

MARKET ANNOUNCEMENT

Development Underway at Paulsens East Iron Ore Project as Construction of Haulage Road Begins

SUMMARY

- Development of the Paulsens East Iron Ore Mine is now underway as Strike move towards production of first ore on ship
- Construction has commenced on the ~18km haulage road to connect the Paulsens East Iron Ore Mine to the public Nanutarra Road, with an expected 10 - 12 week construction timetable
- Contracts with remaining key suppliers and contractors for mining and truck haulage being finalised
- Mining to create first stockpiles of lump DSO for shipment expected to commence within 4 weeks
- Strengthen iron ore prices are a positive indicator for attractive margins at Paulsens East

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to announce that construction has commenced on the 18km haulage road (**Haul Road**) between the Paulsens East Iron Ore Project (**Paulsens East**) mine site and the public Nanutarra-Munjina Road (**Nanutarra Road**) located in the Pilbara, Western Australia (refer Figures 2 and 3).

Construction of the Haul Road is the first step in the Stage 1 Production development of Paulsens East, connecting the Paulsens East mine to the public road network. Once the Haul Road is completed, four trailer 'quad' road-trains will carry direct shipping ore (**DSO**) from the mine along the Haul Road to Nanutarra Road. From there, trucks will travel west along Nanutarra Road before heading north along the North West Coastal Highway to Port Hedland for export.

Construction of the Haul Road is expected to take ~10 to 12 weeks, during which time Strike will finalise its outstanding contracts with key suppliers and preferred contractors for mining and truck haulage. Mining at Paulsens East to create the first stockpiles of lump DSO for shipment is expected to commence within ~4 weeks.

Strike notes that iron ore benchmark prices are continuing to strengthen, with current benchmark price in excess of US\$150/t¹ indicating the potential for attractive near term operating margins for shipments of DSO from Paulsens East - forecast average C1 Costs of ~US\$60/t for life of mine (**LOM**) and total LOM breakeven price of ~US\$87/t CIF (Cost, Insurance, Freight) China (inclusive of royalties) were disclosed in the Updated Feasibility Study².

1 Benchmark price for 62% iron ore Fines CFR China

2 Refer Strike's ASX Announcement dated 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs - 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



Managing Director, William Johnson:

We are delighted to have now mobilised to site to start construction at Paulsens East. This is a very exciting time for the Company as development towards first ore on ship is now underway. With iron ore prices continuing to strengthen, the timing could not be better to bring the Pilbara's next iron ore mine into production.



Figure 1: Commencement of Construction of Haul Road at Intersection to Public Nanutarra Road (foreground)



Figure 2: Haulage Road from Mine Site to Nanutarra Road

Paulsens East Project Location

Paulsens East is located ~10km from Northern Star Resources Limited's (ASX:NST) Paulsens Gold Mine, ~235km by road east of Onslow (and Port of Ashburton) and ~600km by road south of Port Hedland in the Pilbara, Western Australia (refer Figure 3). Paulsens East is ~20km from the private Wyloo Station airstrip previously used by the Paulsens Gold Mine, which is suitable to support the transport of Strike's FIFO workforce (refer Figures 2 and 3).



Figure 3: Paulsens East Project Location, West Pilbara

Project JORC Mineral Resource and Ore Reserve

The Project consists of a ~3km long outcropping high-grade hematite ridge (refer Figure 4), containing a **JORC Indicated Mineral Resource of 9.6 Million tonnes at 61.1% Fe, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P** (at a cut-off grade of 58% Fe).³

³ Refer Strike's ASX Announcement dated 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project

As part of the completion of the October 2020 Feasibility Study⁴, part of the JORC Indicated Mineral Resource of **9.6 Million tonnes at 61.1% Fe**, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P (at a cut-off grade of 58% Fe) was converted to a **JORC Probable Ore Reserve of 6.2 Million tonnes at 59.9% Fe**, 7.43% SiO₂, 3.77% Al₂O₃ and 0.086% P (at a cut-off grade of 55% Fe).¹

As part of the completion of the February 2022 Updated Feasibility Study² an additional **JORC Indicated Mineral Resource of 113,000 tonnes at 60.8% Fe, 6.9%, SiO₂, 3.4% Al₂O₃, and 0.10% P** (at a cut-off grade of 58% Fe) has been delineated from the high-grade hematite rich detrital material⁵ at surface north of the hematite ridge (refer Figure 5).



Figure 4: Paulsens East Hematite Ridge

Optimised Mining Operations and Port Logistics

Strike plans a production schedule of up to 2Mtpa of DSO from Paulsens East over a ~3.5 year LOM, which is underpinned by the Probable Ore Reserve of 6.2Mt (within the current Indicated Mineral Resource of 9.6Mt).

In order to provide a capital efficient ramp up of mining operations and to de-risk any potential port constraints, Strike proposes a two-stage development approach for Paulsens East⁶:

- Stage 1 Production will focus on surface detrital and low strip ratio materials of up to 400,000 tonnes to be shipped through the Utah Point Multi-User Bulk Handling Facility at Port Hedland.
- Stage 2 Production at an annualised rate of up to ~2Mtpa is proposed to transition from Utah Point to Port of Ashburton at Onslow (reducing trucking distance by ~365kms), with Stage 2 ramp-up expected to be partially funded by Stage 1 cash flows.

Stage 1 Production and Export Through Utah Point, Port Hedland

Given the outcropping nature of the high grade Paulsens East hematite ridge (refer Figure 4), which in parts lends itself to a very low strip ratio together with the presence of high-grade surface detrital iron ore (refer Figure 5), it is proposed that initial mining operations focus on these two areas of mineralisation.

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

5 Refer Strike's ASX Announcements dated 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East and 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project

6 Refer Strike's ASX Announcement dated 13 September 2021: Paulsens East Iron Ore Mining Operation Optimised



Figure 5: Paulsens East test pit at eastern end of outcropping hematite ridge with detritals in foreground

Up to 400,000 tonnes of ore will be crushed and screened from these areas to produce DSO Lump and Fines products.

Mining, crushing and screening and haulage operations will be undertaken by specialist contractors with overall supervision and management provided by Strike's 'Owner's Team'.

The detrital ore requires no drill and blast activities and will be undertaken predominantly through very shallow trenching and screening operations.

The processed Lump and Fines products will be trucked from the mine to the Utah Point Multi-User Bulk Handling Facility at Port Hedland (**Utah Point**) for export to customers (in vessels of up to 65,000 tonne capacity). Strike is considering an interim stockpile area in or around Port Hedland where DSO inventory can be accumulated and 'sprinted' to the Utah Point receiving stockpile bunker once a shipment and berth slot has been secured.

Strike has received formal confirmation of capacity allocation from the Pilbara Ports Authority (**PPA**) at Utah Point for 200,000 tonnes per financial year. A formal multi-user access agreement with PPA is pending execution subject to Strike making a 'final investment decision', Strike and PPA finalising a Logistics Plan for haulage into the Utah Point facility and PPA undertaking a site visit to the Paulsens East mine site (once operational), to complete PPA's product approval process⁷.

Production under Stage 1 could deliver up to 400,000 tonnes of export during CY 2022, before Strike transitions to Stage 2 exporting through the Port of Ashburton at Onslow (subject to receipt of necessary port and environmental permits and approvals which are currently underway), which would afford a significantly shorter haulage distance of ~235km, compared with ~600km to Utah Point.²

Stage 1 will operate with minimum capital expenditure and fixed infrastructure.

⁷ Refer also Strike's ASX Announcement dated 28 October 2021: Export Allocation Received for Paulsens East

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

Strike Resources Limited (ASX:SRK) 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 Iron Ore Project in Peru where it has commenced exporting "Apurimac Premium Lump" DSO product of ~65% Fe. Strike has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was spun-out of Strike under a \$9m IPO in May 2021. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

JORC CODE COMPETENT PERSON'S STATEMENT

(a) The information in this document that relates to **Mineral Resources** (Hematite Ridge and Detritals) **and related Exploration Results/Exploration Targets** (as the case may be, as applicable) in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcements made by Strike Resources Limited on:

- 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs;
- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns; and
- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project.

The information in the original announcements that relates to these Mineral Resources and related Exploration Results (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Philip Jones (BAppSc (Geol), MAIG, MAusIMM), who is a Member of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). Mr Jones is an independent contractor to Strike Resources Limited. Mr Jones 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 '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 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 announcements.

(b) The information in this document that relates to **Ore Reserves** 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:

- 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs; and
- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns.

The information in the original announcements that relates to these Ore Reserves is based on and fairly represents information and supporting documentation compiled by Mr Harry Warries (MSc – Mine Engineering, FAusIMM), who is a Fellow of AusIMM. Mr Warries is the Principal of Mining Focus Consultants Pty Ltd, a Consultant to Strike Resources Limited. Mr Warries 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 announcements.

- (c) The information in this document that relates to **Other Exploration Results and related Exploration Targets** (as the case may be, as applicable) is extracted from the following ASX market announcements made by the Strike Resources Limited on:
- 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East;
 - 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project; and
 - 4 December 2019: High Grade Results Located 1.6km from 9.6Mt Resource at Paulsens East;

The information in the original announcements that relate to these Other Exploration Results and related Exploration Targets (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Hem Shanker Madan (Honours and Masters Science degrees in Applied Science), who is a Member of AusIMM. Mr Madan is an independent contractor to Strike Resources Limited and was formerly the Managing Director (September 2005 to March 2010) and Chairman (March 2010 to February 2011) of Strike Resources Limited. Mr Madan 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 (referred to above). 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 announcements (referred to above).

The Strike ASX market announcements referred to above may be viewed and downloaded from the Company's website: www.strikeresources.com.au or the ASX website: www.asx.com.au under ASX code "SRK".

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 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.

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. Strike 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. Strike does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.