ACN 088 488 724

Target's Statement

in response to the offer by Bentley Capital Limited to acquire all of your Strike Shares

The majority of the Independent Directors of Strike recommend that if you have a short-term view of your investment in Strike, in the absence of a superior proposal, you **ACCEPT** the Bentley Offer to purchase all of your Strike Shares, however, if you have a long-term view of your investment in Strike, the majority of the Independent Directors **MAKE NO RECOMMENDATION** in respect of the Bentley Offer, for the reasons set out in this Target's Statement.

Independent Director Ms Samantha Tough **MAKES NO RECOMMENDATION** in respect of the Bentley Offer, for the reasons set out in this Target's Statement.

The Independent Expert has concluded that the Bentley Offer is **NEITHER FAIR NOR REASONABLE** for Strike Shareholders.

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document, you should consult your financial or other professional adviser immediately.

Legal Adviser

CLAYTON UTZ

Important notices

Nature of this document

This document is a Target's Statement issued by Strike Resources Limited ACN 088 488 724 (**Strike**) in accordance with the Corporations Act in response to the Bidder's Statement dated 17 July 2015 issued by Bentley Capital Limited ACN 008 108 218 (**Bentley**) in respect of the Bentley Offer.

Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in Section 10 (Definitions and interpretation). That Section also sets out some rules of interpretation which apply to this Target's Statement.

Investment decision

The Directors recommend that you read this Target's Statement and the Bidder's Statement in full and seek independent advice if you have any queries in respect of the Bentley Offer. This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of any Strike Shareholder. You should seek independent financial, taxation and legal advice before making a decision whether or not to accept the Bentley Offer.

Forward-looking statements

This Target's Statement may contain forward-looking statements, which include statements other than statements of historical fact. Strike Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Strike. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Strike, its Directors, officers or advisers, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

ASIC and ASX

A copy of this Target's Statement was lodged with ASIC on 14 August 2015 and provided to the ASX on 14 August 2015. Neither ASIC nor ASX, nor any of their respective officers, takes any responsibility for the content of this Target's Statement.

Information on Bentley

The information on Bentley and Bentley's securities contained in this Target's Statement has been prepared by Strike from publicly available information, and has not been independently verified by Strike. Accordingly, Strike does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Contents

Key Dates

Announcement Date	30 June 2015
Date of the Bidder's Statement	17 July 2015
Offer Period commences	31 July 2015
Date of this Target's Statement	14 August 2015
Offer Period ends (unless extended or withdrawn)	2 September 2015

Further information

Further information relating to the Bentley Offer can be obtained from www.strikeresources.com.au.

Letter from the Chairman

14 August 2015

Dear Shareholders

On 30 June 2015, Bentley Capital Limited (**Bentley**) announced its intention to make a takeover offer for all of the shares in Strike Resources Limited (**Bentley Offer**).

Under the Bentley Offer, Strike Shareholders are being offered $0.055 cash per Strike Share.

The Independent Directors, namely Malcolm Richmond, Matthew Hammond and Samantha Tough, have carefully reviewed the Bentley Offer, and its conditions, against the prospects for Strike absent the Bentley Offer.

The Independent Directors appointed RSM Bird Cameron Corporate Pty Ltd to prepare an Independent Expert's report on the Bentley Offer. The Independent Expert concluded that the Bentley Offer is **NEITHER FAIR NOR REASONABLE** for Strike Shareholders, though the Independent Expert noted that Strike Shareholders with a short-term investment horizon may consider the Offer not fair, but reasonable.

All Strike Shareholders should have already received a copy of the Bidder's Statement from Bentley in the mail, which sets out the detailed terms of the Bentley Offer, and has an Acceptance Form included. A copy of the Bidder's Statement is also available from the website of the ASX at www.asx.com.au.

This Target's Statement sets out your Directors' formal response to the Bentley Offer, including the reasons why the majority of the Independent Directors, namely, myself and Matthew Hammond recommend that:

- if you have a **short-term view** of your investment in Strike, you **ACCEPT** the Bentley Offer, in the absence of a superior proposal; however
- if you have a **long-term view** of your investment in Strike, the majority of the Independent Directors **MAKE NO RECOMMENDATION** in respect of the Bentley Offer.

Independent Director Ms Samantha Tough **MAKES NO RECOMMENDATION** in respect of the Bentley Offer.

The Independent Directors have drawn upon their collective experience and expertise in coming to these conclusions in respect of the Bentley Offer.

In summary, if you have a short-term view of your investment in Strike, the majority of the Independent Directors recommend that you ACCEPT the Bentley Offer, in the absence of a superior proposal, because:

- the Chairman expects the current weakness of the iron ore market to continue for some time. This is particularly relevant to companies (like Strike) holding smaller, undeveloped ore bodies;
- the Bentley Offer represents an attractive premium to current and historical prices of Strike Shares;
- the Bentley Offer is a cash offer which delivers certain value for your Strike Shares;
- no superior proposal has emerged as at the date of this Target's Statement;
- Strike's share price may fall if the Bentley Offer is unsuccessful or in the absence of a superior proposal emerging;
- if Bentley is not successful in acquiring 100% of Strike, Bentley may have significant influence or control over Strike;

- accepting the Bentley Offer eliminates exposure to risks associated with Strike's Peru Operations; and
- the majority of the Independent Directors do not consider Strike would be able to realise the value attributed to its Peru Operations by the Independent Expert, in the short term.

If you have a long-term view of your investment in Strike, the majority of the Independent Directors MAKE NO RECOMMENDATION in respect of the Bentley Offer, because:

- notwithstanding the matters above, the Independent Expert has concluded that the Bentley Offer is neither fair nor reasonable to Strike Shareholders; and
- if Strike is able to sell its Peru Operations and capital is returned to Strike Shareholders, Strike Shareholders will receive value for the Peru Operations. This value is not reflected in the Bentley Offer.

Independent Director Ms Samantha Tough MAKES NO RECOMMENDATION in respect of the Bentley Offer because:

- the Independent Expert has concluded that the Bentley Offer is neither fair nor reasonable to Strike Shareholders;
- if Strike is able to sell its Peru Operations and capital is returned to Strike Shareholders, Strike Shareholders will receive value for the Peru Operations. This value is not reflected in the Bentley Offer; however
- Ms Tough recognises that accepting the Bentley Offer will provide a liquidity event, which may be relevant to Shareholders in certain circumstances; and
- Ms Tough also notes that should Bentley be successful in obtaining a majority interest in Strike, the liquidity of Strike Shares may be lower than at present, thereby impacting on Strike Shareholders' ability to sell their Strike Shares at price levels that reflect their value. This may be a relevant consideration to Strike Shareholders in considering the Bentley Offer.

Each of these reasons is explained in greater detail in the following pages.

You should note that Malcolm Richmond intends to accept the Bentley Offer in respect of all of the Strike Shares he owns or controls, in the absence of a superior proposal. As at the date of this Target's Statement, William Johnson and Farooq Khan have not yet come to a decision as to whether to accept the Bentley Offer in respect of their Strike Shares.

If Bentley varies the Bentley Offer to improve the consideration it is offering for your Strike Shares, you will be entitled to receive the improved consideration even if you have already accepted the Bentley Offer (but subject always to the defeating conditions attached to the Bentley Offer not being triggered).

The Bentley Offer is scheduled to close at 5:00pm (Perth time) on 2 September 2015. To accept the Bentley Offer, simply follow the instructions outlined in the Bidder's Statement, the Acceptance Form and Section 7.1 of this Target's Statement. No action is required if you decide not to accept the Bentley Offer.

As announced to the ASX on 2 July 2015, Independent Director, Ms Samantha Tough has informed the Strike board that following completion of the Bentley Offer (irrespective of the outcome of the Bentley Offer), she intends to resign from the Strike board to focus on her other non-executive director roles.

I encourage you to read this document carefully and if you need any more information, I recommend that you seek professional advice or go to www.strikeresources.com.au.

Yours sincerely

Malcolm Richmond
Chairman

1. Discussion of the Bentley Offer

1.1 IF YOU HAVE A SHORT-TERM VIEW OF YOUR INVESTMENT IN STRIKE:

This Section summarises the key reasons why the majority of the Independent Directors, being Messrs Malcolm Richmond and Matthew Hammond, recommend to Strike Shareholders that they ACCEPT the Bentley Offer, in the absence of a superior proposal.

The Bentley Offer comprises $0.055 cash per Strike Share.

1.2 The majority of the Independent Directors recommend that you accept the Bentley Offer, in the absence of a superior proposal

The majority of the Independent Directors, being Messrs Malcolm Richmond and Matthew Hammond, have carefully considered the quantum of cash consideration offered by Bentley and the conditions of the Bentley Offer against the assets, liabilities, future prospects and risks for Strike Shareholders.

In particular, in formulating their assessment of the Bentley Offer, Messrs Richmond and Hammond carefully considered all circumstances relevant to Strike, including:

- Strike's current financial position and opportunities;
- the likely price of Strike's shares should the Bentley Offer be rejected;
- the extent to which a control premium is being paid; and
- the majority of the Independent Directors' opinion that Strike would be unlikely to be able to realise the value attributed to its Peru Operations by the Independent Expert in the short term.

In the context of the Bentley Offer and Strike's current circumstances, the majority of the Independent Directors consider that Strike Shareholders who have a short-term view of their investment in Strike should ACCEPT the Strike Offer, in the absence of a superior proposal.

1.3 The Bentley Offer represents an attractive premium to current and recent historical prices of Strike Shares

The Bentley Offer of $0.055 cash per Strike Share represents a significant premium to recent historical prices of Strike Shares as follows:

(a) a 49% premium to the last traded price of Strike Shares on the Last Trading Date;

(b) a 43% premium to the VWAP of Strike Shares in the 3 months up to and including the Last Trading Date;

(c) a 39% premium to the VWAP of Strike Shares in the 6 months up to and including the Last Trading Date; and

(d) a 24% premium to the VWAP of Strike Shares in the 12 months up to and including the Last Trading Date.

1.4 The Bentley Offer is a cash offer which delivers certain value for your Strike Shares

Subject to the conditions, the Bentley Offer provides certainty of value, with all consideration as cash. If you accept the Bentley Offer and it becomes unconditional, you will:

(a) be paid $0.055 cash for each Strike Share;

(b) not incur any brokerage fees which would likely be incurred if you were to sell the Strike Shares on market; and

(c) receive payment for the Bentley Offer within one month after the date of your acceptance, or if the Bentley Offer is subject to a condition when you accept it, within one month of the Bentley Offer becoming unconditional.

At the same time as providing certain value for your investment, by accepting the Bentley Offer you will eliminate any exposure to the risks inherent in continuing to hold Strike shares including risks associated with Strike's business as well as general industry and market risks.

1.5 No superior proposal has emerged as at the date of this Target's Statement

As at the date of this Target's Statement, no proposals have been put to Strike or are currently under consideration by Strike which are alternatives to the Bentley Offer, and the Directors are not aware of any other offer or proposal that might be made as an alternative to the Bentley Offer.

1.6 Strike's share price may fall if the Bentley Offer is unsuccessful or in the absence of a superior proposal emerging

The Bentley Offer is at a significant premium to recent historical prices of Strike Shares and Strike Shareholders should note that the announcement of the Bentley Offer resulted in a material increase in the Strike Share price.

The Directors consider that the Strike Share price is more likely than not to fall in the absence of the Bentley Offer or another equivalent or superior proposal or favourable market development. This is because:

(a) in the 3 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.038;

(b) in the 6 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.04; and

(c) in the 12 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.044.

However, the Directors cannot predict whether the Strike Share price would in fact decrease or increase in the absence of the Bentley Offer, as there may be other reasons for share price movements.

The latest price for Strike Shares may be obtained from the ASX website at www.asx.com.au using the code 'SRK'.

1.7 If Bentley is not successful in acquiring 100% of Strike, Bentley may have significant influence or control over Strike

Section 5 of the Bidder's Statement sets out Bentley's intentions in relation to Strike, including (at sections 5.2 to 5.4) Bentley's intentions where it acquires some, but not all, of the shares in Strike.

1.8 No brokerage fees payable

If you accept the Bentley Offer, you will not incur brokerage or other transaction costs under the Bentley Offer, which you may otherwise incur if selling your shares on the ASX.

1.9 IF YOU HAVE A LONG-TERM VIEW OF YOUR INVESTMENT IN STRIKE:

1.10 The majority of the Independent Directors MAKE NO RECOMMENDATION in respect of the Bentley Offer.

Notwithstanding the matters above, in respect of Strike Shareholders who have a long-term view of their investment in Strike, the majority of the Independent Directors MAKE NO RECOMMENDATION in respect of the Bentley Offer, for the following reasons.

1.11 The Independent Expert's Report concludes that the Bentley Offer is NEITHER FAIR NOR REASONABLE

The Independent Directors appointed RSM Bird Cameron Corporate Pty Ltd to prepare an Independent Expert's report on the Bentley Offer. The Independent Expert concluded that the Bentley Offer is neither fair nor reasonable.

A copy of the Independent Expert's Report is attached to this Target's Statement. The Directors encourage shareholders to read the Independent Expert's Report in its entirety before making a decision as to whether or not to accept the Bentley Offer.

1.12 If Strike is able to sell its Peru Operations and capital is returned to Strike Shareholders, Strike Shareholders will receive value for the Peru Operations. This value is not reflected in the Bentley Offer

Whilst as at the date of this Target's Statement, the majority of the Independent Directors do not consider that Strike will be able to derive value from the sale of Strike's Peru Operations in the short- to medium-term, the majority of the Independent Directors recognise that circumstances could arise which may result in Strike being able to sell its Peru Operations and return capital to its Shareholders. In such an event, Strike Shareholders would receive value for the sale of the Peru Operations which is not reflected in the Bentley Offer.

1.13 INDEPENDENT DIRECTOR MS SAMANTHA TOUGH MAKES NO RECOMMENDATION

Having carefully considered the benefits and disadvantages to Strike Shareholders in relation to the Bentley Offer, Ms Tough MAKES NO RECOMMENDATION for the following reasons.

(a) As noted above at Section 1.11, the Independent Expert has concluded that the Bentley Offer is NEITHER FAIR NOR REASONABLE to Strike Shareholders;

(b) As noted above at Section 1.12, circumstances could arise which may result in Strike being able to sell its Peru Operations and return capital to its Shareholders. In such an event, Strike Shareholders would receive value for the sale of the Peru Operations which is not reflected in the Bentley Offer; however

(c) Ms Tough notes that accepting the Bentley Offer will provide a liquidity event, which may be relevant to Shareholders in certain circumstances; and

(d) Ms Tough also notes that should Bentley be successful in obtaining a majority interest in Strike, the liquidity of Strike Shares may be lower than at present, thereby impacting on Strike Shareholders' ability to sell their Strike Shares at price levels that reflect their value. This may be a relevant consideration to Strike Shareholders in considering the Bentley Offer.

1.14 Other matters

In considering whether to accept the Bentley Offer, the Directors encourage you to:

(a) read both this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement in their entirety;

(b) consider the future prospects of Strike;

(c) have regard to your individual risk profile, portfolio strategy, tax considerations and financial circumstances; and

(d) obtain independent financial advice from your own broker or financial adviser regarding the Bentley Offer and obtain taxation advice on the effect of accepting the Bentley Offer.

If you choose not to accept the Bentley Offer, there are certain potential consequences of which you should be aware:

(a) **Possible fall in the Strike Share price**

The Directors consider that the Strike Share price is more likely than not to fall in the absence of the Bentley Offer or another equivalent or superior proposal or favourable market development.

(b) **Consequences of being a minority investor**

Should Bentley acquire a Relevant Interest in more than 50.1% but less than 90% of Strike Shares then, assuming all other conditions of the Bentley Offer are satisfied or waived, Bentley will acquire a majority shareholding in Strike.

Accordingly, Strike Shareholders who do not accept the Bentley Offer will become minority shareholders in Strike. This has a number of possible implications, including:

- Bentley will be in a position to cast the majority of votes at a general meeting of Strike. This will enable it to control the composition of Strike's board of Directors and senior management, determine Strike's dividend policy and control the strategic direction of the businesses of Strike and its subsidiaries;
- the Strike Share price may fall immediately following the end of the Offer Period; and
- the liquidity of Strike Shares may be lower than at present, thereby impacting on Strike Shareholders' ability to sell their Strike Shares at price levels that reflect their value.

If Bentley acquires 75% or more of Strike Shares, it will be able to pass a special resolution of Strike. This will enable Bentley to, among other things, amend Strike's constitution.

1.15 Other considerations and risks in deciding whether to accept the Bentley Offer

(a) **You may wish to remain a shareholder in Strike**

If you accept the Bentley Offer, you will no longer be entitled to participate in the future financial performance of Strike or exercise the rights of being a Strike Shareholder.

Section 3 of this Target's Statement contains detailed information about Strike which you should consider in making your decision.

(b) **You will not be able to sell your Strike Shares on-market**

If you accept the Bentley Offer, you will no longer be able to trade your Strike Shares on-market. There is a possibility that the Strike Share price may exceed the price under the Bentley Offer.

(c) **There may be tax consequences from accepting the Bentley Offer**

If you accept the Bentley Offer, it may result in taxation consequences for you, including exposure to capital gains tax. See section 7 of the Bidder's Statement and Section 5.9 of this Target's Statement for further information.

(d) **You may consider that there is potential for a superior proposal to emerge**

You may believe that a superior proposal for all Strike Shares could emerge in the foreseeable future.

If a superior proposal is announced, Strike Shareholders who have accepted the Bentley Offer will not be able to withdraw their acceptance in order to accept a superior proposal unless the Bentley Offer is withdrawn. If however Bentley varies the Bentley Offer to increase the consideration it is offering for your Strike Shares, you will be entitled to receive the increased consideration even if you have already accepted the Bentley Offer.

However, you should note that as at the time this Target's Statement was finalised, no superior proposal had been received and there can be no assurances that any will emerge, particularly if Bentley achieves effective control over more than 50% of Strike's Shares.

2. Frequently asked questions

This Section answers some commonly asked questions about the Bentley Offer. It is not intended to address all relevant issues for Strike Shareholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
Who is offering to purchase my Strike Shares?	Bentley Capital Limited is an investment company listed on the ASX (ASX:BEL). Information in relation to Bentley can be obtained from the Bidder's Statement or Bentley's website at www.bel.com.au.
What is Bentley offering for my Strike Shares?	The consideration under the Bentley Offer is $0.055 cash per Strike Share.
What is the Bidder's Statement?	The Bidder's Statement contains information on the Bentley Offer. The law requires Bentley to send it to you. Bentley lodged its Bidder's Statement with ASIC on 17 July 2015.
What is the Target's Statement?	This booklet comprises the Target's Statement. Strike is required by law to produce this Target's Statement in response to the Bentley Offer. The Target's Statement contains information to help you decide whether to accept the Bentley Offer for your Strike Shares.

What choices do I have as a Strike Shareholder?	As a Strike Shareholder, you have the following choices in respect of your Strike Shares: • accept the Bentley Offer, in which case you should follow the instructions in the Bidder's Statement; • sell your Strike Shares on-market (unless you have previously accepted the Bentley Offer and have not validly withdrawn your acceptance); or • reject the Bentley Offer by doing nothing. There are several implications in relation to each of the above choices. A summary of these implications is set out in Section 7 of this Target's Statement. You should seek legal, financial or taxation advice from your professional adviser regarding the action that you should take in relation to the Bentley Offer.
What are the Independent Directors recommending?	If you have a short-term view of your investment in Strike, the majority of the Independent Directors recommend that you accept the Bentley Offer, in the absence of a superior proposal. If you have a long-term view of your investment in Strike, the majority of the Independent Directors make no recommendation in respect of the Bentley Offer. Independent Director Ms Samantha Tough makes no recommendation in respect of the Bentley Offer. The reasons for the Independent Directors' recommendation (and otherwise) are set out in Section 1 of this Target's Statement.
Will I be forced to sell my Strike Shares?	You cannot be forced to sell your Strike Shares unless Bentley receives acceptances giving it a Relevant Interest in at least 90% (by number) of all Strike Shares and acquires at least 75% (by number) of the Strike Shares that it offers to acquire under the Bentley Offer. If this occurs, Bentley will be entitled to proceed to compulsory acquisition of Strike Shares held by Strike Shareholders who did not accept the Bentley Offer, in which case you will receive the same consideration for your Strike Shares that you would have received under the Bentley Offer. Please refer to Section 8.11 of this Target's Statement for more information.
When does the Bentley Offer close?	The Offer Period must remain open for at least one month. It is currently scheduled to close at 5:00pm (Perth time) on 2 September 2015 but can be extended in certain circumstances. The Directors will keep you informed if there are any material developments in relation to the Bentley Offer. Strike Shareholders are also encouraged to monitor the Strike website at www.strikeresources.com.au for any updates on the Bentley Offer.

Can the Offer Period be extended?	Bentley may extend the Offer Period at any time before giving the notice of status of conditions while the Bentley Offer is subject to conditions. However, if the Bentley Offer is unconditional (that is, all of the conditions are satisfied or waived), Bentley may extend the Offer Period at any time before the end of the Offer Period. The maximum Offer Period is 12 months. There will be an automatic extension if, within the last 7 days of the Offer Period, Bentley increases the consideration offered or Bentley's voting power in Strike increases to more than 50%. If that happens, the Bentley Offer is automatically extended so that it ends 14 days after that event.
How do I accept the Bentley Offer?	Instructions on how to accept the Bentley Offer are set out in sections 2.1 and 8.15 of the Bidder's Statement and on the Acceptance Form which accompanies the Bidder's Statement. If you want to accept the Bentley Offer, you should follow these instructions carefully to ensure that your acceptance is valid.
What are the consequences of accepting the Bentley Offer now?	If you accept the Bentley Offer you will be unable to sell or transfer your Strike Shares (on the ASX or otherwise) or accept any other offer for your Strike Shares unless either the Bentley Offer is unsuccessful or the Bentley Offer is extended by a period of more than 1 month while it remains conditional. If such an extension occurs in respect of the Bentley Offer, you will have an opportunity to withdraw your acceptance. If you accept the Bentley Offer and it becomes unconditional, you will be obliged to sell your Strike Shares to Bentley and you will receive the Offer Consideration.
What will happen if a superior proposal emerges?	The Independent Directors will carefully consider any competing proposal and will advise you whether the competing proposal affects their recommendation that you accept the Bentley Offer. However, the Independent Directors consider it unlikely that a superior proposal will emerge. Importantly, if you accept the Bentley Offer, you will be unable to withdraw your acceptance and accept a superior proposal if once emerges, except in limited circumstances (set out immediately below and further in Section 8.8).
If I accept the Bentley Offer, can I withdraw my acceptance?	You will only be permitted to withdraw your acceptance if, after you have accepted the Bentley Offer and while it is still subject to conditions, Bentley varies the Bentley Offer in a way that postpones for more than 1 month the time Bentley has to meet its obligations under the Bentley Offer. For example, if Bentley extends the Bentley Offer and the time for payment of the Offer Consideration for more than 1 month while the Bentley Offer remains conditional, you may withdraw your acceptance.
Can Bentley withdraw the Bentley Offer once I have accepted?	Bentley may be able to withdraw the Bentley Offer if it obtains the written consent of ASIC, subject to the conditions (if any) specified in such consent.
Can I accept the Bentley Offer for only some of my Strike Shares?	Yes. You may accept the Bentley Offer in respect of all or some of the Strike Shares you hold.

What will happen if Bentley increases its offer?	If you accept the Bentley Offer and Bentley subsequently increases the Offer Consideration and the Bentley Offer becomes unconditional, you will receive the increased consideration for your Strike Shares.
What are the conditions of the Bentley Offer?	The Bentley Offer is subject to a number of important conditions. These conditions are set out in full in section 8.7 of the Bidder's Statement and summarised in Section 8.2 of this Target's Statement. By way of a broad overview, the conditions include: • Bentley having a Relevant Interest in not less than 50.1% of Strike Shares; • the Strike Group's cash being not less than $8 million at any time during the Offer Period; • the current and non-current liabilities of the Strike Group being not more than $800,000 in aggregate at any time during the Offer Period; • no legal proceedings being threatened or commenced against the Strike Group involving a monetary claim of greater than $200,000; • no additional Directors being appointed to the Board of Strike; • no Material Adverse Change occurring in relation to Strike before the end of the Offer Period; and • no Prescribed Occurrences occurring before the end of the Offer Period.
When will Bentley advise as to the status of the conditions?	Section 8.10 of the Bidder's Statement indicates that unless the Offer Period is extended, Bentley will give the Conditions Notice on 26 August 2015. Bentley is required to set out in the Conditions Notice: • whether the Bentley Offer is free of conditions; • whether, so far as Bentley is aware, the conditions have been satisfied on the date the Conditions Notice is given; and • Bentley's voting power in Strike. If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period and Bentley is required to give notice that states the new date for the giving of the Conditions Notice. If the conditions are satisfied or waived (so that the Bentley Offer becomes unconditional) before the date on which the Conditions Notice is required to be given, Bentley must, as soon as practicable, give the ASX and Strike a notice that states that the conditions have been satisfied.
What happens if the conditions of the Bentley Offer are not satisfied or waived?	If the conditions of the Bentley Offer are not satisfied or waived before the end of the Offer Period, the Bentley Offer will not proceed and you will not receive the Offer Consideration even if you have accepted the Bentley Offer. You will continue to hold your Strike Shares and will be free to deal with them as if the Bentley Offer had not been made, unless you have already sold them to someone else.

What happens to Strike if the Bentley Offer is not successful?	If the Bentley Offer does not proceed (because the conditions of the Bentley Offer are not satisfied or waived before the end of the Offer Period, or for any other reason), Strike will continue in its current form, and the Directors consider that the Strike Share price is more likely than not to fall in the absence of the Bentley Offer or in the absence of another equivalent or superior proposal. This is because: • in the 3 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of \$0.038; • in the 6 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of \$0.04; and • in the 12 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of \$0.044. However, the Directors cannot predict whether the Strike Share price would in fact decrease or increase in the absence of the Bentley Offer, as there may be other reasons for share price movements. Strike Shareholders should note that the announcement of the Bentley Offer resulted in a material increase in the Strike Share price. The latest price for Strike Shares may be obtained from the ASX website at www.asx.com.au using the code 'SRK'.
When will I receive the Offer Consideration if I accept the Bentley Offer?	If you accept the Bentley Offer, and all the Bentley Offer conditions are satisfied or waived, Bentley will allot the Offer Consideration that you are entitled to under the terms of the Bentley Offer on or before the earlier of: • 1 month after the date you validly accept the Bentley Offer or, if at the time of your acceptance the Bentley Offer is still subject to conditions, within 1 month after the contract resulting from your acceptance of the Bentley Offer becomes, or is declared, unconditional; and • 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Bentley Offer?	The Bidder's Statement states that you will not pay stamp duty or goods and services tax if you accept the Bentley Offer. If your holding of Strike Shares is in an Issuer-Sponsored Holding you will not pay any brokerage. If your holding of Strike Shares is a CHESS Holding or is held by a nominee you should ask your Controlling Participant (usually your broker) or nominee whether it will charge an transactional fees or service charges in connection with acceptance of the Offer.
What are the tax implications of accepting the Bentley Offer?	This depends on your personal tax position, the price at which you originally acquired and when you acquired your Strike Shares. A general outline of the tax implications of accepting the Bentley Offer is set out in section 7 of the Bidder's Statement. You should consult with your taxation adviser for detailed taxation advice before making a decision whether or not to accept the Bentley Offer.
What happens to my acceptance if the Bentley Offer lapses?	If the Bentley Offer lapses, acceptances given by Strike Shareholders will be void. Strike Shareholders will continue to own the Strike Shares the subject of any such acceptances and will be free to deal with them as they choose. The Bentley Offer will lapse if, at the end of the Offer Period, the conditions to which the Bentley Offer is subject are not satisfied or waived.
Who should I call if I have questions?	If you have any further queries in relation to the Bentley Offer or how to accept the Bentley Offer, you should go to www.strikeresources.com.au.

3. Information on Strike

3.1 Overview of Strike

Strike Resources Limited (ASX: SRK) is an ASX listed resource company, owner of the high grade Apurimac magnetite project in Peru. 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 also holds the Paulsens East Iron Ore Project in Western Australia.

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.

In the first half of 2014, Strike suspended all development activities on the Apurimac Project and its other iron ore projects in Peru. The decision to suspend activity in Peru was made taking account of a number of factors, including negative market sentiment towards resource juniors with high capital cost projects, the decline in iron ore prices and some difficult local community issues in Peru that were frustrating attempts to advance the project in a timely way. As a result of this decision, Strike closed its office in Peru and the Managing Director, who had relocated to Peru the previous year, returned to Perth.

During 2014, Strike had discussions with a number of parties who expressed an interest in acquiring the Peruvian iron ore projects. An offer was received, however, Strike was unable to reach agreement with the party.

The Strike Board has been discussing alternative future strategies for Strike with the representatives of the major shareholders and to facilitate this process, an independent consultancy was engaged in the second half of 2014 to analyse and present a range of options relating to future directions for Strike. Whilst the Strike Board has reviewed and discussed these options, there has been no further progress on this matter since this was first announced at Strike's 2014 Annual General Meeting.

In parallel with this process Strike has continued to review a range of opportunities to deploy some if its cash in other projects and or companies in the resources sector. No such new investments have yet been made.

Strike has written down the carrying value of all of its resource projects (being the Apurimac and Cuzco Iron Ore Projects in Peru and the Paulsens East Iron Ore Project in Western Australia) and its investment in (and loans advanced to) Cuervo Resources Inc. (which holds the Cerro Ccopane Iron Ore Project in Peru adjacent to Strike's Cuzco Project and has recently been delisted from the Canadian Securities Exchange) to nil. A summary of the Apurimac, Cuzco and Cerro Ccopane Iron Ore Projects are detailed below.

Strike's other material assets comprise cash at call/on deposit and land in Peru held by Strike's Peruvian subsidiary. Strike held a balance of approximately $8.37 million in cash as at 30 June 2015. The land in Peru is held at cost with a carrying value of $468,356 reflected in the unaudited 30 June 2015 statement of financial positon (carrying value $428,912 as at 30 June 2014).

<u>Apurimac Iron Ore Project</u>

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.

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 Strike 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 Mt of Direct Shipping Ore (**DSO**) at an average grade of 61.5% Fe has been identified.

Cusco

The Cusco project lies approximately 150km to the south - east of Apurimac and forms a potential secondary development target for Strike 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.

Cerro Ccopane (operated by Cuervo Resources Inc)

The Cerro Ccopane project is located approximately 20km to the north of Strike's Cusco project and was previously operated by Canadian listed company Cuervo Resources Inc (**Cuervo**).

The Cerro Ccopane project holds 395.6 million tonnes of iron at an average grade of 43.8%, consisting of:

- a 19.7 Mt Measured Mineral Resource at 48.3% Fe;
- a 35.9 Mt Indicated Mineral Resource at 45.9% Fe; and
- a 340.0 Mt Inferred Mineral Resource at 43.3% Fe.

On December 11, 2013 Strike announced it had issued a demand notice for C$5,250,000 plus applicable interest to Cuervo in respect of the Investment Agreement between the two companies, relating to the financing of the Cerro Ccopane project. The demand notice was issued following Strike's concerns regarding the solvency of Cuervo and events of default occurring under the current agreements between the companies. Strike also issued a notice of its intention to enforce its security held over 90% of the shares of the Peruvian company holding the key assets of the project, if the full amount owed to Strike was not paid by December 16, 2013. To date no further action has been undertaken.

Strike is aware that all of the Canadian directors of Cuervo have resigned and the company has been delisted from the Canadian Securities Exchange. Strike is examining its options to recover value as a secured creditor of Cuervo. In this regard, Strike has been advised that the legal and court costs of actively pursuing its claims in Canada and Peru could be considerable. In light of this and the fact that the recoverable value of the Cuervo assets in Peru is questionable under current market conditions, Strike is considering whether to actively pursue its claims.

As at the date of this Target's Statement, the Directors of Strike are:

Malcolm Richmond	**Chairman**
Appointed	13 July 2011
Previous positions held	Acting Chairman (3 February 2011 to 13 July 2011) Non-Executive Director (25 October 2006 to 3 February 2011)
Qualifications	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (*New South Wales*)
Experience	Professor Richmond has 30 years' experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions; Managing Director, Research and Technology; Managing Director, Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Ltd. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Professor Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies. He is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. His special interests include corporate strategy and the development of markets for internationally traded minerals and metals - particularly in Asia. Professor Richmond served as Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia until January 2012, and is a Fellow of the Australian Academy of Technological Sciences & Engineering, a Fellow of Australian Institute of Mining and Metallurgy and a Member of Strategic Planning Institute (US).
Special responsibilities	Chairman of the Remuneration and Nomination Committee and Chairman of the Audit Committee
Relevant Interests in shares and options	100,000 Shares (indirectly)
Other current directorships in listed entities	Non-Executive Director of: Argonaut Resources Ltd (appointed March 2012)
Former directorships in other listed entities in past 3 years	MIL Resources Limited (August 2001 to November 2011) Advanced Braking Technology Ltd (August 2006 – April 2013) Cuervo Resources Inc (July 2011 – March 2013) Water Resources Group Ltd (July 2012 – June 2013)

William Johnson **Managing Director**

Appointed	25 March 2013
Previous position held	Executive Director (January 2013 to March 2013) Non-Executive Director (April 2010 to January 2013) Executive Director (July 2006 to April 2010)
Qualifications	MA (Oxon), MBA
Experience	Mr Johnson commenced his career in resource exploration and has held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Most recently, Mr Johnson has acted as an Executive and Non-Executive Director of a number of ASX listed resource exploration and development companies and brings a considerable depth of experience in business strategy, investment analysis, finance and execution.
Special responsibilities	None
Relevant Interests in shares and options	3,000,000 Unlisted Directors' Options ($0.30, 17 June 2018) 249,273 Shares
Other current directorships in listed entities	Non-Executive Director of: Bentley Capital Limited (appointed March 2009)
Former directorships in other listed entities in past 3 years	Orion Equities Limited (February 2003 – May 2013) Cuervo Resources Inc (March 2013 – December 2013) Alara Resources Limited (October 2009 – October 2013)

Matthew Hammond **Non-Executive Director**

Appointed	25 September 2009
Qualifications	BA (Hons) (Bristol)
Experience	Mr Hammond is the Group Managing Director of Mail.ru, one of the largest European internet businesses. Prior to that he was Group Strategist at Metalloinvest Holdings, where he had responsibility for part of the non-core asset portfolio. Prior to joining Metalloinvest, Mr Hammond was a Director at Credit Suisse, where he worked for 12 years as an investment analyst. During his time with Credit Suisse Mr. Hammond was ranked number one 8 times in the Extell, Institutional Investor and Reuters surveys.
Special responsibilities	Member of the Audit and Remuneration and Nomination Committees
Relevant Interests in shares and options	Nil
Other current directorships in listed entities	Managing Director of: Mail.Ru. (appointed April 2011) Non-Executive Director of: Puricore Inc. (appointed May 2010)
Former directorships in other listed entities in past 3 years	Nautilus Minerals Inc (October 2009 – September 2013)

Samantha Tough	**Non-Executive Director**
Appointed	23 January 2012
Qualifications	LLB, BJuris (Western Australia), GAICD
Experience	Ms Tough is a professional company director and chairman, with more than 14 years' experience in public and private companies, including four positions as Chairman. She has strong, proven strategic expertise, particularly in identifying and implementing growth strategies for complex and substantial businesses and early-stage propositions. Ms Tough has served at senior executive level or on the Board in a wide range of industries, including metals and mining in particular iron ore, oil and gas, engineering services, infrastructure, energy and energy efficiency, venture capital, e-commerce, international telecommunications and law. Her previous executive roles include Senior Vice President, Strategic Counsel – Natural Resources at the Commonwealth Bank, General Manager North West Shelf at Woodside Energy Ltd and Director of Strategy Hardman Resources Ltd. She also led the Pilbara Power Project on behalf of the Premier's Department. Ms Tough's involvement in these industries has given her a sound understanding of conducting business internationally.
Special responsibilities	Member of the Audit Committee
Relevant Interests in shares and options	Nil
Other current directorships in listed entities	Non-Executive Director of: Saracen Mineral Holdings Limited (appointed October 2013)
Former directorships in other listed entities in past 3 years	Murchison Metals Ltd (May 2011 - Feb 2012) Enerji Ltd (February 2010 - July 2010) Southern Cross Goldfields Ltd (July 2007 - 23 September 2013)
Victor P. H. Ho	**Non-Executive Director**
Appointed	24 January 2014
Qualifications	BCom, LLB (Western Australia), CTA
Experience	Mr Ho has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 15 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the structuring and execution of a number of corporate, M&A and joint venture (including in South America, Indonesia and the Middle East) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and stock exchange compliance and investor/shareholder relations.
Special responsibilities	None
Relevant Interests in shares and options	Nil
Other current directorships in listed entities	Executive Director of: Orion Equities Limited (appointed July 2003) Queste Communications Ltd (appointed April 2013)
Former directorships in other listed entities in past 3 years	None

Farooq Khan	**Alternate Director for Mr Victor Ho**
Appointed	24 January 2014
Qualifications	LLB, BJuris (Western Australia)
Experience	Mr Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan is a previous Director of Strike Resources (1999 to 2011) and has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sectors. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Special responsibilities	None
Relevant Interests in shares and options	530,010 Shares (directly and indirectly)
Other current directorships in listed entities	Executive Chairman of: Orion Equities Limited (appointed October 2006) Bentley Capital Limited (appointed December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (appointed March 1998)
Former directorships in other listed entities in past 3 years	Alara Resources Limited (May 2007 - August 2012)

3.2 Financial summary of Strike

Consolidated Statement of Financial Position (unaudited) as at 30 June 2015:

	2015 $	2014 $
Current assets		
Cash and cash equivalents	8,374,206	10,350,983
Trade and other receivables	56,204	74,328
Non-Current assets held for sale	469,428	498,992
Total current assets	8,899,658	10,924,303
Total assets	8,899,658	10,924,303
Current liabilities		
Trade and other payables	734,214	2,414,711
Provisions	8,700	70,355
Total current liabilities	742,914	2,485,066
Total liabilities	742,914	2,485,066
Net assets	8,156,744	8,439,237
Equity		
Issued capital	148,439,925	148,439,925
Reserves	15,319,523	15,627,214
Accumulated losses	(155,602,704)	(155,627,902)
	8,156,744	8,439,237

4. Information on Bentley

4.1 Overview of Bentley

Bentley is an investment company which has been listed on the ASX (ASX:BEL) since October 1986.

Bentley's investment objectives are to:

- achieve a high real rate of return over the medium term, ideally comprising both revenue and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- deliver a regular distribution stream to shareholders.

Within its broader investment mandate, Bentley has a focus on several key investment sectors which the Board believes offer the opportunity to collectively generate overall returns for shareholders materially in excess of the All Ordinaries Index:

(1) strategic investments in listed companies with either an active or passive participation;

(2) corporate financing;

(3) promotion of IPOs; and

(4) participation in, and funding of, corporate restructurings.

Bentley also has a software, Internet and applications development division (Devisd Pty Limited) which provides exposure to this potentially valuable technology sector.

As at 30 June 2015, Bentley had net tangible assets (NTA) of $15.90 million (at 21.3 cents post tax NTA backing per share), 74,800,211 fully paid ordinary shares on issue and 1,843 shareholders on its share register.

The Bentley Group's $15.90 million NTA as at 30 June 2015 comprising the following components:

Bentley Group's NTA Components:	**30 June 2015 ($'m)**
ASX-listed securities	10.53
Unlisted CBG Australian Equities Fund (Wholesale) (CBG Fund)	5.33
Cash	0.15
Net other assets/(liabilities)	(0.11)
Tangible Asset	15.90

The Bentley Group's major securities holdings as at 30 June 2015 were:

Security	ASX Code/ Description	Industry Sector	Value $'m	% of NTA
Molopo Energy Limited	MPO	Energy	9.61	60%
CBG Fund	Unlisted managed fund	Diversified	5.33	34%
Devine Limited	DVN	Real Estate	0.24	2%
Other listed securities	Various	Various	0.68	4%

As at the date of this Bidder's Statement, the Directors of Bentley are:

(a) Farooq Khan (Executive Chairman) (Director since 2 December 2003; Chairman since 10 February 2004);

(b) William Johnson (Non-Executive Director) (Director since 13 March 2009; Non-Executive Director since 26 March 2013); and

(c) Simon Cato (Non-Executive Director) (since 7 January 2015).

Section 3 of the Bidder's Statement provides background and financial information regarding Bentley.

For further information regarding Bentley, please visit its website at www.bel.com.au.

5. Further important matters for Strike Shareholders to consider

In making a decision whether to accept the Bentley Offer you should carefully consider your personal circumstances and have regard to the following matters.

5.1 Possible decrease in Strike Share price

The Directors consider that the Strike Share price is more likely than not to fall in the absence of the Bentley Offer or in the absence of another equivalent or superior proposal. This is because:

(a) in the 3 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.038;

(b) in the 6 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.04; and

(c) in the 12 months up to and including the Last Trading Date, Strike Shares traded on the ASX at a VWAP of $0.044.

However, the Directors cannot predict whether the Strike Share price would in fact decrease or increase in the absence of the Bentley Offer, as there may be other reasons for share price movements. Strike Shareholders should note that the announcement of the Bentley Offer resulted in a material increase in the Strike Share price.

The latest price for Strike Shares may be obtained from the ASX website at www.asx.com.au using the code 'SRK'.

5.2 Consequences of being a minority shareholder

Should Bentley acquire a Relevant Interest in more than 50.1% but less than 90% of Strike Shares then, assuming all other conditions of the Bentley Offer are satisfied or waived, Bentley will acquire a majority shareholding in Strike.

In these circumstances, Strike Shareholders who do not accept the Bentley Offer will become minority shareholders in Strike. This has a number of possible implications, including:

(a) Bentley will be in a position to cast the majority of votes at a general meeting of Strike. This will enable it to control the composition of Strike's board of Directors and senior management, determine Strike's dividend policy and control the strategic direction of the businesses of Strike and its subsidiaries;

(b) the Strike Share price may fall immediately following the end of the Offer Period;

(c) the liquidity of Strike Shares may be lower than at present, thereby impacting on Strike Shareholders' ability to sell their Strike Shares at price levels that reflect their value; and

(d) if Bentley acquires 75% or more of Strike Shares, it will be able to pass a special resolution of Strike. This will enable Bentley to, among other things, amend Strike's constitution.

5.3 Other alternatives to Bentley Offer

If you accept the Bentley Offer, then unless you are able to withdraw your acceptance in the circumstances described in Section 8.8 of this Target's Statement, you will forego the opportunity to benefit from any superior proposal by another party for your Strike Shares should such a proposal eventuate. As at the date of this Target's Statement, the Strike Directors are not aware of a proposal by anyone to make a superior proposal.

If Bentley varies the Bentley Offer to increase the consideration it is offering for your Strike Shares you will be entitled to receive the increased consideration, even if you have already accepted the Bentley Offer, unless one of the defeating conditions attached to the revised offer is triggered and Bentley does not waive that condition, in which case the revised offer will lapse and you will retain your Strike Shares.

5.4 Conditions

The Bentley Offer is subject to a number of conditions, which are outlined in section 8.7 of the Bidder's Statement and summarised briefly in Section 8.2 of this Target's Statement.

You should be aware that there is a risk that some of the conditions may not be satisfied. If this occurs, and Bentley does not waive the conditions, the Bentley Offer will lapse and you will retain your Strike Shares.

5.5 Bentley's intentions with respect to the Bentley Offer and Strike

You should read section 5 of the Bidder's Statement which details Bentley's intentions in respect of the businesses, assets and employees of Strike.

5.6 Risk factors involved in accepting the Bentley Offer

There are certain risks associated with accepting the Bentley Offer, including:

You will not be able to sell your Strike Shares on-market

If you accept the Bentley Offer, you will no longer be able to trade your Strike Shares on-market. There is a possibility that the Strike Share price may exceed the price under the Bentley Offer. The share price performance of Strike Shares is discussed further in Section 1.3.

Possibility of a superior proposal emerging

Once you have accepted the Bentley Offer, you will not be able to accept your Strike Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your Strike Shares. The likelihood of a superior proposal emerging is discussed in Section 1.6.

5.7 Risks in remaining a Strike Shareholder

In considering this Target's Statement and the Bentley Offer, Strike Shareholders should be aware that there are a number of risks which may affect the future operating and financial performance of Strike. The risks which apply to holding Strike Shares can be categorised as industry risks which Strike shares with other iron ore companies, risks which relate to Strike's business, and risks which relate to the outcome of the Bentley Offer.

Some of these risks can be adequately mitigated by the use of safeguards and appropriate systems but many are beyond the control of Strike and its Directors and cannot be mitigated. The principal risks you should consider, when deciding whether to maintain your investment in Strike, in the present circumstances include the following:

Funding risk

The Bidder's Statement provides somewhat limited information in regards Bentley's financial capacity and ability to meet its obligations under the Bentley Offer.

The Bidder's Statement provides that Bentley intends to fund the Bentley Offer through its existing cash reserves and to the extent necessary through the realisation of its liquid assets. Further, the Bidder's Statement states that the Bentley Group's investment in ASX-listed securities and the unlisted CBG Fund are liquid assets that are readily realisable into cash to supplement existing cash reserves.

The Independent Directors note that there is a risk that the Bentley Group's assets are not sufficiently liquid and that the assets may not be realised into cash sufficient to satisfy Bentley's commitments under the Bentley Offer.

Litigation risk

As with any company, Strike may be the subject of claims or litigation by customers, suppliers, government agencies or other third parties. Such matters may have an adverse effect on Strike's reputation and may have a material adverse effect on Strike's financial position.

To the extent that such claims or litigation are not covered by insurance, an adverse outcome in litigation or the costs of initiating or responding to potential or actual claims or litigation may have a material adverse impact on financial performance.

Other than as set out in Section 9.9, as a the date of this Target's Statement, Strike is not aware of any material contractual disputes or litigation matters in respect of Strike.

Section 9.9 notes the Peruvian claims summarised in section 5.23 of the Independent Expert's Report. Strike does not consider any of those claims to have any basis for success, though the total costs for defending the Peruvian claims could be as much as US$1.5 million.

Political and regulatory risk

Strike's major assets are located in Peru, South America. Peru is, at present, a stable democracy but has a history of political and social unrest which could adversely affect Strike's ability to operate effectively in this jurisdiction.

The government of Peru could adopt laws or otherwise take steps that would detrimentally affect Strike and its projects in this jurisdiction. Such laws or steps could involve the expropriation of property, implementation of exchange controls and price controls, increases in production royalties and income and mining taxes, refusal to grant or renew required permits or licenses or requiring unfavourable amendments to or revoking current permits and licenses, and enacting environmental or other laws that would make contemplated operations uneconomic or impractical.

Social problems in this jurisdiction and uncertain land tenure for many indigenous people could have adverse effects on Strike's projects. These effects could be the result of the local populations and other interested parties encroaching on the land on which Strike's projects are located, challenging the boundaries of such land or Strike's rights to operate on such land, impeding project activities through roadblocks, anti-mining demonstrations or other public manifestations or attacking project assets or personnel.

In addition, outcomes before courts in Peru may be less predictable than in Australia, which could affect the enforceability of contracts entered into by Strike. If any contracts regulating Strike's interest in relevant projects were unenforceable in whole or in part, Strike would be adversely affected to the extent of any such unenforceability. In practical terms, the enforcement of contractual rights in Peru may be difficult. Accordingly, if any party breaches its obligations under relevant contracts it may be difficult for Strike to achieve specific performance or gain satisfactory compensation. Even if Strike is able to enforce its rights, it may only be able to do so over an extended period of time and at a potentially high cost.

Emerging markets risks

Peru is an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability than developed markets. As such, an investment in Strike, whose assets are substantially located in an emerging market, is subject to certain risks which have the potential to have a negative impact on the investment. These risks include:

- currency fluctuations;
- inflation;

- exchange controls;
- high interest rates;
- wage and price controls;
- economic and political instability;
- the imposition of trade barriers;
- expropriation and political violence or disturbance; and
- changes in economic, tax and other policies.

In addition, economic conditions in Peru are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Peru. There can be no assurance that the economic conditions in Peru will not continue to be affected negatively by events elsewhere, especially in emerging markets.

Future capital requirements

Strike may require financing in the future. Any equity financing may be dilutive to Strike Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit Strike's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to Strike or at all. If Strike is unable to obtain financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on Strike's activities and could affect Strike's ability to continue as a going concern.

Economic factors

The operating and financial performance of Strike is influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities, war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on Strike's operating and financial performance and financial position.

Strike's future possible revenues and Strike Share prices can be affected by these factors, which are beyond the control of Strike.

Reliance on key personnel

A number of key personnel are important to attaining the business goals of Strike. One or more of these key employees could leave their employment, and this may adversely affect the ability of Strike to conduct its business and, accordingly, affect the financial performance of Strike and the Strike Share price.

Market conditions

As with all stock market investments, there are risks associated with an investment in Strike. The market price of Strike Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and iron ore stocks in particular. Factors influencing the price of Strike Shares may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism. The past performance of Strike is not necessarily an indication as to the future performance of Strike as the trading price of Strike Shares can go up or down. Neither Strike nor the Directors warrant the future performance of Strike or any return on an investment in Strike.

Liquidity risk

There can be no guarantee that there will continue to be an active market in Strike Shares or that the price of Strike Shares will increase. There may be relatively few buyers or sellers of Strike Shares on the ASX at any given time. This may affect the volatility of the market price of Strike Shares. It may also affect the prevailing market price at which Strike Shareholders are able to sell their Strike Shares.

Insurance risks

Strike will endeavour to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances Strike's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Strike.

5.8 Transaction expenses

The Bentley Offer has resulted in Strike incurring expenses that would not otherwise arise from trading in the current financial year. Expenses include fees and costs payable to legal and financial advisers engaged to assist with responding to the Bentley Offer and other transaction-related expenses which will have a negative impact on Strike's cash position of between $270,000 and $330,000.

5.9 Taxation

The taxation consequences of accepting the Bentley Offer depend on a number of factors and will vary depending on your particular circumstances.

Section 7 of the Bidder's Statement contains a discussion of certain possible tax implications for Strike Shareholders. It is not intended to be an authoritative or complete statement of the tax position applicable to any given Strike Shareholder.

The following are general comments made in relation to Australian resident Strike Shareholders who are subject to Australian tax on the disposal of their Strike Shares and hold their Strike Shares on capital account. This summary does not address the consequences for any other Strike Shareholder (in particular, it does not address the tax consequences for a Strike Shareholder who is a non-resident), and all such Strike Shareholders should obtain independent taxation advice particular to their circumstances.

In general terms, if you accept the Bentley Offer, you will trigger an Australian Capital Gains Tax (**CGT**) event. This may result in an Australia CGT liability.

There is no CGT rollover relief for Strike Shareholders in respect of any cash they receive in relation to the Strike Shares that they owned in Strike.

Your income tax and CGT liabilities will depend on your personal circumstances and the decisions you make. The comments in this Section are general and do not address all of the taxation consequences for any Strike Shareholder. This summary does not constitute, and should not be relied upon, as tax advice. This summary is based on Australian income tax law and practice applicable as at the date of this Target's Statement. This may change at any time and without notice.

It is strongly recommended that you seek independent advice on the taxation consequences of accepting the Bentley Offer that is tailored to your personal situation.

Neither Strike nor any of its officers or advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

6. Information relating to Strike Directors

6.1 Details of Directors

The Directors of Strike as at the date of this Target's Statement are:

(a) William Johnson (Managing Director)

(b) Malcolm Richmond (Non-Executive Chairman)

(c) Matthew Hammond (Non-Executive Director)

(d) Samantha Tough (Non-Executive Director)

(e) Victor Ho (Non-Executive Director)

(f) Farooq Khan (Alternate Director)

6.2 Directors' interests in Strike Shares and Options

At the date of this Target's Statement, the Directors have the following interests in Strike Shares and Options:

Director	Number of Strike Shares	Number of Strike Options
William Johnson	249,273	3,000,000
Malcolm Richmond	100,000	Nil
Matthew Hammond	Nil	Nil
Samantha Tough	Nil	Nil
Victor Ho	Nil	Nil
Farooq Khan (alternate for Victor Ho)	530,010	Nil
Total	**879,283**	**3,000,000**

6.3 Recommendation of the Independent Directors

In respect of Shareholders who have a short-term view of their investment in Strike, the majority of the Independent Directors recommend that Strike Shareholders accept the Bentley Offer in respect of their Strike Shares, in the absence of a superior proposal, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

In respect of Shareholders who have a long-term view of their investment in Strike, the majority of the Independent Directors make no recommendation in respect of the Bentley Offer, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

Independent Director Ms Samantha Tough makes no recommendation in respect of the Bentley Offer, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

William Johnson, Victor Ho and Farooq Khan have not made a recommendation in relation to the Bentley Offer as they are also officers of Bentley.

6.4 Directors' intentions in relation to personal holdings

Malcolm Richmond intends to accept the Bentley Offer, in the absence of a superior proposal.

William Johnson, and alternate Director Farooq Khan, are yet to come to a decision as to whether to accept the Bentley Offer.

Details of the Relevant Interests of each Director in Strike Shares and Strike Options are set out in Section 6.2.

6.5 Recent dealings in Strike securities by Directors

There have been no acquisitions or disposals of Strike securities by the Directors or any of their respective associates in the 4 months preceding the date of this Target's Statement.

6.6 Interests or dealings in Bentley securities

Victor Ho holds a Relevant Interest in 50,000 Bentley shares.

Except as noted above, none of the Directors nor any of their respective associates have a Relevant Interest in any of the securities of Bentley or any related body corporate of Bentley, or have acquired or disposed of any securities of Bentley or any related body corporate of Bentley in the 4 months preceding the date of this Target's Statement.

6.7 No agreement with any Director in connection with the Bentley Offer

There is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Bentley Offer.

6.8 No interest in contracts

There is no agreement or arrangement made between any Director and any other person in connection with or conditional on the outcome of the Bentley Offer.

6.9 Benefits

No Director has agreed to receive, or is entitled to receive, any benefit from Bentley which is conditional on, or is related to, the Bentley Offer, other than in their capacity as a holder of Strike Shares.

Strike does not propose and, except as otherwise disclosed in this Target's Statement, is not aware of any proposal in connection with the Bentley Offer that will confer a benefit:

(a) on any person in connection with the retirement of that person from a board or managerial office of Strike or related body corporate of Strike; or

(b) that will or may be given to any person in connection with the transfer of the whole or any part of Strike's undertaking or property.

7. Your choices as a Strike Shareholder

If you are a Strike Shareholder, you have 3 choices available to you:

(a) accept the Bentley Offer;

(b) sell your Strike Shares on-market; or

(c) do nothing.

The Directors encourage you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Strike Shares.

7.1 Accept the Bentley Offer

If you have a short-term view of your investment in Strike, the majority of the Independent Directors, being Messrs Malcolm Richmond and Matthew Hammond, recommend that you accept the Bentley Offer in the absence of a superior proposal.

If you have a long-term view of your investment in Strike, the majority of the Independent Directors make no recommendation in respect of the Bentley Offer, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1).

Independent Director Ms Samantha Tough makes no recommendation in respect of the Bentley Offer, for the reasons set out in this Target's Statement (particularly the matters discussed in Section 1). Malcolm Richmond intends to accept the Bentley Offer, in the absence of a superior proposal.

William Johnson and Farooq Khan are yet to come to a decision as to whether to accept the Bentley Offer.

Details of how to accept the Bentley Offer are set out in sections 2.1 and 8.15 of the Bidder's Statement.

If you accept the Bentley Offer, you will not be able to sell your Strike Shares to anyone else, or accept any superior proposal that might emerge, unless either the Bentley Offer is unsuccessful or the Bentley Offer is extended by a period of more than 1 month while it is still conditional (refer to Section 8.8 of this Target's Statement).

The taxation implications of accepting the Bentley Offer depend on a number of factors and will vary according to your particular circumstances. A general outline of the Australian tax consequences of accepting the Bentley Offer is set out in section 7 of the Bidder's Statement. You should seek your own specific professional advice regarding the taxation consequences for you in accepting the Bentley Offer.

The Bidder's Statement states that if your holding of Strike Shares is a CHESS Holding or is held by a nominee you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

The Bidder's Statement states that if your holding of Strike Shares is in an Issuer-Sponsored Holding you will not pay any brokerage.

7.2 Sell your Strike Shares on-market

During a takeover, shareholders in a target company may still sell their shares on-market for cash provided that they have not accepted a takeover offer for those shares. Accordingly, Strike Shareholders remain free to sell their Strike Shares on-market on the ASX at any time, provided they have not already accepted the Bentley Offer.

The latest price for Strike Shares on the ASX may be obtained from ASX's website www.asx.com.au under the code 'SRK'.

Strike Shareholders who sell their Strike Shares on-market:

(a) will lose the ability to accept the Bentley Offer, or to participate in any other superior proposal that may emerge;

(b) may receive more or less for their Strike Shares than the consideration under the Bentley Offer of $0.055 cash per Strike Share;

(c) are likely to incur a brokerage charge; and

(d) will be paid the net proceeds of sale some time after the third Business Day after the date of trade and will not have to wait for satisfaction or waiver of the conditions and end of the Offer Period as is the case if accepting into the Bentley Offer.

Strike Shareholders who wish to sell their Strike Shares on-market should contact their stockbroker on how to effect that sale.

The taxation implications of selling your Strike Shares on-market depend on a number of factors and will vary according to your particular circumstances, in the same way as if you accept the Bentley Offer. You should seek your own specific professional advice regarding the taxation consequences for you of selling your Strike Shares on-market.

7.3 Do nothing

If you do not wish to accept the Bentley Offer and wish to retain your Strike Shares, you do not need to take any action.

If you do not accept the Bentley Offer and Bentley becomes entitled to compulsorily acquire your Strike Shares under the Corporations Act (as it intends to do, as discussed in section 5.3 of the Bidder's Statement), you may receive your consideration later than Strike Shareholders who choose to accept the Bentley Offer. Refer to Section 8.11 for details on compulsory acquisition.

Further, if the Bentley Offer is successful (i.e. if the defeating conditions attached to the Bentley Offer are satisfied or not triggered as appropriate, or are waived) but Bentley does not become entitled to compulsorily acquire your Strike Shares, you will become a minority shareholder in Strike, with potential adverse implications, including those described in Sections 1.10 and 5.2.

8. Important information about the Bentley Offer

8.1 Bentley Offer consideration

Bentley announced a takeover offer on 30 June 2015 for all Strike Shares. The consideration under the Bentley Offer is $0.055 cash per Strike Share.

8.2 Conditions of the Bentley Offer

The conditions of the Bentley Offer are set out in section 8.7 of the Bidder's Statement.

The following is a summary of the conditions:

(a) Bentley having a Relevant Interest in not less than 50.1% of Strike Shares;

(b) the Strike Group's cash being not less than $8 million at any time during the Offer Period;

(c) the current and non-current liabilities of the Strike Group being not more than $800,000 in aggregate at any time during the Offer Period;

(d) no legal proceedings being threatened or commenced against the Strike Group involving a monetary claim of greater than $200,000;

(e) no additional Directors being appointed to the Board of Strike;

(f) no Material Adverse Change occurring in relation to Strike at any time between the Announcement Date and the end of the Offer Period; and

(g) none of the Prescribed Occurrences referred to in section 652C of the Corporations Act occurring between the Announcement Date and the end of the Offer Period.

8.3 Likelihood of satisfaction of the conditions

In respect of the condition set out at Section 8.2(b) (the **Cash Condition**), the Independent Directors note, having undertaken and completed a robust analysis, that there is a very real chance that the Strike Group's cash will fall below $8 million during the Offer Period (noting that Bentley has the option to extend the Offer Period for a period up to 12 months from the date of the Offer, being 31 July 2016, in certain circumstances), in which case the Cash Condition would not be capable of being satisfied. As set out at Section 8.4 below, Bentley would have the option of waiving the Cash Condition (as well as any other condition) at any time, however as at the date of this Target's Statement it has not stated whether or not it will do so.

The Independent Directors will continue to monitor Strike's ability to fulfil the condition set out in Section 8.2(c) (that the current and non-current liabilities of Strike and its Controlled Entities be not more than $800,000 in aggregate at any time during the Offer Period).

8.4 Implications of conditions not being satisfied

Any conditions of the Bentley Offer which are not satisfied (or triggered, as appropriate) may be waived by Bentley at any time.

If any condition is unsatisfied (or has been triggered) and has not been waived, Bentley will have a choice either to proceed with the acquisition of Strike Shares under the Bentley Offer or to allow the Bentley Offer to lapse with unsatisfied conditions.

8.5 Offer Period

The Bentley Offer will be open for acceptance from 31 July 2015 until 5:00pm (Perth time) on 2 September 2015, unless extended or withdrawn.

The circumstances in which Bentley may extend or withdraw the Bentley Offer are set out in section 8 of the Bidder's Statement.

8.6 Extension of the Offer Period

Bentley may extend the Offer Period at any time before giving the notice of status of conditions (referred to in Section 8.10 below) while the Bentley Offer is subject to conditions. However, if the Bentley Offer is unconditional (that is, all the conditions are satisfied or waived), Bentley may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

(a) Bentley improves the consideration offered under the Bentley Offer; or

(b) Bentley's voting power in Strike increases to more than 50%.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

8.7 Withdrawal of Bentley Offer

Bentley may not withdraw the Bentley Offer if you have already accepted it. However, if the conditions have not been satisfied or waived at the end of the Offer Period, then all acceptances will be void.

Before you accept the Bentley Offer, Bentley may withdraw the offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

8.8 Withdrawal of your acceptance

Once you accept the Bentley Offer (even while it remains subject to defeating conditions) you will not be able to sell or otherwise deal with your Strike Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Strike Shareholders may only withdraw their acceptance of the Bentley Offer if:

(a) the Bentley Offer conditions are not satisfied or waived by the end of the relevant Offer Period. In that situation, you will be free to deal with your Strike Shares; or

(b) Bentley varies the relevant Bentley Offer in a way that postpones the time by which Bentley is required to satisfy its obligations by more than 1 month, for example, if Bentley extends the relevant Offer Period by more than 1 month, while the relevant Bentley Offer is still conditional.

Strike Shareholders who accept the Bentley Offer (even while it is still subject to conditions) will give up their rights to sell or otherwise deal with their Strike Shares, until withdrawal rights are exercised.

8.9 When you will receive payment

If you accept the Bentley Offer, Bentley will issue you the Offer Consideration to which you are entitled on or before the earlier of:

(a) 1 month after the later of the Bentley Offer being validly accepted by you and the Bentley Offer becoming unconditional; and

(b) 21 days after the end of the Offer Period for the Bentley Offer.

8.10 Notice of status of conditions

Section 8.10 of the Bidder's Statement indicates that unless the Offer Period is extended, Bentley will give a notice of status of conditions for the Bentley Offer (**Conditions Notice**) to the ASX and Strike on 26 August 2015.

Bentley is required to set out in its Conditions Notice:

(a) whether the Bentley Offer is free of any or all of the conditions;

(b) whether, so far as Bentley knows, the conditions have been fulfilled on the date the Conditions Notice is given; and

(c) Bentley's voting power in Strike (including voting power acquired as a result of acceptances received under the Bentley Offer).

If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, Bentley is required, as soon as practicable after the extension, to give a notice to the ASX and Strike that states the new date for the giving of the Conditions Notice.

If a condition is fulfilled (so that the Bentley Offer becomes free of that condition) during the Offer Period but before the date on which the Conditions Notice is required to be given, Bentley must, as soon as practicable, give the ASX and Strike a notice that states that the particular condition has been fulfilled.

8.11 Compulsory acquisition

Bentley has stated in section 5.3 of the Bidder's Statement that it intends to compulsorily acquire all outstanding Strike Shares if it is entitled to do so.

The 2 types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

Follow on compulsory acquisition

Under Part 6A.1 of the Corporations Act, if, at the end of the Offer Period, Bentley has (together with its associates):

(a) a Relevant Interest in at least 90% (by number) of Strike Shares; and

(b) acquired at least 75% (by number) of Strike Shares for which it has made an offer,

then Bentley will be entitled to compulsorily acquire any outstanding Strike Shares for which it did not receive acceptances, on the same terms as the Bentley Offer.

If these thresholds are met, Bentley will have up to 1 month after the end of the Offer Period within which to give compulsory acquisition notices to Strike Shareholders who have not accepted the Bentley Offer. Strike Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Strike Shareholders to establish to the satisfaction of a court that the terms of the Bentley Offer do not represent "fair value".

Strike Shareholders should be aware that if they do not accept the Bentley Offer and their Strike Shares are compulsorily acquired, those Strike Shareholders will face a delay in receiving the

Offer Consideration compared with Strike Shareholders who have accepted the Bentley Offer, however they will be paid the last price offered by Bentley for Strike Shares before compulsory acquisition began.

Bentley must offer to buy out remaining Strike Shares held by Strike Shareholders if Bentley (and its associates) have a Relevant Interest in at least 90% of Strike Shares (by number) at the end of the Offer Period.

General compulsory acquisition

Strike Shareholders should also be aware that if Bentley does not become entitled to compulsorily acquire Strike Shares in accordance with Part 6A.1 of the Corporations Act, Bentley may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act.

9. Additional information

9.1 Issued capital

As at the date of this Target's Statement, Strike's issued capital comprises:

(a) 145,334,268 Strike Shares; and

(b) 6,500,000 Strike Options.

9.2 Substantial holders

Based on the substantial shareholding notices provided to Strike, the substantial shareholders of Strike are:

Name	Number of Strike Shares held	% held of Strike Shares
ABU Holding International Limited	25,825,000	17.8%
Orion Equities Limited / Queste Communications Ltd	19,071,690	13.12%
Stefano Roma / Dreemskerry Limited	14,000,000	9.6%
Database Systems Limited and Ambreen Chaudhri	12,537,090	8.6%

As at 11 August 2015, Bentley held a Relevant Interest in 2,380,888 Strike Shares, with voting power of 1.64% in Strike.

Orion and Queste are also substantial shareholders of Bentley with voting power of 27.425% and 29.752% (2.327% directly plus 27.425% via Orion's voting power) respectively in Bentley. Accordingly, assuming that Orion and Queste retain voting power of at least 20% of Bentley during the Offer Period, Orion and Queste will each gain a Relevant Interest and voting power in any Strike Shares Bentley acquires a Relevant Interest in.

9.3 Notice of Bentley's voting power

As at 11 August 2015 (being the day before the date of this Target's Statement), Bentley held a Relevant Interest of 1.64 % in Strike's issued capital. Bentley is required to notify the ASX and Strike before 9.30am on each trading day during the Offer Period where there is a movement of at least 1% in its holding of Strike Shares.

9.4 Consents

Each person named in this Section 9.4 of this Target's Statement as having given its consent to the inclusion of a statement or being named in this Target's Statement:

(a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those statements which have been included in this Target's Statement with the consent of that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to their name and any statements or report which have been included in this Target's Statement with the consent of that person.

Other persons

Clayton Utz has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Strike's Australian legal adviser in the form and context in which it is named.

Advanced Share Registry Services has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Strike's Share Registry in the form and context in which it is named.

RSM Bird Cameron Corporate Pty Ltd has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context in which it is named.

Varuna Pty Ltd has given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Reporting Geologist in the form and context in which it is named.

9.5 Directors

The Directors have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to be named in this Target's Statement in the form and context in which they appear.

9.6 Public information

ASIC has published various Class Orders that modify, or exempt parties from compliance with, the operation of various provisions of Chapter 6 of the Corporations Act. Strike has relied on this Class Order relief.

As permitted by ASIC Class Order CO 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the operator of a prescribed financial market in compliance with the listing rules of the prescribed financial market (including the ASX). Pursuant to this Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Strike Shareholders are entitled to obtain from Strike free of charge any document which contains such a statement. If you would like to receive a copy of any of those documents, or the relevant part of the documents containing the statements (free of charge) during the Offer Period, please contact Strike.

As permitted by ASIC Class Order CO 13/523, this Target's Statement may include or be accompanied by certain statements that:

(a) fairly represents what purports to be a statement by an official person;

(b) are a correct and fair copy of, or extract from, what purports to be a public official document; or

(c) are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

Pursuant to this Class Order, the consent of such persons to whom statements are attributed is not required for the inclusion of those statements in this Target's Statement.

This Target's Statement includes references to the Bidder's Statement. Bentley has not consented to these references being included in, or referred to, in the form and context in which they are included.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains share price trading data sourced from IRESS without its consent.

9.7 Continuous disclosure

Strike is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Strike to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Strike has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Strike Shares.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au and Strike's website at www.strikeresources.com.au.

Copies of documents lodged with ASIC in relation to Strike may be obtained from, or inspected at, an ASIC office. Strike Shareholders may obtain a copy of:

(a) the Annual Report;

(b) the Half-Yearly Report;

(c) Strike's constitution; and

(d) any document lodged by Strike with the ASX between the release of the Annual Report and the date of this Target's Statement,

free of charge upon request by contacting Strike or from the ASX website at www.asx.com.au.

The Annual Report, Half-Yearly Report and this Target's Statement are also available on Strike's website at www.strikeresources.com.au.

Strike Shareholders are also encouraged to monitor the Strike website at www.strikeresources.com.au for any updates on the Bentley Offer.

9.8 Insurance and indemnities

Strike has entered into standard form of deeds of indemnity with all current Directors apart from Matthew Hammond, against all liabilities which they may incur in the performance of their duties as Directors or officers of Strike, except liability to Strike or a related body corporate, liability for a pecuniary penalty or compensation order under the Corporations Act, and liabilities arising from conduct involving a lack of good faith. Strike is obliged to meet the full amount of all such liabilities in accordance with the terms of the deeds of indemnity.

In addition, each Director is indemnified, as authorised by Strike's constitution, against personal liability arising from their respective positions within Strike and its related bodies corporate.

Strike holds a Directors and Officers Liability insurance policy on behalf of current Directors and officers of Strike and its Controlled Entities. The period of the policy extends from 31 August 2014 to 31 August 2015.

9.9 Litigation

Apart from the Peruvian claims summarised in section 5.23 of the Independent Expert's Report (and noting that Strike does not consider any of those claims to have any basis for success), Strike is not aware of any current, pending or threatened litigation against it.

9.10 Regulatory Approval

Strike has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the takeover bid. Nor has Strike been granted any waivers from the ASX in relation to the takeover bid.

9.11 No material change to the financial position of Strike

The financial position of Strike has not, so far as is known by the Directors, materially changed since 31 December 2014, being the date to which the Half-Year Financial Report relates, other than:

(a) in respect of the incurring of actual and contingent transaction costs (including legal and financial advisory fees) associated with the Bentley Offer, as described in Section 5.8; and

(b) as described elsewhere in this Target's Statement.

9.12 Effect of the Bentley Offer on Strike's material contracts

The Bentley Offer will not have any effect on Strike's material contracts.

9.13 No other material information

This Target's Statement is required to include all the information that Strike Shareholders and their respective professional advisers would reasonably require to make an informed assessment whether to accept the Bentley Offer, but only to the extent to which it is reasonable for Strike Shareholders and their respective professional advisers to expect to find this information in this Target's Statement, and only if the information is known to any Director.

The Directors are of the opinion that the information that Strike Shareholders and their respective professional advisers would reasonably require to make an informed assessment as to whether to accept the Bentley Offer is in:

(a) the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);

(b) Strike's annual reports and releases to the ASX before the date of this Target's Statement;

(c) documents lodged by Strike with ASIC before the date of this Target's Statement; and

(d) the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors and their advisers do not take any responsibility for the contents of the Bidder's Statement, and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

(a) the nature of Strike Shares;

(b) the matters that Strike Shareholders may reasonably be expected to know;

(c) the fact that certain matters may reasonably be expected to be known to the professional advisers of Strike Shareholders; and

(d) the time available to Strike to prepare this Target's Statement.

10. Definitions and interpretation

10.1 Definitions

$	Australian dollars unless otherwise stated
Acceptance Form	an acceptance form enclosed within the Bidder's Statement
Accounting Standards	means the rules about how a company must prepare its accounts in, prescribed by or specified under, the Corporations Act
Announcement Date	30 June 2015, being the date of announcement of the Bentley Offer
Annual Report	Strike's 2014 Annual Report
ASIC	the Australian Securities and Investments Commission
ASX Settlement	ASX Settlement Pty Ltd ACN 008 504 532, the body that administers the CHESS System in Australia
ASX Settlement Operating Rules	the rules of the ASX Settlement from time to time, except to the extent of any relief given by ASX Settlement
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
Bentley	Bentley Capital Limited ACN 008 108 218
Bentley Group	Bentley and all its subsidiaries
Bentley Offer	the offer by Bentley to acquire Strike Shares on the terms and conditions contained in the Bidder's Statement
Bidder's Statement	Bentley's bidder's statement dated 17 July 2015
Business Day	a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia
CGT	Capital Gains Tax
CHESS	Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia
CHESS Holding	a holding of Strike Shares on the CHESS sub register of Strike
Controlled Entities	has the meaning given in the Accounting Standards
Controlling Participant	the Participant who is designated as the controlling participant for Strike Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules
Corporations Act	Corporations Act 2001 (Cth)
Director	a director of Strike
Half-Yearly Report	Strike's half-yearly financial report for the period ended 31 December 2014

Independent Directors	Malcolm Richmond, Matthew Hammond and Samantha Tough
Independent Expert	RSM Bird Cameron Corporate Pty Ltd
Independent Expert's Report	The report prepared by the Independent Expert, a copy of which is annexed to this Target's Statement
Last Trading Date	29 June 2015, being the last day on which Strike Shares traded on the ASX prior to the announcement of the Bentley Offer
Listing Rules	the official listing rules of ASX, as amended from time to time
Material Adverse Change	has the meaning given in the Bidder's Statement
Offer Consideration	the consideration to be provided to Strike Shareholders under the terms and conditions of the Bidder's Statement and stated in Section 8.1
Offer Period	the period from 31 July 2015 until 5:00pm (Perth time) on 2 September 2015, unless the Bentley Offer is extended
Orion	Orion Equities Limited
Participant	has the meaning given in the ASX Settlement Operating Rules
Peru Operations	Strike's operations in Peru, as set out in section 5 of the Independent Expert's Report.
Prescribed Occurrence	has the meaning given in the Bidder's Statement
Queste	Queste Communications Ltd
Relevant Interest	has the meaning given in section 9 of the Corporations Act
Strike	Strike Resources Limited ACN 088 488 724
Strike Group	Strike and its Controlled Entities
Section	a section of the Target's Statement
Strike Option	an option to acquire a Strike Share
Strike Share	a fully paid ordinary share in the capital of Strike
Strike Shareholder	a holder of Strike Shares
Target's Statement	this document, being Strike's target statement
US$	United States dollars
VWAP	volume weighted average price calculated as the total dollar value of Strike Shares traded divided by the total number of Strike Shares traded during the relevant period

10.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

(a) all words and phrases in this Target's Statement have the meaning given to them, if any, in the Corporations Act;

(b) the singular includes the plural and vice versa;

(c) a gender includes all genders;

(d) a reference to a person includes a corporation, other body corporate, unincorporated body, partnership, joint venture or association and vice versa;

(e) headings are for ease of interpretation and do not affect meaning or interpretation;

(f) where a term is defined, its other grammatical forms have a corresponding meaning; and

(g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

11. Approval of Target's Statement

This Target's Statement is dated 14 August 2015 (being the date on which this Target's Statement was lodged with ASIC) and has been approved by a resolution of the Directors of Strike.

Signed for and on behalf of Strike Resources Limited:

Malcolm Richmond
Chairman

Annexure: Independent Expert's Report

RSM Bird Cameron Corporate Pty Ltd

Strike Resources Limited

Financial Services Guide and Independent Expert's Report

August 2015

RSM Bird Cameron Corporate Pty Ltd

Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

RSM Bird Cameron Corporate Pty Ltd
AFS Licence No 255847

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
MELBOURNE VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of the FSG.

RSM Bird Cameron Corporate Pty Ltd

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Independent Expert's Report

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RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

Direct Line: (08) 9261 9447
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12 August 2015

The Directors
Strike Resources Limited
Level 11, 216 St Georges Tce
Perth, Western Australia 6000

Dear Independent Directors

Independent Expert's Report

1. Introduction

1.1. On 30 June 2015, Bentley Capital Limited ("Bentley") announced to the ASX a conditional off-market bid for 100% of the fully paid ordinary shares in Strike Resources Limited ("Strike") for 100% cash consideration of 5.5 cents per share ("Offer").

1.2. Bentley does not intend to make an offer for the outstanding options issued by Strike.

1.3. A more detailed discussion of the Offer is set out in Section 3 of this report.

1.4. Under Section 640 of the Corporations Act 2001 (Cth) ("Act"), an Independent Expert's Report ("IER") is required to accompany the Target Statement ("Target Statement") in the following circumstances:

(a) The bidder's voting power in the target is 30% or more; or

(b) For a bidder who is, or includes a body corporate – a director of the bidder is a director of the target.

1.5. We note that there are common Directors and Officers on the Boards of Bentley and Strike, as follows:

- William Johnson is a Non-Executive Director of Bentley and the Managing Director of Strike;
- Victor Ho is the Company Secretary of Bentley and a Non-Executive Director of Strike; and
- Farooq Khan is Executive Chairman of Bentley and also an Alternate Director of Strike (as an Alternate Director to Victor Ho).

1.6. An IER must state whether, in the expert's opinion the takeover offer is fair and reasonable and give the reasons for forming that opinion.

1.7. Accordingly, RSM Bird Cameron Corporate Pty Ltd ("RSM") has been engaged by the Independent Directors of Strike to prepare an IER to the shareholders of Strike ("the Shareholders" or "Strike Shareholders") in relation to the Offer, stating whether, in RSM's opinion, the Offer is fair and reasonable.

1.8. This Report has been prepared solely for use by the Shareholders to provide them with information relating to the Offer and cannot be used by any other persons or for any other purpose. If in doubt about the Offer, or matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and Conclusion

2.1. In our opinion, and for reasons set out in the summary below and in detail in Sections 8 and 9 of this Report, the Offer is **neither Fair nor Reasonable** for Strike Shareholders. We have concluded this opinion on the basis that Shareholders are not receiving any value for the Peru Operations and an alternative to the Offer is for Strike to undertake a formal sales process and return capital to Shareholders.

2.2. However, there is a risk that the Peru Operations cannot be sold in the near term. Therefore, Shareholders with a short term investment horizon may consider the Offer reasonable.

2.3. Strike Shareholders should consider this report in its entirety and, in particular, consider Sections 8 and 9 in detail with reference to their own personal circumstances and investment intentions.

Fairness

2.4. In accordance with RG111.31, in assessing whether the Offer is Fair for Strike Shareholders we have considered the Fair Value of a Strike Share compared to the Fair Value of the consideration of $0.055 cash.

Assessment of fairness	Ref:	Value per Share Low	Value per Share High
Offer price		$0.055	$0.055
Fair value of a Strike share - Control basis	7	$0.084	$0.112

Table 1: Assessed values of a STRIKE share pre and post the Offer *(Source: RSMBCC analysis)*

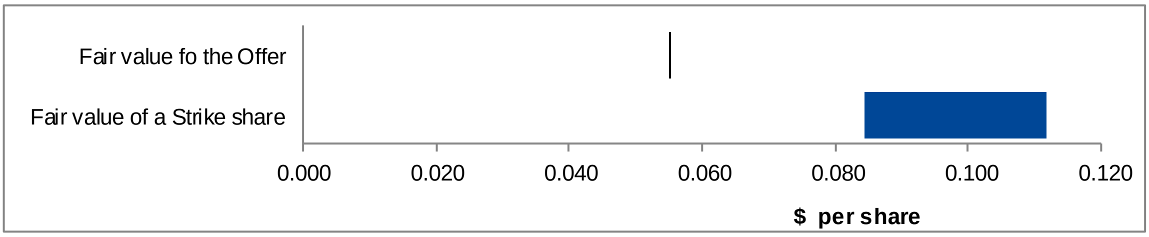


Figure 1: Offer comparison – graphical representation (*Source: RSMBCC Analysis*)

2.5. In the absence of any other relevant information, we consider the Offer to be not fair to the Shareholders of Strike, as the value of a Strike share is greater than the value of the consideration offered.

Reasonableness

2.6. RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Offer, we have given consideration to:

- The future prospects of Strike if the Offer is not accepted; and
- Other commercial advantages and disadvantages to Shareholders as a consequence of the Offer proceeding.

Advantages and Disadvantages

2.7. In assessing whether the Shareholders are likely to be better off if the Offer is accepted than if it is not we have also considered the various advantages and disadvantages that are likely to accrue to Strike shareholders.

2.8. The key advantages of the Offer are:

- Shareholders can crystallise their investment;
- The Offer eliminates exposure to risks associated with the Peru Operations;
- The Offer is at a premium to recent trading prices on the ASX; and
- No brokerage or stamp duty payable on the transfer of shares.

2.9. The key disadvantages of the Offer are:

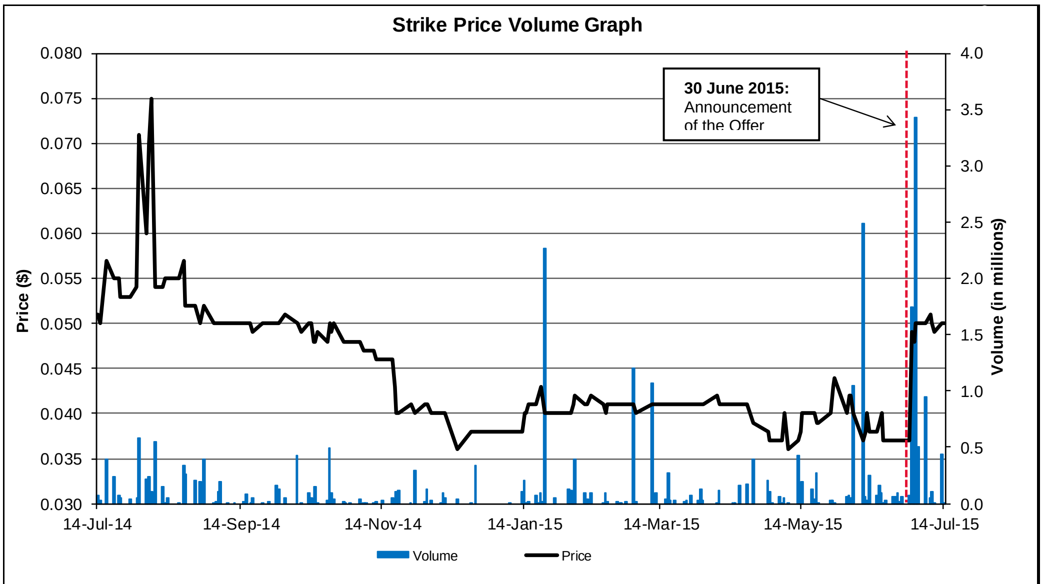
- No exposure to potential value upside from Peru Operations; and
- Possible tax consequences.

Other Significant Factors That Shareholders Might Consider Prior to Approving the Offer

2.10. We set out below an assessment of other significant factors that Shareholders might consider prior to approving the Offer.

Trading in Strike Shares post the announcement of the Offer

2.11. The figure below sets out an analysis of the trading in Strike's shares over the last 12 months, including trading since the announcement of the Offer on 30 June 2015.



Source: S&P Capital IQ

Figure 2: Strike Share price and volume post announcement of the Offer (*Source: S&P Capital IQ*)

2.12. In the period since the announcement of the Offer to the date of this Report, Strike's shares have traded in a range of $0.046 to $0.052. Since the announcement of the Offer, the share price has not reached or exceeded the offer price of $0.055. Further, the share price has not exceeded the offer price since 20 August 2014.

2.13. The chart above also indicates low volume and liquidity in Strike shares prior to the announcement of the Offer, with just 3.65% of total shares traded over 30 trading days. This is reflective of a relatively illiquid stock.

The likely price of Strike's shares should the Offer be rejected

2.14. Since the announcement of the Offer, Strike's share price has increased from $0.037 to $0.050. As such, if the Offer is not accepted it is likely that the share price will fall. In our opinion, it is unlikely that the share price would return to $0.050 unless the Peru assets were disposed.

The extent to which a control premium is being paid

2.15. The consideration offered under the Offer of $0.055 per share represents a premium of 48.6% to the closing share price of Strike on the day prior to the announcement of the Offer of $0.037, and a premium of 44.7% to the 30 day VWAP prior to the announcement of the Offer of $0.038.

Alternative Proposals

2.16. The Directors of Strike have advised us that no formal alternative offers by potential acquirers have been received immediately prior to or since the announcement of the Offer.

2.17. We note that, as an alternative to the Offer, Directors could consider disposing of the Peru Operations and returning capital to Shareholders. A total capital return could be made to Shareholders and Strike could be wound up or the listed vehicle used to acquire other assets. Based on the values calculated by the Independent Specialist, Varuna Pty Ltd ("Varuna"), this is likely to result in a better value proposition for Shareholders. We note, however, that Varuna was unable to identify recent suitable transactions involving similar assets to the Peru Operations. As such, there is no guarantee that a market currently exists for Strikes assets. This is particularly relevant given the decline in the iron ore price over the last 12 months. However, a formal sales process has not been undertaken.

2.18. Shareholders are directed to Paragraphs 9.19 to 9.23 for more commentary on the risks and benefits of attempting to dispose of the Peru Operations as an alternative to the Offer.

Conclusion on Reasonableness

2.19. In our opinion, the position of Shareholders if the Offer is accepted is less advantageous than the position if it is not accepted. Therefore, in the absence of any other relevant information, we consider that the Offer is not reasonable for the Shareholders of Strike. In forming our opinion, we have put particular weight to the alternative of Strike being able to dispose of its Peru Operations and return capital to Shareholders.

2.20. There is no guarantee that Strike could dispose of the Peru Operations or that it could do so at the values calculated by Varuna immediately. This is a risk that should be considered carefully by Shareholders because if the assets cannot be sold in the near term then it is likely that the Strike share price will decline to prices traded prior to the announcement of the Offer and would not increase again without the sale of the Peru Operations.

2.21. In deciding whether the Offer is reasonable, Shareholders should consider whether the risks and returns associated with trying to dispose of the Peru Operations outweighs the premium implicit in the Offer when compared to market prices prior to the Offer.

3. Summary of Offer

3.1. On 30 June 2015 Bentley announced to the ASX a conditional off-market bid for 100% of the fully paid ordinary shares in Strike for 100% cash consideration of 5.5 cents per share.

3.2. Bentley does not intend to make an offer for the outstanding options issued by Strike.

3.3. We note that there are common Directors and Officers on the Boards of Bentley and Strike, as follows:

- William Johnson is a Non-Executive Director of Bentley and the Managing Director of Strike;
- Victor Ho is the Company Secretary of Bentley and a Non-Executive Director of Strike; and
- Farooq Khan is Executive Chairman of Bentley and also an Alternate Director of Strike (as an Alternate Director to Victor Ho).

3.4. The Offer is subject to the following conditions:

1) At the end of the bid period, Bentley has a relevant interest in not less than 50.1% of the issued fully paid ordinary shares of Strike.

2) Strike's cash (being cash at call or in the form of deposits or bills with a maturity date of no longer than six months) being not less than $8 million at any time during the bid period.

3) The current and non-current liabilities of Strike and its controlled entities being not more than $800,000 in aggregate at any time during the bid period.

4) That between the announcement of the Offer and the end of the bid period, no legal proceedings are threatened or commenced against Strike or any controlled entity of Strike involving a monetary claim of greater than $200,000.

5) That between the announcement of the Offer and the end of the bid period no further Directors are appointed to the Board of Strike.

6) That between the announcement of the Offer and the end of the bid period, there is no material adverse change (or no event or circumstance likely to result in a material adverse change) in relation to Strike or any of its assets or any controlled entity of Strike or any of their assets.

7) None of the events referred to in section 652C(1) or (2) of the Corporations Act 2001 (Cth) (formerly known as "prescribed occurrences") occur in relation to Strike or any subsidiary of Strike between the date of this announcement and three business days after the end of the bid period.

4. Purpose of this Report

4.1. Our report has been prepared under Section 640 of the Corporations Act ("the Act") to accompany the Target Statement. Accordingly, in preparing our report we have given due consideration to the Regulatory Guides issued by the ASIC, particularly RG 111.

Basis of Evaluation

4.2. RG 111 issued by ASIC advises the commissioning of an IER under Section 640 and provides guidance on the content of an IER under these circumstances.

4.3. RG 111 deals with takeover bids where a change of control is effected by the completion of the transaction. In this context RG 111 distinguishes "fair" from "reasonable" and considers:

- An offer to be "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. This comparison should be made:
    - Assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
    - Assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares.
- An offer to be "reasonable" if it is fair. An offer may also be "reasonable" if, despite not being "fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

4.4. Accordingly, we have assessed the fairness of the Offer on the basis of the equivalent value of a share in Strike compared to the cash offer price of $0.055 per Strike share.

4.5. We have assessed whether the Offer is reasonable by having regard to a review of other significant factors which the Shareholders might consider prior to accepting the Offer.

4.6. Our assessment of the Offer is based on economic, market and other conditions prevailing at the date of this Report.

5. Profile of Strike

Current strategy

5.1. Strike is the owner of the Apurimac magnetite project in Peru. Apurimac is 100% owned by Strike and a high grade magnetite project.

5.2. Strike also holds the Cusco Iron Ore Project, an interest in the Cerro Ccopane project and the Paulsens East Project. The Cusco Iron Ore Project and the Cerro Ccopane project are both magnetite projects in Peru. The Paulsens East Project is an early stage iron ore exploration project located near Tom Price in Western Australia.

5.3. More information on Strike's resource assets is included in Appendix 5.

5.4. In the second half of FY14, the Company decided to suspend its Peru Operations. The decision was taken mainly due to prevailing negative market conditions. In an environment of declining iron ore prices and negative market sentiment towards junior companies developing projects with large capital expenditure requirements, the Company believed that continued investment in the projects was not in the best interests of shareholders. As a consequence, the Company suspended all Peru Operations and wrote down the value of the Peru Operations included in the financial statements to nil.

Peru Operations

5.5. As mentioned above, Strike currently has three projects ("Peru Operations"):

- Apurimac – 100% interest in a large-scale iron ore project in southern Peru with a JORC resource of 269Mt at 57.3% Fe
- Cusco – Iron ore project in Peru with exploration concessions comprising 2,907 hectares with a JORC resource of 104Mt at 32.6% Fe; and
- Cero Ccopane – Security over 90% of a company which owns an interest in an iron ore project in Peru with exploration concessions comprising 14,000 hectares with a JORC resource of 395.6Mt at 43.8% Fe.

5.6. A brief summary of each project is provided below.

Apurimac Project

5.7. The Apurimac Project consists of exploration concessions totalling 7,455 hectares in the Southern Highlands of Peru, as illustrated below.

Figure 1: Map of Strike's key projects in Peru *(source: Strike website)*

5.8. Apurimac Project has a JORC Resource of 269 Mt of iron ore at Opaban of 57.3% Fe (142 Mt Indicated at 57.84% Fe and 127 Mt Inferred at 56.7% Fe).

5.9. The mineralisation is predominantly considered high-grade and is coarse-grained magnetite providing mass recoveries greater than 60% at a coarse grind size of greater than 500 microns.

5.10. Management considers there to be exploration potential within current concessions with several targets containing ironstones grading greater than 60% Fe in similar geological settings to Opaban.

5.11. The base case of proposed operations forecasts 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. Alternative production scenarios have also been considered for annual production rates of 10Mtpa and 15Mtpa.

Cusco Project

5.12. The Cusco Project currently comprises approximately three concessions totalling approximately 2,907 hectares located 150 km to the east of the Apurimac Project area and 80 kilometres south of the city of Cusco.

5.13. The project is considered a potential secondary development target for the Company in Peru.

5.14. 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 greater than 65% Fe can be produced from this ore using conventional grinding and magnetic separation processes.

5.15. An initial inferred resource estimate of 104Mt at 32.6% Fe is recorded for the Project, which has the scope for upgrade but requires further exploration work.

5.16. No work was undertaken on the Cuzco Project in the past two years.

Cero Ccopane Project

5.17. The Cerro Ccopane Project is located 25 km to the north of Strike's Cusco Iron Ore Project and has JORC mineral resources of 395.6 Mt at an average grade of 43.8% iron.

5.18. Cerro Ccopane was operated by former Canadian listed company Cuervo Resources Inc. Strike has an interest of 31.5% of Cuervo's shares on an undiluted basis.

5.19. Strike also 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.

5.20. In December 2013, Strike issued a notice of its intention to enforce its security held over 90% of the shares of the Peruvian company holding the key assets of the project, if amounts owed to Strike were not paid by December 16, 2013. To date no further action has been undertaken.

5.21. In 2014, Strike became aware that all of the Canadian directors of Cuervo had resigned and the Company is at risk of being wound-up by the Ontario government. Strike has been advised that the legal and court costs of actively pursuing its claims in Canada and Peru could be considerable. Given this, Strike has not pursued its claims further. We note that it is also possible, given the financial position of Cuervo, that the Cero Ccopane concessions have not been renewed.

Current legal disputes

5.22. Strike is the defendant to a number of legal disputes that have been initiated by the original vendor and/or related parties to the vendor of the Apurimac Project. There have been a number of disputes between Strike and the vendor over the last few years that have been heard by a judge and awarded in favour of Strike. However, the vendor continues to pursue different legal proceedings in order to frustrate Strike and potentially regain ownership of the Apurimac and Cusco Projects.

5.23. Strike does not consider any of the legal actions brought by the vendor to have any basis for success and will continue to defend all claims raised against it. A summary of the existing claims is set out below:

Legal matters	Status	Possible outcome
Claims by Millenium Trading SAC and Minera Apu SAC that rights acquired by Strike are invalid.	The claim by Millenium Trading SAC has concluded in favour of Strike. The claim by Minera Apu SAC has not concluded.	Given the success defending the Millemium Trading SAC, it is reasonable to expect that the Mineral Apu SAC case will also conclude in favour of Strike.
Suspension of the legal effects of the Option Renunciation Contract and mining activities.	The intial case was dismissed but Minera Apu SAC have appealed the decision.	Given the initial dismissal, it is reasonable to expect that the appeal will also be dismissed.
Arbitration for the validity of the Option Renunciation Contract and location of small scale mining.	The original arbitration was found in favour of Strike but a second action has been filed on similar grounds.	Given the original arbitrators decision, it is reasonable to expect that any arbitration will be in Strike's favour.
Annulment of the arbitration decision noted above.	One case was rejected and appealed and another case is awaiting a decision.	Given one case was favourable to Strike, it is reasonable to expect that these cases will be found favourable to Strike.
Claims over 38 mineral concessions.	To date, 13 cases have been decided in favour of Strike. Of those, seven are no longer in appeal status. All other cases are in various states of decision or appeal.	Given the initial cases have been awarded in favour of Strike, it is reasonable to expect that the other cases will be awarded in favour of Strike.

Table 2: Summary of court cases (*Source: Strike*)

5.24. The summary above indicates that Strike could be successful in defending any cases brought against it. However, there is no guarantee that Strike will be successful and there is a risk it is unsuccessful in any or all of the cases it is defending. Any negative result is likely to impact the value of the projects to Strike.

5.25. Total costs for defending the cases above could be as much as US$1.5 million.

Directors

5.26. A profile of the current board of directors of Strike is set out in the table below.

Name	Title
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	Alternate Director

Table 3: Strike Directors (*Source: Strike HY15 financial report*)

Financial Performance

5.27. The table below sets out a summary of the financial performance of Strike for the years ended 30 June 2013 ("FY13") and 30 June 2014 ("FY14") and the half-year ended 31 December 2014 ("1H15") sourced from the Company's audited annual and reviewed half-year financial statements.

Income statement	Ref:	1H15 Reviewed	FY14 Audited	FY13 Audited
Revenue		181,464	609,339	34,444,551
Other income		22,421	-	-
Operating expenses		(6,935)	(241,090)	(220,076)
Personnel costs		(267,656)	(1,504,730)	(1,765,610)
Other corporate costs		(423,444)	(3,346,285)	(1,655,322)
Fair value adjustment - financial assets held as fair value through profit and loss		-	(109,616)	(1,869,704)
Impairment expense		(457)	(44,077,886)	(3,014,621)
Loss on sale of fixed assets		-	(14,411)	(18,318)
Loss on sale of asset classified as held for sale			-	(138,186)
Foreign exchange loss		(21,264)	-	(2,068,395)
Reverse of legal accrual		232,721	-	-
Profit/(loss) before income tax		**(283,150)**	**(48,684,679)**	**23,694,319**
Income tax (expense)/benefit		-	(76,771)	(97,132)
Net profit/(loss) for the year		**(283,150)**	**(48,761,450)**	**23,597,187**
Exchange differences on translation of foreign operations		(226,534)	494,292	3,086,017
Total comprehensive profit/(loss)		**(509,684)**	**(48,267,158)**	**26,683,204**

Table 4: Strike Financial Performance *(Source: Strike financial statements)*

5.28. Strike incurred a significant loss in FY14 following the write-off of the full carrying amount of its exploration and evaluation expenditure assets and incurred a further loss in 1H15 largely due to the payment of ongoing corporate and personnel costs.

5.29. The FY14 impairment write-off came about as the Company decided to suspend its Peru Operations. The decision was taken mainly due to prevailing negative market conditions resulting from declining iron ore prices.

5.30. In FY13 Strike earned a profit after tax of approximately $23.6 million. However, the majority of revenue ($33.2 million) recognised in this period was non-cash and resulted from the capitalisation of loans and receivables due from related party Apurimac Ferrum S.A. ("AF") when Strike gained control (100%) of AF in FY13. Other FY13, FY14 and 1H15 revenue consisted of interest income.

5.31. Following the write-off of its exploration assets in FY14, Strike reduced its corporate and personnel costs in 1H15 as the Company reviewed its opportunities.

Financial Position

5.32. The table below sets out a summary of the financial position of Strike as at 31 December 2014, 30 June 2014 and 30 June 2013, as sourced from the Company's annual and half-year financial statements.

Financial position	Ref:	31 Dec 14 Reviewed	30 Jun 14 Audited	30 Jun 13 Audited
Current Assets				
Cash and cash equivalents	5.35	9,801,542	10,350,983	14,414,971
Trade and other receivables		53,029	74,328	1,119,228
Financial assets held as fair value through profit and loss		-	-	40,982
Non-current assets held for sale	5.36	512,280	498,992	-
Total Current Assets		**10,366,851**	**10,924,303**	**15,575,181**
Non-Current Assets				
Trade and other receivables		-	-	8,483
Financial assets held as fair value through profit and loss		-	-	68,634
Property, plant and equipment		-	-	592,572
Exploration and evaluation expenditure	5.37	-	-	41,842,078
Total Non-Current Assets		**-**	**-**	**42,511,767**
Total Assets		**10,366,851**	**10,924,303**	**58,086,948**
Liabilities				
Current Liabilities				
Trade and other payables	5.38	2,437,298	2,414,711	573,657
Provisions			70,355	100,600
Total Current Liabilities		**2,437,298**	**2,485,066**	**674,257**
Non-Current Liabilities				
Trade and other payables				706,296
Total Non-Current Liabilities		**-**	**-**	**706,296**
Total Liabilities		**2,437,298**	**2,485,066**	**1,380,553**
Net Assets		**7,929,553**	**8,439,237**	**56,706,395**
Equity				
Issued capital		148,439,925	148,439,925	148,439,925
Reserves		15,400,680	15,627,214	15,132,922
Accumulated losses		(155,911,052)	(155,627,902)	(106,866,452)
Total Equity		**7,929,553**	**8,439,237**	**56,706,395**

Table 5: Financial Position of Strike *(Source: Strike financial statements)*

5.33. As at 31 December 2014 Strike disclosed net assets of approximately $7.93 million.

5.34. Following the suspension of the Peru Operations, Strike has maintained a strong cash position. At 31 December 2014 held approximately $9.8 million representing the main asset held by the Company.

5.35. The cash balance at 30 June 2015 is approximately $8.4 million, as included in the quarterly cash flow statement for 30 June 2015.

5.36. Non-current assets held for sale consist of property plant and equipment in Peru which is held for sale following suspension of the Peru Operations.

5.37. As discussed above, in FY14 the full carrying amount of exploration and evaluation expenditure assets were written-off to $nil following the Company's decision to suspend its Peru Operations. The decision was taken mainly due to prevailing negative market conditions resulting from declining iron ore prices.

5.38. Strike had approximately $2.4 million in trade and other payables at 31 December 2014 as set out below.

Trade and other payables	Ref	H1FY14 $	FY14 $
Trade creditors and accruals		57,653	8,458
Legal fees	5.39	684,808	855,800
Withholding tax	5.40	1,694,837	1,470,453
Total payables		**2,437,298**	**2,334,711**

Table 6: Payables of Strike (*Source: Strike financial statements*)

5.39. Legal fees related to an amount incurred in defending claims against the Company's concessions over the past three years. The payable has subsequently been settled, resulting in a reversal of a legal provision of $232,721 recognised in the income statement for 1H15.

5.40. A withholding tax accrual of $1.7 million was recognised at 31 December 2014 from the Peruvian Tax Administration ("SUNAT") audit on AF relating to Non Resident Income Tax Withholding for the fiscal years 2010 and 2011. AF officially lodged a claim against the SUNAT findings.

5.41. Upon review of AF's claim, SUNAT has only been able to confirm the legitimacy of Non Domiciled Income Tax Withholding and Fines totalling approximately $10,918. In April 2015, as a result of the findings, Strike announced it reversed $1.1 million of its $1.7 million accrual. SUNAT has requested a re-audit on several of the initial findings. The Company plans to appeal this matter but will continue to recognise an accrual of $0.6 million for the resolutions subject to further investigation until the dispute is completely resolved.

Capital Structure

5.42. The capital structure of Strike consists of 145,334,270 fully paid ordinary shares at the date of this Report. There are no other classes of shares on issue.

5.43. The top 10 Shareholders of Strike as at 28 July 2015 is summarised in the table below.

Shareholder	Number	%
ABU Holding International Limited and Associates	25,825,000	17.8
Orion Equities Limited / Queste Communications Ltd	16,690,802	11.5
Dreemskerry Limited / Sefano Roma	14,000,000	9.6
Database Systems Ltd and Ambreen Chaudhri	12,537,090	8.6
Ferrous Resources Limited	6,370,000	4.4
ABN Amro Clearing Sydney Nominees Pty Ltd	5,385,553	3.7
Mcneil Nominees Pty Ltd	3,852,755	2.7
JP Morgan Nominees Australia Limited	2,285,536	1.6
Merrill Lynch (Australia) Nominees Pty Ltd	2,275,000	1.6
Ausinca Peru SA	1,718,973	1.2
Top 10 shareholders	**90,940,709**	**62.6**
Remainder	54,393,559	37.43
Total SRK Shareholders	**145,334,268**	**100.00**

Table 7: Top 10 Shareholders as at 28 July 2015 *(Source: Strike share register)*

5.44. At the date of this Report there are 2,124 shareholders on the Strike share register.

5.45. At the date of this Report Strike had a total of 6.5 million options on issue with exercise prices between \$0.30 and \$0.56 with a weighted average exercise price of \$0.38.

Expiry date	Exercise price	Options
23-Nov-16	$0.36	1,166,666
23-Nov-16	$0.42	1,166,668
23-Nov-16	$0.56	1,166,666
17-Jun-18	$0.30	3,000,000
	$0.38	**6,500,000**

Table 8: Options on issue at 28 July 2015 *(Source: Appendix 3B)*

5.46. We understand that Bentley does not plan to make an offer for the outstanding options.

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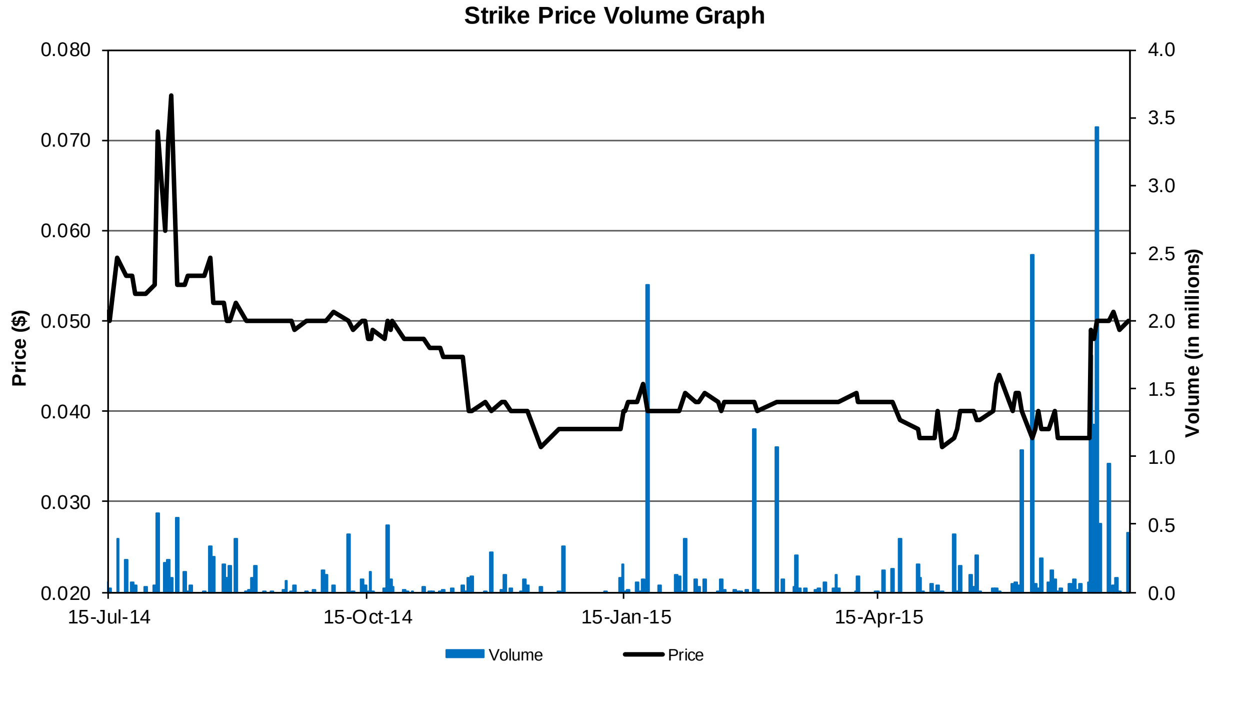
Share Price and Performance

5.47. The chart below depicts Strike's daily closing share price for the 12 months to 13 July 2014 and the volumes of shares traded.



Source: S&P Capital IQ

Figure 1: Price Volume Graph with Key Events *(source: Capital IQ)*

5.48. An analysis of the volume of trading in Strike's shares for the year to 29 June 2015, the day prior to announcement of the Offer, is set out in the table below.

Share trading analysis	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	**0.038**	**0.037**	**0.038**	**0.038**	**0.038**	**0.039**	**0.040**	**0.040**
Total volume (000's)	75.5	295.4	657.3	5,308.6	7,242.4	10,370.6	14,197.9	16,608.3
Total volume as a % of issued capital	0.05%	0.20%	0.45%	3.65%	4.98%	7.14%	9.77%	11.43%
Low price	0.037	0.037	0.037	0.035	0.035	0.035	0.035	0.034
High price	0.038	0.040	0.040	0.044	0.044	0.044	0.044	0.050
Trading days	1	5	10	26	43	62	82	116

Table 9: Strike share trending analysis (*source: S & P Capital IQ)*

5.49. The table shows that approximately 9.8% of Strike's shares have been traded in the past six months (120 trading days) to 13 July 2015 and we note that only 22.5 million shares, or 15.5% of the total share capital traded in the year ended 29 June 2015. This reflects the shares to be relatively illiquid.

6. Valuation Approach

Valuation methodologies

6.1. In assessing the Fair Value of an ordinary Strike share, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

6.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

6.3. Market based methods estimate the Fair Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- The quoted price for listed securities; and
- Industry specific methods.

6.4. The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

6.5. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based

6.6. Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- Capitalisation of maintainable earnings; and
- Discounted cash flow methods.

6.7. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

6.8. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

6.9. Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

6.10. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

6.11. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

6.12. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of 100% of the share capital of Strike

6.13. In assessing the value of Strike, we have utilised a sum of parts valuation which combines the following methodologies:

- for all exploration assets – methodologies as selected by an independent specialist (detailed in paragraph 6.14 below); and
- for all other assets and liabilities – net assets on a going concern.

6.14. We have instructed Varuna Pty Ltd ("Varuna") to act as an independent specialist to value the exploration assets held by Strike. Varuna has used the multiple of exploration expenditure methodology to value the exploration assets held by Strike.

6.15. In our opinion the methodology adopted by Varuna is appropriate for the current status of Strike's exploration assets. Further information on Varuna's adopted valuation methodology and valuation can be found in Varuna's report included as Appendix 5.

6.16. We have also utilised the quoted market price methodology as a secondary methodology for valuing a Strike share.

6.17. Other valuation methodologies that we considered but concluded were inappropriate, were the capitalisation of future maintainable earnings methodology, the discounted cash flow methodology and the net asset methodology. We considered the earnings methodologies to be inappropriate because Strike does not have a history of profits and no foreseeable future net cash inflows.

7. Valuation of Strike

7.1. As stated at paragraph 6.13 we have assessed the value of 100% of Strike on a sum of parts basis and have also considered the quoted price of its listed securities. In both valuations, we have included a premium for control.

Sum of parts valuation

7.2. We have assessed the value of a Strike share on a control basis to be $0.085 to $0.111, based on the sum of parts valuation methodology, as summarised in the table below.

	Ref.	31-Dec-14 $	Low $	High $
Deferred exploration expenditure (exploration assets)		-	4,103,000	7,332,000
Cash		9,801,542	8,374,000	8,374,000
Assets held for sale		512,280	468,356	468,356
Other assets and liabilities		(2,384,269)	(604,624)	(15,542)
Net assets (sum of parts)		**7,929,553**	**12,340,732**	**16,158,814**
Total number of shares on issue			145,334,268	145,334,268
Value per share			**0.085**	**0.111**

Table 10: Assessed Fair Value of a Strike Share – sum of parts basis *(Source: RSMBCC Analysis)*

7.3. Our assessment has been based on the reviewed net assets of Strike as at 31 December 2014 of approximately $7.93 million as per the Company's financial statements. We have been advised that, except for adjustments noted below, there has been no material change in the net assets of Strike since 31 December 2014.

7.4. In order to calculate a current market value of Strike's shares, we have made a number of adjustments to the carrying values of net assets included in the Statement of Financial Position. These adjustments are set out below.

Deferred exploration

7.5. We have replaced the carrying value of exploration expenditure included in the Statement of Financial Position with the values calculated by Varuna and included in its Independent Valuation report attached at Appendix 5.

7.6. Varuna has utilised the multiple of exploration expenditure methodology ("MEE") for valuing the exploration assets held by Strike. The MEE method involves assessing the historic cost of exploration expenditure and applying a multiple to that expenditure to reflect the value created by said expenditure.

7.7. Varuna considered other valuation methodologies but concluded that there were no other appropriate methodologies that could be used to value the exploration assets, given the decline in commodity markets over the last nine months. Although the MEE methodology requires a high degree of professional subjectivity, we consider the methodology appropriate for the purposes of valuing Strike's exploration assets.

7.8. A summary of the values calculated by Varuna are set out in the table below:

Value of exploration assets	Low $'000	Preferred $'000	High $'000
Apurimac	2,993	3,840	5,111
Cusco	1,101	1,541	2,202
Paulsens East	9	13	19
Cuervo Project	-	-	-
Total value of exploration assets	**4,103**	**5,394**	**7,332**

Table 11: Market value of exploration assets *(Source: Varuna report – Appendix 5)*

7.9. More details of the valuation methods used by Varuna are included in the report attached at Appendix 5.

Cash

7.10. We have adjusted cash to reflect the balance at 30 June 2015 as disclosed in the Company's quarterly cash flow statement released to the ASX on 31 July 2015

Assets held for sale

7.11. We have adjusted assets held for sale based on Strike's current estimate of value.

Other assets and liabilities

7.12. Other assets and liabilities have been adjusted for the following:

Other assets and liabilities	As at 31 Dec 14	Low $	High $
Trade and other receivables	53,029	53,029	53,029
Trade and other payables:			
Trade creditors and accruals	(57,653)	(57,653)	(57,653)
Legal fees	(684,808)	-	-
Withholding tax	(1,694,837)	(600,000)	(10,918)
Total value of other assets and liabilities	**(2,384,269)**	**(604,624)**	**(15,542)**

Table 12: Adjusted values of other assets and liabilities *(Source: Strike)*

7.13. Legal fees were paid subsequent to 31 December 2014.

7.14. A discussed in paragraph 5.41 above, Strike announced it reversed $1.1 million of its $1.7 million withholding tax accrual to SUNAT. We have adjusted withholding tax for this amount in our low value. However, we have reduced the withholding tax to $10,918 in our high value as this is the amount that has been identified as payable by Strike. Strike has maintained a higher provision as SUNAT is undertaking a further audit in order to ascertain any other withholding tax amounts that might be payable by Strike.

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Quoted Price of Listed Securities (secondary method)

7.15. In order to provide a comparison and cross check to our sum of parts valuation of Strike, we have considered the recent quoted market price for Strike's shares on the ASX prior to the announcement of the Offer.

Analysis of recent trading in Strike shares

7.16. The figure below sets out a summary of Strike's closing share price and volume of Strike shares traded in the 12 months to 29 June 2015, the date prior to the announcement of the Offer. The assessment only reflects trading prior to the announcement of the Offer in order to avoid the influence of any movement in price that may have occurred as a result of the announcement.

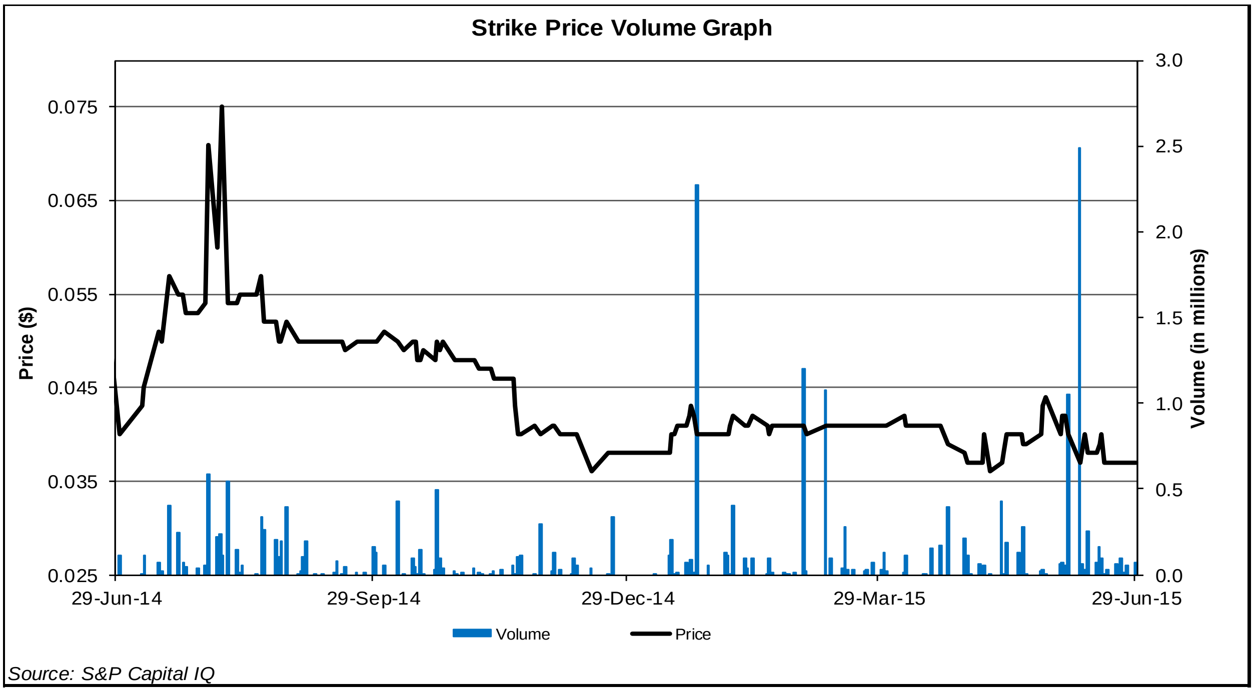

Figure 3: Strike Share Price Volume Graph

7.17. Over the trading period prior to the announcement of the Offer, Strike shares have traded at a high of $0.075 and a low of $0.034.

7.18. To provide further analysis of the quoted market prices for Strike's shares, we have considered the VWAP over a number of trading day periods ending 29 June 2015. An analysis of the volume in trading in Strike's shares for the 1, 5, 10, 30, 60, 90,120 and 180 day trading periods is set out in the table below.

Share trading analysis	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP	**0.038**	**0.037**	**0.038**	**0.038**	**0.038**	**0.039**	**0.040**	**0.040**
Total volume (000's)	75.5	295.4	657.3	5,308.6	7,242.4	10,370.6	14,197.9	16,608.3
Total volume as a % of issued capital	0.05%	0.20%	0.45%	3.65%	4.98%	7.14%	9.77%	11.43%
Low price	0.037	0.037	0.037	0.035	0.035	0.035	0.035	0.034
High price	0.038	0.040	0.040	0.044	0.044	0.044	0.044	0.050
Trading days	1	5	10	26	43	62	82	116

Table 13: Traded volumes of Strike Shares to 29 June 2015 (Source: S&P Capital IQ)

7.19. Over the 180 trading days prior to the Offer, Strike shares have traded in a tight VWAP range of $0.037 to $0.040. The net tangible assets (NTA) of Strike over this period have been approximately $0.058 to $0.048 indicating that, prior to the announcement of the Offer, Strike shares were trading at a discount of approximately 20% to 36% of net tangible assets.

7.20. The table above also indicates low volume and liquidity in Strike shares prior to the announcement of the Offer, with just 3.65% of total shares traded over 30 trading days. This is reflective of a relatively illiquid stock.

Value of a Strike Share on a non-control minority basis

7.21. Due to the low level of liquidity in the recent trading of Strike shares, we have selected the 30-day VWAP for trading prior to 29 June 2015. Therefore, in our opinion, $0.038 reflects the quoted market price valuation of a Strike share on a minority basis prior to the Offer.

Valuation of a Strike share (quoted price of listed securities methodology)

7.22. Our valuation of a Strike share, on the basis of the recent quoted market price including a premium for control is approximately $0.05, as summarised in the table below.

	Ref.	Low	High
30-day VWAP of a Strike share at 29 June 2015		$0.038	$0.038
Add premium for control		25%	35%
Quoted market price controlling value		**$0.048**	**$0.051**

Table 13: Assessed value of a Strike share – Quoted Price of Listed Securities (Source: RSMBCC analysis)

Key assumptions

Control Premium

7.23. The value derived at paragraph 7.22 is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Strike. RG 111.11 states that when considering the value of a company's shares the expert should consider a premium for control. As the Offer is for 100% of the issued share capital of Strike and, our assessment of the Fair Value of a Strike share must include a premium for control.

7.24. In selecting a control premium we have given consideration to the RSM Bird Cameron 2013 Control Premium Study. The study performed an analysis of control premiums paid over a 7-year period to 31 December 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies in the mining and metals sectors was in the range of 25% to 35%. In valuing an ordinary Strike Share using the quoted price of listed securities methodology we have reflected a premium for control in the range of 25% to 35%.

Valuation summary and conclusion

7.25. A summary of our assessed values of an ordinary Strike share on a control basis derived under the two methodologies, is set out in the table below.

	Ref.	Low	High
Sum of parts		$0.085	$0.111
Quoted market value		$0.048	$0.051
Preferred valuation		**$0.085**	**$0.111**

Table 14: SBU Share valuation summary *(Source: RSMBCC analysis)*

7.26. In our opinion we consider that the sum of parts valuation methodology provides a better indicator of the Fair Value of a Strike share as we consider our analysis of the trading of Strike's shares prior to the announcement of the Offer indicates that the market for Strike's shares is not deep enough to provide an assessment of their Fair Value.

7.27. Therefore, in our opinion, the Fair Value of a Strike share is between approximately $0.085 and $0.0111 on a controlling basis.

8. Is the Offer Fair?

8.1. In accordance with RG111.31, in assessing whether the Offer is Fair for Strike Shareholders we have considered the Fair Value of a Strike Share compared to the Fair Value of the consideration of $0.055 cash.

Assessment of fairness	Ref:	Value per Share Low	Value per Share High
Offer price		$0.055	$0.055
Fair value of a Strike share - Control basis	7	$0.084	$0.112

Table 15: Assessed values of a Strike share pre and post the Offer *(Source: RSMBCC analysis)*

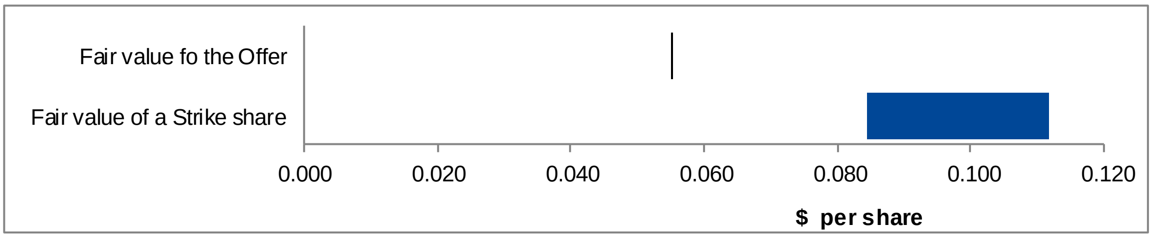

Figure 4: Offer comparison – graphical representation (*Source: RSMBCC Analysis*)

8.2. In the absence of any other relevant information, we consider the Offer to be not fair to the Shareholders of Strike, as the value of a Strike share is greater than the value of the consideration offered.

9. Is the Offer Reasonable?

9.1. RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Offer, we have given consideration to:

- The future prospects of Strike if the Offer is not accepted; and
- Other commercial advantages and disadvantages to Shareholders as a consequence of the Offer proceeding.

Advantages and Disadvantages

9.2. In assessing whether the Shareholders are likely to be better off if the Offer is accepted than if it is not, we have also considered the various advantages and disadvantages that are likely to accrue to Strike shareholders.

Advantages

Advantage 1 – Shareholders can crystallise their investment

9.3. By accepting the Offer, Shareholders will crystallise a value for their shares in the form of cash. Shareholders will realise cash consideration which includes a premium for control of 44.6% based on the 30 day VWAP prior to the announcement of the Offer on 29 June 2015.

9.4. In our opinion, this is an important consideration for Shareholders. Historically, liquidity in Strike shares has been low. This means that it has been difficult for Shareholders to easily and quickly dispose of shares on market.

Advantage 2 – Eliminates exposure to risks associated with the Peru Operations

9.5. By approving the Offer, Shareholders will not be exposed to a number of risks that could adversely impact the value of their investment in the future, including:

- Commodity price risk associated with iron ore;
- Development risk associated with bringing the Peru Operations into production;
- Potential dilution of shareholding if additional equity is raised to develop the Peru Operations;
- Country risk associated with doing business in Peru as highlighted by tax and legal issues still pending;

9.6. Whilst these are all valid risks of exposure to an iron ore development in Peru, we note that Strike has stated that it does not intend to develop its assets and has openly marketed the assets for sale.

9.7. A more valid risk is risk that the current claimants with cases against Strike are successful and the Peru Operations are impacted by the numerous court cases that have been targeted at Strike. Whilst it would appear likely that any of these claims can be successfully defended by Strike, there is always a risk that it loses a case and the value of the Peru Operations is impacted.

Advantage 3 – No brokerage or stamp duty payable on the transfer of shares

9.8. Shareholders will not incur any brokerage or stamp duty on the transfer of their shares under the Offer.

Disadvantages

Disadvantage 1 – No exposure to potential value upside from Peru Operations

9.9. By accepting the Offer, Shareholders will lose exposure to any potential value upside from the exploration and development of the Peru Operations. Whilst early stage development is unlikely, the exploration assets provide Shareholders with exposure to an increase in the iron ore price. The Apurimac Project has a defined resource and a number of studies completed to assess the commerciality of the project under different production and CAPEX scenarios. As such, if the iron ore price increases, there could be future value added simply by holding the Peru Operations.

9.10. When considering future value, we note that Strike would incur holding costs in order to maintain the Peru Operations, which would include legal costs in defending actions likely to be pursued by partners and previous owners. These costs are estimated at approximately $250,000 per annum. In addition, Strike would incur administration costs in maintaining its listed status and corporate governance. The latest quarterly for Strike included $371,000 in administration costs which results in approximately $1.5 million of administration costs per annum. As such, maintaining an ASX listing and holding the Peru Operations could cost approximately $1.75 million per annum.

Disadvantage 2 – Possible tax consequences

9.11. Should the Offer be accepted by Strike Shareholders, the disposal of their shares in Strike may constitute a capital gains tax event which may result in the crystallisation of capital gains tax. The quantum of any capital gains tax will be dependent on the individual tax circumstance of each Shareholder, consequently each Strike Shareholder is encouraged to seek professional tax advice to assist them in assessing the impact of the Offer on their own individual tax position. RSMBCC has not considered the tax implications of the Offer for individual Strike Shareholders.

Other Significant Factors That Shareholders Might Consider Prior to Accepting the Offer

9.12. We set out below an assessment of other significant factors that Shareholders might consider prior to accepting the Offer.

Trading in Strike Shares post the announcement of the Offer

9.13. The figure below sets out an analysis of the trading in Strike's shares over the last 12 months, including trading since the announcement of the Offer on 30 June 2015.

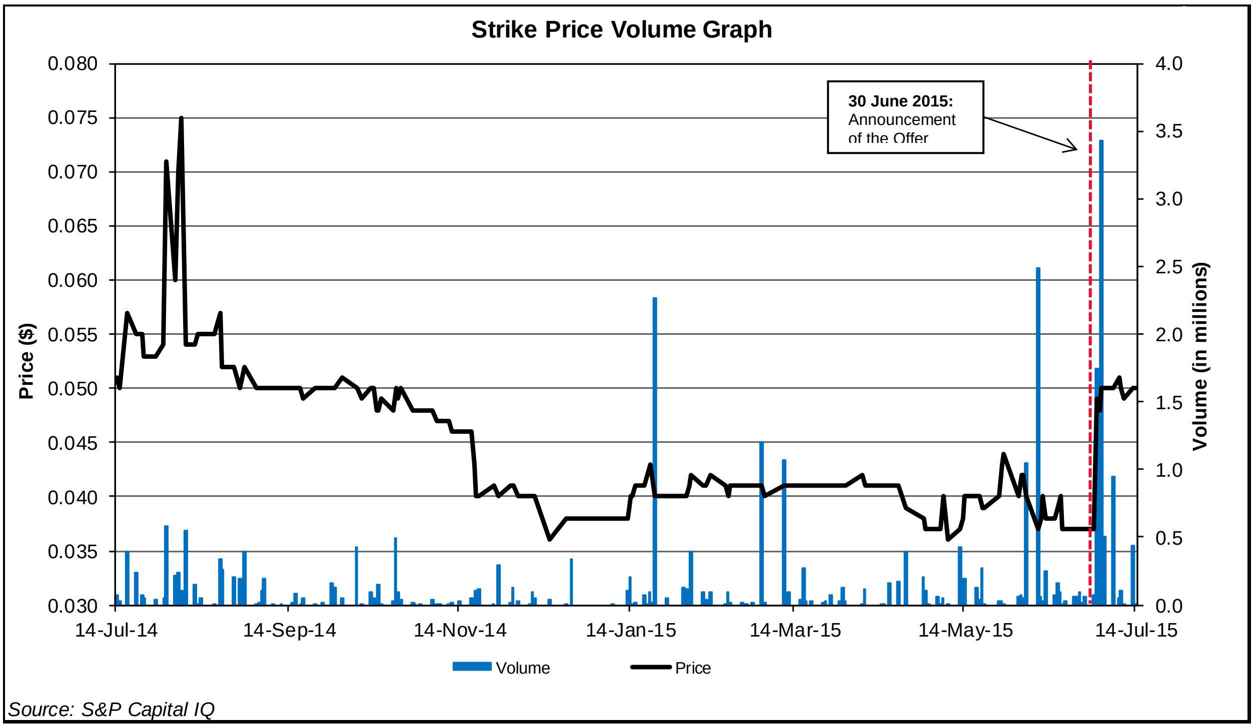

Figure 5: Strike Share price and volume post announcement of the Offer (*Source: S&P Capital IQ*)

9.14. In the period since the announcement of the Offer to the date of this Report, Strike's shares have traded in a range of $0.046 to $0.052. Since the announcement of the Offer, the share price has not reached or exceeded the offer price of $0.055. Further, the share price has not exceeded the offer price since 20 August 2014.

The likely price of Strike's shares should the Offer be rejected

9.15. Since the announcement of the Offer, Strike's share price has increased from $0.037 to $0.052. As such, if the Offer is not accepted it is likely that the share price will fall.

The extent to which a control premium is being paid

9.16. Our 2013 control premium study indicated that average control premium in transactions involving ASX listed companies in the metals and mining sector were in the range of 25% to 35%.

9.17. The consideration offered under the Offer of $0.055 per share represents a premium of 48.6% to the closing share price of Strike on the day prior to the announcement of the Offer of $0.037, and a premium of 44.7% to the 30 day VWAP prior to the announcement of the Offer of $0.038.

Future Prospects of Strike if the Offer is not accepted

9.18. If the Offer is not accepted then the Company will continue to seek options to add value for shareholders.

Alternative Proposals

9.19. The Directors of Strike have advised us that no formal alternative offers by potential acquirers have been received immediately prior to or since the announcement of the Offer.

9.20. We note that Directors could consider disposing of the Peru Operations (as is the intention of Bentley) and returning capital to Shareholders. A total capital return could be made to Shareholders and Strike could be wound up or the listed vehicle used to acquire other assets. Based on the values calculated by Varuna, this is likely to result in a better value proposition for Shareholders.

9.21. This alternative is very important to our consideration of reasonableness. We have set out below the risks and benefits associated with the alternative of Strike attempting to monetise its Peru Operations. Shareholders are advised to consider the following with regard to their own personal circumstances.

9.22. The key risks associated with Strike attempting to dispose of the Peru Operations are:

- There is no guarantee that the Peru Operations can be sold immediately. The Peru Operations have been available for sale for over 12 months. During this period, Strike received at least one other offer for the operations but parties were unable to agree a transaction. Further, Strike has not received any alternative offers for the Peru Operations since receiving the Offer. Coupled with the poor sentiment for iron ore and the high capex requirement for the Peru Operations, the lack of a successful transaction over the last 12 months could indicate a lack of near term interest in the operations. However, Strike has not undertaken a formal sales process with a guide price in line with the valuations provided by Varuna. Such a process could result in an offer being received for the Peru Operations in the near term.

- The independent Directors do not consider there to be a high likelihood of achieving a sale of the Peru Operations in the near term.

- Liquidity in Strike's shares is limited. As such, it will be difficult for Shareholders to dispose of their shares if the Peru Operations are not sold in the near term.

- Strike shares were trading below cash backing prior to the Offer. The longer it takes to dispose of the Peru Operations, the more funds Strike will deplete, which will result in a decline in cash and potentially a decline in share price. All other things being equal, there will be a point in time where a potential reduction in cash will offset any potential gain that could have been realised from the sale of the Peru Operations.

9.23. The key benefits associated with Strike attempting the dispose of the Peru Operations are:

- Assuming the Peru Operations are sold in the near term and capital is returned, Shareholders will receive value for the Peru Operations. Under the current Offer, Shareholders are not receiving any value for the Peru Operations (on the basis that the Offer reflects the current cash balance).

- Upon sale of the Peru Operations, a significant amount of the current cash and any cash received for the Peru Operations could be returned to Shareholders. The Strike entity could remain listed on the ASX and a new asset could be acquired by Strike. This would result in Shareholders receiving a cash payment and retaining an interest in an ASX listed entity.

Conclusion on Reasonableness

9.24. In our opinion, the position of the Shareholders if the Offer is accepted is less advantageous than the position if it is not accepted. Therefore, in the absence of any other relevant information, we consider that the Offer is not reasonable for the Shareholders of Strike. In forming our opinion, we have put particular weight to the alternative of Strike being able to dispose of its Peru Operations and return capital to Shareholders.

9.25. There is no guarantee that Strike could dispose of the Peru Operations or that it could do so at the values calculated by Varuna immediately. This is a risk that should be considered carefully by Shareholders because if the assets can't be sold in the near term then it is likely that the Strike share price will decline to prices traded prior to the announcement of the Offer and would not increase again without the sale of the Peru Operations.

9.26. In deciding whether the Offer is reasonable, Shareholders should consider whether the risks and return associated with trying to dispose of the Peru Operations outweighs the premium implicit in the Offer when compared to market prices prior to the Offer.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

Andrew Gilmour

Glyn Yates

A GILMOUR
Director

G YATES
Director

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr Andrew Gilmour and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Shareholders of Strike in considering the Offer. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Strike and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Buy-back, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of $30,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Strike receives Shareholder approval for the Proposed Buy-back, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

APPENDIX 2

Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Target Statement;
- The Bidder's Statement;
- Strike audited financial statements for the years ended 30 June 2013 and 30 June 2014;
- Strikes' reviewed financial statements for the half-year ended 31 December 2014;
- Management accounts for the year ended 30 June 2015;
- An independent specialist report prepared by Varuna;
- ASX announcements of Strike and Bentley;
- Strike's website - http://strikeresources.com.au
- IBIS World database;
- S&P Capital IQ database; and
- Discussions with the independent directors of Strike.

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

APPENDIX 3

Glossary of Terms

Term or Abbreviation	Definition
$ or AUD	Australian Dollar
Act	Corporations Act, 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bentley	Bentley Capital Limited
Bidder's Statement	The booklet prepared by Bentley dated 17 July 2015
Company	Strike
Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction
FY13, FY14 and FY15	Financial years ended 30 June 2013, 2014 and 2015
IER	Independent Expert Report
IBIS	IBIS World, producer of industry reports
Offer	The Offer by the Bidder to acquire all of the shares in Strike
Strike	Strike Resources Limited
Report	This Independent Experts Report prepared by RSMBCC dated 10 August 2015
RG 111	ASIC Regulatory Guide 111 Contents of expert's reports
RSM	RSM Bird Cameron Corporate Pty Ltd
S&P Capital IQ	Standard and Poor's Capital IQ database
Target Statement	The Target Statement prepared by Strike

Term or Abbreviation	Definition
USD	United States Dollars
VWAP	Volume weighted average share price

APPENDIX 4

IRON ORE INDUSTRY PROFILE

Industry revenue is estimated to decline significantly in FY15 as the recent decline in the iron ore price flows through to company earnings. The decline in the iron ore price has been driven by high levels of supply on global markets and weakening demand from emerging markets, particularly China. Industry revenue is predicted to be US$161 billion[1].

The performance of the industry over the next five years through to 2020 is expected to improve, with revenue rising at an annualised rate of 1.7%. Industry performance will be dependent upon economic growth, increased steal output and iron ore production. Increase in demand is likely to come from both emerging economies and developed economies.

The forecast iron ore price is shown in the chart below (the grey area is the high and low forecast):

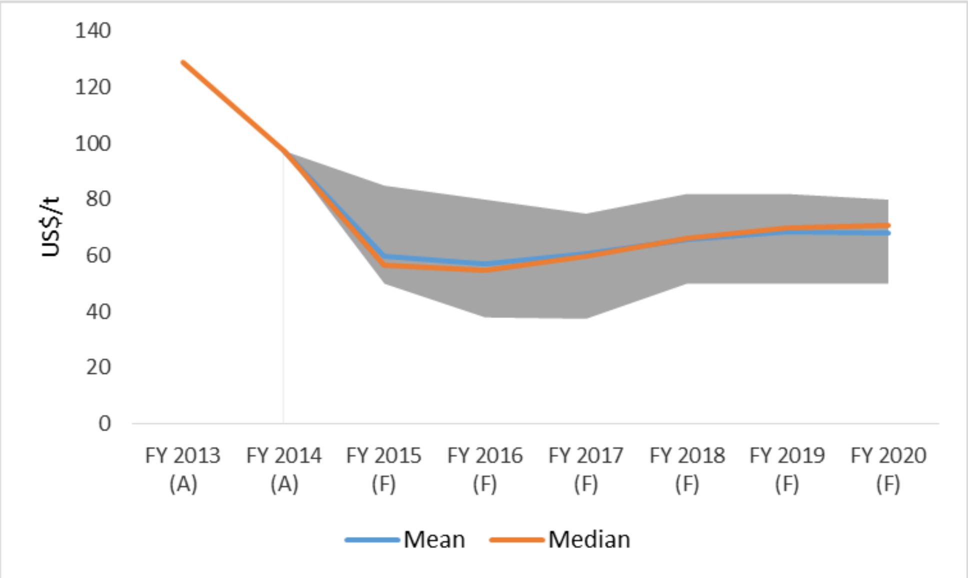

Figure 6: Forecast iron ore prices (source: S&P Capital IQ)

Iron ore prices (in US dollars) are expected to bottom in 2015 and increase slightly over the next five years.

China will remain the key to industry growth in the five years through 2020. Chinese steel smelting companies will continue to require high iron ore volumes to meet demand from other steel product manufacturers, however, this increase in demand has been balanced by a recent increase in supply.

[1] Source: IBISWorld – Global Iron Ore Mining

APPENDIX 5

INDEPENDENT SPECIALIST REPORT PREPARED BY VARUNA PTY LTD

Commissioned by RSM Bird Cameron Corporate Pty Ltd (RSM) and Strike Resources Ltd (Strike)

Independent Technical Valuation of Mineral Assets of Strike Resources Limited

H. S. Madan
MSc Applied Geology
MAusIMM
Principal, Varuna Pty Ltd
31 July 2015

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TABLES AND FIGURES

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EXECUTIVE SUMMARY

1 Background

H. Shanker Madan, a Principal of Varuna Pty Ltd, was commissioned by RSM Bird Cameron Corporate Pty Ltd (RSM) and Strike Resources Ltd (Strike) to conduct an Independent Expert Valuation of Strike's mineral assets.

This Independent Valuation Report is prepared by Mr Madan for inclusion in the Independent Expert's Report (IER) prepared by RSM. The effective date of this Independent Valuation Report is 31 July 2015.

The mineral assets of Strike and their ownership share are listed below.

2 Mineral Assets

2.1 The Mineral Assets in Peru (100% Owned)

The mineral assets owned by Strike Resources Limited through its 100% owned Peruvian subsidiaries Apurimac Ferrum SA and Strike Resources Peru SAC are as follows:

Apurimac and Cusco Concessions (Peru)	100% ownership subject to some deferred milestone, payments and Royalties from production.

2.2 Mineral Assets in Australia

Paulsens East (PL covered by application for Retention License)	100% Owned.

2.3 Cuervo Project (Ccopane Iron Ore Project, Cusco region Peru

In December 2013, Strike Resources issued a notice of its intention to ensure security over 90% of the shares of a Peruvian Company which held this mineral asset in some concessions in the Cusco region in Peru. The parent owner / shareholder of the Peruvian Company, Cuervo Resources Inc. (**Cuervo**), a Canadian Company to which Strike had earlier advanced C$5.25 million to conduct drilling was delisted in March 2015.

3 Strike Projects

3.1 Apurimac Concessions

The mineral assets of Strike in the Apurimac region are located within 1 kilometer to 25 kilometers from the airport at Andahuaylas approximately 434 kilometers by air from the capital city of Lima in the Southern highlands of Peru. The total area covered by 11 (eleven) concessions is 7,455 hectares reduced recently from approximately 59,000 hectares. Nearest port location at San Juan is 350 kilometers by a surveyed route.

In 1961, Takahashi Trading, a Japanese company, carried out the first known mapping and resource assessment of the area. It was followed by a rail route study from the area to the coast in 1970 conducted by Wright Engineers. In 1974, the Peruvian Ministry of Mines and Energy published a bulletin on the iron ore resources of the country in which all areas currently held by Strike and its subsidiaries were described for their iron ore potential. In 2005-06, Apurimac Ferrum SA, a joint venture between two Peruvian Companies explored the area using AMEC an International Consulting group as exploration consultant. In 2006, Strike entered into an Agreement with Apurimac Ferrum SA through its 100% owned Peruvian subsidiary, Strike Resources Peru SAC, to explore the area and earn 51% or greater interest in Apurimac Ferrum SA by funding the exploration and feasibility studies and some milestone payments.

Strike conducted additional drilling, ground geophysics, a regional aeromagnetic survey, community engagement, and subsequently in 2008, a preliminary engineering study to produce 20 million tonnes of magnetite concentrate per annum from the area. This study was followed by several trade off studies in 2010 to produce concentrate and / or lumps and fines at the rate of 10, 15 and 20 million tonnes per annum. The various studies included geological evaluations, mining studies, metallurgy and processing, hydrology, infrastructure, slurry pipe lines, railway, overland conveyor systems and port development.

Whilst engineering studies by Strike subsidiaries continued on till 2010, the ground exploration was stopped in 2007, initially due to lack of community approval and later legal disputes with partners in Apurimac Ferrum SA. The Company took over 100%

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ownership of Apurimac Ferrum SA in December 2012. However, it struggled to get community approvals to restart exploration until towards the end of 2013, when it received approval from the community of Huinchos covering Opaban 1 deposit comprising >85% of its mineral resources in the Apurimac region to commence Environmental Impact Assessment. It was the first step to recommence drilling.

In April 2014, the Company advised the shareholders that it was pulling out of Peru and was looking for buyers for its mineral assets in the country. At that time the Company held 84 mineral concessions in the Apurimac region.

In April 2015, the Company engaged the Mr Madan, the author of this report, to advise The Company on rationalisation of its concessions with a view on "**which concessions to retain in order to retain the maximum value**". As a result of the review completed in April, 2015 the Company decided to hold 11 mineral concessions in the Apurimac region and 3 more in the Cusco region. **The Company's lawyers have since confirmed that fees and penalties for the 14 such Concessions in the Apurimac and the Cusco region have been paid and that these are in good standing.**

Relevant technical summary of the Apurimac Concessions is as below:

- Eleven (11) concessions totaling 7,455 hectares in the Southern Highlands of Peru, approximately 350 kilometers from a port near San Juan.
- Key concessions at Opaban 1 and Opaban 3 covered by ground magnetic and gravity geophysical surveys. An aeromagnetic survey completed on the remainder.
- A total of 8,461 meters drilled in RC percussion and diamond core holes in Opaban 1 and Opaban 3.
- **JORC Resource of 269 million tonnes of iron ore in Opaban 1 and Opaban 3 at 57.3% Fe (142 million tonnes Indicated at 57.84% Fe and 127 million tonnes Inferred at 56.7% Fe).**
- Mineralisation, a hydrothermal / metamorphic skarn, is predominantly magnetite with some hematite. It varies in thickness from less than 20 metres to 150 metres. It has been drilled from the surface down to approximately 150 metres depth.
- Mineralisation is coarse-grained providing comparatively high mass recoveries; >60% at coarse grind size of >500 microns and >70% at 250 microns and lower. Metallurgical tests show that iron grades of the recovered material are likely to be >67% Fe at 500 micron.
- Mineralisation at Opaban 1 is open to the south and west and at depth.
- Some geophysical anomalies in the Opaban concessions and outcropping mineralisation in the adjoining concession (Cristoforo 22) remain unexplored.

- None of the other nine (9) retained concessions in the Apurimac region appear to have ever been drilled but most remain prospective for further discoveries. One such concession at Ferrum 4 also covers access to water resources nearby.

3.2 Cusco Concessions

The mineral assets of Strike in the Cusco Region, held through Apurimac Ferrum SA, now comprise 3 (three) concessions totaling 2,907 hectares. The concessions are located 80 kilometers south of the historical city of Cusco and 180 kilometers, east south east of the Apurimac concessions. The general elevation is 4,300 meters above sea level. The area although moderately hilly amidst farm lands is generally surrounded by deep valleys. Road access to the area and to the coast servicing large copper projects in the region is good. The Project is located close to a small historical town and agricultural community of Santa Tomas.

The Cusco Iron Ore Project lies in the Southern Highlands of Peru within the highly-prospective Andahuaylas-Yauri Cu/Fe Belt. A number of large copper projects are known within 40-60 kilometers of the project area. Early work done by the Peruvian Government suggested a large iron ore resource in the Cusco concessions area.

Work done by Apurimac Ferrum SA since 2006 identified widespread surface occurrences of high grade iron ore, a 2 kilometer diameter circular magnetic anomaly and a few additional small anomalies in the core concessions area, most of which has now been retained by Strike. Geophysical modelling of the ground magnetic, limited gravity and Induced Polarisation surveys data in 2007 seemed to suggest a Non JORC Potential target of between 570 and 640 million tonnes in the concessions. This work was followed by reconnaissance drilling for a total of 16,941 meters in 168 RC and diamond core holes in 2007-08. The drill holes were widely spaced and approximately 40% of the anomaly area was considered to have been covered.

Resource estimation in 2011, delineated a 104 million tonnes of JORC Inferred Resource at 32.6% Fe with a relatively high sulphur content of 0.53% S. The high grades at surface do not appear to continue at depth. The mineralisation, essentially magnetite with minor iron sulphide as mainly pyrite, is generally coarse grained. Metallurgical tests have shown that it will generate a low Sulphur +65% Fe concentrate at a grain size of 100% passing 75 microns and 80% passing 45 microns.

Prior to recent (June 2015) rationalisation Strike had held 18,000 ha in 22 concessions in the area. This has now been reduced to 3 concessions covering 2,907 ha and 100% of known JORC Inferred resources in the area. Apart from a regional assessment and

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identification of anomalous values of copper, molybdenum and silver in some drill hole samples (reported in June 2011), no new work has been done in the Cusco concessions after 2011.

3.3 Paulsens East Project – Pilbara, Western Australia

Paulsens East Project comprises a single Retention License application (381 ha) covering a Prospecting License 47/1170 (164 ha) and parts of an adjoining Exploration License 47/1328. It is located a few kilometers from the bitumen road from Paraburdoo to Nanutarra, approximately 140 kilometers west of the iron ore mining town at Tom Price.

The Project covers a mineralised ridge of high to medium grade hematite (iron oxide) rich conglomerate with silt and hematite matrix within a sequence of Middle Proterozoic sediments. The mineralisation has been described as between 6 to 12 meters wide. It dips at between 50 to 60 degrees to the north and extends for a strike distance of approximately 3,000 meters. No iron ore resource has been outlined at Paulsens East.

3.4 Cerro Ccopane Iron Ore Project, Peru

In December 2013, Strike Resources Limited issued a notice of its intention to ensure security over 90% of the shares of a Peruvian Company which held this mineral asset in some concessions in the Cusco region in Peru. The parent owner / shareholder of the Peruvian Company, Cuervo Resources Inc. (Cuervo), a Canadian Company to which Strike had earlier advanced C$5.25 million to conduct drilling has since been delisted (March 2015).

The ownership and status of these concessions and indeed whether such concessions have been renewed remains uncertain and unable to be confirmed by Strike.

4 Valuation Summary

There are no comparable transactions which can be used to derive the value of these mineral assets. The iron ore industry has changed dramatically in the last several months and as such data from 9 to 12 months prior is not considered comparable. Commodity forecasts are predicting marginal improvements in the next several years but by and large a relatively depressed market.

Valuations arrived at in this report and summarised below in Table 1 are based on Multiple of Exploration Expenditure (MEE) method. Exploration expenditures are estimated on the basis of current costs applicable in the region. Community engagement costs are added as

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a percentage of the total expenditure. A smooth approval process from communities and regulatory authorities has been assumed.

No allowance has been made for engineering studies. All such studies conducted by Strike were indicative of possibilities if sufficient resource base was able to be confirmed and as such no clear demonstration of viability was established.

Considering the above the valuations have been appropriately discounted, particularly for the Low Case keeping in mind the current state of the iron ore industry where a large tonnage bulk mining operation for export is not a viable option nor necessarily the best first step in guiding exploration in the highlands in Peru. The High Case may seem excessive considering the current state of the international market but the domestic use for supply to existing steel making industry or indeed a new such venture is a strategic possibility that cannot be ignored.

In the case of Paulsens East in the Pilbara in Western Australia, the estimate is based upon a simple multiple of the total area of the Retention License.

Our preferred value is skewed 60/40 towards the Low Case and is presented in Table 1 below. All values quoted in the Table are in Australian dollars.

Table 1 Valuation of Strike's Mineral Assets

Project	Mineral Asset	Equity	Area km2	Valuation		
		%		Low $M	Preferred $M	High $M
Apurimac Concessions	Predevelopment and Exploration	100%	74.55	2.993	3.840	5.111
Cusco Concessions	Advanced Exploration	100%	29.07	1.101	1.541	2.202
Paulsens East	Exploration Area	100%	3.81	0.009	0.013	0.019
Cuervo Project	Uncertainity of Tenure	90%	0	0	0	0
Total	**Various**	**Various**	107.43	**4.103**	**5.394**	**7.332**

H. S Madan, M Sc (Applied Geology)
M Aus IMM
31 July 2015

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5 Introduction

RSM Bird Cameron Corporate Pty Ltd (RSM) has been engaged by the Directors of Strike Resources Limited (Strike) to prepare an Independent Expert's Report (IER) in relation to a conditional takeover offer received by Strike from ASX listed Bentley Capital Limited (BEL) for all its issued shares.

H. S Madan, a Director and Principal of Varuna Pty Ltd was commissioned by RSM and Strike to provide an Independent Expert Valuation of Strike's mineral assets. This Independent Valuation Report is prepared by Mr Madan for inclusion in the Independent Expert's Report (IER) prepared by RSM. The effective date of this Report prepared by Mr Madan is 31 July 2015.

The objective of this report is firstly to provide a technical overview of Strike's mineral assets and secondly to provide a market valuation and technical assessment of the assets prepared in accordance with the guidelines of the VALMIN Code (Part 3)

This Report does not provide a valuation of Strike as a Company. It does not make any comment on the fairness and reasonableness of any transaction between the two Companies. The conclusions expressed in the Technical Overview and Independent Technical Valuation are valid as at the valuation date (31 July 2015). The review and valuation are therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

5.1 Terms of Reference

Mr H. S. Madan has been commissioned by RSM and Strike to provide a Technical Overview and an Independent Technical Valuation on the mineral assets of Strike.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The Technical Overview and Independent Technical Valuation Report has been compiled based on information available up to and including the valuation date of this Report.

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This Report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition).

5.2 Tenement Status Verification

Mr Madan has not independently verified the status of all the tenements that are referred to in this report as set out in Section 6.1 Table 2 of this report. This is a matter for independent legal or tenement experts.

Strike provided RSM and the author of this report a confirmation from their lawyers in Peru that the concessions owned by Strike's 100% owned subsidiaries in Peru are current and in good standing.

Strike however was unable to provide any confirmation about some other concessions in Peru and whether such concessions indeed still exist. The details of these concessions, names, numbers coordinates etc have not been provided by Strike and are referred to in this Report as "**the Cuervo Project".** These concessions are the subject of a claim by Strike over 90% shares of the Peruvian subsidiary of **a delisted Canadian Company**. Strike management is not confident of any positive outcome in this regard. As such Mr Madan has not conducted any technical assessment of this asset and for the purpose of this valuation assigned a nil value to the Cuervo Project.

Strike's sole mineral asset in Australia is a single Retention License (RL) application in the Pilbara in Western Australia. Strike has confirmed that this RL application is valid and current.

Mr Madan is satisfied by the information provided by Strike and that the values assigned to the concessions correctly reflects Strike's ownership of such concessions.

5.3 Site Visit

Mr Madan did not carry out a site visit as part of this report. However, as a geologist and a previous Managing Director from early 2006 to March 2010, he was actively engaged with managing the affairs of Strike and made many site visits. Additionally, since his departure, no new exploration has been carried out on the concessions the subject of this Report. Also no new concessions were added which are still on the books of the Company.

5.4 Qualifications and Experience including as a Competent Person

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Mr Madan is a geologist by profession with an MSc in Applied Geology. He has been a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) for over 40 years. He has had over 45 years of worldwide experience in Australia, India, the Middle East, Africa, North and South America, the Philippines and Fiji in exploration, evaluation and in mining (both underground and open cast) of mineral deposits; His work spans a variety of commodities including iron ore, gold, copper, copper-zinc, coal, chromite, lead-zinc, manganese and phosphate. He is credited with several world class mineral discoveries. He has managed work forces of highly skilled and experienced professionals from a wide range of disciplines across the mining industry from resource estimation to production and direct management of large evaluation programmes, prefeasibility and feasibility studies in Australia, South America, Africa and the Middle East. Mr Madan has led ASX listed exploration and mining Companies as Chairman and Managing Director. He has personally conducted resource due diligence on US billion plus dollar acquisitions on behalf of Rio Tinto and has been a Competent Person for Hamersley Iron, a subsidiary of Rio Tinto during his employment with the Company.

Currently Mr Madan is leading Varuna Group a private equity group with interest in mining and resources consultancy and evaluation of mineral assets and marketing.

5.5 Disclaimer and Independence

The author of this Report was previously Managing Director and Chairman of Strike from 2006 to 2010. In view of his past experience in the Company, the management invited Mr Madan (the author of this Report) in April 2015, to advise the Company on rationalisation of its considerable holding in Peru with a view on "**which concessions to retain in order to deliver best Return on Investment (ROI) and retaining the maximum value**". A year prior to this the Company management had made a decision to pull out of Peru.

Mr Madan or his Companies do not hold or have held for some considerable time any shares in Strike. Mr Madan has never had any shares or remunerative positions in BEL, the Company which has made the takeover bid. An adult independent family member of Mr Madan holds a small (less than 5,000) number of shares in Strike. Other than as a consultant to Strike on tenement rationalisation, Mr Madan has had no commercial association with BEL or its Directors (some of whom also serve on the Board of Strike) in any capacity for more than two years. Mr Madan is independent of Strike or BEL, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on.

Mr Madan is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of $15,000. **The relationship with Strike is**

solely one of professional association between client and independent consultant.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Mr Madan's independence as expert. There are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this Report. This Report has been compiled based on information available up to and including the valuation date.

The statements and opinions herein are based on the reference date of 31 July 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

5.6 Consent

The author consents to this Report being distributed, in full, in the form and context in which the technical assessment in provided, for the purpose for which the Report was commissioned. Mr Madan provides his consent on the understanding that the assessment expressed in the individual sections of this Report will be considered with, and not independently of, the information set out in full in this Report.

5.7 Background Information

The key projects discussed in this Report are located in Peru. A locality map of the projects is presented in Figure 2. A summary of Strike's project concession details are listed in Table 2. Report file references and a glossary of abbreviations and terms are also included at the end of this Report. The author understands that the concessions other than those in the Cuervo Project area held by Strike are held in good standing. The legal ownership or the validity status of the Cuervo Project Concessions is uncertain and as such these concessions have been assigned a nil value.

A brief overview of Strike's projects is outlined in Part 2.

The Independent Valuations of Strike's projects are outlined in Part 3.

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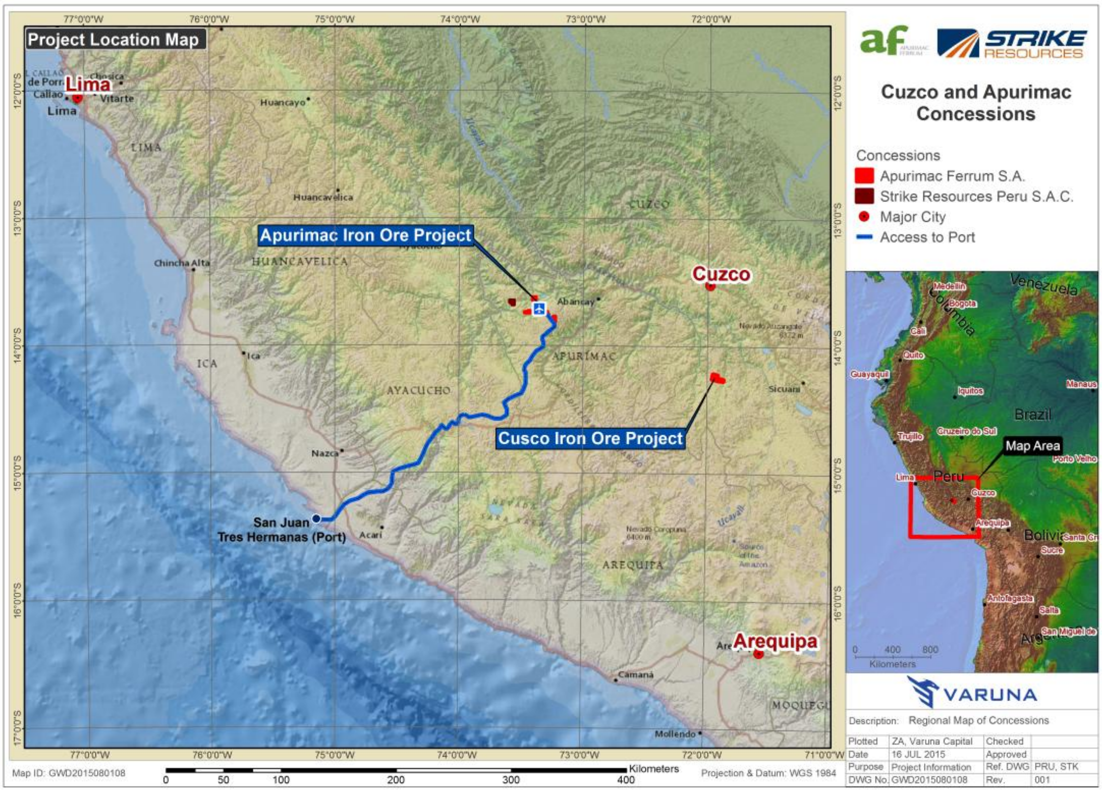
PART 2: STRIKE'S PROJECTS OVERVIEW

6 Strike's Projects

6.1 Introduction

Strike's main mineral assets are located in Peru. These are held through two 100% owned Peruvian subsidiaries, being Apurimac Ferrum SA and Strike Resources Peru SAC. The 100% owned Peruvian concessions are located in two groups - the Apurimac (11) and the Cusco Concessions (3) Figure 1.

Figure 1 Location of Peru Concession Areas



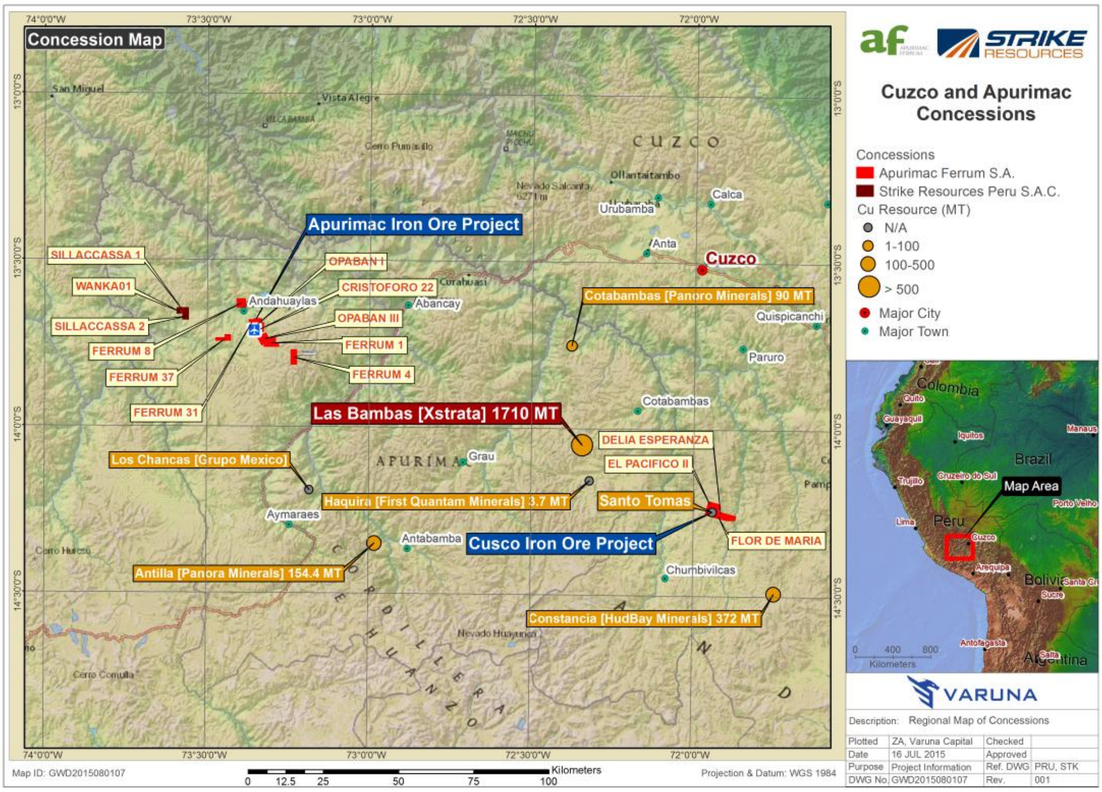
A third group of concessions in the Cusco region in Peru is referred to as the Cuervo Project. Tenure over these concessions is uncertain and unable to be confirmed by Strike. Strike is reported to have issued a notice of its intention in December 2013, to ensure security over 90% of the shares of a Peruvian Company which held this mineral asset. The parent owner / shareholder of the Peruvian Company, Cuervo Resources Inc. (**Cuervo**), a Canadian Company to which Strike had earlier advanced C$5.25 million to conduct drilling was delisted in March 2015.

A fourth group is a single Retention License application at Paulsens East in the Pilbara in Western Australia.

The Apurimac concessions are located 16 kilometres from the town of Andahuaylas. This town (2,926m above sea level), a regional government centre is situated on a perennial river and surrounded by a plateau of rolling agricultural land and scenic high mountains in the distance in the Southern highlands of Peru. The Apurimac concessions are located within 1 to 25 kilometres from the Andahuaylas airport. The town itself is serviced by two flights per day from Lima (435 kilometres by air) and is connected by a paved road and several regular bus services to the district headquarters in Ayacucho and from there by a cross country national highway to Lima. The Apurimac concessions are located at around 3,300 to 4,200 metres above sea level.

The Cusco concessions are situated close to an old (1825) historical missionary town of Santo Tomas, 80 kilometres from the tourist and historical city of Cuzco. The concessions are located at a breath taking height of 4,300 metres above the sea level.

Figure 2 Apurimac and Cusco Concessions



Until recently Strike held a total of 106 mineral concessions covering approximately 81,000 ha directly through their two 100% owned subsidiaries and an indirect interest in a number of other concessions in the Cuzco region through their interest in the recently delisted Canadian exploration group, Cuervo Resources Inc.

Most of such concessions as were held directly through its subsidiaries and dropped recently were either grass roots areas with iron ore potential or with small and thin intersections of medium to high grade iron ore or of variable thicknesses of very low grade iron mineralisation. The holding costs of all such concessions in fees alone would have been US $566,695 for 2014 increasing to US $872,745 for 2016.

Currently Strike holds a total of 14 concessions in Peru for an aggregate of 10,362 ha. Table 2 below shows a list of all concessions held by Strike in Peru through its 100% owned Peruvian subsidiaries. The list also includes its sole tenement in Australia.

Table 2 Mineral Concessions in Peru

APURIMAC REGION

Concession name	Mining right code	Annual Validity Fees			
		2014 (US$)	2015 (US$)	2016 (US$)	2017 (US$)
Opaban I	05006349X01	2,996.99	2,996.99	2,996.99	2,996.99
Opaban III	05006351X01	2,970.00	2,970.00	2,970.00	2,970.00
Ferrum 1	010298304	2,895.19	2,895.19	2,895.19	2,895.19
Ferrum 4	010298604	3,000.00	3,000.00	3,000.00	3,000.00
Ferrum 8	010299004	2,700.00	2,700.00	2,700.00	2,700.00
Cristoforo 22	010165602	1,138.57	1,138.57	1,138.57	1,138.57
Ferrum 31	010552807	981.73	981.73	981.73	981.73
Ferrum 37	010621507	2,086.01	2,086.01	2,086.01	2,086.01
Wanka 01	010208110	300.00	300.00	300.00	300.00
Sillaccassa 1	010212508	2,100.00	2,100.00	2,100.00	2,100.00
Sillaccassa 2	010212608	1,200.00	1,200.00	1,200.00	1,200.00
CUZCO REGION	-				
Concession name	**Mining right code**				
		2014 (US$)	**2015 (US$)**	**2016 (US$)**	**2017 (US$)**
Flor de María	05006521X01	2,720.82	2,720.82	2,720.82	2,720.82
Delia Esperanza	05006522X01	2,999.99	2,999.99	2,999.99	2,999.99
El Pacífico II	05006524X01	2,999.99	2,999.99	2,999.99	2,999.99

In addition Strike Resources Limited holds a Retention License in the Pilbara in Western Australia covering a granted Prospecting License P 47/1170 granted on 27/03/2006 with an expiry date 27/03/2013.

The Retention License application covers the entire area of the PL 47/1170 as well as an adjoining Exploration License E47/1328.

6.2 Local Climate and Demography

Climate in Peru in Apurimac and Cuzco regions is mild, generally warm to temperate with moderately high rainfalls in the months of January to March. Average temperature for the year is around 14 degrees Celsius; the minimum being 3 degrees Celsius and the maximum is around 24 degrees Celsius in summer months). Average rainfall for the year is 930mm; July is the driest month (10mm rain) and February the wettest at around 180mm of rain. The air is clean but thin (lack of oxygen) and it takes time getting used to.

Small villages with mud and brick houses comprise bulk of the dwellings outside towns. Non- professional people are generally poor and survive on farming, growing mainly potatoes and corn. The people in towns either work for the government or service the population and tourists as well as small scattering of large world class mines and mining communities that have come up in the last 20-30 years. Some areas have a modest population of artisanal miners digging and working small occurrences of gold.

6.2 Regional Geology of the Apurimac and Cuzco Concessions

Peru abounds in minerals, being the top 5 producers in the world of silver, zinc, gold, lead and molybdenum. Iron ore mining has been going on since the 1970s. The Cordilleras of Peru contain 12 to 16% of world's mineral wealth.

In the Apurimac and the Cuzco region Mesozoic limestone and other sediments have been intruded by large batholiths of granodiorite of Tertiary age. Skarn hydrothermal-magmatic deposits in the broader sense of including typical metasomatic skarns and typical hydrothermal-magmatic deposits in the iron oxide systems occur throughout and range from a small 1 million tonne to greater than 1. 5 billion tonne occurrences of iron, iron and copper, iron copper gold. These typically cover the entire range of mineralisation from Low Sulphur High Iron (Opaban 1 at Apurimac) to Moderate Iron and Sulphur (Cuzco) to High Iron and Copper rich deposits (Tintaya, Las Bambas) in the region. See Figure 2. Billions of tonnes of such mineral deposits are known to occur

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within a short distance of 180 kilometers between the Apurimac concessions and the Cuzco concessions of Strike Resources. Large deposits of copper (Tintaya, Las Bambas) are located within 40 – 60 kilometers of the Cusco concessions. Average elevation of these deposits is 3,400 meters above sea level and the distance to the coast is of the order of 350 to 400 kilometers. **Cost of exploration and development is high**.

6.3 Apurimac Concessions - Geology, Resources and Products Potential

6.3.1 Exploration History and Summary

In 1961, Takahashi Trading, a Japanese Company, carried out the first known mapping and resource assessment of the area. It was followed by a rail route study from the area to the coast in 1970 conducted by Wright Engineers. In 1974, the Peruvian Ministry of Mines and Energy published a bulletin on the iron ore resources of the country in which all areas currently held by Strike and its subsidiaries were described for their iron ore potential. In 2005-06, Apurimac Ferrum SA, a joint venture between two Peruvian Companies explored the area using AMEC an International Consulting group as exploration consultant. In 2006, Strike entered into an Agreement with Apurimac Ferrum SA through its 100% owned Peruvian subsidiary, Strike Resources Peru SAC, to explore the area and earn 51% or greater interest in Apurimac Ferrum SA by funding the exploration and feasibility studies and some milestone payments.

Strike conducted additional drilling, ground geophysics, a regional aeromagnetic survey, community engagement, and subsequently in 2008, a preliminary engineering study to produce 20 million tonnes of magnetite concentrate per annum from the area. This study was followed by several trade off studies in 2010 to produce concentrate and / or lumps and fines at the rate of 10, 15 and 20 million tonnes per annum. The various studies included geological evaluations, mining studies, metallurgy and processing, hydrology, infrastructure, slurry pipe lines, railway, overland conveyor systems and port development.

Whilst engineering studies continued on till 2010, the ground exploration was stopped in 2007, initially due to lack of community approval and later legal disputes with partners in Apurimac Ferrum SA. The Company took over 100% ownership of Apurimac Ferrum SA in December 2012 but struggled to get community approvals to restart exploration until towards the end of 2013, when it received approval from the community of Huinchos covering Opaban 1 deposit comprising >85% of its mineral resources in the Apurimac region to commence Environmental Impact Assessment, the first step to recommencement of drilling.

In April 2014, however, the Company advised the shareholders that it was pulling out

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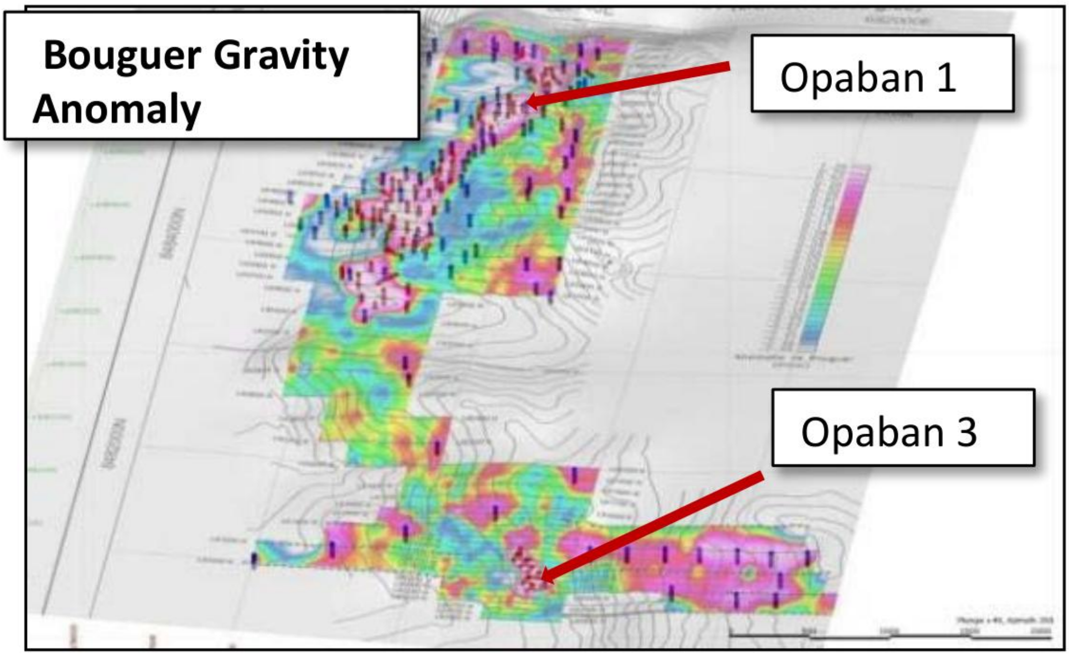
of Peru and was looking for buyers for its mineral assets in the country.

At that time the Company held 84 mineral concessions in the Apurimac region.

Currently Strike retains 11 mineral concessions covering a total area of 7,455 ha in the Apurimac region. All eleven (11) concessions are covered by an aeromagnetic survey as part of a regional helicopter-supported aeromagnetic survey by the Company. Astor satellite imagery data for the region was also analysed and where possible (community approvals) reconnaissance ground inspections and mapping was carried out. In addition to the aerial geophysical survey, detailed ground magnetic surveys were completed on Opaban 1 and Opaban 3 and the group of concessions in the Silliccassa area approximately 25 kilometers from Opaban (Figure 2). A detail gravity survey was completed on the two Opaban concessions (Figure 3). Mapping and ground geophysical surveys were completed in Silliccassa 1, Silliccassa 2 and Wanka 1.

Figure 3 Bouger Gravity Anomalies in Opaban 1 and 3



A total of 8,461 meters in 81 drill holes including 4,820 meters in 40 RC percussion and 3,596 meters in 41 diamond core holes were drilled in Opaban 1 and Opaban 3 concessions. Detail logging of pulps and cores as well as chemical analyses of more than 4,203 samples were carried out, cross sections were built, block models created

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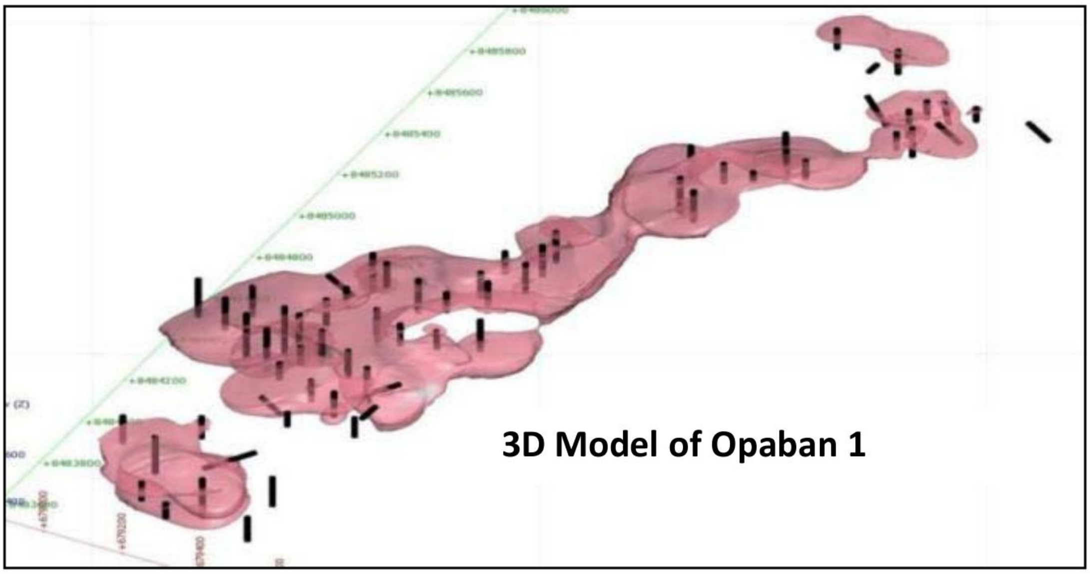
and resource estimation was carried out using block models (Figure 4), statistical and geostatistical techniques. In addition, representative samples were tested for metallurgical properties through a series of works to determine mineral assemblages, physical and processing characteristics. Production of lumps and fines (their characteristics) and production of high grade concentrates through magnetic separation and their chemical and transport properties were determined.

Figure 4 3D Block Model of Opaban 1 with Drill Holes



6.3.2 Geology of the Apurimac Concessions

Magnetite hematite mineralisation is targeted in the concessions. It occurs as metasomatic skarns as tabular bodies and breccia zones within and on the margins of the Ferrobamba Formation limestone of Mesozoic age in the proximity and contact with intruding Tertiary granodiorite /diorite.

The primary mineralisation is dominated by magnetite, generally medium to coarse grained, within a matrix of relatively soft mainly calc-silicate and silicate minerals, products of limestone, diorite and porphyry dykes by the hydrothermal fluids. The surface expression is generally massive ironstones comprised predominantly of hematiteand goethite which result from the weathering of the magnetite.

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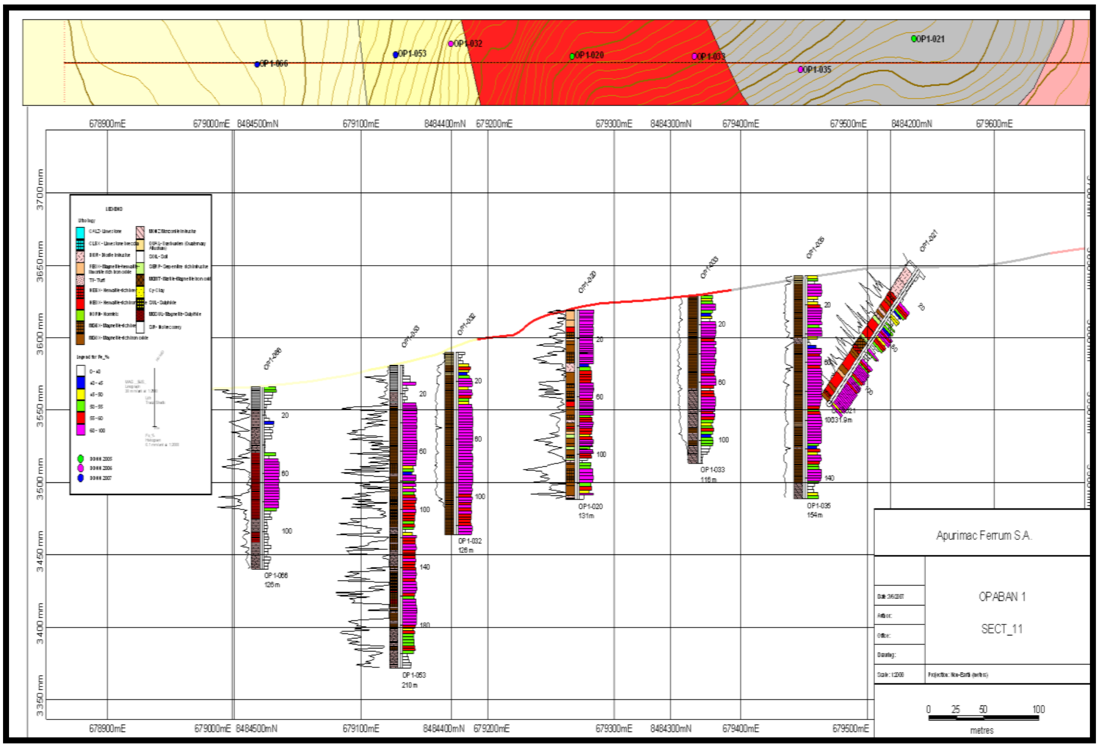
Based on the outcrop patterns and drilling data the mineralisation is predominantly flat-lying, although the deeper breccia zones may well be more steeply dipping structures as they contain variable amounts of the underlying (diorite) batholith. The contacts with barren host rocks (limestone and diorite) are generally quite sharp.

There is an excellent correlation between the logged mineralisation and the zones of high Fe content and strong magnetic and gravity responses.

At Opaban 1 and Opaban 3 the mineralisation is generally flat-lying (Figure 5), following the disposition of the favourable limestone units although there is evidence of steeply dipping structures, mainly towards the base of the mineralised system. Given the majority of the drilling is vertical it is difficult to define the steeper dipping zones and hence the resource outline has been defined by the analytical data with gross control provided by geological logging.

Figure 5 A Cross Section through Opaban 1



(High Grade Iron mineralisation depicted in Pink and Red)

The strong correlation between logging and analytical data and the clear visual

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nature of the ore provides a high level of confidence in the overall geometry of the resource.

In addition, to Opaban 1 and Opaban 3, the Company has 9 other concessions in the Apurimac region in which outcrops of iron ore (Cristoforo 22), ground magnetic anomalies (Silliccassa 1 and 2 and Wanka 1) and or aeromagnetic anomalies (Ferrum 37) and or suitable alteration zones are indicated pointing to the presence of possible mineralisation. By and large these concessions are at grass roots level and require detailed exploration. Of all these concessions Cristoforo 22 and the Silliccassa group of concessions are the most advanced.

6.3.3 Resources in the Apurimac Concessions

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

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

This resource is located entirely in Opaban 1 and Opaban 3 concessions and is detailed in the Table below.

Table 3 JORC Resources in Opaban 1 and Opaban 3

Category	Project	Density t/m	Mt	Fe%	SiO2%	Al2O3%	P%	S%
Inferred	Opaban 1	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**

The above resource estimates are based on a 50% Fe Cut off and comply with the 2012 JORC Standard.

The physical size of the two deposits is as follows:

The mineralisation in Opaban 1 extends 2,500m along strike, is up to 500 meters wide and between 20 meters and 150 meters thick. In Opaban 3 it is 300 meters long, up to 100 meters wide and 75 meters thick. In both instances it has not been closed off along strike and depth. However, **although depth extensions along the southern margin are open at Opaban 1 and Opaban 3**, it is unlikely it will extend much more than 50

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to 100 meters along strike, being limited by the physical extent of the magnetic and gravity anomalies. There are other order of magnitude smaller anomalies in both Opaban 1 and 3 and indeed some outcropping mineralisation and small anomalies in the adjoining Cristoforo 22 concession that have not been drilled.

6.3.4 Products Potential from the Apurimac Resources

Almost all of the metallurgical testwork was confined to samples from Opaban 1. The metallurgical testwork included an assessment for production of traditional lump and fines products for high- grade (>60% Fe) material and production of a concentrate using magnetic separation techniques (predominantly low magnetic intensity separation (LIMS) on magnetite-rich mineralisation.

The results of lump and fines crushing and screening tests for high-grade material showed 85 – 95% of product reporting as lump (average 88%) and an attractive lump product (all samples above > 63% Fe. A marketable fines product was also produced.

Ten mixed-grade (40 – 65% Fe) magnetite composites were also tested, with an average of 66% reporting as lump, although results were more variable than for the high-grade samples. Only samples with a head grade of > 55% Fe produced suitable lump products, while the fines products tended to contain relatively high Si and Al contents.

Davies tube (DTR) testwork was undertaken on a range of representative magnetite ore samples with head grades of 40 – 65% Fe. These results demonstrated that a suitable concentrate (>63% Fe and generally >66% Fe) could be produced for samples with a head grade of >45% Fe.

Strike estimated that for the 60Mt of resource grading above 61% Fe in Opaban 1t is likely that good-quality lump and fines products could be produced using simple crushing and screening methods.

Table 4 Opaban 1 (Apurimac) –Drill Hole Collar Survey Data

Hole ID	Easting	Northing	Elev (m)	Azimuth	Dip	Length	Drill rig
OP1_0017	679199.1	8484503.7	3580.40	0.00	90.00	112.00	DDH HQ
OP1_0018	679249.9	8484693.6	3592.46	0.00	90.00	104.50	DDH HQ
OP1_0019	679511.2	8484444.2	3648.21	0.00	89.00	80.80	DDH HQ

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OP1_0020	679272.7	8484346.8	3619.29	0.00	90.00	131.00	DDH HQ
OP1_0021	679548.1	8484201.7	3647.46	270.00	45.00	168.30	DDH HQ
OP1_0022	679449.4	8484077.8	3676.99	0.00	90.00	106.90	DDH HQ
OP1_0023	679546.9	8484796.6	3640.02	0.00	90.00	125.40	DDH HQ
OP1_0024	679273.1	8484246.0	3639.20	0.00	90.00	75.00	DDH HQ
OP1_0025	679451.4	8484601.9	3641.42	0.00	90.00	80.80	DDH HQ
OP1_0026	679151.0	8484598.2	3576.92	90.00	43.00	90.00	DDH HQ
OP1_0027	679799.6	8485399.2	3621.19	0.00	90.00	37.60	DDH HQ
OP1_0028	679719.9	8485265.4	3619.58	0.00	90.00	131.00	DDH HQ
OP1_0029	679305.3	8483998.3	3659.61	90.00	45.00	78.40	DDH HQ
OP1_0030	679302.0	8483559.9	3588.89	0.00	90.00	62.00	DDH HQ
OP1_0031	679398.8	8483798.4	3639.78	270.00	45.00	181.00	DDH HQ
OP1_0032	679181.5	8484409.6	3590.05	0.00	90.00	126.00	RC
OP1_0033	679369.1	8484290.9	3629.18	0.00	90.00	116.00	RC
OP1_0034	679581.3	8484520.3	3657.85	0.00	90.00	130.00	RC
OP1_0035	679448.1	8484235.0	3642.91	0.00	90.00	154.00	RC
OP1_0036	679419.3	8484443.4	3631.79	0.00	90.00	90.00	RC
OP1_0037	679334.9	8484490.6	3615.46	0.00	90.00	110.00	RC
OP1_0038	679512.8	8484681.9	3646.65	0.00	90.00	100.00	RC
OP1_0039	679475.8	8484831.5	3625.33	0.00	90.00	90.00	RC
OP1_0040	679358.3	8484642.0	3617.62	0.00	90.00	140.00	RC
OP1_0041	679218.4	8484562.7	3587.11	0.00	90.00	80.00	RC
OP1_0042	679157.9	8483776.0	3614.89	0.00	90.00	156.00	RC
OP1_0043	679219.5	8483880.0	3636.49	0.00	90.00	90.00	RC
OP1_0044	679336.6	8483667.5	3613.58	0.00	90.00	164.00	RC
OP1_0045	679380.4	8484097.8	3677.73	0.00	90.00	90.00	RC
OP1_0046	679399.3	8483950.5	3678.78	0.00	90.00	58.00	RC
OP1_0047	679269.9	8484153.4	3649.78	0.00	90.00	70.00	RC
OP1_0048	679498.9	8483579.3	3604.65	0.00	90.00	100.00	RC
OP1_0049	679209.0	8483617.5	3582.59	0.00	90.00	76.00	RC
OP1_0050	679935.2	8485964.2	3490.13	0.00	90.00	78.00	RC
OP1_0051	679874.0	8485507.0	3611.20	0.00	90.00	80.00	RC
OP1_0052	679963.8	8485768.1	3541.63	0.00	90.00	70.00	RC
OP1_0053	679133.8	8484428.4	3581.26	0.00	90.00	210.00	RC
OP1_0054	679153.2	8484308.6	3602.38	0.00	90.00	190.00	RC
OP1_0055	679072.4	8484363.0	3580.12	0.00	90.00	190.00	RC
OP1_0056	679199.0	8484722.0	3582.07	0.00	90.00	160.00	RC
OP1_0057	679658.3	8485316.9	3602.18	0.00	90.00	152.00	RC
OP1_0058	679720.8	8485406.1	3613.52	0.00	90.00	82.00	RC
OP1_0059	679811.5	8485532.3	3601.00	0.00	90.00	122.00	RC
OP1_0060	679475.1	8484718.5	3637.90	0.00	90.00	108.00	RC
OP1_0061	679544.6	8484880.4	3641.67	0.00	90.00	130.00	RC
OP1_0062	679537.1	8484011.5	3667.65	0.00	90.00	80.00	RC
OP1_0063	679553.8	8484077.5	3663.26	300.00	60.00	110.00	RC
OP1_0064	679478.0	8483735.1	3626.91	0.00	90.00	120.0	RC
OP1_0065	679041.1	8483840.9	3588.94	0.00	90.00	118.0	RC
OP1_0066	679021.7	8484485.6	3566.22	0.00	90.00	126.0	RC
OP1_0067	678991.6	8484412.5	3565.30	0.00	90.00	132.0	RC
OP1_0068	679607.4	8485461.1	3585.97	0.00	90.00	142.0	RC

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OP1_0069	679767.7	8485610.3	3585.30	0.00	90.00	190.0	RC
OP1_0070	679539.1	8484954.5	3632.65	0.00	90.00	130.0	RC
OP1_0071	678897.3	8484460.5	3559.75	0.00	90.00	160.0	RC
OP1_0072	679750	8486171	3437	0.00	90.00	100.0	DDH HQ
OP1_0073	680041	8486000	3480	0.00	90.00	57.30	DDH HQ
OP1_0074	679960	8485998	3469	120.00	75.00	82.20	DDH HQ
OP1_0075	679990	8485912	3465	60.00	60.00	100.0	DDH HQ
OP1_0076	679756	8486060	3475	300.00	60.00	65.40	DDH HQ
OP1_0077	680186	8485977	3504.00	60.00	60.00	90.15	DDH HQ
OP1_0078	679976	8485820	3520.00	0.00	90.00	120	DDH HQ
OP1_0079	679926	8485897	3506.00	0.00	90.00	118.1	DDH HQ
OP1_0080	679590	8486180	3443.00	0.00	90.00	83.6	DDH HQ
OP1_0081	679833	8485872	3545.00	100.00	60.00	112.7	DDH HQ

Table 5 Opaban 3 (Apurimac) –Drill Hole Collar Survey Data

Hole ID	Easting	Northing	Elev (m)	Azimuth	Dip	Length	Drill
OP3_0001	680650	8481200	3,876	0.00	90.00	67.50	DDH
OP3_0002	680650	8481200	3,876	225.00	45.00	77.60	DDH
OP3 _0003	680700	8481150	3,871	0.00	90.00	64.25	DDH
OP3 _0004	680740	8481000	3,862	0.00	90.00	60.00	DDH
OP3 _0005	680740	8481000	3,862	225.00	45.00	74.20	DDH
OP3 _0006	680700	8481150	3,871	225.00	45.00	74.15	DDH
OP3 _0007	680700	8481150	3,871	45.00	45.00	31.60	DDH
OP3 _0008	680740	8481000	3,862	45.00	45.00	112.85	DDH
OP3 _0009	680850	8480975	3,862	0.00	90.00	65.40	DDH
OP3 _0010	680850	8480975	3,862	225.00	45.00	64.00	DDH
OP3 _0011	680780	8480940	3,860	0.00	90.00	54.10	DDH
OP3 _0012	680800	8481050	3,870	0.00	90.00	87.40	DDH
OP3 _0013	680780	8480940	3,860	225.00	45.00	88.00	DDH
OP3 _0014	680800	8481050	3,870	225.00	45.00	42.65	DDH
OP3 _0015	680650	8481250	3,868	225.00	45.00	66.00	DDH
OP3 _0016	680750	8481100	3,868	225	45.00	73.15	DDH

* Holes denoted HQNQ commenced as HQ but switched to NQ due to drilling difficulties.

6.4 Cusco Concessions - Geology, Resources and Products Potential

6.4.1 Exploration Summary

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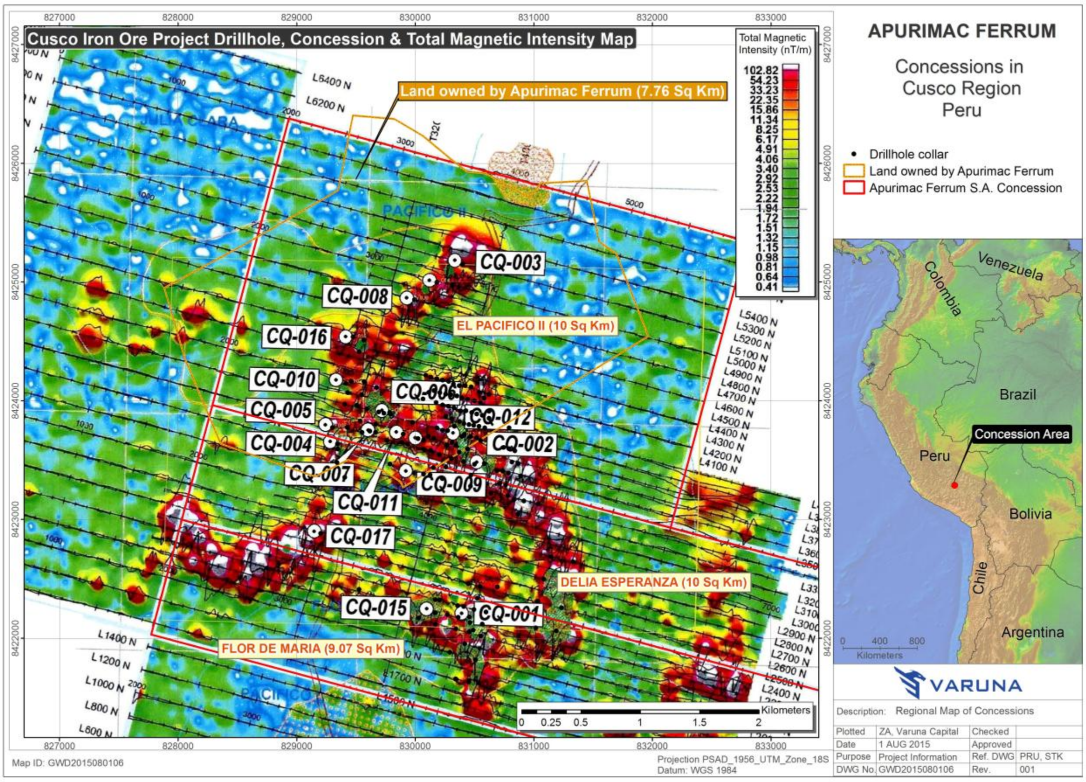
Early work done on the area covered by the Cusco Concessions appears to be a 1974 bulletin by the Peruvian Ministry of Mines and Energy on the Iron Ore Resources of the country. Strike, through Apurimac Ferrum SA engaged Val D'Or Gefisica SA, to conduct a detailed ground magnetic and limited Induced Potential geophysical survey in 2006. This work outlined a large, 4 kilometer x 4 kilometer magnetic anomaly area within the concessions held then as well as now although two of such concessions have since been dropped (Figure 6). A detailed assessment of the geophysics suggested a non JORC resource target of between 570 and 640 million tonnes.

In the period from early 2007 to November 2008, Strike through its Peruvian entity Apurimac Ferrum SA drilled a total of 16,941 meters in 168 RC percussion and diamond core holes. Drilling was centered on magnetic anomalies at wide spacing of approximately 200 meters. A few holes were drilled on 20 meter spacing in areas of structural complexity. Limited amount of gravity survey was also conducted around selected magnetic highs towards the end of the drilling campaign to confirm drilling targets. A number of new concessions were picked up in the region from 2007 onwards and the total portfolio was increased from 5 to 22 concessions with a total area of approximately 18,000 ha.

Figure 6 – Cusco Magnetic Anomaly



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Widespread outcrop of high grade iron mineralisation was mapped in the five (5) contiguous concessions, part of the original package in the Apurimac Ferrum SA. This led the Company to conduct a study in 2008 to mine and produce from 1 to 2 million tonnes of lump from the Cusco concessions with a view to transport the same by road or a combination of road and rail to Matareni Port on the Peruvian coast.

As a result, an additional 257 meters were drilled in 10 short open holes in an area 1,000 meter by 1,000 meter to determine the quantity and quality of lump material close to the surface. These drill holes were centered on two + 60% Fe near surface (up to a depth of approximately 30 meters) intersections from previous drilling. A number of pits were dug and sampled for sizing and determination of physical properties of the lump size fractions.

Port and rail limitations and hence massive new capital costs as well as the cost of bridging a deep valley near the concessions to gain access to the road built for transporting copper concentrate to an intermediate rail head made the project uneconomic. The work on this option was stopped, including any further work on estimation of the available quantity of lumpy material.

In 2011, the services of SRK Consulting (Chile) were engaged to complete a Resource assessment of the entire drilled area. This work was released in June 2011.

Apart from a regional Astor satellite imagery study and a follow up reconnaissance in 2012, no further work was done in the Cusco concessions.

6.4.2 Geology of the Cusco Concessions

Like the Apurimac geology and mineralisation, the Cusco mineralisation is also described as skarn metasomatic with similar geology ie, Mesozoic sediments intruded by Tertiary granodiorite / diorite. The 2 kilometer diameter central core of the 4 x 4 kilometer magnetic anomaly is interpreted to be due to a deeper intrusive uplifting the sediment pile. Many offshoots from the deeper intrusive are interlayered with magnetite mineralisation. Layers of hydrothermal breccia were also observed in drill cores in the contact zones of strata bound magnetite rich zones. Below the surface weathering zone, variable amounts of pyrite, up to 10%, were logged consistently within the magnetite mineralisation. Central uplifting and radiating structures appear to have resulted in variable dips in the overlying sediment pile and the generally concordant magnetite 'mantos'. Dips vary from moderate to steep (Figure ….).

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The primary mineralisation in the Cusco concessions is also dominated by magnetite, generally medium to coarse grained, within a matrix of relatively soft mainly calc-silicate and silicate minerals, product of hydrothermal alteration of sedimentary rocks and diorite. Outcrops of high grade magnetite hematite are widespread in the Cusco concessions. The surface expression is generally massive ironstones comprised predominantly of hematite and goethite which result from the weathering of the magnetite.

Three material types are clearly identified in the drill cores:

- Hematite-rich material which formed a superficial cap on the deeper, magnetite-rich mineralisation;
- Massive magnetite zones in the core of the primary mineralisation; and
- Magnetite breccia, which tend to form at the margins of the deposits.

The mineralisation remains open in most areas due to the relatively-coarse drill hole spacing.

Iron ore grades tend to be highest near the surface and reduce with depth.

6.4.3 Resources in the Cusco Concessions

SRK Consulting (Chile) estimated a total of 104 million tonnes JORC Inferred resources in the Cusco Concessions. All of this Resource is located in the 3 retained concessions.

Table 6 Santo Tomas Project – June 2011 Inferred Resource Estimate – 0% Fe Cut off

Tonnes (Mt)	Fe (%)	S (%)	Al2O3 (%)	LOI (%)	P (%)	SiO2 (%)
104.4	32.62	0.528	3.19	0.21	0.035	21.66

The mineralisation remains open in most areas due to the relatively-coarse drill hole spacing. However, SRK Consulting estimated an additional potential iron mineralisation of similar grade in the drilled area of only 23 to 26 million tonnes.

The author of this Report has not done an independent verification of the above estimates but merely reports what has already been published in Strike's market announcement of 17 June 2011 (Cusco Project – Resource Estimate).

Whereas SRK and Strike have variously estimated that only 40% to 50% of the magnetic anomaly has been drilled in the Cusco Concessions, the extent of the remaining unexplored anomaly area in the Cusco Concessions has been reduced by 10% to 15% due to the recent reduction in the number of concessions presently held in the area. The author of this Report being part of the rationalisation advisory consultancy suggests that on the basis of current available geological knowledge such reduction is unlikely to have a major impact on the potential for iron mineralisation.

6.4.4 Products Potential from Cusco Concessions

The Company reports suggest that there may be 10 million tonnes of lumpy high grade material available in the Cusco concessions. Although considerable follow up work was done in a small area of 1,000 meter x 1,000 meter, the work was never properly closed due to the poor economics of transporting such material to the coast and to the overseas market.

Limited Davis Tube (DTR) work done on the Cusco magnetite mineralised material suggests that it may be possible to produce a +65% Fe magnetite concentrate by LIMS at a relatively high +70% recovery from the Cusco concession at 80% passing 45 micron and 100% passing 75 micron. This work was based on samples at grades of 50% Fe and higher and as such is not representative of the average grade of the JORC Inferred Resource estimated for the concessions.

More work needs to be done to clearly establish marketable iron ore products from the Cusco concessions.

Table 7 Cusco Drill Holes Collar Survey Data

HOLEID	EAST	NORTH	RL	DEPTH	AZIMUTH	DIP	Drill_Rig
CQ_0001	830459.2	8422180	4256.95	141.3	168	-75	DDHH
CQ_0002	830584.2	8423472	4272.75	137.4	55	-46	DDHH
CQ_0003	830401.5	8425151	4190	157.7	240	-60	DDHH
CQ_0004	829345.2	8423638	4152.42	144.6	0	-90	DDHH
CQ_0005	829304	8423776	4137.73	285.1	103	-60	DDHH
CQ_0006	829785.3	8423902	4151.77	122	283	-60	RC
CQ_0007	829667.9	8423735	4131.06	100	283	-50	RC
CQ_0008	829994.4	8424853	4182.78	140	60	-60	RC
CQ_0009	829994.2	8423392	4149.63	142	103	-50	RC

CQ_0010	829414.5	8424149	4144.27	160	103	-75	DDHH
CQ_0011	829900.8	8423719	4142.99	299.6	283	-50	RC
CQ_0012	830395.5	8423702	4252.96	150	150	-60	RC
CQ_0013	830071.2	8423668	4168.2	180	283	-50	RC
CQ_0014	830184.5	8425000	4193.82	148	60	-60	RC
CQ_0015	830167.5	8422214	4276.68	154	285	-75	RC
CQ_0016	829477.2	8424539	4148.97	305.3	0	-90	RC
CQ_0017	829204.2	8422885	4092.18	19.4	13	-75	RC
CQ_0018	831147.2	8422688	4231	65.9	0	-90	DDHH
CQ_0019	831085	8422499	4235.68	83.5	0	-90	DDHH
CQ_0020	831034.7	8422312	4245.58	90.5	0	-90	DDHH
CQ_0021	831041.7	8423132	4211.12	105.2	0	-90	DDHH
CQ_0022	831333.7	8422644	4184.11	48.45	0	-90	DDHH
CQ_0023	831264.1	8422451	4189.52	56	0	-90	DDHH
CQ_0024	830497.5	8422244	4240.52	64.5	0	-90	DDHH
CQ_0025	830450.9	8422462	4212.8	105.4	0	-90	DDHH
CQ_0026	830598.8	8422222	4218.39	155.3	0	-90	DDHH
CQ_0027	830457.4	8422054	4265.74	149.05	0	-90	DDHH
CQ_0028	830548.6	8422435	4210.57	157.5	0	-90	DDHH
CQ_0029	830524.4	8422337	4224.66	121.1	0	-90	DDHH
CQ_0030	830418.5	8421955	4251.41	120	0	-90	DDHH
CQ_0031	830553.2	8422018	4221.33	150.3	0	-90	DDHH
CQ_0032	830452	8421634	4234.83	47.5	0	-90	DDHH
CQ_0033	830455.5	8421644	4235.44	85.5	115	-60	DDHH
CQ_0034	830066.7	8424017	4149.16	50	0	-90	DDHH
CQ_0035	829788.1	8423468	4133.58	76.65	0	-90	DDHH
CQ_0036	829938.1	8423636	4151.13	163.75	0	-90	DDHH
CQ_0037	830587	8423773	4247.96	53.45	0	-90	DDHH
CQ_0038	830159.3	8424087	4165.11	75.15	0	-90	DDHH
CQ_0039	830494.2	8423793	4244.73	121.55	0	-90	DDHH
CQ_0040	830130.5	8423583	4178.16	114.3	0	-90	DDHH
CQ_0041	830468.6	8423701	4254.28	137	0	-90	DDHH
CQ_0042	830184	8423773	4183.72	150.85	0	-90	DDHH
CQ_0043	830411.9	8423810	4237.21	130.2	0	-90	DDHH
CQ_0044	830156.8	8423687	4181.83	82.3	0	-90	DDHH
CQ_0045	830521.1	8423891	4229.93	83.85	0	-90	DDHH
CQ_0049	830428.2	8423917	4216.9	215.9	0	-90	DDHH
CQ_0050	830550.6	8423989	4216.68	56.8	0	-90	DDHH
CQ_0051	830328.5	8423942	4201.44	72.2	0	-90	DDHH
CQ_0052	830307.6	8423850	4204.07	111.1	0	-90	DDHH
CQ_0053	830274.2	8423749	4210.53	171.75	0	-90	DDHH

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CQ_0054	829762.7	8423668	4129.63	190	0	-90	DDHH
CQ_0055	830265.3	8423627	4202.5	56.3	0	-90	DDHH
CQ_0056	830344.2	8423626	4219.52	70.35	0	-90	DDHH
CQ_0057	830443.5	8424014	4203.43	50.2	0	-90	DDHH
CQ_0058	830352.4	8424042	4191.48	59.1	0	-90	DDHH
CQ_0059	830472.9	8424117	4191.09	51	0	-90	DDHH
CQ_0060	830372.8	8424129	4182.53	55	0	-90	DDHH
CQ_0061	830282.8	8424164	4170.11	53.4	0	-90	DDHH
CQ_0062	829977.8	8423821	4146.89	136.4	0	-90	DDHH
CQ_0063	830182.5	8424187	4159.6	69.2	0	-90	DDHH
CQ_0064	830089.5	8424215	4150.71	53.1	0	-90	DDHH
CQ_0065	829552.4	8423735	4142.74	222	0	-90	DDHH
CQ_0066	829793.5	8423887	4149.64	120.9	0	-90	DDHH
CQ_0067	829669.7	8423804	4165	195.45	0	-90	DDHH
PIS_0068	829676.3	8424113	4180	100	0	-90	RC
PIS_0069	829569.5	8424163	4171	120	0	-90	RC
PIS_0070	829549.7	8424052	4190	130	0	-90	RC
PIS_0071	829505.9	8423962	4167.562	180	0	-90	RC
PIS_0072	829458.8	8424167	4149.21	140	0	-90	RC
PIS_0073	829348.5	8423595	4149.759	106	0	-90	RC
PIS_0074	830442.3	8423595	4259.357	118	0	-90	RC
PIS_0075	830552.9	8423667	4258.889	116	0	-90	RC
PIS_0076	830794	8423773	4246.699	60	0	-90	RC
PIS_0077	829404.3	8423973	4146.074	248	0	-90	RC
PIS_0078	829433.1	8424069	4149.338	198	0	-90	RC
PIS_0079	829593.3	8423931	4178.684	164	0	-90	RC
PIS_0080	829692.4	8423906	4169.761	136	0	-90	RC
PIS_0081	830786.2	8423392	4281.51	102	0	-90	RC
PIS_0082	830691.5	8423413	4277.283	84	0	-90	RC
PIS_0083	830816.3	8423486	4277.932	88	0	-90	RC
PIS_0084	830842.2	8423581	4263.595	78	0	-90	RC
PIS_0085	830746.4	8423609	4270.063	80	0	-90	RC
PIS_0086	830762.6	8423292	4271.014	72	0	-90	RC
PIS_0087	830501.5	8423467	4250.861	110	0	-90	RC
PIS_0088	830472	8423376	4242.183	70	0	-90	RC
PIS_0089	830407	8423488	4235.076	100	0	-90	RC
PIS_0090	830466.3	8423282	4231.483	60	0	-90	RC
PIS_0091	830306.4	8423515	4209.76	114	0	-90	RC
PIS_0092	830891	8423366	4258.759	80	0	-90	RC
PIS_0093	830917.8	8423158	4239.421	50	0	-90	RC
PIS_0094	830867.8	8423048	4236.051	56	0	-90	RC

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PIS_0095	830831.9	8423165	4247.041	70	0	-90	RC
PIS_0096	830640.6	8423223	4246.218	50	0	-90	RC
PIS_0097	830694.1	8422434	4212.968	150	0	-90	RC
PIS_0098	830364.2	8422178	4262.207	190	0	-90	RC
PIS_0099	830272.8	8422200	4265.046	70	0	-90	RC
PIS_0100	830071.7	8423383	4164.607	100	0	-90	RC
PIS_0101	830207.7	8422324	4256	96	0	-90	RC
PIS_0102	830344.4	8422080	4268	80	0	-90	RC
PIS_0103	830171.2	8422118	4267	60	0	-90	RC
PIS_0104	830293	8421884	4245	60	0	-90	RC
PIS_0105	830463.5	8422133	4262	140	0	-90	RC
PIS_0106	830341.6	8421660	4216	180	0	-90	RC
PIS_0107	830566.8	8422120	4230	138	0	-90	RC
PIS_0108	830169.9	8422216	4278	78	358	-60	RC
PIS_0109	830509.5	8421820	4235	130	0	-90	RC
PIS_0110	830411	8422268	4247	150	0	-90	RC
PIS_0111	829526.3	8422411	4151	150	0	-90	RC
PIS_0112	829427.5	8423777	4157	230	113	-60	RC
PIS_0113	830478.2	8423901	4225	111	0	-90	RC
PIS_0114	829535.9	8423830	4158	200	284	-60	RC
PIS_0115	830382.5	8423915	4213	60	0	-90	RC
PIS_0116	830565.7	8423880	4235	76	0	-90	RC
PIS_0117	830281.5	8423954	4192	60	0	-90	RC
PIS_0118	830258.3	8423871	4195	56	0	-90	RC
PIS_0119	830176.2	8423986	4172	64	0	-90	RC
PIS_0120	830373.2	8423827	4227	110	0	-90	RC
PIS_0121	830538.2	8423786	4251	68	0	-90	RC
PIS_0122	830311.7	8423653	4219	80	0	-90	RC
PIS_0123	830455.6	8423800	4245	165	0	-90	RC
PIS_0124	830111.9	8423703	4177	66	0	-90	RC
PIS_0125	830415.4	8423719	4258	170	0	-90	RC
PIS_0126	830332.1	8423786	4223	110	0	-90	RC
PIS_0127	830231.2	8423752	4203	122	0	-90	RC
PIS_0128	829887.4	8423650	4151	160	0	-90	RC
PIS_0129	830024.3	8423682	4165	222	0	-90	RC
PIS_0130	830076	8423592	4176	100	0	-90	RC
PIS_0131	830208.8	8424070	4176	70	0	-90	RC
PIS_0132	829736.7	8423895	4163	172	0	-90	RC
PIS_0133	830116.4	8424072	4163	50	0	-90	RC
PIS_0134	830500.9	8424001	4215	50	0	-90	RC
PIS_0135	830233.1	8424176	4161	50	0	-90	RC

PIS_0136	830393.8	8424027	4202	50	0	-90	RC
PIS_0137	830132.7	8424199	4159	50	0	-90	RC
PIS_0138	830302	8424053	4188	50	0	-90	RC
PIS_0139	830792.5	8423597	4275	50	0	-90	RC
PIS_0140	830322.3	8424141	4178	50	0	-90	RC
PIS_0141	830714.9	8423306	4274	50	0	-90	RC
PIS_0142	830423	8424129	4187	50	0	-90	RC
PIS_0143	830260.3	8423443	4205	40	0	-90	RC
PIS_0144	830739.6	8423408	4285	50	0	-90	RC
PIS_0145	830230.7	8423346	4197	30	0	-90	RC
PIS_0146	830871.3	8423473	4275	50	0	-90	RC
PIS_0147	830154.1	8423440	4183	30	0	-90	RC
PIS_0148	829617.8	8423746	4145	50	0	-90	RC
PIS_0149	830582.4	8424024	4214	50	0	-90	RC
PIS_0150	829407.7	8423357	4132	50	0	-90	RC
PIS_0151	830623.2	8424054	4209	50	0	-90	RC
PIS_0152	830126.5	8423378	4185	50	0	-90	RC
PIS_0153	830540.6	8424072	4205	40	0	-90	RC
PIS_0154	829341.9	8423481	4125	50	0	-90	RC
PIS_0155	830519.8	8423690	4263	50	0	-90	RC
PIS_0156	830204.9	8423547	4192	50	0	-90	RC
PIS_0157	831191.1	8422063	4204	50	0	-90	RC
PIS_0158	831235.1	8422257	4200	40	0	-90	RC
PIS_0159	831016.7	8422089	4223	50	0	-90	RC
PIS_0160	830372.6	8423569	4230	50	0	-90	RC
PIS_0161	830624.6	8423914	4235	50	0	-90	RC
PIS_0162	829528	8424414	4158	50	0	-90	RC
PIS_0163	829568.5	8424512	4160	50	0	-90	RC
PIS_0164	830782.3	8423201	4254	50	0	-90	RC
PIS_0165	830171.4	8422325	4258	50	0	-90	RC
PIS_0166	830490.9	8422068	4255	50	0	-90	RC
PIS_0167	830030.3	8422170	4252	50	0	-90	RC
PIS_0168	830360.2	8422274	4252	42	0	-90	RC
PIS_PT-01	830109.1	8424952		23.3			
PIS_PT-02	830239.3	8425036		32			
PIS_PT-03	828726.4	8425026		21.5			
PIS_PT-04	828660.2	8425021		17.8			
PIS_PT-05	829433.5	8423736		22.5			
PIS_PT-06	829486.3	8423847		28			
PIS_PT-07	829572.5	8423892		29.6			
PIS_PT-08	830165	8423357		26.6			

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PIS_PT-09	830285.6	8423416		31.5			
PIS_PT-10	830365	8423469		24			

6.5 Paulsens East - Pilbara, Western Australia

6.5.1 Paulsens East – Location, Geology, Exploration and Resource

Paulsens East Project comprises a single Retention License application (381 ha) located a few kilometers from the bitumen road from Paraburdoo to Nanutarra, approximately 140 kilometers west of the iron ore mining town at Tom Price.

The main focus at Paulsens East is iron ore. The nearest public access port from where iron ore may be loaded is at Karatha, located more than 300 kilometers from the Project area.

The Retention License covers a Prospecting License 47/1170 (164 ha) and parts of an adjoining Exploration License 47/1328.

The Project covers a mineralised ridge approximately 3,000 meters long with high to medium grade hematite (iron oxide) rich conglomerate with pebbles of mostly hematite in matrix of hematite dominant silt within a sequence of Middle Proterozoic ferruginous shales and silty sandstones. High grade iron mineralisation along the ridge occurs as overlapping lenses thinning in some places and accumulating in others. Originally described as steep dipping continuous high grade mineralisation varying in thickness from 6 to 12 meters, drilling revealed widths as low as 1 meter and up to 10 meters. The strata dip at between 50 to 60 degrees towards north.

In early 2008, Strike conducted a programme of chip sampling every 50 meters along the ridge. It was followed by 2,724 meters of drilling in 58 RC percussion drill holes in the same year.

Strike reported +60% Fe resource distributed in narrow steep dipping lenses varying in thickness from 1meter to 10 meters with cumulative thicknesses varying from 2 meters to 13 meters. The average thickness of the hematite bed was assessed as 4.5 meters.

A preliminary review suggested that the waste to ore ratio for the +60% Fe resource would be very high and as such no further work has since been carried out in the license area.

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6.6 Cuervo Project (Cerro Ccopane Iron Ore Project), Peru

The Cerro Ccopane Project is located 25 km to the north of Strike's Cusco Iron Ore Project and has a JORC mineral resources of 395.6 Mt at an average grade of 43.8% iron.

Cerro Ccopane was operated by a Canadian listed company Cuervo Resources Inc. Strike advanced Cuervo C$5.25M to fund a drilling and exploration program at Cerro Ccopane and, in return, was issued warrants convertible to 31.5% of Cuervo's shares on an undiluted basis, at CA$0.30 per share. Strike also 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.

On December 11, 2013 Strike announced it had issued a demand notice for C$5,250,000 plus applicable interest to Cuervo in respect of the Investment Agreement between the two Companies, relating to the financing of the Cerro Ccopane project. The demand notice was issued following Strike's concerns regarding the solvency of Cuervo and events of default occurring under the current agreements between the companies.

Strike also issued a notice of its intention to enforce its security held over 90% of the shares of the Peruvian company holding the key assets of the project, if the full amount owed to Strike was not paid by December 16, 2013. To date no further action has been undertaken.

Cuervo Resources was delisted in March 2015. Strike is unable to confirm as to the status of the Peruvian subsidiary of Cuervo or the concessions or indeed whether the annual rents have been paid to keep the concessions current and valid.

PART 3: VALUATION OF STRIKE'S MINERAL ASSETS

7 Valuation Methods, Guides and Factors

7.1 Valuation of Mineral Assets – Methods and Guides

Without "ore reserves" it is very difficult to place a singular dollar value on any mining tenement. However, with due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral

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Valuation Committee on 17 February 1995 – the Valmin Code (updated 1999 & 2005) – the author of this Report has derived the valuations using the appropriate method for the current technical value of the mineral exploration properties as described.

The relevant ASIC publications have also been duly referred to and considered in relation to the valuation procedure: 'Regulatory Guidelines' 111 & 112.

The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a "fair value". This is a value that an informed, willing, but not anxious, arm's length purchaser will pay for a mining (or other) property in a transaction devoid of "forced sale" circumstances.

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets, classifies mineral assets in the following categories:

- **Exploration Areas** refer to properties where mineralisation may or may not have been identified, but where specifically a Mineral Resource has not been identified.

- **Advanced Exploration Areas** refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. The author of this Report considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence

- **Pre-Development Projects** are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with

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immediate development.

- **Development Projects** refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.

- **Operating Mines** are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas. The valuation methods are summarized as below:

- Multiples of exploration expenditure;
- Joint Venture and farm-in terms method;
- Discounted cash flow;
- Capitalisation of earnings;
- Precedents from similar asset sales/valuations;
- Ratings systems related to perceived Prospectivity;
- Real estate value; and
- Rule of thumb or yardstick approach.

The Multiple of Exploration Expenditure (MEE) Method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a grass roots project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

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Table 8 Prospectivity Enhancement Multipliers (PEM)

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralization
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources

Joint Venture Method This method is applicable where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably *arm's length* in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of valuation. This method (termed Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

Discounted Cash Flow Method / Capitalisation of Earnings In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the *in-situ* Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will

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vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) sets out minimum standards, recommendations and guidelines.

Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

Precedents from Asset Sales / Valuations When commercial transactions concerning properties in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the property under consideration.

Ratings systems related to Perceived Prospectivity The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost ("BAC") of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are; off-property attributes, on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

Empirical Methods (Yard Stick – Real Estate) The market value determinations may be made according to the independent expert's knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the

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geological potential of the properties, regarding possible potential resources, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

7.2 Valuation Factors

The values derived for this Report are concluded on the basis of the factors stated below followed by choosing an appropriate classification for valuation and using an appropriate and least subjective VALMIN method for valuation.

7.2.1 Exploration Potential and Prospectivity,

- Geological environment of the property
- Technical details of the known mineralisation, structure, lithology, geophysical characteristics, chemical and metallurgical characteristics;

7.2.2 Resource Summaries

7.2.3 Development Potential

In terms of location, products, suitability and location of infrastructure.

7.2.4 Development Options

Commodity Prices, development options and general economics of development.

7.2.5 Environmental Implications Including Community Approvals

8 Current Valuations

8.1 Valuation of Apurimac and Cuzco Concessions

There are no comparable transactions which can be used to derive the value of Strike's mineral assets. The iron ore industry has changed dramatically in the last year, particularly in the last 9 to 12 months. Data prior to that time is not comparable. Commodity forecasts are predicting marginal improvements in the next several years but by and large a relatively depressed but stable market around the current prices. The delisting of Cuervo Resources Inc, in March 2015, with mineral assets close to the Cusco concessions may be seen as a **Precedent from Asset Sales for valuation purposes**. However, such delisting is very likely related to Company debts, financial bankruptcy and a charge over its mineral assets by a third Company rather than the value of the underlying assets. The author does not see the demise of Cuervo Resources Inc as a reason to assign zero value to the Cusco assets of Strike.

There are no Proven Probable Reserves in Strike's Mineral assets. Engineering studies completed are at best indicative of economic viability if sufficient resources could be established and if the commodity prices remained stable around the time such studies were conducted. As such the assets do not lend themselves to Discounted Cash Flow and NPV analysis.

After careful consideration Multiple of Exploration Expenditure (MEE) method recommended by VALMIN appears to be the best and most fair and equitable method for assigning values to Strike's assets. For this purpose the exploration expenditures are estimated on the basis of current costs applicable in the region. Community engagement costs are added as a percentage of the total expenditure. A smooth approval process from communities and regulatory authorities has been assumed.

No allowances has been made for engineering studies based on large tonnage bulk mining operations before such tonnages were established. These studies are indicative of possibilities.

In each case, therefore a Prospectivity Enhancement Multipliers (PEM) is estimated on the basis of factors such as exploration potential and in the case of properties with resources on development potential and development options (factors summarised above in 7.2.1 to 7.2.5).

Opaban 1 and Opaban 3 in the Apurimac region and the 3 concessions in the Cusco region are the only drilled concessions with JORC resources in Strike's portfolio. Exploration potential of these and the surrounding retained concessions remains high. Strike's own pre-feasibilities for production scenarios of 10, 15 and 20 million tonnes per annum from the Apurimac concessions did demonstrate viable economic operations for the larger tonnage operations provided **<u>if more resources could be discovered</u> and on the assumption that the commodity prices applicable at that time would sustain for the next 20 years or so.**

However, with the huge recent drops in iron ore prices many previously viable and thriving iron ore operations servicing international markets have been put on hold. The focus now is not on the large scale bulk mining operations for internationally traded iron ore but more on domestic demand which in the case of Peru is small and limited.

Local steel mills are running out of captive sources of iron ore and may be interested in either mining the material and taking it to their existing plants (up to 360 kilometers away) or developing new steel operations near the resource. Peru and nearby countries remain significant net importers of steel.

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Environmental approvals for starting large scale or in this instance small operations are not seen as a hurdle. In Peru the ownership land resides with the communities. By law community approvals are mandatory requirements for exploration as well as development. These are difficult to manage but by and large not withheld. Recent development of Las Bambas copper mine approximately 120 kilometers from Apurimac and 60 kilometers from the Cusco concessions resource is a positive development in this regard.

The Apurimac and then Cusco resources are considered a Predevelopment Project with such potential being subject to further technical studies targeted towards local consumption and downstream development. However, although the resources outlined are of potential economic interest, the economic certainty is not assured. Work done is deemed to have enhanced the properties particularly in view of potential domestic demand.

Considering the above:

Values for Opaban 1 and Opaban 3 are assigned on the basis that

"Exploration has maintained, or slightly enhanced (but not downgraded) the Prospectivity". The Project offers a distinct possibility for development either as a supplier of ore to domestic steel mills or developing small to modest size direct reduction steel making or sponge iron operations based near the resource. Further studies will be needed to confirm viability.

Therefore the author has chosen to value the two Opaban concessions in the Apurimac area on a **PEM multiplier of 1.0** for the estimated exploration expenditure for the High Case; and for the Low Case a reasonable discount on such expenditure on the basis of a different mix of drilling methods, significantly less geophysics, and lower holding costs in terms of lead time to complete exploration and the studies.

In the case of Cusco concessions the High Case has been discounted by 50% or a PEM Multiplier of 0.5 of the estimated exploration expenditure on the basis of it being an Inferred Resource drilled on a very wide grid as well as complexities related to processing a lower (20% Fe lower than Apurimac resource) grade sulphide rich material (requires fine grind) and other issues related to access to and from the property. The exploration expenditure itself has been estimated on the basis that repeated today one would conserve such expenditure by doing less geophysics and conducting more RC drilling than diamond core drilling. For the Low Case the value for the Cusco concessions has simply been halved again based on the fact there are competing similar opportunities available in the area.

All other properties in Strike's portfolio were valued on the basis of a dollar value

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multiplier per ha of area covered by the concession.

Presence of immediate drilling targets on magnetite outcrop in Cristoforo 22 and on ground magnetic anomalies as well as scattered outcrop of magnetite in the three (3) concessions in the Silliccassa area in the Apurimac region have been valued on the basis of US$ 10,000 dollar multiple of the total area covered by the concessions. Dollar value multiples of US$ 5,000 and AU$ 5,000/ - per ha of the concession area were used for all other concessions (deemed "early stage") in Strike's portfolio in Peru and Australia respectively. A 50% discount factor has been used for the Low Case for all such early stage exploration targets.

Royalty and Deferred Milestone Payments

Some deferred milestone payments and Royalty considerations to a third party (D&C Group of Peru) are attached to Strike's Peru concessions. These are described below.

- US$2 million on Apurimac Ferrum defining a JORC Resource at the Apurimac project of 500 Mt of iron ore with an average grade of at least 55% iron (Fe) or 275 Mt of contained iron at an average grade of 52.5% Fe or above.
- US$3 million on Apurimac Ferrum S.A achieving environmental and community approvals for the construction of an iron ore mine and associated infrastructure with a design capacity of at least 10Mtpa of iron ore product.
- US$5 million on formal Apurimac Ferrum Board approval to commence construction of an iron ore project, or the commencement of bulk earthworks for an iron ore processing plant, with a design capacity of at least 10Mtpa of iron ore product (Construction Milestone).

Under the terms of Shootout Settlement Agreement, Apurimac Ferrum S.A will also pay D&C Group the following Royalties:

- 1.5% of the net profits from sales of iron ore.
- 2% of the proceeds of sales of other metals (on a net smelter return basis).

Or Apurimac Ferrum S.A may extinguish the royalties by paying D&C Group any one of the following amounts (Extinguishment Payment):

- US$13 million within 2 years from 20 December 2012, or
- US$15 million between 2 and 3 years from 20 December 2012, or
- US$20 million between 3 and 4 years from 20 December 2012, or
- US$30 million after 4 years from today but before the Construction Milestone occurs or the 15th anniversary of the agreement (whichever is sooner).

No allowance has been made for third party Royalties or deferred milestone payments

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in our valuation. These do not have any material impact on the value of the concessions as in our view, none of the scenarios described for such payments are likely to materialise in the current state of the iron ore market. A 10 million tonne per annum or higher production rate is unlikely to be an option until iron ore prices rise by an order of magnitude than what they are today.

The Royalty payment considerations are also not absolute dollar values per tonne but a percentage of the value of production and as such are not excessive by world standards.

Our Preferred Value is somewhere between the Low Case and the High Case. In view of the depressed state of the iron ore market throughout the world, our Preferred Value is skewed 60% towards the Low Case. Our valuation therefore, is summarised in the table below.

Table 9 – Valuation Summary

Project	**Mineral Asset**	**Equity**	**Area km2**	**Valuation**		
		%		**Low**	**Preferre d**	**High**
				$M	**$M**	**$M**
Opaban 1 and 3	Predevelopment	100%	19.89	2.728	3.469	4.581
Silliccassa Group	Advanced Expl.	100%	15.79	0.107	0.150	0.214
Cristoforo 22	Advanced Expl.	100%	3.79	0.026	0.036	0.052
Apurimac Explo	Expl.	100%	35.08	0.132	0.185	0.264
Apurimac Total	**Various**	**100%**	**74.55**	**2.993**	**3.840**	**5.111**
Cusco Total	Predevelopment	100%	29.07	**1.101**	**1.541**	**2.202**
Paulsend East	Expl.	100%	3.81	**0.009**	**0.013**	**0.019**
Cuervo Project	Tenure Uncertain	90%	0	0	0	0
Total	**Various**		**107.43**	**4.1403**	**5.394**	**7.332**

Thus, it is the author's opinion that the preferred value of Strike's mineral concessions is A$5.394 million from within the ranges of A$4.1403 million to A$ 7.332 million.

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MAusIMM
31 July 2015

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9 References

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Market Announcements of Strike Resources Limited

Peruvian Projects Update	10 January 2008
December 2007 Quarterly Report	1 February 2008
Cuzco Drilling Update	30 April 2008
March 2008 Quarterly and Cash Flow Report	1 May 2008
High Fe Grades at Paulsens East Project	26 May 2008
Cuzco Lump Project Update	22 August 2008
December 2008 Half Yearly Report	18 March 2009
Cuzco Project Resource Estimate	17 June 2011
Apurimac Mineral Resource Updated	20 January 2015

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10 Glossary

Aeromagnetic Survey	A survey made from the air for the purpose of recording magnetic characteristics of rocks.
Anomaly	Value higher or lower than the expected ornorm.
Batholith	A very large igneous intrusion extending deep into the earth's crust
Bouger Anomaly	The difference between the expected value of gravity at a given location and its actual value
Breccia	Rock consisting of angular fragments cemented together
Complex	An assemblage of rocks or minerals intricately mixed or folded together.
Conglomerate	A coarse-grained sedimentary rock composed of rounded fragments (> 2 mm) within a matrix of finer grained material
Calc-Silicate Rocks	A metamorphic rocks consisting mainly of calcium bearing silicates.
Diamond core drill	Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of rock.
Dip	The angle at which a rock layer or any planar structure is inclined from the horizontal.
Diorite	A speckled, coarse-grained igneous rock consisting of plagioclase, feldspar, and hornblende or other mafic minerals.
Granodiorite	A coarse-grained igneous rock consisting primarily of quartz, plagioclase, and potassium feldspar.
Gravity Survey	Measurements of the gravitational field at a series of different locations over an area of interest
Goethite	A dark reddish-brown or yellowish-brown mineral consisting of hydroxide of iron.
Hydrothermal	Relating to or produced by hot water, especially water heated underground by the Earth's internal heat.
Hematite	A reddish black iron oxide mineral
JORC	Joint Ore Reserves Committee-Australasian Code for Reporting of Identified Resources and Ore Reserves.

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Magnetic Survey	Systematic collection of readings of the earth's magnetic field.
Mineralisation	In economic geology, the introduction of valuable elements into a rock body.
Mesozoic	The geological era between the Paleozoic and Cenozoic eras: 248 to 65 million years ago
Ore	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
Outcrop	The surface expression of a rock layer
Primary	Mineralisation which has not been affected by near surface mineralisation oxidising process.
Resource	In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements.
Skarn	Skarns are most often formed at the contact zone between intrusions of granitic magma bodies and carbonate sedimentary rocks such as limestone. Hot waters derived from the magma cause many deposits to form.
Strike	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.

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Matthew Hammond (Non-Executive Director)
Samantha Tough (Non-Executive Director)
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