



STRIKE OIL LIMITED
Level 10, International House
26 St George's Terrace
Perth Western Australia 6000

Phone: 61 8 9225 4446
Facsimile: 61 8 9225 4448

Email: strike@strikeoil.com.au
www.strikeoil.com.au

27 April 2006

Australian Stock Exchange Ltd
Via Electronic Lodgement

QUARTERLY ACTIVITIES REPORT, PERIOD ENDING MARCH 2006

Please find attached Strike Oil Limited's Quarterly Activities Report for the period ending March 2006.

Yours faithfully

SIMON ASHTON
Managing Director

Further information:

Strike Oil Limited
Simon Ashton - Managing Director
T: 08 9225 4446
E: strike@strikeoil.com.au

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING MARCH 2006

HIGHLIGHTS

- Production and sales of gas and oil condensate commenced from the Mesquite Project, Texas.
- Additional gas discoveries were made at the Webernick 1 and Shefcik 3 wells at the Mesquite Project, in Texas.
- Increased working interest in Joint Venture exploration activities in the Gulf Coast, Texas, from 10 to 25%.
- Expanded interests in previously producing oilfields in Colorado.
- Native Title agreement signed and the highly prospective permit ATP-633P, granted in the Cooper Basin.
- Completed capital raisings totalling \$14.4 million.

SIGNIFICANT PROJECT ACTIVITIES

USA

PRODUCTION ACTIVITIES

- ***MESQUITE PROJECT, GULF COAST, TEXAS***

Strike Oil received its first production revenues this quarter from gas produced from the Mesquite Project in Texas. This is a major milestone for the Company transforming it from an Explorer to an Explorer and Producer.

Sales of gas and condensate oil were made during the quarter from various zones in the Shefcik 1, Webernick 1 and Shefcik 3 wells testing at commercial rates in the range of 2 to 8 million cubic feet per day with the order of 20 barrels of oil condensate per million cubic feet. Recent combined production rates of gas and oil condensate have been sold in the range of 10 to 11 million cubic feet per day of gas and around 150-180 barrels per day of oil condensate.

Total sales of gas in the quarter amounted to around 62 million cubic feet of gas and 1,304 barrels of oil condensate net to Strike Oil. This level of sales will result in gross proceeds of US\$530,000 for the quarter.

Subsequent to the end of the quarter it has been announced that the Shefcik 3 well tested at a rate of 8.1 million cubic feet per day of gas and 118 barrels of oil condensate.

SUMMARY OF TEST RESULTS FROM THE MESQUITE PROJECT

Well	Gas Rate Million cubic feet per day	Condensate Barrels per day	Flowing Tubing pressure (psia)	Choke Diameter inches	Comments
Shefcik 1	6.2	135	5015	16/64	Reported test rate to RRC* The well tested at a rate as high as 7.1 million cubic feet of gas per day and 170 barrels of oil condensate before being shut in. Shallower commercial zone still to be reported. Final commingled rate awaiting further operations.
Shefcik 3	8.1	118	2815	26/64	Reported test rate to RRC. Testing in the near term is now completed and the well is producing to sales at between 6.8 and 7.6 million cubic feet of gas per day and around 100 barrels of oil condensate per day.
Webernick 1 Upper Zone Lower Zone	2.88 2.4	57 40	4215 5000	11/64 12/64	Reported test rate to RRC. Short term test not fully stabilised. Test also producing 490 barrels of water per day. Further shallower zones remain to be tested. This will commence once other operations and evaluations have been completed.

* RRC - Rail Road Commission - the Texas Regulatory Authority

Note the initial production rates from each zone and well may differ (higher or lower) from the test rates recorded to date as optimum flow rates from each well are established and the wells stabilised.

Production is expected to increase significantly in the next quarter as the wells are brought on to full production once testing of individual zones has been completed.

EXPLORATION ACTIVITIES

• GULF COAST, TEXAS PROJECTS

Strike Oil continues to expand its involvement in the Gulf Coast program with Operator Cypress E&P Corporation by increasing its interest in the Eaglewood Participation Agreement from 10% to 25%. The Eaglewood Participation Agreement governs Strike Oil's involvement with the Cypress E&P Joint Venture in the onshore Gulf Coast area.

Subsequent to the drilling of the Shefcik 1 discovery well, the Webernich 1 and Shefcik 3 wells have been drilled successfully and tested at commercial gas and oil condensate rates.

These three successful wells are located on the Mesquite Project which has gas potential of 30 billion cubic feet. Strike Oil has a 26.25% working interest (approximately 20% net revenue interest) in the Mesquite Project.

A fourth well on the Mesquite Project, the Webernich 2, is currently sidetracking at 9284 feet (2830 metres) prior to setting 7 inch liner in preparation for drilling through the primary objectives.

Further exploration drilling is planned for 2006 and the provisional schedule is attached.

• ROCKY MOUNTAINS PROJECTS

Strike Oil has expanded its interest in Colorado through the Comet Ridge Limited Joint Venture by acquiring further leases in the Bear River Project, adjacent to the Tow Creek Project, in which Strike Oil and Comet Ridge have existing interests.

These interests are in and around existing old oilfields where the operator Comet Ridge Limited plans to use directional drilling technologies to extract further oil. Detailed geological, geophysical and reservoir engineering evaluation is being carried out prior to selection of drilling locations with wells to be drilled around mid year (refer attached schedule).

AUSTRALIA

EXPLORATION ACTIVITIES

• CARNARVON BASIN

Processed data from the recently acquired seismic surveys is now being received and this data is being incorporated with the recently reprocessed seismic data to mature several prospects for future drilling.

The current high graded prospects are listed below:

Prospect	Permit	Strike Oil Interest	Oil Potential (Millions bbl Recoverable)
Hestia	WA-261-P	16.2%	20
Baniyas	EP 424	40%	60
Whalebone	EP 325	44.5%	40
Sharp Peak	TP/19	90%	80
North Santo-Grond	TP/6	100%	3 to 100

With respect to the Hestia Prospect, Apache Energy, the operator, has informed Strike that it has removed Hestia 1 from its drilling schedule. This well has consequently been removed from Strike Oil's future schedule until further notice.

Note: Strike Oil has high equities in all of the other leads and prospects and will be considering taking partners in selected permits. Strike Oil is the Operator of all these permits with the exception of WA-261-P.

- **COOPER EROMANGA BASINS**

In the Queensland permit ATP 633 P, the Native Title Agreement has been signed and the permit granted. Subsequent to 31 March 2006, the Gidgee 3-D seismic survey operated by Beach Petroleum has been completed and the Gukithi 2-D seismic survey commenced. This seismic is planned to be followed by a well in the fourth quarter to appraise the Gidgee 1 oil discovery followed by exploration drilling in 2007.

Strike Oil has entered into a Farmin Agreement with Advent Energy Limited ("Advent") whereby Advent will be earning an interest in both PELA 71 and PELA 96 operated by Strike Oil in the South Australian sector of the Cooper/Eromanga Basins.

Both permits contain numerous oil prospects and leads in the Eromanga Basin sequence. On finalisation of the Native Title Agreements, seismic is planned in both permits, followed soon after by prospect drilling.

Advent is an Australian public company proposing to list on the Australian Stock Exchange. The farmin is conditional on a successful listing. Advent has made an additional cash payment, to obtain an extension until 1st June 2006 to lodge its Prospectus to comply with the farmin terms.

- **KINGSTON ENERGY PROJECT**

Strike Oil's wholly owned subsidiary Kingston Energy Pty Ltd continues to evaluate the potential of this significant energy resource associated with the Kingston coal deposit in South Australia. Extensive historical data sets are being located and compiled into useable form for further evaluation.

DRILLING SCHEDULE

The proposed drilling schedule to the end of June 2007 is attached. Note proposed drilling timings are susceptible to changes for various reasons with the issue of drilling rig availability being one of the major issues affecting all operators in the current very active exploration and development drilling environment. This situation will most likely effect Strike Oil's Australian drilling, particularly the Carnarvon Basin program, which we have moved back to the end of the 2006 financial year. In the Cooper Basin we expect to be drilling by the end of calendar year 2006 with further drilling to follow in early 2007.

We anticipate drilling in the USA Rocky Mountains and Gulf Coast drilling will remain on schedule or with only minor delays.

CASH FLOW ASSETS

Strike Oil continues its efforts to evaluate and secure early cash flow projects in Australia and overseas. This work will continue and will be focussed on production acquisitions, appraisal, and development opportunities.

CORPORATE

COMET RIDGE LIMITED

Comet Ridge Limited (approximately 10% owned by Strike Oil Limited) has continued to make progress in establishing itself as an active oil and gas explorer in the USA as well as in Australia by setting up an office in Denver Colorado headed by the Managing Director, Andy Lydyard. Further information on Comet Ridge can be obtained from the web site www.cometridge.com.au.

CAPITAL RAISING

Strike Oil raised \$3,960,000 by way of a Private Placement of 22,000,000 fully paid shares at an issue price of 18 cents each pursuant to a Prospectus dated 11 January 2006.

A Non-Renounceable Entitlement Issue of 37,113,205 new ordinary shares at 28 cents each pursuant to a Prospectus dated 28 February 2006 raised a further \$10,391,697.

For further information contact:

STRIKE OIL LIMITED

Registered Office:

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

Share Register Enquiries:

Computershare Investor Services
Level 2, 45 St George's Terrace
Perth, Western Australia 6000

Email: strike@strikeoil.com.au
Website: www.strikeoil.com.au
Telephone: (61 8) 9225 4446
Facsimile: (61 8) 9225 4448

Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

Australian Stock Exchange Code: STX



STRIKE OIL'S PROVISIONAL FORWARD PROGRAMME

Note: Timing of all activities subject to equipment availability, weather conditions, joint venture and regulatory approvals.

PROJECT AREA	2006												2007					
	1st Half						2nd Half						1st Half					
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
GULF COAST																		
	<i>Webernck 1</i>	<i>Shefik 3</i>	-----					-----					-----		-----		-----	
ROCKY MOUNTAINS																		
COOPER-EROMANGA																		
CARNARVON BASIN																		

Onshore well
 Offshore well
 Onshore seismic
 Offshore seismic