



Quarterly Report – September 2011

For the 3 months to 30 September 2011

Company Overview

Strike Resources is an Australian-listed resources company with two principal projects in the attractive bulk commodities market.

The Apurimac and Cusco Iron Ore Projects in Perú are large-scale iron ore projects, with Apurimac in the Pre-feasibility Study stage. The Company is seeking to establish a 15 - 20 million tonne per annum (Mtpa) operation in Perú based on current iron-ore Mineral Resources totalling 374Mt¹ and potential access to additional Resources of 106Mt² held by Cuervo Resources Inc. in Cusco, all with significant exploration upside.

Strike holds 100% of the rights to mine a coal concession near Berau, Indonesia, subject to a royalty to the concession owner. Strike is in dispute with the concession owner and dispute resolution proceedings are likely.

September Quarter Highlights

- Increased stake in Peruvian joint venture company Apurimac Ferrum S.A. from 44% to 50%.
- Priority iron-ore drilling targets identified at three (3) Apurimac concessions, including the northern extension of Opaban 1.
- Iron-ore Resource extension and copper/gold drilling targets defined at Santo Tomas concessions within the Cusco Iron-Ore Project.
- Secured the right to acquire up to 49%³ of Canadian-listed explorer Cuervo Resources Inc., which has an iron-ore Resource of 106.4Mt⁴ with significant upside potential adjacent to Strike's Cusco Iron-Ore Project.
- Community approvals for exploration received for five (5) priority concessions with drilling approvals expected shortly, including at Opaban 1 and its northern extension.
- Professor Malcolm Richmond appointed Chairman, with the search for additional independent directors well advanced.
- Strategic review of operations completed with significant progress made on consolidation strategy.
- Berau dispute resolution negotiations continue but with limited prospects of success.
- Strong cash position retained with A\$27.1 million in cash, a \$C5.25 million loan to Cuervo and a US\$26.2 million loan to Apurimac Ferrum at quarter end.

¹ Comprised of an Indicated Resource of 142.5Mt at 57.8% Fe and an Inferred Resource of 127.5Mt at 56.7% Fe at Apurimac and an Inferred Resource of 104Mt at 32.6% Fe at Cusco.

² See the breakdown of this Resource into JORC-Code categories and grades on page 5.

³ On an undiluted basis. On a fully-diluted basis, which assumes the exercise of all Strike warrants in Cuervo and all Cuervo options and warrants held by third parties, Strike would hold approximately 46% of Cuervo.

⁴ See footnote 2.

Corporate

IAC Transaction and D&C Option Exercise

On 1 July, 2011 Strike announced a transaction (**IAC Transaction**) under which it acquired the following assets from its former joint-venture partner, Iron Associates Corporation (**IAC**):

- IAC's 12% shareholding in Apurimac Ferrum SA (**AF**), the company which owns the Apurimac and Cusco concessions, and
- a debt of approximately US\$5.25 million which AF owed IAC,

(together referred to as the **Former IAC Assets**). Under the IAC Transaction the Company paid IAC US\$1.2 million and issued IAC with 9 million Strike Resources' shares. As a consequence of the IAC Transaction the Company's AF shareholding temporarily increased to 56%.

In conjunction with the IAC Transaction Strike entered an agreement with its Peruvian joint venture partner D&C Group under which:

- D&C granted Strike a 90-day exclusivity period (**Exclusivity Period**) within which the parties would hold good-faith negotiations for Strike to purchase D&C's 44% shareholding in AF, and
- if the parties did not reach agreement for Strike to purchase D&C's AF shares within the Exclusivity Period, D&C had the option to purchase half the Former IAC Assets from Strike, exercisable within 10 business days after the Exclusivity Period, for US\$1.9 million (**Option**).

Despite constructive discussions the parties were unable to agree on terms for Strike to purchase D&C's AF shares and D&C exercised the Option. At the date of this report the Option shares have not been transferred to D&C. After the Option shares are transferred Strike and D&C will each hold 50% of AF.

The Company believes this transaction provides significant benefits for shareholders in both the short and longer term. Initially, the simplification of the AF shareholding structure will improve operational efficiency and reduce risks during the exploration and project execution phases. Strike believes that over the longer term the simplified ownership structure enhances our ability to attract strategic partners to develop the Apurimac and Cusco Iron Ore Projects, if required.

Loan Agreement with Cuervo Resource Inc.

During July Strike entered into an agreement with Canadian-listed Peruvian explorer Cuervo Resources Inc. (**Cuervo**) to potentially earn up to 49.2%⁵ in Cuervo in return for Strike loaning Cuervo up to \$15 million Canadian (**C\$**). Cuervo is a junior iron-ore explorer with concessions in Perú which are complementary to AF's concessions in the Apurimac and Cusco regions in southern Perú. Cuervo's main project area, Cerro Ccopane, is 65 kilometres (km) south of the city of Cusco and approximately 15 km north of AF's Santo Tomas iron-ore resources and hosts four (4) zones of magnetite mineralisation - being the Aurora, Orcopura, Huillque and Bob 1 prospects.

The Cerro Ccopane project covers 14,000 ha (140 km²) of largely contiguous mineral concessions; with drilling at three prospects identifying high-grade magnetite mineralisation. The Orcopura prospect currently hosts a JORC Code compliant mineral resource estimate of 106.4 million tonnes at 45.3% Fe⁶.

Financing Arrangement

Key terms agreed by Strike and Cuervo are as follows⁷:

- Strike to loan Cuervo up to C\$15m by way of zero-coupon secured loan in two tranches.
- Strike advanced Cuervo C\$5.25m on 29 July 2011 for a term of 3 years (**Tranche 1 Loan**). The funds must be spent on an agreed exploration program over 15 months, including 7km of drilling at the Cerro Ccopane concessions, (**Phase 1 Exploration Plan**).
- Strike may advance a further C\$9.75m at its election if the Phase 1 Exploration results are satisfactory (**Tranche 2 Loan**). Cuervo must also spend the Tranche 2 Loan proceeds, if advanced, on agreed work.
- The Loans are secured over Cuervo's Peruvian concessions.
- Strike holds the following warrants⁸ to purchase Cuervo shares:
 - o 17,500,000 warrants (32.5% of Cuervo, undiluted) with an exercise price of C\$0.30 each; and

⁵ See footnote 3.

⁶ See the breakdown of this Resource into JORC-Code categories and grades on page 5.

⁷ A more detailed summary of the terms of this transaction is contained in Strike's 19 July 2011 ASX announcement: *Strategic Option to Acquire Major Stake in Cuervo*.

⁸ A warrant is in all material respects identical to an option – giving the holder the right, but not the obligation, to buy shares at a specified price during a specified period.

- o 17,727,273 warrants (cumulative on the Tranche 1 Warrants, representing 49.2% of Cuervo, undiluted) at an exercise price of C\$0.55 each.
- The Warrants must be exercised if Cuervo's shares trade for 20 consecutive days above C\$1.00 or Cuervo defines an NI43-101 (equivalent to JORC) iron-ore resource estimate of 700Mt at 40% Fe or above.
- Strike's Chairman, Prof. Malcolm Richmond and Managing Director, Mr. Ken Hellsten, have been appointed to Cuervo's Board.

Strike entered the Cuervo transaction to further its objective of building from its existing high-quality assets to increase its iron-ore resource base in the Apurimac and Cusco regions of Perú.

In particular, Cuervo's Bob 1 target is considered highly prospective, with outcropping massive magnetite associated with a very strong magnetic high which extends up to 10km in strike extent. Drilling of this prospect will commence once approvals are received and site access is established. This is expected to occur within the next 3 months with drilling from late January 2012.

Cuervo Placement

Under a placement conducted by Cuervo on 17 October Strike was issued with 664,200 Cuervo shares and 332,100 warrants to purchase Cuervo shares, for a total subscription price of C\$199,260. Each warrant gives Strike the right to purchase a share in Cuervo for C\$0.45 at any time in the next 2 years, subject to early expiry if Cuervo shares trade at above C\$0.90 for 10 consecutive trading days. Cuervo's shares last traded at C\$0.20.

Cuervo raised C\$405,000 under the placement for exploration and general working capital. Under the Strike-Cuervo investment agreement detailed above, Cuervo may raise up to C\$2.5 million in aggregate over the term of the agreement. Strike has the right to a proportional participation in these capital raisings. Strike's proportional entitlement in Cuervo's permitted capital raisings is equal to the percentage of Cuervo which Strike would hold on the assumption that Strike had exercised all its warrants. This provision is designed to protect against the dilution of Strike's ultimate potential interest in Cuervo if it decides to exercise the warrants under the investment agreement. Strike is not obliged to take up any of its proportional entitlements.

Board Restructure

In furtherance of the Board restructure commenced in February, Professor Malcolm Richmond was appointed Company Chairman on 27 July. Under the restructure the representation of major shareholders on the Board was reduced from four to two and the Board is seeking to appoint one or more additional, independent non-executive directors to bring Board composition into line with leading corporate governance practice. The director search process is at an advanced stage with discussions underway with several potential appointees, with appointments expected during the December quarter.

Strategic Review of Operations

In July the Board completed its two-round, strategic review of operations which began in April. Key outcomes from the review were:

- Confirming the objective of becoming the most significant iron-ore producer in Perú, through the establishment of a 15 – 20Mtpa iron-ore business based on the AF Apurimac and Cusco Projects and the assets of Cuervo.
- Utilising the Company's strong cash position, strategic strengths and AF's experienced team in Perú to consolidate its landholding and strong iron-ore resource position.
- Undertaking vigorous exploration and acquisition programs to materially increase iron-ore resources over the next 2 years.
- Leveraging from our location in the world's largest copper producing belt to establish a strong base-metals project portfolio.

The Cuervo transaction and the AF share acquisition represent the first steps in translating the review outcomes into action. More details of how the review outcomes are being put into practice at the AF level are contained in the Projects section, below.

Projects

Apurimac and Cusco Iron Ore Projects - Perú (SRK 50%)

Overview

During the quarter exploration activities on AF's concessions in Perú continued with the focus on the expansion of the resource base to the level required to support the development of a stand-alone iron-ore operation producing at least 15Mtpa of product. Key activities undertaken include:

- Commencement of geological mapping and ground magnetic surveys on five concessions within the Apurimac Region in and near the Opaban I Project area. These work programs have been successful in delineating new mineralised zones of massive magnetite at two prospect areas. Drilling programs to test the extent of these new mineralised zones are expected to commence by early 2012.

- Commencement of geological mapping and a reassessment of the core previously drilled at the Santo Tomas concessions (Cusco Project area). This work is scheduled to be completed during the December quarter along with additional geophysical surveys to optimise drill testing for both iron and copper/gold mineralisation.
- Geophysical 3D-inversion modelling of ground magnetics and gravity-survey data previously collected at Santo Tomas has provided additional insights into the geometry and continuity of iron mineralisation as well as new drilling targets.
- To facilitate the quickest possible commencement of drilling the environmental approval process has been initiated on eight concessions within the Apurimac Department.
- Continued engagement with communities within the Apurimac and Cusco regions.

Apurimac Iron Ore Project (SRK 50%)

During the quarter AF was granted access for field exploration by the relevant communities at a total of five concessions. This enabled the commencement of geological mapping and ground geophysical programs (see Figure 1).

A total of 178 line kilometres of ground magnetic surveys have been completed over three concessions in Apurimac, with an additional 500 line kilometres planned for completion during the December quarter.

The remainder of this section summarises the work programs on the five concessions mentioned above.

Antapata (north Opaban I)

The Antapata community covers approximately half of the northern portion of the Opaban I deposit and the northern extension of the mineralised trend.

Geological mapping at 1:2500 scale was initiated and completed during the quarter. The mapping identified an area of massive-magnetite outcrop up to 30 metres thick and extending over 300 metres' strike length. This mineralisation is interpreted to extend undercover to the NW in an area with no previous drilling and corresponds with the northernmost M1 anomaly on the recent ground magnetic survey (see Figure 2).

In addition, 32 line kilometres of ground magnetics was completed on 200-metre-spaced lines to complete the ground magnetic coverage over the Opaban I concession. The infill and extension survey was undertaken as there is an excellent correlation between the Opaban Resource and magnetic highs (see Figure 2). The recent results are most encouraging as they have confirmed that the magnetic trend continues north from the current Opaban resource and have extended the magnetic anomaly a further 1 km to the north. Significantly, the outcropping massive magnetite identified in the geological mapping corresponds with this magnetic trend.

Drill testing of this trend is a high priority for AF as it provides excellent potential to expand the Opaban 1 resource. Negotiations are underway with the community for surface drilling and this program has been added to the EIA environmental approval application. While community approvals are anticipated during the December quarter, drilling is unlikely to commence before second quarter 2012 due to the 4 – 6 months required for EIA approval by the government authorities.

Sillaccassa 1&2

Geological mapping commenced during the quarter with some 7 square kilometres mapped to date. The mapping has been successful in defining a new zone of massive magnetite mineralisation over at least 1 km of strike in the south-west corner of Sillaccassa 2. The outcropping mineralisation strikes NW-SE and has widths greater than 10 metres. A new concession application has been lodged to cover the extension of this mineralisation, which continues outside the AF concession for another 1 km.

In addition to the geological mapping, a ground magnetic survey was completed totalling 112 line km covering both concessions (see Figure 3). Two significant magnetic anomalies (M1 and M3) have been identified ranging from 600 to 1300 metres' strike length. Both targets are approximately 300m wide and are coincident with outcropping magnetite mineralisation. While the exposed magnetite is modest in size, the magnetic data indicates the potential for large magnetite-rich deposits at relatively shallow depths. A third magnetic anomaly (M2) identified represents a deeper, buried magnetite target.

Drilling programs designed to test the source and dimensions of these magnetic anomalies and the outcropping magnetite mineralisation are being finalised and drilling is expected to commence in the first quarter 2012, depending upon surface access negotiations and environmental approvals.

Ferrum 27 and Mapsa 2001

Ferrum 27 and Mapsa 2001 are contiguous concessions which lie approximately 3 km north east of the northern boundary of Opaban I. During the month a ground magnetic survey using 200-metre line spacing was completed for a total of 34 line kms. Although no significant anomalies were delineated, the area is considered prospective for both iron and copper and the data will be reviewed when the geological mapping program is completed early in the December quarter. As this land is privately owned, any drill testing can be undertaken once the DIA (environmental approval) and water license are received. The approval process for these approvals takes 3 months.

The Santo Tomas Prospect (SRK 50%)

The prospectivity of these concessions for iron ore has been well established for some time, with an initial mineral resource estimate reported in the last quarter. The drilling programs to date have tested 30 – 40% of the target area for iron ore and

further drilling is planned over the next 6 – 12 months to test the remaining high-priority target areas. The timing of this work will depend on receipt of environmental and community approvals but drilling is expected to commence during the first half of 2012.

The style of iron-ore mineralisation at Santo Tomas is similar to that seen at Opaban, being coarse grained and dominated by magnetite. Preliminary metallurgical tests indicate a concentrate grade of >65%Fe can be produced from this ore using conventional grinding and magnetic separation processes.

During the quarter geological mapping at a scale of 1:2500 commenced with an initial area of 7.3 sq kms completed to date. Field observations suggest that the mineralisation is a classic magnetite exoskarn of retrograde origin which is associated with epidote, calcite and pyrite. The iron mineralisation overprints an earlier garnet and diopside alteration. The key implication of this work is that the existing resource may be understated in terms of both tonnes and grade due to the geological model used and the potential to materially expand the resource with further drilling is significantly enhanced.

AF has engaged the services of a structural and mapping specialist to assist with the understanding of the geological and structural control of the iron mineralisation. The consultant commenced work in early October and is providing expertise in structural mapping and logging of previous drill core. This work will assist in the revision of the geological and mineralisation model, which will allow better targeting for future drilling programs.

Further geophysical analysis was completed during the quarter on the three broadly spaced lines of IP and resistivity data previously completed. The outcomes of the review show that IP is an effective geophysical exploration tool for targeting iron mineralisation at Santo Tomas. The distribution of high iron grades from drilling programs shows an excellent correlation with the IP chargeability highs and, generally, with resistivity lows. The low resistivity data suggests that the iron minerals form a massive interlocking texture. The high chargeability and low resistivity anomalies, combined with a good correlation with high sulphur values, suggest that the chargeability data is responding to pyrite, or possibly chalcopyrite, which correlates to the iron mineralisation. The current review has defined a number of untested targets for future drilling.

The geological environment at Santo Tomas is considered highly prospective for copper/gold/molybdenum mineralisation. It lies within the world-class Andahuaylas – Yauri mineralised belt, which hosts several major copper deposits and contains numerous strong indicators for copper/gold mineralisation including high sulphur content, strongly elevated copper and significant alluvial gold workings. The presence of these indicators, in conjunction with strong IP anomalies and elevated copper in previous drilling (up to 16m at 1% Cu from 28m depth) are considered most encouraging. The AF team is developing drill targets for copper/gold mineralisation as well as iron-ore targets in the current programs.

An additional 50 line kms IP survey is scheduled to be completed during the December quarter. This program is designed to infill the current IP survey and also to extend coverage over the entire Santo Tomas concession area. The proposed survey, combined with the geological mapping and previous gravity and ground magnetic data, will generate further drill targets for both iron and copper mineralisation, with drilling expected to commence during the first half of 2012.

Cuervo Resources Inc.

Cerro Ccopane Project (Cuervo)

Cuervo's Cerro Ccopane property covers 14,000 ha (140 square kilometres) of largely contiguous mineral concessions. At Cerro Ccopane (*Figure 4*) drilling in 167 holes in three zones has identified high-grade magnetite mineralisation. No drilling has been undertaken at the large Bob 1 anomaly to date. The Orcopura Zone has a reported Mineral Resource estimate of 106.4 million tonnes at 45.3% Fe, detailed in *Table 1* below while. Similar grade mineralisation has been intersected over significant widths at the Aurora and Huilque prospects.

Table1 – Cerro Ccopane Iron-Ore Project – Mineral Resource inventory

Prospect	Classification	Mt	Fe%	S%
Orcopura	Measured	19.7	48.3	2.4
Orcopura	Indicated	35.9	45.9	2.6
Orcopura	Sub-total (Measured + Indicated)	55.6	46.8	2.5
Orcopura	Inferred	50.8	43.7	3.1
Orcopura	Total	106.4	45.3	2.8

The Mineral Resource estimate was compiled using a database consisting of the assay results of sampled intervals from 121 diamond-drill holes totalling 15,725 metres. The Orcopura mineralisation has been tested over a strike length of approximately 800 metres and remains open along strike and down dip in several areas.

The Orcopura Resources exhibit a clear geophysical expression, with strong magnetic and gravity anomalies coincident with the iron-ore mineralisation.

Exploration Targets (Cuervo)

The Cerro Ccopane Iron-Ore Project overlies the contact zone between the Tertiary-age Apurimac Pluton and an older outlier of limestones belonging to the Arcuquina Formation of Cretaceous age. This geological setting is highly prospective for the discovery of additional iron and copper skarn mineralisation along the geological contact, as well as hydrothermal iron and copper mineralisation within host intrusives.

The key target area is the Bob 1 magnetic anomaly, which extends over up to 10 km of strike length at greater intensity than the anomaly which defines the Orcopura resource. No drilling has been undertaken to date at Bob 1.

Cuervo's planned exploration programs for the next 12 months include detailed ground magnetic and gravity surveys at Bob 1 and other regional target areas, followed by progressive drill testing of priority targets. The initial focus is Bob 1 and preparations are well advanced for the initial 20-hole program.

Road access has been designed and final community and environmental approvals are awaited. These approvals are expected to be secured during the December quarter, with access preparations commencing late in the period with drilling expected to commence from early 2012.

The initial drilling program and resource estimate for Bob 1 remains on track for completion during the first half of 2012.

Environmental Work, Social Approvals and Community Relations

Environmental

Reclamation work was completed at Colcabamba during the quarter. Eight drill pads were reclaimed, along with several kilometres of paths and primitive roadways. An agreement was signed by AF and the Colcabamba community after the completion of work indicating that the work has been completed as per the agreements between AF and the community. A final inspection by a national-government agency is pending.

AF has begun the process of sourcing independent environmental consultants to provide assistance with the preparation of the appropriate permits required for drilling on the concessions held in the Cusco and Apurimac Regions. An independent hydrology consultant with experience in high-Andean terrains has also been sourced for water permit work.

Social Approvals and Community Relations

The social situation in both Apurimac and Cusco Regions reflects the national Peruvian situation. A number of informal mining groups, as well as artisanal miners, are working in various communities and resisting the presence of mining companies, which they believe are a threat. The most common concern is that the larger projects will take work away from the local community. Many local community members belong to informal and artisanal mining cooperatives.

AF maintains dialogue with the informal and artisanal miners, as well as the communities in which these groups are active which exist on AF's concessions. Jointly with the communities, means are being sought to allow the informal and artisanal miners to continue working while the concessions are evaluated. AF is working with the various groups to implement initiatives aimed at improving industrial safety standards, working conditions and training in safe use of equipment and chemicals (principally mercury, used for amalgamating gold). Together with the regional governments, AF is working to formally establish the groups as legal entities with internal rules and operating codes.

AF continues to maintain a good relationship with the Regional Government in Apurimac and has been recognized as a model mining company by the regional government. AF's participation in regional events has also reinforced the view that AF is a responsible corporate citizen and a good partner for the communities. AF is working to establish the same relationship with the Cusco regional government.

AF gained access to the Cascabamba and Antapata communities during the quarter. These communities own the surface rights on the northern half of the Opaban I deposit (Antapata) and the satellite Sillacassa concessions (Cascabamba). AF has gained access for mapping, geophysical work and other work related to identifying additional mineralisation. As noted in the Geology section above, the work has been successful. AF is now negotiating with the two communities to commence drilling programs aimed at determining the extent and quality of the identified mineralisation.

The other key communities in the Opaban I and III Project areas, as well as the Santo Tomas Project area in Cusco, are engaging in constructive dialogue with AF regarding surface access to complete mapping, geophysics and other work required to plan and execute the drilling programs. AF expects to achieve entry into these communities in the near future, but cannot provide a firm date due to the fluid nature of the relationships at this time.

Millenium Dispute

AF has applied to the Court seeking an order that the Court decline jurisdiction over the claim brought by Millenium, on the basis that arbitration is the proper forum for that dispute according to the agreement between the parties. AF is still awaiting the decision on its application.

JORC Code Competent Person Statement

The information in this document which relates to Mineral Resources at the Apurimac, Cusco and Cerro Ccopane Projects and to exploration results at Santo Tomas and other AF concessions has been reviewed and confirmed by Mr Ian Cullen, B.Sc. (Geology), who is an employee of Strike Resources Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Cullen 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 Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Cullen consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

Berau Thermal Coal Project – Indonesia⁹

During the September quarter and to date discussions with Strike's Indonesian partner have continued with a view to reaching agreement on the restructure of the existing Cooperation Agreement to ensure that it complies with the new Indonesian Mining Law. Strike has appointed a prominent Indonesian mining industry figure, who has been advising during the course of the dispute, to negotiate on its behalf. Despite these efforts the negotiations have not proved fruitful to date and dispute resolution proceedings are under consideration.

Paulsens East Iron Ore Project – Pilbara, Western Australia¹⁰

Under a farm-out agreement between Strike and Process Minerals International Pty Ltd (**PMI**) - a subsidiary of ASX-listed Mineral Resources Limited - PMI has exclusive rights to explore for and mine iron ore from Paulsens East. Strike retains the rights to other minerals. If PMI mines iron ore at this project it will pay Strike a royalty of A\$ 3.20 per tonne, subject to variations in line with movements in an iron-ore benchmark price.

During the September Quarter PMI progressed discussions with the Traditional Owners concerning a proposed agreement permitting mining on their land. Drilling to better define and extend PMI's current assessment of the iron-ore potential of this project is planned by PMI once the relevant approvals are received.

Finance

Cash position

Strike's total cash holding on 30 September 2011 was approximately A\$27.1 million. In addition, Strike holds a loan of C\$5.25million to Cuervo Resources Inc. and loans to AF of approximately US\$26.32 million.

⁹ Strike's rights in this project consist of 100% of the rights to mine the coal concession, subject to payment of a royalty to the concession owner.

¹⁰ Strike's interest in this project is a royalty on any iron ore mined by the farm-out partner, PMI.

Figure 1: Regional plan showing AF concessions with active work program areas in green

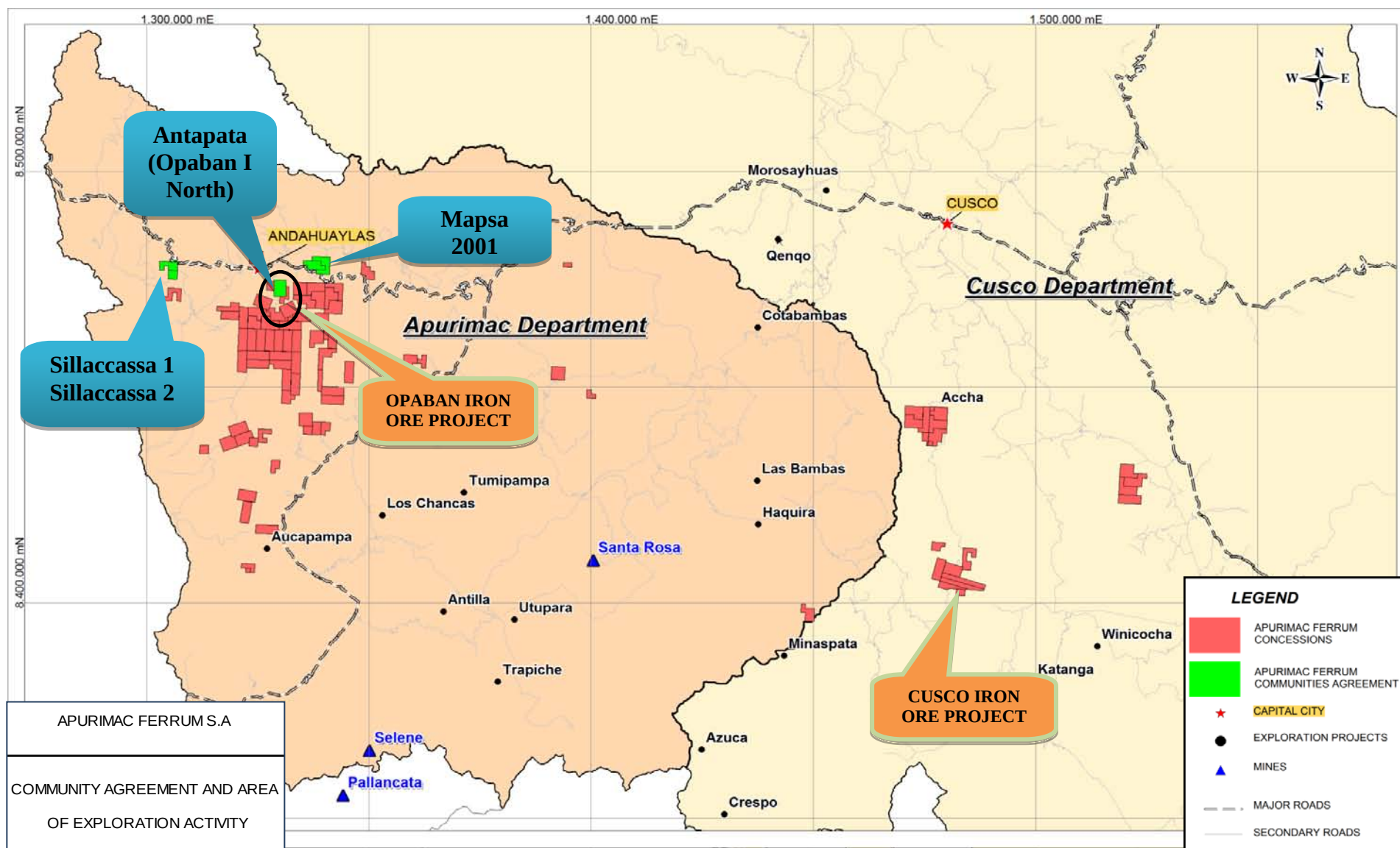


Figure 2: Magnetic data for Opaban 1 showing northern resource extension target

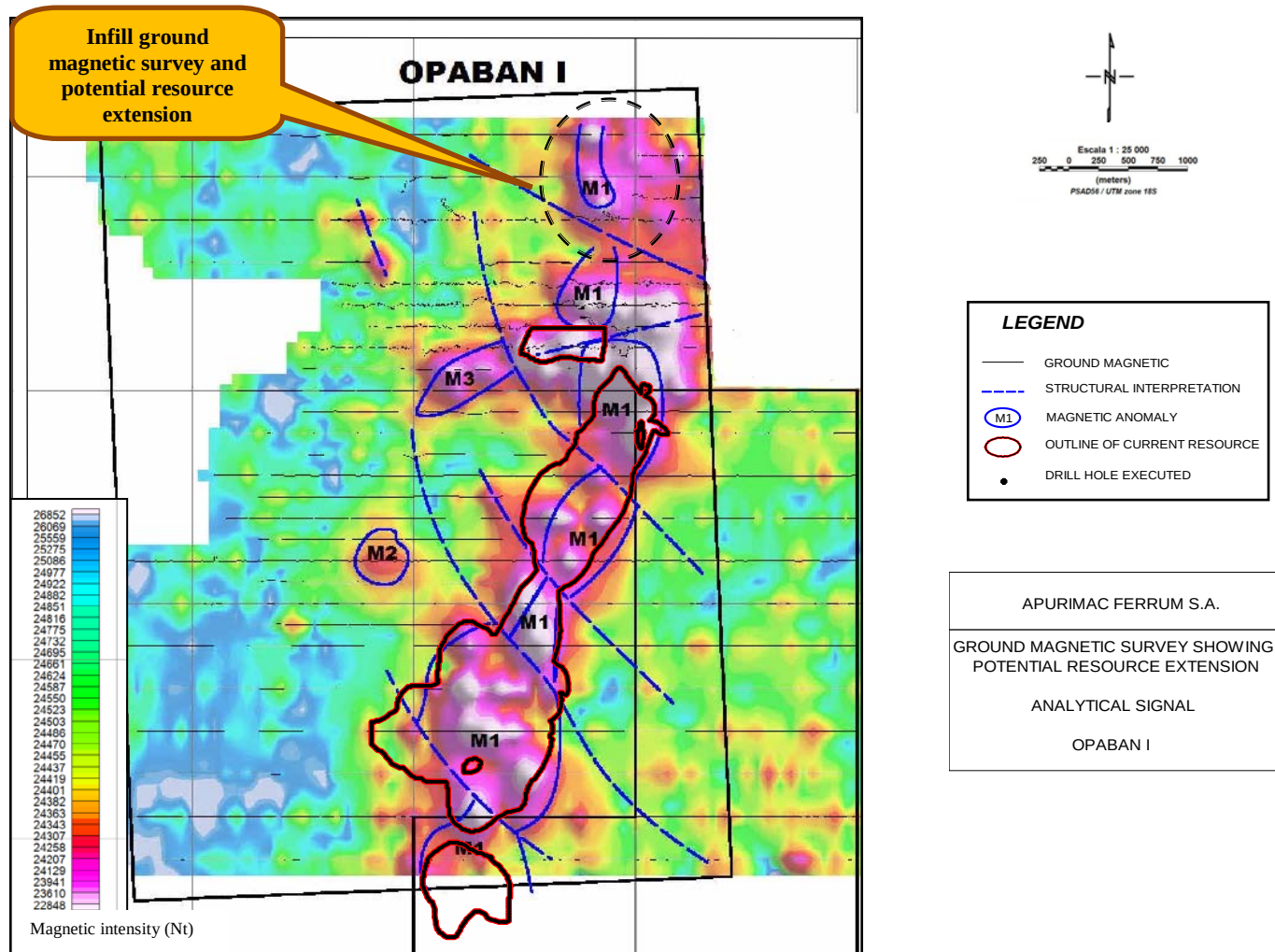


Figure 3: Ground magnetic data for Sillaccassa 1 & 2 showing anomalous zones of iron mineralisation

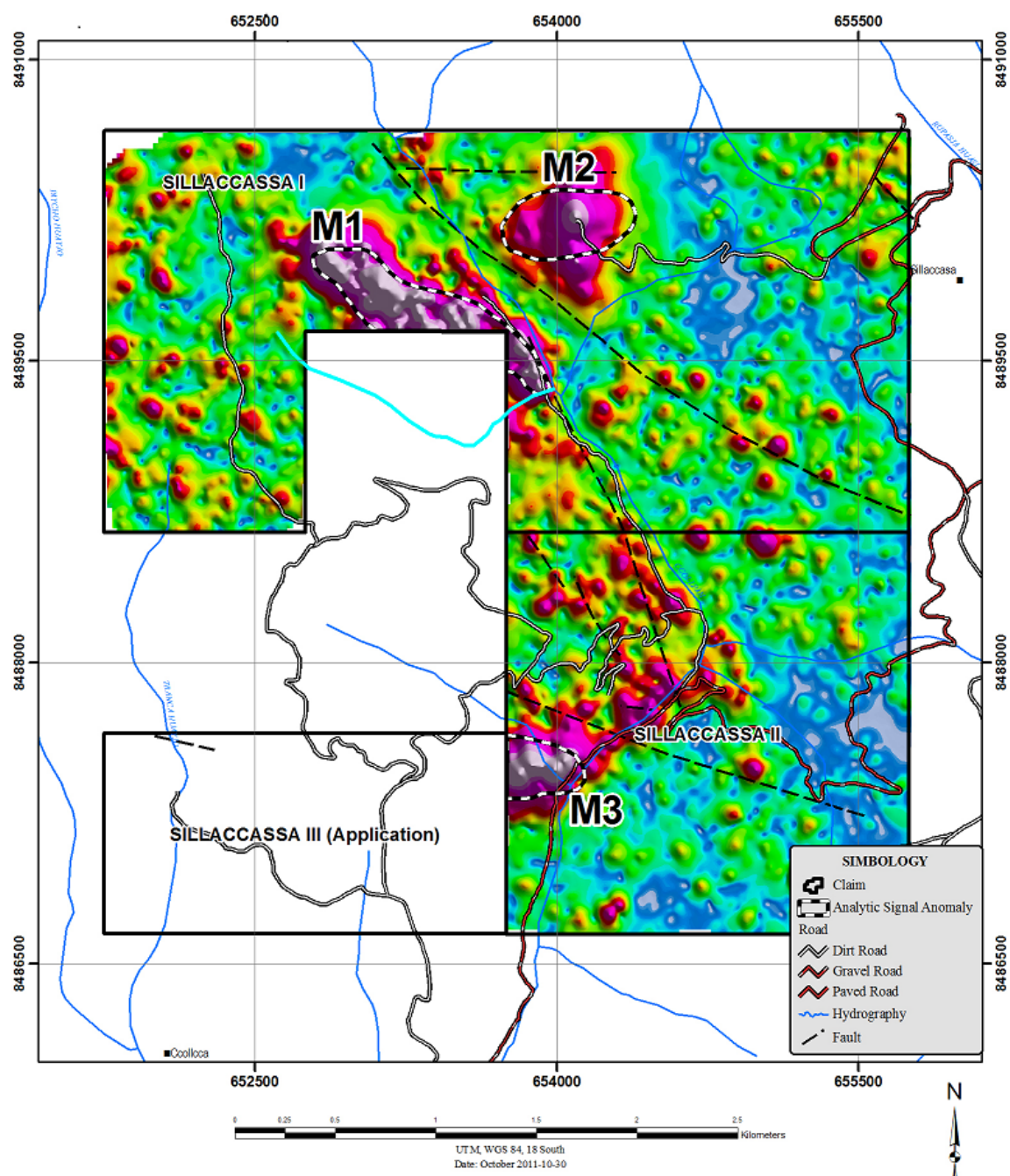
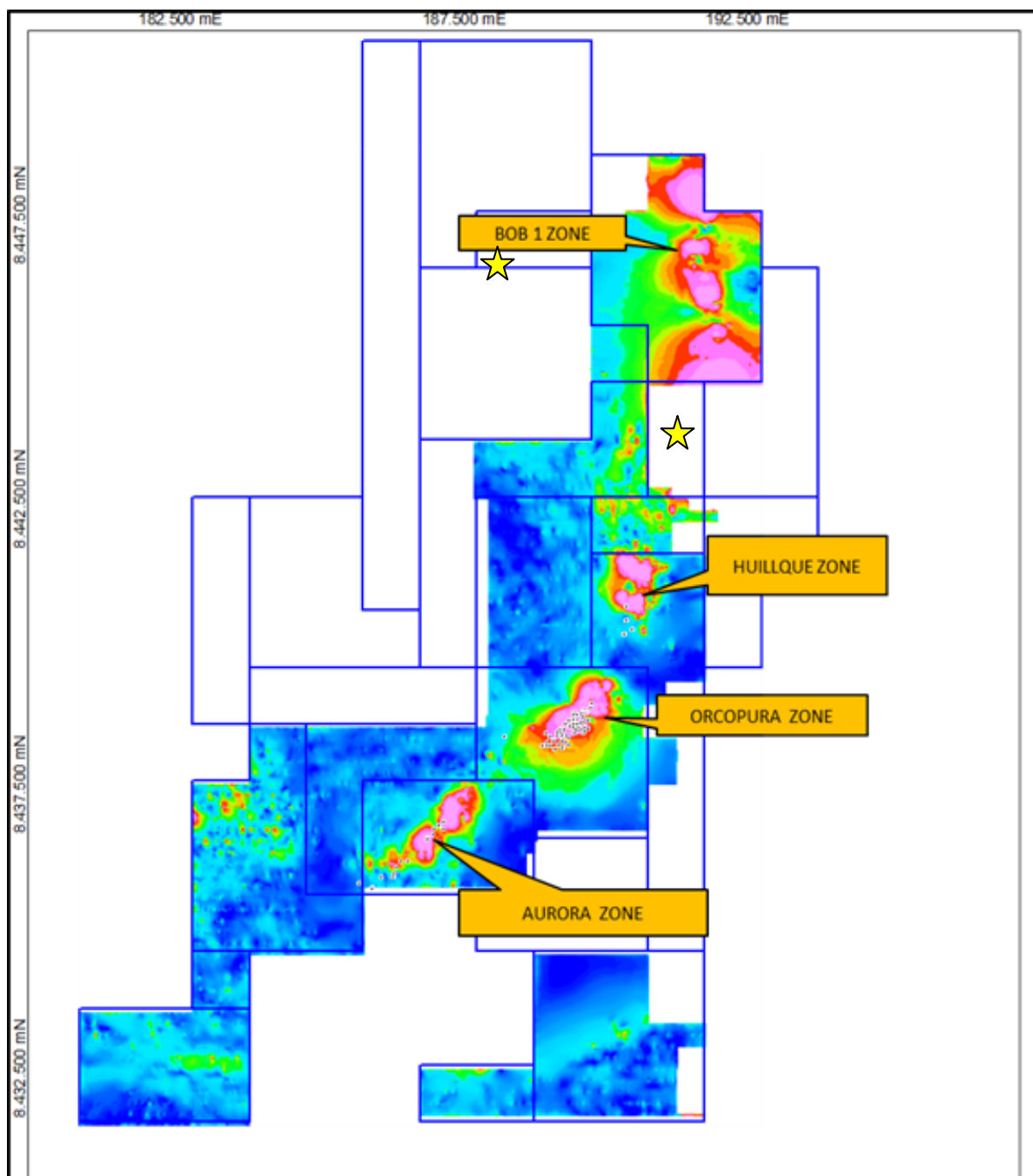


Figure 4: Magnetic image of Cerro Ccopane Project showing existing drilling, prospects and targets



★ Concessions not owned by Cuervo

Mineral Tenements

Apurimac Ferrum S.A. Concessions

(Strike Resources has a 50% interest in the Apurimac Ferrum S.A. (AF) concessions at Apurimac and Cusco, through its 50% interest in AF.)

Apurimac Project, Perú - AF

Concession Name	Area (Ha)	Province	Code	Title	File Number
(1) Opaban I	999	Andahuaylas	05006349X01	No 8625-94/RPM Dec 16, 1994	20001465
(2) Opaban III	990	Andahuaylas	05006351X01	No 8623-94/RPM Dec 16, 1994	20001464
(3) Los Andes I	999	Andahuaylas	05006372X01	No 0134-95-RPM Jan 31, 1995	200001481
(4) Pitumarca II	1,000	Andahuaylas	05006385X01	No 8686-94-RPM Dec 22, 1994	20001478
(5) Lucrecia Esperanza	66	Andahuaylas	01-00649-99	No 00623-2001-INACC/J Jul 26, 2001	11032475
(6) Nueva Oropampa 6	400	Andahuaylas	01-00860-99	No 04043-2000-RPM Oct 13, 2000	11032603
(7) Mapsa 2001	800	Andahuaylas	01-01204-01	No 00590-2002-INACC/J Apr 8, 2002	11032600
(8) Coriminas II	1,000	Andahuaylas	01-01624-99	No 02760-2000-RPM Jul 25, 2000	11032965
(9) Coriminas V	1,000	Andahuaylas	01-01626-99	No 0936-00-RPM Mar 16, 2000	20003140
(10) Ferrum 1	965	Andahuaylas	01-02983-04	No 00228-2005-INACC/J Jan 19, 2005	11053798
(11) Ferrum 2	1,000	Andahuaylas	01-02984-04	No 00227-2005-INACC/J Jan 19, 2005	11053836
(12) Ferrum 3	1,000	Andahuaylas	01-02985-04	No 00229-2005-INACC/J Jan 19, 2005	11053807
(13) Ferrum 4	1,000	Andahuaylas/ Aymaraes	01-02986-04	No 00230-2005-INACC/J Jan 19, 2005	11053810
(14) Ferrum 5	959	Aymaraes	01-02987-04	No 00323-2005-INACC/J Jan 25, 2005	11053816
(15) Ferrum 7	437	Aymaraes	01-02989-04	No 00396-2005-INACC/J Jan 27, 2005	11053822
(16) Ferrum 8	900	Andahuaylas	01-02990-04	No 00232-2005-INACC/J Jan 19, 2005	11053827
(17) Ferrum 9	1,000	Aymaraes	01-02991-04	No 00324-2005-INACC/J Jan 25, 2005	11053830
(18) Ferrum 10	1,000	Aymaraes	01-02992-04	No 00325-2005-INACC/J Jan 25, 2005	11053833
(19) Ferrum 11	1,000	Aymaraes	01-02993-04	No 02512-2005-INACC/J Jun 12, 2005	11053835
(20) Ferrum 13	600	Andahuaylas	01-03139-06	No 4416-2006-INACC/J Oct 16, 2006	11061068
(21) Ferrum 26	827	Andahuaylas	01-02274-07	No 000853-2007-INGEMMET/PCD/PM Sept 7, 2007	11073793
(22) Ferrum 27	1,000	Andahuaylas	01-02629-07	No 000581-2007-INGEMMET/PCD/PM Sept 5, 2007	11073799
(23) Ferrum 36	1,000	Andahuaylas	10553307	RP 0176-2008-INGEMMET/PCD/PM Feb 29, 2008	11075418
(24) Cristoforo 22	379	Andahuaylas	01-01656-02	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
(25) Ferrum 28	1,000	Andahuaylas	10507407	RP0601-2008-INGEMMET/PCD/PCM Mar 07, 2008	11075423
(26) Ferrum 29	1,000	Andahuaylas	10507507	RP0365-2008-INGEMMET/PCD/PM Mar 07, 2008	11075419
(27) Ferrum 30	963	Andahuaylas	10525907	PP 1024-2008-INGEMMET/PCD/PM May 05, 2008	11076757
(28) Ferrum 31	327	Andahuaylas	10552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
(29) Ferrum 32	900	Andahuaylas	10552907	RP0402-2008-INGEMMET/PCD/PM Mar 07, 2008	11075425
(30) Ferrum 33	900	Andahuaylas	10553007	RP0547-2008-INGEMMET/PCD/PM Mar 07, 2008	11075421
(31) Ferrum 34	800	Andahuaylas	10553107	RP0764-2008-INGEMMET/PCD/PM Apr 17, 2008	11075427
(32) Ferrum 35	1,000	Andahuaylas	10553207	RP0347-2008-INGEMMET/PCD/PCM Mar 07, 2008	11075426
(33) Ferrum 37	695	Andahuaylas	10621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
(34) Ferrum 56	1,000	Andahuaylas	10133508	RP 1971-2008-INGEMMET/PCD/PM Jun 19, 2008	11077123
(35) Ferrum 57	1,000	Andahuaylas	10133608	RP 3279-2008-INGEMMET/PCD/PM Sept 9, 2008	11081417
(36) Ferrum 58	1,000	Andahuaylas	10133708	RP 2206-2008-INGEMMET/PCD/PM 27 Jun, 2008	11077127
(37) Ferrum 59	1,000	Andahuaylas	10133808	RP 2272-2008-INGEMMET/PCD/PM 27 Jun, 2008	11077122
(38) Ferrum 61	1,000	Aymaraes	10073308	-	in process
(39) Pacunco 1	800	Andahuaylas	10019508	RP 1806-2008-INGEMMET/PCD/PM May 29, 2008	11076523
(40) Minas Huaycco	800	Abancay	10168708	RP 2541-2008-INGEMMET/PCD/PM Aug 08, 2008	11081416

Cusco Project, Perú - AF

Concession Name	Area (Ha)	Province	Code	Title	File Number
(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) Julia Clara	1,000	Chumbivilcas	05006523X01	No 4600-95/RPM Sept 26, 1995	20001744
(4) El Pacífico I	618	Chumbivilcas	05006536X01	No 7077-95/RPM Dec 29, 1995	20001785
(5) El Pacífico II	1,000	Chumbivilcas	05006524X01	No 7886-94/RPM Nov 25, 1994	20001746
(6) Ferrum 14	268	Chumbivilcas	01-03047-05	No 05032-2005-INACC/J Nov 30, 2005	11053842
(7) Ferrum 15	992	Chumbivilcas	10494906	RJ 0753-2007-INACC/J Mar 05, 2007	11073796
(8) Ferrum 17	500	Chumbivilcas	10026607	RP 1815-2007-INGEMMET/PCD/PM Oct 30, 2007	11073794
(9) Ferrum 18	800	Chumbivilcas /Cotabambas	10026707	RP 1761-2008-INGEMMET/PCD/PM May 29, 2008	11076514

Strike Resources Limited Concessions

(The concessions at Apurimac and Cuzco listed in the tables below are 100% owned by Strike Resources, subject to an option for AF to acquire those concessions.)

Apurimac Project, Perú – Strike Resources

Concession Name	Area (Ha)	Province	Code	Title	File Number
(1) Ferrum 38	800	Andahuaylas	10015205	RP1288-2008-INGEMMET/PCD/PM May 12, 2008	11064280
(2) Ferrum 39	1,000	Andahuaylas	10047605	RP 1573-2008-INGEMMET/PCD/PM May 29, 2008	11064281
(3) Ferrum 40	1,000	Andahuaylas	10623507	RP 2905-2008-INGEMMET/PCD/PM Aug 19, 2008	11076528
(4) Ferrum 41	1,000	Andahuaylas	10131408	RP 1965-2008-INGEMMET/PCD/PM Jun 19, 2008	11076755
(5) Ferrum 42	1,000	Andahuaylas	10131508	RP 1975-2008-INGEMMET/PCD/PM Jun 19, 2008	11077114
(6) Ferrum 43	1,000	Andahuaylas	10131608	RP 3243-2008-INGEMMET/PCD/PM Sept 9, 2008	11077113
(7) Ferrum 44	1,000	Andahuaylas	10131908	RP 1934-2008-INGEMMET/PCD/PM Jun 19, 2008	11077115
(8) Ferrum 45	1,000	Andahuaylas	10132008	RP 2283-2008-INGEMMET/PCD/PM Jun 27, 2008	11077116
(9) Ferrum 46	1,000	Andahuaylas	10132108	RP 2523-2008-INGEMMET/PCD/PM Aug 08, 2008	11079784
(10) Ferrum 47	1,000	Andahuaylas	10132208	RP 1908-2008-INGEMMET/PCD/PM Jun 18, 2008	11077117
(11) Ferrum 48	1,000	Andahuaylas	10132308	RP 1756-2008-INGEMMET/PCD/PM May 29, 2008	11076584
(12) Ferrum 49	1,000	Andahuaylas	10132408	RP 2000-2008-INGEMMET/PCD/PM Jun 19, 2008	11077118
(13) Ferrum 50	900	Andahuaylas	10132508	RP 1922-2008-INGEMMET/PCD/PM Jun 19, 2008	11077120
(14) Ferrum 51	1,000	Andahuaylas	10132608	RP 1893-2008-INGEMMET/PCD/PM Jun 18, 2008	11077121
(15) Ferrum 52	1,000	Andahuaylas	10132708	RP 2803-2008-INGEMMET/PCD/PM Aug 18, 2008	11079786
(16) Ferrum 53	1,000	Andahuaylas	10132808	RP 2550-2008-INGEMMET/PCD/PM Aug 08, 2008	11079787
(17) Ferrum 54	700	Andahuaylas	10132908	RP 2899-2008-INGEMMET/PCD/PM Aug 19, 2008	11079788
(18) Ferrum 55	800	Andahuaylas	10133408	RP 2951-2008-INGEMMET/PCD/PM Aug 19, 2008	11079789
(19) Ferrum 60	200	Abancay	10073208	RP 2986-2008-INGEMMET/PCD/PM Aug 19, 2008	11084879
(20) Ferrum 62	900	Abancay	10073408	RP 3177-2008-INGEMMET/PCD/PM Sept 8, 2008	TBA
(21) Ferrum 63	300	Grau	10073008	RP 3040-2008-INGEMMET/PCD/PM Aug 28, 2008	11076586
(22) Pichirhua 1	800	Abancay	10151708	RP 2638-2008-INGEMMET/PCD/PM Aug 11, 2008	11079794
(23) Pichirhua 2	400	Abancay	10151808	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081445
(24) Colcabamba 1	600	Aymaraes	10212308	RP 2986-2008-INGEMMET/PCD/PM Aug 19, 2008	11079780
(25) Colcabamba 2	500	Aymaraes	10212408	RP 3177-2008-INGEMMET/PCD/PM Sept 8, 2008	11081451
(26) Colcabamba 3	900	Aymaraes	10217208	RP 3040-2008-INGEMMET/PCD/PM Aug 28, 2008	11079781
(27) Sillaccassa 1	700	Andahuaylas	10212608	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11079791
(28) Sillaccassa 2	400	Andahuaylas	10212508	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449
(29) Cristoforo 14*	1000	Andahuaylas	01-02327-99	No 02693-2000 RPM Jul 24, 2000	11034702
(30) Cristoforo 28*	500	Aymaraes	01-00152-05	No 01824-2005 INACC/J May 4, 2005	11064280
(31) Ferroso 29*	400	Andahuaylas	01-00473-05	No 01709-2005 RPM Apr 21, 2004	11064281
(32) Helimag 1	900	Andahuaylas	01-00152-05	No 000741-2010 INGEMMET/PCD/PM Mar 22, 2010	11064280

*Strike Resources holds an option to acquire these concessions. Under the terms of the AF Settlement Agreement, Strike's rights under the option are being transferred to AF.

Cusco Project, Perú – Strike Resources

Concession Name	Area (Ha)	Province	Code	Title	File Number
(1) Ferrum 72	1,000	Paruro	10408208	RP 4435-2008-INGEMMET/PCD/PM Oct 21, 2008	11084851
(2) Ferrum 73	1,000	Paruro	10409608	RP 5050-2008-INGEMMET/PCD/PM Nov 19, 2008	11084874
(3) Ferrum 74	1,000	Paruro	10408208	RP 5006-2008-INGEMMET/PCD/PM Nov 19, 2008	11084871
(4) Ferrum 75	303	Paruro	10409808	RP 5130-2008-INGEMMET/PCD/PM Nov 19, 2008	11084873
(5) Ferrum 76	974	Chumbivilcas	10409908	RP 4323-2008-INGEMMET/PCD/PM Oct 20, 2008	11084870
(6) Ferrum 77	1,000	Paruro	10408108	RP 5227-2008-INGEMMET/PCD/PM Nov 19, 2008	11084868
(7) Ferrum 65	1,000	Paruro	010580008	RP 0337-2009-INGEMMET/PCD/PM Feb 19, 2009	TBA
(8) Ferrum 66	100	Paruro	010580208	RP 1613-2009-INGEMMET/PCD/PM Jun 4, 2009	TBA
(9) Ferrum 67	100	Chumbivilcas	010579908	RP 5849-2008-INGEMMET/PCD/PM Dec 17, 2008	TBA
(10) Ferrum 68	1,000	Acomayo	010579808	RP 1185-2009-INGEMMET/PCD/PM Mar 31, 2009	TBA
(11) Ferrum 69	1,000	Acomayo	010579608	RP 1633-2009-INGEMMET/PCD/PM Jun 4, 2009	TBA
(12) Ferrum 70	1,000	Acomayo	010579608	RP 1848-2009-INGEMMET/PCD/PM Jun 11, 2009	TBA
(13) Ferrum 71	1,000	Acomayo	010579508	RP 1120-2009-INGEMMET/PCD/PM Mar 31, 2009	TBA
(14) Colcabamba 4	400	Acomayo	010580108	RP 1117-2009-INGEMMET/PCD/PM Mar 31, 2009	TBA

Paulsens East Project – Western Australia

(These concessions are 100% beneficially owned by Strike Resources, subject to the farm-out agreement detailed under the section on the Paulsens East Project on p7 of this report.)

Tenement No	Status	Grant Date	Expiry Date	Area (blocks/ha)	Area (km ²)
(1) EL 47/1328	Granted	05/10/06	04/10/11	6 blocks	18
(2) PL 47/1170	Granted	27/03/06	26/03/11	164 hectares	1.64
(3) M 47/1437 ⁺	Pending	N/A	N/A	164 hectares	1.64

* Subject to the farm-out referred to in the Paulsens East Project section of this report.

⁺ Representing an application to convert PL 47/1170 into a mining lease.

Securities Information

(as at 30 September 2011)

Distribution of ordinary, fully-paid shares

Spread of Holdings	Number of Holders	Number of Units	% of Issued Capital
1 - 1,000	489	231,611	0.16
1,001 - 5,000	1,213	3,827,234	2.69
5,001 - 10,000	464	3,801,075	2.67
10,001 - 100,000	637	20,366,181	14.29
100,000 - and over	95	114,308,167	80.19
Total	2,898	142,534,268	100.00%

Top 20 ordinary, fully-paid shareholders

Rank	Shareholder	Total Shares	% of Capital
1	HSBC Custody Nominees (Australia) Ltd	26,627,013	18.68
2	Orion Equities Limited	16,690,802	11.71
3	Database Systems Ltd	9,377,090	6.58
4	Iron Associates Corporation	9,000,000	6.31
5	National Nominees Ltd	8,715,036	6.11
6	Ferrous Resources Ltd	6,370,000	4.47
7	J P Morgan Nominees Australia Ltd	5,259,417	3.69
8	Nefco Nominees Pty Ltd	4,331,760	3.04
9	Citicorp Nominees Pty Ltd	3,916,861	2.75
10	Alara Resources Limited	3,573,889	2.51
11	Pater Investments Pty Ltd	1,125,000	0.79
12	Mr Gordon Anthony	800,000	0.56
13	Mr George Macfie	800,000	0.56
14	Aliana Pty Ltd	700,000	0.49
15	Empire Holdings Pty Ltd	700,000	0.49
16	M&M Holdings Pty Ltd	606,000	0.43
17	Renmuir Holdings Limited	487,439	0.34
18	Mr Andrew Craig Leeson	457,800	0.32
19	Mr Matthew Norman Bull	421,700	0.29
20	Mr Nicholas Kenos & Mrs Pauline Kenos	400,000	0.28
Total		100,359,807	70.40



Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

Strike Resources Limited and its controlled entities

ABN

94 088 488 724

Quarter ended

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter Sept 2011 \$'000	Year to date Sept 2011 (3 Months) \$'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) administration	(1,269)	(1,269)
1.3	Dividends received	-	-
1.4	Interest and other costs of finance paid	-	-
1.5	Income taxes paid	-	-
1.6	Other	-	-
1.7	Net Operating Cash Flows	(1,269)	(1,269)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) Property, plant and equipment	(3)	(3)
1.9	Proceeds from sale of: (a) property, plant and equipment	-	-
1.10	Interest received	525	525
1.11	Loans to associate entity*	(1,307)	(1,307)
1.12	Loan to other entities	(5,002)	(5,002)
1.13	Payments for exploration and evaluation	(2)	(2)
1.14	Loans repaid by other entities	-	-
1.15	Investment in associate	(3)	(3)
1.16	Other	-	-
	Cash flows related to investing activities	(5,792)	(5,792)
1.17	Total operating and investing activities (carried forward)	(7,061)	(7,061)

* Loans to associates 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. Strike holds a 56% interest in these projects through its shareholding in AF.

Loans to other entities comprise a secured loan made to Cuervo Resources Inc.

	Current quarter Sept 2011 \$'000	Year to date Sept 2011 (3 Months) \$'000
Total operating and investing activities (carried forward)	(7,061)	(7,061)
Cash flows related to financing activities		
1.18 Proceeds from issues of shares, options, etc.	-	-
1.19 Securities issue costs	(8)	(8)
1.20 Proceeds from sale of forfeited shares	-	-
1.21 Proceeds from borrowings	-	-
1.22 Repayment of borrowings	-	-
1.23 Dividends paid	-	-
1.24 Other	-	-
Net financing cash flows	(8)	(8)
Net increase (decrease) in cash held	(7,069)	(7,069)
1.25 Cash at beginning of quarter/year to date	34,176	34,176
1.26 Exchange rate adjustments to item 1.22	16	16
1.27 Cash at end of quarter	27,123	27,123

Payments to directors of the entity and associates of the directors

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

	Current quarter \$'000
1.24 Aggregate amount of payments to the parties included in item 1.2	(200)
1.25 Aggregate amount of loans to the parties included in item 1.11	-
1.26 Explanation necessary for an understanding of the transactions: Amounts disclosed at 1.24 represent director fees and superannuation payments to 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:
During the September 2011 quarter Strike issued 9 million shares to Iron Associates Corp. ("IAC") as part consideration for an agreement entered into on 30 June 2011. Under this Agreement Strike purchased IAC's 12% shareholding in Apurimac Ferrum S.A ("AF") and a US\$5.4m loan owed by IAC to AF. (Details of this transaction can be found in the activity report above)
- 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:
n/a

Financing facilities available

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

Estimated cash outflows for next quarter

	Next Quarter \$'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Loans to associate*	2,451
4.4 Administration	945
Total	3,396

Note:

* Loans to associate comprise loans to Apurimac Ferrum S.A. pursuant to an executed Loan and Mortgage Agreement formalised by public deed dated 23 July 2009. Strike Resources Ltd holds its interest in the Apurimac and Cusco iron ore projects located in Peru through its shareholding in Apurimac Ferrum S.A.

Reconciliation of cash

	Consolidated	
	Current quarter \$'000	Previous quarter \$'000
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.		
5.1 Cash on hand and at bank	11,807	1,651
5.2 Term Deposits	15,316	32,525
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total cash at end of quarter (item 1.23)	27,123	34,176

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased			56%	56%

Issued and quoted securities at end of current quarter

		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	-			
7.2	Changes during quarter				
	(a) Increases through issues	-			
	(b) Decreases through returns of capital, buy-backs, redemptions	-			
7.3	Ordinary securities	142,534,268	142,534,268		
7.4	Changes during quarter				
	(a) Increases through issues	9,000,000			
	(b) Decreases through returns of capital, buy-backs	-			
7.5	Convertible debt securities	-			
7.6	Changes during quarter				
	(a) Increases through issues	-			
	(b) Decreases through securities matured, converted	-			
7.7	Options (all unlisted)			<i>Exercise price</i>	<i>Expiry date</i>
	Director options	500,000		207.8 cents	7 March 2012
	Director options	3,300,000		278.8 cents	7 March 2012
	Employee options	33,000		287.8 cents	1 May 2012
	Director options	4,000,000		397.8 cents	3 December 2012
	Employee options	250,000		287.8 cents	4 March 2013
	Employee options	250,000		275.0 cents	13 October 2013
	Director options	750,000		250.0 cents	24 November 2012
	Director options	750,000		275.0 cents	24 November 2012
	Director options	750,000		325.0 cents	24 November 2012
	Employee options	733,334		130.0 cents	23 March 2013
	Employee options	733,333		150.0 cents	23 March 2013
	Employee options	733,333		175.0 cents	23 March 2013
7.8	Issued during quarter	-			
7.9	Exercised during quarter	-			
7.10	Expired during quarter	6,003,404			
7.11	Debentures (<i>totals only</i>)	-			
7.12	Unsecured notes	-			

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 4).
- 2 This statement gives a true and fair view of the matters disclosed.



Stephen Gethin
Company Secretary

Date: 31 October 2011

Notes

- 1) The Company holds foreign currencies denominated in US dollars, Peruvian Nuevo Soles and Indonesian Rupiah. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rates as at balance date.
- 2) The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period.
- 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 1026: Statement of Cash Flows apply to this report.