

Strike in talks about sale of Peru iron ore projects (Update)

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Junior explorer Strike Resources Ltd says it is in discussions for the possible sale of its iron ore interests in Peru, and in talks with steelmakers for potential supply.

Strike revealed the discussions after the Australian Securities Exchange queried a sharp rise in the company's share price, when it jumped from \$1.495 on February 25, to close at \$2.30 yesterday on the back of no news.

The company said it had been in discussions over the "past several months" with certain parties regarding the part, or entire sale, of its iron ore interests in Peru, or a potential investment in the projects.

The junior explorer said the "size or quantum of such a transaction is significant and, if finalised, would value the company's interest in these iron ore projects at an amount substantially greater than the company's current fully diluted market capitalisation of \$254 million".

Strike said it was also conducting "preliminary" discussions with steel mills in China and Japan in relation to the potential supply of iron ore.

The company holds the Apurimac and Cuzco projects north-east of San Juan in Peru and has flagged plans to produce up to 20 million tonnes of iron ore per annum by 2011.

First production from the Cuzco project is slated for 2009.

Shares in the company gained a further six cents to close at \$2.44 today.