Wednesday, 27 February 2013

Cuervo Resources Update

Resource Estimate

Strike Resources Limited (ASX: SRK – **Strike** or the **Company**) advises shareholders that Cuervo Resources Inc. (**Cuervo**) has released an inferred resource estimate for its Bob 1 prospect at the Cerro Ccopane iron ore project in Peru. The resource estimate was undertaken by an independent geologist, using the polygonal resource estimation method, based on Cuervo's drilling program of almost 4400 metres completed during the second half of 2012.

Strike has undertaken a review of the estimate and holds a concern about a key assumption used to determine the resource. While Strike agrees with the mineralisation outlines (polygons) prepared by the independent geologist shown on the drill sections, the resource figure includes further projections of the mineralisation outside the polygons of approximately 400 metres (at least) down dip. This has resulted in approximately 70% of the resource being outside the polygons.

Strike has made its concerns clear to the Cuervo Board. Until such time as Cuervo amends the estimate in line with what the Company believes to be best practice in Australia, Strike does not consider that it is appropriate to report a resource in relation to Cuervo's Bob 1 drilling campaign.

Strike is, however, able to confirm that the geophysical and drilling data support a significant exploration target of 200 – 400 million tonnes (Mt) of iron ore at 35 – 45% Iron (**Fe**) at Bob 1. There are also two further undrilled geophysical anomalies similar to Bob 1 within Cuervo's Cerro Ccopane concessions.

(The potential quantity of the target iron ore mineralisation in this section of this announcement 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.)

The Company notes that, if accepted, the Cuervo estimate would take its total resource at the Cerro Ccopane project to a level above a trigger that reduces Strike's security for its C$5.25m loan to Cuervo[1]. In light of Strike's concerns about the estimate, the Company reserves its rights in the event that Cuervo seeks to reduce the security.

Further information

For more information, shareholders should contact William Johnson on +61 8 9324 7100 or via info@strikeresources.com.au. Investor and media enquiries should be directed to Jane Lowe via +61 2 9237 2800.

1 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. Strike reserves the right to challenge the validity of the estimate, on the grounds stated in this announcement and on any other relevant grounds.

About Strike Resources Ltd

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. Strike also holds warrants in Canadian-listed Peruvian explorer Cuervo Resources Inc. (Cuervo) which, if exercised, would allow it to acquire up to 31.5% of Cuervo.

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 374 Mt[2] and potential synergies with additional resources of 178.6 Mt held by Cuervo in Cusco, all with significant exploration upside.

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 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.

2 Comprised of an indicated resource of 142.2 Mt at 57.84% Fe and an inferred resource of 127 Mt at 56.7% Fe at Apurimac and an inferred resource of 104 Mt at 32.6% Fe at Cusco.