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Wednesday, 22 August 2007

MARKET ANNOUNCEMENT

Presentation at Iron Ore 2007 Conference

The Company is please to enclose a copy of a presentation made by Managing Director, Mr Shanker Madan at the Iron Ore 2007 Conference jointly organised by The Australasian Institute of Mining and Metallurgy (AusIMM), CSIRO Minerals and CSIRO Exploration and Mining, in Perth on 21 August 2007.

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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 Australasian Institute of Mining and Metallurgy (AusIMM). 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.

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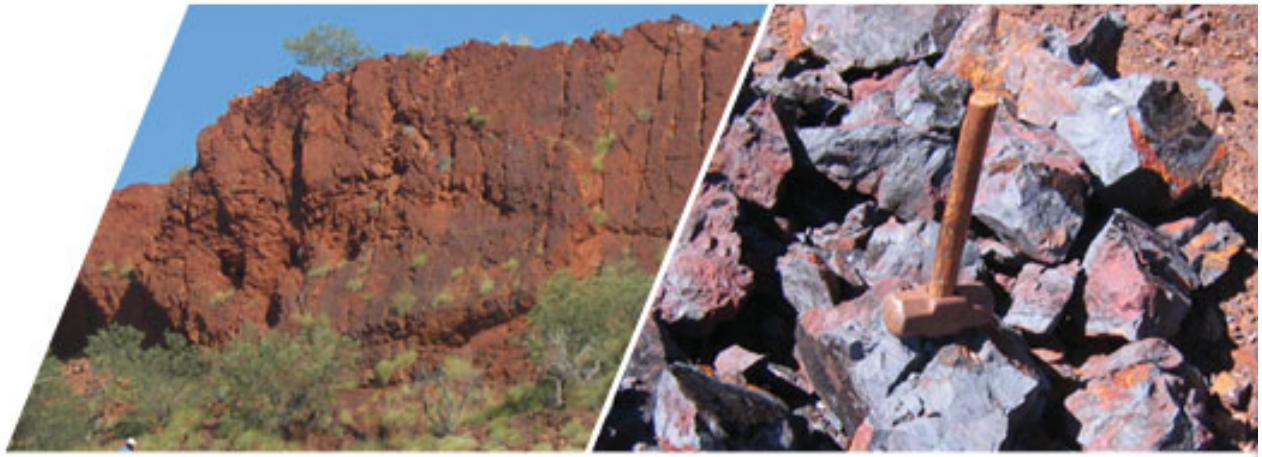

Development of an Iron Ore Project

August 2007

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Strike has two large high grade iron ore deposits in Southern Peru

- Located in Peruvian Andes close to large population centres and infrastructure.
- Resource estimates from surface mapping and sampling by Peruvian Ministry of Energy and Mines (1974) and Takahashi Trading (1961):

Apurimac	Cuzco
~730 Mt.	500 –650 Mt.
62- 66% Fe.	64%+ Fe.

- Strike plans to develop a 20 million tonnes per annum mining operation at Apurimac targeting ~ 67% Fe product.
- Detailed geophysics and drilling was commenced in December 2006.
- A JORC Inferred Resource of 172Mt @62.8% Fe was announced in July 2007.

"It is noted however that the non-JORC compliant potential quantities referred to above are conceptual in nature due to insufficient exploration and it remains to be ascertained if exploration will confirm the non-JORC estimates by Peruvian Ministry of Energy and Mines (1974) and Takahashi Trading (1961)".

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The Cordilleras of Peru are a world class mineral belt

- **Peru is among the top five producers in the world of silver (2,921t), zinc (~1.37Mt), gold (173 t), copper (~842,000t), lead (309,000t), and molybdenum (9,500t) and is a net exporter of hydrocarbons.**

- **The Cordilleras of Peru are a world class mineral belt that are host to 12% to 16 % the worlds known resources of silver, gold, zinc, copper, lead and molybdenum.**

- **Xstrata, Newmont, BHP and Teck Cominco amongst many others have a large stake in the mineral industry in Peru.**

- **Peru Offers:**
  - **A stable investment environment.**
  - **No discrimination against foreign investment.**
  - **Government backed Legal Stability Agreements, including 10-15 yrs lock-in for tax rates, funds repatriation rules etc.**
  - **A long established mining history - economy heavily reliant on mining.**
  - **Competitive labour costs.**
  - **Corporate tax rates and royalties which are comparable to Australia's.**

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The deposits lie in the Peruvian Altiplano approximately 430km from the coast

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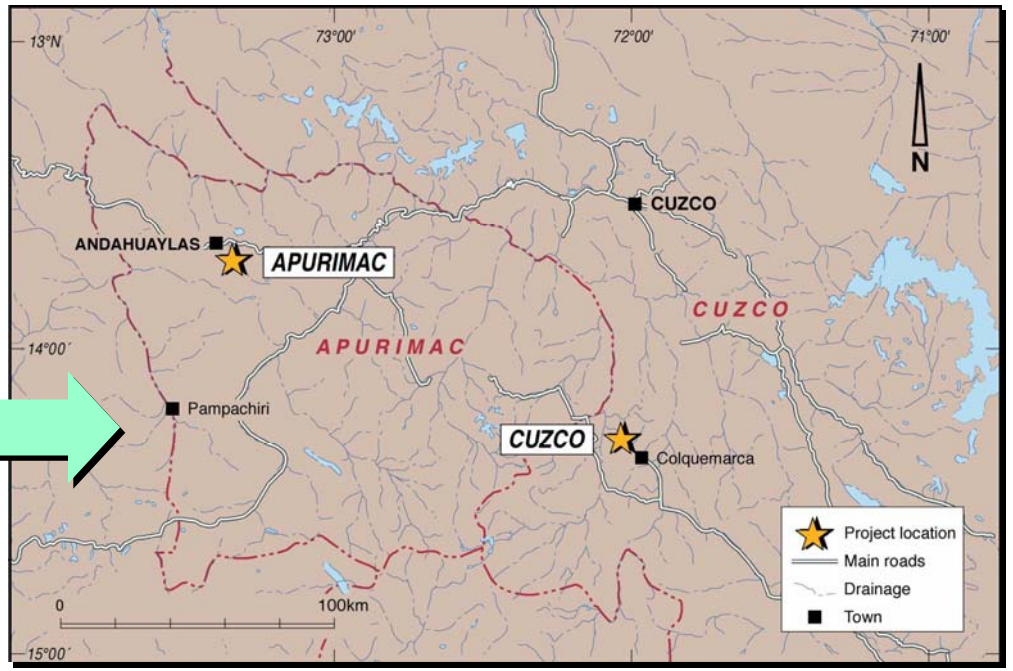
PERU IRON ORE PROJECTS



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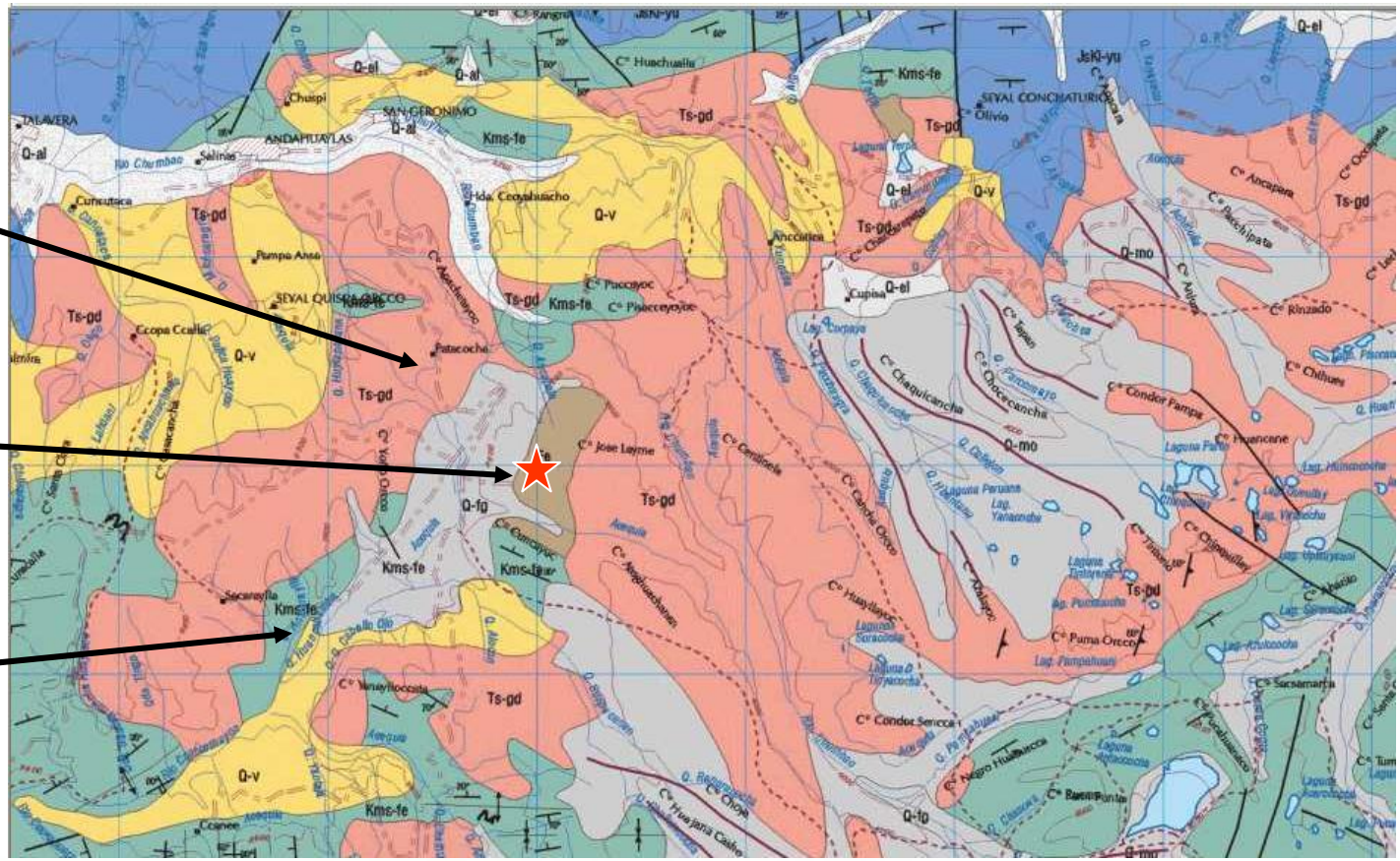
Apurimac deposits are located in the Altiplano at an average height of 3400m ASL in between the Eastern and the Western Cordillera of Peru

Tertiary Granodiorite

Iron Ore

Mesozoic Limestone



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The Apurimac deposits are located near a regional airport servicing the major town of Andahuaylas (15km away, population ~250,000)

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Historic Resource Estimate Apurimac : 730Mt

- Low lying flat tabular iron ore bodies.
- Mineralisation commences at or near surface lending to open cut mining with low waste to ore ratio.
- Although a mixture of magnetite and hematite it is mostly high grade (+ 62% Fe) as natural lump.

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Massive Hematite/Magnetite Aggregate

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Access within the concessions is relatively easy

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Chip and core logging and analyses show that the resource is dominantly high-grade magnetite with subordinate secondary hematite

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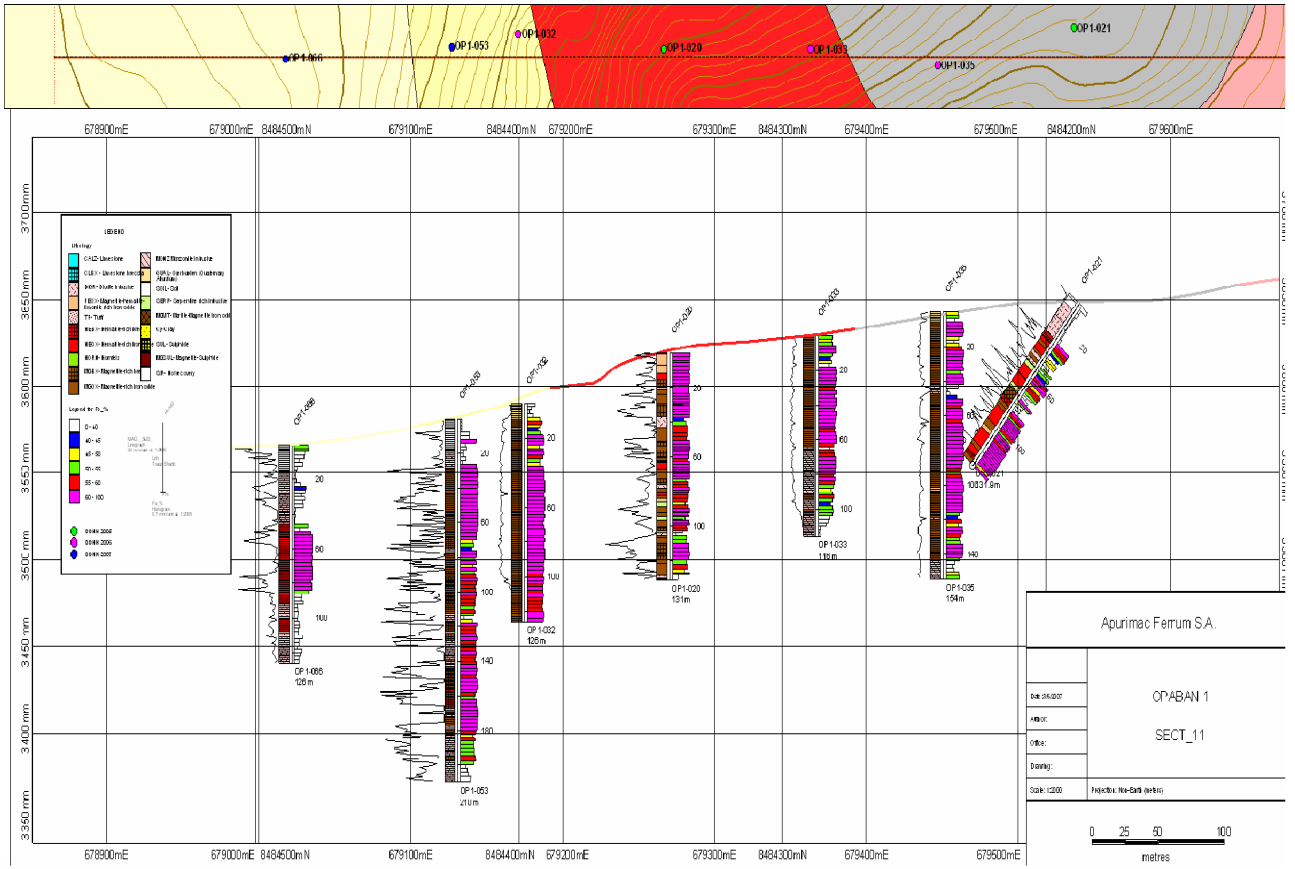
Apurimac deposits are high-grade (+62% Fe) skarn magnetite bodies located in limestone in contact with a granodiorite batholith



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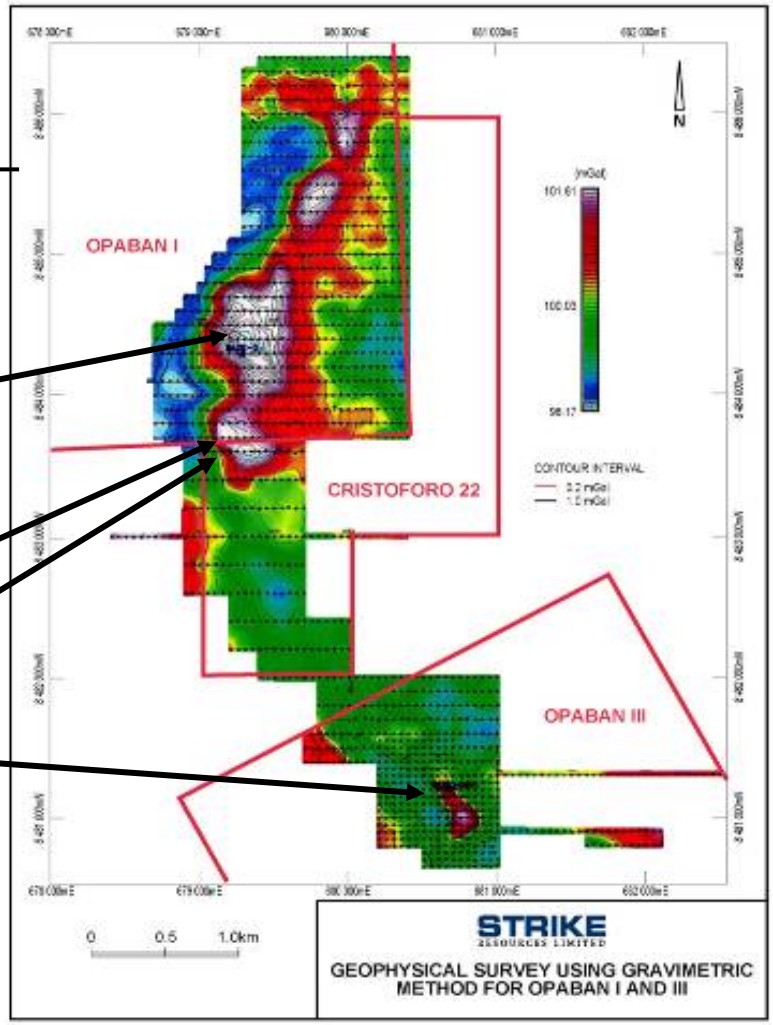
172Mt @ 62.8% Fe JORC Inferred Resource at Opaban in Apurimac. 19 Additional Targets to Drill

- Detailed gravity and magnetic surveys followed by 31 diamond core holes and 45 RC holes have been drilled to date
- A resource target of 210 - 260 Mt at Opaban I is projected based on geophysical data.
- High grade intercepts incl <u>154metres @ 62.8% Fe.</u>
- **172Mt @ 62.8% Fe JORC Inferred Resource at Opaban I and III.**
- At least 19 additional targets to drill in the Apurimac area.



"It is noted however that the non-JORC compliant potential quantities referred to above is conceptual in nature as there has been insufficient exploration to define a JORC compliant Mineral Resource and it remains to be ascertained if exploration will result in the determination of a Mineral Resource".

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Results from Recent Drilling
Better than Expected

Hole No	Total Cumulative +60% Fe Intervals (metres)	Average Fe Grade
OP1-32	108m	62.7%
OP1-35	114m	63.1%
OP1-37	84m	61.3%
OP1-40	82m	63.4%
OP1-42	154m	62.8%
OP1-44	90m	62.9%

The above are selected results from recent RC drilling

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Cuzco deposits are located 80km South of the major historic city of Cuzco

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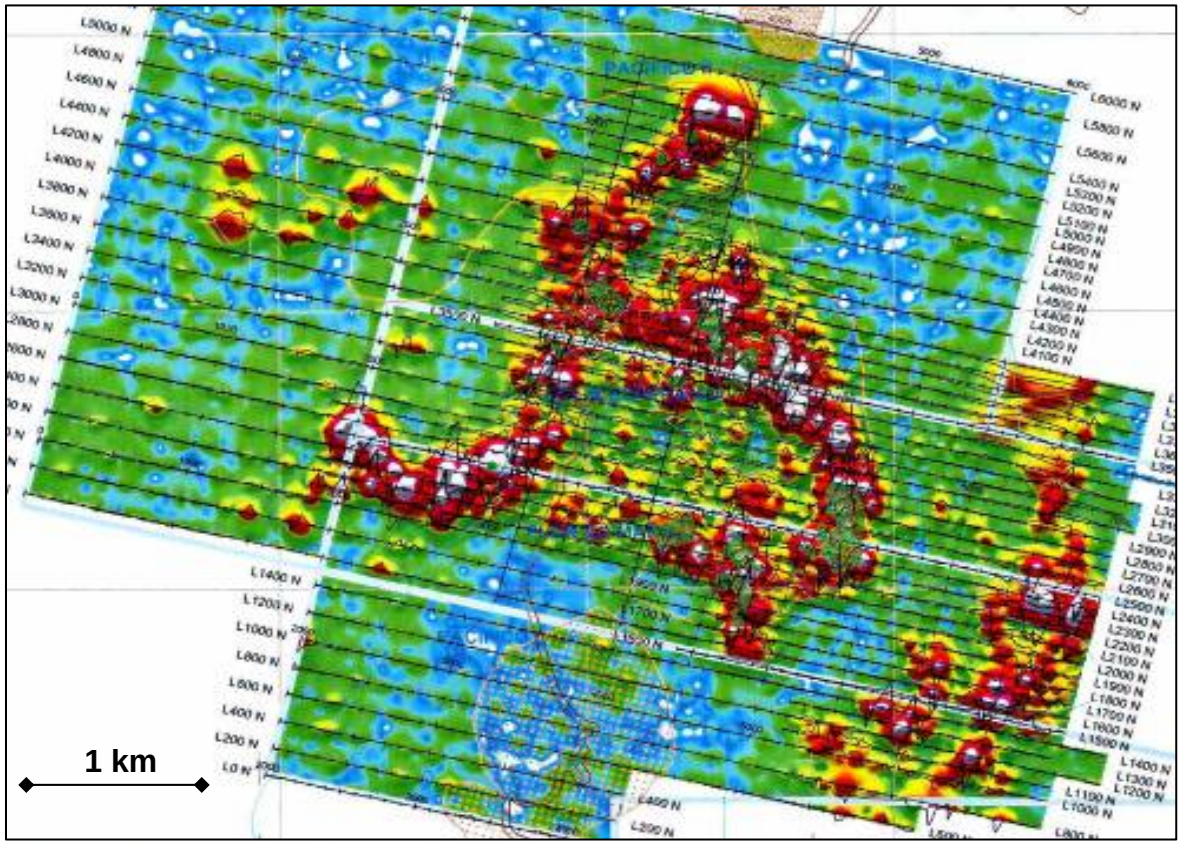
Resource Estimate Cuzco: 500–650Mt

- Flat tabular radial bodies within a 4km diameter area around an intrusive core.
- Similar to Apurimac.
- Work done to date
  - Geophysical surveys
  - Rock chip sampling of outcropping mineralisation
  - 2630m of drilling just completed.



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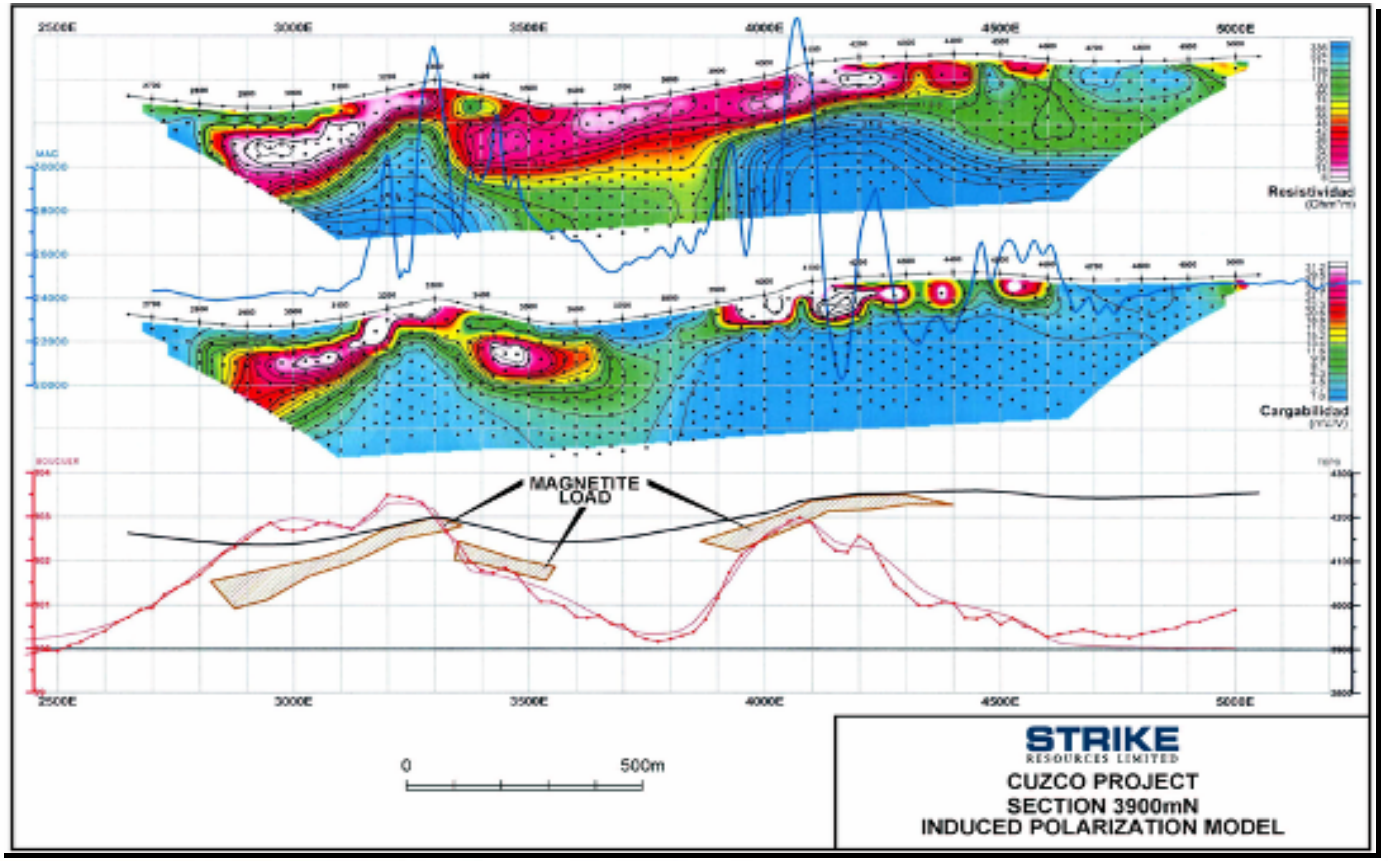
Sections through the Cuzco deposit

- Cross section of deposit illustrates low waste to ore ratio for open cut mining.
- Resource target between 500 – 650Mt.
- Drilling commenced late March 2007



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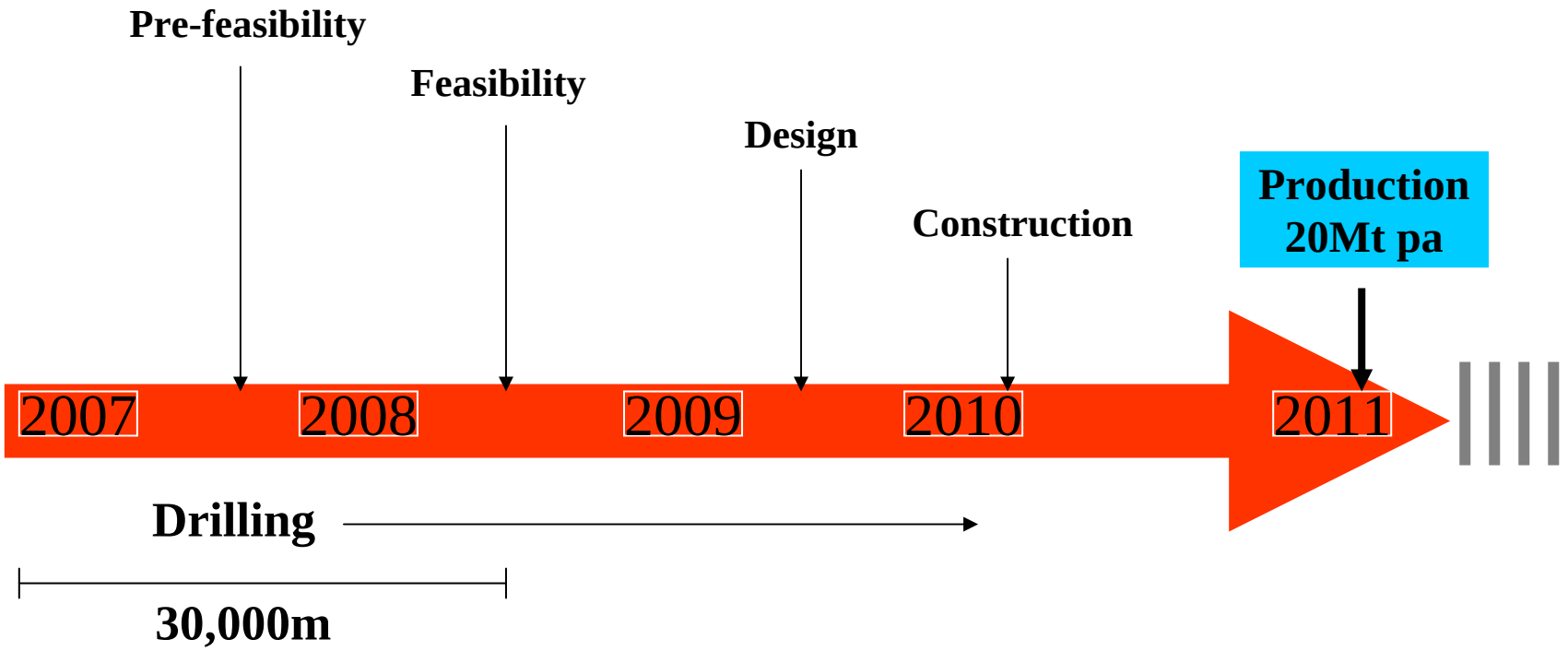
Apurimac Project Timetable



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Seven Pre-Feasibility Studies Comprise

- Ore Body Modelling and Mine Plan
- Metallurgy and Flow Sheet Design
- Slurry Pipeline
- Physical and Social Environment
  - Community Relations
  - Topographical Survey
- Infrastructure Studies
  - Hydrology
  - Power
- Port
- Marketing
- Est Costs ~ $2.75m

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Apurimac Project - contaminants are low

- The length weighted average grade of the mineralised envelope from diamond core samples at NO CUT OFF GRADE of the +6.3mm fraction (90% of the mineralised envelope) is:
  - 54.96% Fe;2.61% Al_2O_3; 9.60% SiO_2; 0.04%P and 0.011% S. Sulphur is skewed high in 3 drill holes, excluding which the average Sulphur is 0.03%S
  - Average mean grade of +50% Fe samples of all diamond cores is: 61.89% Fe; 6.03% SiO_2; 1.51% Al_2O_3; 0.031% P; 0.100S and).055% Cu.
  - Average grade of all +55% Fe, 2m composites is 62.73% Fe

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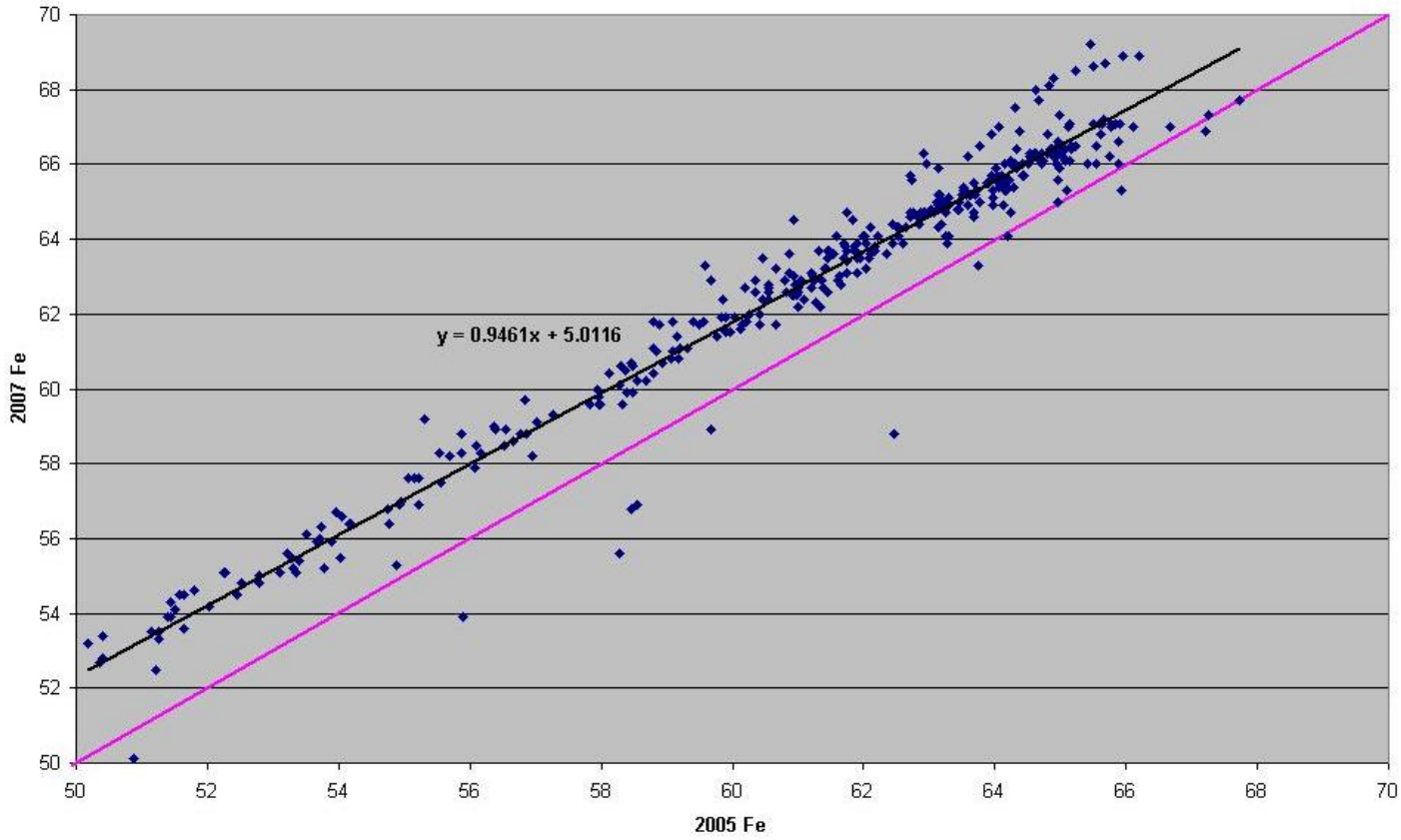
Apurimac Project – initial analysis done in Peru were 1-3.5% Fe lower than Australia



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Apurimac Project – mineral distribution lends itself to easy beneficiation

- Core and chip logging, magnetic susceptibility measurements and quantitative analysis of minerals distribution is as follows:

  - Magnetite 53%
  - Hematite (magnetic): 21%
  - Undifferentiated iron oxides: 12%
  - Magnetite breccia: 9%
  - Magnetic diorite: 6%

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Flow Sheet Design and Processing

- It will be based on exhaustive test work presently underway at CSIRO in Brisbane includes:
  - Thin and polished section studies.
  - Microprobe, imaging and image analysis.
  - Chemistry by size (grain size).

The mineralisation being high-grade and magnetic, it is envisaged that beneficiation will be relatively easy to remove the contaminants and make a very high grade product at relatively coarse grain sizes by dry magnetic separation as far as possible.

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Transportation studies previously conducted

- Extensive studies previously undertaken by Takahashi Trading (1961) and Wright Engineers (1970) on the viability of rail and slurry pipeline options to the coast showed both options to be feasible.
- Three locations have been identified and studied in detail and found to be suitable as deep water ports.
- San Juan is an existing deep water port - 17m draft.
- A preliminary pipeline route identified.

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Production Profile – Slurry Pipeline

- ~400km to port facility.
- Water and gas available.
- Downhill gradient.
- Targeted throughput: 20 Mt pa expanding to 40Mt pa.
- Proven technology.
  - Bailadila (India) – 7 Mt pa, ~270km
  - Samarco (Brazil) – 18 Mt pa, ~350km
- Capital costs of pipeline ~ US$ ~ 500m.
- Terms of Reference have been finalised with PSI

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Large bodies of water are located nearby

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Marketing

- China Desk established to develop early relationships with potential buyers in China.
- Managed by an experienced iron ore marketing specialist (ex Rio Tinto).
- Ore quality has the potential to offer significant advantages as a high-grade sinter blend. However, at this stage the ability to transport a sinter blend (-1mm) by pipeline is by no means certain.
- A high-grade concentrate is an easy viable option.
- SRK's High grade magnetite will be exothermic and therefore bring energy credits.

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Strike's unique deposit offers distinct advantages

- High grade magnetite offers simple beneficiation route
- Low cost competitive labour market
- Stable environment with a long history of mining
- Taxation and royalty regime similar to Australia

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Peru is not just a tourist destination

Machu Pichu

Or where earthquakes occur