

Quarterly Report

Strike Resources Limited (ASX: SRK, "Strike" or "the Company") is pleased to present the Quarterly Report for the period ended 30 June 2013.

Overview

- At Apurimac, Strike's flagship project, work during the quarter centred on continuing efforts aimed at reaching agreement with the local community for continued access to key areas of Apurimac.
- The Company's core focus going forward is to validate Apurimac's high grade magnetite exploration target* of at least 500 million tonnes (Mt) of iron ore (including current resources) at a grade of 56 – 58% iron (Fe) to support the establishment of a 15 – 20 Mtpa iron ore operation.
- At the Cuervo Resources Inc. ("Cuervo") operated Cerro Ccopane Project in Peru, updated studies conducted during the quarter have seen total JORC mineral resources at the project more than double to 395.6 Mt at an average grade of 43.8% iron.
- Strike has advanced C\$5.25m to Cuervo to fund exploration at Cerro Ccopane, secured against the Company holding the Peruvian concession. As a result of the loan, Strike also has the right to acquire up to 31.5% of Cuervo via the exercise of warrants.
- Strike is continuing discussions with Cuervo, in light of Cuervo's very low cash reserves and Strike's position as a secured creditor.
- As at 30 June 2013, the Company's cash balance stood at \$14.3 million. The Company estimates that the current capital base is sufficient to support significant exploration and development activities in Peru over the next 18-24 months.

Strike Resources Managing Director, Mr William Johnson, said that working with the local communities at Apurimac remains a priority.

"Apurimac is Strike's flagship project, and reaching an agreement with the local community is an important factor in our future success, as we seek to expand the resource base beyond 500 million tonnes," Mr Johnson said.

"As such, the challenge of reaching an agreement with the community has been our primary focus on the ground in Peru over the past quarter.

"We've also seen a significant increase in resources at Cerro Ccopane and we will be carefully monitoring Cuervo's financial health, in light of the potential synergies between Cerro Ccopane and our 100% owned Cusco project," Mr Johnson said.

ABOUT STRIKE:

Strike Resources is an ASX listed iron ore project developer, focused on the high grade Apurimac magnetite project in Peru.

Apurimac is 100% owned by Strike and has the potential to support the establishment of a 15-20 Mtpa iron ore operation, based on some of the highest magnetite grades in the world.

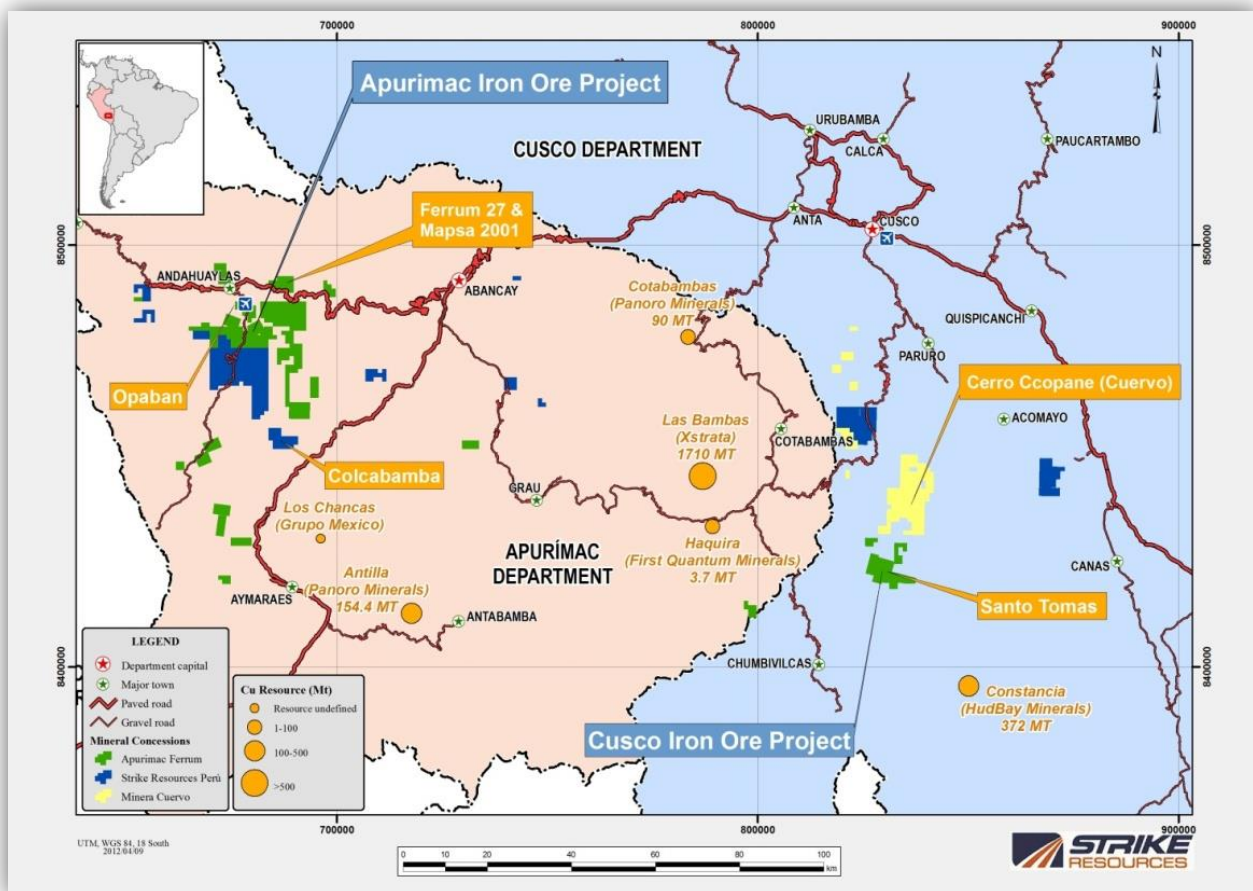
In the near term, Strike intends to expand the resource base at Apurimac significantly.

Alongside Apurimac, Strike holds the Cusco Iron Ore Project, and an interest in the Cerro Ccopane project, both of which are also magnetite projects in Peru.

Strike is well funded to meet its objectives, with significant cash in hand to progress the Apurimac project.

** The potential quantity of the target iron ore in this section of this document is conceptual in nature. There has been insufficient exploration to define an additional Mineral Resource in relation to that target iron ore. It is uncertain whether further exploration will result in the determination of an additional Mineral Resource in relation to that target iron ore.*

Projects



Apurimac

At Apurimac, Strike's flagship project, work during the quarter centred on continuing efforts aimed at reaching agreement with the local community for continued access to key areas of Apurimac.

In advancing the Company's flagship Apurimac iron ore project, Strike is seeking suitable access approvals from the local communities (in particular the Huinchos and Huancabamba communities), alongside a much stronger overall relationship. These access approvals, in conjunction with necessary Government pre-approval on an environmental assessment are a key precondition to Strike commencing a two stage drilling program at Apurimac, which is designed to expand the current resource base.

Activities undertaken in conjunction with the community include investment in local education and skills training, improvements to social infrastructure, contributions to local community events and sponsorship of school extension programs.

Reaching an agreement with the community remains a challenge, even with the significant efforts made by Strike across multiple different activities, as detailed above. Community sentiment towards mining remains sensitive, as evidenced by protests against a proposed mine seen in the northern region of Cajamarca during the quarter. Sentiment in the more southern Apurimac region is considerably better, but will still require significant effort to reach an agreement.

Apurimac is the Company's flagship project and will be Strike's key focus in 2013. The core objective is to validate Apurimac's high grade magnetite exploration target of at least 500Mt

of iron ore (including current resources) at a grade of 56 – 58% Fe to support the establishment of a 15 – 20 Mtpa iron ore operation.

A two stage drilling program has been prepared in anticipation of receiving community approvals. Stage one of the drilling program consists of 135 mostly Reverse Circulation (RC) holes to test the extension of the Opaban ore bodies along strike and down dip. The strike length of the magnetic anomaly covering the Opaban ore bodies is 5.4km in Strike-owned concessions, with only 50% of this being tested to date with drilling. There is therefore considerable opportunity to significantly expand the current Opaban resource.

Stage two of the drilling program will consist of a more in-fill drill pattern across the ore bodies.

Cusco

The Cusco project lies approximately 150km to the south - east of Apurimac and forms an attractive secondary development target for the Company in Peru.

Like Apurimac, iron ore mineralisation at the project is coarse grained and dominated by magnetite, with high grades recorded. Preliminary metallurgical tests indicate a concentrate grade of >65% Fe can be produced from this ore using conventional grinding and magnetic separation processes.

An initial inferred resource estimate of 104Mt at 32.6% Fe is recorded for the Project, which has the scope for upgrade following further exploration work (including drilling) which would support re-evaluation of the resource methodology.

No work was undertaken on the Cusco project during the quarter as the Company continues to focus on first progressing Apurimac.

Cerro Ccopane (operated by Cuervo Resources Inc)¹

The Cerro Ccopane Project, located approximately 150km to the south - east of Apurimac, is operated by Canadian listed company Cuervo Resources Inc.

Information compiled during the quarter has led to the release of an updated Mineral Resource estimate for Cerro Ccopane, with resources more than doubling in size to 395.6Mt at an average grade of 43.8% iron.

The information presented below is extracted from the report entitled "*Cerro Ccopane Resource and Funding Update*" released by Strike to the ASX on 30 July 2013 and available at www.strikeresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

¹ Strike has advanced Cuervo C\$5.25M to fund the Stage 1 drilling and exploration program and, in return, was issued warrants that can be converted to 31.5% of Cuervo's shares on an undiluted basis, at C\$0.30 per share. Strike holds a share pledge (similar to a share mortgage) over 90% of the shares in Cuervo's 100%-owned Peruvian subsidiary that, in turn, owns Cuervo's concessions. Upon Cuervo validly estimating a 500 Mt inferred resource across its Cerro Ccopane Project, this security is reduced so as to cover only 45% of those shares.

Bob1 New Resources	Tonnes (Mt)	Iron (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	S%
Inferred	217.0	40.2	21.6	5.0	0.08	2.2

Cerro Ccopane New Total ²	Tonnes (Mt)	Iron (%)
Inferred	340.0	43.3
Indicated	35.9	45.9
Measured	19.7	48.3
Total	395.6	43.8

This increase arises following completion of a JORC (2012) resource estimate for the Bob1 prospect at Cerro Ccopane. The Bob1 prospect is a new resources area for Cerro Ccopane, adding to the existing resources at the project. Work by Golder Associates ("**Golder**"), commissioned by Strike, has outlined Inferred Resources of 217 Mt of magnetite dominant iron ore grading 40.2% iron. The previously reported resources are in accordance with JORC (2004).

However, Strike has concerns regarding the ability for Cuervo to continue to operate and fund its ongoing exploration activities, given its currently low level of reported cash reserves. These concerns have led Strike to hold discussions with Cuervo management regarding its future funding requirements. As yet no decision has been made by Strike on whether it will contribute further funds to Cuervo.

Strike notes that it is Cuervo's sole secured creditor, holding security over shares in Cuervo's subsidiary that owns its exploration concessions (including the Cerro Ccopane project) in Peru.

Exploration Potential

Significant further potential remains at Cerro Ccopane based on the current drilling and other exploration data. An Exploration Target of an additional 160 Mt to 220 Mt at a grade of 35% to 40% Fe has been identified for Bob1. The Exploration Target was derived from the current geological model and extrapolated grade estimates that lie within a pit shell that was derived from a conceptual-level open pit optimisation completed by Golder. This potential is principally derived from extending the current Inferred Resources to a depth of approximately 400 m below the current drilling. The tonnage and percentage ranges are approximations. The potential tonnage and grade of the Exploration Target are conceptual in nature and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

The Bob1 gravity and magnetic target also remains open along strike to the north extending into the Parcco prospect where extensive outcrops of massive ironstone have been identified in early reconnaissance exploration activities.

In addition, all other resources at Cerro Ccopane remain open and a large gravity anomaly, similar to that at Bob1, has been identified at Huillque Norte. This gravity high is associated with a moderate magnetic anomaly and is interpreted as a large iron ore or copper/gold target.

Future exploration is expected to focus on surface exploration and drilling of the Parcco prospect as the top priority in conjunction with further drilling to test the along strike and down dip potential at Bob1 and initial drill testing of the Huillque Norte gravity target. A firm

² Although a full suite of elementary analyses were completed on all drilling at Cerro Ccopane the resources apart from Bob1 (Golder) were not estimated for SiO₂, Al₂O₃, or P and S grade estimates were completed only for Orcopura and Bob1 (Golder) resources.

timetable for future drilling will be contingent upon Cuervo securing the necessary additional funds and reaching formal agreement with the communities at the Parcco and Huillque Norte.

Cuervo Funding

As of 31 March 2013, Cuervo's cash balance stood at C\$186,018 (as reported in the public release of their 2013 Audited Financials, filed on SEDAR in Canada). On 31 May 2013 Cuervo raised a further C\$150,000 through a private placement.

Strike is aware that Cuervo has actively sought additional funding to finance its ongoing operations and future exploration program, but so far this has proven unsuccessful. As secured creditor to Cuervo (with security currently held over 90% of the shares of the Peruvian company that holds Cuervo's exploration concessions), Strike is currently in discussion with Cuervo management with regard to its financial position and is taking steps to ensure that its security is protected.

No decision has yet been made by Strike whether it will advance any further funds to Cuervo.

Cash Position

As at 30 June 2013, the Company's cash balance stood at \$14.3 million. This gives Strike a robust capital base to progress the Apurimac exploration target.

The Company estimates that the current capital base is sufficient to support significant exploration and development activities in Peru over the next 18-24 months, depending on the speed of required approvals for certain exploration activities.

-ENDS-

For further information, please contact:

Peru:

William Johnson
Managing Director
Strike Resources
Tel: +(511) 715-8090
wjohnson@strikeresources.com.au

Australia:

Shane Murphy – Media & Investor Relations
FTI Consulting
+61 8 9485 8888
+61 420 945 291
shane.murphy@fticonsulting.com

The information in respect to mineral resources and other exploration results at Cerro Ccopane is extracted from the report entitled "*Cerro Ccopane Resource and Funding Update*" released by Strike to the ASX on 30 July 2013 and available at www.strikeresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

JORC Code (2004) Competent Person Statement - Apurimac and Cuervo

The information in this document that relates to exploration results and mineral resources in respect of the Apurimac and Cuervo projects has been compiled by Mr Ken Hellsten, B.Sc. (Geology), who is a consultant to Strike Resources Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify 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 Hellsten consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Appendix 1 - Apurimac and Cusco mineral resources

Apurimac

The Apurimac project has a JORC resource of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.8% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

Combined Mineral Resources for Opaban 1 and Opaban 3

Category	Project	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Inferred		4	127.19	56.7	9.66	2.7	0.04	0.2
Indicated	Opaban 1	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated	Opaban 3	4	8.53	62.08	4.58	1.37	0.07	0.25
Totals			269.4	57.3	9.4	2.56	0.04	0.16

Cusco

Category	Project	Density t/m ³	Mt*	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Inferred	Santo Tomas	4	104.4	32.62	0.53	3.19	0.035	0.53
Totals			104.4	32.62	0.53	3.19	0.035	0.53

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

STRIKE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN

94 088 488 724

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors ⁽²⁾	4,439	4,439
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(877) - - (1,674)	(1,059) - - (4,680)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	118	803
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - bonds	-	(55)
Net Operating Cash Flows	2,006	(552)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- (121) -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities ⁽¹⁾	-	(4,955)
1.11 Loans repaid by other entities	-	-
1.12 Other – capital contributions	(1,523)	(2,143)
1.13 Other - Net inflow from acquisition of subsidiary	-	210
Net investing cash flows	(1,523)	(7,009)
1.14 Total operating and investing cash flows (carried forward)	483	(7,561)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.14	Total operating and investing cash flows (brought forward)	483	(7,561)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other – costs of share issues	-	(5)
	Net financing cash flows	-	(5)
	Net increase (decrease) in cash held	483	(7,566)
1.21	Cash at beginning of quarter/year to date	12,489	20,552
1.22	Exchange rate adjustments to item 1.20	1,327	1,313
1.23	Cash at end of quarter	14,299	14,299

(1) Loans to subsidiary entity comprise loans made to Apurimac Ferrum S.A. (AF) pursuant to an executed Loan and Mortgage Agreement formalised by public deed dated 23 July 2009. These loans provide funding for the exploration and evaluation activities on iron ore projects located in Peru. On 28/12/12 Strike increased its shareholding from 50% to 100% effective interest in these projects through its shareholding in AF.

(2) This relates to the proceeds from the sale of the Berau project.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	130
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

1.24 includes director's fees and salaries for executive and non-executive directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Capital contributions ⁽³⁾	400
4.5 Administration	500
Total	900

⁽³⁾ Capital contributions comprise exploration contributions to Apurimac Ferrum S.A. Strike Resources Ltd holds its interest in the Apurimac and Cusco iron ore projects locate in Peru through its shareholding in Apurimac Ferrum S.A.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,863	1,852
5.2 Deposits at call	12,436	10,637
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	14,299	12,489

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Christoforo 14 Christoforo 28 Ferroso 29	(4) (4) (4)	
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

⁽⁴⁾ These concessions, located in Peru, were under option to acquire, which option the Company allowed to lapse in June.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	145,334,268	145,334,268		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Director options	500,000		36.0 cents	23 November 2016
Director options	500,000		42.0 cents	23 November 2016
Director options	500,000		56.0 cents	23 November 2016
Director options	916,666		36.0 cents	23 November 2016
Director options	916,666		42.0 cents	23 November 2016
Director options	916,668		56.0 cents	23 November 2016
Director options	3,000,000		30.0 cents	17 June 2018
7.8 Issued during quarter Director options	3,000,000		30.0 cents	17 June 2018
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity and oil and gas exploration entity quarterly report

7.12	Unsecured notes (<i>totals only</i>)		
------	---	--	--

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: William Johnson
Managing Director

Date: 31 July 2013

Print name: William Johnson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.