



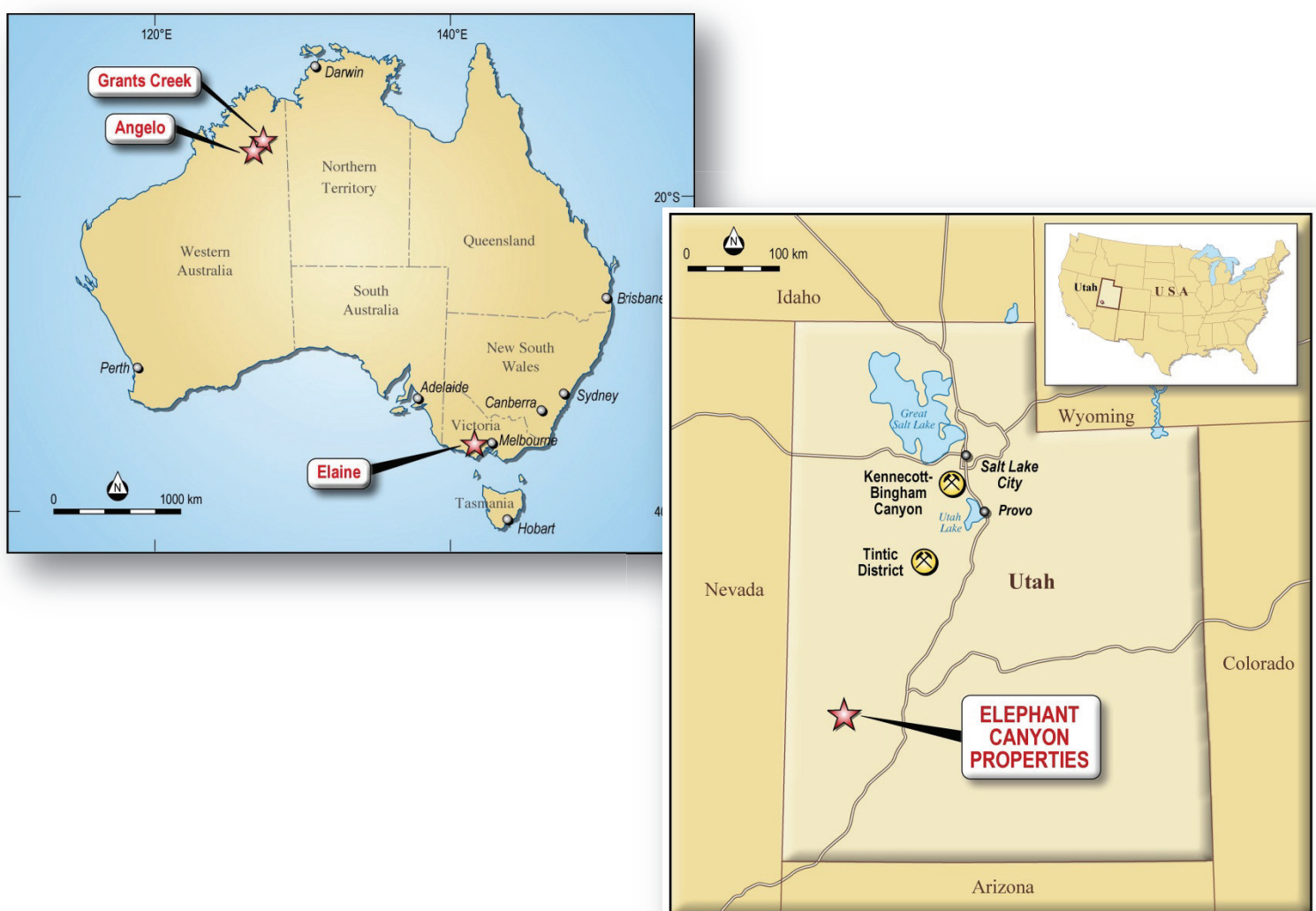
# Quarterly Report

December 2011

## HIGHLIGHTS

- Deal signed to **acquire majority interest in gold, silver and base metal porphyry deposit in Utah, USA**
- **Finalising heritage clearance** as final step towards ongoing proposal to complete drilling at Halls Creek projects, **Angelo** and **Grants Creek**
- First phase exploration and **rock chip sampling completed for the Elaine** and refining possible targets for drill testing in 2012.
- Continuous review of globally opportunities to identify further projects which may add to the company's current assets and exploration prospects.

**Figure 1 Current project locations**



## CORPORATE

The Company has entered into a Letter of Intent with Escalante Star LLC ( "Escalante") to acquire up to 80% of the Elephant Canyon gold, silver and base metals project, Star Range Southern Utah USA.

Highlights from the Company's ASX announcement dated 10 January 2012 include:

- **Highly prospective for gold, silver and base metals** as epithermal veins, skarns and metasomatic alteration haloes surrounding a major porphyry intrusion.
- **Historical workings with previous production** and recently extensive field work completed
- **Considered as advanced exploration, drill ready** (drilling planned second quarter 2012).
- Situated in **similar geological setting to Rio Tinto's Bingham Copper mine** at Salt Lake City, one of the world's largest copper mines
- **Close to major infrastructure** including rail road, highway, power and 200km south of Salt Lake City, the Utah State Capital.

## OPERATIONAL

**Elephant Canyon gold, Silver and base metals Project.** (JV with Escalante Star LLC in which Firestrike Resources Limited can earn up to 80%)

The Project is considered by the Company to meet its strategic development plans with strong geological evidence of extensive mineralisation observed at numerous workings, shafts and historical production, dating from the 1870's through to 1960's.

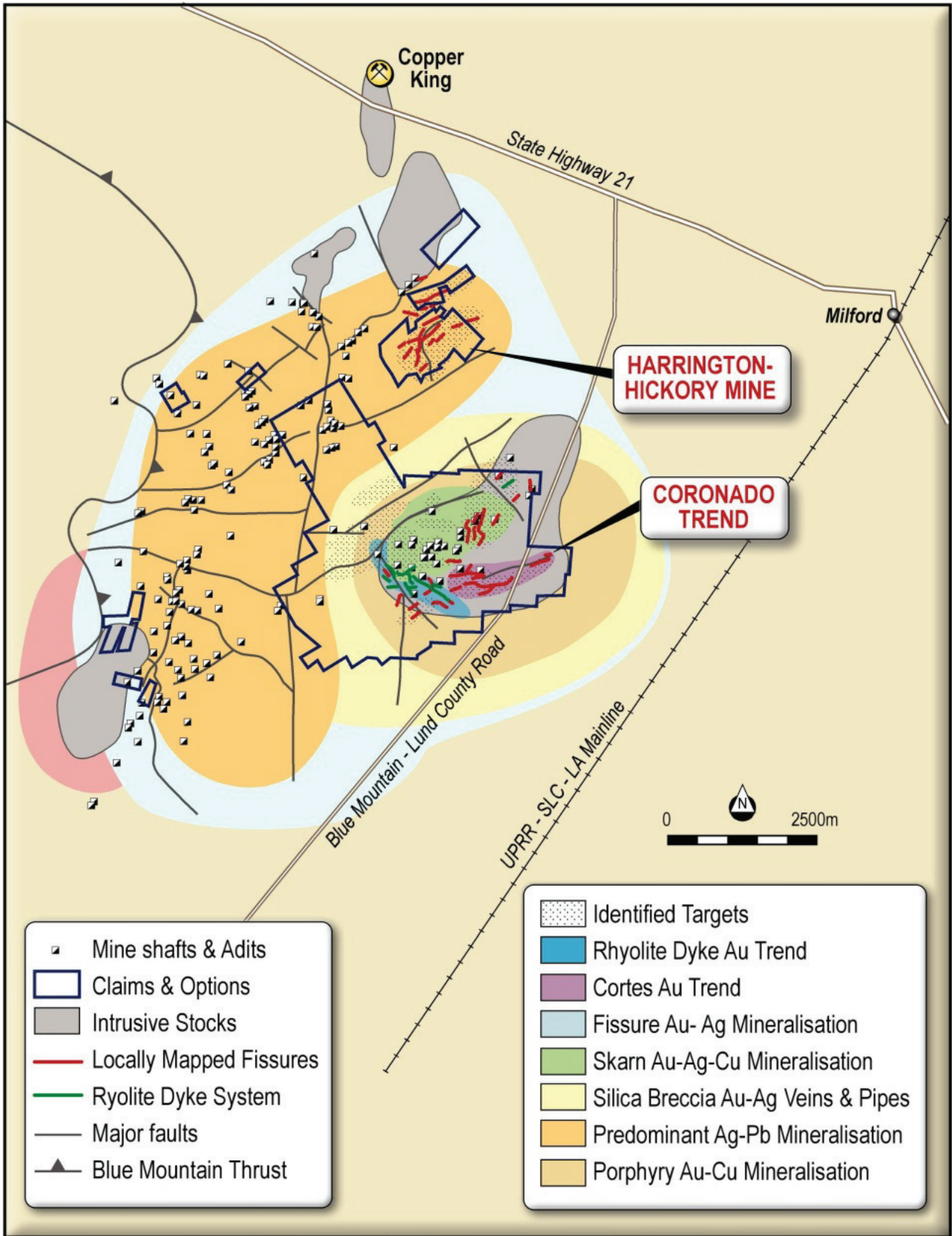
Escalante has been carrying out geological mapping and sampling of the workings since 2008 and exploration is now entering the phase of development where drilling is required.

They will provide the technical expertise on location, with geologists and land managers based in the area of the project who have a long history of exploration and development in the Beaver/Milford region. As a result this will give Firestrike a ready-made team capable of fast tracking exploration in the region.

Under the terms of the Lol, which is subject to a satisfactory Due Diligence investigation anticipated for completion before March 2012, the company is to acquire up to 80% equity in the project by the completion of set milestones. Terms of Lol include an initial minimum expenditure on the project of \$2 million and the completion of resource estimations in accordance with the JORC code and guidelines. The current vendors of the project will be free carried until the completion of a Bankable Feasibility Study ("BFS").

In addition to funding the Joint Venture, Firestrike will also award the Vendor's up to 5 million shares based upon the project meeting the milestones.

- Initially 1 million shares will be awarded on signing a formal Joint Venture Agreement;
- 1 million shares awarded on definition of 500,000 ounces in inferred resources (gold equivalence);
- 1 million shares awarded on definition of 1,000,000 ounces inferred resources (gold equivalence);
- 2 million shares on a positive outcome to an independent pre-feasibility study prior to commencement of the BFS.



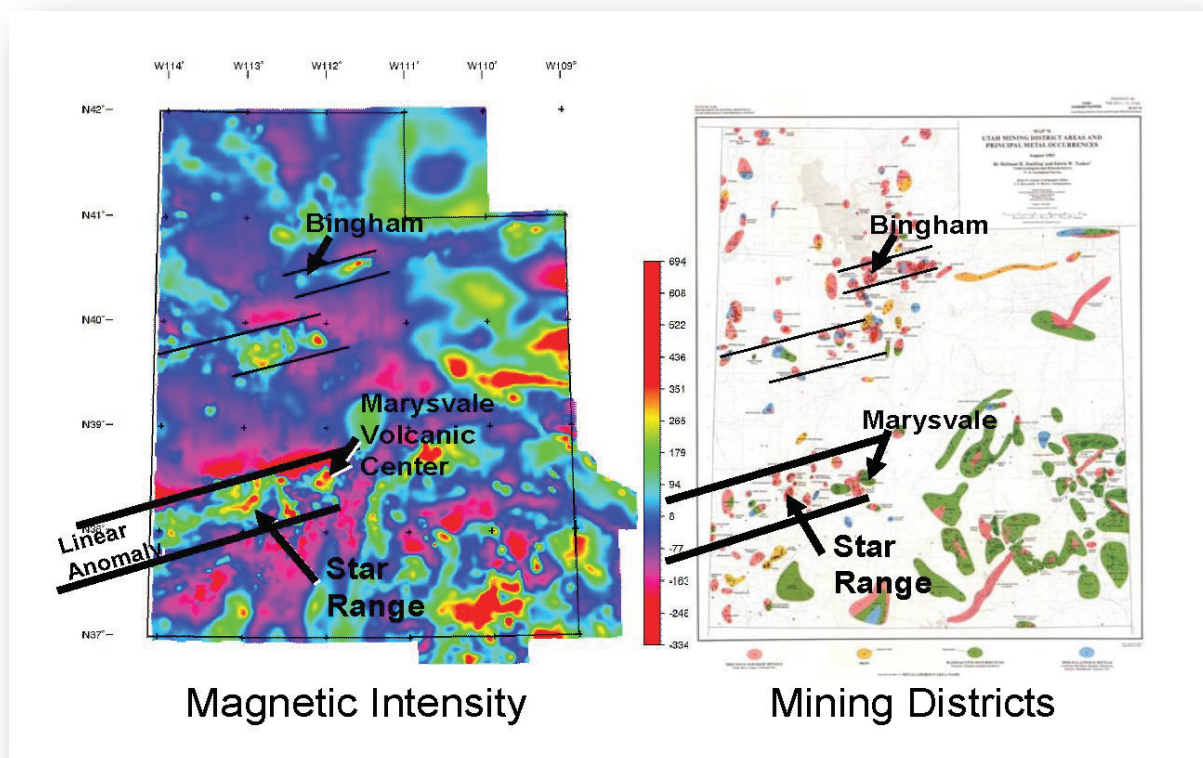
**Figure 2:** Generalised Geology map showing alteration zones and mineralised trends identified in relation to the numerous workings and outcrop.



## ABOUT THE PROJECT.

The Elephant Canyon Project is within the Beaver County and topographically is a Canyon within the Star Range.

This mineralisation is within one of three well defined mineral fields with the other two as hosts to the Bingham mine and the Tintic mining district respectively. (See figure 3).



**Figure 3:** Total Magnetic intensity image and Utah State geology map showing Bingham Canyon, Tintic (the second linear feature shown); and Star Range, home of the Elephant Canyon Project.

Utah plays host to the Bingham Copper mine, whilst the greater Tintic district (between Bingham Canyon and Elephant Canyon) has produced substantial gold (over 2.7 million ounces) and silver (272 million ounces), as well as 127,000 tons of copper; 114 million tons of lead and 225,000 tons of zinc over its history of development. The Tintic district is experiencing renewed interest in re-evaluating the historical mines.

The local geology at the Elephant Canyon Project (Star Range) is considered to be a sequence of sedimentary rocks, over 6,000 metres in thickness and ranging in age from the Devonian through to Jurassic. Younger tertiary rocks intrude and overlay the older sequence. Mineralisation is seen at a number of horizons within the stratigraphical column.

Included in the current project area is the Harrington Hickery mine. This mine was operating until mid 1960's and developed underground to a depth of 200 metres.

In the area of the Hickery Harrington mine the Permian Kaibab limestone has been the most productive however mineralisation, as skarn and fissure fill veins, are seen throughout the sequence from the Devonian age Simonson and Sevy dolomites up to the aforementioned Kaibab limestone. Ore previously mined in the historical workings is described by the vendor as a series of ore bodies, 6 - 8 metres wide and extending down to 200 metres from surface.

The style of mineralisation throughout the Project area is inferred to be porphyry related in genesis with gold, silver, copper, lead, zinc and molybdenum present. Within the field area porphyry bodies are present at surface. In particular, the Vicksberg stock appears to be ringed with a zone of silica breccia containing gold and silver mineralisation. Within the core of the area is a magnetic anomaly inferred to represent a large deep seated porphyry system which so far remains untested.

Multiple episodes of structural deformation in the area from 30 - 35 Million years ago have further controlled the influence of intrusive rocks and subsequent fissure/vein development.

The area of the current claims encompasses a number of historical mines and waste dumps active from the late 1800's to the late 1960's. Subsequent exploration and production was hampered by lower commodity prices and a lack of consolidated mining claims held by multiple owners. With a strong metals price and vendor's ability to consolidate claims, the project has become a viable exploration proposition.

Nearby the former Western Utah Copper Corporation commenced operations in 2008. Recently the property has changed owners and is looking to re-establish production in the coming months. Current resources reported at the mine include existing proven, indicated and inferred categories and the current owners report over 600,000 pounds of copper alone. As this mill is approximately 10 kilometres from the existing patents and claims owned by Escalante, synergies exist with this infrastructure. The Elephant Canyon Project is also adjacent to a main highway and the Union Pacific railway with heavy load handling facilities at Milford some 6 kilometres from the mineral claims area.

Ongoing exploration plans by Escalante includes finalising the compilation of all historical data and field mapping in 2011 with drilling proposed for the second quarter of 2012. Escalante has identified 14 targets of which 6 are considered at or near drill ready.

Firestrike is currently reviewing all remaining technical data as part of the Due diligence process and subsequent to the completion of Due diligence will require formal Joint Venture documentation to be successfully completed.

### **Grants Creek Project P80/1576, 1577, 1578, 1579, 1580, 1582, 1760.**

(100% Firestrike Resources Limited)

Following on from last quarters rock chip results which confirmed the previously reported high grade ( over 5g/t) gold present in the historical workings the company is looking to commencing drilling within the first half of 2012.

Currently the company is still in the process of completing statutory requirements (primarily completing a Heritage Survey) in preparation for a possible drill programme and is hampered by the wet conditions which is restricting access for field crews. The company hopes to complete drilling at both the Grants Creek and Angelo projects contemporaneously to minimise mobilisation and ancillary costs.

### **Angelo Project, Halls Creek E80/2707**

(100% Firestrike Resources Limited)

In conjunction with the ongoing work for Grants Creek, the Angelo Project is also progressing towards drilling with the anticipation that a Heritage Survey will be completed in time to allow drilling to start within the first half of 2012 once the seasonal rains have subsided.

## **Elaine Project, Ballarat, E5133**

(Firestrike Resources with an Option to acquire 100%)

Field work has been completed during the quarter with Victorian based geological consultants completing a site investigation of the workings central to the tenement. Over 37 selected rock chip samples have been collected and access reviewed as part of a preliminary investigation into possible selected drilling sites within the tenement.

The Company is also considering expanding soil sampling areas as a result of positive outcome from a previous survey undertaken early in 2011 which indicated a coherent gold anomaly in the southern region of the tenement .

## **OTHER ACTIVITIES**

The board has been actively involved in reviewing and appraising other global resource projects presented to the Company that were considered to offer the opportunity to grow shareholder wealth.

### **Disclaimer**

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr D. J. Holden, who is a Chartered Professional Member of The Australian Institute of Mining and Metallurgy and a Member of the Australian institute of Geoscientists , with over 20 years experience in the mining industry. Mr Holden has sufficient experience, as to qualify as a Competent Person as defined in the 2004 edition of the “Australian Code for Reporting of Mineral Resources and Ore reserves”. Mr Holden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Firestrike Resources Limited

ABN

84 149 796 332

Quarter ended ("current quarter")

31 December 2011

### Consolidated statement of cash flows

|   | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>Cash flows related to operating activities</b>               |                            |                                       |
| 1.1 Receipts from product sales and related debtors             | -                          | -                                     |
| 1.2 Payments for (a) exploration & evaluation                   | (42)                       | (104)                                 |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) administration  | (63)                       | (264)                                 |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 45                         | 64                                    |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                     |
| 1.6 Income taxes paid   | -                          | -                                     |
| 1.7 Other (provide details if material)                         | -                          | -                                     |
| <b>Net Operating Cash Flows</b>                                 | <b>(60)</b>                | <b>(304)</b>                          |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of:                                   |                            |                                       |
| (a) prospects   | -                          | -                                     |
| (b) equity investments  | -                          | -                                     |
| (c) other fixed assets  | -                          | -                                     |
| 1.9 Proceeds from sale of:                                      |                            |                                       |
| (a) prospects   | -                          | -                                     |
| (b) equity investments  | -                          | -                                     |
| (c) other fixed assets  | -                          | -                                     |
| 1.10 Loans to other entities                                    | -                          | -                                     |
| 1.11 Loans repaid by other entities                             | -                          | -                                     |
| 1.12 Other (provide details if material)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                                 | <b>-</b>                   | <b>-</b>                              |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(60)</b>                | <b>(304)</b>                          |



|      |  |       |       |
|------|--|-------|-------|
| I.13 | Total operating and investing cash flows (brought forward) | (60)  | (304) |
|      | <b>Cash flows related to financing activities</b>          |       |       |
| I.14 | Proceeds from issues of shares, options, etc.              | -     | 63    |
| I.15 | Proceeds from sale of forfeited shares                     | -     | -     |
| I.16 | Proceeds from borrowings                                   | -     | -     |
| I.17 | Repayment of borrowings                                    | -     | -     |
| I.18 | Dividends paid   | -     | -     |
| I.19 | Other – Capital Raising costs                              | -     | (199) |
|      | <b>Net financing cash flows</b>                            | -     | (136) |
|      | <b>Net increase (decrease) in cash held</b>                | (60)  | (440) |
| I.20 | Cash at beginning of quarter/year to date                  | 2,802 | 3,182 |
| I.21 | Exchange rate adjustments to item I.20                     | -     | -     |
| I.22 | <b>Cash at end of quarter</b>                              | 2,742 | 2,742 |

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

|      | Current quarter<br>\$A'000                                       |    |
|------|--|----|
| I.2  | Aggregate amount of payments to the parties included in item I.2 | 67 |
| I.24 | Aggregate amount of loans to the parties included in item I.10   | -  |
| I.25 | Explanation necessary for an understanding of the transactions   |    |
|      | Consulting fees and salaries                                     |    |

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

### Financing facilities available

Add notes as necessary for an understanding of the position.

|     | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|-----|-----------------------------|------------------------|
| 3.1 | Loan facilities             | -                      |
| 3.2 | Credit standby arrangements | -                      |

**Estimated cash outflows for next quarter**

|              |                            | \$A'000    |
|--------------|----------------------------|------------|
| 4.1          | Exploration and evaluation | 100        |
| 4.2          | Development                | -          |
| 4.3          | Production                 | -          |
| 4.4          | Administration             | 75         |
| <b>Total</b> |                            | <b>175</b> |

**Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. |                          | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 5.1   | Cash on hand and at bank | 81                         | 2,802                       |
| 5.2   | Deposits at call         | 2,661                      | -                           |
| 5.3   | Bank overdraft           | -                          | -                           |
| 5.4   | Other (provide details)  | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b>  |                          | <b>2,742</b>               | <b>2,802</b>                |

**Changes in interests in mining tenements**

|     | Tenement<br>reference   | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed |                                  |  |                                  |
| 6.2 | Interests in mining tenements acquired or increased           |                                  |  |                                  |

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

|  | Total number           | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents)           |
|--|------------------------|---------------|---|--|
| 7.1 <b>Preference *securities</b><br><i>(description)</i>  |                        |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                        |               |   |  |
| 7.3 <b>*Ordinary securities</b>  | 31,000,000             | 17,000,000    |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |                        |               |   |  |
| 7.5 <b>*Convertible debt securities</b><br><i>(description)</i>  |                        |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |                        |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 9,500,000<br>9,500,000 |               | <i>Exercise price</i><br>25 cents<br>50 cents | <i>Expiry date</i><br>31 December 2015<br>31 December 2015 |
| 7.8 Issued during quarter  |                        |               |   |  |
| 7.9 Exercised during quarter   |                        |               |   |  |
| 7.10 Expired during quarter  |                        |               |   |  |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |                        |               |   |  |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   |                        |               |   |  |

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....

Date: 24/01/2012

Print name: Philip Re

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.