

Monday, 19 February 2007

MARKET ANNOUNCEMENT

Orion Equities and Strike Resources Uranium Assets Spin-Off into Alara Uranium Limited

Orion Equities Limited (**Orion** or **OEQ**) is pleased to announce that it and Strike Resources Limited (**Strike** or **SRK**) have finalised terms regarding spinning off their uranium interests into a new company called "**Alara Uranium Limited**" (**Alara**), which intends to conduct an Initial Public Offering (**IPO**) and seek a listing on the Australian Securities Exchange (**ASX**) in April 2007.

Summary of Spin-Off Terms

- (1) Alara will be undertaking a capital raising of \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share;
- (2) Alara will be acquiring:
 - (a) Strike's interest in a portfolio of Australian (Northern Territory and Western Australia) and Peruvian uranium tenements in consideration of the issue of 28.75 million Alara shares; and
 - (b) Orion's retained 25% interest in certain of Strike's Australian uranium tenements in consideration of the issue of 6.25 million Alara shares.
- (3) Orion will receive a priority entitlement to subscribe for up to 2 million shares (\$0.5 million) in the Alara IPO. Orion's present intention is to take up this entitlement on its own account but reserves the right to decline to participate and or to pass this entitlement on to its shareholders on a pro rata basis.
- (4) On the basis that Alara raises \$6 million under the IPO and accepts oversubscriptions of \$4 million (being a total raising of \$10 million), and assuming Orion does not take up its priority entitlement, Orion will hold approximately 7.76% of the issued capital of Alara post IPO. If Orion takes up its priority entitlement (at a cost of \$0.5 million), Orion will hold approximately 10.25% of the issued capital of Alara.
- (5) Strike shareholders holding at least 5,000 SRK shares on 6 March 2007 will receive a priority entitlement to subscribe for up to 16 million shares (\$4 million) in the Alara IPO on a pro-rata basis.

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- (6) If oversubscriptions are accepted, Strike shareholders will be entitled to receive a priority entitlement to subscribe for a further 6 million Alara shares (\$1.5 million).
- (7) Based on the current SRK issued capital, this equates to an approximate 1 for 4 entitlement to SRK shareholders to subscribe for shares in the Alara IPO (that is one share in Alara for every four shares held in SRK). If oversubscriptions are accepted, this entitlement ratio will increase to approximately 3 for 8;
- (8) Strike has announced its intention to conduct a capital return to SRK shareholders of 16 million shares it shall hold in Alara post IPO, within 6 months of the date of listing of Alara.
- (9) Based on the current issued capital of Strike, this equates to a right for SRK shareholders to receive, for no consideration, approximately one Alara share for every four SRK shares held;
- (10) Orion does not at this stage intend to conduct a capital return to Orion shareholders of the shares it shall hold in Alara post IPO. Orion's present intention is to hold these shares as part of its strategic investment portfolio.
- (11) Orion retained 25% interest in certain of Strike's Australian uranium tenements (being the subject of the transaction with Alara) are held through its wholly owned subsidiary, Hume Mining NL . The sale of such uranium interests will be effected through a sale by Orion of such subsidiary to Alara. Orion will retain a 2% production royalty right over certain uranium tenements sold by Strike to Alara.
- (12) Accordingly, after the completion of the Alara IPO and its agreements with Strike and Orion, Alara will have 100% of Strike and Orion's interest in these uranium projects.

Shareholders should note that the above terms represent a summary only of the proposed Alara IPO and the proposed entitlement issues to Orion and Strike shareholders.

The full terms and conditions of the uranium assets spin-off and Alara IPO are outlined in an ASX market announcement released by Strike on 16 February 2007 (a copy of which is attached) and shareholders are encouraged to read that announcement in full to understand the terms of the same.

Further information:

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Friday, 16 February 2007

MARKET ANNOUNCEMENT

Uranium Assets Spin-Off Terms

Strike Resources Limited (Strike or SRK) is pleased to announce further details regarding spinning off its uranium interests into a new company called "Alara Uranium Limited" (Alara), which intends to conduct an Initial Public Offering (IPO) and seek a listing on the Australian Securities Exchange (ASX) in April 2007 immediately after SRK shareholders have approved the transaction.

Summary of Spin-Off

- A capital raising of \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share;
- Strike shareholders holding at least 5,000 SRK shares on 6 March 2007 will receive a priority entitlement to subscribe for up to 16 million shares (\$4 million) in the Alara IPO on a pro-rata basis.
- If oversubscriptions are accepted, Strike shareholders will be entitled to receive a priority entitlement to subscribe for a further 6 million Alara shares (\$1.5 million).
- Based on the current SRK issued capital, this equates to an approximate 1 for 4 entitlement to SRK shareholders to subscribe for shares in the Alara IPO (that is one share in Alara for every four shares held in SRK). If oversubscriptions are accepted, this entitlement ratio will increase to approximately 3 for 8;
- Strike intends to conduct a capital return to SRK shareholders of 16 million shares it shall hold in Alara post IPO, within 6 months of the date of listing of Alara.
- Based on the current issued capital of SRK, this equates to a right for SRK shareholders to receive, for no consideration, approximately one Alara share for every four Strike shares held;
- Strike shall transfer all its uranium assets to Alara including recently acquired uranium concessions in Peru, details of which are outlined below.

Shareholders should note that the above terms represent a summary only of the proposed Alara IPO and the proposed entitlement issues to SRK shareholders. The full terms and conditions are outlined below and shareholders are encouraged to read this announcement in full to understand the terms of the same.



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Since the date of Strike's initial announcement regarding its uranium assets spin-off intentions¹, Strike has endeavoured to broaden its portfolio of uranium properties. In this regard, Strike is pleased to confirm that it has applied for two adjoining mineral concessions in southern Peru (the "Pampacolca Project") which are prospective for uranium.

The Pampacolca Project concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths with reported historical work returning in 8 out of 15 surface rock chip samples 0.13% to 0.29% Uranium Oxide. Further details of this project are contained later in this announcement.

The spin-off of Strike's uranium assets will include all of its uranium interests in the Northern Territory, Western Australia and the Pampacolca Project in Peru.

Through the IPO, Alara intends to raise \$6 million (with a minimum subscription of \$4 million) together with a right to accept oversubscriptions of a further \$4 million, at an issue price of 25 cents per share, capping the IPO at \$10 million.

As consideration for the vending of Strike's uranium interests, Strike will receive 28.750 million shares at an IPO price of 25 cents in Alara. Assuming that Alara raises the maximum \$10 million at IPO, Strike will hold approximately 36% of the total issued share capital of Alara.

Strike shareholders will be given a priority entitlement to subscribe for up to 16 million shares (\$4 million) in the Alara IPO on a pro-rata basis. In addition, should Alara accept oversubscriptions, Strike shareholders will be entitled to receive a priority entitlement to subscribe for a further 6 million shares (\$1.5 million) of such oversubscriptions.

This priority entitlement has been structured to allow existing Strike shareholders the opportunity to subscribe for (at their election) a significant portion of the proposed Alara IPO.

Indicatively and based upon Strike's existing issued capital of approximately 60 million shares and assuming no SRK options currently on issue are exercised prior to the Record Date for determining entitlement to participate in the priority subscription, the pool of 16 million Alara shares reserved for SRK shareholders will entitle such shareholders the right to subscribe for approximately one Alara share for every four Strike shares currently held by them.

Full details of the terms of such priority entitlement are outlined later in this announcement.

In addition, Strike has determined that of the 28.75 million shares it shall hold in Alara post IPO, that 16 million of such shares will be distributed to SRK shareholders in-specie at a time to be nominated by the SRK Board but not more than 6 months from the date of Alara's listing, subject to ASX granting a waiver for such dealing of escrowed (or otherwise subject to escrow) shares, all regulatory approvals and consideration of the tax consequences arising therein.

1 By ASX market announcement dated 28 November 2006 titled "Intention to Spin Off Uranium Assets"

Indicatively and based upon Strike's existing issued capital of approximately 60 million shares, assuming no SRK options currently on issue are exercised prior to the record date for determining entitlement to receive the distribution in-specie of part of SRK's holding of Alara shares, and subject to no further share issues in SRK occurring prior to such date, existing SRK shareholders will have a right to receive, for no consideration, approximately one Alara share for every 4 Strike shares currently held.

Capital Structure of Alara

The post-IPO capital structure of Alara (assuming Alara raises the maximum \$10 million) will be as follows:

Shareholder	Value (at listing)	Shares (issued at 25 cents)	% of Alara
Founding Alara Shareholders (unrelated parties to Strike and Orion)	\$1,375,000	5,500,000	6.83%
Vendor - Strike Resources Limited (SRK)	\$7,187,500	28,750,000	35.71%
Vendor - Orion Equities limited (OEQ)	\$1,562,500	6,250,000	7.76%
IPO shares to be issued at 25 cents each			
Priority Entitlement to SRK Shareholders	\$4,000,000	16,000,000	19.88%
Priority Entitlement to OEQ/OEQ Shareholders	\$500,000	2,000,000	2.48%
Entitlement to Clients of Brokers to the Issue (including potential oversubscriptions)	\$4,000,000	16,000,000	19.88%
Priority Entitlement to SRK Shareholders if Oversubscriptions are accepted	\$1,500,000	6,000,000	7.45%
	<u>\$20,125,000</u>	<u>80,500,000</u>	<u>100.00%</u>
Total Alara IPO Proceeds (gross)	\$10,000,000		

Terms of SRK Shareholder Priority Entitlement to Alara IPO

SRK shareholders will receive a priority entitlement to participate under the Alara IPO as follows:

- (1) Eligible SRK shareholders (defined as holders of a minimum parcel of 5,000 SRK shares as at 6 March 2007- the "Record Date") being entitled to participate in \$4 million (16 million Alara shares) of the targeted Alara IPO capital raising of \$6 million;
- (2) Such eligible SRK shareholders will be entitled to the minimum \$2,000 (8,000 Alara shares) application where permitted;
- (3) Subscriptions received from eligible SRK shareholders in excess of \$2,000 will be scaled-back on a pro-rata basis if required to ensure compliance with (1) above;
- (4) If the scale-back of applications received from eligible SRK shareholders pursuant to (3) above still results in an excess of applications received after taking into consideration the \$4 million Alara IPO pool available for SRK shareholders, a scale-back will be undertaken on a first in time basis in relation to the lodgement of applications with Alara. That is, eligible SRK shareholders will be entitled to the minimum \$2,000 (8,000 Alara shares) application on a first in time lodged basis until SRK's Alara IPO pool is taken up;
- (5) Such eligible SRK shareholders will also be entitled to participate on a pro-rata basis in up to \$1.5 million (6,000,000 Alara shares) of the oversubscriptions of \$4 million permitted to be taken up by Alara.

Alara Loyalty Options Issue

After the completion of the IPO, Alara will undertake a loyalty options issue upon the following terms:

- (1) The Alara options issue will occur 3 months from the date of listing of Alara on the ASX;
- (2) Alara shareholders will be entitled to subscribe for up to three options for every four Alara shares held as the entitlement date;
- (3) The issue price will be one cent per option;
- (4) The exercise price of each option will be 25 cents (in line with the Alara IPO issue price per share); and
- (5) The option expiry date will be 30 June 2009.

Alara Board Composition

Directors from SRK, Dr John Stephenson (as proposed Chairman), Mr H. Shanker Madan (as proposed Managing Director), Mr Farooq Khan (as proposed Executive Director) and Mr Victor P.H. Ho (as proposed Company Secretary) will assume the executive management roles at Alara upon the completion of the IPO and admission of Alara to ASX.

Orion Equities Limited Spin-Off to Alara

Alara will also be acquiring Orion Equities Limited's (OEQ) retained 25% interest in certain of Strike's Australian uranium tenements in consideration for the issue of 6.25 million Alara shares.

Accordingly, after the completion of the IPO and its agreements with Strike and Orion, Alara will have 100% of Strike and Orion's interest in their uranium projects.

As described above in the pro-forma Alara capital structure, Orion will also have a priority entitlement to subscribe for up to 2 million shares (\$0.5 million) in the Alara IPO.

The Uranium Assets

Strike's uranium assets comprise an interest in the following projects:



(1) Bigrlyi South (Northern Territory)

(75% in Exploration Licences 24879, 24928, 24929 and 24930 and application for EL 24927)

Strike has a 75% interest in 5 exploration tenements located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs). These tenements, having a total area of approximately 1,666 square kilometres, are adjacent to tenements surrounding the Bigrlyi Uranium Deposit (held by Energy Metals Limited - ASX Code: "EME") which has a stated JORC resource of 8.37 million pounds of U_3O_8 at a cut-off grade of 0.1%².

(2) Mt James (Gascoyne, Western Australia)

(75% in EL 09/1253; 70% in EL 09/1245 and 100% in EL 09/1257 and EL 09/1258)

EL 09/1253 and EL 09/1245 cover ground previously explored by AGIP Nucleare (Australia) Pty Ltd (AGIP), (a subsidiary of Italian multi-national energy group ENI) where 0.14% U (equivalent to 0.17% U₃O₈) as uraninite in a diamond drill hole was discovered by AGIP in the 1970s. EL 09/1257 and EL 09/1258 in the Injinu Hills and the Mortimer Hills areas, southwest and west respectively from EL 09/1253 and EL 09/1245 are covered with large areas of duricrust and known to host near surface uranium mineralisation as carnotite within adjacent ground.

(3) Mt Lawrence Wells (East Murchison, Western Australia)

(85% in EL 53/1115; 100% in EL 53/1203 and ELA 53/1259)

These exploration licences are located 25 kilometres south of Wiluna and north of a palaeo drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects.

The project area is located immediately north of the Hinkler Well tenements of ASX listed U308 Limited where U308 Limited has recently announced uranium mineralisation in calcrete extending for approximately 20 kilometres. The mineralisation extends along an east west palaeo channel. Part of this calcrete channel and also the source of the gravels that cover the northern extent of the channel extend into Strike's tenements. Strike owns 100% of two contiguous tenements north of the Hinkler Well deposit (EL 53/1203 and ELA 53/1259) and is earning an 85% interest in another (EL 53/1115).

(4) Canning Well (Pilbara, Western Australia)

(75% in EL 46/629 and 63.75% in ELA 46/585)

Strike has a 75% interest in granted Canning Well Exploration Licence EL 46/629 and Little Sandy Desert Exploration Licence application ELA 46/585 (in the latter case, 75% of an 85% interest therein, excluding manganese mineral rights which are retained by Giralia Resources NL) in the East Pilbara region. Strike's initial due diligence has indicated that uranium anomalies of up to 11 times the background were recorded in the project area in lag samples by previous explorers but were never followed up.

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the Canning Fault and associated splay and intersecting faults which bring together rocks of the Archaean Fortescue Group in juxtaposition with Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group.

(5) Pampacolca Project (Peru)

Strike has applications for two mineral concessions covering a total area of 1,500 hectares. The concessions are situated approximately 7 to 12 kilometres south of the town of Pampacolca, which is located approximately 136 kilometres north-west of the city of Arequipa in southern Peru.



The concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within Precambrian gneissic terrain with known tantalum mineralisation.

Reported historical work by a Canadian company returned 0.13% to 0.29% Uranium Oxide (U_3O_8) and up to 10.36% Tantalum - Niobium in 8 out of 15 surface rock chip samples. A gold vein from same area returned 1.3 g/t gold where workings dating back to Spanish colonial times occur.

Apart from these known occurrences, the concession areas remains largely unexplored. Strike is presently undertaking mapping of the geology of the area and sampling of the main historically reported occurrences.

Further details about these uranium projects are contained in Strike's latest December 2006 Quarterly Report lodged on 31 January 2007.

For a maximum of three years following the date of its agreement with Alara and as long as Strike holds a 5% or greater shareholding in Alara, any new uranium prospects acquired by Strike post Alara IPO will be transferred to Alara at cost; similarly, any iron ore prospects acquired by Alara post IPO will be transferred to Strike at cost.

Strike expects to convene a general meeting to seek shareholder approval (as required) for matters arising under the spin-off and proposed distribution in-specie of Alara shares to be held in early April 2007.

The Alara IPO prospectus is expected to be released after the despatch of these meeting documents in early March 2007 with a closing date shortly after the Strike general meeting.

For further information:

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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 Australian Institute of Mining and Metallurgy. 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.