

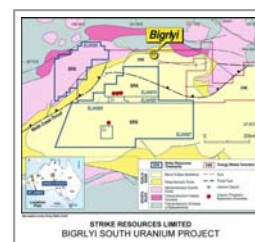
Strike while the iron's hot

Monday, 26 June 2006

AS THE old saying goes, timing is everything, and Strike Resources appears to have timed its entry into the Australian Stock Exchange to perfection. The Perth-based entity launched into public life early this year on the back of two of the strongest-performed commodities of late, as well as touting genuine potential for near-term cash flow – always an attractive proposition for potential investors. By Chris Cann - *RESOURCESTOCKS**

Strike is finalising due diligence on a Kalimantan thermal coal project in Indonesia – a project that could possibly be fast-tracked into production depending on the outcome of a scoping study – and has applications over numerous uranium tenements in the Northern Territory and Western Australia.

Uranium is undoubtedly a frontrunner in the current commodities boom. To put it into perspective, yellowcake recently broke through the \$US40 per pound mark after trading under \$10/lb a short in 2000.



So it is no surprise there are a swarm of uranium hopefuls swamping the market to take advantage of the price.

However, as managing director Shanker Madan pointed out, Strike's strategy of reaching cash flow status as soon as possible through its coal asset sets it apart from many uranium listings.

That cash flow will go a long way toward funding the company's uranium exploration and reduce the need for a return to the market for additional funds.

"The beauty of these coal projects is they can be up and running in a very short period of time for very little capital investment, which is absolutely ideal for a small company like Strike," Madan said.

"We know this because we've seen it with several other coal operations in the area."

Strike has the cash in the bank to take the proposed coal project to a "very advanced stage".

The thermal coal project is based on the 7363-hectare Babulu prospect, on which Strike will look to define a 15-20 million tonne resource.

The prospect has 30 mapped outcrops of coal seams and the potential to yield the targeted opencut resource but most importantly is just 10km from two potential barging points along the beach, negating the need for port access.

Strike is in the process of due diligence drilling and will make a decision on whether or not to go ahead with the project by July 15.

Results from the first phase of drilling showed up to six seams varying in thickness from 1-5.5m.

Madan said the coal was low in ash and sulphur, which made the product more desirable. Strike has already received a "very positive response" from potential markets.

"We're looking at marketing, we're looking at costs but most of all we're looking at building the resource," he said.

If the due diligence is positive, the project could produce 40,000-50,000t of bulk samples by November.

"There'll be a product for potential customers to try and if they like it, we'll have a market," Madan said.

"This will be providing the cash flow to allow us to advance our uranium projects in Australia and other projects we pick up along the way."

The majority of the company's uranium interests have been acquired through an agreement with

Hume Mining where Strike is earning a 75% stake in tenement applications in the NT and WA.

The flagship uranium property is Bigryli South, which covers about 1666 square kilometres of ground surrounding Energy Metals' Bigryli uranium deposit.

Strike is of the belief that the regional geological setting that hosts Energy Metals' deposit continues to both the north and the south, making Bigryli South "prospective for economic uranium mineralisation".

Strike's NT applications are all subject to Native Title agreements but Madan has begun negotiations and expects that process to be finalised by mid-year.

Once granted, the lease will be subjected to ground surveys to define drill targets as soon as possible, which will be promptly tested.

Madan believes the current 'three mine' policy would eventually be overturned.

"If we find an economic resource here, it will not just sit there dormant – there's no doubt."

*** This report, first published in the May 2006 edition of RESOURCESTOCKS magazine, was commissioned by Strike Resources**

© Aspermont Limited

Aspermont Limited
Street Address 613-619 Wellington Street, Perth WA Australia 6000
Postal Address PO Box 78, Leederville, WA Australia 6902
Head Office Tel +61 8 6263 9100 **Head Office Fax** +61 8 6263 9148
e-mail contact@aspermont.com **website** www.aspermont.com **ABN** 66 000 375 048