Wednesday, 9 November 2016

# MARKET ANNOUNCEMENT

## Strike Secures Graphite Project in Queensland

Strike Resources Limited (ASX:SRK) is pleased to announce that it has secured a 60% farm-in interest over two exploration tenements considered highly prospective for large flake graphite mineralisation. Strike's Burke Graphite Project is located in the Cloncurry region in North Central Queensland, where there is access to well developed transport infrastructure to an airport at Mt Isa (~122km) and a port in Townsville (~783km) (refer Figure 1).

The key Burke tenement EPM[1] 25443 (~16km$^2$) is immediately adjacent to the Mt Dromedary Graphite Project (refer Figure 2), one of highest-grade flake graphite deposits in the world, located in Australia, being developed by Graphitecorp Limited (ASX:GRA). GRA's latest Mineral Resource Statement for its Mt Dromedary deposit was released on ASX on 20 October 2016: Upgraded Independent JORC Mineral Resource Estimate.

Samples collected from EPM 25443 present similar grades and mineralogy to those reported by GRA and indicate a potential for the mineralisation delineated by GRA to extend into EPM 25443.

Strike's Managing Director, William Johnson:

> *"The acquisition of the graphite project at Mt Dromedary is consistent with Strike's strategy of acquiring highly prospective, early stage projects in attractive commodity sectors. Graphite is a key ingredient for batteries and energy storage devices, with demand growth driven by the rapid growth of electric vehicles, mobile devices and renewable energy.*
>
> *Strike was particularly attracted to this project for several reasons; firstly, the extensive work already undertaken on the neighbouring tenement held by GRA, which has demonstrated the exceptionally high quality of graphite that exists in that neighbouring tenement and its potential suitability for high value energy storage applications; secondly, the assaying of samples from EPM 25443 provides a strong indication that the same graphite unit in GRA's tenements extends into EPM 25443; and thirdly, the highly favourable location of the project with respect to transport infrastructure and mining support resources".*

Further details are also annexed to this announcement:

- Annexure A – Tenement details and summary of key acquisition terms
- Annexure B – Summary of Assay Results
- Annexure C – Checklist of Assessment and Reporting Criteria for Exploration Results under JORC Code (2012 Edition)

1 EPM means exploration permit for minerals

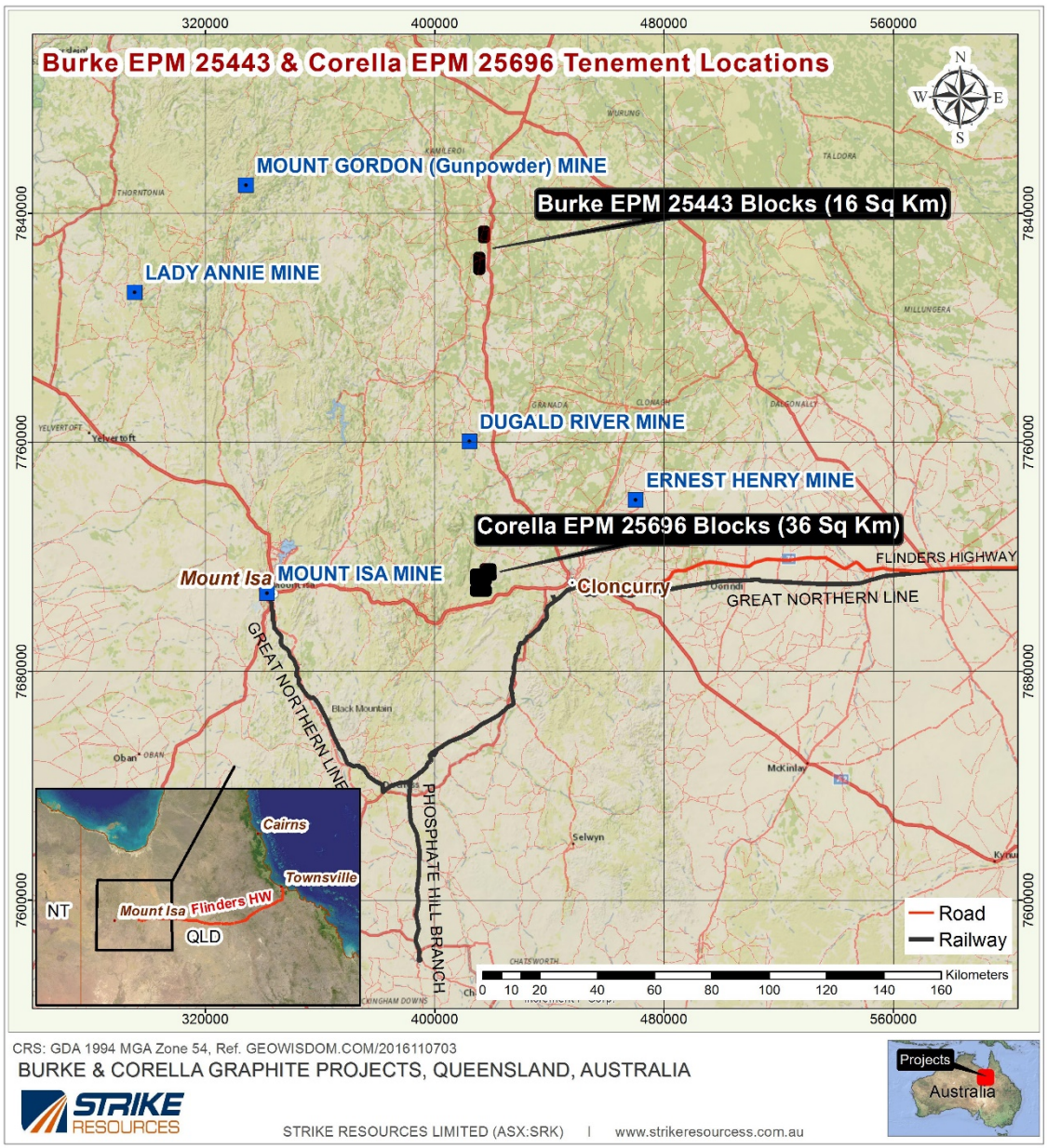


Figure 1 – Burke Graphite Project Tenement Location in North Central Queensland

## Geology

The Mt Dromedary Graphite occurrence was identified by previous exploration dating back to the 1970's and is hosted by a mapped graphitic schist[2] as a sub unit of the Corella Formation within the Mary Kathleen Group and is of Proterozoic age. The graphitic schists within EPM 25443 are intruded by the Black Mountain (1685-1640Ma) gabbro and sills with subsequent metamorphism to amphibolite grade during the Isan Orogeny (1600-1580Ma).

The Corella tenement EPM 25696 (~35km$^2$) also covers a sequence of mapped graphitic schists within the Corella Formation which have been intruded by gabbro dykes and sills and with subsequent metamorphism to amplibolite grade during the Isan Orogeny.

2 Reference: Queensland Department of Natural Resources and Mines

## Exploration Results

### EPM 25443

EPM 25443 (total ~16km$^2$) comprises two blocks with the northern block (6km$^2$) being directly adjacent to GRA's Mt Dromedary Project (Refer Figure 2).

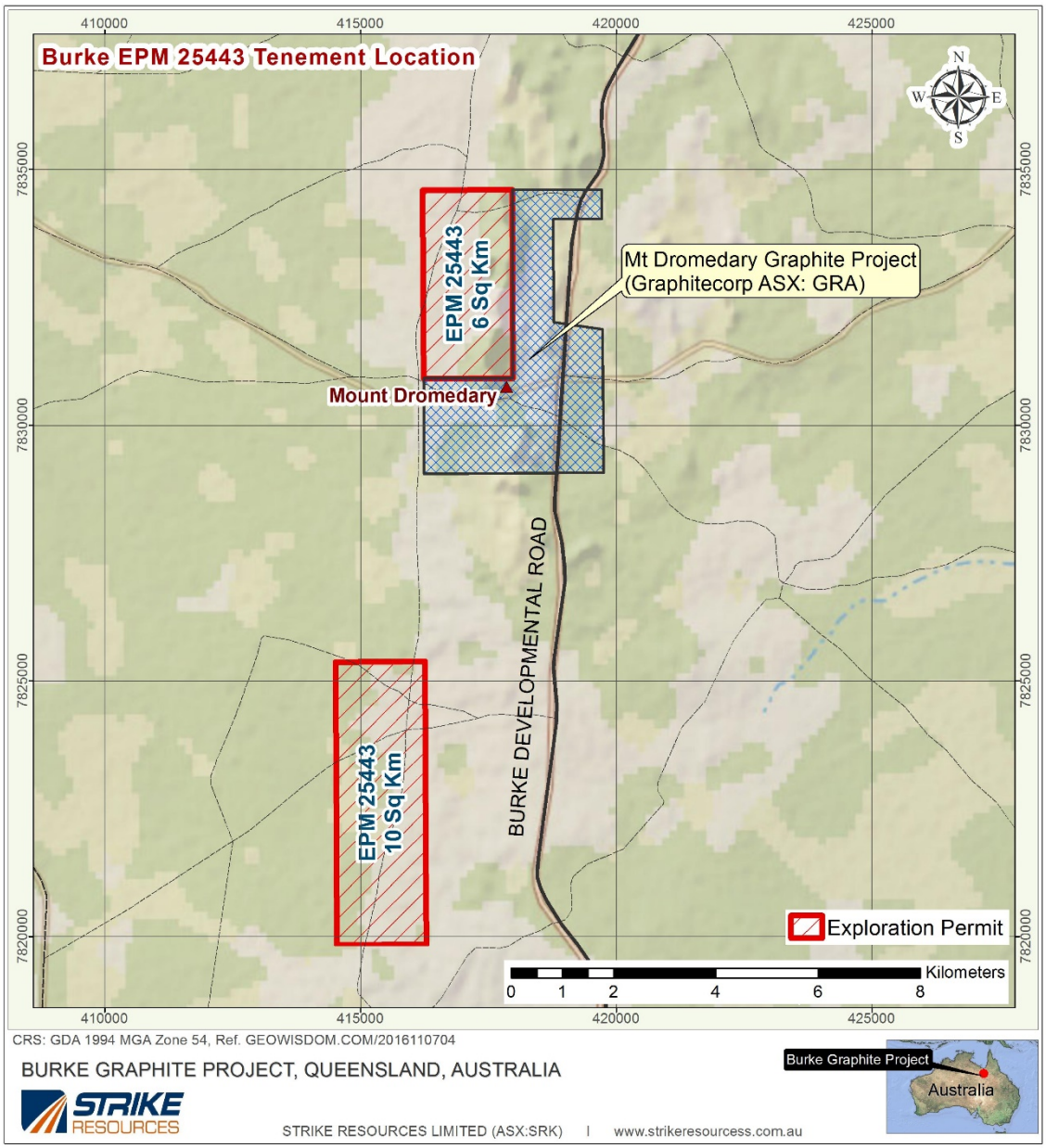


Figure 2 – Burke EPM 25443 Tenement Location

In October 2015, Burke Minerals Pty Ltd carried out site traverses on the northern block of EPM 25443 and collected 10 outcrop samples of mineralised graphite schists. Analysis for Total Carbon (TC) and Total Graphitic Carbon (TGC) reported grades above 10% TGC with a highlight of 23.1% TGC from Sample CP00077 (Refer Figure 3 and Annexure B).

The graphitic schists which outcrop within the northern block extend ~1km NS with a maximum width of 130m. The 10 outcrop samples taken by Burke Minerals have comparable grades to those reported by GRA for samples from their project.

In September 2016, as part of its due diligence into the project, Strike conducted a site visit to the two tenements and collected further samples.

A reconnaissance traverse over the northern block of EPM 25443 observed ~700m of mineralised graphitic schist discontinuous exposures trending N20$^0$W and the majority of the area under a thin scree/alluvial cover.

5 samples were taken from mineralised exposures at locations close to Burke Minerals' previous sample locations within EPM 25443 – the analyses compared well with the earlier samples obtained by Burke Minerals, confirming the high-grade continuity with some local variation (Refer Figure 3, Table 1 and Annexure B).

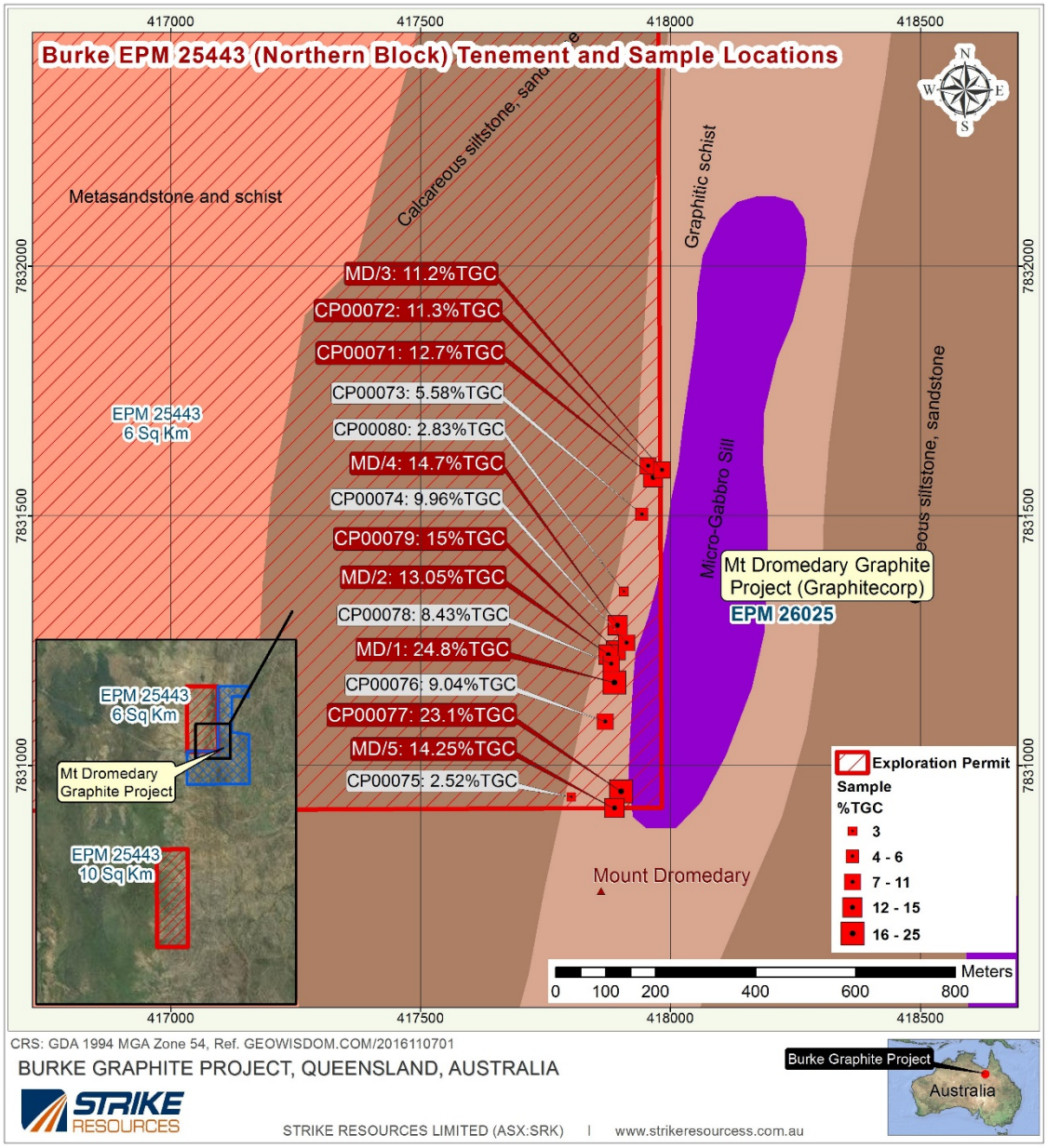


Figure 3 – Burke EPM 25443 (Northern Block) Tenement and Sample Locations

| Strike Samples | | Nearby Burke Samples | | Location of Strike sample in relation to Burke sample |
|---|---|---|---|---|
| **Sample ID** | **TGC%** | **Sample ID** | **TGC%** | |
| MD/1 | 24.8 | CP00078 | 8.43 | 40m South |
| MD/2 | 13.05 | CP00079 ; CP00078 | 15 ; 8.43 | Mid-way (15m) between the two Burke samples |
| MD/3 | 11.2 | CP00072; CP00071 | 11.3 ; 12.7 | Mid-way (22m) between the two Burke samples |
| MD/4 | 14.7 | CP000074 | 9.96 | 40m Northwest |
| MD/5 | 14.25 | CP00077 | 23.1 | 60m South |

Table 1 – Burke Minerals and Strike Sample Results

Photo 1 - Sample MD/1: ~1m Outcrop; 24.8% TGC

Photo 2 - Sample MD/5: Sub-crop; 14.25% TGC

**EPM 25696**

A reconnaissance traverse over EPM 25696 observed extensive outcrops trending N50$^0$W to EW and 2 samples were collected along access track cuttings where the graphitic schists outcrops extended over 40m – analyses have returned lower grades of TGC% than encountered on EPM 25443 and follow-up survey, mapping and sampling is planned to establish the strike and width extension and test mineralisation at depth (Refer Figure 4 and Annexure B).

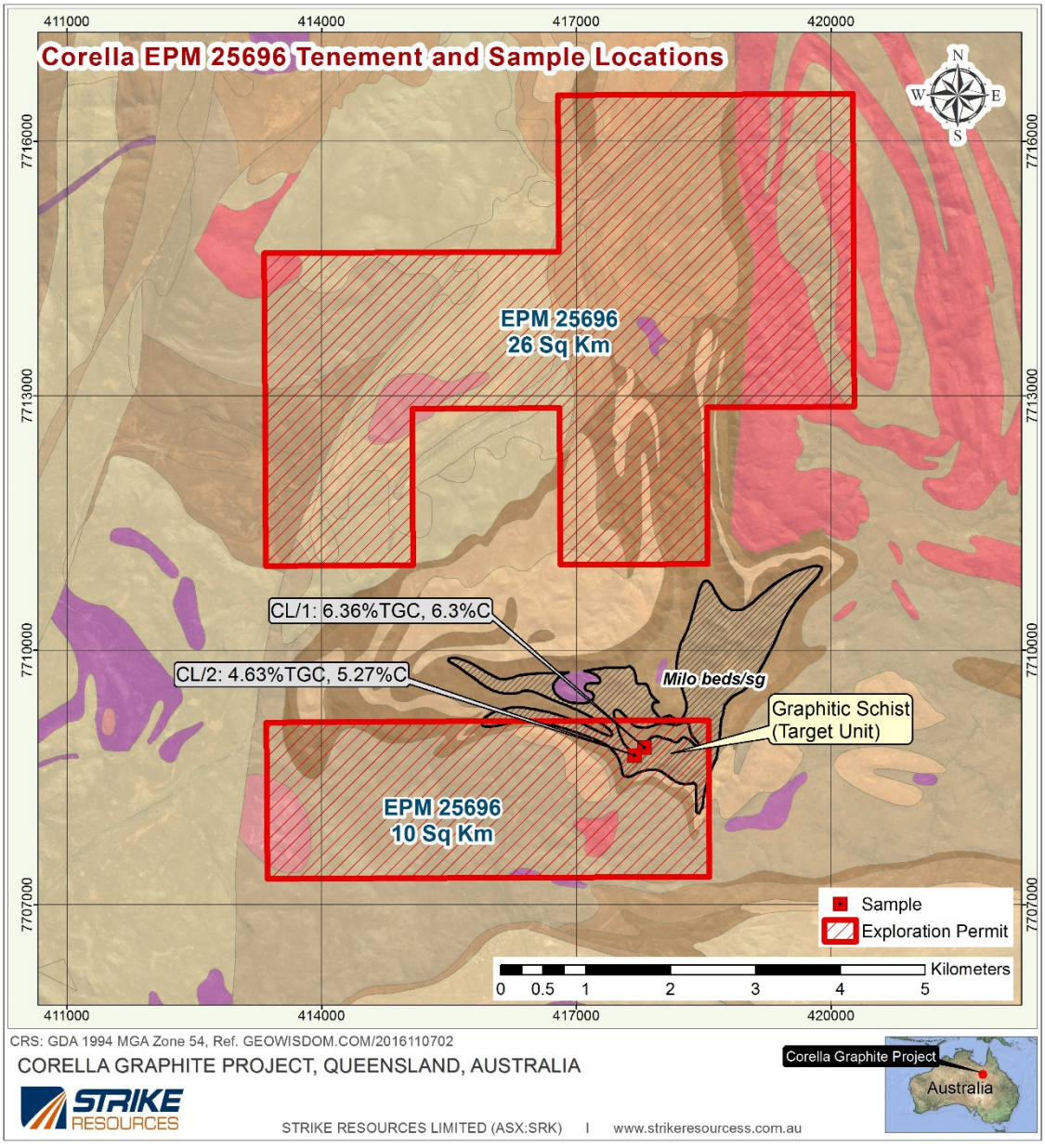


Figure 4 – Corella EPM 25696 Tenement and Sample Locations

## Next Steps

The key EPM 25443 tenement is covered by thin scree from the nearby Mt Dromedary. The northern block (~6 $km^2$) is the priority target which adjoins the GRA Mt Dromedary Project to the east.

Once the necessary access approvals have been secured, Strike plans to excavate a series of exploration trenches covering the strike of the graphitic schist identified by reconnaissance sampling in order to assist with drill hole targeting. An initial (RC and core combination) drilling programme will then be planned to begin to assess the overall size, grade and metallurgical characteristics of the graphite potential in the tenement.

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**FOR FURTHER INFORMATION**

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

Strike Resources is an ASX listed resource company, owner of the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru. Strike retains significant cash reserves and is presently reviewing alternative options with regard to utilisation of these funds.

**JORC CODE (2012) COMPETENT PERSON'S STATEMENT**

The information in this document that relates to Exploration Results in relation to the Burke EPM 25443 and Corella EPM 25696 tenements is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (*Sydney*) AIG ASEG, who is a Member of The Australasian Institute of Geoscientists (AIG). Mr Smith is a consultant to Strike Resources Limited. Mr Smith 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 Mineral Resources and Ore Reserves" (JORC Code). Mr Smith has approved and consented to the inclusion in this document of the matters based on his information in the form and context in which it appears.

**ANNEXURE A**

## Burke Graphite Project Tenements

| Permit Name | Permit ID | Grant Date | Expiry Date | Area (Blocks) | Mining District / Local Authority | State |
|---|---|---|---|---|---|---|
| Burke | EPM 25443 | 4 September 2014 | 3 September 2019 | 5 Sub-blocks | Mount Isa, Cloncurry Shire Council | Queensland |
| Corella | EPM 25696 | 2 April 2015 | 1 April 2020 | 11 Sub-blocks | Mount Isa, Cloncurry Shire Council | Queensland |

## Summary of Key Acquisition Terms

Pursuant to an agreement between Burke Minerals Pty Ltd ABN 52 166 886 826 (**Burke** or **Vendor**) and Strike Australian Operations Pty Ltd ABN 73 119 438 265 (**Strike**) (being a wholly-owned subsidiary of Strike Resources Limited):

(1) Strike will progressively expend $250,000 within 2 years to fund further exploration and technical evaluation of the tenements;

(2) Following completion of (1) above and payment of $30,000 to Burke, Strike will complete its 60% earn-in into the tenements.

(3) After such completion, all expenditure will be shared in proportion to Strike's 60% and Burke's 40% interest in the tenements;

(4) If a party elects not to contribute its share of the proposed expenditure, its interest in the tenements will be reduced in accordance with an industry standard dilution formula;

(5) Should a party dilute to less than 10% interest in the tenements, then that party's interest will automatically convert to a 2% Net Smelter Return (**NSR**) on production.

**ANNEXURE B**

## Assay Results from Surface Sampling

### Burke EPM 25443

| Sample ID | MGA Z54 Easting | MGA Z54 Northing | Total Carbon %TC | Total Graphitic Carbon %TGC |
|---|---|---|---|---|
| MD/1 | 417887 | 7831166 | 27.20 | 24.80 |
| MD/2 | 417876 | 7831222 | 14.15 | 13.05 |
| MD/3 | 417983 | 7831592 | 12.00 | 11.20 |
| MD/4 | 417894 | 7831281 | 14.90 | 14.70 |
| MD/5 | 417882 | 7830897 | 18.55 | 14.25 |
| CP00071 | 417965 | 7831577 | 17.35 | 12.70 |
| CP00072 | 417955 | 7831600 | 13.35 | 11.30 |
| CP00073 | 417943 | 7831503 | 13.20 | 5.58 |
| CP00074 | 417912 | 7831246 | 16.65 | 9.96 |
| CP00075 | 417801 | 7830937 | 11.95 | 2.52 |
| CP00076 | 417869 | 7831088 | 16.15 | 9.04 |
| CP00077 | 417901 | 7830948 | 23.80 | 23.10 |
| CP00078 | 417881 | 7831204 | 12.70 | 8.43 |
| CP00079 | 417891 | 7831231 | 16.20 | 15.00 |
| CP00080 | 417906 | 7831348 | 12.60 | 2.83 |

### Corella EPM 25696

| Sample ID | MGA Z54 Easting | MGA Z54 Northing | Carbon %C | Total Graphitic Carbon %TGC |
|---|---|---|---|---|
| CL/1 | 417798 | 7708856 | 6.30 | 6.36 |
| CL/2 | 417685 | 7708763 | 5.27 | 4.63 |

Notes:

(1) Co-ordinates based on hand held GPS readings

(2) Refer Figure 3 for Burke tenement sample location map:
   (a) Burke MD/1-5 samples were collected by Strike in September 2016
   (b) Burke CP00071-80 samples were collected by Burke Minerals in October 2015

(3) Refer Figure 4 for Corella tenement sample location map:
   (a) Corella CL/1-2 samples were collected by Strike in September 2016

**ANNEXURE C**

## JORC Code (2012 Edition)
## – Checklist of Assessment and Reporting Criteria for Exploration Results

### Sampling Techniques and Data

| Criteria | JORC Code Explanation Reference | Commentary |
|---|---|---|
| *Sampling techniques* | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* | • Rock chip samples were collected at various locations across the tenement from in-situ mineralised outcrop. A geological hammer was used to break the rock, then collecting smaller pieces in a calico bag.<br>• Sample of ~1 kg was collected from outcrop location. Sample is considered representative of the outcrop and included potentially barren material.<br>• Hand held GPS used to record location (easting, northing).<br>• Samples analysed for %C by ALS method C-IR07, and %TGC by ALS method C-IR18 |
| *Drilling techniques* | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • Not applicable |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • Not applicable |
| *Logging* | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • Rock chip samples were logged in basic geological detail for lithology, mineralisation and weathering.<br>• Rock chip logging is qualitative in nature.<br>• Samples were photographed. |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* | • Samples are considered representative of the material being taken from outcrop. Samples included potentially barren material. Sample preparation conducted by a commercial laboratory.<br>• All samples were dry.<br>• No field duplicates were taken.<br>• Sample preparation technique uses industry best practice and was undertaken in a fully automated, robotic preparation facilities at the laboratory.<br>• Sampling method was consistent across all locations. |

| Criteria | JORC Code Explanation Reference | Commentary |
|---|---|---|
| | • *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • No work has been completed to determine if sample size is appropriate to the grain size of the material being sampled given nature of rock chip sampling conducted |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • The samples were prepared and assayed at an accredited laboratory ALS Brisbane. Samples analysed for %C by ALS method C-IR07, and %TGC by ALS method C-IR18<br>• The laboratory inserted its own standards, Certified Reference Material (CRM) plus blanks and completed its own QAQC. |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Assay data is collected electronically.<br>• Location and geology data was manually entered into a master spreadsheet and checked by the consultant geologist, which is considered appropriate at this early stage in the exploration program. |
| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Sample locations (easting and northing) were recorded by a handheld GPS with accuracy of +- 5m, with reference to MGA94 Zone 54 grid<br>• 1:100,000 topographic control for elevation is considered adequate for purposes of sampling. |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Sample spacing is adequate given reconnaissance nature of surface sampling for determining surface potential of mineralisation as identified in outcrop.<br>• No compositing has been applied. |
| *Orientation of data in relation to geological structure* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • Samples collected across the property were based on availability of outcrop. |
| *Sample security* | • *The measures taken to ensure sample security.* | • All samples were collected by Strike consultants, retaining chain of custody until delivery to laboratory. |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • No audits have been undertaken given early stage of exploration project. Strike technical staff will review and implement procedures as appropriate. |

## Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • Exploration Permit for Minerals No 25443 "Mt Dromedary" was lodged with the Queensland Government Department of Mines and Energy on 2nd December 2013. The tenement was granted on 4th September 2014 to Burke Minerals Pty Ltd, for a period of five years. Strike is earning into 60% of the license.<br>• EPM 25696 'Corella', was granted on 2nd April 2015 to Burke Minerals Pty Ltd, for a period of five years. Strike is earning into 60% of the license. |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | The Mount Dromedary graphite occurrences were first identified by Bill Bowes in the 1970's. Mr Bowes was the manager of the nearby Coolullah Station. A few small pits were excavated and no further work was carried out.<br>The Mount Dromedary area was explored by Nord Resources (Pacific) Pty Ltd (EPM 6961) from 1991-1999, Nord collected numerous rock chips and submitted them for petrological and preliminary metallurgical appraisal by *Peter Stitt and Associates.* The preliminary flotation studies were encouraging and indicated 60-70% flake graphite (>75um size), whilst the floatation techniques utilised failed to achieved suitable recoveries.<br>CRAE Exploration entered into a JV with Nord focusing on Copper exploration, and also did further rock chip sampling and trenching. CRAE's internal Advanced Technical Development division did a brief petrographical review which indicated the samples were predominately < 75um. Based on this advice exploration activity by CRAE for Graphite ceased. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | The Mt Dromedary Graphite project on EPM25443 was identified by previous exploration dating back to the 1970's, and is hosted by a mapped graphitic schist (Qld Dept NRM) as a sub unit of the Corella Formation, within the Mary Kathleen Group and is of Proterozoic age. The graphitic schists within the Burke Minerals EPM 25443, are intruded by the Black Mountain (1685-1640Ma) gabbro, and sills, with subsequent metamorphism to amphibolite grade during the Isan Orogeny 1600-1580Ma.<br>The Corella Graphite Project EPM 25696 also covers a sequence of mapped graphitic schists within the Corella Formation, which also have been intruded by gabbro dykes and sills, with subsequent metamorphism to amplibolite grade during the Isan Orogeny 1600-1580Ma.<br>At both Projects the style of mineralisation sought is crystalline graphite within the graphitic schists |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>  ○ *easting and northing of the drill hole collar*<br>  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  ○ *dip and azimuth of the hole*<br>  ○ *down hole length and interception depth*<br>  ○ *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • Not applicable |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | |
| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Not applicable given reconnaissance nature of surface sampling technique. All results are reported (refer to Appendix A in announcement). |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • The rock chip results of individual samples provides information as to the surface potential of the identified mineralisation.<br>• Information as to 3D geometry cannot be defined by the results.<br>• Not applicable given reconnaissance nature of surface sampling technique. |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Sample locations and TGC% are indicated in Figures 3 and 4 of this announcement.<br>• |
| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • All Strike and Burke collected rock chip results are reported. |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • No further information has been compiled to date. |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Further work will include drill testing of the identified mineralised zone. Necessary statutory approvals are required and planning is advanced. |