

MARKET ANNOUNCEMENT

Apurimac Project – JORC Resource Statement

The Company has been conducting a drilling programme at its Apurimac Project in Peru to delineate a significant high grade iron ore resource to support a 20 million tonne per annum mining operation. Such production would place the Company in the top 15 iron ore producers in the world in terms of annual production.

Based upon drilling at the Opaban I and Opaban III deposits within the Apurimac Project area, the Company is pleased to provide a JORC compliant resource statement for these deposits.

These results represent a major milestone in the development of the Company as it moves towards its target of becoming a significant international iron ore producer at the rate of 20 Million Tonnes per annum.

- Total JORC Compliant Inferred Resource within the Opaban I and III deposits of 172 million tonnes grading 62.28% Fe, an increase of 151 million tonnes over previously reported JORC resource;
- **Based upon an iron ore price of approximately A\$55 per tonne, the in situ value of 172 million tonnes of iron ore at this grade is approximately equal to A\$9.5 Billion;**
- Drilling conducted within the Opaban I deposit has indicated that mineralisation is open and extends to the north, west and at depth;
- Specifically, drilling currently underway in the northern section of Opaban I has indicated significant intervals of massive iron mineralisation with the Company awaiting assay results to determine the iron ore grade;
- Both Opaban I and Opaban III are not fully tested with significant potential for delineation of further high grade iron mineralisation;
- Current JORC resource is expected to increase as northern drilling results of Opaban I are made available, as further drilling to the north, west and at depth in Opaban I is conducted and drilling commences to test further mineralisation in Opaban III;
- 17 other high priority targets with surface outcropping iron mineralisation are yet to be drilled to test the deposit size previously estimated by the Peruvian Ministry of Energy and Mines;
- Confidence level of resource inventory to support a 20 million tonne per annum mining operation is greatly enhanced.



Basis of JORC Calculation

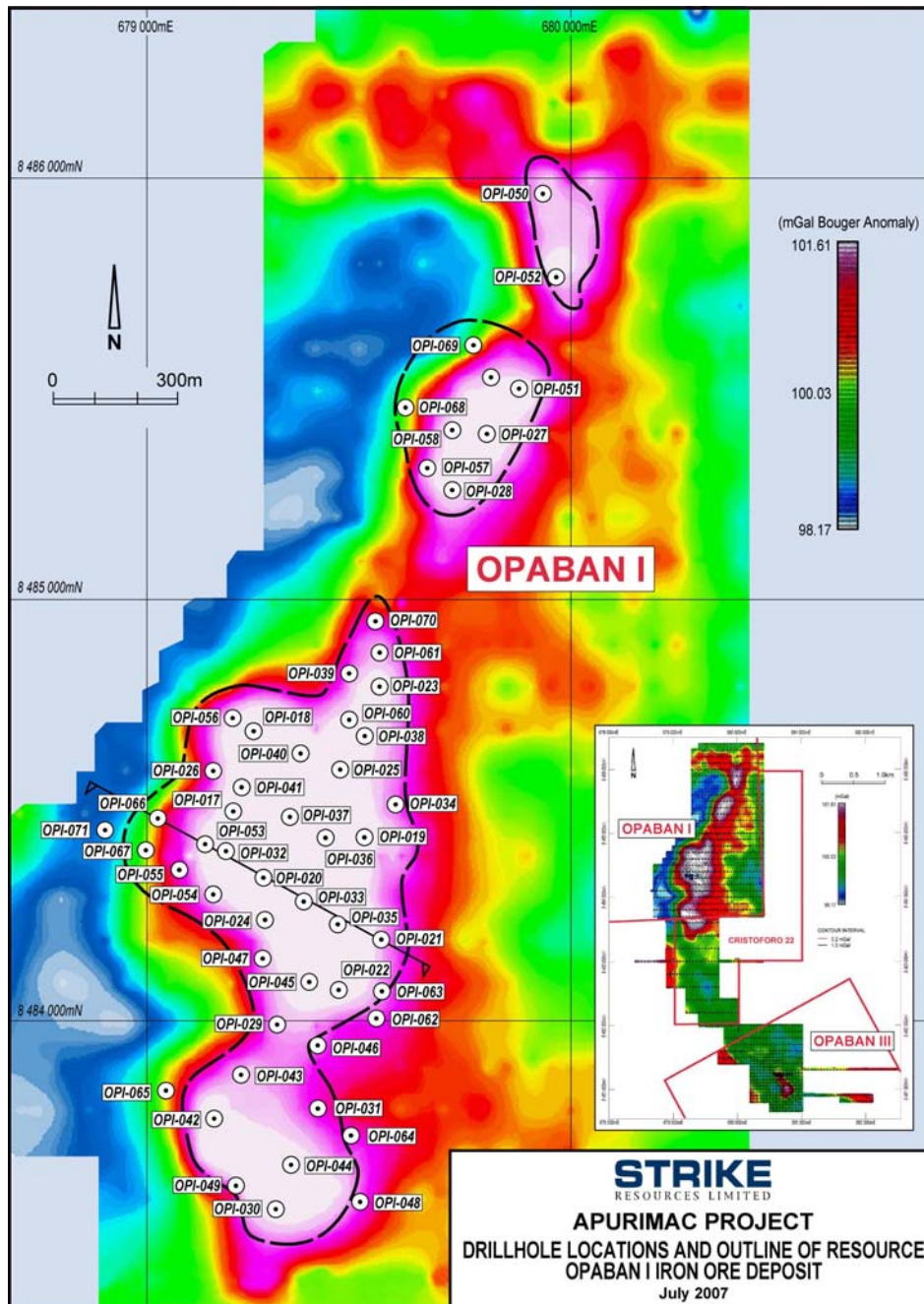
The total mineral resource estimate referred to above and classified as Inferred has been made in compliance with the JORC Code, 2004, and is based on 6,383 metres of assayed RC and diamond drilling conducted at the Opaban I concession and 1,102 metres of assayed diamond drilling conducted at the Opaban III concession.

The Inferred Resource estimate for Opaban I has been calculated at 151 million tonnes grading 62.16% Fe with a cut-off grade of 55% Fe.

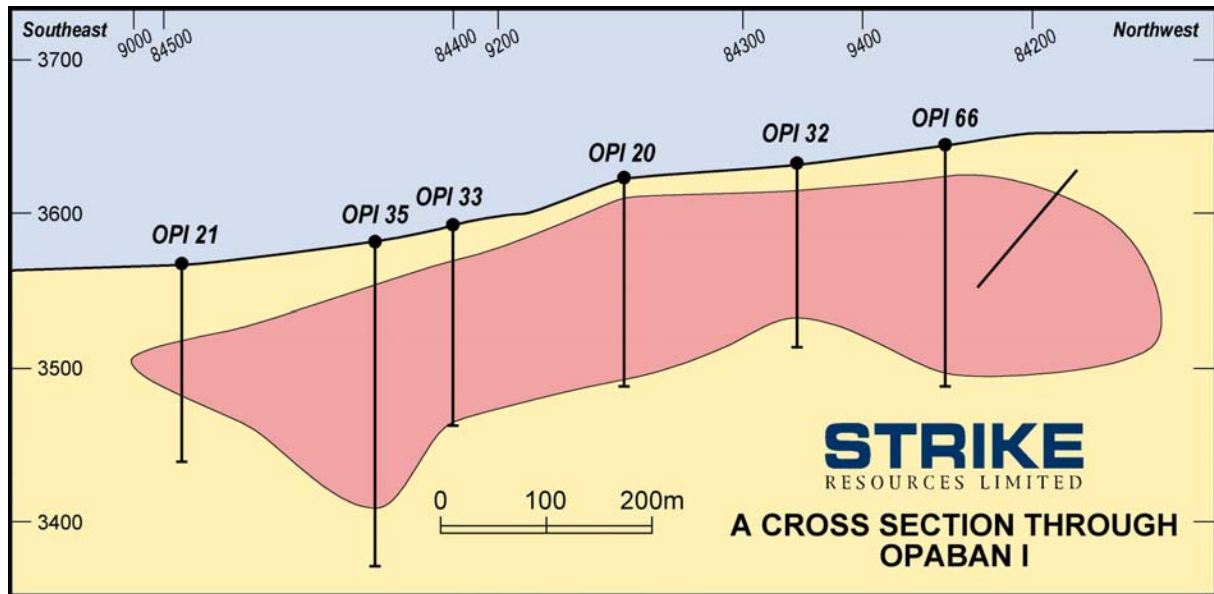
The Inferred Resource estimate for Opaban III has been previously reported at 21 million tonnes grading 63.1% Fe with a cut-off grade of 55% Fe.

The Opaban I and Opaban III iron mineralisation present as high grade hematite/magnetite aggregates with low levels of impurities.

Details of the drilling conducted at Opaban I to outline the JORC Resource estimate for this deposit are presented in the following diagram:



A cross section of the Opaban I deposit is shown in the diagram below. This cross section highlights the flat lying tabular nature of the deposit and also demonstrates the potential for a low waste to ore ratio for any future mining of the deposit.



Note: Vertical exaggeration is approximately 2:1

The Inferred resource classification has been made based upon a number of criteria, including the geological confidence, the integrity of the drilling data and the spatial continuity of the mineralisation. Polygonal resource calculation methodology was adopted using weighted average grades and cumulative thicknesses of +55% Fe intervals within drill holes. The nature of the deposit is high grade iron skarn mineralisation hosted in limestone at the margins of and intruded by diorite.

The most recent round of drilling at Opaban I has shown that in several holes iron mineralisation continues below barren marble and diorite encountered at depths of greater than 50 metres. This is encouraging for further exploration at depth.

Commenting on these results Chairman Dr John Stephenson said: "This is a very significant milestone for the Company as it advances towards its objective of being a significant international iron ore producer. This JORC announcement gives the Company the confidence to continue with an aggressive drilling campaign designed to both increase tonnage and raise the definition of the resource from Inferred to Indicated".

The Company has formulated a plan for future drilling at the Opaban I and III deposits to extend the JORC Resource. This drilling will commence once local community and environmental approvals are obtained.

Given the Company's increased level of confidence in the potential for a 20 million tonne per annum mining operation, it is developing a comprehensive community relations programme that deals not only with approvals for currently proposed drilling but also with the long term concerns and aspirations of local communities and stakeholders with respect to the conduct and operation of a significant mine in the region.

For further information:

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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.