

Monday, 11 August 2008

## MARKET ANNOUNCEMENT

### Acquisition of Outstanding Interests in Berau Coal and Paulsens East Iron Ore Projects

The Company is pleased to announce that it has acquired the outstanding interests in the Berau Coal Project in Kalimantan, Indonesia and the Paulsens East Iron Ore Project in Western Australia.

Upon completion of the acquisition, the Company will hold a 100% interest in each of these projects.

The acquisition is being made from its joint venture partner, ASX listed Orion Equities Limited (Orion or OEQ) with the consideration for such acquisitions being the issue of a total of 9.5 million shares in the capital of the Company.

Development of both projects is being accelerated to take advantage of current high coal and iron prices. The significant cash flows expected to be generated from these projects will be used to partially fund the development of the Company's flagship Apurimac Project in Peru, which is scheduled for commissioning in 2012.

Commenting on these acquisitions, Strike Chairman Dr John Stephenson said: "This is another positive step for Strike Resources in its bid to become a future profitable mining enterprise. By reacquiring full ownership of the Berau thermal coal and the Paulsen's East direct shipping iron ore projects, the Company has significantly bolstered its near term revenue generating potential and its ability to fund its flagship Apurimac Project in Peru.

The two highly sought after commodities, coal and iron ore, are forecast to enjoy appreciating international prices for the next several years.

These two projects will be appropriately resourced to ensure their rapid development. This will be achieved without materially detracting from the Company's main focus which is on its much larger Peruvian iron ore projects at Apurimac and Cuzco."

#### BACKGROUND - BERAU COAL PROJECT

The Berau Coal Project is located approximately 40 kilometres south-west of Tanjungredeb (Berau) and approximately 350 kilometres north of Balikpapan (the capital city of Kalimantan).

A recently completed drilling campaign<sup>1</sup> has confirmed the presence of a JORC Code compliant Inferred Thermal Coal Resource of 4.6 million tonnes of calorific value 5,800 kcal/kg. The coal has low ash (5.6%), low sulphur (0.64%) and Inherent Moisture of 14 %.

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<sup>1</sup> Comprising 66 diamond drill holes, for an aggregate of 4,511 metres



Resource modelling also indicates a **target mineralisation of an additional 4 to 5 million tonnes of calorific value 5,200 - 6,000 kcal/kg**, with the same properties +/-10%.

The results are summarised in the table below:

	Inferred Resource	Target Mineralisation
Coal Tonnes (millions)	4.6	4 - 5
CVADB = Calorific Value Air Dried Basis	5,800	5,200 - 6,000
IMADB = Inherent Moisture Air Dried Basis	14	13 - 15
TSADB = Total Sulphur Air Dried Basis	0.64	0.55 - 0.70
AADB = Ash Air Dried Basis	5.6	5.0 - 6.0
FCADB = Fixed Carbon Air Dried Basis	40	35 - 45
VMADB = Volatile Matter Air Dried Basis	40	35 - 45
CVAR = Calorific Value As Received	5,600	5,100 - 6,000
TMAR = Total Moisture As Received	17	16 - 18
CVDB = Calorific Value Oven Dried	6,800	6,400 - 7,000
CVDAF = Calorific Value Dry Ash Free	7,200	7,000 - 7,400
HGI = Hardgrove Grindability Index	50	45 - 55

(The potential quantity and grade of the target mineralisation coal is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target coal. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target coal. At Berau, the target mineralisation is interpreted as having similar quality to the Inferred resources and for the required purpose of including a range of 'grades' the same properties are quoted as +/-10% of the assayed properties.)

The coal is ideally suitable for use as a fuel for power utilities in both domestic and international market places; coal of comparable quality is currently selling FOB Indonesia for approximately US\$90 - \$100 per tonne.

A low-cost strip mining operation is planned of 1,500,000 tonnes per annum initially, commencing in 2009, and increasing to 2 million tonnes per annum. The coal will be trucked and barged to ships for transport to markets in Asia.



Figure 1: Berau Coal Project Location Map

An environmental impact study has been commissioned as a precursor to applying for a mining licence to commence operations towards the middle of 2009. Various other studies are also in progress or being commissioned, including mine planning, transportation, port infrastructure and sales and marketing.

Additional exploration is currently being planned to test coal seam extensions to the south-east, to the north-east and to the south-west of the current work area where the Inferred Resource has been defined. This will comprise initial geological outcrop mapping to delineate drill targets.

The consideration for the acquisition of the outstanding interest in this project is the issue of 7.75 million Strike shares.

## BACKGROUND - PAULSENS EAST IRON ORE PROJECT

Strike is targeting a 1 to 1.5 million tonne per annum mining operation from this project with direct shipping (DSO) quality iron ore being trucked to an existing port in either Onslow or Dampier.

The two project tenements are located approximately 140 kilometres west of Tom Price (close to bitumised road) and eight kilometres east-northeast of the Paulsens Gold mine in the northwest of Western Australia.

A 2,724 metre 58 hole RC drilling campaign was recently completed with results and analyses pending - this is expected to be received in August 2008. Upon receipt of this data, Strike will conduct resource modelling to define a JORC resource and a model for mine planning purposes.

A scope of works is being commissioned to outline the process to advance this project to a production phase, with the aim of mining operations commencing in the first half of 2010.

An Environmental Survey is being conducted as a precursor to submitting a Mining Proposal to support mining operations commencing in the second half of 2009.

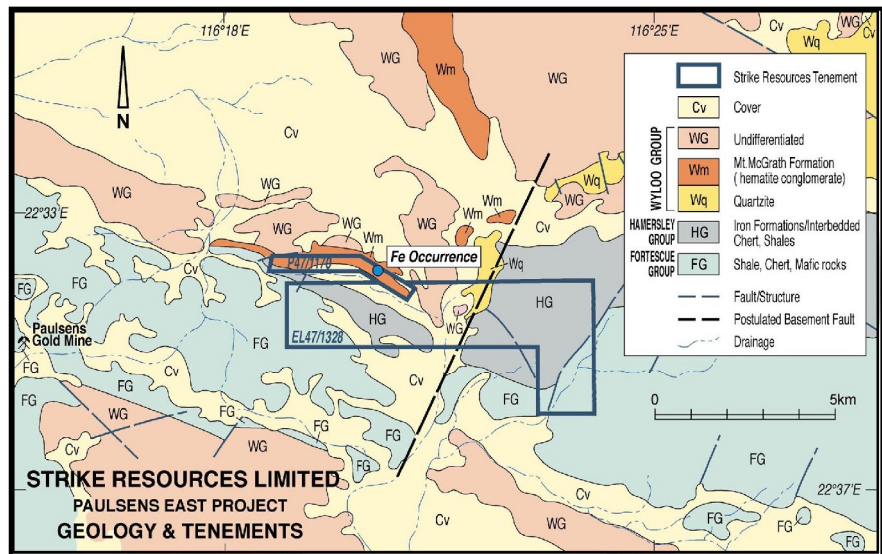
Strike has commenced the heritage process and has initiated discussions and negotiations with the Pilbara Native Title Service and the traditional owners' claimant group to develop an initial "negotiating protocol" which outlines the process for finalising a mining agreement.

Various other mining, transportation/haulage, port studies/proposals are being coordinated to develop an overall Scoping Study.

The consideration for the acquisition of the outstanding interest in this project is the issue of 1.75 million Strike shares.

There is an existing 2% royalty on production payable to Orion, which remains in place.

Figure 2: Paulsens East Project Geology and Tenements Map



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*The information in this announcement which relates to Berau Coal Project Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Philip A. Jones and Mr Allen J. Maynard, who are Corporate Members of the Australasian Institute of Mining and Metallurgy and Members of the Australian Institute of Geoscientists and independent consultants to the Company. They have over 30 years of exploration and mining experience in a variety of mineral deposit styles including coal mineralisation. Mr Jones & Mr Maynard have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones & Mr Maynard consent to inclusion in the announcement of the matters based on this information in the form and context in which it appears.*