations Act.

SECTION 9

GLOSSARY

In this Prospectus, the following terms and abbreviations have the following meanings, unless otherwise stated or the context otherwise requires:

Application Form means the Shortfall Application Form and/or the Entitlement and Acceptance Form, and "application" and "applicant" have corresponding meanings;

ASIC means Australian Securities and Investments Commission;

ASX means Australian Stock Exchange Limited (ACN 008 624 691);

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

Closing Date means the closing date for acceptances of the Entitlement Issue, which will be Thursday, 7 December 2006 (5:00pm WST) or such later date as the Directors, in their absolute discretion, may determine, provided that they give ASX notice of the change at least 6 Business Days prior to the Closing Date;

Company or Strike Oil means Strike Oil Limited (ACN 078 012 745);

Corporations Act means the Corporations Act 2001 (Cth);

Directors means the directors of the Company;

Electronic Prospectus means an electronic version of the Prospectus;

Eligible Shareholder means those Shareholders recorded on the share register as at the Record Date;

Entitlement means the entitlement of an Eligible Shareholder to participate in the Entitlement Issue, as shown on the Entitlement and Acceptance Form.

Entitlement and Acceptance Form means the form sent to each Eligible Shareholder setting out their entitlement to participate in the Entitlement Issue;

Entitlement Issue means the offer under this Prospectus of one New Share for every seven Shares held by Shareholders as at 5.00pm WST on the Record Date, at an issue price of 25 cents per New Share to raise up to approximately $7,983,454;

Listing Rules means the official Listing Rules of ASX, as amended from time to time;

New Shares means the Shares offered pursuant to this Prospectus;

Prospectus means this prospectus and including the Electronic Prospectus;

Record Date means 5:00pm WST on Tuesday, 21 November 2006 for the purpose of identifying the Shareholders who are entitled to participate in the Entitlement Issue;

Shareholder	means a person who is registered as the holder of Shares;
Shares	means fully paid ordinary shares in the Company;
Shortfall or Shortfall Shares	means the New Shares forming Eligible Shareholders' Entitlements, or part of Eligible Shareholders' Entitlements, not accepted by Eligible Shareholders;
Shortfall Application Form	means the Shortfall Application Form attached to and forming part of this Prospectus;
WST	means Australian Western Standard Time.

SECTION 10

DIRECTORS' CONSENTS

In accordance with Section 720 of the Corporations Act 2001, each Director has consented in writing to the lodgement of this Prospectus with the ASIC and as at the date of this Prospectus has not withdrawn that consent.

Dated 10 November 2006

Signed for and on behalf of
Strike Oil Limited
Simon Ashton, Managing Director

STRIKE OIL LIMITED
ACN 078 012 745

SHORTFALL APPLICATION FORM

This form is only to be used by applicants wishing to apply for New Shares under the Shortfall.

Instructions for A to J are set out on the next page

USE BLOCK LETTERS

Write your name – refer to the guide (next page) for correct forms of registrable title(s)

Tax File Number(s) or exemption category

A	TITLE GIVEN NAMES SURNAME	C		
B	TITLE JOINT APPLICANT No.2 OR ACCOUNT DESIGNATION			
	TITLE JOINT APPLICANT No.3 OR ACCOUNT DESIGNATION			

D	ADDRESS
	SUBURB/TOWN STATE POSTCODE

E	CONTACT NAME	TELEPHONE (W)	TELEPHONE (H)	EMAIL

F	SRN/IPN	HIN

G	I/We Apply for		New Shares and lodge Application Moneys in full @ $0.25 per New Share	H	Application Money A$	Date / /

Cheque Details

I	DRAWER	BANK	BRANCH	AMOUNT OF CHEQUE
	DRAWER	BANK	BRANCH	AMOUNT OF CHEQUE

Cheques should be made payable to: **"Strike Oil Limited - Share Issue Account"**

J This Shortfall Application Form does not need to be signed. By lodging this Shortfall Application Form and a cheque for the application money the applicant hereby:

(1) applies for the number of New Shares in the Shortfall Application Form or such lesser number as may be allocated by the Directors;
(2) agrees to be bound by the terms and conditions set out in the Prospectus and the Constitution of the Company;
(3) authorise the Directors to complete or amend this Shortfall Application Form where necessary to correct any errors or omissions; and
(4) acknowledges that an application for Shortfall does not guarantee an allotment of additional New Shares.

STRIKE OIL LIMITED
ACN 078 012 745

SHORTFALL APPLICATION FORM

This form is to be used for parties wishing to apply for New Shares under the Shortfall.

Please complete all relevant sections of the Shortfall Application Form ("the Form") using BLOCK LETTERS. If you have any queries on how to complete this form please telephone the Company on (08) 9225 4446.

The Shortfall Application Form relates to the 1 for 7 non-renounceable pro rata Entitlement Issue of up to 31,933,818 New Shares at an issue price of 25 cents each, to raise up to approximately $7,983,454, pursuant to the Prospectus dated 10 November 2006. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is important to read this document before applying for New Shares. A person who gives another person access to this Application Form must at the same time and by the same means, give the other person access to the Prospectus, and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request to applicants without charge.

The Prospectus does not constitute an offer in any place where or to any person to whom it would not be lawful to make such an offer.

Please forward the completed Application Form together with your cheque to:

By Delivery:
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

By Post:
Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

so as to reach them on or before the last date instructed by the Company.

A Write your FULL NAME in Box A. This must be either your own name or the name of a company. You should refer to the bottom of this page for the correct form which can be registered. Application using the incorrect form of name may be rejected. If your Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. Any decision as to whether to treat your Form as valid, and how to construe, amend or complete it, shall be final. You will not however, be treated as having offered to subscribe for more New Shares than is indicated by the amount of the accompanying cheque for the Application Moneys referred to in Box H.

B If you are applying as JOINT APPLICANTS, complete Boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Up to three Joint Applicants may register.

C Enter your TAX FILE NUMBER (TFN) or exemption category beside your name. Where applicable, please enter the TFN for each Joint Applicant. Collection of TFN's is authorised by taxation laws. Quotations of your TFN is not compulsory and will not affect your Form.

D Enter your POSTAL ADDRESS for all correspondence. All communications to you from Strike Oil's Share Registry (shareholding statements, dividend cheques, annual/interim reports, correspondence etc) will be mailed to the person(s) and address as shown. For Joint Applications only one address can be entered.

E Please let us know your TELEPHONE NUMBER(S), email and contact name in case we need to contact you in relation to your Form.

F Strike Oil participates in the ASX's CHESS System. If you are participating in this system, you may complete this section. If you are not a participant in the CHESS System do not complete this box. It will not affect your Application.

G Insert the NUMBER OF NEW SHARES you wish to apply for in Box G. The Directors do not guarantee any allocation of New Shares from a Shortfall Application.

H Enter the amount of your Application moneys here. The amount must be equal to the number of New Shares applied for (see box G) multiplied by 25 cents per New Share.

I Complete cheque details as required. Cheques must be drawn on an Australian bank in Australian currency and made payable to **"Strike Oil Limited - Share Issue Account"** and crossed "Not Negotiable". Do not send cash. **A separate cheque should accompany each Shortfall Application Form lodged.**

J The Shortfall Application Form does not need to be signed.

CORRECT FORMS OR REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Strike Oil. At least one full given name and the surname is required for each natural person. Applications cannot be made by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith	John Smith (Deceased)
Partnerships	Mr John David Smith and Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith	Smith Investment Club
Superannuation Funds	John Smith Pty Ltd	John Smith Superannuation Fund