



Where a optionholder chooses to exercise the whole or a portion of their options earlier than the expiry date of such options, such early exercise must occur and the exercised options converted by the Share Registry into Strike shares, by the record date, for these shares to participate under the capital return/in specie distribution.

Optionholders should read the Notice of AGM and accompanying Prospectus in full and carefully and if there is any matter that they do not understand, they should contact their financial adviser, stockbroker or solicitor for advice.

We enclose an Option Exercise Form and a Reply Paid envelope to assist optionholders who wish to convert their options into shares. This form and a cheque for the cost of exercise of options should be returned to the Share Registry by no later than 30 November 2007 to ensure that their options conversion can be processed prior to the record date.

If options are not converted into shares by the record date, they will not qualify for participation under the capital return/in specie distribution and optionholders will be advised of the reduction in the exercise price of their remaining options by the value of the capital return per share.

## **2007 NOTICE OF ANNUAL GENERAL MEETING AND ACCOMPANYING PROSPECTUS**

Optionholders who are also shareholders of Strike will have received a copy of Strike's Notice of AGM and an accompanying Prospectus.

A copy of Strike's Notice of AGM and an accompanying Prospectus is enclosed for those optionholders who are not also Strike shareholders.

## **2007 ANNUAL REPORT**

Optionholders who are also shareholders of Strike will have received a 2007 Annual Report if they had previously elected to receive a printed version.

Otherwise, an electronic version of the 2007 Annual Report may be viewed and downloaded from the Company's website: [www.strikeresources.com.au](http://www.strikeresources.com.au) or emailed to optionholders upon request to [info@strikeresources.com.au](mailto:info@strikeresources.com.au).

The Australian Government recently introduced legislation changing the default option for receiving annual reports. Companies are no longer required to mail out printed annual reports to their members. Instead, members can now make an election as follows:

- (a) make a written request for a hard copy annual report to be mailed to them; or
- (b) make a written request for an electronic copy of the annual report to be emailed to them.

Optionholders who are also shareholders and wish to update their annual report elections should complete the relevant form available for downloading from the Company's website: [www.strikeresources.com.au](http://www.strikeresources.com.au).

If you have any questions in relation to the matters outlined in this letter, please contact the Company Secretary on (08) 9214 9700 or by email to [info@strikeresources.com.au](mailto:info@strikeresources.com.au).

Yours Sincerely,



Dr John Stephenson  
Chairman



(23,735,163 options, each to acquire one fully paid ordinary share in Strike Resources Limited ABN 94 088 488 724 ("Company") at an exercise price of 20 cents with each such option expiring at 5:00pm (Perth time) on 30 June 2008, pursuant to a Prospectus dated 20 March 2006)

The options are issued on the following terms and conditions:

**1. Entitlement**

Each option ("Option") shall entitle the holder to subscribe (in cash) for one (1) Share in the capital of the Company.

**2. Option Period**

Each Option will expire at 5:00pm (Perth time) on 30 June 2008 (such date being referred to as the "Option Expiry Date"). Subject to Clause 6 hereof, each Option may be exercised at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

**3. Ranking of Share Allotted on Exercise of Option**

Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with the existing Shares in the capital of the Company on issue at the date of allotment.

**4. Notification to Option Holders**

A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to the members of the Company but will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being Option Holders, members of the Company.

**5. Transfer of an Option**

Each Option is transferable at any time prior to the Option Expiry Date. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX.

**6. Method of Exercise of an Option**

6.1 A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to or endorsed on the reverse side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary Shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,000 if only part of the Option Holders total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,000, then the total of all Options held by that Option Holder must be exercised.

6.2 The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.20 per Share.

6.3 Subject to Clause 6.1 hereof, the exercise of less than all of an Option Holders Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holders entitlement under the Option Holders remaining Options.

6.4 On exercise of Options, the Option Holder must surrender to the Company the Option Holders option certificate (if applicable) with respect to those Options being exercised.

6.5 If the Option Holder exercises less than the total number of Options then registered in the Option Holders name:

6.5.1 the Option Holder must surrender the option certificate (if applicable) with respect to the Option Holders Options to the Company; and

6.5.2 the Company must cancel that option certificate and issue to the Option Holder a new certificate (if applicable) with respect to the balance of the Option Holders unexercised Options.

6.6 Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.

6.7 The Company will (subject to any escrow restrictions imposed by the ASX) within three (3) business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

**7. Reconstruction**

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holder will be treated in the manner set out in the ASX Listing Rules applying to reconstructions at that time.

**8. Participation in New Share Issues**

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period of the Options, the Record Date for the purposes of determining entitlements to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

**9. Change of Options Exercise Price or Number of Underlying Shares**

9.1 If the Company makes a pro rata issue (except a bonus issue) to the holders of ordinary Shares, the exercise price of each Option shall be reduced in accordance with the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where :

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = the average market price per Share (weighed by reference to volume) of the underlying Shares during the 5 trading days ending on the day before the ex rights date or the ex entitlements date.
- S = the subscription price for a Share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

No change will be made pursuant to the application of the above formula to the number of Shares to which the Option Holder is entitled.

9.2 The reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provisions of the Listing Rules of the ASX.

9.3 If the Company makes a bonus issue of Shares or other securities convertible into ordinary Shares pro rata to holders of ordinary Shares the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus Shares. No change will be made in such circumstances to the exercise price of each Option.