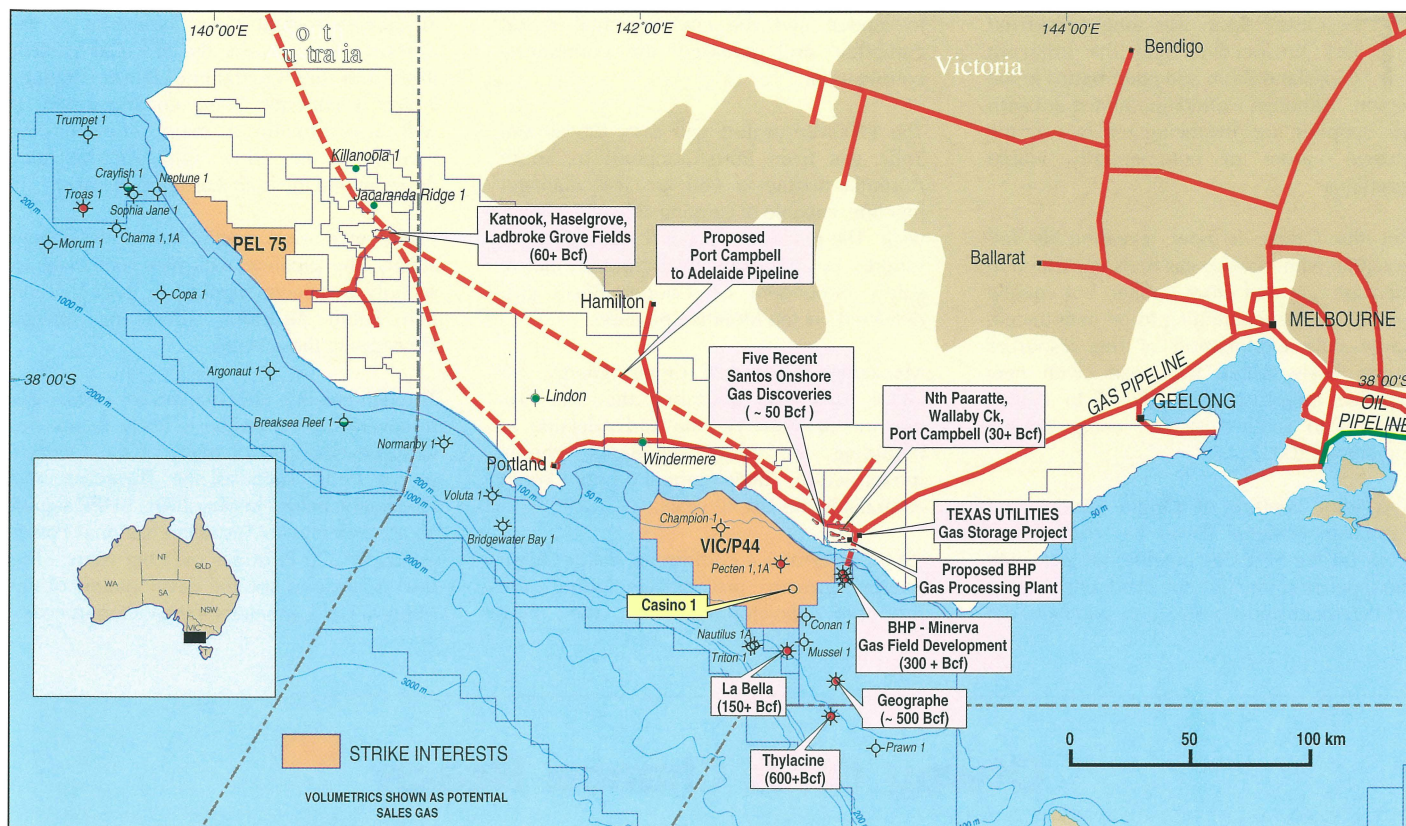


Preparing To Strike



Location map Otway Basin Permits

When Origin Energy released its results for Geographe-1 in June 2001, Strike Oil was encouraged. Their VIC/P44 permit lies adjacent to VIC/P43 and T/30P permits, containing the bountiful Geographe and Thylacine fields, leaving Strike confident their area will be of similar prospectivity.

VIC/P44 is also near to BHP's Minerva Gas Development, is easily accessible to the onshore Texas Utilities (TXU) gas storage project and within range of pipelines connecting eastern Australia and proposed pipelines to Adelaide. The close proximity of such major infrastructure would allow Strike to quickly commercialise any finds, should the 2,529 km² permit area yield similar findings to the Thylacine, Geographe or Minerva gas fields, each estimated to contain at least 500 Bcf of gas.

Since being awarded the permit in August 1999, Strike has completed G&G, seismic reprocessing, interpretation and mapping according to the initial two year's work programme.

Mapping of reprocessed 2D data from the Shipwreck Trough together with AVO analysis revealed numerous prospects and leads, including the Casino prospect which has attracted attention due to its size, position and

similarity to the Thylacine and Geographe discoveries.

Strike Oil's Executive Director, Simon Ashton, said the work to date had helped calibrate the seismic response to known gas accumulations in the area and had enabled Strike to recognise leads and prospects, helping determine the optimal location for a 3D survey.

"Our findings were highly encouraging and led us to significantly increase the size of the

"Strike's objective is to locate significant gas reserves..."

3D seismic survey. We also sought a partner to help fund future costs, facilitating plans to drill earlier than anticipated", Ashton said.

As a result of the farmout programme, Strike attracted the attention of several companies, but it was Otway expert, Santos, who ultimately farmed in to VIC/P44.

"Strike was very pleased to deal with Santos", Ashton said. "They have significant operating experience, an extensive experience base within both the onshore and offshore Otway and the potential to help in accessing gas markets."

Santos will earn a 50% interest in VIC/P44, and become permit operator, by funding the majority cost of the 3D seismic survey and the fourth year work programme's well, planned for drilling around mid-2002.

WesternGeco acquired the 450-600 km² of 3D during October and November 2001. The survey timing resulted in minimal impact on different whale species moving through the Otway area. The survey, classed a non-controlled action, was authorised by Environment Minister, Senator Robert Hill, on the condition it would conclude by mid December to avoid impacting on the Blue Whale migratory season.

In addition to their offshore Otway permit, Strike also holds a 100% interest in the onshore permit, PEL 75, awarded in December 1998.

Located at the western culmination of the St Clair and Rivoli Troughs, the 1018 km² area is analogous to the Origin-operated Katnook permit, and is thought to be prospective in the Pretty Hill Sandstone, Intra Laira Sandstone and Windermere Sandstone plays.

"Strike's objective is to locate significant gas reserves in the order of 20-50 Bcf that can be sold into the local market. Once the planned

Continued On Page 52

Continued From Page 51

pipeline connecting Melbourne to Adelaide is constructed, the broader market can be accessed", Ashton said.

To date, Strike has reprocessed existing 2D seismic data and defined leads that now require additional seismic to confirm, and is now preparing their fourth year commitment which involves seismic and interpretation. Ashton said there are plans to acquire an additional 50 km of 2D seismic before March 2002.

"Strike is continually reviewing new opportunities in the Otway, viewing the area as a core component of our portfolio and one that is likely to provide us with a major discovery in the next year."