

Strike Shares Advance on \$650 Million Peru Sale Talks (Update1)

By Jesse Riseborough

April 1 (Bloomberg) --**Strike Resources Ltd.**, an Australian iron ore company, gained the most in two months in Sydney trading after saying it remains in talks with a group led by a major mining company to sell projects in Peru for about \$650 million.

A sale would value Strike's stakes in the projects, including Cuzco and Apurimac, at about \$450 million, the Perth-based company said today in a statement to the Australian Stock Exchange. The stock advanced by as much as 28 percent.

"I'm a little surprised that they would sell out at this point, but it is a pretty generous sort of offer," **Peter Arden**, a Melbourne-based mining analyst at Ord Minnett Ltd., an affiliate of JPMorgan Chase & Co., said today by phone. "\$450 million is big number for a small company like Strike."

Strike, which today had a market value of A\$231 million (\$211 million), said March 14 it may get more than A\$254 million for the sale of some or all of its assets in Peru. The company didn't identify the potential buyers in today's release.

Strike rose as much as 67 cents to A\$3.10, its biggest gain since Jan. 25. The stock, which has risen by 37 percent over the past 12 months, traded at A\$2.67 at 2:47 p.m.

"The company is aware of recent media speculation in Peru that a transaction has been apparently concluded for the sale of Apurimac Ferrum SA," the company said in today's statement. "No binding agreement has been reached by the parties."

The Peruvian iron ore assets are Strike's most advanced projects, Arden said.

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