

Monday, 28 July 2008

MARKET ANNOUNCEMENT

\$103 Million Capital Raising

Strike Resources Limited (Strike) is pleased to announce a A\$103 million (US\$100 million) share placement to Gallagher Holdings Limited (**Gallagher**), through the issue of 37,480,557 shares at an issue price of A\$2.75, being a -39% premium to Strike's closing share price on 24 July 2008 and a -33% premium to the volume weighted average price of Strike's shares traded over the month preceding the date of this announcement.

Gallagher is an investment holding company with its main interests in mining and steel, telecommunications, media and leisure.

Gallagher has nominated its Chairman, Mr Farhad Moshiri, to join the Strike Board as a non-executive director upon the completion of tranche one of the placement.

The placement will occur in two tranches, of A\$49.7 million and A\$53.4 million. The first tranche will proceed shortly, with completion of the second tranche being subject to Strike shareholder approval, Foreign Investment Review Board (**FIRB**) approval and completion of due diligence by Gallagher.

The funds raised will be used primarily for the development of Strike's flagship 20 Million tonne per annum (**Mtpa**) iron ore project in Peru. Strike recently announced the successful completion of a year-long Pre-Feasibility Study into this project and Strike is now focusing on expanding the resource inventory and preparing to commence a Bankable Feasibility Study (**BFS**). This placement ensures that Strike has sufficient funding to finance these important next steps in the project's development.

The funds will also be used to expedite the development of Strike's 1 - 2 Mtpa Cuzco Lump Project in Peru (with first production scheduled for 2009/10) and other projects.

Dr John Stephenson, Chairman of Strike said: "This capital investment by Gallagher in Strike Resources at a substantial premium to the current share price is a clear endorsement by a major international resources investment firm in the future growth potential of Strike. It also demonstrates a high degree of confidence in the management of Strike and its ability to execute the development of its major iron ore projects in Peru.

The funds will enable Strike to complete a BFS and substantially increase the resource base through further drilling at both the Apurimac and Cuzco project areas. Its iron ore and coal projects in Western Australia and Kalimantan, Indonesia respectively will also be advanced to generate early cash flow.



ASX Code: SRK

www.strikeresources.com.au

STRIKE RESOURCES LIMITED

A.B.N. 94 088 488 724

Level 14, 221 St Georges Terrace, Perth WA 6000

T | +61 8 9214 9700

F | +61 8 9322 1515

E | info@strikeresources.com.au

I am delighted to have Gallagher on our share register and Strike welcomes its Chairman, Mr Farhad Moshiri, as an additional member of the Strike Board."

Placement Detail

The placement will be for a total of 37,480,557 shares, with an issue price of A\$2.75 per share to raise total gross funds of A\$103,071,532.

The issue will occur in two tranches; the first tranche will be for 18,068,086 shares to raise A\$49,687,237; the second tranche will be for 19,412,471 shares to raise A\$53,384,295.

The second tranche will be completed subject to the following conditions:

- (a) Strike shareholder approval, as Gallagher will hold more than 20% of Strike's issued share capital post completion of tranche 2;
- (b) Foreign Investment Review Board (FIRB) approval; and
- (c) Due diligence by Gallagher to be completed within 21 days from the date of this agreement.

About Gallagher Holdings Limited

Gallagher is the investment holding company for the interests of Mr. Alisher Usmanov, who is one of Russia's leading businessmen. Mr Usmanov is the founder and the principal shareholder of Metalloinvest. Metalloinvest is one of the largest and fastest growing mining and metals companies in Russia. It is comprised of the biggest CIS iron ore producer, has the largest iron ore reserves globally and is one of the leading steel producers within Russia. Key assets include the Lebedinsky and Mikhailovsky Integrated Mining and Processing Works, the Oskol Electric Steel Works and Ural Steel.

The Metalloinvest Group has previously invested in ASX listed companies Mt Gibson Iron Limited (MGX) and Aztec Resources Ltd (AZR) and is currently a shareholder in Medusa Mining Limited (MML).

About Farhad Moshiri

Farhad Moshiri graduated from the University of London with an honours degree in Economics and Statistics and subsequently qualified as a Chartered Certified Accountant (FCCA). He worked for a number of the major accounting firms, latterly focusing on financial services. He joined Global Natural Energy, a London listed company with energy and commodity interests, where he was the Chief Executive for eight years. He helped set up Gallagher, where he has been instrumental in developing and acquiring its various interests in mining and metals, including its holding in Metalloinvest, the leading Russian mining and metals group where he is Executive Chairman. Farhad Moshiri sits on a number of other Boards.

Further information:

John Stephenson
Chairman
T | +61 8 9214 9700
E | jstephenson@strikeresources.com

Shanker Madan
Managing Director
T | +61 8 9214 9700
E | smadan@strikeresources.com