

ASX MARKET ANNOUNCEMENT

Paulsens East Advances Towards Production

HIGHLIGHTS

- Mining Permit application and other approvals well advanced with Government agencies and local authorities.
- Metallurgical Testwork completed indicates the potential to upgrade current high grade DSO product to a higher value premium product through the use of beneficiation ore sorters in processing circuit.
- Negotiations now advanced with a number of key potential off-take partners which include the provision of substantial pre-payment and working capital facilities.
- Recruitment of key operational staff underway with a number of key positions filled in mine site management, transport logistics and finance.
- Engineering designs being finalised; negotiations advancing with contractors for construction and mining activities.
- Iron ore pricing continues to remain strong, supporting positive economics for Paulsens East.

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to confirm that it is making excellent progress advancing its 100% owned Paulsens East Iron Ore Project (**Paulsens East**) towards production, with a targeted production profile of 1.5 million tonnes per year of high grade Direct Shipping Ore (**DSO**) with a minimum four year mine life (**LOM**).

The Company notes that the Benchmark iron ore price continues to remain very strong – currently US\$168 per tonne¹, compared to the average Benchmark price of US\$100 per tonne assumed for the Paulsens East Feasibility Study in October 2020.²

Furthermore, the premium attached to Lump ore over Fines has increased significantly, reaching record highs this month of US\$0.51 per dry metric tonne unit (US\$0.20 per dry metric tonne unit was assumed in the Feasibility Study).

Based on Fe content of 62% for the Paulsens East product, this would imply an uplift of ~ US\$32 per tonne of Lump ore once the Paulsens East Lump product is established in the market. The premium pricing paid for Lump ore is highly significant for the Company, given that at least 75% of the Paulsens East DSO product is expected to be Lump ore.

1 62% Fe Index (CFR China), as at 12 March 2021

2 Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

Approvals and Permitting

The Company submitted a proposal for the issue of a Mining Permit for Paulsens East with the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) on 24 December 2020.

Following an initial review of Strike's submission, DMIRS has responded with a request for clarification on a number of issues, which is normal for submissions of this nature. Strike is currently preparing a response to this request, which it expects to submit to DMIRS shortly to conclude the matters required by DMIRS to facilitate the issue of a Mining Permit.

Strike has also submitted its proposed Project Management Plan (PMP) for Paulsens East to DMIRS, as well as applications for works approvals, native vegetation clearance permits, building permits and applications for various licences for activities such as water extraction, storage of dangerous goods etc. These submissions and applications are currently being processed by the relevant Government departments and local authorities.

Metallurgical Testwork and Beneficiation

Metallurgical and beneficiation testwork has been progressing to optimise process flow sheet and product specifications. A component of that testwork has been to seek ways in which to upgrade the existing high grade ore proposed to be produced into an even higher value premium product.

In this regard, the Company's current plans are to produce high grade DSO products (with a Lump grade of 62% Fe and Fines grade of 59% Fe over the LOM) with a simple dry crushing and screening circuit.

The testwork conducted by the Company has outlined that the current DSO product is potentially amenable to upgrade to a premium product through the addition of an optional beneficiation circuit consisting of one or more 'ore sorters'. These ore sorters could essentially be 'bolted on' to the standard crushing and screening circuit and would act to upgrade the grade and quality of the Lump and Fines products even further.

The addition of ore sorters would add to the overall capital cost of the project but would deliver a higher premium price for the iron ore produced by the Company adding significantly to the projected cash flows of the Company over the project life of mine.

The decision whether to add these ore sorters at the start of operations or subsequent to operations commencing will be made at the time of Final Investment Decision (**FID**), taking a number of factors into account including market conditions at the time.

Off-take

Negotiations have advanced from multiple off-take offers to a short list of three parties regarding off-take of ore from Paulsens East, with product samples now having been provided from the bulk samples previously extracted by the Company last year.

Term Sheets have been drafted and reviewed with these parties, some of which include the provision of substantial pre-payment and working-capital facilities, which would act to reduce the amount of additional capital which the Company would otherwise need to raise to advance Paulsens East.

The Company continues to evaluate and negotiate with these parties and anticipates entering into one or more agreements before or shortly after making FID.

Recruitment of Key Operations Staff

The Company has advanced with the recruitment of key operational staff for Paulsens East, with a number of appointments having been made in mine site management, transport logistics and finance. The Company continues to recruit for a number of roles, particularly in the areas of construction and contractor supervision, health, safety and environment.

Engineering and Design

The Company is progressing with final design activities for various infrastructure works, including the haulage and access roads, the intersection of the haulage road with Nanutarra Road, mining village, mining operations centre (MOC), fuel supply system and water bores, storage and distribution systems.

Contractors

The Company continues to advance discussions with a short-listed group of potential contractors for award of the key contracts for mining, crushing and screening, haulage and drill and blast.

Port Access

The Company has continued discussions with the Pilbara Ports Authority (PPA) with regard to utilisation of the Utah Point Multi-User Bulk Handling facility at Port Hedland, as well as with the owners and operators of the Onslow Marine Supply Base (OMSB) in Onslow as a possible alternate/supplementary export facility.

The Company has entered into a Memorandum of Understanding (MOU) with a transshipment services operator to investigate the logistics and potential cost savings of conducting shipping operations out of the OMSB (where the Company has an existing letter of intent with the Port Operator³) given the significantly lower transport distances involved in transport to Onslow versus Port Hedland (~230 km vs ~600 km).

William Johnson, Managing Director:

The Company continues to make good progress with the development of Paulsens East towards a Final Investment Decision and production.

The Company is highly encouraged by work that has indicated the potential to create a value addition to project economics through lowering transport costs and creating a higher value premium product for sale.

It is also notable and highly encouraging that the iron ore price continues to remain very strong – currently US\$168/tonne, compared to the average price of US\$100/tonne assumed for the Company's Feasibility Study in October 2020. Furthermore, the premium attached to Lump iron over Fines has increased significantly over the last few months, which is highly positive given that at least 75% of the Paulsens East DSO product is expected to be Lump ore.

Current activity is focussed upon securing all the necessary approvals and permits required to commence site operations, advancing negotiations with potential contractors, finalising all engineering designs and entering into final off-take agreements with one or more selected partners.

³ Refer Strike's ASX Announcement dated 19 November 2019: Beadon Creek Onslow Selected as Preferred Port for Paulsens East

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

Strike Resources Limited is an ASX listed resource company which is developing the Paulsens East Iron Ore Project in Western Australia. Strike also owns the high grade Apurimac Magnetite Iron Ore Project in Peru and is also developing a number of battery minerals related projects around the world, including the highly prospective Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

JORC CODE COMPETENT PERSON'S STATEMENT

The information in this document that relates to metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2020 in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcement made by Strike Resources Limited on:

- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

The information in the original announcement that relates to these metallurgical test work matters is based on and fairly represents information and supporting documentation compiled by Dr Michael J Wort (FAusIMM CP(Met)), who is a Fellow of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and a Chartered Professional Engineer. Dr Wort is an independent contractor to Strike Resources Limited. The information that relates to Processing and Metallurgy is based on the work done by ALS Metallurgy Iron Ore Technical Centre (**ALS IOTC**) on samples collected under the direction of Dr Wort and fairly represents the information compiled by him from the ALS IOTC testwork reports. Dr Wort has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

FORWARD LOOKING STATEMENTS

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