

Tuesday, 8 December 2009

MARKET ANNOUNCEMENT

Paulsens East Iron Ore Agreement with Mineral Resources Ltd

Strike is pleased to confirm that it has entered into an agreement with Process Minerals International Pty Ltd (PMI), a subsidiary of ASX-listed Mineral Resources Limited (ASX Code: MIN), for the potential mining of iron ore from Strike's Paulsens East project in the Pilbara.

Under the agreement, PMI will determine the feasibility of an iron ore mining operation on the Paulsens East tenements. If the operation is feasible PMI will acquire the iron ore rights in the tenements and develop plant to mine and process iron ore from the tenements.

Upon commencement of mining, PMI will pay Strike -A\$3.20 per dry metric tonne of iron ore mined - subject to variation in accordance with iron ore price benchmarks and to the levels of iron ore fines and lump produced.

In this regard, Strike is also pleased to confirm that application has been made for the grant of a Mining Lease over the iron ore project area together with applications for the grant of two Miscellaneous Licences for the potential construction of a road from the project area to the Nanutarra-Wittenoom Road and for the potential construction of minesite development infrastructure.

Strike's Chairman John Stephenson said: "This agreement offers the potential for the Company to generate cashflow from the Paulsens asset with minimal outlays. This is consistent with the Company's strategy of retaining its cash reserves, and seeking short-term cash generation opportunities, to help fund the development of the flagship Apurimac Iron Ore Project in Peru."

Mineral Resources Limited is an integrated Australian-based mining services and processing company with operations in contract crushing, general mine services, infrastructure provision and recovery of base metal concentrate for export.

PMI has proven performance in the recovery and trucking of minerals, having considerable experience in the mining and sale of manganese in the Pilbara.

The Paulsens East Project is located 140 kilometres west of Tom Price in the Pilbara region of Western Australia.

Previous mapping and sampling has confirmed the presence of high-grade hematite mineralization at Paulsens East, which occurs as a ridge rising up to 60 metres above the valley floor, extending over a strike length of 3,000 metres and varying in width from 6 to 12 metres in a single and continuous outcrop.



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