

MARKET ANNOUNCEMENT

BERAU COAL RESOURCE UPGRADED TO 20.8 MT

Summary

- Coal Resource of the Berau Coal Project in East Kalimantan increased to 20.8 million tonnes (Mt), an increase of 12.8 Mt from the previously reported JORC Inferred Resource of 8.0 Mt.
- Based on a mine pit design, Coal Reserves in the Berau Coal Project are estimated at 7.7 Mt.
- Current JORC Resource is based upon drilling along a 3 kilometre (km) strike length out of a total delineated strike length of 5 km.
- Significant additional exploration potential exists along strike and depth of the known resource within the concession to the south-east.

The Company is pleased to advise that as a result of a recently completed drilling programme at its Berau Thermal Coal Project, its previously announced JORC Inferred Resource of 8.0 Mt of thermal coal has now been increased to a total of 20.8 Mt.

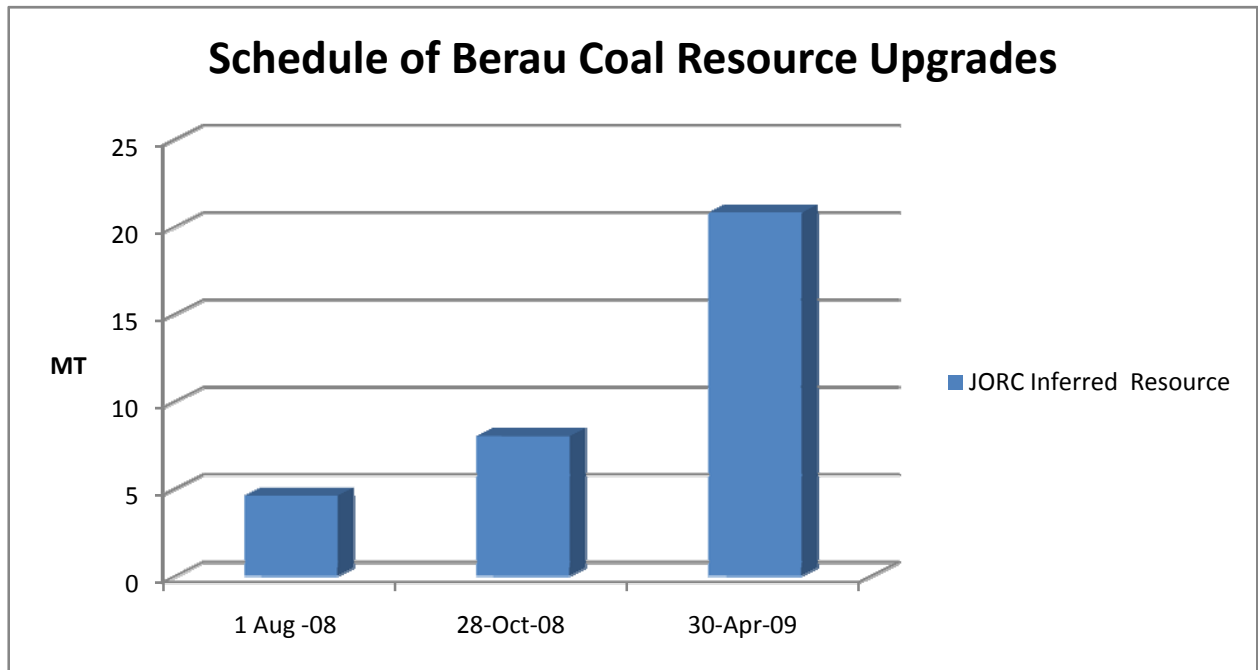
Detailed mine pit designs together with a higher density of drilling on a portion of the 20.8 Mt Coal Resource has allowed the estimation of 7.7 Mt of Probable Coal Reserves.

The Company notes that in its market announcement dated 28 October 2008, where a JORC Inferred Resource of 8.0 Mt was announced, a target mineralisation of a further 5 to 10 Mt of coal (of ~5,400 to ~5,800 Calorific Value kcal/kg (gross as received)) was provided taking the total to 13 to 18 Mt. The Company is pleased that this target mineralisation has now been exceeded.

In addition to the currently assessed independent JORC Resource, the Company believes (as outlined below) that there is further significant resource potential within the current area of activity.



Table 1 below outlines the growth in Coal Resources at the Berau Coal project since inception of drilling in 2008.



The current JORC Resource is based upon drilling along a 3km strike length out of a total strike length of 5km. Intermittent occurrences of outcropping coal have been mapped all along the 5km strike length, leaving 2km of strike along which the Company expects to outline an additional resource.

The mineralisation upon which the current JORC Resource is based is contained within an area of activity of approximately 400 hectares out of a total concession area of approximately 5,000 hectares. The Company notes that no significant exploration activity has been conducted outside of the current area of activity though such areas are known to host coal outcrops.

Whilst no target mineralisation can yet be provided for these areas, the Company is hopeful of delineating further significant additional coal resources once exploration activity is conducted.

Commenting on the current JORC resource Chairman, Dr John Stephenson stated: "This JORC Resource upgrade is an important development for the Company in that it affords the potential for a much longer life of mine at a rate of production of 3 Mt per annum. Geological work conducted also indicates the potential for additional resources to be added to this project".

Basis of JORC Calculation

The current JORC Resource upgrade was completed by independent consultants, Minarco-MineConsult Pty Ltd and was based upon a recently completed programme of 5,000 metres (m) of diamond core drilling in the concession area, which built upon previous drilling campaigns.

The upgrades were performed across the drilled areas to the west (Nyapa West block) and east (Nyapa East block) of the Kelai River, which passes through the concession.

Coal Resources

The Coal Resource in the Nyapa West block is estimated to be 14 Mt, comprising 1.8 Mt of Measured Resource, 8.6 Mt of Indicated Resource and 3.6 Mt of Inferred Resource.

The Coal Resource in the Nyapa East block is estimated to be 6.8 Mt of Inferred Resource.

Coal Resources for both blocks are summarised below:

Concession Blocks	JORC Coal Resources (Mt)			
	Measured	Indicated	Inferred	Sub-Total
Nyapa West	1.8	8.6	3.6	14.0
Nyapa East	-	-	6.8	6.8
Total	1.8	8.6	10.4	20.8

The in situ coal at Nyapa West is of sub bituminous rank, with the following average qualities:

- Medium Calorific Value (CV) 5,605 kcal/kg (Gross as received, gar);
- Total Moisture (TM) 16.6%;
- Ash 5.8% - air dried basis (adb);
- Sulphur 0.71% (adb).

The coal in Nyapa East is of a similar quality.

Coal Reserves

From the total 20.8 Mt Coal Resource outlined above, a Coal Reserve of 7.7 Mt has been estimated by Minarco-MineConsult. The 7.7 Mt Coal Reserve is classified as Probable Reserve and is located within the Nyapa West block.

The coal will be sold as a run of mine (ROM) product; hence Marketable Reserves will equal Coal Reserves.

Marketable Reserves(Mt)	Calorific Value kcal/kg (gross as received)	Total Sulphur (as received)	Ash (ar)	Total Moisture (ar)
7.7 Mt	5,546	0.66%	7.3%	16.6%

Coal Resources are reported inclusive of Coal Reserves (that is, Coal Reserves are not additional to Coal Resources).

Additional Coal Resource Potential:

Nominal depth to which the Coal Resources were estimated was -100m reduced level (RL) in the Nyapa West Block and -50m RL in the Nyapa East Block.

The Company notes that:

- Within the Nyapa East block, the deposit remains open and untested along a further 2km strike to the south-east.
- Within Nyapa East, Seam C5 averages 4.5m (ranging from 3.4m to 5.7m) and Seam C7 averages 4.1m (ranging from 3.5m to 5.7m). The occurrence of relatively thick seams indicates the potential for the continuity of the deposit along strike.

Project Feasibility Study

Strike's focus is on the development of an open cut mining operation producing 1.5 Mt per annum initially and increasing to 3 Mt per annum. The project feasibility study (encapsulating mine planning, infrastructure (mine, transportation and barging port) and marketing studies) is expected to be completed by May 2009 at which time a decision is expected to be made on the commencement of mine development.

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The information in this document that relates to Mineral Resources has been compiled by Mr William Park (BSc (Geology), BEcon, MAIG) who is a member of the Australian Institute of Geoscientists and the information in this document that relates to Ore Reserves has been compiled by Mr Michael Trainor (BE (Mining), MAusIMM) who is a Member of The Australian Institute of Mining and Metallurgy. Mr Park and Mr Trainor are employees of Minarco-MineConsult Pty Ltd. Mr Park and Mr Trainor have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Park and Mr Trainor consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.