

Thursday, 18 September 2008

MARKET ANNOUNCEMENT

UPDATE ON \$53.4 MILLION CAPITAL RAISING

As previously announced, Gallagher Holdings Limited (**Gallagher**) is scheduled to declare the results of its due diligence for the second A\$53.4 million tranche of its agreement to subscribe for 19,412,471 shares in Strike at A\$2.75 per share, on or before 22 September 2008.

The Company confirms that it has met with Gallagher representatives in London earlier this week to discuss, amongst other matters, the status of their due diligence investigations and the implications of the downturn in market conditions since the parties executed the share subscription agreement on 24 July 2008. During these discussions Gallagher reiterated their willingness to proceed with their strategic investment in Strike.

As a consequence of these discussions, the parties have entered into good faith negotiations to vary the share subscription agreement to replace the tranche 2 share placement with unsecured convertible notes to the value of at least A\$53.4 million convertible into Strike shares at an issue price of A\$2.75 per share.

At the date of this announcement no binding agreement has been reached between the parties and the Company can give no assurance that such agreement will be reached.

The issue of shares upon a conversion of the notes will be subject to Foreign Investment Review Board (**FIRB**) approval and Strike shareholder approval if Gallagher's interest in Strike exceeds the 15% and 20% limits prescribed under FIRB legislation and the Corporations Act respectively. If agreement is reached with Gallagher, Strike intends to convene a shareholder meeting to be held in November 2008 to approve such potential conversion.

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