Tuesday, 28 November 2006

MARKET ANNOUNCEMENT

Intention to Spin-Off Uranium Assets

Strike Resources Limited (**SRK**) is pleased to announce that it intends to spin-off its uranium assets in the Northern Territory and Western Australia into a new vehicle - which it is proposed will conduct an IPO capital raising and seek a listing on the Australian Stock Exchange (**ASX**).

SRK is currently considering a number of alternatives by which this proposed spin-off may occur and will advise the market when it has concluded a transaction path in this regard.

Upon the successful completion of its uranium asset spin-off, SRK will focus on its iron-ore assets in Peru (Apurimac and Cuzco Projects) and Western Australia (Paulsens East Project).

SRK intends to retain a significant equity position in the new uranium vehicle and to implement a mechanism by which SRK shareholders will have an entitlement to a substantial portion of the new uranium vehicle's IPO shares.

SRK will manage its retained stake in the new uranium vehicle for the benefit of all SRK shareholders.

A suitably qualified Board of Directors is envisaged for the new uranium vehicle, the composition of which will include a number of the current SRK Directors, post IPO.

SRK's uranium assets comprise interests in the following projects:

(1) Bigrlyi South (Northern Territory)
(75% in Exploration Licences 24879, 24928, 24929 and 24930 and application for EL 24927)

The Company has a 75% interest in 5 exploration tenements located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs). These tenements, having a total area of approximately 1,666 square kilometres, are adjacent to tenements surrounding the Bigrlyi Uranium Deposit (held by Energy Metals Limited - ASX Code: "EME") which has a stated JORC resource of 8.37 million pounds of U_3O_8 at a cut-off grade of 0.1%[1].

(2) Mt James (Gascoyne, Western Australia)
(75% in EL 09/1253; 70% in EL 09/1245 and 100% in EL 09/1257 and EL 09/1258)

EL 09/1253 and EL 09/1245 cover ground previously explored by AGIP Nucleare (Australia) Pty Ltd (**AGIP**), (a subsidiary of Italian multi-national energy group ENI) where 0.14% U (equivalent to 0.17% U_3O_8) as uraninite in a diamond drill hole was discovered by AGIP in the 1970s. EL 09/1257 and EL 09/1258 in the Injinu Hills and the Mortimer Hills areas, southwest and west respectively from EL 09/1253 and EL 09/1245 are covered with large areas of duricrust and known to host near surface uranium mineralisation as carnotite within adjacent ground.

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1 EME market Announcement "JORC Compliant Reporting of Resource Estimate for Bigrlyi" dated 25 July 2006

(3) Mt Lawrence Wells (East Murchison, Western Australia)
(85% in EL 53/1115; 100% in EL 53/1203 and ELA 53/1259)

These exploration licences are located 25 kilometres south of Wiluna and north of a palaeo drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects.

The project area is located immediately north of the Hinkler Well tenements of ASX listed U3O8 Limited where U3O8 Limited has recently announced uranium mineralisation in calcrete extending for approximately 20 kilometres. The mineralisation extends along an east west palaeo channel. Part of this calcrete channel and also the source of the gravels that cover the northern extent of the channel extend into the Company's tenements. The Company owns 100% of two contiguous tenements north of the Hinkler Well deposit (EL 53/1203 and ELA 53/1259) and is earning an 85% interest in another (EL 53/1115).

(4) Canning Well (Pilbara, Western Australia)
(75% in EL 46/629 and 63.75% in ELA 46/585)

The Company has a 75% interest in granted Canning Well Exploration Licence EL 46/629 and Little Sandy Desert Exploration Licence application ELA 46/585 (in the later case, 75% of an 85% interest therein, excluding manganese mineral rights which are retained by Giralia Resources NL) in the East Pilbara region. The Company's initial due diligence has indicated that uranium anomalies of up to 11 times the background were recorded in the project area in lag samples by previous explorers but were never followed up.

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the Canning Fault and associated splay and intersecting faults which bring together rocks of the Archaean Fortescue Group in juxtaposition with Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group.

Hume Mining NL (a subsidiary of listed investment company, Orion Equities Limited (**OEQ**)), retains a 25% interest in certain of the above uranium tenements. Hume Mining NL has evinced an intention to participate in the spin-off to the extent of its retained interest in SRK's uranium assets such that the new uranium vehicle will have a 100% interest in relevant tenements.

SRK is currently finalising the terms upon which Hume's retained interest in the various uranium tenements outlined above may be included in the proposed new uranium vehicle IPO.

SRK expects to make a further announcement once the precise details of this uranium spin-off are finalised.

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