

MARKET ANNOUNCEMENT

Monday 17 July 2006

Australian Iron-Ore Update – Paulsens East High Grade Mineralisation

The Company refers to its past market announcements relating to its Australian iron ore tenements (Paulsens East) which were acquired prior to the acquisition of its interest in the Peruvian Apurimac and Cuzco iron ore projects.

In addition to the Company's ongoing due diligence work on the Peruvian iron ore projects, the Company has continued to advance work on its Paulsens East iron ore tenements. Preliminary details of these tenements were contained in its market announcement dated 4 April 2006.

The Paulsens East tenements comprise the recently granted PL 47/1170 and Exploration Licence Application ELA 47/1328 which together cover a total area of 19.64km².

The Company is pleased to confirm that it has recently conducted mapping and sampling at P47/1170 which has confirmed the presence of high grade hematite mineralisation.

This mineralisation occurs as a ridge rising up to 60m above the valley floor, extends for a strike distance of 3,000m and varies in width from 6 to 12m in a single and continuous outcrop. The mineralisation occurs as a hematite conglomerate in hematite matrix.

Company geologists sampled the outcrop at various points along the length of the ridge and the following table summarises the results of such sampling.

PAULSENS EAST
Surface Samples of Hematite Conglomerate and Mineralised Iron Fm June 2006

Sample	Fe	SiO ₂	Al ₂ O ₃	TiO ₂	MnO	CaO	P	S
UNITS	%	%	%	%	%	%	%	%
PE3001001	65.22	2.49	1.6	0.11	0.01	0.03	0.093	0.032
PE3002001	62.59	4.44	3.39	0.24	0.02	0.04	0.087	0.023
PE3003001	64.35	3.17	2.47	0.14	0.02	0.02	0.085	0.015
PE3003002	66.6	2.06	1.53	0.07	0.02	0.03	0.058	0.025
PE3003003	63.54	3.1	2.62	0.15	0.02	0.03	0.181	0.02
PE3003004	65.42	2.48	2.1	0.14	0.02	0.02	0.077	0.013
PE004001	65.36	2.32	1.57	0.1	0.02	0.03	0.139	0.029
PE3005001	65.66	2.29	1.58	0.11	0.03	0.05	0.101	0.054
PE3005002	67.05	1.51	1.28	0.09	0.02	0.02	0.069	0.01
PE3005003	66.01	2.24	1.36	0.09	0.02	0.02	0.103	0.024
PE3006001	65.09	2.3	1.89	0.12	0.01	0.02	0.11	0.019
PE3006002	63.26	3.4	2.59	0.11	0.08	0.06	0.107	0.065
PE3007003	65.94	1.93	1.6	0.11	0.02	0.05	0.095	0.026
PE3007004	65.3	2.84	2.03	0.1	0.03	0.06	0.056	0.027
PE3008001	64.83	2.61	2.24	0.12	0.03	0.03	0.133	0.021
PE3009001	66.57	2.06	1.45	0.12	0.08	0.04	0.059	0.053
PE3012001	66.75	2.08	0.9	0.08	0.02	0.11	0.089	0.088
PE3007001A	64.96	2.86	2.17	0.13	0.03	0.06	0.092	0.023
PE003005	66.42	1.92	1.6	0.1	0.04	0.03	0.066	0.016



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The Company is pleased with the results of this sampling as it indicates the presence of high grade direct shipping material.

The following aerial view and ground photographs illustrate the nature of this occurrence.



Figure 1: Aerial View of Hematite Ridge at Paulsens East



Figure 2: Profile view: A section of Hematite Ridge



Figure 3: Close up view of hematite conglomerate in hematite matrix

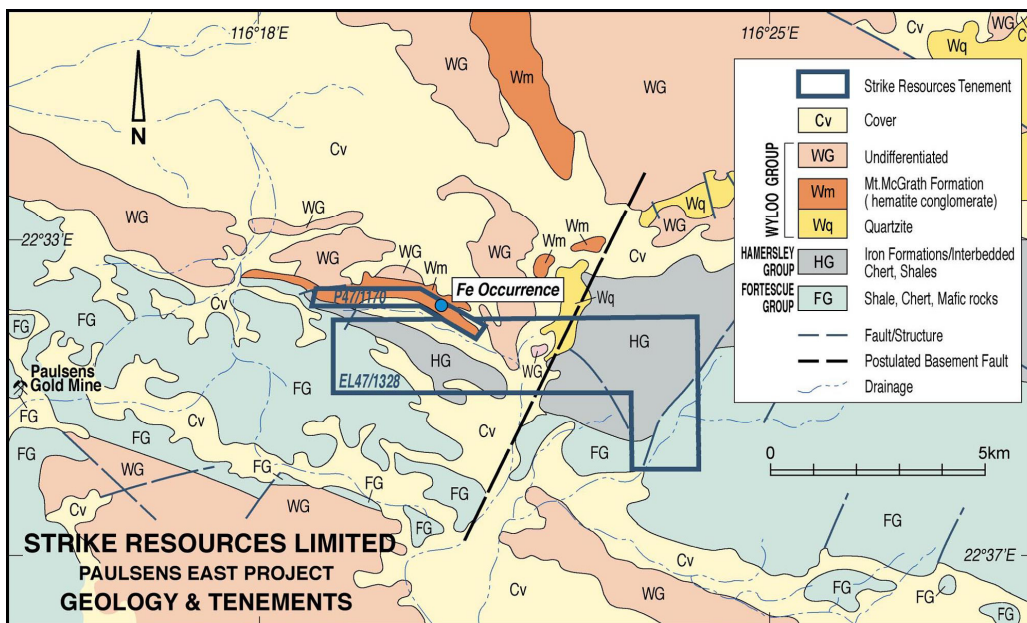


Figure 4: Geology of Paulsens East tenements

The Company is very encouraged by the presence of such high grade mineralisation along a 3km strike length. The mineralisation presents to a height of up to 60m above the valley floor and the Company believes this mineralisation extends at depth. Accordingly the Company proposes to drill the area along the length of the ridge to determine its extent at depth.

In the first instance the Company will target a mineralisation depth of 50m below the valley floor which if proven successful will significantly enhance the possibility for a commercially viable mining operation.

The Company also notes that the mineralisation occurs as a conglomerate, the source of which is likely to be close by.

The presence of a regional fault lying to the east of the ridge between it and a full sequence of Hamersley Group iron formations and the existence of cover rocks of the Wyloo Group indicates the potential for the source material occurring in E47/1328 being the adjoining tenement owned by the Company.

The potential source material (if located) is likely to significantly enhance the extent of iron mineralisation by several orders of magnitude.

The Company will upon grant of E47/1328 conduct detailed structural mapping and sampling to establish the relationship between the two tenement areas and the possible location of the source material.

The Company will continue to keep the market informed of its progress in advancing this project.

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The information in this market announcement that relates to exploration results has been compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of the Company. Mr Madan has in excess of 5 years experience which is relevant to the style of mineralisation under consideration and qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this market announcement of the matters based on his information in the form and context in which it appears.