



Thursday, 18 October 2012

## Cuervo Resources Inc. – Further Bob 1 Drilling Results

### Announcement Highlights

- 111 metres at 41.1% Fe intersected in BDH12-06
- 92 metres at 36.6% Fe intersected in BDH12-07
- Broad zones of magnetite mineralisation extended to 500 metres' strike

### Summary

Strike Resources Ltd (**Strike** or the **Company**) is pleased to provide further information regarding the drilling results from completed drill holes on the "Bob 1" target zone of Cuervo Resources' Cerro Ccopane iron ore project in Peru. Assay results from holes BDH12-06 and BDH12-07 have confirmed the presence of broad zones of magnetite-rich material at least 200 metres north of the previous drilling results, extending the identified zone to at least 500 metres' strike length. Significant intersections were 110.6 metres at an average grade of 41.6% iron (Fe) from 71.3 metres in BDH12-06 and 92 metres at 36.6% Fe from 219.5 metres in BDH12-07 (refer *Figure 1*, attached).

The Bob 1 magnetic and gravity target extends over a total strike length of approximately 3 kilometres (refer *Figures 1 and 2*) with extensive outcrops of massive magnetite present along the bulk of the length of the target. Cuervo intends to complete additional step-out drilling during October to provide an initial test of the iron ore potential of the Bob 1 target, with an initial resource estimate planned for late 2012 or early 2013.

### Technical Results

To date 10 holes have been completed of a planned program of up to 20 drill holes at Bob 1. One hole, BDH12-09, was abandoned prior to reaching the target depth due to drilling difficulties. These drill holes have been directed to test the surface exposures of magnetite mineralisation and the gravity and magnetic targets to a depth of around 200 metres.

All 10 drill holes completed to date at Bob 1 have intersected broad zones of magnetite-rich rocks, with several intervals of massive magnetite interspersed with relatively narrow intervals of intermediate composition intrusives. The magnetite and sulphides (mainly pyrite) are generally of similar grain size to that seen at Cuervo's Orcopura prospect approximately 20 kilometres to the SSW (refer *Figure 2*).

Assay results have been received and reported previously for the initial 5 drill holes (BDH12-01 to 05) which test approximately 300 metres of strike length in the central portion of Bob 1. Broad intervals (130 to almost 190 metres down hole) of >30% Fe were intersected in every hole, with several holes containing zones of 50 - 60% Fe.

Hole BDH12-06 (Hole 6) was sited adjacent to BDH12-01 (vertical) but drilled at 60° towards the east to test the horizontal continuity of the iron mineralisation. Hole 6 recorded 110.6 metres grading 41.1% Fe, 21.1% silica (SiO<sub>2</sub>), 2.79% sulphur (S), 0.08% phosphorous (P), 0.17% manganese (Mn) and 0.10% copper (Cu) from 71.3 metres, which is in line with the results from BDH12-01 which intersected 133.0 metres at 49.6% Fe from 86.2 metres.

BDH12-07 is located approximately 200 metres to the north of BDH12-01 and 06 and inclined at 70° towards the west and recorded 92 metres at 36.6% Fe, 24.5% SiO<sub>2</sub>, 2.64% S, 0.07% P, 0.22% Mn and 0.09% Cu. This hole was designed to test to the north and west of the previous drilling. As the mineralisation appears to dip towards the west, this hole also tested the down-dip continuity of the magnetite-rich zones.

While only a restricted portion of the target area has been tested to date, the results are considered most encouraging due to the continuity of results both along and across strike, the strength of the geophysical anomalies and presence of massive magnetite at surface over the entire strike length of Bob 1. Table 1 provides summary results from BHD12-06 and BDH12-07.

**Table 1 - Significant intersections in drill holes BDH-12-06 to BDH-12-07**

| Hole     | From    | To      | Length  | Fe (%) | SiO <sub>2</sub> (%) | S (%) | P (%) | Mn (%) | Cu (%) |
|----------|---------|---------|---------|--------|----------------------|-------|-------|--------|--------|
| BDH12-06 | 71.30m  | 181.90m | 110.60m | 41.1   | 21.1                 | 2.79  | 0.08  | 0.17   | 0.10   |
| BDH12-07 | 219.45m | 311.45m | 92.00m  | 36.6   | 24.5                 | 2.64  | 0.07  | 0.22   | 0.09   |

Cuervo expects drilling to continue until at least late October and is aiming to have an initial resource estimate completed by late 2012 or early 2013, depending on drilling rates and assay turnaround times. For the remainder of the current drilling program it is planned to undertake step-out drilling to the north and south of the completed holes to provide an initial test of the bulk of the Bob 1 target area.

A nominal sampling interval of 2.0m is being used within the sections of typical iron mineralisation. Analysis was performed by the ALS Laboratory in Lima Peru, which is ISO 9001 certified. The iron (Fe) analysis was conducted by titration methods and the sulphur (S) analysis was carried out with a LECO furnace. All other analyses, which includes phosphorous (P), manganese (Mn) and copper (Cu), were performed by ICP-AES after a multi-acid ("total") digestion. Laboratory check analysis was performed on approximately 10% of the samples submitted, while field duplicate samples were performed on average of 1 in 36 samples submitted and field standard samples were performed on an average of 1 in 40 samples sent to the laboratory. The Company is satisfied with the reproducibility of the analyses for the elements reported. All drill cores were logged and sampled at the new Cuervo logging/cutting facility in Cusco under the direction of a qualified and experienced geologist.

Preliminary low-intensity magnetic separation (Davis Tube) carried out previously on selected samples of sulphide-rich mineralisation from the Orcopura zone showed that both pyrite and chalcopyrite (Cu-bearing sulphide) could be removed to produce a high-grade iron ore concentrate. Cuervo plans to carry out Davis Tube processing on samples of the Bob 1 mineralisation when more drill holes have been completed. The Bob 1 Davis Tube results are expected to be similar to those from Orcopura, given the similarity in magnetite mineralisation at these prospects.

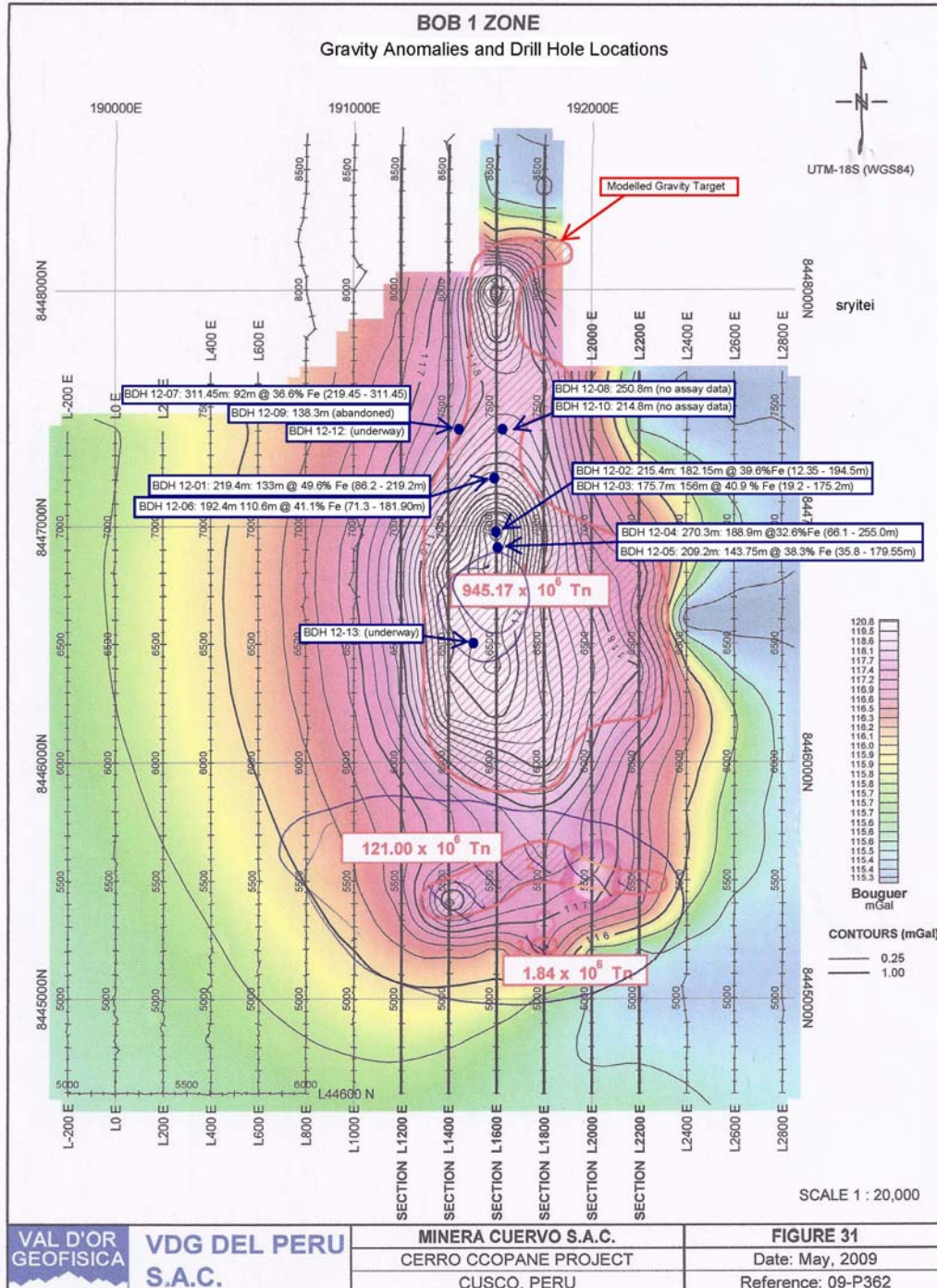
## Background Information

The Bob 1 zone is considered highly prospective for iron ore. It contains strong magnetic and gravity anomalies (refer *Figures 1 and 2*, attached) coincident with a broad band of magnetite outcrops extending over 3 kilometres in strike length, the largest yet identified on the Cerro Ccopane property. Rock chip samples from these outcrops averaged >63% Fe and the prospect is geologically similar to the Orcopura, Huillque and Aurora areas where previous drilling has outlined iron ore resources totalling 179 million tonnes at an average grade of 48.2% Fe (refer *Table 2*, attached, for a full breakdown of JORC Code categories and grades).

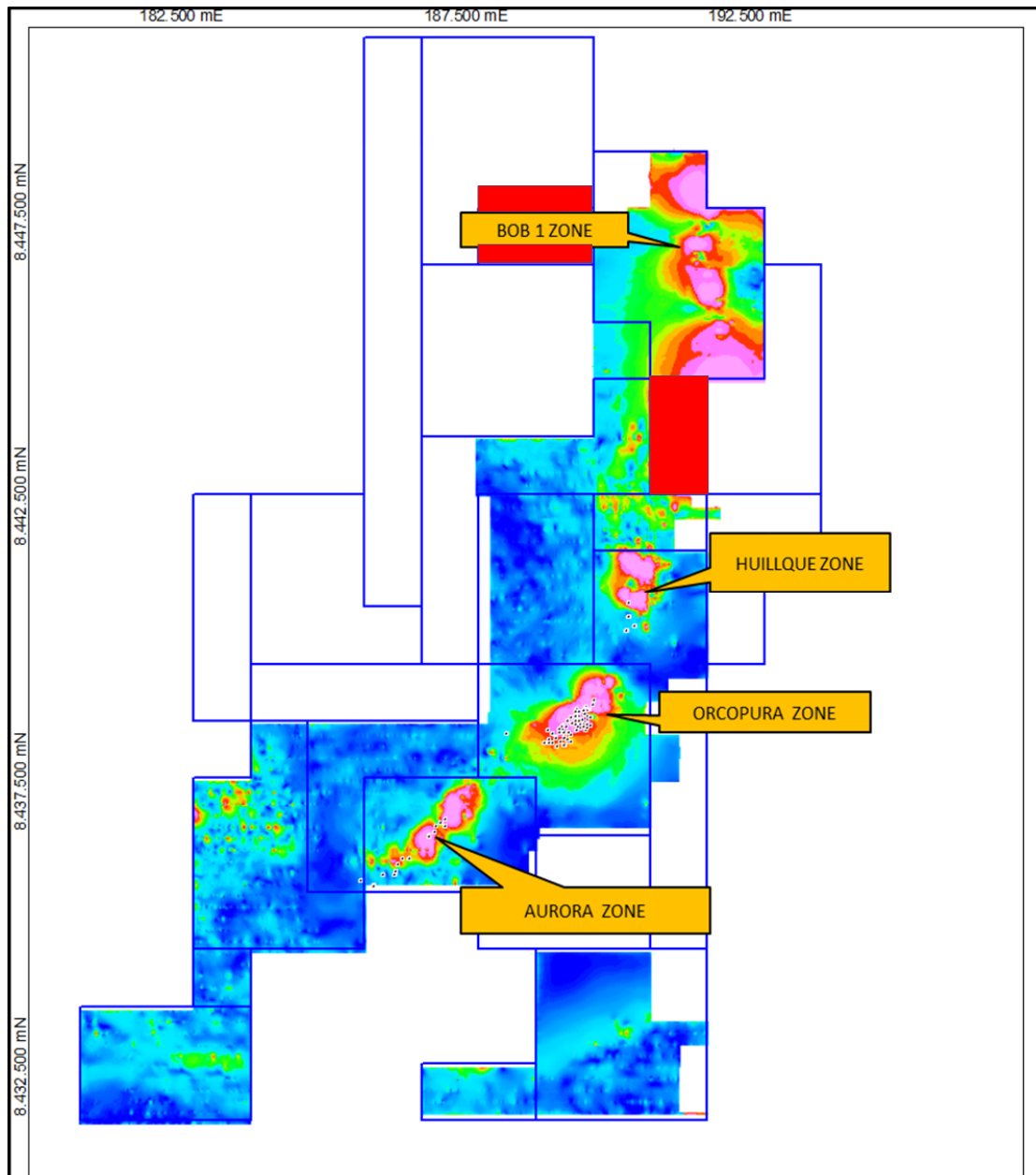
Strike has provided funding for the drilling program on the Bob 1 zone as part of a staged exploration program by Cuervo at its Cerro Ccopane project. Strike has advanced Cuervo CAD\$5.25 million for the current (Stage 1) program and, in return, was granted warrants that can be converted into 32.5% of Cuervo's shares, on an undiluted basis. Strike has the option to fund Cuervo's Stage 2 drilling program in the amount of CAD\$9.75 million, under warrants which can be converted to a further 16.7% of Cuervo's shares (undiluted).

The Cerro Ccopane project lies within 20 kilometres of Apurimac Ferrum's Santo Tomas (Cusco) iron ore project (refer *Figure 3*, attached). Cuervo and Strike believe that a cooperative exploration effort between them will be strategic to the development of Perú's large-scale iron ore potential.

Figure 1 – Bob 1 Gravity Anomalies and Drill-Hole Locations



**Figure 2 – Cerro Ccopane Magnetic Survey**

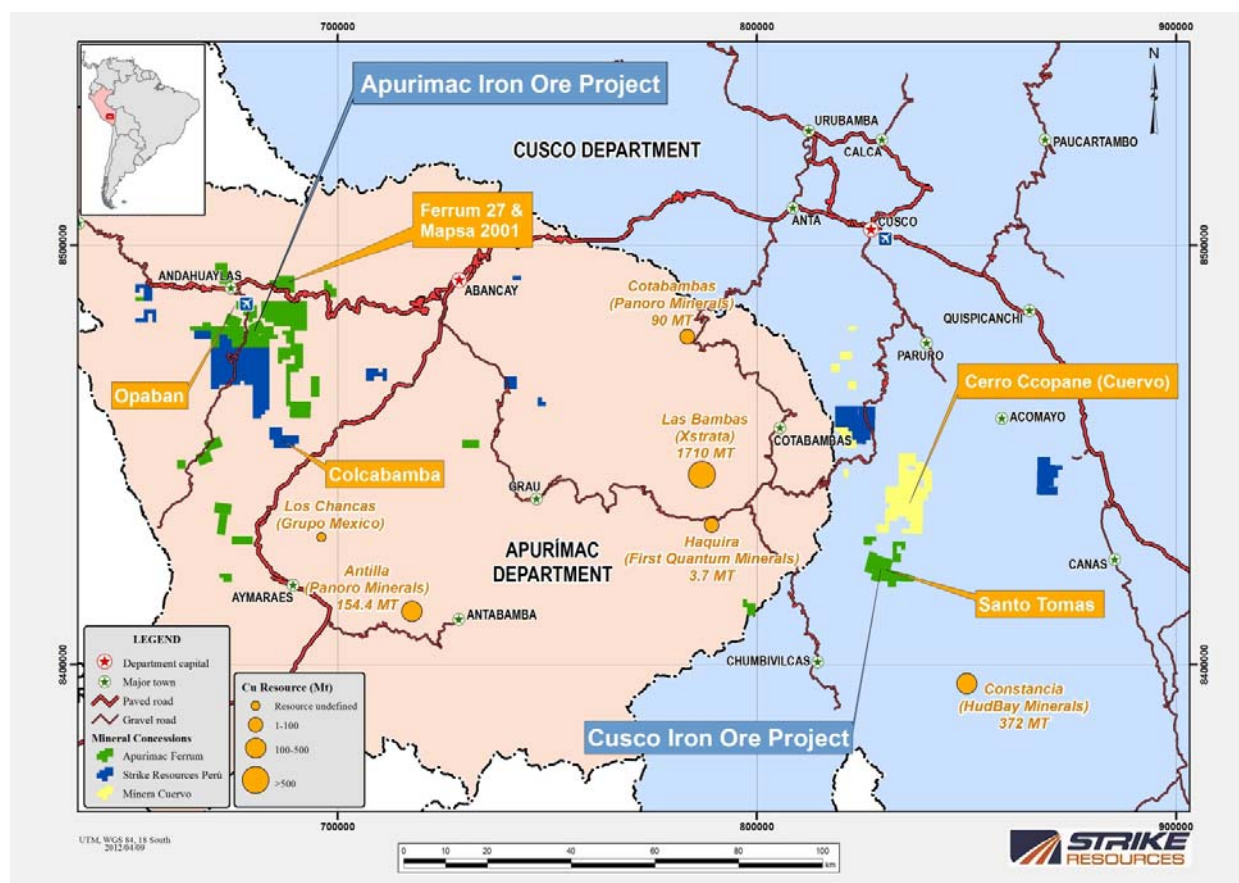


 Concession not held by Cuervo.

**Table 2 - Global Resources for Cerro Ccopane Project**

| Prospect            | Classification            | Tonnes (Mt) | Head Fe (%) | Cut-off Fe (%) |
|---------------------|---------------------------|-------------|-------------|----------------|
| Orcopura            | Measured                  | 19.7        | 48.26       | 20             |
|                     | Indicated                 | 35.9        | 45.91       | 20             |
|                     | (Measured plus Indicated) | 55.6        | 46.75       | 20             |
| Orcopura            | Inferred                  | 51          | 43.7        | 20             |
| or                  |                           |             |             |                |
| Prospect            | Classification            | Tonnes (Mt) | Head Fe (%) | Cut-off Fe (%) |
| Orcopura            | Inferred*                 | 46          | 45.8        | 30             |
| Huillque and Aurora | Inferred                  | 72          | 52.6        | 30             |
| Total               | Inferred                  | 118         | 50.4        | 30             |

\*Showing the inferred resource at Orcopura (previously modelled using a 20 % lower cut) now using a 30% lower cut, to enable a comparison between that resource and the inferred resource now defined at Huillque and the Aurora prospects.

**Figure 3 – Apurimac and Cusco Project Concessions**


For further information:

**Malcolm Richmond**  
Chairman  
T | +61 8 9324 7100

**Ken Hellsten**  
Managing Director  
T | +61 8 9324 7100

## JORC Code Competent Person Statement

*The information in this document that relates to exploration results and mineral resources has been compiled by Mr Ken Hellsten, B.Sc. (Geology), who is an employee of 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.*

## About Strike Resources Limited

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

Strike's 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 374Mt and potential access to additional resources of 178.6Mt held by Cuervo in Cusco, all with significant exploration upside. (Strike is in a process under its joint venture agreement which, if followed correctly by the other JV participants, is expected to lead to the divestment of its interest in these projects).

Strike also holds warrants in Canadian-listed Peruvian explorer Cuervo Resources Inc. (Cuervo) which, if exercised, would allow it to acquire up to 49% of Cuervo.

Strike holds 100% of the rights to mine a coal concession near Berau, Indonesia, subject to a royalty to the concession owner. Negotiations aimed at settling a dispute with the concession owner are at an advanced stage.