STRIKE RESOURCES LIMITED

Thursday, 28 August 2008

MARKET ANNOUNCEMENT

COMPANY UPDATE

GALLAGHER HOLDINGS LIMITED

The Company refers to its market announcement of 28 July 2008 in relation to an A$103 million (US$100 million) share placement to Gallagher Holdings Limited (**Gallagher**), through the issue of 37,480,557 shares (in two tranches) at an issue price of A$2.75.

The first tranche of A$49.7 million was completed on 29 July 2008 with completion of the second A$53.4 million tranche being subject to Strike shareholder approval, Foreign Investment Review Board (**FIRB**) approval and completion of due diligence by Gallagher. Gallagher has advised that it has lodged its FIRB application.

Gallagher has requested the Company to grant it additional time for its external consultants in Australia, London and Peru to complete their various due diligence reports and Strike has agreed to extend the due diligence period to 22 September 2008.

The Company notes that its meeting documents to seek shareholder approval for the second tranche, including an independent expert's report, is expected to be finalised within the next ~2 weeks for a general meeting to be convened in ~mid October 2008.

D&C DISPUTE

The Company refers to its General Company Update announcement of 24 July 2008 and provides the following update on its dispute with D&C Group S.A.C. (**D&C**). Since that announcement, the following developments have occurred:

- D&C has commenced its own arbitration proceedings, which substantially overlap the subject matter of Strike's arbitration proceedings lodged nearly 3 months earlier.

- After Strike filed its Arbitration Petition the Peruvian rules governing arbitrations involving foreign parties were changed. As a result of these changes, the Lima Chamber of Commerce (**LCC**) is considering whether it is required to appoint a foreign citizen as Chairman of the 3-member Arbitration Panel. The convening of the Panel has been delayed until this matter is determined. Strike's expectation is that this issue will be determined within the next 2 – 4 weeks.

- Strike understands that D&C is continuing to press the police authorities to investigate the manner of exercise of Strike's options against D&C by making various, in the Company's opinion, false allegations.

Strike views such actions as tactics by D&C to obstruct and delay Strike's arbitration proceedings. In this regard Strike understands that D&C approached the LCC and requested a delay in the Arbitration Proceedings as a consequence of its police complaint. The LCC rejected this request.

Strike has also instructed its lawyers to respond to the Peruvian authorities with respect to D&C's tactics.

Whilst each party has clearly stated its legal position against the other, both parties continue to investigate the possibility of a commercial settlement of the dispute.

The Company will provide further updates on the matters in this announcement as developments occur.

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