

ASX MARKET ANNOUNCEMENT

Peru Iron Ore Update – MOU with Chinese Dalian Huarui Heavy Industry Group

Strike Resources Limited (ASX:[SRK](#)) (**Strike**) is pleased to provide the following update regarding its iron ore projects in Peru.

Strike and Dalian Huarui Heavy Industry Group Co. Ltd. (**DHHI**) from China, have executed a Memorandum of Understanding (**MOU**) in relation to the development of Strike's [Apurimac Iron Ore Project](#) (**Project**) and associated rail and port infrastructure in Peru.

The MOU documents the mutual understanding between Strike and DHHI to work jointly on the advancement of the Project, including the proposed Peru Government sponsored multi-user Andahuaylas Railway (**Railway**) which would link Strike's Apurimac Iron Ore Project with the minerals export Port of San Juan de Marcona on the west coast of Peru, South America.

DHHI (www.dhhi.com.cn) is a large Chinese manufacturer of bulk material handling machinery, including large scale iron ore mining, handling and processing machinery as well as large scale port machinery. DHHI has a long-established history in China and has delivered major projects around the world, including in Australia where they supplied the bulk handling heavy machinery for the 55 million tonne per annum (**Mtpa**) Roy Hill Iron Ore Mine in Western Australia.

With its head office located in Dalian, in the north east of China, DHHI is a company listed on the Shenzhen Stock Exchange in China (Stock Code 002204) with a market capitalisation of approximately CNY 7.7 billion (approximately A\$1.5 billion).

The purpose of the MOU is to recognise the intention of both parties to work together to advance Strike's Project and the associated rail and port infrastructure.

Joint activities contemplated by the MOU include the development of further studies relating to the feasibility of Strike's Project and potentially the creation of a formal joint venture or consortium (to include other major Chinese infrastructure and funding groups introduced by DHHI).

The MOU is non-binding and does not commit either party to any formal contractual arrangements.

Commenting on the DHHI MOU initiative, Strike Managing Director, William Johnson:

*"Strike welcomes the opportunity to work with one of China's largest and most well-known industrial companies. DHHI has a track record of involvement with large mining projects around the world, including Roy Hill here in Australia. Their interest in Strike's Project reflects the growing confidence in the Apurimac Project's underlying fundamentals - in particular given the recent announcement by the Peru Government regarding the proposed development of a multi-user railway linking Strike's Project to the established mineral export Port of San Juan de Marcona."*¹

¹ Refer Strike's ASX Announcement dated 8 February 2018: Peru Government Plans Railway Linking Strike's Apurimac Iron Ore Project to Port



ABOUT APURIMAC IRON ORE PROJECT

The [Apurimac Iron Ore Project](#) is recognised as one of the highest grade, large-scale magnetite deposits in the world, with a JORC Code (2012) compliant Indicated and Inferred Mineral Resource of 269 Mt of iron ore at 57.3% Fe and further exploration potential.²

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

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

- JORC Indicated and Inferred Mineral Resource at the main Opaban I/III concessions of 269Mt of iron ore at 57.3% Fe (142 Mt Indicated Resource at 57.84% Fe and 127 Mt Inferred Resource at 56.7% Fe).
- Mineralisation predominantly high-grade, coarse-grained magnetite providing comparatively high mass recoveries (>60%) at coarse grind size (>500 microns).
- Excellent exploration potential within current concessions with several targets containing ironstones grading >60% Fe in similar geological settings to the main Opaban concessions.
- Total average cost of mining, processing and transporting 10 to 15 Mtpa of lump and fines products by rail (assuming the railway was owned and operated by Strike) to port estimated to be approximately US\$16.50 to US\$14.60 per tonne (respectively).
- A production profile of 20 Mtpa is expected to provide even greater operating efficiencies and would position Strike's Apurimac Project as potentially one of the lowest cost iron ore producers in the world.

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

The preliminary railway route proposed by the MOTC almost exactly mirrors the railway route proposed by SKM for Strike in 2008.

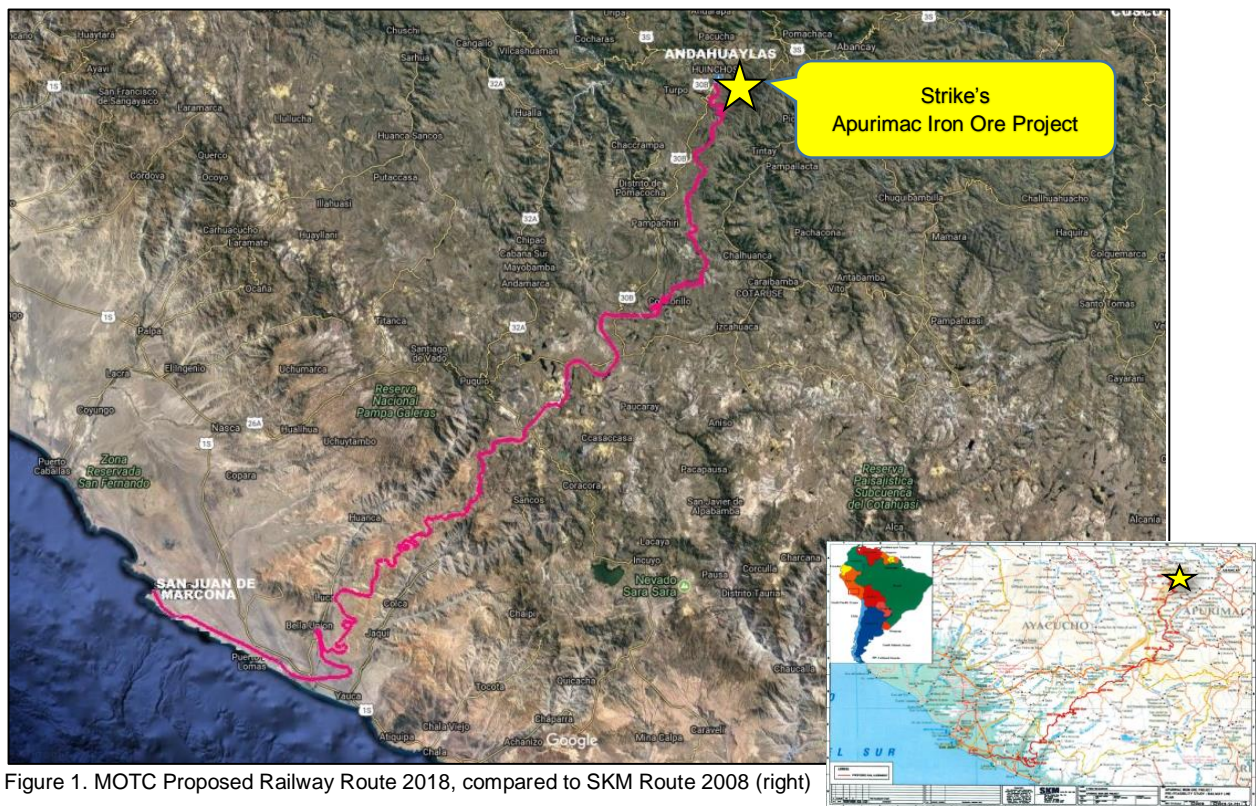


Figure 1. MOTC Proposed Railway Route 2018, compared to SKM Route 2008 (right)

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

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

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

JORC MINERAL RESOURCES – PERU IRON ORE PROJECTS

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

The Apurimac Project has a JORC Code (2012 Edition) compliant Mineral Resource of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.8% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Indicated	Opaban 1	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated	Opaban 3	4	8.53	62.08	4.58	1.37	0.07	0.25
Inferred	Opaban 1	4	127.19	56.7	9.66	2.7	0.04	0.2
Total Indicated and Inferred			269.4	57.3	9.4	2.56	0.04	0.16

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

Cusco Iron Ore Project (Peru)

(Strike – 100%)

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

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

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

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

FOR FURTHER INFORMATION

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

[Strike Resources](#) is an ASX listed resource company and owns the high grade [Apurimac Magnetite Iron Ore Project](#) and [Cusco Magnetite Iron Ore Project](#) in Peru and is currently developing its [Burke Graphite Project](#) in Queensland and [lithium](#) exploration tenements in Western Australia.

JORC CODE COMPETENT PERSON'S STATEMENTS

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

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

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

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

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

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

The information in this document that relates to Mineral Resources and other Exploration Results (as applicable) in relation to the Cusco Iron Ore Project (Peru) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the JORC Code. Mr Hellsten approves and consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

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