STRIKE
RESOURCES LIMITED

27 July 2009

MARKET ANNOUNCEMENT

POSITIVE SETTLEMENT OF DISPUTES IN PERU

Strike is pleased to announce that a comprehensive settlement has been reached with its partners in Peru, through which all legal disputes regarding the Company's interest in Peruvian company Apurimac Ferrum S.A. (AF) have been fully resolved.

Key details of the settlement are as follows:

- All legal proceedings between the parties will be terminated.
- Strike emerges from the settlement with a direct 44% equity interest in AF, an option to move to 63% for US$21.1 million and potentially to 100% through a 'shootout offer' mechanism which can be initiated at Strike's election.
- Strike's liabilities to its partners D&C and MAPSA, totalling approximately US$24.25 million have been cancelled. Strike may instead, at its election, lend AF up to US$20 million over the next 3 years to progress development of AF's iron ore concessions, secured with a first registered mortgage over AF's mining concessions.

Strike Chairman Dr. John Stephenson said: "This is a very positive outcome for Strike. It concludes a frustrating episode for the Company during which partner disputes have delayed the advancement of an iron ore mine with world-class potential.

"With this settlement we have resolved our differences with our partners and can now move this project forward. The independent Pre-Feasibility Studies completed last year have shown that this project has the potential to become one of the world's lowest cost producers of iron ore, with operating costs of ~US$16.50 per tonne of product.

"The settlement has removed a US$24 million liability from Strike's balance sheet, established an agreed funding mechanism for AF with Strike holding sole security over AF's valuable mining concessions and a mechanism to move to potentially 100% ownership of AF."

Settlement Detail

The settlement agreements between Strike, MAPSA and its shareholders ("MAPSA"), Iron Associates Corporation ("IAC") and D&C Group and related parties ("D&C") provide that:

1. All parties will terminate all current legal proceedings against the other parties, cease prosecuting any criminal proceedings and agree not to commence any new proceedings concerning past matters related to AF or arising out of any past actions of any of the parties with respect to AF.
2. All previous agreements between the parties in relation to AF are terminated.
3. Strike liabilities totalling US$24.25 million (being US$17.25 million owed to D&C and US$7 million payable to MAPSA/IAC) arising from previous agreements are cancelled.

4. Strike, D&C and IAC will adjust their respective shareholdings in AF such that Strike holds 43.98% of AF, D&C holds 43.75% and IAC holds 12.27%.
5. MAPSA will move to 100% ownership of IAC.
6. Strike will pay US$1.5 million to MAPSA/IAC, in lieu of the US$7 million previously payable to MAPSA/IAC.
7. Strike will loan AF a minimum of US$3 million during the three-year period from the date of settlement ("Settlement Term"), with the right to advance up to a further US$17 million to fund AF board-approved operating budgets over that period. All such loans will be secured by a first-ranking mortgage over AF's mineral concessions.
8. During the Settlement Term, AF's board of directors will consist of five directors, with two directors appointed by Strike, two by D&C and one by IAC. Any shareholder resolutions must be passed unanimously by the AF shareholders. After the Settlement Term no such limitations or obligations shall apply.
9. No pre-emptive right restrictions shall apply to share sales or transfers by AF shareholders. During the Settlement Term, any proposed sale or transfer of shares to a third party will be subject to a 'tag-along' provision, by which such third party offer must first be made pro-rata and on the same terms to all shareholders.
10. Strike has granted AF a three year option to buy the rights to mineral concessions in Peru held by Strike (separate from the concessions owned by AF) for US$1.75 million.
11. During the Settlement Term, Strike has the right to make a 'shootout offer' to the other AF shareholders to buy all the shares in AF that it does not already own. The other AF shareholders must either accept Strike's offer (in which case Strike will move to 100% ownership of AF), or make an unconditional counter-offer to buy out all of Strike's shareholding in AF at the same price per share offered to them by Strike. Under a shootout offer, all debts owed by AF to exiting shareholders are required to be contemporaneously paid out by the acquiring party in full.

    A shootout offer can be made by Strike under one of two scenarios:

    i. At any time within 2.5 years from the settlement date, Strike has the right to acquire an additional 19.25% interest in AF from D&C for US$21.1 million, taking Strike's total direct interest in AF to 63%. Strike must then make a shootout offer to buy the remaining 37% interests in AF for an amount no less than US$47 million.
    ii. If Strike does not exercise the right above, at the end of three years it can make a shootout offer at any price it determines for the 56% of AF not already held by Strike.
12. If a shootout offer is not made by Strike, at the end of the Settlement Term all shareholder debts are capitalised according to an agreed formula. D&C then has the option to contribute additional capital into AF within 60 days to maintain an equal shareholding with Strike or be diluted and continue as a minority shareholder, with Strike holding 51% or more of AF (depending upon the amount of debt owed by AF to Strike).

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