



HALF YEAR REPORT

31 December 2017

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE [2017 ANNUAL REPORT](#) OF THE COMPANY
LODGED ON 17 OCTOBER 2017



ASX Code: SRK

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A.B.N. 94 088 488 724

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CORPORATE DIRECTORY**BOARD**

Farooq Khan	Chairman
William Johnson	Managing Director
Victor Ho	Executive Director
Malcolm Richmond	Non-Executive Director
Matthew Hammond	Non-Executive Director

COMPANY SECRETARY

Victor Ho

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Perth, Western Australia

ASX CODE

SRK

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DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited ABN 94 088 488 724 (**Company** or **SRK**) and its controlled entities (the **Consolidated Entity** or **Strike**) for the financial half year ended 31 December 2017 (**Balance Date**).

Strike is a company limited by shares that was incorporated in Western Australia and has been listed on the Australian Securities Exchange (**ASX**) since 7 March 2000 (ASX Code: SRK).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

OPERATING RESULTS

	December 2017	December 2016
Consolidated	\$	\$
Total revenue	248,326	94,231
Total expenses	(625,820)	(618,015)
Loss before tax	(377,494)	(523,784)
Income tax expense	-	-
Loss after tax	(377,494)	(523,784)

CASH FLOWS

	December 2017	December 2016
Consolidated	\$	\$
Net cash flow from operating activities	(651,195)	(707,075)
Net cash flow from investing activities	(1,626,539)	70,206
Net change in cash held	(2,277,734)	(634,869)
Cash held at half year end	3,030,144	6,334,462

FINANCIAL POSITION

	December 2017	June 2017
Consolidated	\$	\$
Cash	3,030,144	5,308,855
Financial assets at fair value through profit or loss	1,884,401	-
Receivables	64,992	76,584
Other assets	520,880	381,954
Liabilities	(61,527)	(65,390)
Net assets	5,438,890	5,702,003
Issued capital	148,439,925	148,439,925
Reserves	15,298,824	15,184,443
Accumulated losses	(158,299,859)	(157,922,365)
Total equity	5,438,890	5,702,003

During the financial half-year, Strike invested in a portfolio of ASX 200 listed resource stocks pursuant to a capital management strategy. As at 31 December 2017, the investment portfolio was valued at \$1.884 million and generated a net gain of \$0.195 million for the financial half year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Apurimac Iron Ore Project (Peru)

The [Apurimac Iron Ore Project](#) is recognised as one of the highest grade, large-scale magnetite deposits in the world, with a JORC Code (2012) compliant Indicated and Inferred Mineral Resource of 269 Mt of iron ore at 57.3% Fe and further exploration potential.¹

The exceptionally high grade 57% Fe is almost twice as high as magnetite deposits developed in Australia; ore bodies are coarse grained and relatively soft, resulting in potentially cheaper processing costs once in production.

The Ministry of Transport and Communications in Peru (**MOTC**) has recently announced the commencement of a formal study to build a ~570km multi-user railway from the inland city of Andahuaylas in southern Peru (20km from Strike's Apurimac Project), to the mineral export Port of San Juan de Marcona on the west coast of Peru (the **Andahuaylas Railway**)²:

- The railway is contemplated to serve as a multi-user line which is expected to be largely underpinned by Strike's Apurimac Project with its planned production capacity of 20 Mtpa of high grade iron ore.
- The railway if constructed will represent a paradigm shift in project economics for Strike's Apurimac Project, facilitating the development of Strike's long-held objective to develop a 20 Mtpa iron ore mine.
- Previous studies undertaken by Strike indicate that total mining, processing and transportation costs to port of 10 to 15 Mtpa of lump and fines products to be approximately US\$16.50 to US\$14.60 per tonne (respectively). A production profile of 20 Mtpa is expected to provide even greater operating efficiencies.
- The preliminary railway route proposed by the MOTC almost exactly mirrors the railway route proposed by SKM for Strike in 2008.
- Rail transport allows the potential for the Apurimac Project to be one of the lowest cost iron ore mines in the world.
- The MOTC has issued a tender for undertaking the 'pre-investment study' for the proposed Andahuaylas Railway.
- Strike is working closely with MOTC and relevant regional departments to advance towards the ultimate construction of the Andahuaylas Railway.

A Prefeasibility Study completed by Snowden Mining Industry Consultants (Snowden) and SKM in 2008³ and updated by Ausenco Sandwell in 2010⁴ indicated clear potential for development of a world class iron ore project:

- JORC Indicated and Inferred Mineral Resource at the main Opaban I/III concessions of 269Mt of iron ore at 57.3% Fe (142 Mt Indicated Resource at 57.84% Fe and 127 Mt Inferred Resource 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 the main Opaban concessions.

1 Refer Strike's ASX Announcement dated [19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard and the JORC Mineral Resources section of this announcement](#)

2 Refer Strike's ASX Announcement dated 8 February 2018: [Peru Government Plans Railway Linking Strike's Apurimac Iron Ore Project to Port](#)

3 Refer Strike's ASX Announcement dated 23 July 2008: [Prefeasibility Results Confirm World Class Prospects in Peru](#)

4 Refer Strike's ASX Announcement dated 23 November 2010: [Apurimac Project Update](#) and Strike's [December 2010 Quarterly Report](#)

DIRECTORS' REPORT

In February 2018, Strike and Dalian Huarui Heavy Industry Group Co. Ltd. (**DHHI**) from China, executed a Memorandum of Understanding (**MOU**) in relation to the development of Strike's Apurimac Iron Ore Project and associated rail and port infrastructure in Peru⁵:

- The MOU documents the mutual understanding between Strike and DHHI to work jointly on the advancement of the Project, including the proposed Peru Government sponsored multi-user Andahuaylas Railway (**Railway**) which would link Strike's Apurimac Iron Ore Project with the minerals export Port of San Juan de Marcona on the west coast of Peru, South America.
- DHHI (www.dhhi.com.cn) is a large Chinese manufacturer of bulk material handling machinery, including large scale iron ore mining, handling and processing machinery as well as large scale port machinery. DHHI has a long-established history in China and has delivered major projects around the world, including in Australia where they supplied the bulk handling heavy machinery for the 55 million tonne per annum (**Mtpa**) Roy Hill Iron Ore Mine in Western Australia.
- The purpose of the MOU is to recognise the intention of both parties to work together to advance Strike's Project and the associated rail and port infrastructure.
- Joint activities contemplated by the MOU include the development of further studies relating to the feasibility of Strike's Project and potentially the creation of a formal joint venture or consortium (to include other major Chinese infrastructure and funding groups introduced by DHHI).
- The MOU is non-binding and does not commit either party to any formal contractual arrangements.

Burke Graphite Project (Queensland)

Strike's [Burke Graphite Project](#)⁶ (in which Strike holds a 60% interest⁷) 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).

During the financial half-year, Strike reported a maiden JORC Inferred Mineral Resource Estimate (**MRE**) on its Burke Graphite Project in Queensland, confirming the project as one of highest grade natural graphite deposits in the world⁸:

- **6.3 million tonnes @ 16.0% Total Graphitic Carbon (TGC) for 1,000,000 tonnes** of contained graphite;
- Within the mineralisation envelope there is included higher grade material of **2.3 million tonnes @ 20.6% TGC** (with a TGC cut-off grade of 18%) for **464,000 tonnes** of contained graphite which will be investigated further.

These grades place the Burke deposit as one of the highest-grade deposits of graphite in the world held by an Australian listed company.

In addition to the high-grade nature of the deposit, the Burke Graphite Project:

- Comprises natural graphite that has been demonstrated to be able to be processed by standard flotation technology to international bench mark product categories. The flotation tests conducted by Independent Metallurgical Operations Pty Ltd (**IMO**) have confirmed that a concentrate of purity **in excess of 95% and up to 99% TGC** can be produced using a standard flotation process.

5 Refer Strike's ASX Announcement dated 19 February 2018: [Peru Iron Ore Update – MOU with Chinese Dalian Huarui Heavy Industry Group](#)

6 Refer Strike's ASX announcement dated [9 November 2016: Strike Secures Graphite Project in Queensland](#)

7 In July 2017, Strike completed its earn-in obligations to acquire a 60% interest in the Burke Graphite Project tenements. All expenditure on the project will now be shared in proportion to the owners' interests (with an industry standard dilution to apply if a party elects not to contribute their share).

8 Refer Grade Tonnage Data in Table 2 of CSA Global's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: [Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits](#))

DIRECTORS' REPORT

- Contains graphite from which Graphene Nano Platelets (**GNP**) have been successfully extracted direct from the Burke Graphite deposit via Electrochemical Exfoliation (**ECE**). The ECE process is relatively low cost and environmentally friendly compared to other processes, yet it can produce very high purity Graphene products. The ECE process is however not applicable to the vast majority of worldwide graphite deposits as it requires a TGC of over 20% and accordingly the Burke Deposit has potentially significant processing advantages over other graphite deposits.
- Is located in the relatively safe and mining friendly jurisdiction of Queensland, Australia with well-developed transport infrastructure and logistics nearby; and
- Is potentially amenable to low cost open-pit mining.

Given the above highly favourable project characteristics and with the minimum size of the deposit now confirmed, Strike plans to:

- undertake further tests on samples of high purity graphite concentrate to determine its suitability for use in lithium-ion batteries; and
- conduct further test work to optimise the production of Graphene Nano Platelets (GNP) using the Electrochemical Exfoliation (ECE) process.

During the financial half-year, Strike's Managing Director met with a number of major lithium-ion battery manufacturers and graphite companies in China.

The purpose of the visit was to begin developing strategic relationships with potential graphite concentrate offtake partners and other parties who are otherwise active in the Chinese graphite/graphene industry.

Strike notes that China itself is the world's largest producer and consumer of graphite. However, average graphite grades in China are typically much lower than that of the Burke Project and increasing environmental concerns in China are causing companies to look outside of China for stable supplies of high quality graphite concentrate.

The Chinese parties approached expressed keen interest in Strike's graphite deposit and its proposed development activities and discussions with these and other parties will be ongoing with a view to eventually forming binding commercial off-take and development agreements.

In this regard, an experienced Beijing-based Consultant has been retained to facilitate and advance these discussions.

In addition, Strike is currently holding discussions with various Universities and Research Institutions in Australia with regard to partnering with Strike on researching the development of commercial applications for its graphite. Such activities will be focused on areas with the best near-term commercial potential and where, if possible, Australian Government funding support can also be secured.

For further details, refer to Strike's ASX announcements dated:

- 22 January 2018: [Burke Graphite Project - Update](#);
- 13 November 2017: [Burke Graphite Project – Maiden JORC Mineral Resource](#); and
- 16 October 2017: [Burke Graphite Project – Metallurgical Testwork Results](#).

DIRECTORS' REPORT

Lithium Exploration (Western Australia)

During the financial half-year, Strike received the grant of Exploration Licences EL 45-4799 and E45-4800 totalling ~31,000 hectares in the North Pilbara of Western Australia⁹. These tenements exist within the extent of the known lithium and tantalum mineral fields in the region, adjacent to licences that have outcropping lithium and tantalum elevated pegmatite occurrences.

Paulsens-East Project (Western Australia)

Strike's Paulsens East tenement, which is located ~7km east of the Paulsens Gold Mine operated by Northern Star Resources Ltd (ASX:[NST](#)), has been held by Strike for many years for its deposit of high grade hematite. Strike has historically conducted extensive drilling on the tenement for iron ore.

During the financial half-year, a review of the historical data within the tenement for other mineralisation indicated the presence of a historical gold occurrence, hosted within conglomerate rocks. The geological setting with mineralised conglomerates is similar to the Novo Resources Corp. (TSX-V:NVO)/Artemis Resources Limited (ASX:[ARV](#)) gold discoveries, with these discoveries having opened up fresh geological models for gold prospectivity compared with traditional paradigms

Strike is undertaking a review of available historical data relating to all its Pilbara tenements and planning further exploration, with the primary targeted minerals being gold, lithium, tantalum and rare earth elements.

For further details, refer to Strike's ASX announcement dated 20 November 2017: [Gold Potential of Strike's Pilbara Tenements](#).

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2017.

SECURITIES ON ISSUE

The Company has the following total securities on issue as at 31 December 2017 (and as at the date of this report):

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	145,334,268	-	145,334,268
\$0.30 (17 June 2018) Unlisted Managing Director's Options ¹⁰	-	3,000,000	3,000,000
Total	145,334,268	3,000,000	148,334,268

⁹ Refer Strike's ASX Announcement dated 18 August 2016: [New Lithium Projects in Chile and Western Australia](#)

¹⁰ Refer Strike's ASX announcement dated 18 June 2013: [Appendix 3B – Grant of Options and Cancellation of Options](#) and Strike's [Notice of General Meeting](#) lodged on ASX on 17 May 2013

DIRECTORS' REPORT

BOARD OF DIRECTORS

Farooq Khan	Chairman
<i>Appointed</i>	18 December 2015; Director since 1 October 2015;
<i>Qualifications</i>	BJuris, LLB (<i>Western Australia</i>)
<i>Experience</i>	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 (September 1999 to February 2011, including as the founding Executive Chairman and Managing Director after the Company's IPO in March 2000) 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.
<i>Special responsibilities</i>	Member of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	530,010 Shares (directly)
<i>Other current directorships in listed entities</i>	Executive Chairman of: Orion Equities Limited (ASX:OEQ) (since October 2006) Bentley Capital Limited (ASX:BEL) (Director since December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (ASX:QUE) (since March 1998)
<i>Former directorships in other listed entities in past 3 years</i>	Nil

William Johnson	Managing Director
<i>Appointed</i>	25 March 2013; Director since July 2006
<i>Qualifications</i>	MA (<i>Oxon</i>), MBA
<i>Experience</i>	Mr. Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in oil and gas exploration (North Africa and Australia), mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in business strategy, investment analysis, finance and execution.
<i>Special responsibilities</i>	None
<i>Relevant Interests in shares and options</i>	3,000,000 Unlisted Managing Director's Options (\$0.30, 17 June 2018) ¹¹ 249,273 Shares (directly)
<i>Other current directorships in listed entities</i>	Executive Director of: Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009) Director of: Keybridge Capital Limited (ASX:KBC) (since 29 July 2016) ¹¹
<i>Former directorships in other listed entities in past 3 years</i>	Nil

¹¹ Refer KBC's ASX announcement dated [29 July 2016: Results of General Meeting and Board Changes](#).

DIRECTORS' REPORT

Malcolm Richmond	Non-Executive Director
<i>Appointed</i>	Director since 25 October 2006; previously Chairman (3 February 2011 to 18 December 2015)
<i>Qualifications</i>	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (<i>New South Wales</i>)
<i>Experience</i>	Mr 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. Mr 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. Mr 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).
<i>Special responsibilities</i>	Chairman of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Non-Executive Director of: Argonaut Resources NL (ASX:ARE) (since 14 March 2012)
<i>Former directorships in other listed entities in past 3 years</i>	Nil
Matthew Hammond	Non-Executive Director
<i>Appointed</i>	25 September 2009
<i>Qualifications</i>	BA (Hons) (<i>Bristol</i>)
<i>Experience</i>	Mr Hammond is Group Managing Director and CFO of Mail.ru, a leading European Internet communication and entertainment services group, which is listed on the London Stock Exchange. Prior to that he was Group Strategist for Metalloinvest Holdings, where he had broad-ranging responsibilities for part of the non-core asset portfolio and advised the Metalloinvest Board on strategic acquisitions and investments. He began his career at Credit Suisse and was Sector Head in Equity Research and in Private Bank Ultra High Net Worth Client Advisory advising on portfolio allocation, strategic M&A and individual investments. As a Technology Analyst at Credit Suisse, he was ranked #1 in the Extell and Institutional Investor surveys 8 times.
<i>Special responsibilities</i>	Chairman of the Remuneration and Nomination Committees Member of the Audit Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Managing Director and Chief Financial Officer of: Mail.Ru Group Limited (LSE:MAIL) (since April 2011; Director since May 2010; CFO since June 2013)
<i>Former directorships in other listed entities in past 3 years</i>	Non-Executive Director of: Realm Therapeutics plc (formerly PuriCore plc) (LSE:RLM) (May 2010 to 17 November 2017)

DIRECTORS' REPORT

Victor Ho	Executive Director and Company Secretary
<i>Appointee</i>	Director since 24 January 2014; Company Secretary since 30 September 2015
<i>Qualifications</i>	BCom, LLB (<i>Western Australia</i>), CTA
<i>Experience</i>	Mr Ho is a previous Director and Company Secretary of Strike Resources (2000 to 2010) and has been in Executive roles with a number of ASX listed companies across the investments, resources and technology sectors over the past 18+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office 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 international joint venture (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.
<i>Special responsibilities</i>	Secretary of Audit Committee and Remuneration and Nomination Committee
<i>Relevant Interests in shares and options</i>	Nil
<i>Other current directorships in listed entities</i>	Executive Director (also Company Secretary) of: Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013) Company Secretary of: Bentley Capital Limited (ASX:BEL) (since 5 February 2004) Keybridge Capital Limited (ASX:KBC) (since 13 October 2016)
<i>Former positions in other listed entities in past 3 years</i>	Company Secretary of: Alara Resources Limited (ASX:AUQ) (4 April 2007 to 31 August 2015)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 10. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

Signed for and on behalf of the Directors in accordance with a resolution of the Board,



William Johnson
Managing Director



Malcolm Richmond
Non-Executive Director and
Chairman of Audit Committee

13 March 2018

ROTHSAY

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The Directors
Strike Resources Limited
Level 2 23 Ventnor Ave
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2017 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 13th March 2018



Chartered Accountants

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2017

	Note	31 Dec 17	31 Dec 16
REVENUE	2	\$	\$
Interest revenue		50,606	94,228
Other			
Other income		197,720	3
TOTAL REVENUE AND INCOME		248,326	94,231
EXPENSES	3		
Exploration and evaluation expenses		(11,990)	(18,649)
Personnel expenses		(305,439)	(315,916)
Corporate expenses		(234,403)	(219,565)
Occupancy expenses		(21,293)	(13,762)
Finance expenses		(3,458)	(1,879)
Foreign exchange loss		(9,780)	(15,199)
Administration expenses		(39,457)	(33,045)
LOSS BEFORE INCOME TAX		(377,494)	(523,784)
Income tax expense		-	-
LOSS FOR THE HALF YEAR		(377,494)	(523,784)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax			
Exchange differences on translation of foreign operations		114,381	(37,463)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(263,113)	(561,247)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted loss per share (cents)	5	(0.18)	(0.39)

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	31 Dec 17 \$	30 Jun 17 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,030,144	5,308,855
Financial assets at fair value through profit or loss	7	1,884,401	-
Receivables		64,992	76,584
Other current assets		10,696	10,230
TOTAL CURRENT ASSETS		4,990,233	5,395,669
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	508,095	369,902
Property, plant and equipment		2,089	1,822
TOTAL NON-CURRENT ASSETS		510,184	371,724
TOTAL ASSETS		5,500,417	5,767,393
CURRENT LIABILITIES			
Payables		59,973	53,336
Provisions		1,554	12,054
TOTAL CURRENT LIABILITIES		61,527	65,390
TOTAL LIABILITIES		61,527	65,390
NET ASSETS		5,438,890	5,702,003
EQUITY			
Issued capital		148,439,925	148,439,925
Reserve		15,298,824	15,184,443
Accumulated losses		(158,299,859)	(157,922,365)
TOTAL EQUITY		5,438,890	5,702,003

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 December 2017

	Issued capital	Currency translation reserve	Share-based payments reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JUL 2016	148,439,925	2,074,804	13,233,026	(156,774,436)	6,973,319
Loss for the half year	-	-	-	(523,784)	(523,784)
Other comprehensive income	-	(37,463)	-	-	(37,463)
Total comprehensive loss for the half year	-	(37,463)	-	(523,784)	(561,247)
BALANCE AT 31 DEC 2016	148,439,925	2,037,341	13,233,026	(157,298,220)	6,412,072
BALANCE AT 1 JUL 2017	148,439,925	1,951,417	13,233,026	(157,922,365)	5,702,003
Loss for the half year	-	-	-	(377,494)	(377,494)
Other comprehensive income	-	114,381	-	-	114,381
Total comprehensive loss for the half year	-	114,381	-	(377,494)	(263,113)
BALANCE AT 31 DEC 2017	148,439,925	2,065,798	13,233,026	(158,299,859)	5,438,890

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2017

	31 Dec 17	31 Dec 16
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(501,012)	(686,426)
Payments for exploration and evaluation expenses	(150,183)	(18,649)
NET CASH USED IN OPERATING ACTIVITIES	(651,195)	(705,075)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	60,807	70,206
Dividends received	2,912	-
Payment for share investments	(2,097,590)	-
Proceeds from share investments	407,994	-
Payment for purchases of plant and equipment	(662)	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(1,626,539)	70,206
NET DECREASE IN CASH HELD	(2,277,734)	(634,869)
Cash and cash equivalents at beginning of financial year	5,308,855	6,970,738
Effect of exchange rate changes on cash held	(977)	(1,407)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL HALF YEAR	3,030,144	6,334,462

The accompanying notes form part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2017 to the date of this report.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2017.

2. REVENUE

	31 Dec 17	31 Dec 16
The Consolidated Entity's operating loss before income tax includes the following items of revenue:	\$	\$
Revenue		
Interest revenue	50,606	94,228
	<u>50,606</u>	<u>94,228</u>
Other		
Net gain on financial assets at fair value through profit or loss	194,805	-
Dividend revenue	2,912	-
Other income	3	3
	<u><u>248,326</u></u>	<u><u>94,231</u></u>

3. EXPENSES

The Consolidated Entity's operating loss before income tax includes the following items of expenses:

Exploration and evaluation expenses		
Impairment loss	1,482	2,185
Other exploration and evaluation expenses	10,508	16,464
Personnel expenses		
Salaries, fees and employee benefits	305,439	315,916
Corporate expenses		
Professional fees	178,187	175,459
ASX fees	22,687	21,199
Accounting, taxation and related administration	15,998	12,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

3. EXPENSES (continued)	31 Dec 17	31 Dec 16
	\$	\$
Corporate expenses (continued)		
Audit	4,000	4,400
Share registry	3,233	3,930
Other corporate expenses	10,298	2,161
Occupancy expenses	21,293	13,762
Finance expenses	3,458	1,879
Foreign exchange loss	9,780	15,199
Administration expenses		
Insurance	9,402	9,619
Travel, accommodation and incidentals	(4,563)	6,176
Depreciation	396	318
Other administration expenses	34,222	16,932
	625,820	618,015

4. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. The Managing Director is responsible for allocating resources and assessing performance of the operating segments and has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operates only in Australia and Peru.

31 Dec 17	Peru \$	Australia \$	Total \$
Revenue	-	50,606	50,606
Other	3	197,717	197,720
Total segment revenues	3	248,323	248,326
Exploration and evaluation expenses	1,482	10,508	11,990
Personnel expenses	-	305,439	305,439
Corporate expenses	189,867	44,536	234,403
Finance expenses	2,570	888	3,458
Depreciation expense	-	396	396
Other expenses	25,892	44,242	70,134
Total segment loss	(219,808)	(157,686)	(377,494)
Adjusted EBITDA	(219,808)	(157,289)	(377,097)
Total segment assets	73,376	5,427,041	5,500,417
Total segment liabilities	59,964	1,563	61,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

4. SEGMENT INFORMATION (continued)

	Peru \$	Australia \$	Total \$
31 Dec 2016			
Revenue	-	94,228	94,228
Other	3	-	3
Total segment revenues	3	94,228	94,231
Exploration and evaluation expenses	2,185	16,464	18,649
Personnel expenses	-	315,916	315,916
Corporate expenses	155,158	64,407	219,565
Finance expenses	1,014	865	1,879
Foreign exchange loss	13,791	1,408	15,199
Depreciation expense	-	318	318
Other expenses	7,499	38,990	46,489
Total segment loss	(179,644)	(344,140)	(523,784)
Adjusted EBITDA	(179,644)	(343,822)	(523,466)
30 Jun 17			
Total segment assets	70,184	5,697,209	5,767,393
Total segment liabilities	59,190	6,200	65,390

5. LOSS PER SHARE

	31 Dec 17	31 Dec 16
	cents	cents
Basic and diluted loss per share	(0.18)	(0.39)
The following represents the loss and weighted average number of shares used in the EPS calculations:	31 Dec 17	31 Dec 16
	\$	\$
Net loss after income tax	(263,113)	(561,247)
	Shares	Shares
Weighted average number of ordinary shares	145,334,268	145,334,268

Under AASB113 (Earnings per share), potential ordinary shares such as options will only be treated as dilutive when their conversion to ordinary shares would increase the loss per share from continuing operations. Diluted loss per share has not been calculated as the Company's options do not increase the basic loss per share.

6. CASH AND CASH EQUIVALENTS

	31 Dec 17	30 Jun 17
	\$	\$
Cash at bank	404,241	883,855
Term deposits	2,625,903	4,425,000
	3,030,144	5,308,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	31 Dec 17	30 Jun 17
	\$	\$
Listed securities at fair value	1,884,401	-
	<u>1,884,401</u>	<u>-</u>
8. EXPLORATION AND EVALUATION EXPENDITURE	31 Dec 17	30 Jun 17
	\$	\$
Opening balance	369,902	-
Exploration and evaluation costs	139,675	575,797
Impairment loss	(1,482)	(205,895)
Closing balance	<u>508,095</u>	<u>369,902</u>

9. COMMITMENTS

(a) Lease Commitments

The Consolidated Entity has no lease commitments at balance date

(b) Mineral Tenement/Concession - Commitments for Expenditure

(i) Australian tenements

In order to maintain current rights of tenure to exploration tenements, the holders of Australian mineral tenements are required to outlay lease rentals and meet minimum expenditure commitments. The Consolidated Entity does not currently have any material commitments for expenditure relating to Australian tenements.

(ii) Peruvian concessions

The Consolidated Entity is required to pay annual licence fees by 30 June of each year, at rates which vary on an amount per-hectare basis. The total amount of this commitment will depend upon the number and area of concessions retained, relinquished or granted (if any) and cannot therefore be reliably estimated.

10. CONTINGENCIES

(a) Australian Native Title

The Consolidated Entity's tenements in Australia may be subject to native title applications in the future. At this stage, it is not possible to quantify the impact (if any) that native title may have on the operations of the Consolidated Entity.

(b) Government Royalties

The Consolidated Entity is liable to pay royalties on production obtained from its mineral tenements/concessions.

(c) Directors' Deeds

The Consolidated Entity has entered into deeds of indemnity with Strike Resources Limited Directors, indemnifying them against liability incurred in discharging their duties as Directors/officers of the Consolidated Entity. As at the reporting date, no claims have been made under any such indemnities and, accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

10. CONTINGENCIES (continued)

(d) Deferred Payments from Settlement Agreement Relating to Apurimac Ferrum SAC

Pursuant to a settlement agreement dated 30 December 2012 whereby the Consolidated Entity acquired the (50%) balance of equity interest in Apurimac Ferrum SAC (**AF**) (the holder of the Apurimac and Cusco Projects) from D&C Pesca SAC, the Consolidated Entity has a series of deferred payment obligations as outlined below.

The Consolidated Entity has payment obligations if certain milestones are achieved as follows:

- (i) **Resource Milestone Payment:** US\$2 million on the delineation of at least 500 Mt of JORC Mineral Resources at an average grade of at least 55% Fe with at least 275 Mt of contained iron having an average grade of at least 52.5% Fe, on the Apurimac Project mineral concessions.
- (ii) **Approvals Milestone Payment:** Up to US\$3 million on AF receiving all formal government environmental and community approvals for the construction and operation of an iron ore mine and required infrastructure with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.
- (iii) **Construction Milestone Payment:** Up to US\$5 million on formal approval of the AF Board to commence construction of an iron ore project or the commencement of bulk earthworks for an iron ore mine or processing plant, in either case with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.

The Consolidated Entity has royalty payment obligations as follows:

- (i) 1.5% of the net profits from sales of iron ore mined and iron ore products produced from the Apurimac and Cusco Project mineral concessions.
- (ii) 2% of the proceeds of sales of other metals (on a net smelter return basis) mined from the Apurimac and Cusco Project mineral concessions.

AF may extinguish the royalties (save for royalties on other metals up to a cap of US\$0.5 million per annum) by making an Extinguishment Payment as follows - US\$30 million, if paid 4 years from 20 December 2012 but before the Construction Milestone occurs or the 15th anniversary of the settlement agreement (whichever is sooner).

Due to the inherent uncertainty surrounding the achievement and timing of the above milestones/royalty triggers, the Consolidated Entity regards these future payment obligations as contingencies.

For further background details, refer also to Strike's ASX Announcement dated 31 December 2012: [Strike Moves to 100% Ownership of AF](#)

(e) Legal Disputes Over Peru Mineral Concessions

The Consolidated Entity has successfully defended against a number of legal actions and claims made by several Peruvian parties (that have had a contractual relationship with AF) relating to the Consolidated Entity's mineral concessions in Peru. Whilst there still remain some outstanding claims and appeals, the Consolidated Entity believes that they will all eventually be dismissed, consistent with previous decisions by the relevant Peruvian authorities.

For further background details, refer also to Strike's ASX Announcement dated 1 May 2014: [Strike Wins Millenium Arbitration Case in Peru](#)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2017

10. CONTINGENCIES (continued)

(f) Peruvian Withholding Tax Matter

AF has an obligation (which the Consolidated Entity believes it has historically complied with) to withhold and remit Non-Resident Income Tax Withholding Tax (**WHT**) to SUNAT (the Peruvian Tax Administration) in respect of certain payments to overseas suppliers. SUNAT has previously advised that it may undertake a new audit of some historical WHT obligations and payments of AF. Given the lack of any such action by SUNAT since April 2015 and after receipt of advice from its Peruvian tax advisors, the Consolidated Entity has determined not to recognise any provision for any potential future findings by SUNAT. If SUNAT was to undertake a new audit as above and claim that additional WHT was payable by AF on its historical payments to overseas suppliers, the Consolidated Entity will appeal any final WHT determination by SUNAT to the Tax Administration Court (as applicable).

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the financial half year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Strike Resources Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001 (Cth)*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



William Johnson
Managing Director



Malcolm Richmond
Non-Executive Director and
Chairman of Audit Committee

13 March 2018



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Independent Review Report to the Members of Strike Resources Limited

The financial report and directors' responsibility

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Strike Resources Limited for the half-year ended 31 December 2017.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2017 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Strike Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Strike Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2017 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay Auditing

Graham R Swan
Partner

Dated 13th March 2018



Chartered Accountants

LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at the end of the financial half year (31 December 2017) and currently:

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

Concession Name	Area (Ha)	Province	Code	Title	File No
Opaban I	999	Andahuaylas	5006349X01	No 8625-94/RPM Dec 16, 1994	20001465
Opaban III	990	Andahuaylas	5006351X01	No 8623-94/RPM Dec 16, 1994	20001464
Ferrum 1	965	Andahuaylas	010298304	No 00228-2005-INACC/J Jan 19, 2005	11053798
Ferrum 4	1,000	Andahuaylas/ Aymaraes	010298604	No 00230-2005-INACC/J Jan 19, 2005	11053810
Ferrum 8	900	Andahuaylas	010299004	No 00232-2005-INACC/J Jan 19, 2005	11053827
Cristoforo 22	379	Andahuaylas	010165602	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
Ferrum 31	327	Andahuaylas	010552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
Ferrum 37	695	Andahuaylas	010621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
Wanka 01	100	Andahuaylas	010208110	RP 3445-2010-INGEMMET/PCD/PM Oct 18, 2010	11102187
Sillaccassa 1	700	Andahuaylas	010212508	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11084877
Sillaccassa 2	400	Andahuaylas	010212608	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449

Cusco Iron Ore Project (Peru)

(Strike – 100%)

Concession Name	Area (Ha)	Province	Code	Title	File No.
Flor de María	907	Chumbivilcas	05006521X01	No 7078-95-RPM Dec 29, 1995	20001742
Delia Esperanza	1,000	Chumbivilcas	05006522X01	No 0686-95-RPM Mar 31, 1995	20001743
El Pacífico II	1,000	Chumbivilcas	05006524X01	No 7886-94/RPM Nov 25, 1994	20001746

Paulsens East Project (Western Australia)

(Strike – 100%)

Tenement No.	Status	Grant Date	Expiry Date	Area (blocks/Ha)	Area (km ²)
Retention Licence RL 47/7	Granted	4/12/2014	4/12/2019	~381 Ha	~3.81

Burke Graphite Project (Queensland)

(Strike – 60%)

Tenement No.	Status	Grant Date	Expiry Date	Area (blocks/Ha)	Area (km ²)
Burke EPM 25443	Granted	4/9/2014	3/9/2019	5 sub-blocks	~16
Corella EPM 25696	Granted	2/4/2015	1/4/2020	11 sub-blocks	~36

Lithium Project (Western Australia)

(Strike – 100%)

Tenement No.	Status	Grant Date	Expiry Date	Area (blocks/Ha)	Area (km ²)
EL 45/4799	Granted	4/7/2017	4/7/2022	26 blocks (8,292ha)	~83
EL 45/4800	Granted	10/8/2017	10/8/2022	70 blocks (22,422ha)	~224

JORC MINERAL RESOURCES

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

The Apurimac Project 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.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
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
Total Indicated and Inferred			269.4	57.3	9.4	2.56	0.04	0.16

The information in this JORC Resource table was prepared and first disclosed under the [2004 JORC Code](#) (in Strike's ASX announcement dated [11 February 2010: Peruvian Apurimac Iron Ore Project Resource Increased to 269 Million Tonnes](#)) and has subsequently been upgraded to comply with the [2012 JORC Code](#) and disclosed in Strike's ASX Announcement dated [19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard](#).

Cusco Iron Ore Project (Peru)

(Strike – 100%)

The Cusco Project has a JORC Code (2004 Edition) compliant Mineral Resource of 104.4 Mt Inferred Mineral Resource at 32.62% Fe.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Inferred	Santo Tomas	4	104.4	32.62	0.53	3.19	0.035	0.53

The information in this JORC Resource table was prepared and first disclosed under the 2004 JORC Code (in Strike's ASX announcement dated [17 June 2011: Cusco Project – Resource Estimate](#)). It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

Burke Graphite Project (Queensland, Australia)

(Strike – 60%)

The Burke Graphite Project has a JORC Code (2012 Edition) compliant Mineral Resources Estimate (MRE).

Category	Weathering State	Mt	TGC (%)	Contained Graphite (Mt)	Density (t/m)
Inferred	Oxide	0.5	14.0	0.1	2.5
	Fresh	5.8	16.2	0.9	2.4
Inferred	Total Oxide + Fresh	6.3	16.0	1.0	2.4

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 5% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

Refer also Grade Tonnage Data in Table 2 of CSA Global Pty Ltd's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: [Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits](#)).

JORC CODE COMPETENT PERSONS' STATEMENT

JORC Code (2012) Competent Person Statement - Apurimac Project Mineral Resources

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

- [19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard](#)

The information in the original announcement that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Apurimac Iron Ore Project (Peru) 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 Mineral Resources and Ore Reserves" (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.

JORC Code (2004) Competent Person Statement – Cusco Project Mineral Resources

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Cusco Iron Ore Project (Peru) 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 2004 Edition of the JORC Code. Mr Hellsten approves and consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

JORC Code (2012) Competent Person Statement – Burke Graphite Project Mineral Resources

The information in this document that relates to Mineral Resources in relation to the Burke Graphite Project is extracted from the following ASX market announcement made by the Strike Resources Limited on:

- [13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits](#)

The information in the original announcement (including the CSA Global MRE Technical Summary in Annexure A) that relates to in situ Mineral Resources for the Burke Graphite Project is based on information compiled by Mr Grant Louw under the direction and supervision of Dr Andrew Scogings, who are both full-time employees of CSA Global Pty Ltd. Dr Scogings takes overall responsibility for this information. Dr Scogings is a Member of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM) and 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). 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.

JORC CODE COMPETENT PERSONS' STATEMENT

The information in this document that relates to metallurgical test work in relation to the Burke Graphite Project is extracted from the following ASX market announcements made by the Strike Resources Limited on:

- [16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production](#)
- [13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits](#)

The information in the original announcements that relates to these metallurgical test work is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Adamini, BSc (Mineral Science and Chemistry), who is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd, who has been engaged by Strike Resources Limited to provide metallurgical consulting services. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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 announcements.

The information in this document that relates to Exploration Results in relation to the Burke Graphite Project is extracted from the following ASX market announcements made by the Strike Resources Limited on:

- [21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland](#)
- [13 June 2017: Extended Intersections of High Grade Graphite Encountered at Burke Graphite Project](#)
- [21 June 2017: Further High Grade Intersection Encountered at Burke Graphite Project](#)
- [16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production](#)
- [13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits](#)

The information in the original announcements that relates to these Exploration Results 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). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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 announcements.

The Strike ASX market announcements referred to above may be viewed and downloaded from the Company's website: www.strikeresources.com.au or the ASX website: www.asx.com.au under ASX code "SRK".

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 Strike, 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 Strike 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.

SECURITIES INFORMATION

as at 31 December 2017

Issued Capital

Class of Security	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	145,334,268	-	145,334,268
\$0.30 (17 June 2018) Unlisted Managing Director's Options ¹²	-	3,000,000	3,000,000
TOTAL	145,334,268	3,000,000	148,334,268

Distribution of Fully Paid Ordinary Shares

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	356	147,274	0.101 %
1,001	-	5,000	623	1,854,846	1.276 %
5,001	-	10,000	264	2,136,300	1.470 %
10,001	-	100,000	363	12,187,735	8.386 %
100,001	-	and over	78	129,008,113	88.766 %
TOTAL			1,684	145,334,268	100 %

Unmarketable Parcels

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	8,333	1,120	2,943,179	2.025 %
8,334	-	over	564	142,391,089	97.975 %
TOTAL			1,684	145,334,268	100 %

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 8,333 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.060 on 31 December 2017.

¹² Refer Strike's ASX announcement dated 18 June 2013: [Appendix 3B – Grant of Options and Cancellation of Options](#) and Strike's [Notice of General Meeting](#) lodged on ASX on 17 May 2013 and [Strike's Lapse of Unlisted Options](#) lodged on 25 November 2016

SECURITIES INFORMATION

as at 31 December 2017

Top Twenty, Ordinary Fully Paid Shareholders

Rank	Holder name	Shares Held	% Issued Capital
1	BENTLEY CAPITAL LIMITED	52,553,493	36.160%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,525,681	18.251%
3	DATABASE SYSTEMS LTD	12,537,090	8.626%
4	ORION EQUITIES LIMITED	10,000,000	6.881%
5	ACN 139 886 025 PTY LTD	2,110,261	1.452%
6	JP MORGAN NOMINEES AUSTRALIA LIMITED	2,081,619	1.432%
7	MR IANAKI SEMERDZIEV	1,379,000	0.949%
8	MR JON FAZZALORI	1,102,379	0.759%
9	D&C PESCA S.A.C.	1,081,027	0.744%
10	MRS LILIANA TEOFILOVA	947,000	0.652%
11	MR CHI MAU PHUONG	923,437	0.635%
12	MR VU QUANG MINH DANG & MRS THI KIM DAU NGUYEN	772,319	0.531%
13	CONCORDE SECURITIES PTY LTD	700,000	0.482%
14	EMPIRE HOLDINGS WA PTY LTD	700,000	0.482%
15	CLASSIC CAPITAL PTY LTD	600,000	0.413%
16	MR TIN SONG LE	600,000	0.413%
17	MR FAROOQ KHAN	530,010	0.365%
18	PRINT LOGIC WA PTY LTD	500,000	0.344%
19	MR TRAVIS CHRISTIAN HANSEN & MISS CARYSS FRANCES BIDESI	500,000	0.344%
20	RENMUIR HOLDINGS LIMITED	487,428	0.335%
	TOTAL	116,630,744	80.250%

Substantial Shareholders

Substantial Shareholder	Registered Shareholder	Shares Held	% Voting Power
Bentley Capital Limited ¹³	Bentley Capital Limited	52,553,493	36.16%
ABU Holding International Limited and Associates ¹⁴	HSBC Custody Nominees (Australia) Limited	25,825,000	17.77%
Database Systems Ltd and Ambreen Chaudhri ¹⁵	Database Systems Ltd	12,537,090	8.63%
Orion Equities Limited ¹⁶	Orion Equities Limited	10,000,000	6.88%
Queste Communications Ltd ¹⁷	Orion Equities Limited	10,000,000	6.88%

13 Refer Bentley's ASX announcement dated [4 September 2015 Notice of Change in Interests of Substantial Holder](#)

14 Refer [Notice of Initial Substantial Holder dated 21 December 2012](#)

15 Based on [Notice of Change in Interests of Substantial Holder dated 4 June 2013](#)

16 Refer Orion's ASX announcement dated [4 September 2015: Notice of Change in Interests of Substantial Holder](#)

17 Refer Queste's ASX announcement dated [4 September 2015: Notice of Change in Interests of Substantial Holder](#); Orion is the registered holder of Strike shares and Queste is taken under section 608(3)(b) of the Corporations Act to have a relevant interest in securities in which Orion has a relevant interest by reason of having control of Orion