

# STRIKE

RESOURCES LIMITED

A.C.N. 088 488 724

## PROSPECTUS

The Company refers to the issue on 30 and 31 October and 2 November 2006 of a total of 2,307,693 Shares at \$1.30 per Share (raising \$3,000,000.90 gross) to professional, institutional and sophisticated investors entitled to accept offers of securities without disclosure under section 708 of the Corporations Act (the **\$3 Million Share Placement**).

This Prospectus has been issued to:

- facilitate the secondary trading of the Shares issued under the \$3 Million Share Placement; and
- provide information on the Offer of one Share at an issue price of \$1.30 to raise \$1.30.

### IMPORTANT NOTICE

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to other documents the information in which is deemed to be incorporated in this Prospectus.

This Prospectus (and those documents incorporated by reference) should be read in its entirety. If you are in any doubt as to the contents of this Prospectus (and those documents incorporated by reference) you should consult your stockbroker or other professional adviser without delay.

## TABLE OF CONTENTS

SECTION 1.	Important Notice .....	1
SECTION 2.	Timetable And Important Dates.....	2
SECTION 3.	Details Of The Offer .....	3
SECTION 4.	Information Deemed To Be Incorporated In This Prospectus.....	5
SECTION 5.	About The Company.....	13
SECTION 6.	Effect Of The Issue On The Company .....	17
SECTION 7.	Material Contracts.....	18
SECTION 8.	Legal Opinion On Peruvian Concessions.....	20
SECTION 9.	Rights Attaching To Shares.....	50
SECTION 10.	Additional Information.....	52
SECTION 11.	Consents .....	57
SECTION 12.	Authority Of Directors .....	58
SECTION 13.	Glossary .....	59

## CORPORATE DIRECTORY

### BOARD

John F. Stephenson	Chairman
H. Shanker Madan	Managing Director
Farooq Khan	Director
Victor P H Ho	Director
William M. Johnson	Director
Malcolm R. Richmond	Director

### SHARE REGISTRY

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871  
Email: admin@advancedshare.com.au  
Internet: www.asrshareholders.com

### COMPANY SECRETARY

Victor P H Ho

### STOCK EXCHANGE

Australian Securities Exchange  
Perth, Western Australia

### PRINCIPAL & REGISTERED OFFICE

Level 14  
The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: (08) 9214 9700  
Facsimile: (08) 9322 1515  
Email: info@strikeresources.com.au  
Internet: www.strikeresources.com.au

### ASX CODE

SRK

### AUDITORS

Stantons International  
1 Havelock Street  
West Perth, Western Australia 6005

## ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

This Prospectus is dated 16 February 2007.

# 1. IMPORTANT NOTICE

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This Prospectus is dated 16 February 2007 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

The ASIC takes no responsibility for the contents of this Prospectus.

No Share will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Share offered by this Prospectus to be listed for Quotation.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for a Share. There are risks associated with an investment in the Company and the Share offered under this Prospectus must be regarded as a speculative investment. The Share offered under this Prospectus carries no guarantee with respect to return on capital investment, payment of dividends or the future value of the Share.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in Section 13 of this Prospectus.

## Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. Rather, this Prospectus incorporates by reference information contained in documents that have been previously lodged with the ASIC.

This Prospectus refers to various information and documents listed in Section 4.2 of this Prospectus, being certain sections of the disclosure document lodged by the Company with ASIC on 23 December 2005 (December 2005 Prospectus), the 30 June 2006 Annual Report (2006 Annual Report), the 31 December 2006 auditor reviewed Half Year Report (2006 December Half Year Report), the December 2006 Quarterly Report (December 2006 Quarterly Report), and certain ASX market announcements released by the Company dated 5 July 2006, 7 December 2006, 18 January 2007, 31 January 2007, 15 February 2007 and 16 February 2007 (the ASX Releases).

In referring to relevant sections of the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases, the Company:

- (1) identifies those sections of the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases as being relevant to the Offer of a Share under this Prospectus and containing

information that will provide investors and their professional advisers information to assist them in making an informed assessment of:

- (a) the rights and liabilities attaching to the Share;
  - (b) the capacity of the Company to issue the Share; and
  - (c) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (2) refers investors and their professional advisers to Section 4.2 of this Prospectus which summarises the information in the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases deemed to be incorporated in this Prospectus;
  - (3) informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases by contacting the Company at its registered office during normal business hours during the Offer Period; and
  - (4) advises that the information in the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases will be primarily of interest to investors and their professional advisers or analysts.

## Electronic Prospectus

A copy of this Prospectus can be downloaded from the website at [www.strikeresources.com.au](http://www.strikeresources.com.au). Any person accessing the electronic version of the Prospectus within Australia or anywhere outside of Australia should note that this Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any investor outside Australia to ensure compliance with all laws of any country relevant to their application, and any such investor should consult their professional advisers as to whether any government or other consents are required or whether any formalities need to be observed to enable them to apply for and be allotted a Share.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies in electronic form the complete and unaltered version of this Prospectus. Any person may obtain a copy of this Prospectus free of charge by contacting the Company.

## 2. TIMETABLE AND IMPORTANT DATES

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EVENT	DATE
Announcement of the Prospectus and Offer	16 February 2007
Prospectus lodged with ASIC and ASX	16 February 2007
Closing Date	20 February 2007
Date of allotment of the Share	23 February 2007
Holder Statement dispatched	1 March 2007

**NOTE:**

These dates are indicative only, and may change. The Company reserves the right to vary dates by either shortening or extending such dates, subject to the Corporations Act and ASX Listing Rules. Certain dates may also be subject to the ASX Listing Rules; to the extent that any of the above dates are inconsistent with the ASX Listing Rules, the dates prescribed under the ASX Listing Rules shall be applicable.

## 3. DETAILS OF THE OFFER

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### 3.1 Purpose of the Issue

On 30 and 31 October and 2 November 2006, a total of 2,307,693 Shares in the capital of the Company were issued at \$1.30 per Share (raising \$3,000,000.90 gross) to professional, institutional and sophisticated investors entitled to accept offers of securities without disclosure under section 708 of the Corporations Act (the **\$3 Million Share Placement**).

This Prospectus has been issued to facilitate secondary trading of the Shares issued under the \$3 Million Share Placement. As these Shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act, this Prospectus will enable persons who were issued Shares under the \$3 Million Share Placement to on-sell those Shares within 12 months of their issue without contravening the Corporations Act.

The funds raised under the \$3 Million Share Placement allow for the timely advancement of exploration, evaluation and development of the Company's mineral projects. In particular, the capital raising (along with a Share Purchase Plan raising \$7.4 million at the same issue price, completed on 21 November 2006) secured the Company's ability to accelerate its investment commitments in relation to the Apurimac and Cuzco Iron-Ore Projects in Peru. These commitments require a total investment of US\$6.5 million over 5 years and a minimum of US\$1.5 million within the first 12 months.

The Company did not issue the \$3 Million Share Placement Shares with the purpose of the persons to whom they were issued selling or transferring their Shares, or granting, issuing or transferring interests in, those Shares. However, the Board of the Company consider that such persons that have been issued the \$3 Million Share Placement Shares should be entitled, should they wish, to on-sell their Shares prior to the expiry of 12 months after their issue. Accordingly, the Company agreed to issue this Prospectus on or before 16 February 2007 under the terms of the \$3 Million Share Placement with each investor.

This Prospectus has also been issued to provide information on the Offer being made under this Prospectus, which Offer is required by the Corporations Act.

### 3.2 Details of the Offer

By this Prospectus, the Company is offering investors to apply for one Share at an issue price of \$1.30, to raise \$1.30. This is the same as the issue price under the \$3 Million Share Placement.

### 3.3 Use of Funds

The \$1.30 funds raised from the Issue will be applied towards the costs of the Issue.

### 3.4 Minimum Subscription and Oversubscription

There is no minimum subscription. Oversubscriptions will not be accepted.

### 3.5 Application

An application for the Share can only be made on the Application Form which accompanies this Prospectus. Cheques and drafts should be made payable to "Strike Resources Limited - Offer Account" and crossed "Not Negotiable".

Completed Application Forms must be accompanied by the application monies and lodged in person or by post with the Company at:

Strike Resources Limited  
REPLY PAID 83399  
Perth WA 6000

Strike Resources Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000

by no later than the Closing Date (5.00pm WDT on 20 February 2007), subject to the right of the Directors to close the Offer earlier or to extend this date without notice.

### 3.6 Underwriting

This Offer is not underwritten.

## 3. DETAILS OF THE OFFER

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### 3.7 Brokerage and Commission

No brokerage or commission is payable under the Offer.

### 3.8 Offer Period

The Offer will open for receipt of acceptances after lodgement of the Prospectus with ASIC on 16 February 2007 (Opening Date) and will close at 5.00pm WDT on 20 February 2007 (Closing Date), or such other date as the Directors, in their absolute discretion, may determine.

### 3.9 Allotment

If the Company receives more than one application for the Share being offered under this Prospectus, the Directors will decide, in their absolute discretion, which application to accept and which Applicant the Share shall be allotted and issued to.

It is expected that allotment and issue of the Share will take place on or around 23 February 2007. Application monies will be held in trust in the Company's Offer Bank Account until the issue of the Share has been made. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether the issue of the Share takes place.

No Share will be allotted and issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

### 3.10 ASX Quotation

The Company will apply to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Share offered under this Prospectus.

If ASX does not grant permission for Official Quotation of the Share within three (3) months after the date of this Prospectus, or such longer period as may be allowed by ASIC, the Company will not allot the Share and will repay all application monies received (without interest).

The fact that ASX may grant Official Quotation of the Share is not to be taken in any way as an indication of the merits of the Company or the Share now offered for subscription.

### 3.11 Overseas Shareholders

Shareholders resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed, to enable them to apply for a Share.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and person who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of such laws.

### 3.12 Enquiries

If you have any questions concerning this Prospectus, please contact the Company Secretary on (08) 9214 9700 or facsimile (08) 9322 1515 or by email to [vho@strikeresources.com.au](mailto:vho@strikeresources.com.au), or contact your professional advisor.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### 4.1 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type; however it incorporates by reference information contained in documents that have been lodged with the ASIC (released on ASX).

The information to be incorporated by reference into this Prospectus is the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases. The information to be incorporated by reference into this Prospectus is summarised below in Section 4.2 of this Prospectus and will primarily be of interest to investors and their professional advisers or analysts.

The Company informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases by contacting the Company at its registered office during normal business hours during the Offer Period.

The December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases will also be available by searching ASIC's records in relation to documents lodged by the Company, or by visiting the Company's website at [www.strikeresources.com.au](http://www.strikeresources.com.au)

### 4.2 Summary of Information Deemed to be Incorporated

Set out below is a summary of the information contained in the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases that is deemed to be incorporated in this Prospectus to assist investors and their professional advisers to determine whether they should obtain a copy of these documents for the purposes of making an informed investment decision in relation to the Shares of the Company and the Offer.

#### 4.2.1. December 2006 Half Year Report

The sections referred to below are a reference to sections in the Company's December 2006 Half Year Report dated and released on ASX on 16 February 2007.

##### Company Profile

This section provides a profile of the Company including identifying the projects of the Company in Peru, Australia and Indonesia (including maps where applicable) and the experience of the Company's Board.

##### Overview of Projects

This section contains a summary of the projects and tenements of the Company in Peru, Australia and Indonesia. It details the geology of the project areas, project locations, past exploration and the general objectives and strategies of the Company in relation to each project. Geology, tenement and magnetic interpretation maps and diagrams and photographs are also presented where applicable.

##### Directors' Report

This section includes a description of principal activities, summary of operating results for the half year ended 31 December 2006 and financial position as at 31 December 2006, securities on issue and summary of share capital changes between 30 June 2006 and 16 February 2007, review of operations (including a summary of the MAPSA Agreement (Over Apurimac Ferrum Shares), the Uranium Assets Spin-Off Terms and the Apurimac Ferrum Peruvian Iron-Ore Agreement, details of current securities on issue, capital raisings and changes to share capital during the financial half year), changes to the Board during the financial year, qualifications and experience of the

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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Directors, Directors' relevant interest in securities, Directors' former directorships in the past 3 years, and the Auditor's Independence Declaration dated 16 February 2007.

### Condensed Income Statement

This section sets out the income statement of the Company for the half year ended 31 December 2006 and 31 December 2005.

### Condensed Balance Sheet

This section sets out the balance sheet of the Company as at 31 December 2006 and 30 June 2006.

### Condensed Statements of Changes in Equity

This section sets out the statement of changes in equity during the half year ended 31 December 2006 and 30 June 2006.

### Condensed Cash Flow Statement

This section sets out the cash flow statement for the half year ended 31 December 2006 and 31 December 2005.

### Notes to the Financial Statements

This section sets out the notes to the financial statements for the half year ended 31 December 2006. This section includes a summary of the Company's significant accounting policies, loss for the year, discontinued operations, loss per share, cash and cash equivalents, financial assets, investments accounted for using the equity method, issued capital, reserves, segment reporting, commitments, contingent assets and liabilities and subsequent events.

### Directors' Declaration

This section contains the Directors' declaration in respect of the financial statements for the half year ended 31 December 2006 and the notes thereto and the ability of the Company to pay its debts as and when they become due and payable.

### Independent Review Report

This section contains the Auditor's Independent Review Report to the members of the Company dated 16 February 2007.

### Australian Tenement Schedule

This section summaries the status of the Company's Australian tenements as at 13 February 2007.

### Information on Securities

This section contains an overview of the securities on issue, voting rights, the distribution of listed shares and options and top 20 holders of listed Shares and Options, as at 13 February 2007.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### 4.2.2. December 2006 Quarterly Report

The sections referred to below are a reference to sections in the Company's December 2006 Quarterly Report dated and released on ASX on 31 January 2007.

#### Summary of Activities in December 2006 Quarter

This section provides a summary of the activities of the Company from 1 October 2006 to the date of the report.

#### Work for March 2007 Quarter

This section provides a summary of the key activities of the Company expected to be undertaken during the March 2007 quarter.

#### Company Profile

This section provides a profile of the Company including identifying the projects of the Company in Peru, Australia and Indonesia (including maps where applicable) and the experience of the Company's Board.

#### Current Issued Capital

This section provides a summary of the issued securities of the Company including listed Shares, Listed Options and unlisted options as at 25 January 2007.

#### Overview of Projects

This section provides an overview of the projects of the Company in Peru, Australia and Indonesia (including maps where applicable)

#### The Projects

This section contains a summary of the projects and tenements of the Company in Peru, Australia and Indonesia. It details a summary of the geology of the project areas, project locations, past exploration and the general objectives and strategies of the Company in relation to each project. Geology, tenement and magnetic interpretation maps and diagrams and photographs are also presented where applicable.

#### Corporate

This section contains a summary of capital raisings, issued share capital changes, Listed Options exercised and converted into Shares, unlisted employee and directors' option issues, during the quarter.

#### Australian Tenement Schedule

This section summaries the status of the Company's Australian tenements as at 25 January 2007.

#### Board of Directors

This section details changes to the Board during the quarter, qualifications and experience of the Directors, Directors' relevant interest in securities and Directors' former directorships in the past 3 years.

#### Securities Information

This section contains an overview of the securities on issue, voting rights, the distribution of listed shares and options and top 20 holders of listed shares and options, as at 31 December 2006.

#### Appendix 5B Mining and Exploration Entity Quarterly Cash Flow Report

This section sets out the consolidated statement of cash flows, payments to directors, estimated cash outflows for the next quarter, reconciliation of cash at end of the quarter, changes in interests of mining tenements, issued and quoted securities at end of the quarter and notes thereto.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### 4.2.3. 2006 Annual Report

The sections referred to below are a reference to sections in the Company's 2006 Annual Report released on ASX on 21 August 2006.

#### Company Profile

This section provides a profile of the Company including identifying the projects of the Company in Peru, Australia and Indonesia (including maps where applicable) and the experience of the Company's Board.

#### Overview of Projects

This section contains a summary of the projects and tenements of the Company in Peru, Australia and Indonesia. It details the geology of the project areas, project locations, past exploration and the general objectives and strategies of the Company in relation to each project. Geology, tenement and magnetic interpretation maps and diagrams and photographs are also presented where applicable.

#### Directors' Report

This section includes a description of principal activities, significant changes in the state of affairs, summary of operating results and financial position, securities on issue and summary of share capital changes between 30 June 2005 and 14 August 2006, review of operations (including ASX suspension and reinstatement, shareholder approvals at the 2005 AGM, the Apurimac Ferrum Peruvian Iron-Ore Agreement), the West Java Gold Agreement, the KJC-KJM Kalimantan Coal Agreement), changes to the Board during the financial year, qualifications and experience of the Directors, Directors' relevant interest in securities, Directors' former directorships in the past 3 years, Directors' meetings, the remuneration report (which includes remuneration of Directors, options issued to Directors and Directors' deeds) and the Auditor's Independence Declaration dated 16 August 2006.

#### Income Statement

This section sets out the income statement of the Company for the years ended 30 June 2006 and 30 June 2005.

#### Balance Sheet

This section sets out the balance sheet of the Company as at 30 June 2006 and 30 June 2005.

#### Statements of Changes in Equity

This section sets out the statement of changes in equity during the years ended 30 June 2006 and 30 June 2005.

#### Cash Flow Statement

This section sets out the cash flow statement for the years ended 30 June 2006 and 30 June 2005.

#### Notes to the Financial Statements

This section sets out the notes to the financial statements for the year ended 30 June 2006. This section includes the Company's summary of significant accounting policies (including basis of preparation and a statement of compliance with the International Financial Reporting Standards), loss for the year, sale of assets, income tax expense, directors' and executives disclosure, discontinued operations, auditor's remuneration, loss per share, cash and cash equivalents, trade and other receivables, other current assets, non-current receivables, other non-current financial assets, investments accounted for using the equity method, Internet technologies, exploration and evaluation expenditure, trade and other payables, provisions, issued capital, reserves, accumulated losses, related party disclosures, segment reporting, financial instruments, commitments, contingent assets and liabilities and subsequent events.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### Directors' Declaration

This section contains the Directors' declaration in respect of the financial statements for the year ended 30 June 2006 and the notes thereto, the ability of the Company to pay its debts as and when they become due and payable and the receipt of declarations required by section 295A Corporations Act from the persons who performs the chief executive and chief financial officer functions.

### Independent Audit Report

This section contains the Auditor's Independent Audit Report to the members of the Company dated 16 August 2006.

### Corporate Governance Statement

This section outlines the Company's compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations and the corporate governance practices in place throughout the period and includes details regarding such matters as the role and responsibilities of the Board, Board composition, structure and processes, management, remuneration policy, code of conduct and ethical standards, internal control and risk management and communications.

### Australian Tenement Schedule

This section summaries the status of the Company's Australian tenements as at 14 August 2006.

### Stock Exchange Information

This section contains an overview of the securities on issue, voting rights, the distribution of listed shares and options and top 20 holders of listed shares and options as at 14 August 2006.

#### 4.2.4. The December 2005 Prospectus

The sections referred to below are a reference to sections in the December 2005 Prospectus lodged by the Company with ASIC on 23 December 2005 and released on ASX on 28 December 2005.

##### Section 4 - Details of the Offer

This section contains general information pertaining to the offer of Shares under the December 2005 Prospectus.

##### Section 5 - Capital Structure

This section contains a pro-forma capital structure pertaining to the offer of Shares under the December 2005 Prospectus, details of options proposed to be issued and securities of the Company that would be subject to escrow.

##### Section 6 - Projects Overview

This section contains a summary of the projects and tenements of the Company in Australia and Indonesia. It details the general objectives and strategies of the Company in relation to each project and summarises the intended one year exploration expenditure in regard to each of the projects.

##### Section 7 - About the Company

This section summarises the history of the Company.

##### Section 8 - Shareholder Approvals

This section summarises the approvals obtained from the shareholders of the Company at an AGM on 22 December 2005.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### Section 9 - Board of Directors

This section contains information relating to each of the four directors of the Company (Dr Stephenson and Messrs Madan, Khan, Ho) and the Company Secretary (Mr Ho). This section also details directors' interests in securities, directors' remuneration, officers' indemnity and insurance, directors' deeds, other interests of directors and the Company's practices in relation to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations.

### Section 10 - Independent Geological Report

This section consists of the report prepared by Al Maynard & Associates dated 22 December 2005 on the projects of the Company in Australia and Indonesia. The report details the geology of the project areas, project location and access, past exploration, and proposed exploration and expenditure programmes.

### Section 11 - Independent Exploration Titles Report

This section consists of a report prepared by Hetherington Exploration & Mining Title Services Pty Ltd dated 24 November 2005, on the mining tenements acquired, or to be acquired by the Company in Western Australia and the Northern Territory. The report details the status of the tenements, licence conditions, encumbrances and exclusions, heritage and Aboriginal native title and land rights issues and expenditure commitments and reporting obligations. Geology, tenement and magnetic interpretation maps and diagrams are also presented where applicable.

### Section 12 - Financial Effects

This section contains information on the intended use by the Company of funds raised under the December 2005 Prospectus, pro-forma statements of financial position and assumptions made therein, summary of accounting significant policies, notes to the statements of financial position including commitments and contingencies.

### Section 13 - Material Contracts

This section contains information regarding the material contracts to which the Company is a party.

### Section 14 - Risk Factors

This section notes that an investment in the Company should be considered speculative and has risks reasonably expected of an investment in a business of its type. It details a number of factors that may impact on the success and future profitability of the Company including but not limited to government regulation and policy, competition from alternative energy and public perception, factors relevant to an investment in Indonesia and the nominee arrangements in Indonesia, exploration risk, operating risks, market risk, ability to exploit successful discoveries, resource estimates, commodity price volatility and exchange rate risks, environmental risks, title risks and native title, payment obligations, share market conditions, additional requirements for capital, contractual agreements and general investment risks.

### Section 15 - Rights Attached to Securities

Section 15.1 sets out information concerning the rights attaching to the Company's Shares and section 15.2 sets out information concerning the rights attaching to the options offered under the Company's prospectus lodged with ASIC on and dated 20 March 2006. Section 15.3 sets out information concerning the rights attaching to the unlisted options to be issued to Hume Mining NL.

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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### Section 16 - Additional Information

This section sets out additional information required to be disclosed in the December 2005 Prospectus including:

- (a) Interests of persons named in the December 2005 Prospectus;
- (b) Consents of persons named in the December 2005 Prospectus;
- (c) Taxation; and
- (d) Acknowledgement and Privacy.

### Section 17 - Glossary

This section contains definitions of some of the terms used in the December 2005 Prospectus and in this Prospectus.

### Section 18 - Directors Responsibility Statement and Consent

This section includes a statement from the directors relating to their consent to the lodgment of the December 2005 Prospectus and their belief there are no misleading or deceptive statements made in the December 2005 Prospectus and the statements made were made by persons competent to make such statements and who consented to their statements being included in the December 2005 Prospectus.

#### 4.2.5. The ASX Releases

Date / Time	Announcement
16 Feb 2007 17:45	<p><b>Uranium Assets Spin-Off Terms</b></p> <p>Under this release, the Company provided details regarding spinning-off its Australian and Peruvian uranium assets to Alara Uranium Limited (Alara), together with the terms of a proposed IPO of Alara, a priority entitlement for Strike shareholders to subscribe for shares in the Alara IPO and the terms of a proposed in-specie distribution of a portion of its Alara shares to Strike shareholders.</p>
15 Feb 2007 14:02	<p><b>Iron Ore Project Update</b></p> <p>Under this release, the Company provided an update on its Peruvian and Australian iron ore projects, including the results of recent drilling conducted in these project areas in December 2006.</p>
7 Feb 2007 09:11	<p><b>Strike Acquires Further Interest in Apurimac and Cuzco Ion-Ore Projects in Peru</b></p> <p>Under this ASX Release, the Company announced that it had entered into the MAPSA Agreement (Over Apurimac Ferrum Shares) and described a summary of the terms of the agreement.</p>
31 Jan 2007 16:37	<p><b>Notice of General Meeting</b></p> <p>Under this ASX Release, the Company disclosed a copy of a notice of meeting, explanatory statement and proxy form despatched to shareholders for a general meeting to be held on 6 March 2006 to consider various resolutions concerning, inter alia, the ratification of previous share and employee option issues and proposed directors' option issues.</p>

## 4. INFORMATION DEEMED TO BE INCORPORATED IN THIS PROSPECTUS

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Date / Time	Announcement
18 Jan 2007 14:34	<p data-bbox="604 416 1002 443"><b>Response to ASX Share Price Query</b></p> <p data-bbox="604 472 1377 636">Under this ASX Release, the Company responded to ASX's query on the 30% increase in the price of the Company's listed shares (SRK) between 11 January and 18 January 2007 confirming that the Company was not aware of any information concerning it that had not been announced which, if known, could be an explanation for recent trading in the securities of the Company.</p>
7 Dec 2006 13:40	<p data-bbox="604 680 1002 707"><b>Broker &amp; Institutional Presentation</b></p> <p data-bbox="604 736 1377 878">Under this ASX Release, the Company disclosed a copy of a presentation made by Managing Director, Mr Shanker Madan and Director, Professor Malcolm Richmond, to various brokers and institutional investors in Sydney and Melbourne on 7 and 8 December 2006</p>
5 Jul 2006 09:54	<p data-bbox="604 891 847 918"><b>Peru Iron-Ore Update</b></p> <p data-bbox="604 947 1377 1088">Under this ASX Release, the Company announced that it had entered into the Apurimac Ferrum Peruvian Iron-Ore Agreement and described the background to the transaction, a summary of the terms of the agreement, the project plan arising therein and the need for a capital raising to fund the investment therein.</p>

## 5. EFFECT OF THE ISSUE ON THE COMPANY

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### 5.1 Company Overview

A summary of current and recent activities, transactions and projects and the financial performance and position of the Company is set out in the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases deemed to be incorporated in this Prospectus.

Investors considering subscribing for the Share under this Prospectus should refer to Section 4 of this Prospectus for a summary of the information contained in the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases and may wish to obtain a copy of such documents from the Company or from its website, [www.strikeresources.com.au](http://www.strikeresources.com.au)

### 5.2 Board of Directors

A summary of the qualifications and experience of the Directors, Directors' relevant interest in securities and Directors' former directorships in the past 3 years is contained in the:

- (a) December 2006 Half Year Report;
- (b) December 2006 Quarterly Report;
- (c) 2006 Annual Report;

which are referred to in Section 4.2 of this Prospectus and deemed to be incorporated in this Prospectus.

### 5.3 Interests of Directors

The Directors' relevant interest in securities of the Company as at 15 February 2007 are as follows:

	Shares	Listed Options	\$0.96 (21 July 2011) Unlisted Options	\$0.96 (13 September 2011) Unlisted Options
John Stephenson	50,000	148,000	800,000	-
H. Shanker Madan	333,333	166,667	1,800,000	-
Farooq Khan	353,340	166,670	1,400,000	-
Victor Ho	16,667	184,334	600,000	-
William Johnson	2,769	84,000	-	500,000
Malcolm Richmond	100,000	-	-	-

In addition to the above holdings, Mr Khan is also deemed under the Corporations Act to have a relevant interest in the following securities in the Company held by ASX listed Orion Equities Limited (OEQ) as Mr Khan has a greater than 20% interest in ASX listed Queste Communications Ltd (QUE), which is deemed to be in control of OEQ with a 48% shareholding in OEQ:

- (a) 2,380,996 Shares,
- (b) 1,014,806 Listed Options;
- (c) 1,833,333 unlisted \$0.20 (9 February 2011) options; and
- (d) 1,666,667 unlisted \$0.30 (9 February 2011) options in the Company.

The Company has agreed to issue (subject to shareholder approval (which will be sought at a general meeting convened for 6 March 2007) to Professor Malcolm Richmond, who joined the Board as a Non-Executive Director on 25 October 2006, 500,000 options at the an exercise price of \$2.10 each and with the same 5 year term and vesting periods (and otherwise on the same terms as) the current directors' options on issue. The exercise price was determined based on 133% of the volume weighted average price (VWAP) of the Shares on ASX in the 5 trading days after the closing date of the Company's Share Purchase Plan on 21 November 2006.

## 5. EFFECT OF THE ISSUE ON THE COMPANY

---

At the general meeting referred to above, shareholder approval will also be sought for the Company to issue a total of 3,300,000 options to the following Directors:

- (1) John Francis Stephenson - 350,000 options;
- (2) Hem Shanker Madan - 950,000 options;
- (3) Farooq Khan - 700,000 options;
- (4) Victor Poh Hong Ho - 350,000 options
- (5) William Mathew Johnson - 350,000 options; and
- (6) Malcolm Ross Richmond - 600,000 options.

Each option will entitle a Director to subscribe for one Share in the Company at an exercise price equal to the greater of \$2.60 or 133% of the VWAP of the Company's Shares on ASX in the 5 trading days leading up to (and excluding) the issue date (rounded down to the nearest whole cent); each option is exercisable at any time on or before 5 years from the date of issue (subject to 30% of the options being unable to be exercised until 12 months from the date of issue and 40% of the options being unable to be exercised until 24 months from the date of issue).

The terms and conditions of the above proposed option issues to Directors are set out in the Explanatory Statement accompanying a Notice of Meeting dated 24 January 2007 and released on ASX on 30 January 2007 (which is part of the ASX Releases summarised in Section 4 and deemed to be incorporated in this Prospectus).

### 5.4 Other Interests Of Directors

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director of the Company, and no firm in which a Director or proposed Director of the Company is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:
  - (i) the formation or promotion of the Company;
  - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the Share under this Prospectus;
  - (iii) the offer of the Share under this Prospectus,
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of the Company:
  - (i) to induce them to become, or to qualify them as, a Director; or
  - (ii) for services rendered by them in connection with the formation or promotion of the Company.

Mr H. Shanker Madan received approximately \$16,500 (excluding disbursements) in respect of consulting services provided to the Company during the 12 months prior to his appointment as a Director on 26 September 2005.

The Company notes that Director, Mr Farooq Khan, is also a director of ASX listed Queste Communications Ltd (QUE) and ASX listed Orion Equities Limited (OEO). QUE is a 48% shareholder of OEO and OEO is the 100% shareholder of Hume Mining NL, the other party to the Hume Agreement with the Company.

The Company notes that Director and Company Secretary, Mr Victor Ho, is also director and company secretary of Hume and OEO and the company secretary of QUE.

The Company notes that Director Mr William Johnson is also a director Hume and OEO.

## 5. EFFECT OF THE ISSUE ON THE COMPANY

### 5.5 Market Prices of Ordinary Shares

The following table sets out the trading history of the Company's Shares on ASX from its re-admission to ASX on 23 February 2006 to 15 February 2007:

	High (cents)	Low (cents)	Last Sale at month end (cents)	VWAP (cents)
February 2007 (to 15 February)	278	223	274	249.9
January 2007	253	149	248	193.9
December 2006	157	141	149	150.36
November 2006	175	132.5	157.5	153.90
October 2006	188	140	172.5	169.20
September 2006	154	84.5	141	121.45
August 2006	98	70	84	84.99
July 2006	98.5	58	98.5	74.86
June 2006	62	54	62	58.25
May 2006	53	32	52	44.22
April 2006	39.5	29	38	34.84
March 2006	36	17.53	31	25.72
February 2006 (from re-admission to ASX on 23 February)	28.5	19	20.5	18.33

The highest and lowest recorded market sale prices of the Company's Shares quoted on ASX since 23 February 2006 (to 15 February 2007) were \$2.85 (on 15 February 2007) and \$0.19 on 28 February 2006 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in the Shares prior to the date of this Prospectus was \$2.74 on 15 February 2007.

### 5.6 Market Prices of Listed Options

The following table sets out the trading history of the Company's Listed Options on ASX from their quotation on ASX on 19 April 2006 to 15 February 2007:

	High (cents)	Low (cents)	Last Sale at month end (cents)	VWAP (cents)
February 2007 (to 15 February)	250	205	247	223.5
January 2007	250	123	250	175.6
December 2006	139	116	122	122.36
November 2006	145	116	130	131.90
October 2006	160	118	143	143.11
September 2006	129	60	122	96.02
August 2006	72	50	63	63.97
July 2006	74	41	71.5	57.17
June 2006	40	33	39.5	36.90
May 2006	31.5	14.5	31.5	22.37
April 2006 (from quotation on 19 April)	19	14	17	16.92

The highest and lowest recorded market sale prices of the Company's Listed Options quoted on ASX since 19 April 2006 (to 15 February 2007) were \$2.50 on 7 February and 31 January 2007 and \$0.14 on 19 April 2006 respectively.

The last market sale price of the Company's Listed Options on ASX on the last day that trading took place in these options prior to the date of this Prospectus was \$2.24 on 15 February 2007.

## 5. EFFECT OF THE ISSUE ON THE COMPANY

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### 5.7 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

However, the Company notes that on 7 February 2007, it received correspondence from Anthony's Holdings Pty Ltd A.C.N. 114 272 187 (**Anthony**) in relation to the MAPSA Agreement (Over Apurimac Ferrum Shares) whereby Anthony asserted that it had a prior agreement with MAPSA with respect to the purchase of MAPSA's shareholding in AF. After a review of this correspondence in consultation with the Company's Australian and Peruvian lawyers and with MAPSA, the Company's view is that there is no agreement between Anthony and MAPSA and Anthony's purported claim is unfounded and without merit. The Company notes that though requested to do so, Anthony has failed to provide any evidence whatsoever supporting his purported claim.

The Company, MAPSA and MAPSA shareholders' collective position is that they have a valid, binding and enforceable agreement and the parties are continuing to act in accordance with this agreement.

## 6. EFFECT OF THE ISSUE ON THE COMPANY

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### 6.1 Effect on Issue Capital

Under the Offer, up to one Share will be issued if the Offer is fully subscribed.

Upon completion of the Issue, the issued capital of the Company will comprise:

	Quoted	Unlisted	Total
<b>Fully paid ordinary shares on issue:</b>			
Currently on issue (13 February 2007)	60,141,353	-	60,141,353
Share issued under this Prospectus	1	-	1
<b>Total shares on issue after completion the Offer</b>	<b>60,141,354</b>		<b>60,141,354</b>
<b>Options on issue:</b>			
\$0.20 (30 June 2008) Listed Options	19,077,814	-	19,077,814
\$0.20 (9 February 2011) Unlisted Options	1,833,333		1,833,333
\$0.30 (9 February 2011) Unlisted Options	1,666,667		1,666,667
\$0.96 (21 July 2011) Unlisted Directors' Options	-	4,600,000 <sup>(1)</sup>	4,600,000
\$0.96 (13 September 2011) Unlisted Director's Options	-	500,000 <sup>2</sup>	500,000
\$1.20 (6 October 2011) Unlisted Employee's Options	-	150,000 <sup>3</sup>	150,000

Please also refer to Section 5.3 of this Prospectus for details of proposed options to be issued to Directors, subject to shareholder approval at a general meeting convened for 6 March 2007.

### 6.2 Effect on Balance Sheet

The Company's auditor reviewed Balance Sheet as at 31 December 2006 is contained in the December 2006 Half Year Report deemed to be incorporated in this Prospectus and the contents of which are summarised in Section 4.2.1 of this Prospectus.

The proceeds from the issue of the Share will be a maximum of \$1.30.

Expenses of the Offer is expected to be approximately \$5,000 comprising ASIC fees, legal costs, ASX fees and other administrative expenses.

The financial effect of the Offer is minimal - cash or cash equivalent (in current assets) will decrease by \$4,999 and issued capital (in equity) will decrease by \$4,999.

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1. Issued to Directors, Dr John Stephenson, Mr Shanker Madan, Mr Farooq Khan and Mr Victor Ho pursuant to shareholder approval on 14 July 2006.
  2. Issued to Director, Mr William Johnson on 13 September 2006 pursuant to shareholder approval on 13 September 2006.
  3. Issued to the Company's Senior Exploration Geologist, Mr Jerko Zuvela, on 6 October 2006 - to be ratified by shareholders at a general meeting scheduled for 6 March 2007.

## 7. MATERIAL CONTRACTS

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The following is a summary of the material contracts to which the Company is a party.

### 7.1 Uranium Assets Spin-Off Terms

Details of the Uranium Assets Spin-Off Terms is contained in the:

- (a) December 2006 Half Year Report;
  - (b) ASX Market Announcement titled "Uranium Assets Spin-Off Terms" and dated 16 February 2007,
- which are referred to in Section 4.2 of this Prospectus and deemed to be incorporated in this Prospectus.

Under the Uranium Assets Spin-Off Terms, Alara has also agreed to acquire from Orion Equities Limited (Orion or OEQ) all of Orion's uranium tenement/project interests.

In addition, the Uranium Assets Spin-Off Terms agreement is subject to the following conditions:

- (a) Declaration of satisfaction of due diligence by Alara, Strike and Orion, by no later than 2 March 2007 (unless otherwise agreed by the parties);
- (b) The obtaining of shareholder approvals as is required by Strike or Orion to give effect to the terms of the agreement, by no later than 20 April 2007 (unless otherwise agreed by the parties);
- (c) Alara successfully listing on the ASX within 4 months of the proposal being approved by Strike and Orion shareholders (as may be required);
- (d) Alara will bear all external costs in relation to the completion of the transactions contemplated under the agreement;
- (e) The completion of the Alara acquisitions from Strike is conditional upon the completion of the Alara acquisitions from Orion and vice versa;
- (f) Alara agrees to provide all assistance required to enable each of Strike and Orion to utilise any applicable tax relief available to each of Strike and Orion under Australian taxation legislation.

### 7.2 MAPSA Agreement (Over Apurimac Ferrum Shares)

A summary of the MAPSA Agreement (Over Apurimac Ferrum Shares) is contained in the:

- (a) December 2006 Half Year Report;
- (b) ASX Market Announcement titled "Strike Acquires Further Interest in Apurimac and Cuzco Ion-Ore Projects in Peru " and dated 5 February 2007,

which are referred to in Section 4.2 of this Prospectus and deemed to be incorporated in this Prospectus.

### 7.3 Apurimac Ferrum Peruvian Iron-Ore Agreement

A summary of the Apurimac Ferrum Peruvian Iron-Ore Agreement is contained in the:

- (a) December 2006 Half Year Report;
- (b) 2006 Annual Report;
- (c) ASX Market Announcement titled "Peru Iron-Ore Update" released on 5 July 2006,

which are referred to in Section 4.2 of this Prospectus and deemed to be incorporated in this Prospectus.

## 7. MATERIAL CONTRACTS

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### 7.4 December 2005 Prospectus Material Contracts

Section 11 of the December 2005 Prospectus which is referred to in Section 4.2 of this Prospectus, sets out a number of contracts to which the Company is a party which were considered by the Directors as being material to enable investors to make an informed assessment of the Shares being offered under that Prospectus:

- (a) The Hume Agreement;
- (b) The UOG Agreement;
- (c) The Adelaide Prospecting Agreement
- (d) The nominee arrangements in relation to PT Indo Batubara (Indonesia);
- (e) The Standard Heritage Agreements;
- (f) The Directors' Deeds

(as defined under the December 2005 Prospectus which is deemed to be incorporated in this Prospectus).

### 7.5 Directors' Deeds

The Company has entered into a Director's Deed (a summary of which is described in section 9.5 of the December 2005 Prospectus) with each of:

- (a) Dr John Stephenson, Mr Shanker Madan, Mr Farooq Khan and Mr Victor Ho on 14 July 2006 after receiving shareholder on the same date; and
- (b) Mr William Johnson on 13 September 2006 after receiving shareholder on the same date.

The Company will enter into the same deed with Professor Malcolm Richmond upon receipt of shareholder approval at a general meeting convened for 6 March 2007.

The terms and conditions of the Director's Deed entered into or proposed to be entered into (subject to receipt of prior shareholder approval) are set out in the Explanatory Statement accompanying a Notice of Meeting dated 24 January 2007 and released on ASX on 30 January 2007 (which is part of the ASX Releases summarised in Section 4 and deemed to be incorporated in this Prospectus).

### 7.6 Heritage Protection Agreement

The Company has entered into the Heritage Protection Agreement described below to facilitate the preservation of aboriginal heritage through the protection of aboriginal sites and objects upon the grant of mining tenements. The Heritage Protection Agreement require the Company to conduct aboriginal heritage surveys prior to conducting exploration that is not low impact in nature and detail procedures to be followed if an aboriginal site is identified.

#### **Mt James Project - EL 09/1259**

The Company and the Yamatji Marlpa Barna Baba Maaja Aboriginal Corporation as agent for the Gnulli Claim Group entered into a Standard Heritage Agreement dated 21 September 2006 in relation to Exploration Licence EL 09/1259 covered by Native Title Determination Claimant Application WC 97/028.

Investors and their professional advisers are referred to those documents deemed to be incorporated in this Prospectus referred to above in relation to the relevant material contracts.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### MIRANDA & AMADO ABOGADOS

JOSE DANIEL AMADO V.  
JUAN LUIS AVENDAÑO C.  
JUAN LUIS AVENDAÑO V.  
LUIS MARCELO DE-BERNARDIS  
ROSA MARIA CONROY A.  
RAFAEL CORZO DE LA COLINA  
ENRIQUE FELICES SAAVEDRA  
JOSE A. JIMENEZ GARCIA  
ROCIO LIU ARÉVALO  
ROBERTO MACLEAN MARTINS  
LUIS G. MIRANDA A.  
JUAN MIRANDA COSTA  
MAURICIO RAFFO L.  
JORGE TOYAMA MIYAGUSUKU  
GARLAND G.  
ALFREDO VIDAL HENDERSON  
LUIS VINATEA RECOBA

ADRIAN REVILLA V.

AV. LARCO 1301, PISO 20  
TORRE PARQUE MAR  
LIMA 18 - PERÚ.  
TEL.:(511) 610-4747 / FAX:(511) 610-4748  
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BRUNO AMIEL R. C.  
MICHELLE BARCLAY T.  
ADRIANA BARRERA T.  
ITALO CARRANO T.  
CYNTHIA CUBA C.  
MARIELLA DE LA TORRE S.  
ALBERTO DELGADO V.  
OSCAR EYZAGUIRRE H.  
MARIA SOLEDAD HARO C.  
MARIA INES HERRERA F.  
CLAUDIA HOKAMA K.  
MELISSA NÚÑEZ S.  
NATHALIE PAREDES F.  
LUZ MARIA PEREZ-

HERBERT PRELLE M.  
JOSE MIGUEL PUIGGROS O.  
FERNANDO ROCA S.  
GISELLE SANDOVAL Z.  
PABLO SOTOMAYOR H.  
GILDA SPALLAROSSA L.  
OSCAR TRELLES DE B.  
MAURO UGAZ O.

JOSÉ ALEGRE C.

February 13, 2007

The Directors  
Strike Resources Limited  
Level 14, The Forrest Centre, 221 St Georges Terrace,  
Perth, Western Australia 6000

Attention: Mr. Shanker Madan  
Managing Director

**REF.: LEGAL OPINION ON THE PERUVIAN CONCESSIONS IN WHICH  
STRIKE RESOURCES LIMITED HAS AN INTEREST**

Dear Sirs,

We have been requested to provide you with our legal opinion on:

- (1) the concessions in which Strike Resources Limited (“**Strike**”) has an interest, as per the Binding Term Sheet executed on July 2, 2006 by and between Strike, D&C Group S.A.C. (“**D&C**”), Minera los Andes y el Pacífico S.A. (“**MAPSA**”)

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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and Apurimac Ferrum S.A. (“**AF**”) and the more formal Shareholders Agreement entered into by Strike, D&C, MAPSA and AF on November 10, 2006; and,

- (2) the two (2) applications filed on January 29, 2007 on behalf of Strike Resources Peru S.A.C. in the Provinces of Castilla and Condesuyos, Department of Arequipa, Peru (the “**Pampacolca Project Applications**”).

This legal opinion is prepared for inclusion in a prospectus to be dated on or about 16 February 2007 to be issued by Strike (“**Prospectus**”).

In producing this legal opinion we are relying on the information available in public sources and the information provided to us by AF in the data room located at its offices of Francisco Graña 155, 3rd Floor, Santa Catalina, La Victoria, Lima, and we are assuming that such information is accurate. We have also assumed: (i) the veracity of all copies of the documents and information provided by AF and the signatures included in them, as well as the contents of the internal charts or memorandums prepared by AF’s officers; and, (ii) the authority of the representatives of all of the counterparties with whom AF has executed contracts, as well as the enforceability in Peru of these documents.

This legal opinion is given exclusively from a Peruvian law perspective, taking into account the laws and regulations in force in Peru as of the date hereof, without considering any legislation in force in other jurisdictions.

### 1. Status and Validity of the Concessions held by AF

AF has rights over two sets of concessions: (i) those that were originally applied for by AF; and, (ii) those that have been acquired from MAPSA through a transfer agreement executed by public deed dated September 8, 2006 before Notary Public of Lima, Eduardo Laos de Lama (hereinafter the “**Transfer Agreement**”).

AF is also in the process of negotiating an agreement with Minera Apu S.A.C. (a company affiliated with Millenium Trading S.A.C.) for such company to conduct small-scale mining operations in a specific area –to be determined by the parties- of the concessions held by AF, in terms and conditions similar to an agreement that Millenium Trading S.A.C. had with MAPSA. Details of this arrangement are provided for in section 1.3 herein.

#### 1.1 Concessions originally applied for by AF

AF currently holds twelve of the fourteen (14) concessions for which it applied for originally (Ferrum 1 through 14). Ferrum 6 and Ferrum 12 have been subsequently forfeited by AF’s management. All concessions held by AF are for metallic substances. Schedule A to this legal opinion contains tables summarizing the current concessions referred to herein.

As of the date of this legal opinion, AF’s title to all the concessions currently held by AF has been recorded in the appropriate public registry and is, therefore, enforceable against any third parties.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Ferrum 11 may be located within an urban area. However, according to the information provided by INACC, it is unlikely that the Provincial Municipality of Aymaraes declare Carhuanchachua as urban area and less probable that such hypothetical declaration had been issued before Ferrum 11 was granted to AF. For these reasons we consider that the risk of the rights over Ferrum 11 being affected by this situation with the Municipality is low.

As per the information provided by AF none of the Ferrum concessions has been the subject matter of any contract with third parties, no liens or encumbrances have been established over the same and there is no litigation, arbitration or administrative procedures affecting title thereof.

AF has complied with filing, on a timely fashion, the Annual Consolidated Statement (DAC), Sworn Affidavit of Annual Investment and Monthly Statistical Information Reports required by the Ministry of Energy and Mines.

### 1.2 Concessions transferred by MAPSA into AF

AF has acquired fourteen (14) metallic concessions from MAPSA as per the Transfer Agreement. Said concessions are: Opaban I, Opaban III, Los Andes I, Pitumarca II, Coriminas II, Coriminas V, Mapsa 2001, Nueva Oropampa 6, Lucrecia Esperanza, El Pacífico I, El Pacífico II, Delia Esperanza, Flor de Maria and Julia Clara. The Transfer Agreement over the title to the aforementioned concessions has been recorded in the Cusco Public Registry for Mining Rights; therefore, AF's title over such fourteen (14) concessions is enforceable against any third parties.

The payment of the 2006 license fees for all the concessions transferred by MAPSA to AF is pending. The penalty payments for the year 2006 corresponding to El Pacífico II, El Pacífico I, Los Andes I, Opaban III, Pitumarca II, Delia Esperanza, Flor de María, Julia Clara and Opaban I concessions are outstanding. Delaying the payment of fees and penalties for up to one year is normal practice in Peru as it allows concession holders to minimise their expenses on those concessions that may not turn out to be prospective. After two years, if outstanding fees and penalties remain unpaid, concessions are forfeited. All concessions acquired by AF from MAPSA are currently in good standing since failure to pay for two consecutive years of license or penalties has not yet occurred.

Schedule B to this legal opinion contains tables summarizing the information on each of the concessions acquired by AF from MAPSA.

### 1.3 Negotiations for an Operation Agreement with Minera Apu S.A.C.

On September 6, 2006 as part of the arrangements entered into to facilitate the transfer of the concessions held by MAPSA into AF (as described in section 1.2 above), AF entered into an agreement with Millenium Trading S.A.C. (“**Millenium**”) which, among others, contemplates the initiation of good faith negotiations so that Millenium may conduct iron-ore production activities within the area of one (1) of the concessions held by AF.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Such production activities shall be limited to a maximum of 400,000 tonnes per annum and for a 5-year term, subject to renewal for an additional 5-year period or in any case until Strike exercises its options to acquire at least 51% shareholding interest in AF under the Binding Term Sheet executed on July 2, 2006 and the more formal Shareholders' Agreement entered into by Strike, D&C, MAPSA and AF on November 10, 2006. AF shall receive a royalty and/or profit sharing from the production activities to be conducted in one of its concessions as per terms to be agreed by the parties.

Pursuant to the agreement, AF is to supervise Millenium's activities which shall be conducted: (i) in accordance with any and all environmental and health and safety regulations applicable in Peru and those established by AF; and, (ii) with the approval of any local communities that hold title to the surface land.

The agreement allows Millenium to nominate an affiliate in order to negotiate the more formal operation agreement and, upon execution thereof, conduct such production activities. Accordingly, on January 4, 2007, AF received a letter from Minera Apu S.A.C. indicating that such company had been formed for purposes of negotiating, and subsequently performing under, the operation agreement.

The negotiations are in their early stages as the parties are still in discussions on identifying which of the concessions held by AF should Minera Apu operate; which is the starting point to define all other aspects of an operation agreement.

### 2. Summary of the Legal Status of AF

#### 2.1 Incorporation

AF is a Peruvian *sociedad anónima* (stock company) incorporated by public deed granted on September 13, 2004 before Notary Public of Lima Renzo Alberti Sierra.

AF is duly recorded in File No. 11678388 of the Corporate Registry of the Lima Registry Office and is validly existing and conducting its business in Peru.

#### 2.2 By-laws

Pursuant to the minutes of the General Shareholders Meeting' dated March 8, 2005; AF amended its by-laws in full. Such resolution of the General Shareholders' Meeting was formalized by public deed dated August 3, 2005, before Notary Public of Lima Donato Hernán Carpio Valdez. The complete amendment of the by-laws is recorded in Entry B00001 of File 11678388 of the Corporate Registry of the Lima Registry Office.

According to Article 1 of the by-laws, the purpose of AF is to perform mining activities, with no exception or limitation, as well as operations and contracts totally or partially related to mining, either directly or indirectly, on its own account, or through third parties, in association or in any kind of business collaboration form. Therefore, AF is entitled to perform, among others, the following activities: prospecting, exploration, exploitation,

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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benefit, mining transportation and/or trading of mining products; subscribe all kinds of contracts related or not to the mining activity, including selling, buying, leasing, import, export and the sale of all kinds of goods and services; activities related to the transformation of iron ore into iron sponge, cast iron, pellets, concentrates and other iron derivatives, including steel, by using technological processes that use mainly natural gas or coal, as reducing agent or fuel.

Pursuant to Article 20 of the by-laws, the General Shareholders' Meeting is empowered to resolve on the lease or transfer, in whole or in part, of the mining rights that AF owns or receives in concession, as titleholder, promoter, beneficiary or in option. Likewise, the General Shareholders' Meeting approves all kinds of commercial and bank loans whereby AF lends or borrows sums of money, provided that the rights and mining concessions guarantee such transactions.

In order that the General Shareholders' resolutions are valid regarding the matters pointed out in the preceding paragraph, as well as any other agreement related to the transfer or disposal of its concessions and/or any other of its main assets, a quorum of two thirds (2/3) of the voting shares is required on first call or at least three fifths (3/5) of the voting shares on second call.

As per an amendment to article 21 of the by-laws approved by the General Shareholders' Meeting of March 31, 2005, the resolutions at the General Shareholders' Meetings must be approved with the favourable vote of the absolute majority of the voting shares in AF.

### 2.3 Authorized Capital

The authorized capital recorded in AF's file at the Corporate Registry in Lima, is currently S/.8'786,454 represented by 8'786,454 shares of a nominal value of S/.1.00 (One Nuevo Sol), each fully subscribed and paid.

Strike holds 142,516 shares in AF which is equal to 1.622% of the capital as a result of the capital contributions made to date into AF as contemplated in the Shareholders' Agreement executed on Shareholders' Agreement entered into by Strike, D&C, MAPSA and AF on November 10, 2006.

### 2.4 MAPSA-D&C Shareholders' Agreement

The only Shareholders' Agreement, other than the Shareholders' Agreement entered into by Strike, D&C, MAPSA and AF on November 10, 2006, that is in force between the shareholders of AF is the one executed on September 6, 2006 between D&C and MAPSA in order to govern their relationship in the event that: (i) Strike withdraws from the Venture, as defined in the Binding Term Sheet executed on July 2, 2006 ("**Term Sheet**"); (ii) Strike decides not to exercise any of its options thereunder; (iii) the Term Sheet is terminated (except if replaced by the Shareholders' Agreement to be executed by the parties as contemplated in

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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said Term Sheet, which was actually executed on November 10, 2006); or, (iv) Strike remains as a minority shareholder in AF without control.

The main provisions of such MAPSA-D&C Shareholders' Agreement are:

- (a) Regardless of the amount of shares that Strike ends up having in AF provided one of the conditions for the effectiveness of this Shareholders' Agreement have been verified, D&C shall exercise 60% of the voting rights in AF. For such purposes a share usufruct agreement as per the form included in Appendix 1 of this Shareholders' Agreement shall be executed.
- (b) MAPSA agrees that it shall only receive payment of the US\$ 750,000 owed to it as per the Transfer Agreement by receiving shares in AF.
- (c) A super majority of 75% of the voting shares shall be required to adopt the most relevant decisions in AF, including capital increases, mergers and the transfer or establishment of any liens on mineral concessions.

### 2.5 Board of Directors and General Manager

As per the General Shareholder's Meeting held on November 10, 2006, simultaneously to the execution of the Shareholders' Agreement by Strike, AF, MAPSA and D&C, which provides that Strike shall take management control of AF, a new Board of Directors was appointed pursuant to the provisions of such Shareholders' Agreement.

As a result, the current Board of Directors of AF, to remain in office until November 10, 2008 unless any resignation takes place or is otherwise decided by the shareholders, is composed of the following individuals, appointed as per the terms of the above-referred Shareholders' Agreement:

- (a) Hem Shanker Madan – President of the Board (Strike-appointed).
- (b) William Matthew Johnson (Strike-appointed).
- (c) Javier Manuel Rodríguez Larraín Salinas (Independent Director, Strike-appointed).
- (d) Mario Fernando Bayona Peláez (MAPSA-appointed).
- (e) Piero Martín Dyer Coriat (D&C-appointed).

Such current board has been recorded in AF's file at the Corporate Registry in Lima.

The Board of Directors meeting of November 13, 2006 decided to ratify Mr. Piero Martín Dyer Coriat as General Manager of AF.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### 3. Status of the Pampacolca Project Applications

On January 29, 2007, Mr. Deny Martín Bayona Peláez, Exploration Manager of Strike Resources Peru S.A.C., filed two (2) applications for metallic mineral concessions, covering 1500 hectares, under the names “Pampacolca 1” (Code 01-01084-07, 900 hectares, National Chart for Chuquibamba 32Q) ) and “Pampacolca 2” (Code 01-01085, 600 hectares, National Chart for Chuquibamba 32Q) located in the Districts of Pampacolca and Tipan Aplao, Province of Castilla and the Districts of Aplao and Iray, Provinces of Castilla and Condesuyos, respectively, in the Department of Arequipa in the south of Peru.

Pursuant to the correspondence provided to us for purposes of this opinion, Mr. Deny Martín Bayona Peláez made and holds such applications on behalf and for the benefit of Strike Resources Peru S.A.C. and has agreed to transfer them to Strike Resources Peru S.A.C.

Strike holds all of the issued share capital of Strike Resources Peru S.A.C., except for one (1) share held by Mr. Alberto Delgado Venegas on behalf and for the benefit of Strike.

The procedures for the granting of concessions pursuant to the above-referred Pampacolca Project Applications are described, in general terms, in section 5.2 herein.

### 4. Foreign Investment and International Trade

The Peruvian Political Constitution of 1993 (the “**Constitution**”), establishes that the Peruvian economy is open to private investment, within a social market economy, and that the State promotes the creation of wealth and guarantees private property, free enterprise, commerce and industry, while facilitating free competition. The State also guarantees the possession and exchange of foreign currency.

Pursuant to article 63 of the Constitution, foreign investors have the same rights as local investors and the State applies the same conditions to foreign and national investments. As per article 71 of the Constitution, foreigners may not acquire or possess mines or land, among others, within fifty (50) kilometres of the borders, except in the case of public need as expressly declared by means of a Supreme Decree countersigned by the Council of Ministers.

The General Law for the Growth of Private Investment, Legislative Decree 757, develops the non-discrimination principle between local and foreign investors in connection to currency exchange, prices, tariffs or custom duties, based on the sector of the economy or geographical location of the investments, and establishes the rights and guarantees that are applicable to such investments. Pursuant to Legislative Decree 757 foreign investors may apply for the execution of stability agreements that stabilize the income tax regime, free convertibility of currency and repatriation of profits for a given period of ten years counted from the date of its execution. It also contains provisions on juridical stability that include the economic regime, free competition, private property, taxation, administrative and environmental matters, all within a free market economy.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Pursuant to Legislative Decree 668, the Peruvian State guarantees freedom of and promotes international and national trade as a fundamental consideration for the development of the country. The State, therefore, guarantees to the economic agents free access to acquire, transform and commercialize goods, whether final goods or raw materials, as well as the provision of services necessary for the development of free trade and commerce.

### 5. Summary of the regulation of Mining Activities and Tenure

Mining activities in Peru are currently governed by the Single Revised Text of the General Mining Law (hereinafter “**General Mining Law**”) approved by Supreme Decree No. 014-92-EM and its regulations. Pursuant to article 66 of the Constitution, natural resources belong to the Nation. They are granted to private parties by means of concessions.

The entity responsible for the granting of mineral concessions is the National Institute for Mineral Concessions and Cadastre (“**INACC**”). Passing of regulations on mining activities is the competency of the Ministry of Energy and Mines, through the General Mining Bureau and the General Bureau of Environmental Affairs for Mining. Supervision and enforcement of mining and mining-related environmental regulations is the competency of the recently created Agency for Supervision of Investment in Energy and Mining (“**OSINERGMIN**”).<sup>1</sup> The highest administrative authority for the resolution of any disputes that may arise in the procedures for granting title to a concession or maintenance of title therewith is the Mining Council.

#### 5.1 Concessions and Mining Activities

A mineral concession is a license granted by the State that allows the holder thereof the exclusive right to explore and exploit the mineral resources located within a certain area of the subsoil. A single concession allows for exploration, development and mining production; therefore, there is no need to apply for a different concession as the stages of a project develop. As per the General Mining Law, mineral concessions are considered a separate real estate from the surface land that covers them. The exclusive rights granted by virtue of a concession are irrevocable, provided the titleholder of the concession complies with the legal and regulatory obligations that are imposed by law to maintain the good standing of such concession. The delimitation of the area over which the concession is given is made on the basis of vertical planes corresponding to the sides of a square, rectangle or closed polygonal, whose vertices refer to Universal Transversal Mercator coordinates (UTM).

In addition to mineral concessions (for exploration, development and mining), the General Mining Law contemplates the granting of: (i) beneficiation concessions (for processing plants); (ii) general works concessions (for rendering certain auxiliary services to more than one mining operation held by different parties); and, (iii) transportation concessions (for the building of pipelines or other systems for the transportation of mineral products).

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<sup>1</sup> Actually such competencies have been transferred to the already existing Agency for the Supervision of Investment in Energy (“**OSINERG**”) which has thus changed its name to OSINERGMIN.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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The General Mining Law characterizes several types of mining activity establishing specific provisions for the development of each one of them. The following are characterized as mining activities by the General Mining Law:

- (a) Reconnaissance: is the activity conducive to revealing levels of mineralization through elementary work;
- (b) Prospecting: is the research conducive to identifying potential mineral deposits by means of chemical and physical indicators measured using precision techniques and instruments;
- (c) Exploration: is the mining activity tending to demonstrate the size, position, mineralogical characteristics, reserves and values of the mineral deposits;
- (d) Exploitation: is the activity of extracting the minerals contained in a deposit; and “development” encompasses the activities performed to make the exploitation of the minerals contained in a deposit possible;
- (e) Beneficiation: is the group of physical, chemical and/or physical-chemical processes that are carried out to extract or concentrate the valuable substances of an aggregate of minerals and/or to purify, smelt or refine metals. It includes the following stages:
  - (i) Mechanical preparation: process whereby the mineral is crushed, classified and/or washed.
  - (ii) Metallurgy: set of physical, chemical and/or physical-chemical processes used to extract and/or concentrate valuable substances from the ore.
  - (iii) Refining: process of purifying metals from products obtained through the above metallurgical processes.
- (f) Commercialization: is the activity of purchasing and selling mineral products;
- (g) General works: is the mining activity that provides auxiliary services, such as ventilation, sewage, hoisting or extraction in favor of two or more concessions of different concessionaires.
- (h) Transportation: is the activity that refers to a system used for the massive continuous haulage of mineral products, by non-conventional methods. The systems to be used can be: (i) conveyor belts; (ii) pipelines; or, (iii) cable cars.<sup>2</sup>

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<sup>2</sup> Other forms of transportation, such as roads or railroads, are governed by different laws and regulations, not the General Mining Law.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Of all the aforementioned activities, as characterized by the General Mining Law, only reconnaissance, prospecting and commercialization can be freely carried out in the Peruvian territory without the prior granting of a concession from the State.

### 5.2 Procedure for the Granting of a Mineral Concession

The General Mining Law and the Regulations for Mining Procedures, Supreme Decree No. 018-92-EM, establish the procedure for the granting of a mineral concession according to the Grid Based System. Mineral concessions can be granted for metallic (which includes all metals) or non-metallic minerals, and no overlap between them is allowed. Exploration and exploitation works may be initiated in a certain area once title to concession has been granted over such area, except where there is any overlap with pre-existing claims or concessions applied under the abrogated system in force prior to December 15, 1991, provided that such concessions are held by third parties. The obligation to respect the area of overlap accompanies any transfer of title.

Mineral concessions are granted in units of 100 hectares with a maximum of 10 units (1000 hectares) or 100 units (10,000) in territorial waters, in a rectangular shape north-south / east-west oriented as delimited by its borders expressed by UTM coordinates. However, in urban or urban expansion areas, mineral rights are granted in units of 10 hectares with a maximum of 100 hectares.<sup>3</sup>

Such procedure for title commences with the filing of an application with INACC, in which, among others, the UTM coordinates of the area requested are indicated, together with a name for the application, which cannot be the same as that of a pre-existing application or concession, and payment of the initial license fees. After the application for a mineral concession, the applicant is required to make publications in the Official Gazette and in a local daily newspaper. Publications must be made within thirty (30) business days following receipt of the documents issued for such purposes by INACC. Copies of such publications must be delivered to the authority within sixty (60) days following the final publication. Within said sixty (60) day term, any party that considers its rights affected by the application may file an opposition writ against it. Pursuant to the terms established in the Regulations for Mining Procedures, unless any third party opposes the title procedure, the technical and legal reports shall be issued within thirty (30) business days following delivery of the last of the publications and title to concession shall be issued within five (5) business days of such reports.

A list of the resolutions awarding title is published in the Official Gazette on a monthly basis. A resolution awarding title shall be deemed final, provided it is not challenged during the fifteen (15) business days following the publication of such list. Upon completion of title procedure, resolutions awarding title shall be recorded with the Public Registry for purposes of enforceability against third parties and the State.

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<sup>3</sup> Article 11 of the General Mining Law and article 8 of the Law for Mineral Rights located in Urban and Urban Expansion Areas, Law 27015, modified by Law 27560, published in the Official Gazette on November 24, 2001.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Should there be two or more applications over the same area, the earlier application shall be admitted. Once an application is admitted, no more applications will be accepted on the same area until the first application is resolved. Should the mining application fully overlap a previous one, such application will be cancelled. If the overlap is partial, the second application will be requested to reduce its area in order to respect the previously granted area. As explained above, overlaps are only allowed with pre-existing claims or concessions that were applied under the abrogated system in force prior to December 15, 1991.

### 5.3 Rights of the Holders of Mineral Concessions

Pursuant to article 37 of the General Mining Law,<sup>4</sup> holders of mineral concessions -in addition to the exclusive right to explore for and mine mineral products within the area of their concessions- have the following rights:

- (a) To request from the mining authority, authorization to establish easements in lands of third parties that may be necessary for the rational utilization of the concession subject to the legal provisions on access of land.
- (b) To request authorizations in order to establish easements on the surface lands of other concessions provided the mining activity of their holders is not prevented or adversely affected.
- (c) To construct, in the adjacent concessions, the work that may be necessary for access, ventilation and sewage of its concessions, transport of minerals and safety of the workers, after the pertinent indemnification has been paid if such works cause damages and without creating any encumbrance to the adjacent concessions, leaving in stock piles, free of costs to the holders of the adjacent concessions, any minerals resulting from the work performed. The titleholders of the adjacent concessions may use these works paying the respective compensation, in the amount to be established by the mining authority if the parties do not come to an agreement.
- (d) To perform in free land the works that have the same objective indicated in the preceding paragraph, with authorization from the General Mining Bureau.
- (e) To use the waters that may be necessary for domestic service of the workers and for the operations of the concession, in accordance with the legal provisions on the matter.
- (f) To use the mineral substances contained in the waters that emerge from their work.

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<sup>4</sup> As amended by the application of the legal provisions on the use of surface land and easements described in section 6 of this opinion.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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- (g) To inspect the work of the neighboring or adjacent concessions when they suspect internment or when they fear flooding, caving in or fire, due to the bad condition of the work of the neighboring or adjacent property, for the development of the work that is carried out in them.
- (h) To contract the execution of exploration, development, exploitation and beneficiation work with specialized companies registered with the General Mining Bureau.
- (i) To freely dispose of fifty per cent (50%) of the length of each drill-core resulting from its exploration activities.

Holders of mining activities may file for special legal stability agreements under the provisions of the General Mining Law, which stabilize the Income Tax rate (currently levied at a 30% rate) at the time of the execution of the agreement plus two per cent (2%) as per Law No. 27343.

The General Mining Law contemplates two (2) forms of stability agreements that basically differ from each other in the term of the guarantee (10 and 15 years, respectively), and in the minimum investment commitment under each type.

In the case of the ten (10) year stability agreement, the holder of mining activities shall file an Investment Program for a minimum of US\$ 2'000,000 and a production of 350 to 5000 Tones per day.

In the case of the fifteen (15) year stability agreement, the holder of mining activities with production of no less than 5000 Tones per day or that will expand its operations to a level of production of no less than 5000 Tones per day, shall file a technical and economic Feasibility Study with an investment commitment of at least US\$ 20'000,000 for start-up operations, or at least US\$ 50'000,000 for expansion of existing operations.

### 5.4 Obligations of the Holders of Mineral Concessions

The holders of mineral concessions have the following obligations under the General Mining Law:

- (a) To carry out work on the mineral concessions they hold or, in other words, to effect the necessary investments for the production of mineral resources. Such production must be obtained at the latest prior to the expiration of the sixth year counted from the year in which the title to concession was granted. The volume of production (gross sales) must be equal to or higher than the equivalent in national currency of US\$ 100.00 per year and per hectare granted in the case of metallic substances, and of the equivalent in national currency of US\$ 50.00 per year and per hectare granted in the case of non-metallic substances.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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- (b) Holders of mineral concessions are obligated to pay an annual license fee by June 30 of each year, currently charged at US\$ 3 per hectare per annum. If the minimum production levels described in a. above are not reached within six (6) years counted as from the year the title to concession is granted, the concession holder must make an additional payment so-called a Penalty (“*penalidad*”) of US\$6.00 per hectare for the 7<sup>th</sup> through 11<sup>th</sup> year following the granting of the concession, and of US\$20.00 per hectare thereafter. The concession holder shall be exempted from the Penalty if the investment made during the previous year was ten (10) times the Penalty (i.e. US\$60 per hectare per year 7<sup>th</sup> through to 11<sup>th</sup>). Failure to pay license fees and/or penalties for two (2) consecutive years results in the forfeiture of the mineral concession.
- (c) For the fulfilment of the work obligations indicated above, the holder of more than one mineral concession of the same class and nature, may group them in Economic Administrative Units (or “*UEA*” as per the initials in Spanish) provided they are located within an area of 5 kilometres of radius in the case of non ferrous metallic minerals or primary auriferous metallic minerals; of 20 kilometres of radius in the case of iron, coal or non metallic minerals; and 10 kilometres in the auriferous detrital metallic deposits or of detrital heavy minerals.
- (d) To conduct operations in a workmanlike manner according to good industry practices by applying systems, methods and techniques that conduce to the best development of the activity, subject to the regulations on safety, health and environmental standards that apply to the mining industry in Peru. In the pursuit of such activities, damages to third parties must be avoided to the extent possible and the titleholder of the mineral concession is liable for all damages caused to such third parties.
- (e) To facilitate, at all times, free access to the mining authority to supervise compliance with the obligations that correspond to the concession holder.
- (f) Holders of mining activities are required to submit an Annual Consolidated Statement (or “*DAC*” as per its initials in Spanish) each year containing such statistical information as shall be required by means of a Ministerial Resolution. This information is confidential. Additionally, in order to evidence investment in a mineral concession as described in b. above, holders of mining activity are required, once per year, to submit a Sworn Affidavit of Investment. Also, mining authorities require the filing of monthly statistical reports. Non-compliance with these requirements may result in fines.
- (g) To admit in their work centre, to the extent of their possibilities, the engineering students of the specialties of Mining, Metallurgy, Geology, Industrial and Chemical, so that they can be trained there during their vacation periods, and also to facilitate the visits that these may make to their installations.
- (h) To provide to the workers who work in zones that are far from villages, and to their dependent families, housing facilities, including the following:

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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- (i) Adequate housing, to the worker and his family dependents indicated in this article;
- (ii) Lodging facilities exclusively for the workers under a system that permits a number of days of work in exchange for a number of days of rest in a populated centre, in the way established by the regulations of the General Mining Law and in compliance with applicable labour laws;
- (iii) Schools and their operation;
- (iv) Adequate installations for recreation;
- (v) Social assistance services; and,
- (vi) Free medical and hospital attention, to the extent these are not covered by the entities of the Peruvian Social Security System.

In order to comply with this obligation, the holder of mining activity may promote housing programs in nearby towns, subject to the approval of the General Mining Bureau.

- (i) To comply with all environmental, safety, hygiene, health and sanitation regulations, including providing complete and regular training programs in such matters, including a yearly filing of the Health and Safety Program and the organization of a Health and Safety Committee in each mining unit.

Pursuant to Law 28258 and its Regulations approved by Supreme Decree No. 157-2004-EF, holders of mining concessions are obligated to pay a royalty on the production obtained from such concessions as consideration to the State for the exploitation of natural resources, to be distributed among the regional government, province and district municipal governments (to be used for the benefit and development of local communities) and State-owned universities in the areas where the mining operations take place.

Royalties are calculated on the post-beneficiation (concentrate) value -or equivalent- of the product considering the international market quotation price of such product as per the following production tiers and sliding scale:

- (i) First tier: production of up to US\$ 60 million per annum, the royalty payable is equal to one percent (1%).
- (ii) Second tier: on the excess of US\$ 60 million per annum and up to US\$ 120 million per annum production, the royalty payable is equal to two percent (2%).
- (iii) Third tier: on the excess of US\$ 120 million per annum production, the royalty payable is three per cent (3%).

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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The international prices that are to be used for the calculation and monthly payment of the royalty are published on a monthly basis by the Government and the tax administration is responsible for collection of the royalties.

Moreover, as of the beginning of this year, as a trade-off to convince the Government not to pass a law creating a windfall tax applicable to mining companies and considering the currently prevailing high metal prices, most producing mining companies have agreed with the Government to enter into “voluntary contribution” agreements pursuant to which they are to pay a maximum of 3.75% of their profits for the following four (4) years. Companies that come into production in the future are expected to enter into similar agreements, although they are not mandatory.

Provided the international metal prices remain within a certain range which is contemplated in the pro-forma agreements, such voluntary contribution payments shall be made directly by the companies to privately-managed funds that will invest in the development of infrastructure, health and education projects, among other similar projects, for the benefit of local communities located in the areas of interest of mining operations.

### 5.5 Contracts on Concessions

Peruvian law allows concession holders to enter into any kind of contract over their concessions, provided any such contract does not go against the express text of the law, contravenes public order or contradicts the nature of the particular concession.

The General Mining Law expressly regulates several forms of contracts that may be entered into in connection with a mineral concession, namely: (i) transfer agreements (for the whole concession or an interest in the concession);<sup>5</sup> (ii) option agreements; (iii) mining lease agreements; (iv) mortgages; and, (v) mining pledges.

Pursuant to article 163 of the General Mining Law, any such contracts are to be formalized by public deed executed before a Notary Public and shall be recorded in the Public Registry for Mining Rights of the jurisdiction where the mineral concessions are located to be enforceable against the State and third parties.

### 5.6 Manners in which a Concession may revert to the Peruvian State

As per Chapter XI of the General Mining Law, the rights over a concession may be lost in favour of the State under the following circumstances:

- (a) Forfeiture: failure to make timely payment of the annual license fees or penalties, if applicable, for two (2) consecutive years.

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<sup>5</sup> In the event an interest in a concession is acquired (or whenever more than one individual or company jointly hold the rights to a concession), a limited liability company shall be mandatorily formed between the holders of such interests in the concession as prescribed by the General Mining Law.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Mineral, beneficiation, general works and transportation concession cannot be the subject of a declaration of forfeiture after five (5) years have elapsed from the occurrence of the alleged cause for such forfeiture, if the administrative authority has not issued the resolution of forfeiture. Such term shall not be applicable in case the respective administrative or judicial procedures have commenced before the expiry thereof.

- (b) Abandonment: the breach by the applicant of procedural rules for the granting of a concession.
- (c) Nullity: the concessions granted to individuals that are disqualified by the General Mining Law to hold concessions (among which are the President of the Republic, the Members of the Legislative Power and of the Judicial Power, the Ministers of State and other high-ranking Government-officials, during the time they are in office) are null.
- (d) Cancellation: the applications or concessions will be cancelled when they totally overlap priority mineral rights, or when it is not possible to locate the right in the Peruvian territory.
- (e) Material breach of environmental laws and regulations.

### 5.7 Concessions for General Works, Beneficiation and Transportation

The concessions for general works, beneficiation and transportation give the right to their holders to carry out the mining activities that correspond under each such concession.<sup>6</sup>

The obligations of the holders of such concessions are similar to those that must be fulfilled by the holders of mineral concessions.

The applications for the granting of the concessions for general works, beneficiation and transportation are to be filed with the General Mining Bureau of the Ministry of Energy and Mines. Title to these concessions may also be recorded in the Public Registry for Mining Rights.

Furthermore, these concessions may revert to the Peruvian State in the same circumstances applicable to mineral concessions. The same contracts that may be entered into in connection with mineral concessions may be executed in connection with these concessions.

## 6. Surface Land

Holding a mineral concession in Peru does not grant automatic access to the surface land. Although an easement procedure is contemplated in Peruvian law, due to social and political reasons the mining authorities are reluctant to impose easements on landowners.

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<sup>6</sup> As defined in the General Mining Law, please refer to section 5.1 of this legal opinion.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Therefore, in practice mining companies have to negotiate and enter into private agreements with landowners in order to have access to their land for purposes of conducting mining activities.

Law No. 26505, Law for the Private Investment in the Development of Economic Activities in the Lands of the National Territory and in Lands held by Agricultural Communities, provides that for the establishment of easements on lands to conduct mining activities, an agreement must be established between the holder of the concession and the owner of the land, and such agreement must be evidenced by a document formalized at a Notary Public or Justice of the Peace and must be reported to the General Mining Bureau of the Ministry of Energy and Mines.

If no agreement is reached, the holder of a mineral concession is entitled to file an application to the General Mining Bureau so that the Government may propitiate an agreement between both parties, acting as a mediator. If this agreement is not obtained, the holder of the mineral concession may request that the General Mining Bureau initiates the procedure for the mandatory imposition of an easement, subject to payment of compensation. However, the final administrative resolution imposing an easement, if obtained, may still be questioned at the Judiciary.

### 7. Environmental Laws and Regulations

Law No. 28611, General Environmental Law, is the main legal norm that contains the general framework for the protection of the environment in Peru. As per such law, environmental competencies are distributed by sectors and, therefore -as described in section 5 above- the Ministry of Energy and Mines, through the General Bureau of Environmental Affairs for Mining, is competent for environmental regulations in the mining sector and OSINERGMIN has supervision and enforcement powers.

Such General Environmental Law contemplates principles such as the internalization of costs principle and the environmental responsibility principle. As per the former, which is an extended version of the “polluter-payer” principle, any and all individuals or entities shall assume the cost of the risks or damages that it creates to the environment, including the cost of any actions required to prevent, supervise, restore, rehabilitate, repair and compensate for damages. On the other hand, the environmental responsibility principle, which is the other side of the same coin, establishes that the person that causes the degradation of the environment and its components, whether an individual or entity, is inexcusably obligated to adopt the measures necessary for its restoration, rehabilitation or repair, as appropriate, or, whenever the foregoing is not possible, to compensate in environmental terms for the damages generated, without prejudice to any other administrative, civil or criminal liabilities that may be applicable.

In connection with exploration projects in Peru, as is the case of the activities conducted by AF, the Environmental Regulations for Mining Exploration Activities were passed by Supreme Decree No. 038-98-EM, which establish that the holder of mining activities is responsible for the emissions, discharges and disposition of waste that results from its mining exploration activities carried out within the are of its concession(s). Therefore, such holders of

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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mining activities are obligated to avoid and impede that any such emissions, discharged and dispositions surpass the established maximum permissible levels for concentrations or prolonged exposure that may have adverse effects to the environment. Any such prejudice to the environment shall be rehabilitated using the best available practices.

Such Environmental Regulations contemplate three (3) categories –depending on the intensity of the activities to be carried out- and the respective environmental authorizations that are applicable to mining exploration activities:

- (i) Category A: applicable to such exploration activities that cause little or no alteration to the surface, such as geological and geophysical studies, topographic analysis and collection of small quantities of rocks and minerals from the surface, using hand-held apparatus or instruments that may be transported over the land without causing more alterations to the surface than those that would be caused by persons that are not conducting exploration activities. The activities included in this category do not require an environmental authorization.
- (ii) Category B: comprises exploration activities that originate discharges and require the disposition of waste that may degrade the environment in the area, where the area effectively disturbed is that required to construct twenty (20) drilling platforms or less, the access roads between such platforms and ancillary facilities, provided such area does not exceed ten (10) hectares. For purposes of engaging in the activities included in this category, holders of mining activities are required to previously file a Sworn Affidavit (including, among others, the schedule of activities and plans for remediation) with the General Bureau of Mines, which shall be deemed approved if not otherwise informed within twenty (20) calendar days of the filing.
- (iii) Category C: is referred to exploration activities that originate discharges and require the disposition of waste that may degrade the environment in the area, where the area effectively disturbed is that required to construct more than twenty (20) drilling platforms, the access roads between such platforms and ancillary facilities, or that exceed an area of ten (10) hectares. Also included in this category are those exploration activities that require the construction of tunnels for more than fifty (50) metres. In order to engage in the exploration activities comprised in this category, holders of mining activities are required to file a prior Environmental Evaluation (“EA” for its initials in Spanish) for the approval of the Ministry of Energy and Mines with the favourable opinion of the General Bureau for Environmental Affairs in Mining. Such filing will be published in the Official Gazette and any interested party shall have a 25-day term to file comments or objections. After such period, the Ministry of Energy and Mines shall have fifteen (15) calendar days to make any objections. If the 15-day term elapses without any such objections being notified, the EA shall be deemed approved.

Failure to comply with the provisions of the Environmental Regulations for Mining Exploration Activities may give rise to administrative sanctions, such as fines.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Mine closure has also been recently regulated in Peru through the Law for Mine Closure, Law No. 28090, approved in October 2003, as amended, and its regulations approved by Supreme Decree No. 033-2005-EM of August 2005. The subject has been even more recently regulated in connection with exploration activities, by means of an amendment to the aforementioned regulations, approved by Supreme Decree No. 046-2006-EM dated August 15, 2006.

The Law and its regulations, as amended, contemplate that holders of mining activities are responsible for carrying out the activities necessary to close their mining operations in an environmentally-sound manner and are obligated to file Closure Plans and provide the Government with appropriate guarantees of their performance thereunder. The regulations, as amended, establish that holders of subterranean exploration activities that imply the removal of more than 10,000 tonnes of material or more than 1,000 tones of material with neutralization potential (NP) over acidity potential (AP) lower than three ( $NP/AP < 3$ ), as measured in representative samples of the removed material, are obligated to file a Closure Plan as part of the EA or the modification to the EA relating to the activities for such quantities of material being removed, and shall be required to post bonds or other forms of guarantees for the compliance of such closure activities.

Peru also has laws protecting the country's cultural heritage, which establish administrative, civil and even criminal liabilities for any individual or company that carries out activities that may affect or cause damages to such cultural heritage. Obtaining a Certificate of Non-Existence of Archaeological Remains ("CIRA" for its initials in Spanish) from the National Institute of Culture ("INC" for its initials in Spanish) is required as part of the permitting process for the development of any mine and as a pre-condition for the approval of the full Environmental Impact Study required for such purposes.

### 8. Situation of Waters for Mining Exploration Use

According to the Water Law, Law No. 17752, water resources belong to the Nation. The Peruvian Government grants no private property over the Nation's water. The State, through the Ministry of Agriculture, only grants rights for the use of water.

Water rights are applied for and granted through an administrative procedure to be followed by the interested party at the corresponding Regional Office of the Ministry of Agriculture (*Administrador Técnico del Distrito de Riego – ATDR*) or the National Institute for Natural Resources ("INRENA" for its initials in Spanish), depending on the kind of permit required. The following criteria will be used to evaluate the application:

- (i) availability of the water resource;
- (ii) actual need and use to be given to the water resource;
- (iii) its exercise being according to the social interest and the development of the country; and,
- (iv) priorities in the use of water at the specific area.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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First priority for the use of water is given to primary needs and consumption by the adjacent population. Second priority is given to agricultural purposes. Third priority is given to power generation, industrial and mining purposes, while any other uses are given the last priority. In case more than one application is filed with the same ranking, the authorities will take into account the application that is more closely in line with the social interest.

The types of water rights that may be granted are: permits, authorizations and licenses. Permits grant the right to a company or individual to use waters in excess or remaining waters, subject to their availability. In the case of agriculture, a permit shall be granted for specific crops only. Authorizations are granted for a fixed term so that water may be used to carry out studies, construct infrastructure or other temporary or specific works. Licenses are water rights granted for an indefinite term and for any purposes allowed by the Water Law. In all cases the permit, authorization or license will specify a volume of water and may include other conditions for usage (such as seasonality).

For purposes of conducting exploration activities, an authorization for the use of water shall be requested to the ATDR. The request shall identify the applicant, indicate the water body from which the water resources are to be taken (name, point where the water shall be taken, place of water discharge, time frame, project description), including maps and payment of the corresponding administrative fees. An official notice drafted by the ATDR must be published in the local newspaper for three (3) consecutive days and be posted for fifteen (15) days in the bulletin board of the ATDR or Ministry of Agriculture administrative offices. Copies of the publications made must be delivered to the ATDR within forty-five (45) days of the last publication. Failure to comply with publications results in the cancellation of the application. Third parties will have a thirty (30) day term to object to the application following the last publication.

The ATDR will conduct an inspection of the site to determine availability, quality and uses of water prior to granting the request. If there are no objections pending, the resolution granting the use of water shall be granted and the applicant shall be thereafter charged with the corresponding fees for such use.

## 9. Risk Factors

This section refers to specific risks that have not been mentioned in the preceding sections of this legal opinion or, in our view, need to be further detailed.

As described in section 6 of this report, there is a surface land access risk in the event that AF is unable to reach an understanding with the Communities and/or other persons holding rights over the surface land covering the mineral concessions held by AF. Although the imposition of easements through the General Bureau of Mines is an available avenue, it is not the recommended alternative considering that the final administrative resolution imposing an easement, if obtained, may still be questioned at the Judiciary by the landowner.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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Related to the above and considering that mining projects usually are developed in high altitude areas of the country where there is a high index of poverty, social or community-relations issues with the stakeholders involved or impacted by such development is a matter common to all mining projects in Peru. In some cases, issues with the neighbouring communities have resulted in social unrest and protests, which in extreme cases have led to violent up-risings against the particular mining company. The risk of social unrest is a part of the overall country risk inherent to Peru. Such cases have been usually -rightly or wrongly-tied-up to claims of damages to the environment. Although the Peruvian Central Government is clearly pro-investment and has taken several actions, whenever necessary, to prevent or solve conflicts between mining companies and local stakeholders, such relationships are not immune to the prevailing political tendency of the regional and/or local authorities or the involvement of Non-Governmental Organisations (NGOs), which are sometimes internationally funded.

However, measures can be taken to mitigate such risks and develop a “good-neighbour” relationship with local stakeholders, which have granted the so-called “social license” to many mining projects in Peru, which are being successfully developed. In general terms it could be argued that most success stories are based on the establishment of sound and fluid channels of communication, transparency, and the prudent management of expectations.

As part of due diligence, Strike hired and obtained a report from JP Planning S.A.C., a reputable consultant in Peru for purposes of identifying recorded land owners. Such report has identified the owners that appear to have rights over the surface land over AF’s mineral concessions, so that AF would have a clearer picture of the communities and other persons with whom it should negotiate access for exploration purposes. Considering the state of the Peruvian public records concerning land, this does not negate the possibility of un-recorded holders of land being present in the areas of interest of AF. As described above, AF will need to assess the titles of any such purported owners and conduct negotiations to achieve their authorization for access and, eventually, purchase land to develop AF’s mining projects.

In addition to the foregoing, there is the risk that MAPSA be declared insolvent and, therefore, the Transfer Agreement rendered ineffective. Pursuant to article 19 of the General Insolvency Act, Law No. 27809, a competent judge may declare ineffective and, therefore, not enforceable against a party’s creditors in an insolvency proceeding, any liens, transfers or other agreements, regardless of whether they were entered into for a consideration or not, entered into within one (1) year of the filing for insolvency, notice of the initiation of insolvency proceedings or the initiation of dissolution or liquidation, provided such liens, transfers or agreements are not within the normal course of activities of the debtor and create a detriment to its patrimony.

Considering that: (a) MAPSA has yet been unable to provide us with a balance sheet or any other accounting books or records; and, (b) that we are aware of a General Shareholders’ Meeting of MAPSA in which said company acknowledges a debt to third parties for a total of US\$ 610,000; there is the risk that a filing for MAPSA’s insolvency is made within a year counted as from September 8, 2006, which is the date of the execution of the public deed of the Transfer Agreement.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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However, we regard the risk of the transfer of concessions being declared ineffective to be low since: (i) the transfer of concessions should not be regarded as a transaction outside the normal course of business of a mining company such as MAPSA; (ii) to the best of our knowledge, no lawsuit requiring a judge to declare a transfer to be ineffective based on article 19 of the General Insolvency Act has yet been successful; (iii) as per the Transfer Agreement, MAPSA stands to receive a considerable amount of money and, therefore, there would be little incentive for its creditors to attack such transaction as opposed to securing payment from the amounts to be received by MAPSA; and, (iv) most of MAPSA's individual creditors, that we have knowledge of, would appear to be related to the current shareholders of MAPSA.

### 10. Qualifications

As to matters with respect to which our opinion is stated to be "to our knowledge" or words of similar effect, we have not undertaken any independent examination of facts, but have based our opinion in sole reliance upon matters of which the attorneys in our firm who have devoted time to this matter have knowledge as of the date of this opinion.

We assume no obligation to update or supplement the opinions contained in this letter to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or become effective.

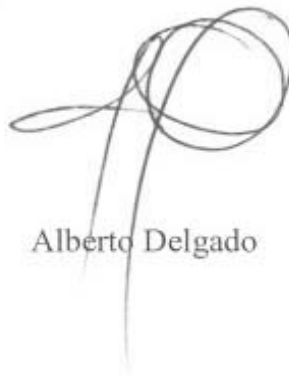
### 11. Consent

This legal opinion is given solely for the benefit of Strike and its directors and officers in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Miranda & Amado Abogados have consented to the inclusion of this legal opinion in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with the Australian Securities & Investments Commission.

Yours faithfully,

MIRANDA & AMADO ABOGADOS



Alberto Delgado

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### SCHEDULE A

#### MINERAL CONCESSIONS ORIGINALLY APPLIED FOR BY APURIMAC FERRUM S.A.

(i) **Ferrum 1**

Code:	01-02983-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00228-2005-INACC/J dated January 19, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006
Comments:	Partially overlaps Opaban III, which has priority over the area of overlap. Ferrum 1 would be located within an agricultural area according to the information managed by the General Concessions Department.

(ii) **Ferrum 2**

Code:	01-02984-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00227-2005-INACC/J dated January 19, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

(iii) **Ferrum 3**

Code:	01-02985-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00229-2005-INACC/J dated January 19, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### (iv) Ferrum 4

Code:	01-02986-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00230-2005-INACC/J dated January 19, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

### (v) Ferrum 5

Code:	01-02987-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00323-2005-INACC/J dated January 25, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.
Comments:	Partially overlaps the following rights that have priority over the area of overlap: (i) Romilda 1 (code 010049404); (ii) Hope R1 (code 010061604); and, (iii) Los Andes 2004 (code 010081104).

### (vi) Ferrum 7

Code:	01-02989-04
Area:	500 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00396-2005-INACC/J dated January 27, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006
Comments:	Partially overlaps the following rights that have priority over the area of overlap: (i) Romilda 2 (code 010036104); (ii) Romilda 1 (code 010049404) and, (iii) Ferrum 9 (code 010299104).

### (vii) Ferrum 8

Code:	01-02990-04
Area:	900 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00232-2005-INACC/J dated January 19, 2005.
Penalties:	Not applicable.
License Fees:	Pending payment for 2006.
Comments:	The mineral concession would be partially located within an agricultural area.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### (viii) Ferrum 9

Code:	01-02991-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00324-2005-INACC/J dated January 25, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.
Comments:	<p>The mineral concession would be partially located in an agricultural area.</p> <p>The application for Ferrum 9 was made over the elapsed mineral right known as “Lagunas I” when it became a free area for staking.</p> <p>Minera Cuervo S.A.C. has requested “Posada 4”, code 01-00883-06, which partially overlaps Ferrum 9 and Ferrum 11. As per report No. 3138-2006-INACC-DGCM-UL, INACC required publication of the application and notified AF of the overlapping.</p> <p>Even though, as per the information provided by AF, they had filed an opposition to the granting of title to Minera Cuervo’s application, Posada 4 appears to have been granted title as per a recent INACC-issued chart we obtained.</p> <p>The area of overlap is, however, very small and Ferrum 9 has priority over the area in any case.</p>

### (ix) Ferrum 10

Code:	01-02992-04
Area:	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 00325-2005-INACC/J dated January 25, 2005.
Penalties:	Not applicable.
License Fees:	Pending payment for 2006.
Comments:	<p>The mineral concession would be located within an agricultural area.</p> <p>The application for Ferrum 10 was made over the elapsed mineral right known as “Lagunas II” when it became a free area for staking.</p>

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### (x) **Ferrum 11**

Code:	01-02993-04
Area	1000 Has. National Chart for Andahuaylas (28-P).
Title Resolution:	No. 02512-2005-INACC/J dated May 5, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.
Comments:	<p>Ferrum 11 would be partially located within an agricultural area and in a possible urban area of Carhuanchachua, without municipal authorization. INACC sent a request to the Provincial Municipality of Aymaraes for it to report whether the area had been effectively identified as an urban area as required by article 3 of the Regulations regarding Mineral Concessions in Urban and Urban Expansion Areas, without obtaining a reply from the municipality.</p> <p>In connection therewith, the Mining Council (the highest administrative authority in connection with rights over mineral concessions) has issued a mandatory precedent concerning overlapping of mineral rights and urban expansion areas. Pursuant to said precedent, no titles of metallic and non metallic mining concessions nor mining requests shall be granted in: “urban areas that have been or are designated as such by a Municipal Decree given by the Provincial Municipality in accordance with the procedures and parameters disposed in the Territorial Conditioning, Urban Development and Environmental Regulation (Supreme Decree N° 007-85-VC) which have urban criteria and that said Decree is published in the Official Gazette, including the UTM coordinates of the polygonal which determines its limits using the Geodesic Coordinates PSAD 56”.</p> <p>The application for Ferrum 11 was made over the elapsed mineral right known as “Lagunas IV” when it became a free area for staking.</p> <p>Minera Cuervo S.A.C. has requested “Posada 4”, code 01-00883-06, which partially overlaps Ferrum 9 and Ferrum 11. As per report No. 3138-2006-INACC-DGCM-UL, INACC required publication of the application and notified AF of the overlapping.</p> <p>Even though, as per the information provided by AF, they had filed an opposition to the granting of title to Minera Cuervo’s application, Posada 4 appears to have been granted title as per a recent INACC-issued chart we obtained.</p> <p>The area of overlap is, however, very small and Ferrum 11 has priority over the area in any case.</p>

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### (xi) Ferrum 13

Code:	01-03139-06
Area:	600 Has.
Title Resolution:	No. 4416-2006-INACC/J dated October 16, 2006
Liens:	None
Penalties:	Not applicable.
License fees:	2006 was paid upon filing of the application for concession.

### (xii) Ferrum 14

Code:	01-03047-05
Area:	400 Has. National Chart for Livitaca (29-S).
Title Resolution:	No. 05032-2005-INACC/J dated November 30, 2005.
Penalties:	Not applicable.
License fees:	Pending payment for 2006.
Comments:	Partially overlaps the following rights that have priority over the area of overlap: (i) Doris 4 (code 05005963X01); (ii) Flor de María (code 05006521X01); and, (iii) El Pacifico I (code 05006536X01).  It would also be partially located within an agricultural area.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### SCHEDULE B

#### MINERAL CONCESSIONS ACQUIRED BY APURIMAC FERRUM S.A. AS PER THE TRANSFER AGREEMENT

(i) **Opaban I:**

Code:	05006349X01
Area:	999.00 Has.
Title Resolution:	No. 8625-94/RPM dated December 16, 1994
File:	20001465
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

(ii) **Opaban III:**

Code:	05006351X01
Area:	990.00 Has.
Title Resolution:	No. 8623-94/RPM dated December 16, 1994.
File:	20001464
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

(iii) **Los Andes I**

Code:	05006372X01
Area:	999.00 Has.
Title Resolution:	No. 0134-95-RPM dated January 31, 1995.
File:	200001481
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

(iv) **Pitumarca II:**

Code:	05006385X01
Area:	1,000.00 Has.
Title Resolution:	No. 8686-94-RPM dated December 22, 1994.
File:	20001478
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### (v) Coriminas II:

Code:	010162499
Area:	1,000.00 Has.
Title Resolution:	No. 0276-2000-RPM, dated July 25, 2005.
File:	11032965
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

### (vi) Coriminas V:

Code:	010162699
Area:	1,000.00 Has.
Title Resolution:	No. 0936-00-RPM dates March 16, 2000.
File:	20003140
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

### (vii) Mapsa 2001:

Code:	010120401
Area:	800.00 Has.
Title Resolution:	No. 00590-2002-INACC/J dated April 8, 2002.
File:	11032600
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

### (viii) Nueva Oropampa 6:

Code:	010086099
Area:	400.00 Has.
Title Resolution:	No. 04043-2000-RPM dated October 13, 2000.
File:	11032603
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

### (ix) Lucrecia Esperanza:

Code:	010064999
Area:	100.00 Has.
Title Resolution:	No. 00623-2001-INACC/J dated July 26, 2001.
File:	11032475
Penalties:	Not applicable.
License fees:	Pending payment for 2006.

## 8. LEGAL OPINION ON PERUVIAN CONCESSIONS

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**(x) El Pacífico I:**

Code:	05006536X01
Area:	618.85 Has.
Title Resolution:	No. 7077-95/RPM dated December 29, 1994.
File:	20001785
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

**(xi) El Pacífico II:**

Code:	05006524X01
Area:	1,000.00 Has.
Title Resolution:	No. 7886-94/RPM dated November 25, 1994.
File:	20001746
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

**(xii) Delia Esperanza:**

Code:	05006522X01
Area:	1,000.00 Has.
Title Resolution:	No. 0686-95-RPM dated March 31, 1995.
File:	20001743
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

**(xiii) Flor de María:**

Code:	05006521X01
Area:	906.94 Has.
Title Resolution:	No. 7078-95-RPM dated December 29, 1995.
File:	20001742
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

**(xiv) Julia Clara:**

Code:	05006523X01
Area:	1,000.00 Has.
Title Resolution:	No. 4600-95/RPM dated September 26, 1995.
File:	20001744
Penalties:	Pending payment for 2006.
License fees:	Pending payment for 2006.

## 9. RIGHTS ATTACHING TO SHARES

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The Share offered and issued pursuant to this Prospectus will, from the time they are issued, rank equally with all the Company's existing Shares.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be obtained by contacting the Company at its registered office during normal business hours during the Offer Period or downloaded from the Company's website: [www.strikeresources.com.au](http://www.strikeresources.com.au)

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

### 1. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for that Share.

### 2. Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of Shares in proportion to the number of Shares held by them. The Directors may also implement a dividend reinvestment plan or share bonus plan on terms they think fit.

Any general meeting, or the Directors, determining a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate, and the Directors must give effect to that resolution. Where a difficulty arises in regard to a distribution of specific assets in such manner, the Directors may resolve the difficulty as they see fit.

The Directors may:

- (a) fix the value for distribution of the specific assets or any part of those assets;
- (b) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any of those specific assets in trustees;

as the Directors see fit.

### 3. Return Of Capital

The Company may reduce its share capital by any means allowed by the Corporations Act, subject to the Company complying with the ASX Listing Rules.

Any reduction in share capital may be made wholly or partly by way of an in specie distribution of specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate.

The Directors may:

- (a) fix the value for distribution of the specific assets or any part of those assets;
- (b) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any of those specific assets in trustees;

as the Directors see fit.

## 9. RIGHTS ATTACHING TO SHARES

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Where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate:

- (a) the Shareholders are deemed to have agreed to become shareholders of that corporation and are bound by the Constitution of that body corporate; and
- (b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder.

### 4. Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the ASTC Settlement Rules, the ASX Listing Rules and any other laws, Shares are freely transferable. The Company may decline to register a transfer of Shares in limited circumstances, such as where the transfer is not in registrable form.

### 5. Future Increases in Capital

The allotment and issue of Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### 6. Variation of Rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### 7. Rights on Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid shares held by them (and a partly paid share is counted as a fraction of a fully paid share equal to the amount paid on it, divided by the total issue price of the share).

## 10.ADDITIONAL INFORMATION

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### 10.1 Taxation

The acquisition and disposal of securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before applying for the Share under this Offer. Taxation consequences will depend on each person's particular circumstances.

To the maximum extent permitted by law, neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in Shares in the Company or the Offer under this Prospectus.

### 10.2 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares and Listed Options are quoted on ASX.

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which requires it to disclose to ASX any information of which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

As the Company has been listed on the ASX since 7 March 2000, a substantial amount of information concerning the Company has previously been notified to the ASX and is therefore publicly available, including the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases referred to in Section 4 of this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Offer under this Prospectus.

Copies of documents lodged with the ASIC in relation to the Company's reporting and disclosure obligations may be obtained from or inspected at, an office of the ASIC. This includes the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases referred to in Section 4 of this Prospectus.

The Company will provide free of charge to any investor entitled to apply for the Share under the Offer who requests it during the Offer Period, a copy of:

- (a) the December 2006 Half Year Report, December 2006 Quarterly Report, 2006 Annual Report, December 2005 Prospectus and the ASX Releases referred to in Section 4 of this Prospectus;
- (b) the following documents lodged by the Company to notify the ASX of information relating to the Company during the period from 1 July 2006 and before the lodgment of this Prospectus:

## 10.ADDITIONAL INFORMATION

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Date / Time	Announcement
16 Feb 2007	December 2006 Half Year Report
16 Feb 2007 17:45	Uranium Assets Spin Off Terms
16 Feb 2007 16:14	Change of Directors Interest Notice - F Khan
16 Feb 2007 13:53	Appendix 3B - Application for quotation of 197820 Shares
15 Feb 2007 14:02	Iron Ore Projects Update
13 Feb 2007 19:24	Appendix 3B - Application for quotation of 1666667 Shares
13 Feb 2007 19:21	Appendix 3B - Application for quotation of 20000 Shares
8 Feb 2007 14:05	Appendix 3B - Application for quotation for 283658 shares
7 Feb 2007 09:11	Acquires further interest in Apurimac & Cuzco Iron Ore Projects
5 Feb 2007 14:58	Appendix 3B - Application for quotation of 291300 shares
2 Feb 2007 17:41	Appendix 3B - Application for quotation of 159667 shares
1 Feb 2007 08:25	December 2006 Quarterly Activities Report and Appendix 5B Cash Flow Report
31 Jan 2007 16:37	Notice of Meeting for 6 March 2007
30 Jan 2007 18:28	Appendix 3B - Application for quotation of 59435 Shares
24 Jan 2007 12:53	Release of Restricted Securities
24 Jan 2007 11:54	Appendix 3B - Application for quotation of 31550 Shares
23 Jan 2007 14:20	Appendix 3B - Application for quotation of 834 Shares
22 Jan 2007 13:03	Appendix 3B - Application for quotation of 78500 Shares
18 Jan 2007 14:34	Response to ASX Share Price Query
12 Jan 2007 14:22	Appendix 3B - Application for Quotation of 56974 Shares
9 Jan 2007 17:07	Appendix 3B - Application for quotation of 10060 Shares
5 Jan 2007 15:09	Appendix 3B - Application for quotation of 116684 Shares
4 Jan 2007 17:05	Change of Directors Interest Notice - MR Richmond
29 Dec 2006 15:54	Appendix 3B - Application for Quotation of 80000 Shares
28 Dec 2006 18:35	Appendix 3B - Application for Quotation of 20834 Shares
28 Dec 2006 15:54	Appendix 3B - Application for Quotation of 116667 Shares
19 Dec 2006 16:15	Change of Directors Interest Notice - W Johnson
19 Dec 2006 16:13	Change of Directors Interest Notice - HS Madan
19 Dec 2006 16:13	Release of Restricted Securities
14 Dec 2006 18:59	Appendix 3B - Application for Quotation of 278000 Shares
7 Dec 2006 13:52	Current Issued Capital and Updated Shareholder
7 Dec 2006 13:40	Appendix 3B - Application for Quotation of 667 Shares
7 Dec 2006 13:40	Broker and Institutional Presentation
6 Dec 2006 14:05	Appendix 3B - Application for Quotation of 5706631 Shares
1 Dec 2006 08:29	Appendix 3B - Application for Quotation of 25501 Shares
30 Nov 2006 09:17	Share Purchase Plan Raises \$7.4M
28 Nov 2006 09:57	Intention to Spin Off Uranium Assets
14 Nov 2006 09:06	Paulsens East Iron Ore Project Update
13 Nov 2006 17:17	Appendix 3B - Application for Quotation of 624540 Shares
10 Nov 2006 13:07	Peru Iron Ore Update
9 Nov 2006 11:37	Share Purchase Plan Documentation to Shareholders
9 Nov 2006 11:32	Change of Directors Interest Notice - W Johnson
8 Nov 2006 13:11	Appendix 3B - Application for Quotation of 18167 Shares
7 Nov 2006 14:40	Change of Directors Interest Notice - F Khan
3 Nov 2006 19:48	Appendix 3B - Application for Quotation of 3256765 Shares
2 Nov 2006 13:38	Change of Record Date for Share Purchase Plan

## 10.ADDITIONAL INFORMATION

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Date / Time	Announcement
1 Nov 2006 09:42	Peru Iron Ore Update - Cuzco Project
1 Nov 2006 08:31	September 2006 Quarterly Report
1 Nov 2006 08:30	Appendix 5B September 2006 Quarterly Cashflow
31 Oct 2006 13:16	Appendix 3B - Application for Quotation of 159168 Shares
27 Oct 2006 10:03	Initial Directors Interest Notice
27 Oct 2006 08:29	Appointment of Director
26 Oct 2006 19:06	Appendix 3B - Application for Quotation of 115500 Shares
24 Oct 2006 17:48	Completion of Placement & Share Purchase Plan
24 Oct 2006 17:41	Completion of Placement & Share Purchase Plan
24 Oct 2006 10:26	Trading Halt
20 Oct 2006 14:25	Appendix 3B - Application for Quotation of 76001 Shares
17 Oct 2006 12:45	Appendix 3B - Application for Quotation of 25834 Shares
13 Oct 2006 12:29	Appendix 3B - New Issue of 150 000 Employee Options
12 Oct 2006 19:14	Appendix 3B - Application for Quotation of 30334 Shares
11 Oct 2006 11:46	Appendix 3B - Application for Quotation of 24370 Shares
9 Oct 2006 09:08	Declaration of Due Diligence on Peru Iron Ore
4 Oct 2006 08:29	Appendix 3B - Application for Quotation of 17200 Shares
29 Sep 2006 10:10	Appendix 3B - Application for Quotation of 62000 Shares
19 Sep 2006 18:40	Response to ASX Query
19 Sep 2006 12:20	Change of Directors Interest Notice - W Johnson
19 Sep 2006 11:54	Appendix 3B - New Issue of 0.5M Directors Options
18 Sep 2006 18:27	Appendix 3B - Application for Quotation of 96000 Shares
14 Sep 2006 15:08	Peru Iron Ore Update - Due Diligence
13 Sep 2006 14:02	Results of 2006 AGM
13 Sep 2006 12:15	Managing Directors Presentation at 2006 AGM
13 Sep 2006 12:02	2006 Annual General Meeting
30 Aug 2006 11:42	Grant of Key Uranium Tenement in Bigrlyi South
24 Aug 2006 17:58	Appendix 3B - Application for Quotation of 11000 Shares
23 Aug 2006 13:57	Peru Iron Ore Update on Apurimac Project
21 Aug 2006 12:37	2006 Annual Report
18 Aug 2006 14:27	Appendix 3B - Application for Quotation of 24370 Shares
17 Aug 2006 14:30	2006 Appendix 4E Preliminary Final Report
15 Aug 2006 17:47	Appendix 3B - Application for Quotation of 50000 Shares
15 Aug 2006 17:29	Notice of Annual General Meeting
10 Aug 2006 12:45	Appendix 3B - Application for Quotation of 55167 Shares
9 Aug 2006 13:46	Ceasing to be a Substantial Holder in AEA
3 Aug 2006 19:06	Appendix 3B - Application for Quotation of 80000 Shares
1 Aug 2006 08:27	June 2006 Quarterly Report
28 Jul 2006 17:12	Appendix 3B - Application for Quotation of 97034 Shares
28 Jul 2006 13:10	Change of Directors Interest Notice - F Khan
28 Jul 2006 12:22	Change of Directors Interest Notice - HS Madan
28 Jul 2006 12:03	Change of Directors Interest Notice - J Stephenson
28 Jul 2006 08:31	Appendix 3B - New Issue of Directors Options
28 Jul 2006 08:31	Change of Directors Interest Notice - V Ho
26 Jul 2006 15:54	Presentation at Australian Uranium Conference
25 Jul 2006 09:31	Update on Mt Lawrence Wells Uranium Project
24 Jul 2006 13:59	Initial Directors Interest Notice - W Johnson

## 10.ADDITIONAL INFORMATION

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Date / Time	Announcement
21 Jul 2006 15:59	Appendix 3B - Application for Quotation of 30000 Shares
18 Jul 2006 09:28	Appointment of Director
17 Jul 2006 17:12	Appendix 3B - Application for Quotation of 28917 Shares
17 Jul 2006 14:40	Paulsens East High Grade Iron Mineralisation
17 Jul 2006 10:31	Kalimantan Coal Project
14 Jul 2006 12:57	Results of General Meeting
14 Jul 2006 12:11	Summary of Proxies Received for General Meeting
5 Jul 2006 10:42	Appendix 3B - Application for Quotation of 5000 Shares
5 Jul 2006 09:54	Reinstatement to Official Quotation
5 Jul 2006 09:54	Peru Iron-Ore Update

The above documents and other ASX announcements lodged by the Company are also available for viewing and download on the Company's website on [www.strikeresources.com.au](http://www.strikeresources.com.au), or the ASX website on [www.asx.com.au](http://www.asx.com.au) under ASX Code "SRK".

### 10.3 Interests of Persons Named

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter or stockbroker to the Company or broker to the Issue has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of the Share under this Prospectus; or
- (c) the offer of the Share under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the offer of the Share under this Prospectus.

Miranda & Amado Abogados (Lima, Peru) has prepared the Legal Opinion On Peruvian Concessions in Section 8 of this Prospectus. Miranda & Amado Abogados has provided legal and other professional services in respect of the Company's interests and activities in Peru and has been paid a total of approximately \$200,000 during the past two years in respect of these services (including costs attributable to the preparation of the Legal Opinion On Peruvian Concessions).

### 10.4 Acknowledgement and Privacy

By returning the Application Form, each Applicant acknowledges that they have received and read this Prospectus.

If you apply for the Share, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

## 10.ADDITIONAL INFORMATION

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The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (as amended):

- (a) the Share Registry for on-going administration of the Share and Option registers; and
- (b) the printers and mailing house for the purposes of preparation and distribution of statements and for handling of mail;
- (c) investor relations and market research consultants or firms for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- (d) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Under the Privacy Act 1988, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by telephoning or writing to the Share Registry.

## 11. CONSENTS

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The following persons have each consented to being named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

- (1) Miranda & Amado Abogados (Lima, Peru) - the Legal Opinion On Peruvian Concessions in Section 8;

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the reports referred to above and the statements identified in this Prospectus as being made by or based on statements made by those persons.

The following persons have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- (1) Stantons International as Auditors of the Company;
- (2) Advanced Share Registry Services as the Share Registrar of the Company.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the references to their name.

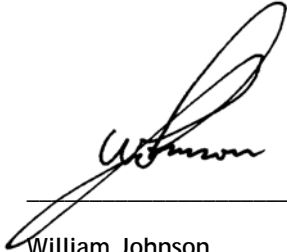
This Prospectus contains various references to persons or companies. Unless otherwise stated, none of these persons or companies has consented to the inclusion of those references in this Prospectus.

## 12. AUTHORITY OF DIRECTORS

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Each of the Directors of Strike Resources Limited has consented to the lodgment of this Prospectus in accordance with section 720 of the Corporations Act.

Signed for and on behalf of STRIKE RESOURCES LIMITED,



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William Johnson  
Executive Director



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Victor Ho  
Executive Director

Dated 16 February 2007

## 13. GLOSSARY

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**2006 Annual Report** means the annual report of the Company for the year ended 30 June 2006 released on ASX on 21 August 2006, and also more particularly described in Section 4 of this Prospectus).

**Al Maynard** means Al Maynard and Associates, Consulting Geologists A.B.N. 95 336 331 535.

**Alara** means Alara Uranium Limited A.C.N. 122 892 719.

**Adelaide Prospecting** means Adelaide Prospecting Pty Ltd A.C.N. 008 934 361.

**Adelaide Prospecting Agreement** means an agreement entered into between the Company and Adelaide Prospecting dated 28 October 2005 for the acquisition of a 85% interest in the Dawsons Well Tenement, being more particularly described in section 13.3 of the December 2005 Prospectus.

**AGIP** means AGIP Nucleare (Australia) Pty Ltd, a subsidiary of Italian multi-national energy group ENI.

**Anthony** means Anthonys Holdings Pty Ltd A.C.N. 114 272 187.

**Applicant** means a person who submits an Application Form.

**Application** means a valid application to subscribe for the Share.

**Application Form** means the application form accompanying this Prospectus.

**Apurimac Ferrum Peruvian Iron-Ore Agreement** means an agreement dated 2 July 2006 between the Company and AF, MAPSA and D&C (and a more formal shareholders' agreement executed on 10 November 2006) pursuant to which the Company has secured the right to earn a 51% (or greater) interest in the Apurimac Project or the Cuzco Project or both (at the Company's election) through a progressive US\$6.5 million investment in AF (which holds title to such projects) and the exercise of options to acquire (at a total cost of \$34.5 million) AF shares from D&C and MAPSA, within a 5 year period, being more particularly described in Section 7.3 of this Prospectus.

**Apurimac Ferrum or AF** means Apurimac Ferrum S.A, a Peruvian company party to the Apurimac Ferrum Peruvian Iron-Ore Agreement and the holder of title to the Apurimac Ferrum Project and Cuzco Project.

**Apurimac Ferrum Project** means the concessions in the Huancabamba, Pampichiri and other locations of the Apurimac Region of Peru, South America, the subject of the Apurimac Ferrum Peruvian Iron-Ore Agreement, and also more particularly described in Sections 3 and 7 of this Prospectus.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement Corporation Pty Ltd ACN 008 504 532.

**ASTC Settlement Rules** means the operating rules of ASTC.

**ASX** means ASX Limited (ACN 008 624 691) operating as the Australian Securities Exchange.

**ASX Releases** means ASX market announcements released by the Company dated 5 July 2006, 7 December 2006, 18 January 2007, 31 January 2007, 15 February 2007 and 16 February 2007 and also more particularly described in Section 4.2.5 of this Prospectus.

**Auditors** means Stantons International, Accountants and Consultants.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means the date on which the Offer closes, currently 5:00pm WDT 20 February 2007.

**Company** means Strike Resources Limited (A.C.N. 088 488 724).

**Consolidated Entity** means the Company and its controlled entities.

**Corporations Act and Law** means the Corporations Act 2001 of Australia.

**Cuzco Project** means the concessions in the Cuzco Province of the Cuzco Region of Peru, South America, the subject of the Apurimac Ferrum Peruvian Iron-Ore Agreement, and also more particularly described in Sections 4 and 7 of this Prospectus.

**Dawsons Well Tenement** means granted EL 53/1115 in Western Australia the subject of the Adelaide Prospecting Agreement, also more particularly described in the independent exploration titles report (in section 11 of the December 2005 Prospectus).

**D&C** means D&C Group S.A.C, a Peruvian company party to the Apurimac Ferrum Peruvian Iron-Ore Agreement.

**December 2006 Half Year Report** means the Directors' Report and Financial Report for the half year ended 31 December 2006 reviewed by the Company's Auditors, dated 16 February 2007 and announced to the ASX on 16 February 2007, and

## 13. GLOSSARY

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also more particularly described in Section 4 of this Prospectus.

**December 2006 Quarterly Report** means the quarterly activities and cash flow reports of the Company for quarter ending 31 December 2006 released on ASX on 16 February 2007, and also more particularly described in Section 4 of this Prospectus.

**December 2005 Prospectus** means the prospectus lodged by the Company with the ASIC and dated 23 December 2005 for the offer of Shares at an issue price of 20 cents, which closed on 3 February 2006 raising gross funds of \$1,500,000, and also more particularly described in Section 4 of this Prospectus.

**Directors** mean the directors of the Company from time to time.

**Dollars or \$** means Australian dollars unless otherwise stated.

**ELA** means an application for an exploration licence.

**EL** means a granted exploration licence.

**Glossary** means this glossary of definitions.

**Hetherington's** means Hetherington Exploration & Mining Title Services Pty Ltd A.B.N. 64 003 122 996

**Hume** means Hume Mining NL A.B.N. 52 063 994 945.

**Hume Agreement** means an agreement entered into between the Company and Hume dated 15 September 2005 (as amended) for the acquisition of 75% of Hume's interests in the Hume Tenements, being more particularly described in section 13.1 of the December 2005 Prospectus.

**Hume Tenements** means the tenements in the Northern Territory and Western Australia acquired by the Company under the Hume Agreement, being more particularly described in the independent exploration titles report in section 11 of the December 2005 Prospectus.

**Issue** means the issue of the Share pursuant to this Prospectus.

**Listing Rules or ASX Listing Rules** means the official Listing Rules of ASX.

**Listed Option** means an option to subscribe for one Share in the Company exercisable at 20 cents on or before 5.00pm WDT on 30 June 2008, which are Quoted on ASX.

**MAPSA** means Minera los Andes y el Pacifico S.A., a Peruvian company party to the Apurimac Ferrum Peruvian Iron-Ore Agreement.

**MAPSA Shareholders** means shareholders of MAPSA.

**MAPSA Agreement (Over Apurimac Ferrum Shares)** means an agreement dated 2 February 2007 between the Company, MAPSA and MAPSA Shareholders for the Company to acquire a controlling 70% shareholding interest in a 24.5% shareholding interest in Apurimac Ferrum in consideration for staged payments totalling US\$10 million (being a combination of cash and if elected, SRK shares) over 2 years and a further US\$10 million when production and sales from these projects first exceeds 20 million tonnes per annum, being more particularly described in Section 7.2 of this Prospectus.

**OEQ or Orion** means Orion Equities Limited A.B.N. 77 000 742 843.

**Offer** means the offer of the Share pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the Official List of ASX.

**Opening Date** means the date on which the Offer opens, currently 16 February 2007.

**Option** means one option to convert into one Share.

**PTIB** means PT Indo Batubara (an Indonesian incorporated Company which represents SOPL's interests in Indonesia - refer to section 13.5 of the December 2005 Prospectus).

**Projects** means the resource projects of the Company from time to time, including but not limited to interests in the Tenements and the Apurimac and Cuzco Projects, also more particularly described in Sections 3, 7 and 8 of this Prospectus.

**Prospectus** means this prospectus dated 16 February 2007 for the Offer, including any electronic or online version.

**QUE** means Queste Communications Ltd A.B.N. 58 081 688 164.

**Quotation** means quotation of the Shares or Listed Options on ASX.

**Rubberoid Well Tenement** means ELA 09/1245 in Western Australia the subject of the UOG Agreement, also more particularly described in the independent exploration titles report in section 11 of the December 2005 Prospectus.

**Share** means one fully paid ordinary share in the Company.

**Shareholder** means a holder of Shares.

**SOPL** means Strike Operations Pty Ltd ABN 12 102 978 370, a wholly owned subsidiary of the Company.

## 13. GLOSSARY

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**Strike Resources** means Strike Resources Limited (A.C.N. 088 488 724).

**UOG** means Uranium Oil and Gas Limited (ACN 115 593 005), a party to the UOG Agreement.

**UOG Agreement** means an agreement entered into between the Company and UOG and Helen Mary Ansell dated 3 October 2005 (as amended) for the acquisition of a 70% interest in the UOG Tenement, being more particularly described in section 13.2 of the December 2005 Prospectus.

**Uranium Assets Spin-Off Terms** means an agreement entered into between the Company and Alara dated 15 February 2007 for Alara to acquire all of the Company's uranium tenement/project interests, being more particularly described in Section 7.1 of this Prospectus.

**VWAP** - means volume weighted average price.

**WDT** means Western Daylight Savings Time in Perth, Western Australia.

**[www.strikeresources.com.au](http://www.strikeresources.com.au)**

**STRIKE RESOURCES LIMITED**

**A.B.N. 94 088 488 724**

**REGISTERED OFFICE:**

Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000  
T | (08) 9214 9700  
F | (08) 9322 1515  
E | [info@strikeresources.com.au](mailto:info@strikeresources.com.au)

**ASX CODE: SRK**



**ADVANCED SHARE REGISTRY SERVICES:**

110 Stirling Highway  
Nedlands Western Australia 6009  
T | (08) 9389 8033  
F | (08) 9389 7871  
E | [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
W | [www.asrshareholders.com](http://www.asrshareholders.com)

Broker/Dealer Stamp

# STRIKE RESOURCES LIMITED APPLICATION FORM

Share Registrar Use Only

Before completing this Application Form, you should read the Prospectus dated 16 February 2007 and the instructions overleaf. No Share will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.**

**I/We apply for**

Share in **STRIKE RESOURCES LIMITED** at \$1.30 per Share

**I/We lodge full application monies of**

\$  Being \$1.30 for each Share applied for above

**Full name (PLEASE PRINT)**

**Joint Applicant #2 or <designated account>**

**Joint Applicant #3 or <designated account>**

**Postal Address (PLEASE PRINT)**

Street Number  Street

Suburb/Town  State  Post code

**Contact Name**

**Telephone number – Business hours**

(  )

**Telephone number – After hours**

(  )

**CHESS HIN (where applicable)**

**E-mail address**

**Tax File Number or Exemption**

**Applicant #2**

**Applicant #3**

**CHEQUE DETAILS**

Drawer	Bank	BSB	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Declaration and Statements:**

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of the Share to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for the Share in the Company and that no notice of acceptance of the application will be provided.

**TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 16 FEBRUARY 2007.**

# HOW TO COMPLETE THE APPLICATION FORM

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

- (A) Enter your application for the ONE SHARE offered under this Prospectus.
- (B) Enter the TOTAL AMOUNT of application money payable - \$1.30 for the Share offered under this Prospectus.
- (C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- (D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- (E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.
- (F) The Company is an Issuer Sponsored participant in the Australian Stock Exchange CHESS System. This enables a holder to receive a statement of their shareholdings from the Company's share registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issuer sponsored on allotment.
- (G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.
- (H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

## DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 16 FEBRUARY 2007. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take the Share indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of the Share. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

## PAYMENT

Applications for the Share offered under this Prospectus must be accompanied by the application money of \$1.30 per Share (in Australian currency). Cheques should be made payable to STRIKE RESOURCES LIMITED – OFFER ACCOUNT and crossed "Not Negotiable".

## LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

<p><i>Posted to:</i></p> <p>STRIKE RESOURCES LIMITED REPLY PAID 83399 Perth WA 6000</p>	OR	<p><i>Delivered to:</i></p> <p>STRIKE RESOURCES LIMITED Level 14, The Forrest Centre 221 St Georges Terrace Perth Western Australia 6000</p>
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Applications must be received by no later than 5.00pm WDT on the Closing Date, currently 20 February 2007 (unless varied by the Company).

## CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to STRIKE RESOURCES LIMITED. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual <i>Use given names, not initials</i>	Josephine Maria Fremantle	JM Fremantle
Company <i>Use Company title, not abbreviations</i>	ACME Pty Ltd	ACME P/L ACME Co
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Carole Lee <Carole Lee Family A/C>	Carole Lee Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	James Jones <Est James Jones A/C>	Estate of late James Jones
Partnerships <i>Use partners' personal names, do not use the name of the partnership</i>	Douglas Stirling and James Stirling <Douglas Stirling and Son A/C>	Douglas Stirling and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s), Do not use the names of the clubs etc.</i>	Victor Smith <ACE Cricket Association A/C>	ACE Cricket Association
Superannuation Funds <i>Use name of trustee of fund, do not use the name of the fund.</i>	Sue Lynn White Pty Ltd <Super Fund A/C>	Sue Lynn White Pty Ltd Superannuation Fund