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Via Electronic Lodgement

OPERATIONS UPDATE – WIRELINE LOGGING INDICATES GAS PAY

Strike Oil is pleased to announce the following update on US drilling activity.

Gulf Coast, Texas

Rayburn Prospect, Duncan 1 well, Wharton County

(Strike Oil: 22.8% working interest. Operator: Cypress E&P Corporation)

The Duncan 1 well is being drilled to test the Rayburn Prospect in Wharton County, Texas.

At the time of reporting (17 June 2007, Texas time) the well has reached casing point at 12,650 feet (3,856 metres), has completed running wireline logs over the open hole section and is currently setting casing in preparation to drill ahead into the deeper Wilcox targets.

Wireline logging over the shallower Wilcox interval, which exhibited the high gas readings (reported on 13 June), has indicated the presence of gas pay. The commercial significance of this potential pay zone will be further evaluated by flow testing after the well has reached total depth at around 16,500 feet (5,030 metres).

The results of the drilling so far are consistent with our expectations and are encouraging for the deeper targets where the largest gas potential resides.

The Rayburn Prospect, including all prospective pay zones, has upside potential for up to 500 billion cubic feet gas in the Wilcox Formation, including the same horizons currently producing at the Mesquite Prospect.

Strike Oil will resume weekly Operations reports each Wednesday, unless otherwise warranted, while operations are in progress.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jim Durrant', with a stylized, flowing script.

JIM DURRANT
Technical Director - Strike Oil Limited

Further information:

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