

# MARKET ANNOUNCEMENT

## Peru Iron Ore Update and Hedging Position

### HIGHLIGHTS

- Maiden ore shipment of 35,000 tonnes of Apurimac Premium Lump DSO arrives in China
- Shipment currently awaiting unloading prior to delivery to steel mill customer
- Strike confirms 100% of shipment value was fixed prior to delivery at a price of US\$141.50 or approximately A\$195 per dry metric tonne
- Hedging has significantly protected Strike from recent iron ore price contraction
- Apurimac Premium Lump DSO constitutes exceptionally high grade product of nearly 66% Fe content
- Indicatively, 65% Fe Brazilian Fines currently trade at ~US\$127/tonne compared with the 62% Fe benchmark fines price of ~US\$100/tonne
- Premium price for high grade 66% Fe Apurimac Premium Lump DSO compared to 62% Fe benchmark price provides protection during periods of pricing volatility
- Second shipment of high grade Apurimac Premium Lump DSO proceeding as previously announced

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to confirm that MV Federal Nakagawa has recently arrived at the Port of Jiangyin in China and is currently awaiting discharge of its cargo of 35,000 tonnes Apurimac Premium Lump direct shipping iron ore (**DSO**) sourced from Strike's Apurimac Iron Ore Project to a steel mill customer.

Strike is also pleased to confirm that prior to delivery a hedging agreement was put into place for 100% of the amount of this shipment at a fixed price of US\$141.50 per dry metric tonne or approximately A\$195 per dry metric tonne.

The creation of this hedge has significantly protected Strike against the recent and very significant downward price volatility associated with the seaborne iron ore market, with Strike's hedge price being well in excess of the current 62% Fe benchmark index.

Looking forward, the premium over the 62% Fe benchmark price that Strike can expect to command for its high-grade 66% Fe Apurimac Premium Lump DSO should continue to provide protection during periods of pricing volatility.



Product specifications for Strike's Apurimac Premium Lump DSO are as follows:

<b>Apurimac Premium Lump Specifications</b>	<b>%</b>
Iron (Fe)	65.99
Silica (SiO <sub>2</sub> )	2.76
Alumina (Al <sub>2</sub> O <sub>3</sub> )	0.65
Phosphorus (P)	0.059
Sulphur (S)	0.09

Table 1: Apurimac Premium Lump DSO Specifications

Strike is encouraged by the product specifications achieved for its Apurimac Premium Lump DSO product to date and indicatively notes that 65% Fe Brazilian Fines currently trade at ~US\$127/tonne compared with the 62% Fe benchmark fines price of ~US\$100/tonne.

Strike also confirms that its second scheduled shipment from Peru, to a South American steel mill, has been arranged on a fixed price FOB basis priced at a premium to the current benchmark price.

This second shipment is being used as an industrial trial by the steel mill, which has a requirement for long term, regular supplies of ore which could be potentially met by Strike from its Apurimac Project if the trial is successful.

The South American steel mill's discharge port is located approximately 6 days voyage from the loading port in Peru, which affords considerable saving in shipping costs compared to China (approximately 32 days voyage) and consequently further potential protection from iron ore price volatility.

William Johnson, Managing Director:

*The hedging undertaken by Strike has provided considerable protection to Strike given the recent significant downward movement in iron ore prices. We will continue to monitor iron ore prices and institute further hedging if believed necessary.*

*The high grade and quality of the Apurimac Premium Lump DSO provides extra margin to partly counter the dramatic decline in iron ore prices.*

*Strike looks forward to the dispatch of its second shipment of iron ore from Peru.*

### **Apurimac Iron Ore Project – JORC Mineral Resource**

The Apurimac Project (Strike – 100%) has a JORC Code (2012 Edition) compliant Mineral 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.

<b>Category</b>	<b>Concession</b>	<b>Density t/m<sup>3</sup></b>	<b>Mt</b>	<b>Fe%</b>	<b>SiO<sub>2</sub>%</b>	<b>Al<sub>2</sub>O<sub>3</sub>%</b>	<b>P%</b>	<b>S%</b>
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
Inferred	Opaban 1	4	127.19	56.7	9.66	2.7	0.04	0.2
<b>Total Indicated and Inferred</b>			<b>269.4</b>	<b>57.3</b>	<b>9.4</b>	<b>2.56</b>	<b>0.04</b>	<b>0.16</b>

Refer Strike's ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard.

In addition to the current JORC Mineral Resource, there is significant exploration potential given the deposits are open at depth and along strike (with very promising drill results including 154m @ 62% Fe) with extensive undrilled gravity and magnetic anomalies.

**AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:**

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**ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)**

Strike Resources Limited is an ASX listed resource company which is developing the 1.5Mtpa Paulsens East Iron Ore Project in Western Australia. Strike also owns the high grade Apurimac Iron Ore Project in Peru where it has commenced selling high-grade surface deposits through an offtake agreement with an international iron-ore trading firm to export the "Apurimac Premium Lump" DSO product of ~65% Fe. Strike has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was recently spun-out of Strike under a \$9m IPO. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

**JORC Code (2012) Competent Person's Statement**

The information in this document that relates to Mineral Resources and other Exploration Results in relation to the Apurimac Iron Ore Project (Peru) is extracted from the following ASX market announcement made by Strike Resources Limited on:

- 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard.

The information in the original announcement that relates to these Mineral Resources and other Exploration Results (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy (**AusIMM**). Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (referred to above)..

**FORWARD LOOKING STATEMENTS**

This document contains "forward-looking statements" and "forward-looking information", including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of the Company, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of minerals/commodities, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. The Company does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.