STRIKE RESOURCES

30 July 2013

CERRO CCOPANE RESOURCE AND FUNDING UPDATE

Highlights:

- Increased Resources and further potential identified at the Cuervo operated Cerro Ccopane project.
- Cuervo's cash reserves are very low. Strike is in discussions with Cuervo regarding its ongoing funding requirements and protecting its position as secured creditor.

Strike Resources Limited (ASX: SRK, "**Strike**" or "the **Company**") is pleased to announce that the JORC mineral resources at the Cerro Ccopane project have now more than doubled to 395.6 Mt at an average grade of 43.8% iron.

Cerro Ccopane is operated by Cuervo Resources Inc ("**Cuervo**") in line with the project structure detailed below.

This increase arises following completion of a JORC (2012) resource estimate for the Bob1 prospect at Cerro Ccopane. The Bob1 prospect is a new resources area for Cerro Ccopane, adding to the existing resources at the project. Work by Golder Associates ("**Golder**"), commissioned by Strike, has outlined Inferred Resources of 217 Mt of magnetite dominant iron ore grading 40.2% iron. The previously reported resources are in accordance with JORC (2004).

Bob1 New Resources	Tonnes (Mt)	Iron (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	S%
Inferred	217.0	40.2	21.6	5.0	0.08	2.2

Cerro Ccopane New Total[1]	Tonnes (Mt)	Iron (%)
Inferred	340.0	43.3
Indicated	35.9	45.9
Measured	19.7	48.3
Total	**395.6**	**43.8**

However, Strike has concerns regarding the ability for Cuervo to continue to operate and fund its ongoing exploration activities, given its currently low level of reported cash reserves. These concerns have led Strike to hold discussions with Cuervo management regarding its future funding requirements. As yet no decision has been made by Strike on whether it will contribute further funds to Cuervo.

Strike notes that it is Cuervo's sole secured creditor, holding security over shares in Cuervo's subsidiary that owns its exploration concessions (including the Cerro Ccopane project) in Peru.

[1] Although a full suite of elementary analyses were completed on all drilling at Cerro Ccopane the resources apart from Bob1 (Golder) were not estimated for SiO_2, Al_2O_3, or P and S grade estimates were completed only for Orcopura and Bob1 (Golder) resources.

Cerro Ccopane Project

The Cerro Ccopane project lies within the Cusco district approximately 25 km north of Strike's 100% owned Cusco Project.

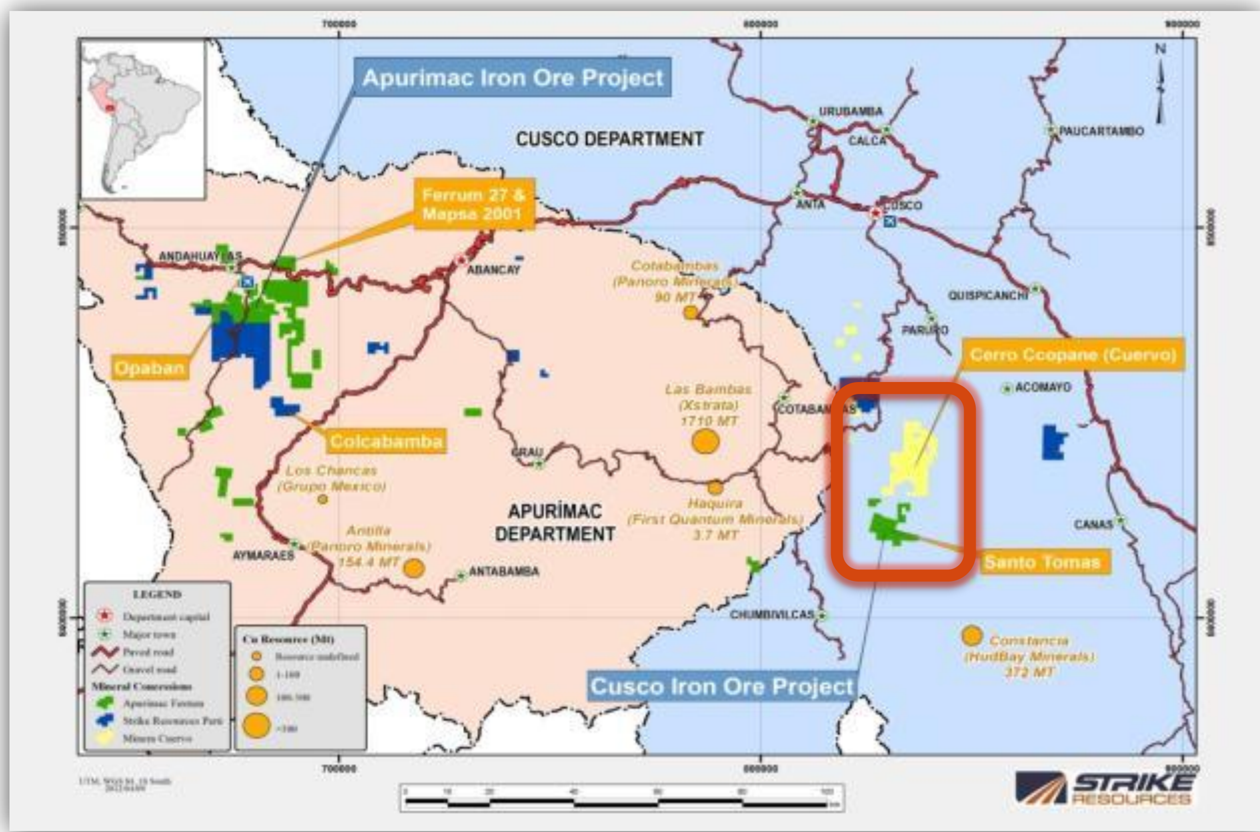
Cerro Ccopane is operated by Cuervo, with Strike advancing funds for exploration in return for warrants and secured by a share pledge (see Cerro Ccopane project structure below for details).

Significant further potential remains at Cerro Ccopane based on the current drilling and other exploration data. An Exploration Target of an additional 160 Mt to 220 Mt at a grade of 35% to 40% Fe has been identified for Bob1. The Exploration Target was derived from the current geological model and extrapolated grade estimates that lie within a pit shell that was derived from a conceptual-level open pit optimisation completed by Golder. This potential is principally derived from extending the current Inferred Resources to a depth of approximately 400 m below the current drilling. The tonnage and percentage ranges are approximations. The potential tonnage and grade of the Exploration Target are conceptual in nature and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

The Bob1 gravity and magnetic target also remains open along strike to the north extending into the Parcco prospect where extensive outcrops of massive ironstone have been identified in early reconnaissance exploration activities.

In addition, all other resources at Cerro Ccopane remain open and a large gravity anomaly, similar to that at Bob1, has been identified at Huillque Norte. This gravity high is associated with a moderate magnetic anomaly and is interpreted as a large iron ore or copper/gold target.

Future exploration is expected to focus on surface exploration and drilling of the Parcco prospect as the top priority in conjunction with further drilling to test the along strike and down dip potential at Bob1 and initial drill testing of the Huillque Norte gravity target. A firm timetable for future drilling will be contingent upon Cuervo securing the necessary additional funds and reaching formal agreement with the communities at the Parcco and Huillque Norte.



Strike Resources Project Locations, with Cerro Ccopane Area Highlighted

Cuervo funding

As of 31 March 2013, Cuervo's cash balance stood at C$186,018 (as reported in the public release of their 2013 Audited Financials, filed on SEDAR in Canada). On 31 May 2013 Cuervo raised a further C$150,000 through a private placement.

Strike is aware that Cuervo has actively sought additional funding to finance its ongoing operations and future exploration program, but so far this has proven unsuccessful. As secured creditor to Cuervo (with security currently held over 90% of the shares of the Peruvian company that holds Cuervo's exploration concessions), Strike is currently in discussion with Cuervo management with regard to its financial position and is taking steps to ensure that its security is protected.

No decision has yet been made by Strike whether it will advance any further funds to Cuervo.

Cerro Ccopane Project Structure

Strike has advanced Cuervo C$5.25 M to fund the Stage 1 drilling and exploration program and, in return, was issued warrants that can be converted to 31.5% of Cuervo's shares on an undiluted basis, at C$0.30 per share. Strike holds a share pledge (similar to a share mortgage) over 90% of the shares in Cuervo's 100%-owned Peruvian subsidiary that, in turn, owns Cuervo's concessions. Upon Cuervo validly estimating a 500 Mt inferred Resource across its Cerro Ccopane Project, this security is reduced so as to cover only 45% of those shares.

Cuervo announced on 26 February 2013 an Inferred Resource estimate that significantly exceeds the JORC 2012 compliant resource detailed here. On reviewing Cuervo's 26 February 2013 announcement, Strike held some concerns regarding the methodology and assumptions used by Cuervo to determine the resource. The three key areas of concern were;

- Use of a lower cut of 10%Fe, which Strike considers to be too low given the low magnetite content (and hence limited magnetic fraction recoveries) for mineralisation at that iron grade.
- While there is a degree of confidence that the mineralisation extends below the current drilling data, Cuervo projected the mineralisation up to 400 m down dip from the deepest drill intercept and included this as a substantial part of their Inferred Resource. This projection does not honour the trend of reduced thickness at depth and in Strike's view should be more appropriately classified as "exploration potential" rather than Inferred Resources;
- Use of a grade interpolation method which excludes some data and does not reflect the trend of reducing iron grade with depth.

In light of these concerns, Strike engaged Golder to review the Cuervo resource estimate and to independently produce a JORC compliant report on the Bob 1 prospect.

Strike notes that Golder holds similar concerns regarding the methodology and assumptions used by Cuervo to determine the resource. The methodology used by Golder to calculate a JORC Inferred Resource resulted in an estimate significantly less than that presented by Cuervo in its 26 February 2013 announcement. The Company notes that, if accepted, the Cuervo estimate would take its total resource at the Cerro Ccopane Project to a level above a trigger that reduces Strike's security for its C$5.25 M loan to Cuervo. If the estimate produced by Golder were used, the reduction In Strike's security would not be triggered. In light of Strike's concerns about the Cuervo estimate and the Golder review, the Company therefore reserves its rights in the event that Cuervo seeks to reduce the security.

JORC 2012 Summary

Drilling techniques

The resource estimate prepared by Golder is based on 18 diamond drill holes completed by Cuervo at Bob1 as part of a $5.25 M exploration program funded by Strike Resources (see above for further details on project structure). Drilling was completed using NQ and HQ sized diamond drilling techniques. HQ core was used as far as practical with reduction to NQ when drilling difficulties were encountered.

Golder reviewed and analysed the data base provided by Cuervo and believes it has been competently prepared and the raw data has been collected in accordance with sound industry practice.

Geology and Geological interpretation

The Cerro Ccopane-Orcopura deposit is an iron skarn. The property comprises Cretaceous age limestones of the Arcurquina Formation and intermediate to felsic intrusive rocks of the Colquemarca pluton. The surface expression of the magnetite suggests the mineralisation is generally massive, with columnar magnetite outcrops.

The Bob1 mineralisation exhibits good strike continuity extending as a continuous zone up to 150 metres in true thickness over at least 2 kilometres of strike length based on the current drilling. The mineralised system is defined by surface outcrop, trenching and strong magnetic and gravity signatures with the geophysics which indicating further extensions to the north and south and potentially at depth below the current drilling.

As noted above the magnetic data indicates the mineralised trend continues to the north into the Parcco prospect where extensive outcrops of massive magnetite have been identified in early stage reconnaissance work. While the magnetics also indicate extensions to the south of the current drilling the increased width of the anomaly and limited surface expression suggest it is plunging in this direction and may be predominantly at depth.

Analysis of the drilling data indicates two material trends which have been honoured in the Golder resource estimate. Firstly, the iron grade reduces gradually with depth. From surface to approximately 30 m depth, mild weathering has led to some conversion of magnetite to haematite resulting in higher than average grades. Below this level, the iron content of the magnetite zone reduces with depth as demonstrated by depth vs Fe grade plots. Secondly, the true thickness of the mineralised zones tends to reduce with depth.

While continuity along strike and between drill holes is generally very good, there is evidence of some faulting with the apparent dip of the mineralisation abruptly flattening in the central portion of the Bob1 system. Accordingly Golder has used some caution in the interpretation of mineralisation thickness and geometry in this area.

Sampling and sub-sampling techniques

A total of 1414 sawn half-core samples, with an average length of 1.8 m, were submitted to the laboratories for analysis.

Marked samples were cut by an electric masonry saw with one-half of the core placed into a labelled sample bag with a double assay ticket. The second half of the core was returned to the core box for storage.

Subsequent sample preparation was carried out by either SGS Laboratory or ALS Chemex Laboratory using their standard preparation techniques for iron ore analysis which involves crushing, pulverising then sub-sampling and further pulverisation to the required grain-size for analysis.

Classification

Mineralisation that is within 100 m from the drill hole data is classified as an Inferred Resource. This classification is considered to be appropriate based on geological confidence criteria, location and quality of drilling and sampling information.

Sample analysis method

With the exception of three drill holes, BDH-12-06, BDH-12-07 and BDH-12-08, all analytical data were obtained using Inductively Coupled Plasma mass spectrometry (ICP). The samples from the other holes were assayed using X-Ray Fluorescence spectrometry (XRF).

Estimation methodology

Tonnage estimates were conducted using volumes defined from wire frames of the mineralisation and bulk density determinations undertaken on representative core samples of magnetite mineralisation and host units. The wire frames were generated by linking each sectional geological interpretation based on the lower iron cut of 10%Fe. Grade estimation was completed into a block model (50m by 50m by 10m) of the mineralisation envelope defined by the wireframe with sub-blocks of 25m by 25m by 5m at domain boundaries. Iron, silica, alumina, phosphorous and sulphur grades were estimated into each block using the Inverse Distance methodology.

Cut-off grade(s), including the basis for the selected cut-off grade(s)

A 20% Fe cut-off grade was used for the Mineral Resource. This cut-off grade was selected based on nearby magnetite deposits and other analogous magnetite deposits.

Mining and metallurgical methods and parameters, and other material modifying factors considered to date.

For the purposes of this estimate, it is assumed that mining at Bob1 is likely to be undertaken using open pit techniques. Given that the resource is in the Inferred category, no detailed assessment of mining or processing parameters was conducted.

Competent Person's Statement:

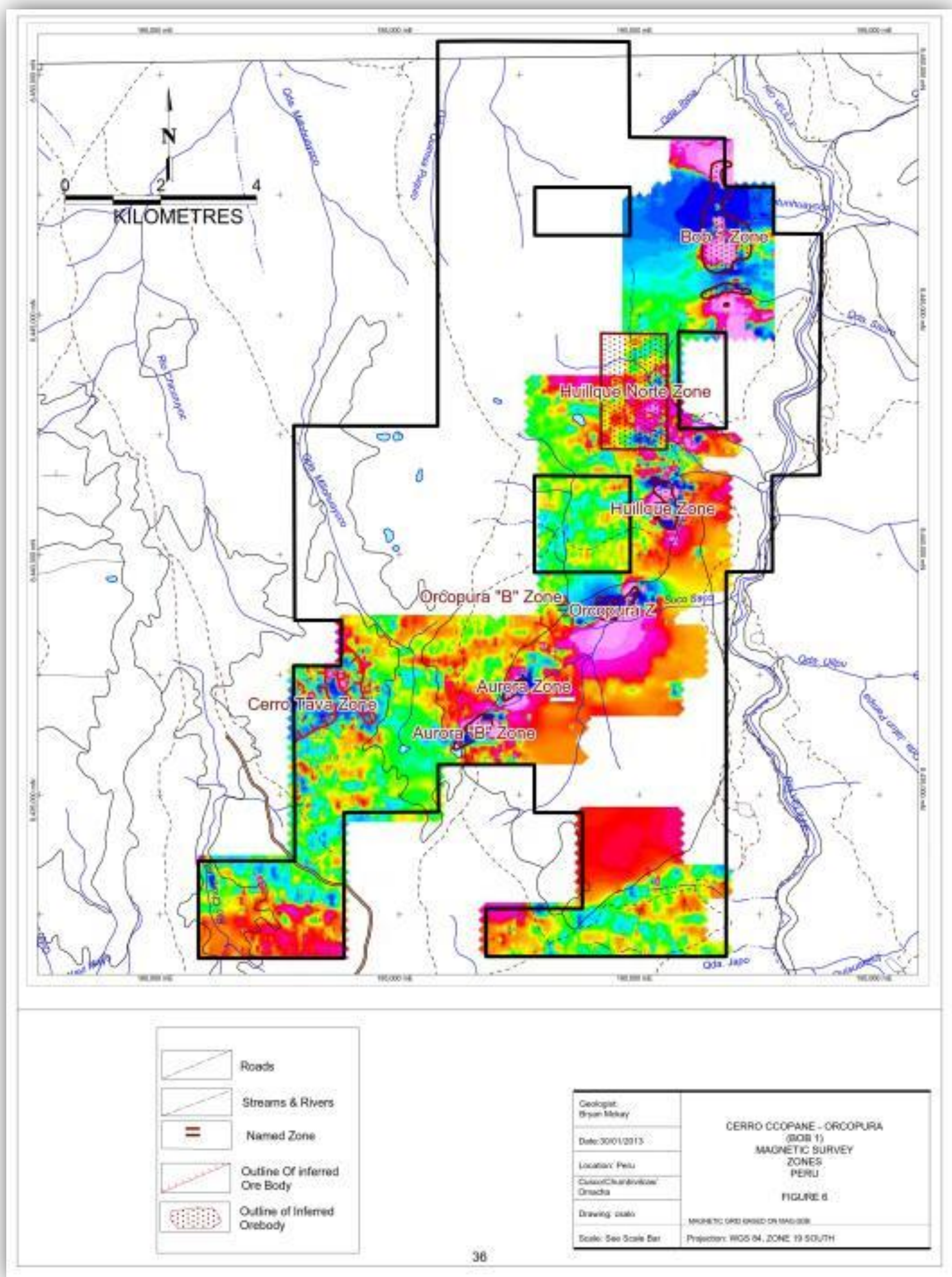
The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resources is based on, and fairly represents, information and supporting documentation compiled and prepared by Golder Associates and Mr Ken Hellsten. Mr Hellsten is a Fellow of The Australasian Institute of Mining and Metallurgy and a consultant to Strike Resources Limited.

Golder Associates completed all activities associated with the resource estimate. As some confirmation regarding analytical density determination methodologies used by Cuervo has not yet been received and Mr Hellsten has been reviewing the Cerro Ccopane exploration activities over the past 2 years it was agreed Mr Hellsten was the appropriate Competent Person for the JORC statement.

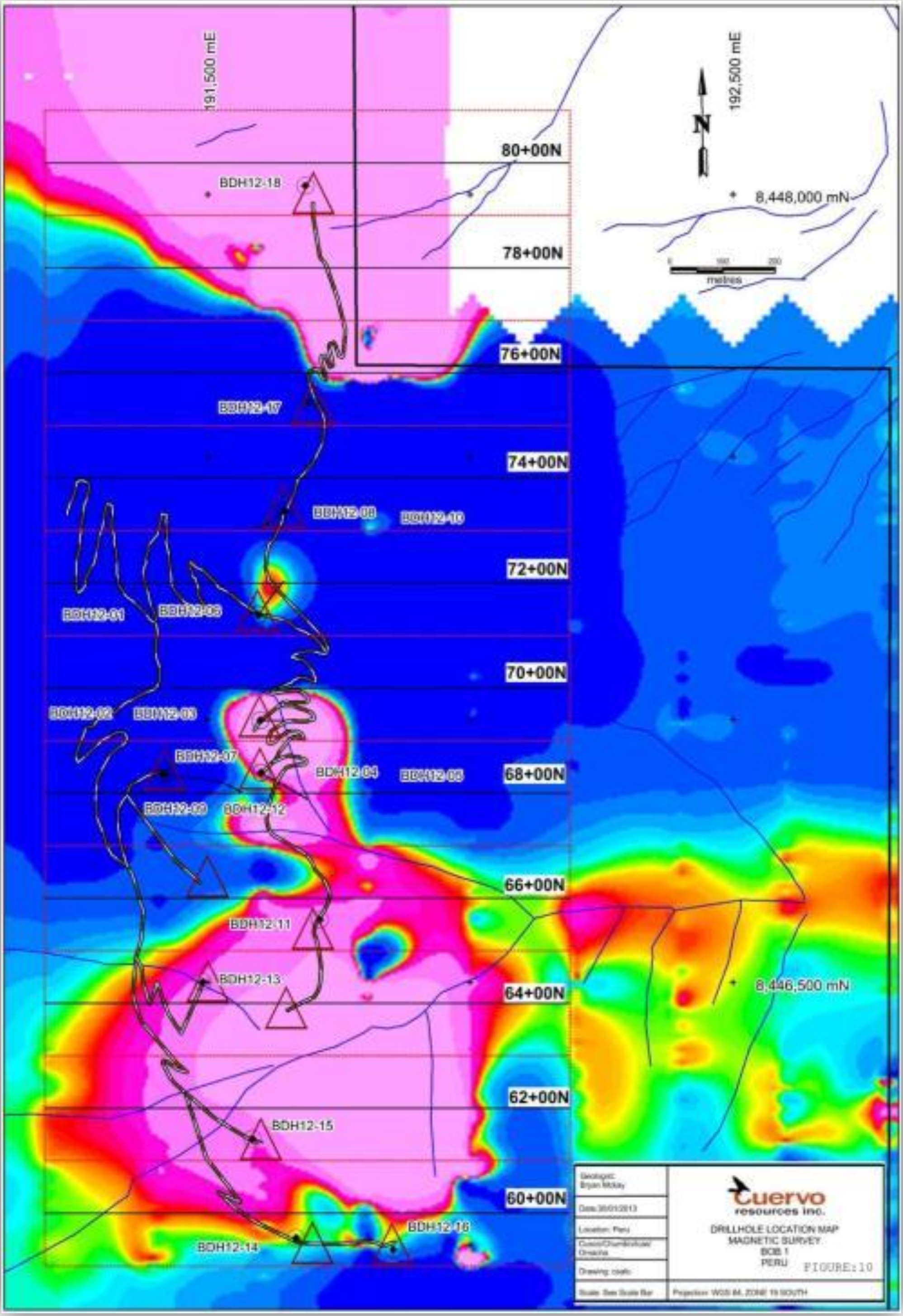
No Golder Associate employees undertaking the resource work hold any interest in Strike Resources Limited, its related parties, or in any of the mineral properties that are the subject of this report. Mr Hellsten holds 217,000 Strike shares.

Mr Hellsten has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

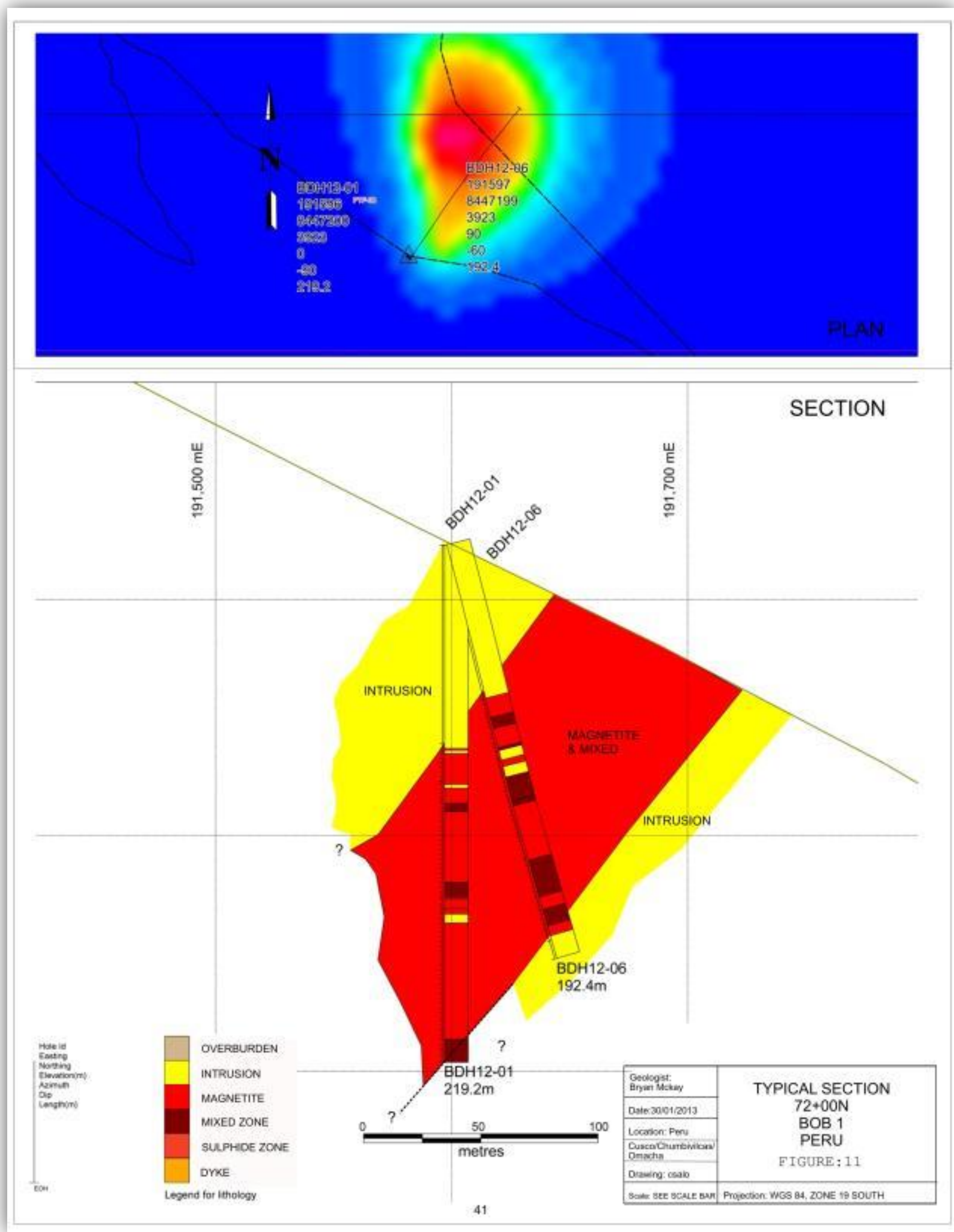
Mr Hellsten has provided prior written consent as to the form and context in which the Exploration Results and Mineral Resources and the supporting information are presented in this market announcement.



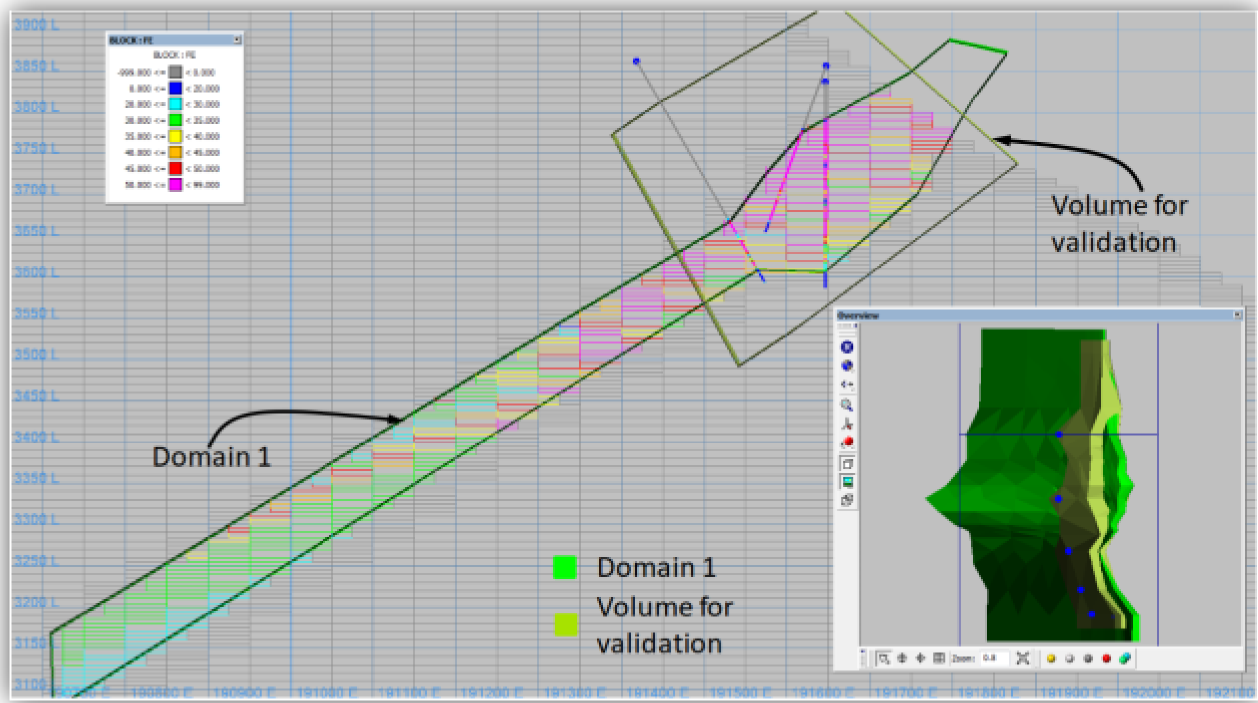
Cerro Ccopane Project outline and prospect locations, on Magnetic Survey



Bob1 Drill hole location map



Bob1, Typical Section.



Cross-Section of 8 447 400 mN Facing North Showing Lower Fe Grades Extending Down Dip and the Volume for Validation

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About Strike Resources

Strike Resources is an ASX listed iron ore project developer, focused on the high grade Apurimac magnetite project in Peru.

Apurimac is 100% owned by Strike and has the potential to support the establishment of a 15-20 Mtpa iron ore operation, based on some of the highest magnetite grades in the world.

In the near term, Strike intends to expand the resource base at Apurimac significantly.

Alongside Apurimac, Strike holds the Cusco Iron Ore Project, and an interest in the Cerro Ccopane project, both of which are also magnetite projects in Peru.

Strike is well funded to meet its objectives, with significant cash in hand to progress the Apurimac project.

Appendix 1 - Golder Associates Report

TECHNICAL MEMORANDUM

DATE 26 July 2013 **PROJECT No.** 137641015-005-TM-Rev2

TO Ken Hellsten
Strike Resources Limited

CC

FROM Sandy Sen **EMAIL** ssen@golder.com.au

BOB1 RESOURCE ESTIMATE

INTRODUCTION

Golder Associates Pty Ltd (Golder) was commissioned by Strike Resources Ltd (SRK) to assist with the preparation of a Mineral Resource estimate for the Bob1 Prospect, which forms part of the Cerro Ccopane Project in Peru. SRK and its partner, Cuervo Resources Inc. (Cuervo) are currently exploring the Cerro Ccopane Project area for magnetite mineralisation, which can be beneficiated to produce high-grade, low-contaminant iron concentrates for the steel industry. SRK retains overall responsibility for the resource estimate, with Mr Ken Hellsten acting as Competent Person.

This document summarises the parameters used in the block modelling and validation for the estimate.

A previous National Instrument 43-101 resource estimate by B.J. McKay Limited released by Cuervo in February 2013 using the same raw data as this estimate was reviewed by SRK and Golder. These reviews identified several material issues with the methodology used by McKay (2013) which meant neither SRK nor Golder were prepared to sign-off on the resource as JORC compliant. Accordingly SRK requested Golder to undertake a JORC resource estimate for Bob1 using the raw data provided by Cuervo and McKay.

DATA

Cuervo provided Golder the data for the resource estimate, this included data from the 18 diamond holes (DDH) drilled at Bob1. Golder used the data to create mineralisation boundaries similar to those used by McKay (2013). The drill hole data included collar, lithology, survey and assay results. All of the available drill holes were used in the Bob1 resource model. Out of the 18 holes drilled, 17 have assay data. Hole BDH-12-09 did not intersect the mineralised horizon due to drilling difficulties in the blocky ground (McKay, 2013).

Golder completed checks on the collar, survey and assay data to validate the internal integrity of the database.

Collar and survey data validation processes identified the following issues:

- BDH-12-14 has a 0 dip recorded on drilling logs. For the hole, Golder used a dip of -90° which was shown on drill hole collar map (Bob1_Drill_hole_locations.pdf), which results in a more consistent interpretation.
- BDH-12-09 has no assays available for modelling as the hole was terminated before it intersected the mineralisation.
- The dip of BDH-12-06 shown on plan sections is not correct. The dip of this hole should be -60° as shown on logs and the collar map.

- BDH-12-07 has an incorrect northing recorded in the drilling logs. Golder used the collar coordinates from the collar map (Bob1_Drill_hole_locations.pdf) for this drill hole.
- Two duplicated samples were found in the assay table. Sample 11 172 and 11 637 appear twice in the database for different drill hole intervals. Since the samples were within proximate range of the surrounding samples, both were used in the estimation process.
- With the exception of three drill holes, BDH-12-06, BDH-12-07 and BDH-12-08, all analytical data were obtained using Inductively Coupled Plasma mass spectrometry (ICP), the others were assayed using X-Ray Fluorescence spectrometry (XRF).

MINERALISATION INTERPRETATION AND TOPOGRAPHY

SRK supplied Golder with ten drilling cross-sections with mineralisation interpretation from McKay (2013). Golder digitised cross-sectional interpretations of the mineralisation domain based on these sections. Details of the digitised cross-sectional interpretation were presented in report 137641015-003-R-Rev0 (Golder, 2013). The interpretations included significant down-dip extrapolation, in the order of 400 m below the deepest drill intercept. For the proposed Mineral Resources, Golder has limited the down-dip extrapolation to the same as the along strike extrapolation which is generally 100 m either side of each drill hole.

Three key factors influenced the projection distance.

- The limited amount of drilling data available
- Evidence of disruption to the mineralisation from the surface mapping, geophysics and abrupt change in the apparent dip of the mineralised zone around section 8 446 900 mN.
- A clear trend of reducing iron grade with depth from the drilling data.

SRK also provided Golder with Cuervo’s topography map and some surveyed gravity base station locations acquired for the Bob1 Prospect and the neighbouring Mafe 01 Prospect to the west. Using this information, Golder created a topographic surface in Vulcan. Details of the process taken to generate the topographic surface can be found in report 137641015-003-R-Rev0 (Golder, 2013). There were some differences between the final topography and the drill hole collar elevations, with collars variously lying up 43 m below and up to 29 m above the topography surface. The average difference between the topography and drill collars was 1.6 m.

The difference between the collars and the topography is unlikely to have a material impact on the resource tonnage. This is due to the steep country-side and the average difference between collars and topography being very small.

DATA PREPARATION

The Vulcan drill hole data base (*srk_20130621.bdh.isis*) is flagged against the mineralisation interpretation and composited to 2 m composite using the following conventions:

- The raw sample intervals were flagged with the interpreted mineralisation boundaries based on the centroid of each raw sample interval. The flagging was carried out using a process identical to that used when assigning the variables in the geological block model. Samples that fall within the mineralised wireframe were flagged as Domain 1 and samples outside the wireframe were flagged as Domain 0.
- The 2 m length was selected according to the highest sample length population.
- The compositing is broken down by mineralisation domains.
- The majority codes for domain type were retained.
- Samples with negative values, denoting missing intervals, were excluded during compositing.

EXPLORATORY DATA ANALYSIS

Exploratory data analysis (EDA) was undertaken on the 2 m composite data. The analysis showed that Fe, SiO_2 and Al_2O_3 have bimodal populations. These populations are associated with the host rocks and the mineralisation domain. The domain has effectively separated the two populations (Figure 1 and Figure 2).

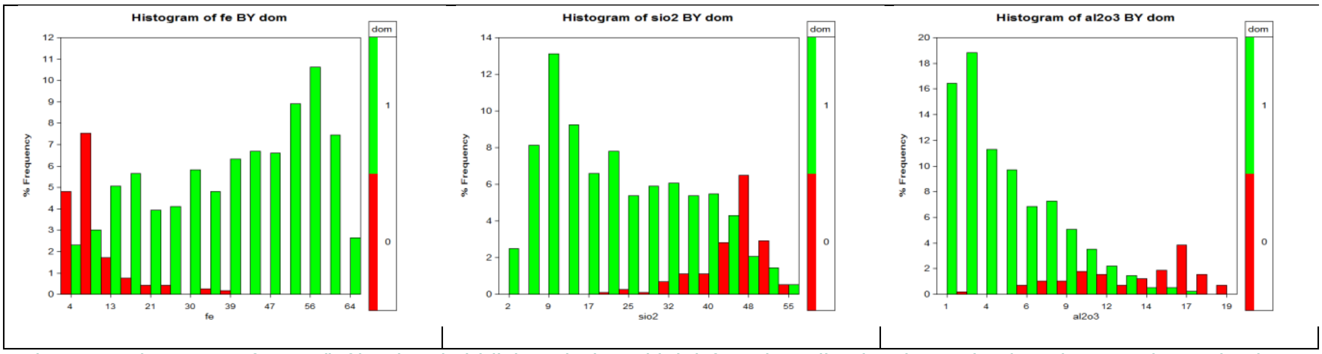

Figure 1: Histograms for Fe (left), SiO_2 (middle) and Al_2O_3 (right) for Mineralisation (Domain 1) and Waste (Domain 0)

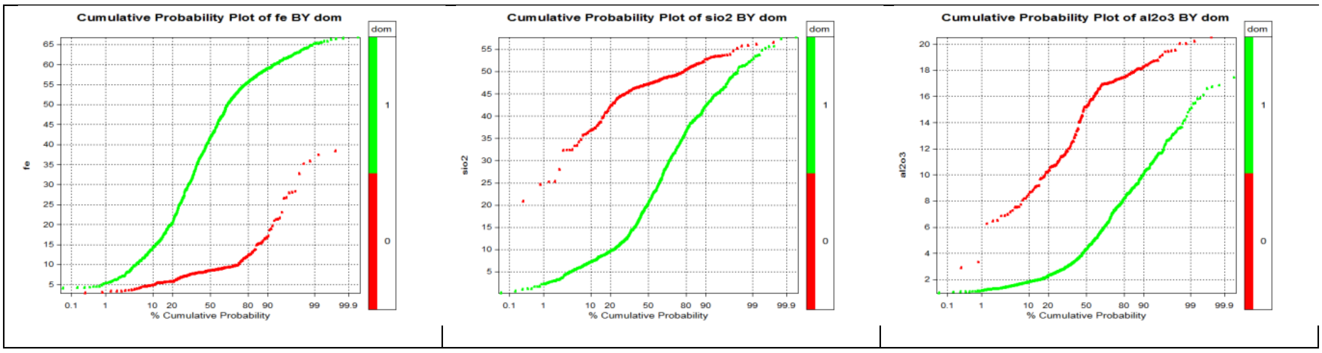

Figure 2: Cumulative Probability Plots for Fe (left), SiO_2 (middle) and Al_2O_3 (right) for Mineralisation (Domain 1) and Waste (Domain 0)

BLOCK MODEL CONSTRUCTION

Golder created a block model for Bob1 in Vulcan geology and mine planning software using the mineralisation and topography wireframes. The block model parameters are shown in Table 1. The block model is sub-blocked with the mineralisation wireframe to better reflect the boundary between mineralisation and waste with the mineralised block coded as Domain 1 and waste block as Domain 0.

The specific gravity values used by McKay (2013) were assigned to this block model, with the mineralisation assigned a specific gravity of 3.78. This value was based on the results from 24 samples distributed throughout the deposit. The host rocks were assigned a specific gravity of 2.8 based on the host litho-types.

While the specific gravity data is relatively limited, the specific gravity applied by McKay (2013) seems reasonable based on the available data and our experience from other magnetite deposits.

Table 1: Bob1 Block Model Parameters (SRK_20130621.bmf)

Parameter	X (Easting)	Y (Northing)	Z (RL)
Parent Block Size (m)	50	50	10
Sub-block Size (m)	25	25	5
Model Origin	188 500	8 445 400	2 600
Extent (m)	4 500	3 600	2 000

GRADE ESTIMATION

The grade estimation was completed in Vulcan using the Inverse Distance Squared (ID^2) method. Twelve variables have been estimated, this include: Fe, SiO_2, Al_2O_3, P, CaO, MgO, S, K_2O, TiO_2, Mn, Na_2O and LOI.

A total of four estimation passes were used for the mineralised Domain 1. The first three have increasingly greater search radii and the fourth pass has the same dimensions as the third pass. The third and fourth passes have different search dips to account for the different geometry in the model (Table 2).

To account for the small residual composite lengths the estimation was weighted by composite length. Only 1.6% of composites within Domain 1 were less 2 m, and there was no relationship between sample length and grade (Figure 2).

The minor proportion of blocks that were un-estimated were assigned default grades based on the mean Fe grade for Domain 1.

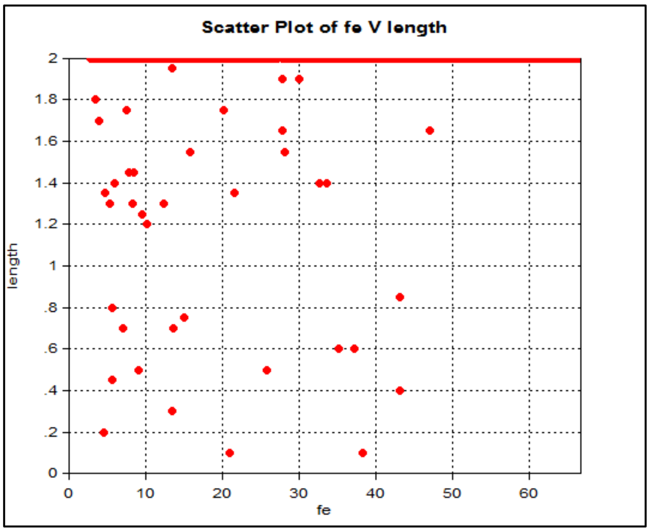

Figure 3: Scatter Plot of Fe versus Length, Showing No Relationship between Composite Length and Grade

Table 2: Estimation Parameters

Estimation Pass	1	2	3	4
Search Azimuth (°)	0	0	0	0
Dip (°)	45	45	25	45
Plunge (°)	0	0	0	0
Search Major-Axis (m)	300	600	1800	1800
Search Semi-Axis (m)	200	400	1200	1200
Search Minor-Axis (m)	15	30	300	300
Anisotropy X	1	1	1	1
Anisotropy Y	0.67	0.67	0.67	0.67
Anisotropy Z	0.05	0.05	0.05	0.05
Min. Samples	4	2	2	2
Max. Samples	12	12	12	12
Max. Sample per Hole	7	7	7	7
Power Term	2	2	2	2
Search Type	Ellipse	Ellipse	Ellipse	Ellipse
Composite Weighting	Length	Length	Length	Length

VALIDATION OF GRADE ESTIMATES

Statistical and visual assessment of the block model was undertaken to assess successful application of the various estimation passes. This validation is performed to ensure that as far as the data allowed all blocks within mineralisation domains were estimated and the model estimates performed as expected.

As a general comment, the validations generally only determine whether the estimation has performed as expected. Acceptable validation results do not necessarily mean the model is correct or derived from the right estimation approach. It only means the model is a reasonable representation of the data used and the estimation method applied.

Visual Validation

An on-screen validation between samples and blocks was completed. The on-screen validation process involved comparing block estimates and composite grades in cross-section and in plan view. Examples of the validation from section 8 447 400 mN show the estimated blocks were conformable with the drilling data (Figure 4). However, the estimates extrapolated down-dip generally have lower values than the block estimates that are close to the near surface drilling data. This is due to the down-dip extrapolation of the lower grades at depth, and hence the statistical validations were limited to the volume that extends 100 m from the drilled area (Figure 4).

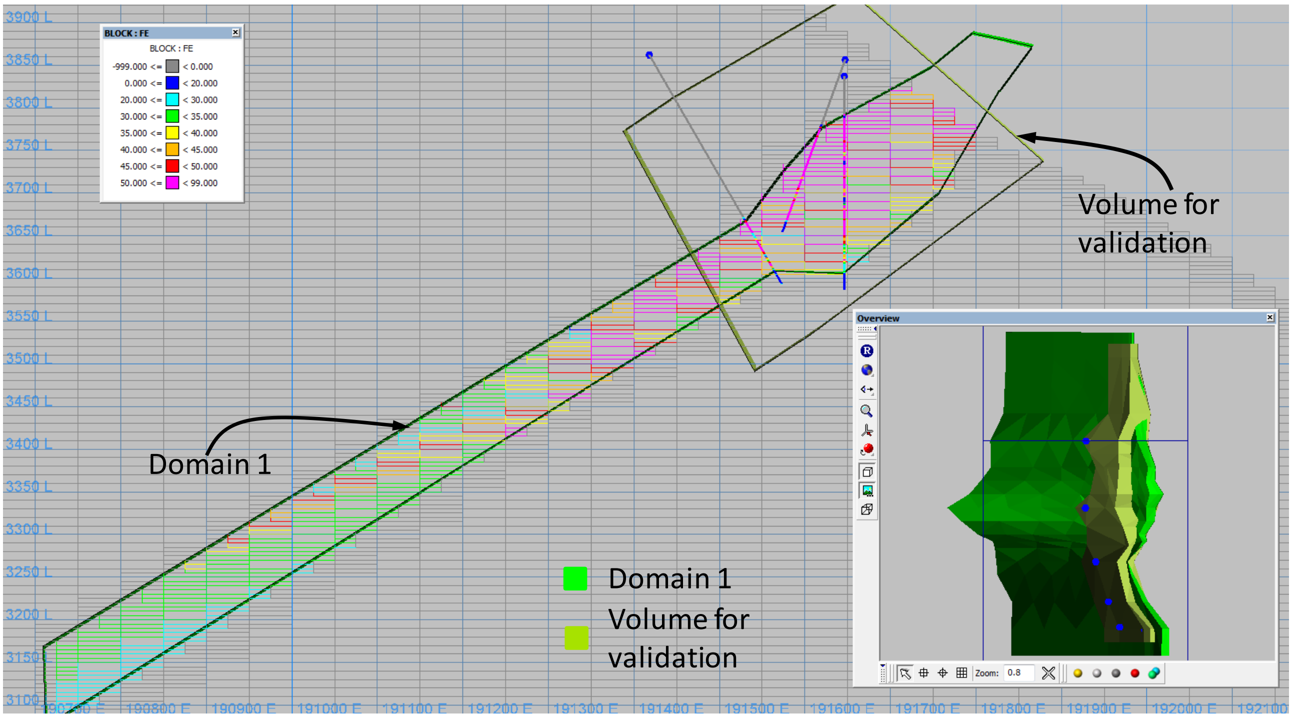

Figure 4: Cross-Section of 8 447 400 mN Facing North Showing Lower Fe Grades Extending Down Dip and the Volume for Validation

Statistical Validation

Validation statistics show the majority of the mean grades of the block model are within ±10% of the mean grade from the 2 m composites with the exception of P, CaO and Na_2O. Overall the mean reproduction is reasonable considering the data density and variation in both mineralisation thickness and grade through the Bob1 deposit.

Table 3: 2 m Composites versus Block Model Validation Statistics

Variable	Domain	Data			Block Model (BM)			*BM/DH(%)*[1]	*f* [2]
		No.	Mean	Var.	No.	Mean	Var.		
Fe	1	980	39.06	281.77	6548	36.80	158.02	94.2	0.561
SiO_2	1	980	22.63	181.19	6548	24.18	93.55	106.8	0.516
Al_2O_3	1	980	5.21	11.09	6548	5.59	5.45	107.3	0.491
P	1	980	0.07	0.01	6548	0.08	0.00	110.1	0.442
LOI	1	797	2.03	2.33	6548	2.01	0.82	99.0	0.350
Mn	1	980	0.18	0.01	6548	0.18	0.00	103.4	0.545
CaO	1	980	6.92	21.55	6548	7.74	16.91	111.9	0.785
MgO	1	980	4.33	4.73	6548	4.48	2.44	103.5	0.516
TiO_2	1	980	0.24	0.03	6548	0.26	0.01	104.9	0.446
K_2O	1	980	0.58	0.25	6548	0.58	0.09	99.9	0.341
S	1	980	2.17	2.59	6548	2.00	1.07	92.1	0.411
Na_2O	1	946	1.15	1.61	6548	1.29	0.80	111.7	0.498

[1] between DH and BM mean values; [2] actual variance adjustment

Swath Plots

Swath plots were used to assess the block model estimates for global bias; the estimates should have a close relationship to the drill hole composite data used for estimation. Golder produced swath plots for Bob1 for Fe.

The process involved averaging both the blocks and samples in panels of 100 m (easting) by 100 m (northing) by 20 m RL. Conformance between the model and sample average grades was assessed in the form of easting, northing and RL swaths of the panel averages. The relationship between model and sample panel averages was assessed in the form of scatter plots and Q-Q plots. The swath validations for Fe from Domain 1 are shown in Figure 5.

Overall, the swath plot validation processes show that the block estimates follow the trend of the 2 m composite data, where it is available. From the perspective of conformance of the average model grades to the input data, Golder considers the models to be a good representation of the drill hole data used.

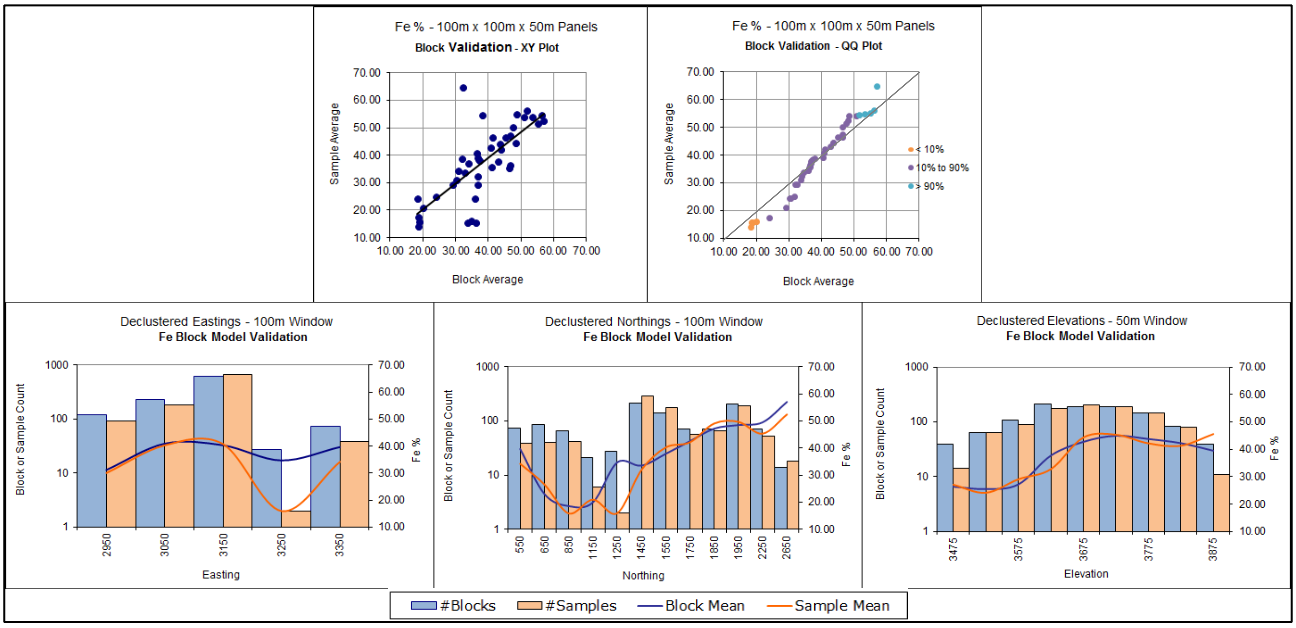

Figure 5: Swath Plot of Fe Grade Showing Block and 2 m Drill Hole Comparison

GRADE ESTIMATE REPORT

The grade tonnage data for Bob1 is presented at a range of Fe cut-off grade (Table 4, Figure 6).

Table 4: Grade-Tonnage Data at Various Fe Cut-Off grades for the Proposed Inferred Resource

Cut-Off Grade (Fe%)	Tonnage (Mt)	Fe	SiO_2	Al_2O_3	P	LOI	CaO	K_2O	MgO	Na_2O	S	TiO_2	Mn
0.001	252	36.8	24.2	5.6	0.08	2.0	7.7	0.6	4.5	1.3	2.0	0.3	0.2
10	249	37.1	24.0	5.5	0.08	2.0	7.7	0.6	4.5	1.3	2.0	0.3	0.2
15	237	38.2	23.1	5.3	0.08	2.0	7.3	0.6	4.4	1.2	2.1	0.3	0.2
20	**217**	**40.2**	**21.6**	**5.0**	**0.08**	**1.9**	**6.7**	**0.6**	**4.2**	**1.1**	**2.2**	**0.2**	**0.2**
25	203	41.4	20.7	4.8	0.08	1.9	6.4	0.6	4.1	1.0	2.2	0.2	0.2
30	179	43.3	19.3	4.5	0.08	1.8	5.9	0.5	3.9	0.9	2.3	0.2	0.2
35	146	45.7	17.4	4.1	0.08	1.7	5.2	0.5	3.6	0.8	2.3	0.2	0.2
40	111	48.2	15.5	3.7	0.07	1.5	4.6	0.5	3.4	0.7	2.5	0.2	0.2
45	73	51.4	13.2	3.3	0.07	1.4	3.7	0.5	3.0	0.5	2.6	0.2	0.1
50	41	54.3	11.0	2.9	0.07	1.3	2.9	0.4	2.7	0.4	2.7	0.1	0.1
60	2	61.5	6.2	2.1	0.08	0.7	1.0	0.4	1.3	0.1	0.9	0.1	0.1

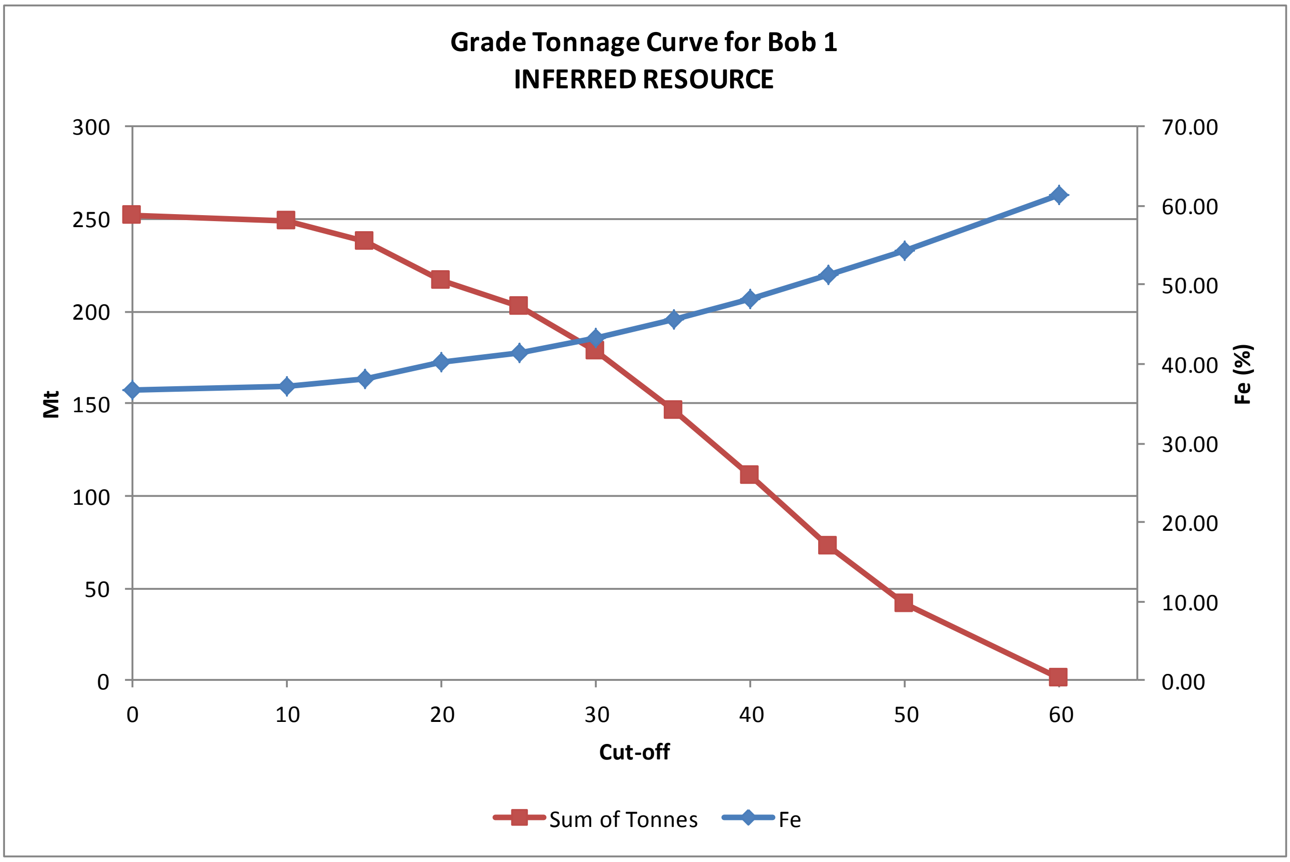

Figure 6: Grade-Tonnage Curve Showing Variables at Various Fe Cut-Off Grades for the proposed Inferred Resource

MINERAL RESOURCES

For public release of the grade estimate, Golder recommends the mineralisation (Domain 1) that is within 100 m from the drill hole data be classified as Inferred Resources by SRK, as shown in Figure 7. Golder considers this classification of Mineral Resources to be appropriate based on geological confidence criteria, location and quality of drilling and sampling information.

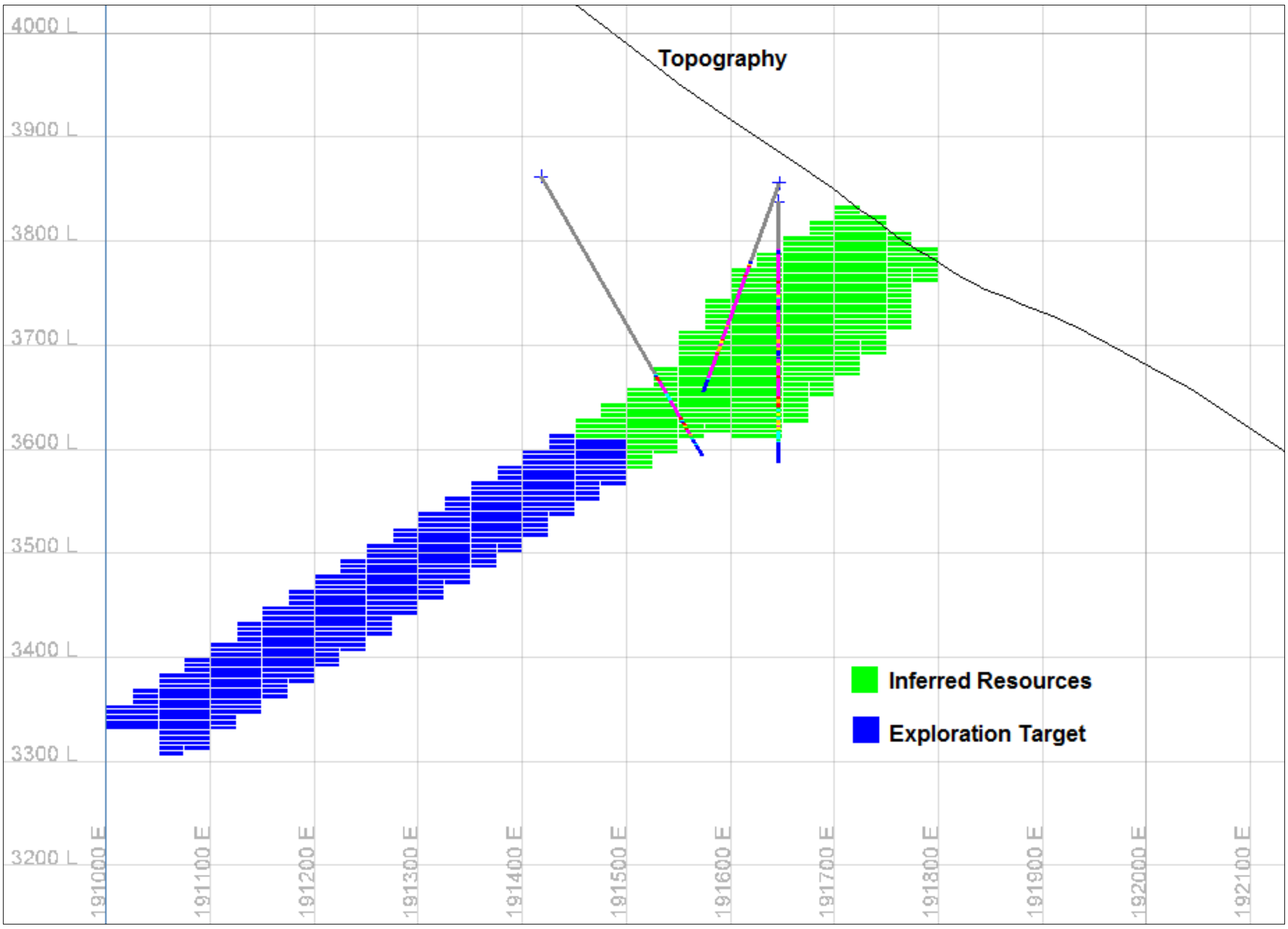

Figure 7: Cross-section of 8 447 400 mN Facing North Showing the Proposed Resource Classification

EXPLORATION TARGET

An Exploration Target of 160 Mt to 220 Mt at a grade of 35% to 40% Fe has been identified for Bob1. The Exploration Target was derived from the current geological model and extrapolated grade estimates that lie within a pit shell that was derived from a conceptual-level open pit optimisation completed by Golder.

The potential tonnage and grade of the Exploration Target are conceptual in nature and it is uncertain whether further exploration will result in the estimation of a Mineral Resource. Further, we note that SRK advised Golder that future exploration is expected to focus on surface exploration and drilling of the Parcco prospect as the top priority in conjunction with further drilling to test the along strike and down-dip potential at Bob1 and initial drill testing of the Huillque Norte gravity target (Parcco and Huillque Norte both being part of Cerro Ccopane). A firm timetable for future drilling is contingent upon Cuervo securing the necessary additional funds and reaching formal agreement with the communities at the Parcco and Huillque Norte.

THE JORC CODE ASSESSMENT CRITERIA

The JORC Code (2012) describes a number of criteria, which must be addressed in the Public Report of Mineral Resource estimates for significant projects. These criteria provide a means of assessing whether or not parts of or the entire data inventory used in the estimate are adequate for that purpose. The resource estimate stated in this document was based on the criteria set out in Table 1 of that Code. These criteria are discussed as follows.

Criteria	Explanation
Sampling techniques	■ *Nature and quality of sampling (e.g. 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.* ■ *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* ■ *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.* A total of 1414 sawn half core samples, average length 1.8 m, were submitted to the laboratories for analysis. Core logging and core cutting was conducted at a recently constructed core processing facility in Saylla, a suburb of Cusco under the supervision of Cuervo geologists and Mr Brian McKay, an independent consulting geologist to Cuervo.
Drilling techniques	■ *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).* Drilling was completed using NQ and HQ sized diamond drilling techniques. HQ core was used as far as practical with reduction to NQ when drilling difficulties were encountered.
Drill sample recovery	■ *Method of recording and assessing core and chip sample recoveries and results assessed.* ■ *Measures taken to maximise sample recovery and ensure representative nature of the samples.* ■ *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.* Based on SRK's understanding of the Cuervo field procedures, each core tray composite length was recorded and compared with the length of the drilled interval for the tray to determine the core recovery. HQ core was used where possible to maximise core volume and sample recovery. Formal confirmation of this statement has not yet been received from Cuervo.
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.* ■ *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* ■ *The total length and percentage of the relevant intersections logged.* The core was logged into Excel spreadsheets. The geology is logged with descriptions of geological features such as rock type, mineralisation style, grain size, core quality (e.g. if fractured, etc.), but geotechnical logging was not undertaken. The core was photographed prior to leaving the project site and the photographs were stored as part of the database.

Criteria	Explanation
Sub-sampling techniques and sample preparation	■ *If core, whether cut or sawn and whether quarter, half or all core taken.* ■ *If non-core, whether riffled, tube sampled, rotary split, etc., and whether sampled wet or dry.* ■ *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* ■ *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* ■ *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.* ■ *Whether sample sizes are appropriate to the grain size of the material being sampled*. Marked samples were cut by an electric masonry saw with one-half of the core placed into a labelled sample bag with a double assay ticket. The second half of the core was returned to the core box for storage. Subsequent sample preparation is carried out by either SGS Laboratory or ALS Chemex Laboratory using their standard preparation techniques for iron ore analysis which involves crushing, pulverising then sub-sampling and further pulverisation to the required grain-size for analysis.
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.* ■ *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.* ■ *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* Several methods were employed to monitor variation in the Fe grade. These included internal checks at the respective laboratories, external checks of testing each laboratory at the other laboratory, use of standards and the use of duplicates. Graphical analyses of the internal and external checks show reasonable precision and the internal standard returns an average grade within the expected range. With the exception of three drill holes, BDH-12-06, BDH-12-07 and BDH-12-08, all analytical data were obtained using Inductively Coupled Plasma mass spectrometry (ICP), the others were assayed using X-Ray Fluorescence spectrometry (XRF).
Verification of sampling and assaying	■ *The verification of significant intersections by either independent or alternative company personnel.* ■ *The use of twinned holes.* ■ *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* ■ *Discuss any adjustment to assay data.* All logging and sample intervals were verified by Mr Brian McKay as part of his consulting activities and National Instrument 43-101 resource estimate. The drilling program was the initial test of the Bob1 target and all drilling was diamond core hence no drill holes were twinned. The data was directly entered at the core logging facility with analytical data subsequently merged with the geological logs and ore intercepts validated by either checking core or core photography. The data is stored on the Cuervo server in a secure area and a regular data back-up process is in place. The data used in this grade estimate was obtained from Cuervo's drill hole summary spreadsheets.

Criteria	Explanation
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.* ■ *Specification of the grid system used.* ■ *Quality and adequacy of topographic control.* A wireframed topography surface was generated using topography map prepared using surveyed gravity base station locations across the Bob1 and adjacent prospects. There were some differences between the final topography and the drill hole collars, with collars lying up 43 m below topography and collars lying up to 29 m above the topography. The average difference between the topography and drill collars was 1.6 m. The difference between the collars and the topography is unlikely to have a material impact on the resource tonnage. This is due to the steep country-side and the average difference between collars and topography being very small. No downhole surveys were completed.
Data spacing and distribution	■ *Data spacing for reporting of Exploration Results.* ■ *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.* ■ *Whether sample compositing has been applied.* Drilling has been conducted at a nominal 200 m spacing with irregular spacing on-section due to topographic and access constraints. The mineralisation geometry and grade continuity is good in general, but uncertainty exists in regard to continuity down-dip of the mineralisation with a trend of decreasing grade with depth indicated by the raw data. There is also an abrupt change in the apparent dip of the mineralisation zone on section line 69+00N (8 446 900 mN) which may indicate faulting or folding. The resource classification reflects this uncertainty. Samples have been composited to 2 m for estimation.
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.* ■ *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.* Drill holes at Bob1 are both angled and vertical with some holes perpendicular to the mineralisation domain and other oblique to the domain. This was due to practical access considerations which demanded two holes (one vertical and one angled) be drilled from several drill pads.
Sample security	■ *The measures taken to ensure sample security.* Sample continuity was ensured between drilling and analysis through ownership of core transport, logging and sampling by the Cuervo geological team. Core trays were carefully stacked and secured through the use of good quality trays, strong strapping on the vehicle and careful driving procedures to ensure no spillages. During the program two trays were disturbed, however, these contained only waste material and were not sampled.
Audits or reviews	■ *The results of any audits or reviews of sampling techniques and data.* All site activities from drilling to logging and sampling were reviewed by Mr Brian McKay who assessed all procedures as consistent with current industry standards.

Criteria	Explanation
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.* ■ *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.* Bob1 is a Peruvian Mining Right (Derecho Minero) with Code (Codigo) 01-00284-04 granted to Minera Cuervo S.A.C., a Peruvian company which is a 100%-owned subsidiary of Canadian company Cuervo Resources Inc, on 27 June 2008. It has an area of 1000 ha and is located in the Department of Cusco. The annual validity fee of $3000 levied on 30 June 2013 has not been paid however the owner has a further year to pay this before the concession is at risk. There are no known agreements with third parties affecting the tenement, including joint ventures, partnerships or overriding royalties, other than the investment agreement between Cuervo Resources Inc and Strike Resources Ltd. This agreement gives SRK rights at the corporate level but no direct interest in the tenement. For example, Minera Cuervo S.A.C. is not permitted to sell or mortgage the tenement without SRK's consent. Bob1 is located on lands belonging to the Misanopata indigenous community and there is a formal access agreement in place between the community and Cuervo. There are no known freehold landowners. There are no known historical sites on the Tenement or any national parks affecting it. The holder of a Mining Right under Peruvian law has an expectation that it will be granted permission to mine provided that it complies with environmental law and obtains necessary water rights and the approval of the local community landholders and any freehold landowners.
Exploration done by other parties	■ *Acknowledgment and appraisal of exploration by other parties.* Golder is unaware of any exploration on the property by any party other than Cuervo.
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.* ■ *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.* ■ *The assumptions used for any reporting of metal equivalent values should be clearly stated.* The Bob1 Exploration Target was based on an extrapolated three-dimensional geological model and extrapolated grade estimates within that geological model. The model and grade estimates were used to derive a range of approximate tonnages and grades for the Exploration Target. The sample data was composited to 2 m intervals for grade interpolation.

Criteria	Explanation
Relationship between mineralisation widths and intercept lengths	■ *These relationships are particularly important in the reporting of Exploration Results.* ■ *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* ■ *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'* The Bob1 Exploration Target is based on extrapolated grade estimates within a three-dimensional geological model. There are no drill holes within the exploration target. The thickness of the mineralisation reported in the Exploration Target is between 20 m to 220 m thick. The mineralisation dips between 25° and 45° towards the west.
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 available drill hole data was used in the Bob1 estimate and its extrapolation into the Exploration Target.
Further work	■ *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* Golder has recommended that Davis Tube metallurgical testwork is completed to assess the potential product quality and mass recoveries for the Bob1 magnetite mineralisation. The timing and amount of future exploration is within the control of Cuervo. Golder is unable to provide details of any potential future exploration program as its client, SRK, does not have control over that activity.
Geology	■ *Deposit type, geological setting and style of mineralisation.* The Cerro Ccopane-Orcopura deposit is an iron skarn. The Property comprises Cretaceous age limestones of the Arcurquina Formation and intermediate to felsic intrusive rocks of the Colquemarca pluton. The surface expression of the magnetite suggests the mineralisation is massive, with columnar magnetite outcrops. The outcrop is made up of massive to fine-grained magnetite. Secondary minerals produced from weathering magnetite include goethite, hematite and jarosite.

Criteria	Explanation
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:* ▪ *easting and northing of the drill hole collar* ▪ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ▪ *dip and azimuth of the hole* ▪ *down hole length and interception depth* ▪ *hole length.* ■ *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.*

List of drill hole drilled at Bob1 and used for resource estimate

Hole ID	Easting	Northing	RL	Azimuth	Dip	Depth (m)
BDH-12-01	191 596	8 447 200	3 923	0	-90	219.2
BDH-12-02	191 600	8 446 998	3 823	0	-90	215.4
BDH-12-03	191 600	8 446 998	3 823	90	-60	175.7
BDH-12-04	191 601	8 446 898	3 770	0	-90	270.3
BDH-12-05	191 602	8 446 898	3 770	90	-60	209.2
BDH-12-06	191 597	8 447 199	3 923	90	-60	192.4
BDH-12-07	191 418	8 447 395	3 862	90	-60	311.5
BDH-12-08	191 646	8 447 398	3 837	0	-90	250.8
BDH-12-10	191 647	8 447 396	3 856	270	-70	214.8
BDH-12-11	191 713	8 446 619	3 733	0	-90	262.0
DDH-12-12	191 414	8 446 897	3 875	0	-90	436.6
BDH-12-13	191 491	8 446 500	3 788	0	-90	320.3
BDH-12-14	191 668	8 446 013	3 919	0	-90	386.9
BDH-12-15	191 585	8 446 202	3 797	0	-90	455.5
BDH-12-16	191 854	8 445 991	3 874	0	-90	119.3
BDH-12-17	191 693	8 447 604	3 812	0	-90	183.5
BDH-12-18	191 686	8 448 016	3 690	0	-90	86.8

Criteria	Explanation
Database integrity	■ *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* ■ *Data validation procedures used.* The data is stored in multiple Excel spread sheets. On loading the original data for modelling, Golder performed checks that validated the internal integrity of the dataset provided. In exception of the followings: ■ BDH-12-14 has a 0 dip recorded on drilling logs. For the hole, Golder used a dip of -90° which was shown on drill hole collar map (Bob1_Drill_hole_locations.pdf). ■ BDH-12-09 has no assays available for modelling as the hole was terminated before it intersected the mineralisation. ■ The dip of BDH-12-06 shown on plan sections is not correct. The dip of this hole should be -60° as shown on logs and the collar map. ■ BDH-12-07 has an incorrect northing recorded in the drilling logs. Golder used the collar coordinates from the collar map (Bob1_Drill_hole_locations.pdf) for this drill hole. ■ Two duplicated samples were found in the assay table. Sample 11172 and 11637 appear twice in the database for different drill hole intervals. Since the samples were within proximate range of the surrounding samples, both were used in the estimation process. With the exception of three drill holes, BDH-12-06, BDH-12-07 and BDH-12-08, all analytical data were obtained using Inductively Coupled Plasma mass spectrometry (ICP), the others were assayed using X-Ray Fluorescence spectrometry (XRF).
Site visits	■ *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* ■ *If no site visits have been undertaken indicate why this is the case.* No site visit was undertaken by the Competent Person, Mr Ken Hellsten, as the resource estimate was undertaken following a review of a National Instrument 43-101 resource by McKay (2013) commissioned by SRK. Cuervo accept the McKay (2013) estimate and given the time frames and logistics a site visit was not practical. There is an acceptable level of confidence in the raw data collection and integrity to enable an Inferred Resource estimate and assessment of potential.
Geological interpretation	■ *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* ■ *Nature of the data used and of any assumptions made.* ■ *The effect, if any, of alternative interpretations on Mineral Resource estimation.* ■ *The use of geology in guiding and controlling Mineral Resource estimation.* ■ *The factors affecting continuity both of grade and geology.* SRK supplied Golder with ten drilling cross-sections with mineralisation interpretation from McKay (2013). Golder digitised cross-sectional interpretations of the mineralisation domain based on these sections.
Dimensions	■ *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* Bob1 project has the following maximum extents: ■ Along strike (north-south) = 2400 m ■ Down-dip (east-west) = 300 m to 500 m ■ Thickness = 20 m to 220 m Dipping west between 25° to predominantly 45°

Criteria	Explanation
Estimation and modelling techniques	■ *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* ■ *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* ■ *The assumptions made regarding recovery of by-products.* ■ *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulfur for acid mine drainage characterisation).* ■ *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* ■ *Any assumptions behind modelling of selective mining units.* ■ *Any assumptions about correlation between variables.* ■ *Description of how the geological interpretation was used to control the resource estimates.* ■ *Discussion of basis for using or not using grade cutting or capping.* ■ *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* Mineralisation was defined by McKay (2013) identified from downhole logging and geochemical data. The block size is 50 m (X) by 50 m (Y) by 10 m (Z). This is about one quarter of the drill hole spacing in the Y direction. Inverse Distance Squared method was used to estimate average block grades of Fe, SiO_2, Al_2O_3, P, CaO, MgO, S, K_2O, TiO_2, Mn, Na_2O and LOI. The model was validated visually and statistically using swath plots and comparison to sample statistics. The result of the validation shows that the interpolation has performed as expected and the model is a reasonable representation of the data used and the estimation method applied.
Moisture	■ *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* The tonnages were reported using specific gravity and does not include documentation of moisture content. In Golder's experience, the difference between in situ and dry bulk densities for magnetite deposits is generally less than five per cent. On this basis, Golder concludes the impact of moisture on the resource tonnes is likely to be small.
Cut-off parameters	■ *The basis of the adopted cut-off grade(s) or quality parameters applied.* A 20% Fe cut-off grade was used for the Mineral Resource. This cut-off grade was selected based on nearby magnetite deposits and other analogous magnetite deposits.

Criteria	Explanation
Mining factors or assumptions	■ *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.* For the purposes of this estimate, Golder has assumed that mining at Bob1 is likely to be undertaken using open pit techniques. As part of a technical review of the Bob1 resource estimate completed by McKay (2013), Golder (2013) completed a high-level optimisation for Bob1 using Whittle Four-X software. No other mining, dilution or ore loss assumptions have been made.
Metallurgical factors or assumptions	■ *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.* A limited number of Davis Tube testwork has been completed for the Orcopura deposit, which lies a few kilometres to the west of Bob1 and has similar style magnetite mineralisation. The testwork includes 23 samples by Micron and 20 samples by SGS Minerals Services. The samples submitted to SGS Minerals Services had head grades between 59.5 and 69.2% Fe, with an average of 64.5% Fe. Only 10% of the Bob1 samples are in this grade range, and the SGS Minerals Services samples are not considered to be representative of the Bob1 mineralisation. The samples submitted to Micron have an average head Fe grade of 55.6%, which is also materially higher than the average grade of the mineralisation at Bob1. Only one sample was close to the Bob1 grade estimate and has a head grade of 38.28% Fe. This sample produces a mass recovery of 53%, with magnetic concentrate grades of 67.09% Fe, 3.40% SiO_2 and 0.14% S. The Micron samples were 200 g and were ground using for 20 minutes using 4" x 6" mill with the ball charge. The sample preparation included grinding, wet-screening and re-grinding of the oversize particles, which is the standard approach for preparation of magnetite samples. The screening was completed using a 325 mesh screen (44 µm) and pulp sizing was completed with a 500 mesh screen (25 µm). The Davis Tube feed was generally 80% to 90% passing 25 µm. This grind size is fine relative to other magnetite deposits. With the exception of gauss (6000) and sample size (20 g), the Davis Tube parameters for the Orcopura samples were not documented. These parameters include stroke, stroke length, tube diameter, tube angle, water flow rate and wash time. In Golder's experience, adjusting these parameters generally results in <10% difference to the magnetite mass recovery.

Criteria	Explanation
Environmental factors or assumptions	■ *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.* The topography and environment at Bob1 are typical of "mid-range" for the Peruvian Andes with modestly steep country and no major water courses present. Based on experience from nearby projects and operations there are no obvious "fatal" issues for the development of an open pit operation at Bob1. The key consideration is likely to be gaining community approval for an operation with current relations considered to be positive.
Bulk density	■ *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* ■ *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* ■ *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* The specific gravity values used by McKay (2013) were assigned to this block model, with the mineralisation assigned a specific gravity of 3.78. This value was based on the results from 24 samples distributed throughout the deposit. The host rocks were assigned a specific gravity of 2.8 based on the host litho-types. While the specific gravity data is relatively limited, the specific gravity applied by McKay (2013) seems reasonable based on the available data and our experience from other magnetite deposits. The method for determination of the specific gravities from drill core is not known. Further, in resource estimation, the use of dry or *in situ* bulk density is preferred to the use of specific gravity data. The difference between specific gravity and bulk density is unlikely to be material in the style of mineralisation.
Classification	■ *The basis for the classification of the Mineral Resources into varying confidence categories.* ■ *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* ■ *Whether the result appropriately reflects the Competent Person's view of the deposit.* ■ *The classification of Mineral Resources was completed based on the geological confidence* criteria, drill spacing and quality of drilling and sampling information. Continuous zones meeting the following criteria were used to define the resource class: For public release of this estimate, Golder recommends the mineralisation that is within 100 m from the drill hole data is considered to be classified as Inferred Resources by SRK. Golder considers this classification of Mineral Resources to be appropriate based on geological confidence criteria, location and quality of drilling and sampling information.

Criteria	Explanation
Audits or reviews	■ *The results of any audits or reviews of Mineral Resource estimates.* A technical review of the Bob1 resource estimate completed by McKay (2013) was completed by Golder (2013). The key findings from the review were: ■ Key parameters for the definition of the mineralisation domains used in the resource estimate were not clearly documented in the report. The mineralisation domain parameters may include logging, magnetic susceptibility, head grades and magnetic mass recoveries. ■ The Bob1 resources were estimated using a polygonal method. A cut-off grade of 10% Fe was applied to the composite samples in the mineralisation domains and the composites with less than 10% Fe were excluded from the estimate. This approach is wrong and will result in estimated grades that are biased higher than the average grade of all composites within the resource polygons. ■ The mineralisation grade appears to be decreasing with depth. This observation has important implications for the Mineral Resource estimate. An appropriate grade interpolation approach is required to capture the down-dip grade trend. The present polygonal estimate, with large down-dip projections, does not adequately capture this trend. ■ The model does not include all elements that may be expected in a magnetite resource estimate, for example Al_2O_3, V and TiO_2. These elements impact saleability and the value of the product. ■ The resource estimate does not consider the mineral processing or metallurgy data that will be required to ensure any Public Reporting of the results does not create false expectation. The reported resources do not meet likely market specifications for iron ore products and the mineralisation may need to be beneficiated to produce a marketable concentrate. Beneficiation will most likely be through magnetic separation and metallurgical testwork is required to demonstrate that a marketable concentrate can be produced from Bob1. Further, the head sample chemical analyses show high sulfur and phosphorus values. The behaviour of sulfur and phosphorus in the beneficiation process will be important for the quality and marketability of the magnetite concentrate. If sulfur reports to the magnetite concentrate, additional metallurgical processes may be required to reduce the sulfur in the magnetite product. ■ SRK provided Golder with a set of cross-sections which show some Bob1 resource polygons. These polygons have approximately 35% of the tonnes reported in the Bob1 Mineral Resource estimate. Golder cannot reconcile the difference between the tonnages from the resource polygons and the reported resource tonnages. Further, the resource polygons have been extrapolated above topography on some sections, resulting in an overstatement of the resource tonnes on those sections. The resource estimate that is the subject of this technical memorandum has addressed many of the issues identified during our review.

Criteria	Explanation
Discussion of relative accuracy/ confidence	■ *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* ■ *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* ■ *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* Bob1 is a global resource with no production data. The resource estimate is currently supported by a limited geological data, limited drill hole data and ICP-MS analytical results from head samples. A small quantity of Davis Tube samples have been taken from the nearby Orcopura deposit. A metallurgical sighter program should be completed to define the Davis Tube parameters and potential magnetic recoveries and concentrate grades for Bob1. The relative accuracy and confidence level of the Mineral Resource for Bob1 is similar to an Inferred Resource with a confidence of ±30%.

STATEMENT OF QUALIFICATIONS

This report was prepared under the supervision of James Farrell. James is a Principal Geologist based in our Perth office and holds a Bachelor of Science (Honours) in geology which he obtained from the University of Tasmania in 2001. James has specialist expertise in geology, resource modelling and technical reviews for magnetite, iron ore, uranium and gold deposits.

James has more than nine years continuous experience with the geometallurgical evaluation of magnetite deposits, including large deposits in Australia, South Africa, Namibia, Angola, Cameroon, Mauritania, New Zealand and Indonesia.

James is a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscience and is a Competent Person as defined by JORC (2012) for magnetite.

CLOSURE

If you would like to discuss this technical memorandum, please contact Sia Khosrowshahi or James Farrell on (08) 9213 7600.

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