

October 30, 2008

These are difficult times in the mining industry, and Strait Gold Corporation has suffered along with virtually every other company in the sector despite our strong cash position, our ongoing exploration activity and our growing pipeline of projects in Peru.

Current market conditions notwithstanding, our investment thesis since going public in October, 2006, is unchanged. We still believe that Peru has exceptional potential for mineral discoveries; we still believe Peru's political risk profile is among the best in Latin America; and we still believe that the world's demand for metals means successful exploration will be rewarded. We are committed to our original business plan.

When the current market panic subsides, there will continue to be a need for metals. China, India, Brazil and other developing countries will continue to foster a growing middle class that demands a better way of life – not just the frills of a consumer society, but the goods that can improve the daily lives of millions of people now living in poverty. Mineral exploration companies that find those resources will prosper accordingly.

In the meantime, how can we conserve our assets, yet continue to add value to our properties through further exploration? First, we will vigorously control costs. Second, we will continue to target our exploration efforts on those projects we feel have the best chance for success based on geological potential, but will pay special attention to local community issues when identifying prospective projects. Third, we will seek out opportunities that we believe will surface over the next several months as a consequence of the current economic crisis.

Today, Strait Gold is in sound financial shape and exploration on our key projects in Peru is advancing despite the challenges posed by current market conditions. The Company currently has 23.0 million shares issued and outstanding (25.6 million fully diluted), approximately \$1.4 million in working capital, current liabilities of less than \$70,000 and no long-term debt.

In 2008, we advanced exploration on two of our five projects, Pallcamachay and San Jorge. We have proceeded with permit application and community relations initiatives on both of those projects as well as on two additional projects, Letra Rumi South and Culebrilla. Only our Vera Luz property has been inactive, as results of our initial prospecting did not warrant further investment.

While we did not mount a drill campaign during the current field season as originally budgeted, we completed important surface exploration work and proceeded with the rigorous permitting process now required in Peru prior to drilling, including solidifying community agreements according to the new regulatory standards.

In summary, we continue to execute our business plan while our financial condition allows us to face, head on, the challenges arising from the current economic crisis. I am confident that we will be able to weather this storm, capitalize on opportunities that emerge and continue to build a strong and active exploration company.

For your interest, a map that highlights some of the best exploration plays in Peru, including Strait Gold's four main projects, can be found under the 'Mining in Peru' page of our website (www.straitgold.com/mining.html under Additional Information). This map was distributed in the October 27-November 2 issue of *The Northern Miner* with its press run of 11,000 copies.

For further information on Strait Gold, please don't hesitate to call me directly at 416-223-9970 or visit our website at www.straitgold.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim", with a large loop at the end of the word.

James S. Borland
President