

MARKET ANNOUNCEMENT

Completion of \$5 Million Capital Raising

HIGHLIGHTS

Capital Raising

- \$5 Million capital raising completed in oversubscribed share placement to fund acceleration of production in Peru and project advancement for Paulsens East

Peru

- Funding to increase targeted annualised sales of high-grade DSO from 125,000 to 250,000 tonnes per annum now received
- Additional higher capacity crushing plant brought on stream to accelerate production
- Fleet of 50 trucks engaged for haulage with a further 30 being negotiated and expected to be finalised shortly
- Targeting first ore on ship of 30,000 tonnes in July 2021
- Current project profile targeting sale of a high grade "Apurimac Premium Lump" DSO product of ~65% Fe with low impurities
- FOB estimated cost at Pisco Port of circa ~US\$70 - \$80 per tonne
- Update to 2008 Pre-Feasibility Study on Apurimac Project underway with appointment of Ausenco as study manager

Paulsens East

- Funding completed to facilitate long-lead time items and pre-construction activities to compress timetable to production
- Final Investment Decision on track for Q3 2021

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to provide the following updates in relation to its Apurimac Iron Ore Project in Peru (**Apurimac Project**) and its Paulsens East Iron Ore Mine (**Paulsens Project**) together with confirmation of the successful completion of a \$5 million share capital raising.

The capital raising to sophisticated or professional investors was significantly oversubscribed. The funds raised will be used principally to ramp-up activities in Peru and to advance the development of the Paulsens Project (including the securing of long lead time items).



Current Mining Operations – Peru

The Company continues to advance production of high-grade Direct Shipping Iron Ore (DSO) from its 100% owned Apurimac Project in Peru.



Current Mining Operations Peru

Given the current strong demand and premium prices for high grade Lump Iron Ore and the corresponding opportunity for the Company to generate significant near-term cashflows from this operation, the Company has determined to accelerate the ramp up of its activities in Peru and increase its target for annualised sales from 125,000 tonnes to 250,000 tonnes. This will require further investment in site infrastructure, additional working capital to expand the mining operations across multiple sites and potentially the acquisition of a dedicated crushing plant to speed up processing and reduce operating costs.

Funds from the recently completed capital raising of the Company will be applied to achieve these objectives.

Over 30,000 tonnes of high-grade DSO (**Apurimac Premium Lump**) has now been mined and is being crushed at two local crushing plants located close to the Apurimac Project. Given the proposed increase in mining production referred to above, the Company has commenced crushing at a third, higher capacity crushing plant located closer to the Pisco Port and with this third plant now operating, the Company is targeting first shipment of approximately 30,000 - 35,000 tonnes of Apurimac Premium Lump (target grade of ~\$65% Fe) in July 2021, with an estimated FOB cost of approximately US\$70 - 80 per tonne.

The Company is also pleased to report that it has secured a fleet of 50 trucks to commence trucking ore to the new crushing facility and for transporting crushed ore to the Port of Pisco ready for shipment. The Company is currently negotiating for a further fleet of 30 trucks to be contracted to expedite its trucking logistics, to reduce time for further shipments of Apurimac Premium Lump and to account for the proposed increase in Apurimac Premium Lump production.



In conjunction with the securing of a 50 - 80 truck fleet, the Company has recently appointed a shipping agent in Peru and is in the process of finalising its first charter party shipping agreement in anticipation of its proposed first ore on ship.

The securing of the above transportation logistics is an important step in the development of the Apurimac Project and achieving first ore on ship.

Pre-Feasibility Study Update for Apurimac Project – Peru

Strike's Apurimac Iron Ore Project in Peru is recognised as one of the highest grade, large-scale magnetite projects in the world with the potential to support the establishment of a significant iron ore operation.

A Pre-Feasibility Study completed in 2008¹ and updated in 2010² on the Apurimac Project indicated clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs.

The Company is pleased to confirm that it has now engaged Ausenco, an industry leader in global engineering services, to commence works to review and update these previous studies. The principal focus of such works will be to examine the capital and operating costs associated with a 15 - 20 million tonne per annum production profile of a 68% Fe concentrate using a slurry pipeline for the transport of such ore to the coast for export to China.

The Company believes that this work is an important step in advancing this globally significant project, in particular given the current strong demand for iron ore and the widely reported intent of Chinese steel mills to secure long term strategic sources of high-grade iron ore from countries other than Australia and Brazil.

The Apurimac Project (Strike – 100%) has a JORC Code (2012 Edition) compliant Mineral Resource of 269.4 Mt, consisting of:

- a 142.2 Mt Indicated Mineral Resource at 57.8% Fe; and
- a 127.2 Mt Inferred Mineral Resource at 56.7% Fe.

Category	Concession	Density t/m ³	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Indicated	Opaban 1	4	133.71	57.57	9.46	2.54	0.04	0.12
Indicated	Opaban 3	4	8.53	62.08	4.58	1.37	0.07	0.25
Inferred	Opaban 1	4	127.19	56.7	9.66	2.7	0.04	0.2
Total Indicated and Inferred			269.4	57.3	9.4	2.56	0.04	0.16

Refer Strike's ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard.

In addition to the current JORC Mineral Resource, there is significant exploration potential given the deposits are open at depth and along strike (with very promising drill results including 154m @ 62% Fe) with extensive undrilled gravity and magnetic anomalies.

The appointment of Ausenco will now update these works with a focus on the development of a viable business proposition for the creation of a world class mine based upon the current Mineral Resource of the project to create a very high grade premium iron ore product for export to China.

A particular focus will be on the operating costs of such project with a view to creating a sustainable mining proposition based on the potentially highly competitive operating costs the Project affords.

Paulsens Project

As previously reported, the Company has made rapid progress over the last few months towards a Final Investment Decision (**FID**) for the Paulsens Project in Q3 2021.

This progress includes:

- Advancing the Mining Proposal application with the Department of Mines, Industry, Regulation and Safety (**DMIRS**);
- Securing approval of the Project Management Plan (PMP) from DMIRS;
- Securing a Ground Water Licence extraction permit from the Department of Water and Environmental Regulation (**DWER**);
- Securing an order for 13 Ultra Quad Road Trains (comprising 13 prime movers and 52 trailers) for exclusive use on the project;
- Short-listing preferred contractors;

1 Refer Strike's ASX Announcement dated 23 July 2008: Prefeasibility Results Confirm World Class Prospects in Peru

2 Refer Strike's ASX Announcement dated 23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report

- Advancing with Port evaluation;
- Hiring key members of the 'Owner's Team';
- Finalising accommodation and transport arrangements for its proposed FIFO workforce.

Project economics continue to be highly attractive in the current environment of extremely strong iron ore prices. 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.³ 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).

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.

To enable the Company to move from FID to production as quickly as possible, the Company is planning to place further orders for a number of long-lead time items. As well as the order already placed for 13 Ultra Quad Road Trains for exclusive use on the Paulsens Project, the Company is planning to shortly place or secure further orders for various items of equipment, in particular related to transport, communications and mineral processing.

Time-critical water bore development works and communication infrastructure are also being scheduled ahead of FID, construction plans are being finalised and the Company is ramping up its hiring of key operational staff in anticipation of a positive FID.

A portion of the recent capital raising will be applied towards these items of expenditure.

Capital Raising

Given the planned activities outlined above across the Company's projects, the Company determined to undertake a \$5 million capital raising (before costs) via the issue of 22,865,732 shares at an issue price of \$0.22 each.

The issue was completed within the Company's placement capacity (approved at the General Meeting held on 17 March 2021) to sophisticated or professional investors with Canaccord Genuity acting as Lead Manager to the placement. The share offer was significantly oversubscribed.

The funds raised will be used to ramp up activities in Peru, to advance the development of the Paulsens East (as detailed above) and for general working capital purposes.

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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.

³ Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

JORC Code (2012) Competent Person's Statement

The information in this document that relates to Mineral Resources and other Exploration Results in relation to the Apurimac Iron Ore Project (Peru) is extracted from the following ASX market announcement made by Strike Resources Limited on:

- 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard.

The information in the original announcement that relates to these Mineral Resources and other Exploration Results (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian Institute of Mining and Metallurgy (**AusIMM**). Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (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 announcement. 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 (referred to above)..

FORWARD LOOKING STATEMENTS

This document 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 the Company, 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 the Company 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.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. The Company does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.