

MARKET ANNOUNCEMENT

Strike Continues to Advance Paulsens East Iron Ore Project Towards Final Investment Decision

HIGHLIGHTS

- Mining Proposal application progresses with submission of detailed updates to DMIRS addressing requests for further information
- Ground Water Licence extraction permit received from DWER
- 13 Ultra Quad Road Trucks (comprising 13 prime movers and 52 trailers) ordered through Campbell Transport for exclusive use on the Project
- Preferred contractors short-listed
- Port evaluation advancing
- Project Owner's Team continues to expand with HSE appointment
- Private Aerodrome located 20 km from Project to be used for FIFO workforce
- Strike is targeting Final Investment Decision in Q3 2021

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to provide the following update in relation to its Paulsens East Iron Ore Mine (**Project**) as it progresses toward securing its Mining Permit to commence production.

Strike notes that the Benchmark iron ore price has recently reached record highs in excess of US\$200/t, significantly higher than the average of US\$100/t assumed in the Company's October 2020 Feasibility Study for the Project.¹ Furthermore, the premium attached to Lump ore over Fines has also increased significantly in recent months to in excess of US\$0.50 per dry metric tonne unit (compared with US\$0.20 per dry metric tonne unit assumed in the Feasibility Study).

Mining and Ancillary Permits

In December 2020, Strike submitted an application for a Mining Proposal for the Project to the Department of Mines, Industry, Regulation and Safety (**DMIRS**).

Following subsequent requests from DMIRS and other Government agencies for further information on a number of aspects of the Mining Proposal, Strike confirms that it has now submitted an updated Mining Proposal to DMIRS which includes comprehensive responses to the matters sought by DMIRS, the Department of Biodiversity, Conservation and Attractions (**DBCA**) and Department of Water and Environmental Regulation (**DWER**).

¹ Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns



In relation to other relevant permits and approvals, as previously announced on 19 April 2021², Strike has already received notification by DMIRS of an "Approval To Commence Mining Operations" for the Project, pursuant to confirmation by DMIRS that the Project Management Plan (**PMP**) submitted by Strike satisfied the requirements under section 42 of the *Mines Safety and Inspection Act 1994 (WA)* and Regulations 3.12 and 3.13 of the *Mines Safety and Inspection Regulations 1995 (WA)*.

Applications for related Works Approval (with DWER for approval pursuant to environmental legislation and regulations) and native vegetation clearing permits (with DMIRS, pursuant to (including Commonwealth) environmental legislation and regulations) have also been submitted and are pending Departmental approvals.

On the basis of the above and subject to the grant of outstanding Miscellaneous Licence applications (relating to Project infrastructure and roads outside of the principal Mining Lease M47/1583) by DMIRS, Strike is expecting to have all permitting and approvals in place to allow for the commencement of Project site works in Q3 2021.

Ground Water Licence Granted

Strike has now received approval from DWER for the issue of a ground water licence to support proposed mining operations. The issue of this licence is a critical path item for the development of the Project, both for the construction phase of operations (including dust suppression) as well as for ongoing operations. The Company is now able to proceed to advance borefield development work based upon this licence.

Haulage

Strike has previously announced (on 29 April 2020³) that it had entered into an MOU for haulage services with Campbell Transport Pty Ltd (**Campbell Transport**). Campbell Transport is an established freight haulage company operating in Western Australia since 1997, with considerable experience in the transport of mineral products including iron ore over long distances in the Pilbara.

Since that time, Strike has been working closely with Campbell Transport to ensure that the logistics requirements relating to haulage for the Project are optimised and that safety, environmental and regulatory issues are fully addressed.



Campbell Transport Road Train at Utah Point, Port Hedland

2 Refer Strike's ASX Announcement dated 15 April 2021: Approval of Project Management Plan for Paulsens East Mine

3 Refer Strike's ASX Announcement dated 29 April 2020: MOU Executed for Iron Ore Haulage Services with Campbell Transport for Paulsens East Iron Ore Project

Strike is pleased to report that it has recently confirmed with Campbell Transport the placing of an initial order for 13 new Ultra Quad road trains, comprising 13 prime mover trucks and 52 trailers to be used exclusively for the Project. Placing this order now will ensure that these 60 metre long Ultra Quad road trains (each with 150 tonne haulage capacity) are available for the Project when production commences. This is a strategic decision by Strike to secure transport logistics now (and prior to FID) recognising both the Company's confidence in the Project and the likely supply constraints for suitable long distance haulage trucks due to expected increased demand.

Strike is also pleased to confirm that it is in well advanced discussions with Main Roads WA (**MRWA**) to obtain the necessary approvals required to operate the Company's preferred Ultra Quad road train configuration along the existing Nanutarra-Mujina Road.

With the execution of a Road Maintenance and Rehabilitation Deed with MRWA, Strike will make a financial contribution for upgrading certain narrow sections of the Nanutarra-Munjina Road and towards road maintenance along the haulage route. Strike is also working with MRWA to jointly develop operational procedures to ensure safety for the Project's iron ore haulage trucks and other road users.

Mining Contractors

Strike has been evaluating a number of potential contractors for providing the key mine construction, mine and haul, drill and blast, crushing and screening services. The Company has now reached the stage of finalising its short-list of contractors and expects to enter into early-engagement agreements with some of its preferred contractors shortly.

Ports

Strike has continued to advance preparations for export through the Utah Point Multi-User Bulk Handling Facility at Port Hedland (**Utah Point**). Strike notes that access to Utah Point will be subject to PPA having available capacity to allocate to Strike at the time at which the Company is in a position to make a Final Investment Decision (**FID**) on the Project. Furthermore, as a public multi-user facility, available capacity at Utah Point is not guaranteed. Strike is currently working with the Pilbara Ports Authority (**PPA**) to finalise various PPA environmental, health and safety operating procedures that are required prior to the export of bulk iron ore from such facility.

Utah Point offers Strike a relatively simple export option, through its existing established infrastructure and ability to accommodate larger Panamax ships (which reduces overall shipping costs). Strike notes however that the relatively long distance from the Project mine to Utah Point will incur higher haulage costs relative to alternative ports closer to the mine. This is particularly so in the current economic climate where a shortage of suitable trucks and drivers, together with increasing fuel costs are putting upwards pressure on haulage costs.

Strike therefore is actively evaluating a number of potential alternative export locations between Onslow and Port Hedland, which are closer to the Project and potentially offer significantly reduced haulage costs compared to Utah Point.

One such alternate export port is located at Onslow, which is approximately 230 kilometres from the Paulsens East mine site compared to approximately 600 kilometres to Port Hedland and which therefore offers significantly lower haulage costs. At Onslow, as previously reported, the Company is in detailed discussions with the owners and operators of the Onslow Marine Support Base (**OMSB**) to determine the most cost-effective manner in which Strike's iron ore production may be exported.

This work builds upon the existing letter of intent relating to the export of iron ore with OMSB.⁴ As part of this export optimisation strategy, the Company has also recently entered into a Memorandum of Understanding (**MOU**) with an experienced transshipment services operator to determine the logistics and cost of conducting a transshipment operation out of the OMSB.

⁴ Refer Strike's ASX Announcements dated 19 November 2019: Beadon Creek Onslow Selected as Preferred Port for Paulsens East and 28 November 2019: Excellent Scoping Study Results for Paulsens East Iron Ore Project

Strike therefore will finalise its decision on which port (or ports) to export from closer to FID, taking into account factors such as haulage costs, port infrastructure, shipping schedules and available capacity at that time.



Figure 1: Paulsens East Project Location, West Pilbara

Expansion of Owner's Team

Strike continues to add to its Project Owner's Team with the appointment of Health, Safety, Environment (**HSE**) personnel to develop and operational readiness protocols for mine construction and operations. This recruitment adds to previous key Owners' Teams staff appointments in key areas of production, transport logistics and finance.

Aerodrome

A private airstrip located at Wyloo Station approximately 20 kilometres from the Paulsens East mine site was previously used by the Paulsens Gold Mine to fly its workforce to its mine site directly from Perth (refer Figure 1).

Strike is pleased to report that it is now finalising arrangements to upgrade facilities at this airstrip to allow its FIFO work force to fly, in effect, directly to the mine site with attendant savings in cost and time compared to flying workers in and out of Paraburdoo Airport (a 2.5 hour drive from the Paulsens East mine each way).

Mining Village

Strike plans to build a mining village to accommodate the Project fly-in fly-out (**FIFO**) workforce to be located approximately 3 kilometres from the mine site. Designs for the village have been finalised and a Development Application submitted to the Shire of Ashburton. A Building Application has been prepared and Strike expects to shortly award the building contract for the village, which is likely to be constructed using a combination of new and used facilities operated under a lease arrangement.

During Project construction (and until its own mining village is constructed), workers will be accommodated at a neighbouring mining village located approximately 10 kilometres from the Paulsens East mine site.

Communications

To enable suitable site communications for mining activities (voice, data and VHF), a dedicated microwave link is required to be constructed. Given the long lead-times required for commissioning, Strike has initiated the preliminary works for development of this infrastructure.

Summary

Strike continues to advance the Paulsens East Iron Ore Project towards production.

The Company is advancing with the necessary permitting and approvals, confirming commitments for long-lead items and finalising negotiations with preferred contractors. Project economics continue to be highly attractive in the current environment of extremely strong iron ore prices. Subject to the timely receipt of all necessary permits, approvals and licences and the confirmation of available export capacity at the Company's chosen port facility(s), Strike is targeting FID in Q3 2021.

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

Strike Resources Limited is an ASX listed resource company which is developing the 1.5Mtpa Paulsens East Iron Ore Project in Western Australia. Strike also owns the high grade Apurimac Iron Ore Project in Peru where it has commenced mining of high-grade surface deposits and entered into an offtake agreement with an international iron-ore trading firm to export the "Apurimac Premium Lump" DSO product of ~65% Fe. Strike has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was recently spun-out of Strike under a \$9m IPO. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

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.