

Thursday, 11 February 2010

## MARKET ANNOUNCEMENT

### Peruvian Apurimac Iron Ore Project Resource Increased to 269 Million Tonnes

#### Resource Increase

The Company is pleased to advise that the iron ore Mineral Resources at the Opaban 1 and Opaban 3 concessions in the Apurimac Iron Ore Project<sup>1</sup> have been increased from a total of 133.5 million tonnes (Mt) Indicated Mineral Resource at 59.4% Fe<sup>2</sup> to a total of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.84% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

The new Mineral Resources estimate for Opaban 1 was carried out by international consulting firm SRK Consulting Pty Ltd<sup>3</sup> in conjunction with Strike Resources Limited (Strike) geologists.

#### Basis for Resources Increase

The previous Mineral Resource estimate was based on the assumption of a limited projection of mineralisation of approximately 25m to 70m from drill-hole intersections. This limited projection resulted in the deposit being interpreted as a series of isolated pods, rather than a continuous ore body.

Since the previously-announced Mineral Resource estimate, considerable additional work has been undertaken on the Opaban 1 resources model, including:

- relogging of all diamond core and RC drill chips;
- mapping of lithological domains;
- preparation of revised cross sections;
- reassessment of gravity and magnetic geophysical data; and
- a detailed geostatistical analysis of the deposit.

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- 1 Strike holds a 44% interest in this project through its 44% shareholding in the project owner, Peruvian company Apurimac Ferrum S.A. (AF). Strike has the potential to increase its interest in AF and hence in this project to 100% via a "shoot-out" mechanism, which is explained in detail in Strike's [2009 Annual Report](#) at pages 79 - 80.
  - 2 See Strike's ASX Announcement [Pre-Feasibility Results Confirm World Class Prospects for Apurimac Project in Peru](#) dated 23 July 2008.
  - 3 SRK Consulting Pty Ltd is not related to Strike Resources Limited.



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This analysis has shown that the depiction of the Opaban 1 deposit as several isolated pods is inconsistent with the:

- near-continuous, high-gravity response from the deposit (Figure 1);
- strong correlation between drill-hole intersections and gravity anomalies;
- absence of any negative drill holes between drill hole intersections; and
- detailed variography on the data confirming a long geostatistical continuity (approximately 325m).

Considering the above, SRK Consulting completed a revised estimate of Mineral Resources for Opaban 1 using 100m projections from known drill hole intersections, rather than the 25m to 70m projections previously used, on the basis that such projections be constrained within the gravity anomaly.

The net result of the revised estimates is that, whereas the Indicated Resources remain almost unchanged from the previous estimate, significant additional Inferred Resources are now estimated for Opaban 1. Figures 1 and 2 below illustrate the difference between the previous estimate and the new estimate with respect to drilling and the gravity anomaly.

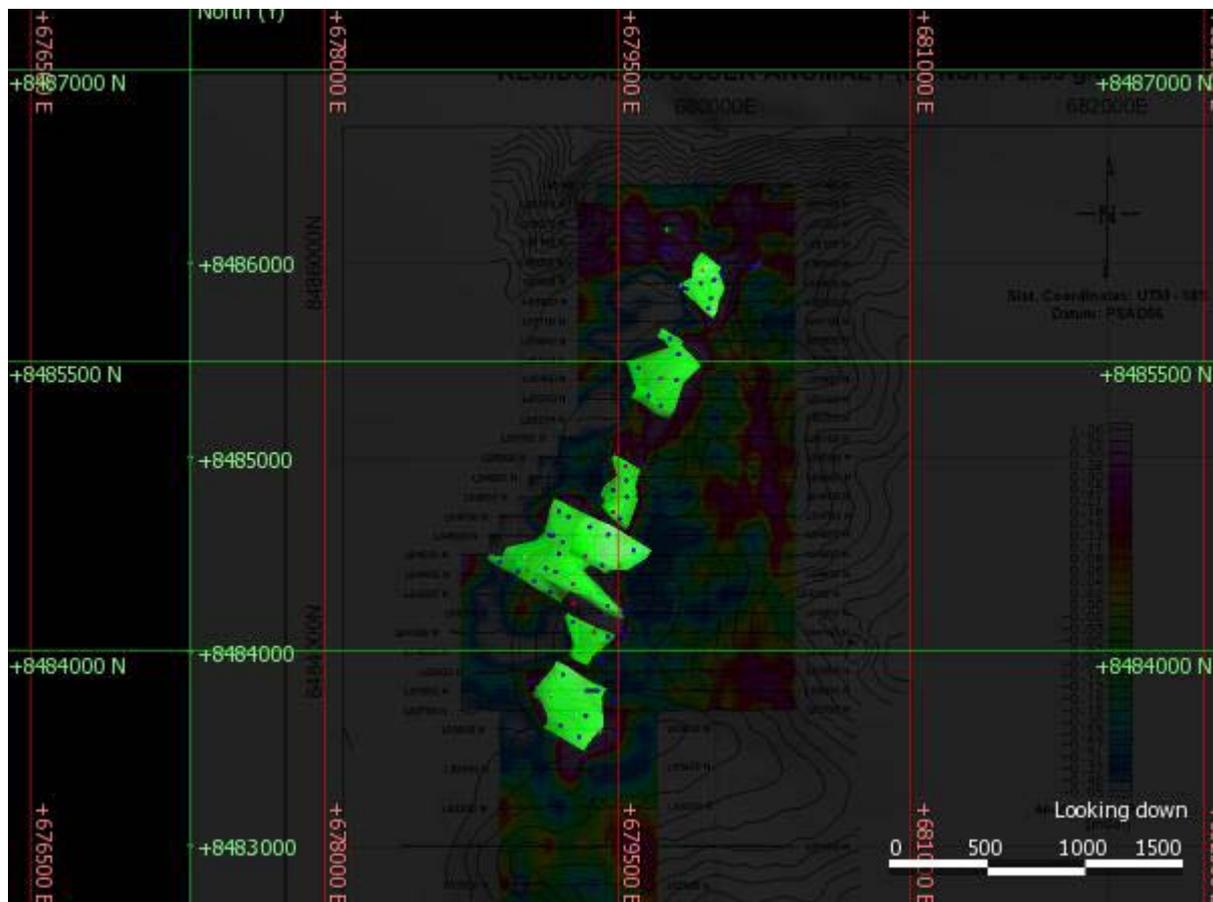


Figure 1 - Indicated Resource blocks used in previous Resource estimate at Opaban 1

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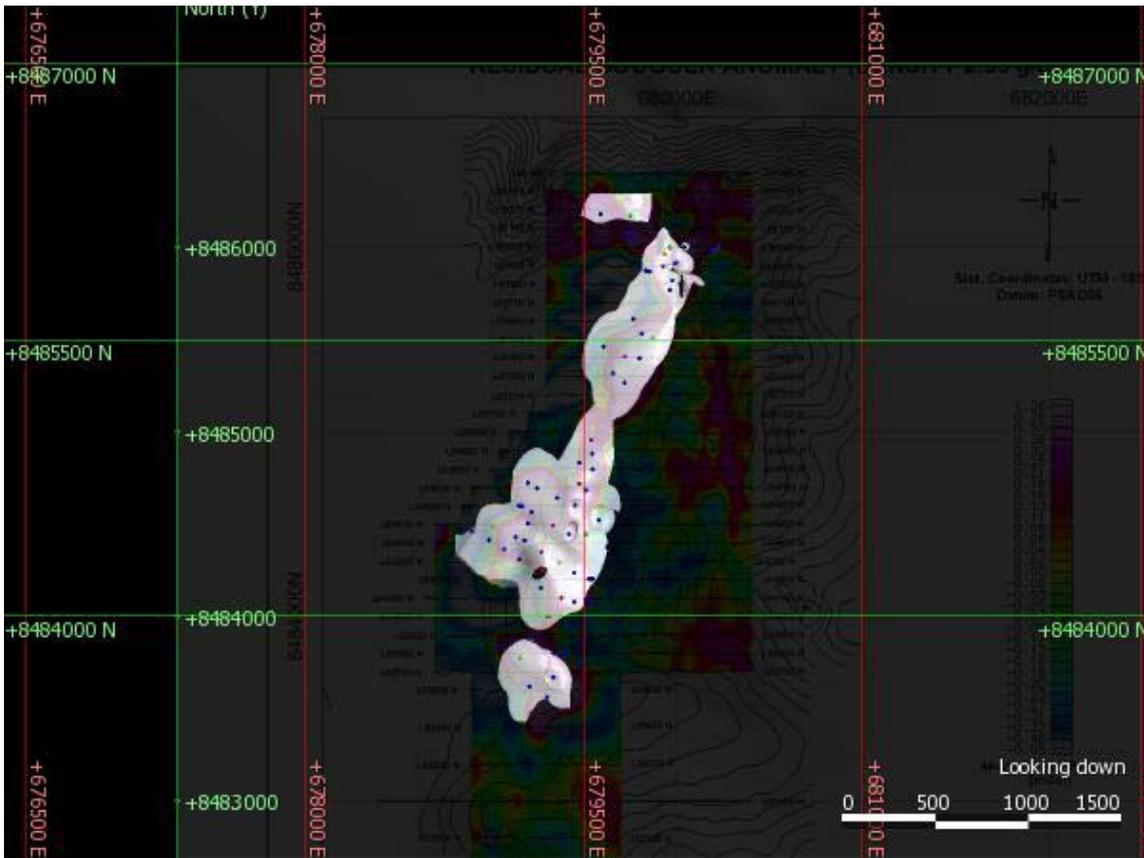


Figure 2 - Outline of the current Indicated and Inferred Resource estimate at Opaban 1

Figure 3 below shows the distribution of the new Indicated Resource and Inferred Resource blocks at Opaban 1.

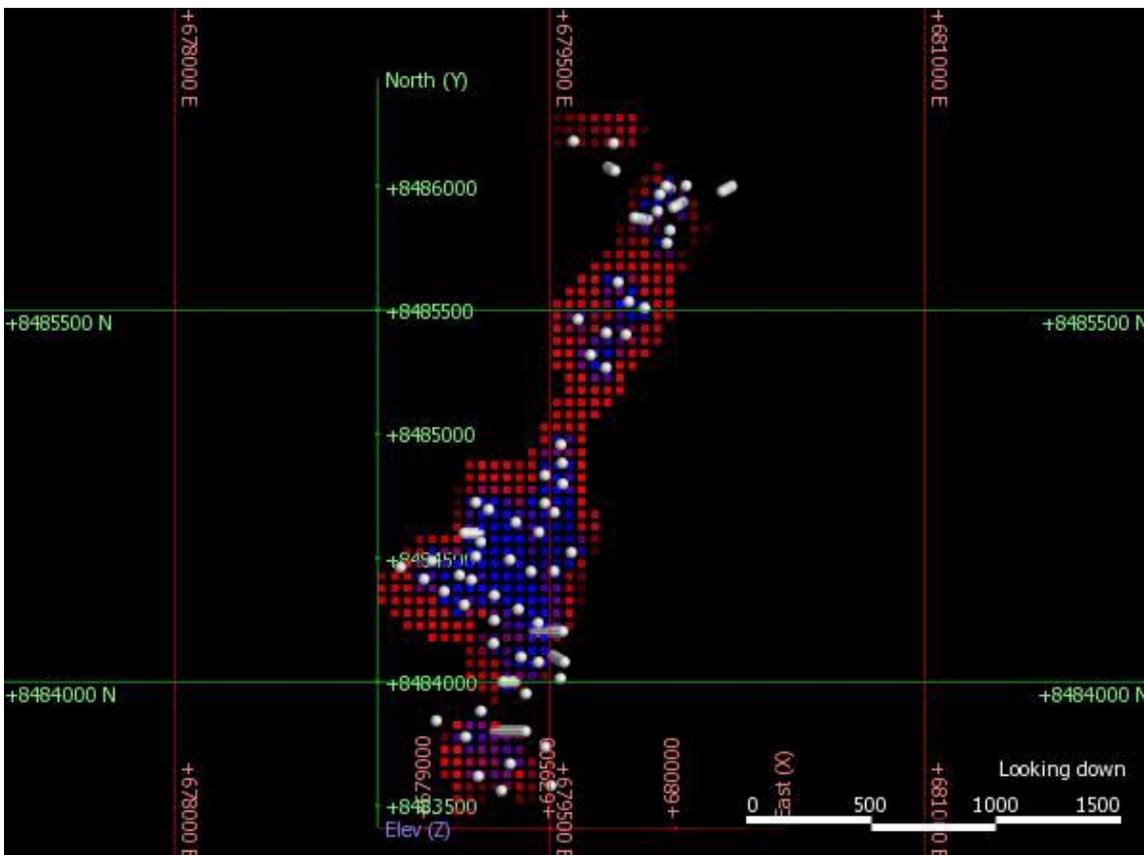


Figure 3 - block distribution of Indicated and Inferred Resources at Opaban 1

The following table shows the grade and tonnages of the iron ore in the new Mineral Resources estimate at a 40% Fe cut-off grade for Opaban 1.

*Opaban 1 (40% Fe cut-off)*

Category	Density t/m <sup>3</sup>	Mt*	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%
Inferred	4	127.19	56.7	9.66	2.7	0.04	0.20
Indicated	4	133.71	57.57	9.46	2.54	0.04	0.12
<b>Totals</b>		<b>260.90</b>	<b>57.15</b>	<b>9.56</b>	<b>2.62</b>	<b>0.04</b>	<b>0.16</b>

\* million dry metric tonnes.

Contained within the above Mineral Resources at Opaban 1, with a 54% Fe cut-off grade, is a potential Direct Shipping Grade (DSO) component of 198.7 Mt; comprising a 104.48 Mt Indicated Mineral Resource at 59.43% Fe and a 94.2 Mt Inferred Mineral Resource at 58.52% Fe. The DSO material is shown in the table below. The balance of the iron ore comprised in the Mineral Resource requires minimal beneficiation to upgrade to a 68% Fe concentrate.

*Opaban 1 (54% Fe cut-off)*

Category	Density t/m <sup>3</sup>	Mt*	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%
Inferred	4	94.2	58.52	8.45	2.34	0.04	0.19
Indicated	4	104.48	59.43	8.11	2.16	0.04	0.11
<b>Totals</b>		<b>198.68</b>	<b>59.00</b>	<b>8.27</b>	<b>2.24</b>	<b>0.04</b>	<b>0.15</b>

\* million dry metric tonnes.

There is no change in the Mineral Resource on the Opaban 3 concession at this time. The Opaban 3 concession is presently estimated to contain an Indicated Mineral Resource of 8.53 Mt at 62.08% Fe within an envelope of 55% Fe.

Combined Mineral Resources for Opaban 1 (at a 40% Fe cut-off grade) and Opaban 3 are summarised in the table below.

*Combined total Mineral Resources for Opaban 1 and Opaban 3*

Category	Density t/m <sup>3</sup>	Mt*	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%
Inferred	4	127.19	56.7	9.66	2.7	0.04	0.20
Indicated - Opaban 1 (40% Fe cut-off)	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated - Opaban 3 (within 55% Fe envelope)		8.53	62.08	4.58	1.37	0.07	0.25
<b>Totals</b>		<b>269.43</b>	<b>57.30</b>	<b>9.40</b>	<b>2.56</b>	<b>0.04</b>	<b>0.16</b>

**Proposed Additional Drilling**

A 19,000 m, reverse-circulation drilling campaign is planned for the Opaban 1 and Opaban 3 concessions, with the aim of increasing and upgrading the current Mineral Resources. The process of obtaining community and environmental approvals for the planned drilling campaign is underway. This drilling campaign is expected to commence in May/June 2010.

**Target Mineralisation**

The target iron ore mineralisation for the 2010 drilling campaigns (including existing Mineral Resources) has now been revised upwards from 300 - 350 Mt to 370 - 450 Mt at Opaban 1, Opaban 3, Cristoforo and Pampachiri - as detailed below.

**Opaban 1 and 3** - The previous target iron ore mineralisation for these concessions was 210 - 260 Mt. This target has now been realised. The Company has revised its mineralisation target for the Opaban 1 and Opaban 3 concessions to 300 - 350Mt of iron ore at 56% to 62% Fe, including existing Mineral Resources.

The existence of a number of drill holes terminating in mineralisation (including drill hole OP1-42 which terminated in high-grade ore after 154m of continuous iron ore mineralisation) leads to a significant likelihood of the extension of mineralisation at depth at Opaban 1. Detailed logging shows that the mineralisation extends not only within the relatively-flat Ferrobamba Formation limestone, but also within the intruding granodiorite stock. Hydrothermal breccias in the latter show the mineralisation in granodiorite to be steeply dipping, thus increasing the likelihood of additional mineralisation.

The target iron ore mineralisation for these concessions is based on prospects of the extension of mineralisation at depth, to the west adjacent to existing mineralisation, in additional gravity and magnetic anomalies and in outcropping mineralisation yet to be drilled.

**Pampachiri and Cristoforo** - The Company has a target of 70 to 100 Mt of iron ore mineralisation at 56% to 62% Fe at the Pampachiri and Cristoforo concessions. AF proposes to conduct a 10,000 metre drilling campaign on these concessions during 2010. The potential mineralisation target is based on reconnaissance geological surveys and surface sampling.

**Other Concessions** - A detailed assessment of potential iron ore mineralisation in the remaining 68 Apurimac concessions is also underway. Surface sampling has shown high-grade outcrops in numerous locations. This process has the potential to identify substantial additional iron ore in the Apurimac project.

(The potential quantity of the target iron ore mineralisation in this section of this announcement is conceptual in nature. There has been insufficient exploration to define an additional Mineral Resource in relation to that target iron ore or to justify an increase in the category of the existing Mineral Resources. It is uncertain whether further exploration will result in the determination of an additional Mineral Resource in relation to that target iron ore or any upgrade in the category of existing Mineral Resources.)

### Pre-feasibility Studies

In July 2008 Strike announced the completion of a Pre-Feasibility Study (PFS) for the Apurimac Iron Ore Project.

The PFS focused upon the development of a 20 million tonne per annum (Mtpa) mining operation with iron ore concentrate transported to the coast for shipment via a slurry pipeline. The proposed 20 Mtpa operation was based on mining 26 Mtpa run-of-mine iron ore at 57.5% Fe, with a 70% average recovery by weight to produce a 68.02% to 68.28% Fe concentrate.

The PFS confirmed that the Apurimac Project has the potential to become a highly-profitable, world-class iron ore operation, with:

- average operating costs of approximately US\$ 14.50 per tonne;
- total capital cost of approximately US\$ 2.3 billion; and
- a high-quality product grading of +68% Fe; very low in alumina, phosphorous and other impurities.

AF is now in the process of undertaking further studies to examine the viability of production and infrastructure alternatives, including 10 and 15 Mtpa slurry pipelines and the option of transporting iron ore to the coast by railway. The results of these studies are

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expected in the second half of 2010<sup>4</sup>. The purpose of these studies is to determine the optimum balance between production profiles, transport methods and capital expenditure, as a precursor to a bankable feasibility study.

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**For further information:**

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*The information in this document that relates to Mineral Resources at the Opaban 1 concession has been jointly compiled by Mr Bruce Sommerville, (BAppSc, BSc (Hons)) who is a member of the Australasian Institute of Mining and Metallurgy and is an employee of SRK Consulting Pty Ltd (which is unrelated to Strike Resources Limited) and Mr Hem Shanker Madan (M. Sc (Appl. Geol.) who is a Member of The Australasian Institute of Mining and Metallurgy and is the Managing Director of Strike Resources Limited. Mr Madan is responsible for data collection and data quality in respect of the Opaban 1 concession and Mr Sommerville is responsible for Mineral Resource estimation in respect of the Opaban 1 concession. The information in this document that relates to Mineral Resources at the Opaban 3 concession has been solely compiled by Mr Hem Shanker Madan. Information which relates to exploration targets has been compiled by Mr Hem Shanker Madan. Messrs Sommerville and Madan have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Messrs Somerville and Madan consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.*

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4 Further details of these proposed additional studies are contained in Strike's [December 2009 Quarterly Report](#).