

QUARTERLY REPORT

COMPANY DETAILS

ABN: 94 088 488 724

PRINCIPAL AND REGISTERED OFFICE

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ASX CODE

SRK

SECURITIES ON ISSUE

145,334,268 listed shares
6,500,000 unlisted options

BOARD OF DIRECTORS

Malcolm Richmond
(Non-Executive Chairman)

William Johnson
(Managing Director)

Matthew Hammond
(Non-Executive Director)

Samantha Tough
(Non-Executive Director)

Victor Ho
(Non-Executive Director)

Farooq Khan
(Non-Executive Director)

COMPANY SECRETARY

Victor Ho
vho@strikeresources.com.au

FOR FURTHER INFORMATION

William Johnson
Managing Director
wjohnson@strikeresources.com.au

30 October 2015

QUARTERLY ACTIVITIES

Strike Resources Limited (Strike or **Company**) is pleased to present its Quarterly Report for the period ended 30 September 2015.

As at 30 September 2015, Strike had net assets of ~\$7.1 million (comprising ~\$8.1 million gross cash less provisions/accruals/trade creditors of ~\$1 million) (30 June 2015: ~\$7.6 million net assets comprising ~\$8.4 million cash less provisions/accruals/trade creditors of ~\$0.8 million).

During the quarter, Strike continues to examine a range of new strategies for the Company in light of the poor outlook for the iron ore sector and the resources sector in general. In this regard, Strike has been investigating a number of technology related ventures which could form the foundation for a new strategy for the Company. Any such change will necessarily be subject to Strike shareholder approval and compliance with the ASX Listing Rules and Corporations Act.

As reported in the June 2015 Quarterly Report, Strike has consolidated its holding of mineral concessions (over the Apurimac and Cusco Iron Ore Projects in Peru) to the core concessions where JORC Resources have been delineated as well as a number of neighbouring concessions which have strategic value associated with the projects – this has reduced Strike's holding costs in Peru and provides Strike with the flexibility to pursue opportunities to realise value from these iron ore assets in the future if and when favourable market conditions return

On 2 September 2015, Bentley completed its off-market 5.5 cent per share cash takeover bid for Strike, with acceptances received totalling 52,553,493 Strike shares (representing a 36.16% relevant interest in Strike).

There has been a number of Board and corporate changes recently:

- Farooq Khan was appointed a Director with effect on 1 October.
- Victor Ho was appointed Company Secretary with effect on 30 September, replacing David Palumbo (a representative of [Mining Corporate](#)).
- Mining Corporate's engagement for the provision of outsourced accounting and company secretarial services to the Company will cease at the end of October. The Board thanks David Palumbo and Mining Corporate for their professionalism and support to Strike.
- Strike changed its offices on 1 October as a consequence of the transition out of Mining Corporate.

Samantha Tough has advised the Board that she intends to retire and not seek re-election at the upcoming Annual General Meeting (to be held on 30 November 2015), to focus on her other non-executive director roles.

About Strike Resources Limited (ASX:SRK)

[Strike Resources](#) is an ASX listed resource company, owner of the high grade [Apurimac Magnetite Iron Ore Project](#) and [Cusco Magnetite Iron Ore Project](#) in Peru. Strike retains significant cash reserves and is presently reviewing alternative options

PROJECTS

Apurimac Iron Ore Project

Between 2006 and 2014, Strike's primary focus was on the development of its Apurimac magnetite project in Peru, recognised as one of the highest grade, large scale magnetite projects in the world with the potential to support the establishment of a significant iron ore operation.

Current adverse market conditions however have led the Company to suspend all development activities on this and its other iron ore projects in Peru.

Nevertheless, the nature of the Apurimac deposit and the development work undertaken to-date define this project as a potentially strategic asset in Peru which may, when market conditions improve, provide opportunity for the Company to recover value.

The exceptionally high grade 57% Fe is almost twice as high as magnetite deposits developed in Australia; ore bodies are coarse grained and soft, resulting in cheaper processing costs once in production.

A prefeasibility study completed in 2008 and updated in 2010 on the Apurimac Project indicated clear potential for development of a world class iron ore project:

- JORC Resource of 269Mt of iron ore at Apurimac of 57.3% Fe (142 Mt Indicated at 57.84% Fe and 127 Mt Inferred at 56.7% Fe).
- Mineralisation predominantly high-grade, coarse-grained magnetite providing comparatively high mass recoveries (>60%) at coarse grind size (>500 microns).
- Excellent exploration potential within current concessions with several targets containing ironstones grading >60%Fe in similar geological settings to main Opaban concessions.
- Base case of 20Mtpa of concentrate produced by open pit mining and processing 20 – 27Mtpa of ore with transport of the high grade (>66%Fe) product to the coast via a slurry pipeline for drying and shipment to customers.
- Attractive life-of-mine operating expenses (2010) of US\$ 17 – 20 per tonne of product.
- Estimated capital expenditure (2010) of US\$ 2.6 – 2.9 billion, competitive with other major iron ore projects at the time.

An initial drilling program at Apurimac established 269 Mt resources of high grade, coarse grained magnetite with an average grade of 57.3% iron. Of this, potentially 67 million of Direct Shipping Ore (DSO) at an average grade of 61.5% Fe has been identified.

Cusco Iron Ore Project

The Cusco project lies approximately 150km to the south - east of Apurimac and forms a potential secondary development target for the Company in Peru with an initial inferred resource estimate of 104Mt at 32.6% Fe.

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 could be produced from this ore using conventional grinding and magnetic separation processes.

JORC MINERAL RESOURCES

The following JORC Code compliant ([2004](#) and [2012](#)) Mineral Resources estimates are as at the end of the quarter and currently:

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

The Apurimac Project has a JORC Code (2012 Edition) compliant Mineral 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.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
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
Inferred	Opaban 1	4	127.19	56.7	9.66	2.7	0.04	0.2
Total Indicated and Inferred			269.4	57.3	9.4	2.56	0.04	0.16

The information in this JORC Resource table was prepared and first disclosed under the [2004 JORC Code](#) (in Strike's ASX announcement dated [11 February 2010: Peruvian Apurimac Iron Ore Project Resource Increased to 269 Million Tonnes](#)) and has subsequently been upgraded to comply with the [2012 JORC Code](#) and disclosed in Strike's ASX Announcement dated [19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard](#).

Cusco Iron Ore Project (Peru)

(Strike – 100%)

The Cusco Project has a JORC Code (2004 Edition) compliant Mineral Resource of 104.4 Mt Inferred Mineral Resource at 32.62% Fe.

Category	Concession	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

The information in this JORC Resource table was prepared and first disclosed under the [2004 JORC Code](#) (in Strike's ASX announcement dated [17 June 2011: Cusco Project – Resource Estimate](#)). It has not been updated since to comply with the [2012 JORC Code](#) on the basis that the information has not materially changed since it was last reported.

LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at the end of the quarter and currently:

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

Name	Area (Ha)	Province	Code	Title	File No
(1) Opaban I	999	Andahuaylas	5006349X01	No 8625-94/RPM Dec 16, 1994	20001465
(2) Opaban III	990	Andahuaylas	5006351X01	No 8623-94/RPM Dec 16, 1994	20001464
(3) Ferrum 1	965	Andahuaylas	010298304	No 00228-2005-INACC/J Jan 19, 2005	11053798
(4) Ferrum 4	1,000	Andahuaylas/ Aymaraes	010298604	No 00230-2005-INACC/J Jan 19, 2005	11053810
(5) Ferrum 8	900	Andahuaylas	010299004	No 00232-2005-INACC/J Jan 19, 2005	11053827
(6) Cristoforo 22	379	Andahuaylas	010165602	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
(7) Ferrum 31	327	Andahuaylas	010552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
(8) Ferrum 37	695	Andahuaylas	010621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
(9) Wanka 01	100	Andahuaylas	010208110	TBA	TBA
(10) Sillaccassa 1	700	Andahuaylas	010212508	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11084877
(11) Sillaccassa 2	400	Andahuaylas	010212608	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449

Cusco Iron Ore Project (Peru)

(Strike – 100%)

Name	Area (Ha)	Province	Code	Title	File No.
(1) Flor de María	907	Chumbivilcas	05006521X01	No 7078-95-RPM Dec 29, 1995	20001742
(2) Delia Esperanza	1,000	Chumbivilcas	05006522X01	No 0686-95-RPM Mar 31, 1995	20001743
(3) El Pacifico II	1,000	Chumbivilcas	05006524X01	No 7886-94/RPM Nov 25, 1994	20001746

Paulsens East Iron-Ore Project (Western Australia)

(Strike – 100%)

Tenement No	Status	Grant Date	Expiry Date	Area (blocks/Ha)	Area (km ²)
Retention Licence RL 47/7	Granted	4/12/14	4/12/19	~381 Ha	~3.81

Other matters:

- In light of the uncertainty around the status of Cuervo Resources Inc., the parent of the Peruvian subsidiary that holds the concessions for the Cerro Ccopane Iron Ore Project (over which Strike has partial security for C\$5.25 million advanced to Cuervo), Strike has determined not to recognise its interest in the Cerro Ccopane Project.
- No other mineral concessions were acquired or lapsed during the quarter.
- No farm-in or farm-out agreements are in effect.

JORC CODE COMPETENT PERSON'S STATEMENTS

JORC Code (2012) Competent Person Statement - Apurimac Project Mineral Resources

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Apurimac Iron Ore Project (Peru) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is 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 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (JORC Code). Mr Hellsten has approved and consented to the inclusion in this document of the matters based on his information in the form and context in which it appears.

JORC Code (2004) Competent Person Statement – Cusco Project Mineral Resources

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Cusco Iron Ore Project (Peru) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is 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 204 Edition of the JORC Code. Mr Hellsten approves and consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This report contains "forward-looking statements" and "forward-looking information", including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Strike, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Strike and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of minerals/commodities, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Strike believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Strike does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	- - - (273)	- - - (273)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	61	61
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) <i>-Takeover Response Costs</i>	(96)	(96)
Net Operating Cash Flows	(308)	(308)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(308)	(308)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(308)	(308)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(308)	(308)
1.20	Cash at beginning of quarter/year to date	8,374	8,374
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	8,066	8,066

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	
1.23	Aggregate amount of payments to the parties included in item 1.2	124
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 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

Nil

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

Nil

+ 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 Administration	460 ¹
Total	460

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	391	299
5.2 Deposits at call	7,675	8,075
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8,066	8,374

¹ Note 4.4 includes a provision for legal fees incurred in response to the Bentley Capital Limited Takeover Bid.

+ 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	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

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>			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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	666,668		36.0 cents	23 November 2016
	Director options	666,666		42.0 cents	23 November 2016
	Director options	666,666		56.0 cents	23 November 2016
	Director options	3,000,000		30.0 cents	17 June 2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
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 give a true and fair view of the matters disclosed.

Sign here:



Managing Director

Date: 30 October 2015

Print name: William Johnson

+ See chapter 19 for defined terms.

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.

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