FULL YEAR REPORT

Directors' Report
Auditor's Independence Declaration
Financial Report
Auditor's Report

30 JUNE 2022

ASX Code: SRK

Strike Resources Limited
A.B.N. 94 088 488 724

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CORPORATE DIRECTORY

BOARD

Farooq Khan	Chairman
William Johnson	Managing Director
Victor Ho	Director
Malcolm Richmond	Non-Executive Director
Matthew Hammond	Non-Executive Director

COMPANY SECRETARY

Victor Ho
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PRINCIPAL AND REGISTERED OFFICE

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ASX CODE

SRK

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DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited ABN 94 088 488 724 (**Company** or **SRK**) and its controlled entities (the **Consolidated Entity** or **Strike**) for the financial year ended 30 June 2022 (**Balance Date**).

SRK is a company limited by shares that was incorporated in Western Australia and has been listed on the Australian Securities Exchange (**ASX**) since 7 March 2000 (ASX Code: SRK).

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being wholly owned subsidiaries.

PRINCIPAL ACTIVITIES

Strike Resources Limited is an ASX listed resource company whose principal activities during the financial year were:

- the development of the Paulsens East Iron Ore Project in Western Australia;
- the development of a small-scale direct shipping iron ore (DSO) operation in relation to the Apurimac Iron Ore Project in Peru; and
- the evaluation of a larger-scale development of the Apurimac Iron Ore Project in Peru.

OPERATING RESULTS

Consolidated	June 2022 $	June 2021 $
Total revenue	194,137	6,767,700
Total expenses	(4,783,628)	(2,907,825)
Profit/(Loss) before tax	(4,589,491)	3,859,875
Income tax expense	-	-
Profit/(Loss) after tax	(4,589,491)	3,859,875

CASH FLOWS

Consolidated	June 2022 $	June 2021 $
Net cash flow from operating activities	(1,929,893)	(4,659,296)
Net cash flow from investing activities	(6,397,573)	(401,342)
Net cash flow from financing activities	5,545,802	8,540,721
Net change in cash held	(2,781,664)	3,480,083
Effect of exchange rate changes on cash held	538,700	(271,732)
Cash held at year end	4,206,548	6,449,512

DIRECTORS' REPORT

FINANCIAL POSITION

Consolidated	June 2022 $	June 2021 $
Cash	4,206,548	6,449,512
Financial assets at fair value through profit or loss	864	238,061
Inventory	95,543	1,353,363
Exploration and expenditure	-	3,438,629
Mine development	9,890,168	-
Investment in Associate entity	5,540,968	6,532,439
Receivables	1,220,039	207,242
Other assets	664,636	416,746
Liabilities	(9,497,707)	(2,163,115)
Net assets	**12,121,060**	**16,472,877**
Issued capital	159,420,982	159,420,982
Reserves	39,713,171	21,657,827
Accumulated losses	(187,013,093)	(164,605,932)
Total equity	**12,121,060**	**16,472,877**

REVIEW OF OPERATIONS

Paulsens East Iron Ore Project (Pilbara, Western Australia) (Strike – 100%)

The Paulsens East Iron Ore Project (**Paulsens East**) is located in the Pilbara region of Western Australia, ~235km by road east of Onslow (and Port of Ashburton) and ~600km by road south of Port Hedland.

Strike has commenced Paulsens East Stage 1 Production, which involves the mining of surface detrital material and crushing, screening and Ore Sorter processing to produce Paulsens East Lump direct shipping iron ore (**DSO**) (grading 62% Fe), with road train haulage to the Utah Point Multi-User Bulk Handling Facility (**Utah Point**) at Port Hedland for export.

Paulsens East Stage 2 Development will involve the conventional open pit mining of the Paulsens East hematite ridge, ramping up to an annualised production rate of up to ~1.8 Mtpa, with road train haulage to and export (via transhipment operations) through the Port of Ashburton near Onslow, where the Department of Water and Environmental Regulation (**DWER**) has granted a Works Approval under the *Environmental Protection Act 1986* for the export of up to 1.8 Mtpa of iron ore.

Strike has secured a US$7.2 million (~A$10 Million) project finance loan facility (**Facility**) with Good Importing International Pty Limited (**GII**), to fund the commencement of Stage 1 Production.

Strike has completed its maiden export of DSO from Paulsens East, with 66,618 tonnes shipped on MV Cepheus Ocean to China in September 2022.

The specifications of this first shipment of Paulsens East Lump DSO is as follows:

Fe	SiO_2	Al_2O_3	P	S	LOI	Moisture
61.96%	5.66%	2.86%	0.077%	0.008%	2.17%	2.32%

Strike has determined to pause on further shipments from Utah Point given current market conditions – in particular, taking into account the low benchmark iron ore price relative to prices earlier in the year, together with rising input costs (eg. diesel fuel) adversely impacting operating margins. Strike continues to review market conditions and in particular the forward benchmark pricing for iron ore and will make further shipments to Utah Point if iron ore pricing and market conditions meet the Company's internal thresholds.

Strike continues to advance the development of an export solution through the Port of Ashburton, which has the potential to significantly improve the economics at Paulsens East and thus will play an important part in any decision to restart operations at Paulsens East.

DIRECTORS' REPORT

For further details, please refer to Strike's announcements on the Paulsens East Iron Ore Project during the financial year and subsequent to balance date:

- 30 August 2022: First Export Shipment of Paulsens East Lump Iron Ore and Future Operations
- 25 August 2022: Maiden Shipment of Paulsens East Lump Iron Ore and Operational Update
- 1 August 2022: Maiden 68,000 Tonne Shipment of Paulsens East Lump Iron Ore
- 27 July 2022: Environmental Works Approval Received for Ashburton Port
- 21 June 2022: Port Access Finalised, First Iron Ore Shipment From Paulsens East Targeted for July
- 2 May 2022: Paulsens East Iron Ore - Production Update
- 14 April 2022: Contractors Mobilise to Commence Production at Paulsens East and Draw-Down under Loan Facility
- 14 March 2022: Development Underway at Paulsens East Iron Ore Project as Construction of Haulage Road Begins
- 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project
- 4 February 2022: Updated Paulsens East Feasibility Study - Optimised Staged Production and Lower Capex and Opex Costs
- 28 October 2021: Export Allocation Received for Paulsens East
- 13 September 2021: Paulsens East Iron Ore Mining Operations Optimised
- 2 August 2021: Mining Proposal Approved by DMIRS for Paulsens East Iron Ore Mine

Apurimac Iron Ore Project (Peru) (Strike – 100%)

The 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.[1] Over A$50 million has been invested by Strike since 2005 on acquisition, exploration, study and operational costs relating to its Peru assets, including a Pre-Feasibility Study completed in 2008[2] and updated in 2010[3] on the Apurimac Project.

Strike has been mining high-grade surface deposits of DSO material from Apurimac via the process of engagement of local miners who are permitted, under Peruvian mining legislation, to mine up to ~125,000 tonnes per annum of iron ore from a specific portion of a mining concession.

Strike has completed two shipments (to Chinese and South American Steel Mills) of high-grade (+65% Fe) Apurimac Premium Lump DSO during the financial year.

Strike notes that the Offtake Agreement with GII[4] (pursuant to which the first shipment was undertaken) is on a CFR basis (where Strike bears the cost of shipment). As such, subsequent shipments to China will be subject to negotiation of an acceptable price with GII and securing a ship charter on terms acceptable to Strike.

Strike's second shipment to a South American steel mill was made on an FOB basis (where the buyer is responsible for the shipment cost) with a competitive market price calculated by reference to the high grade nature of the Apurimac Lump DSO ore. This shipment was successfully used by the buyer as an industrial trial for their steel manufacturing facility. Subsequent shipments to the South American steel mill are subject to negotiation of an acceptable price (referenced to a benchmark iron ore price) and Strike securing sufficient working capital to fund production to this end.

1 Refer SRK ASX Announcement 19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard
2 Refer SRK ASX Announcement dated 23 July 2008: Prefeasibility Results Confirm World Class Prospects in Peru
3 Refer SRK ASX Announcement dated 23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report
4 Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US$2 Million Prepayment

DIRECTORS' REPORT

In August 2021, Strike announced that the Peruvian Prime Minister had confirmed the Peru Government's plans to build a railway (under a public-private partnership scheme) linking among others, Strike's Apurimac Project to the Port of San Juan de Marcona. The Andahuaylas Railway has been the subject of a study by Ferrocarril del Sur (the Southern Railway Study Group) commissioned by the Ministry of Transportation and Communications[5].

During the financial year, Ausenco completed a (high level) review of the 2008 and 2010 pre-feasibility studies and gap and trade-off analyses to identify opportunities to reduce project capex and increase project execution security, taking into account current cost estimates, technology advancements (since 2010) and current/expected market conditions. The commencement of the next stage of works (proposed by Ausenco) to examine in more detail the updated costs associated with a 15 - 20 million tonne per annum production profile of a concentrate product using a slurry pipeline for transport to port will be a function of the competing capital requirements of the Company vis a vis the mining operations at Paulsens East and at Apurimac.

For further details, please refer to Strike's announcements on the Apurimac Iron Ore Project during the financial year and subsequent to balance date:

- 29 October 2021: Second Iron Ore Shipment from Peru Completed
- 21 September 2021: Peru Iron Ore Update and Hedging Position
- 9 September 2021: Second Iron Ore Shipment from Peru
- 31 August 2021: Peruvian Prime Minister Confirms Railway Connecting Strike's Apurimac Project to Port
- 19 August 2021: Maiden Iron Ore Shipment from Peru
- 16 August 2021: Loading of Maiden Iron Ore Shipment Underway in Peru
- 28 July 2021: Maiden Iron Ore Shipment in Peru Imminent

Investment in Lithium Energy Limited (ASX:LEL)

As at 30 June 2022, Strike is the largest shareholder in Lithium Energy with 34,410,000 shares (43.01%) (30 June 2021: 34,410,000 shares; 43.01%) (subject to escrow until 19 May 2023).

Lithium Energy Limited (**Lithium Energy**) (ASX Code: LEL), was admitted to the Official List of ASX on 17 May 2021[6] and commenced quotation 19 May 2021[7], after the successful completion of a $9 million (at $0.20 per share) initial public offering (**IPO**) under a Prospectus (dated 30 March 2021[8]).

Lithium Energy was a spin-out of the battery minerals assets formerly held by Strike; Strike shareholders were given a priority pro-rata entitlement under the Lithium Energy IPO[9].

In September 2022, Lithium Energy issued 15,000,000 shares under a share placement (at an issue price of $1.00 per share).[10] Strike did not participant in this capital raising and accordingly, Strike's interest in Lithium Energy has diluted to 36.22%.[11]

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5 Refer also SRK ASX Announcements dated:
- 8 February 2018: Peru Government Plans Railway Linking Strike's Apurimac Iron Ore Project to Port
- 24 October 2018: Peru Government Awards $13 Million Tender for Andahuaylas Railway Study Linking Strike's Apurimac Iron Ore Project to Port
- 18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium
- 5 December 2019: Railway Project Gathers Momentum in Peru – Positive Outlook for Strike's Apurimac Iron Ore Project

6 Refer LEL's ASX Announcement dated 17 May 2021: ASX Notice – Admission to Official List

7 Refer LEL ASX Announcement dated 19 May 2021: Lithium Energy Limited Commences Trading on ASX

8 Refer LEL ASX Announcement released on 17 May 2021: Prospectus

9 Refer SRK ASX Announcements dated 23 March 2021: Spin-Out of Lithium and Graphite Assets - Lithium Energy Limited IPO and 7 April 2021: Lithium Energy Limited IPO Opens

10 Refer LEL ASX Announcement dated 15 September 2022: $15 Million Capital Raising to Accelerate Drilling at Solaroz Lithium Brine Project in Argentina

11 Refer SRK ASX Announcement dated 23 September 2022: Change of Substantial Holder Shareholder Notice for LEL

DIRECTORS' REPORT

Lithium Energy's flagship Solaroz Brine Lithium Project (LEL:90%) (**Solaroz**) comprises 8 mineral concessions totalling approximately 12,000 hectares, located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. The Solaroz Project is adjacent to two significant Lithium brine assets, being the Olaroz Lithium Facility of Allkem Limited (ASX/TSX:AKE) (formerly Orocobre Limited) (**Allkem**) (under a joint venture with Tokyo Stock Exchange listed Toyota Tsusho Corporation (TYO:8015)) and the advanced Cauchari-Olaroz development project held by Lithium Americas Corporation (TSX/NYSE:LAC) (**Lithium Americas**) (under a joint venture with Ganfeng Lithium). Lithium Energy has established a conceptual Exploration Target[12] for Solaroz, undertaken geophysics across the Solaroz concessions[13] and has recently commenced its maiden drilling programme at Solaroz[14].

Lithium Energy also owns the Burke Graphite Project (LEL:100%) (**Burke**) located in Queensland which contains a high grade graphite deposit[15] and presents the opportunity for the company to participate in the anticipated growth in demand for graphite and graphite related products (including graphene, a key additive for improving performance of lithium-ion batteries). Lithium Energy has announced[16] that it is advancing a drilling programme (with further optimisation via 3D modelling, metallurgy tests and pit optimisation studies) at Burke to upgrade the graphite deposit from a JORC Inferred Mineral Resource to a higher JORC Indicated Mineral Resource category and to test the extent of graphite mineralisation at the Corella tenement identified through the previously conducted ground Electro Magnetic (**EM**) survey[17].

Strike Managing Director, William Johnson, is the Executive Chairman of Lithium Energy and Strike Executive Director, Farooq Khan, is an Executive Director of Lithium Energy.

Further information about Lithium Energy's resource projects and activities are contained in their ASX releases, including as follows:

- 8 September 2022: Annual Report – 2022;
- 1 August 2022: Quarterly Report - 30 June 2022; and
- 11 March 2022: Half Year Report – 31 December 2021.

Information concerning Lithium Energy may be viewed from its website: www.lithiumenergy.com.au
Lithium Energy's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "LEL".

Quarterly Reports

Further information on Strike's activities and operations during the financial year are also contained in Strike's Quarterly Activities and Cash Flow Reports lodged on ASX dated:

- 1 August 2022: Quarterly Report - 30 June 2022
- 2 May 2022: Quarterly Report - 31 March 2022
- 1 February 2022: Quarterly Activities and Cash Flow Report - 31 December 2021
- 29 October 2021: Quarterly Activities and Cash Flow Report - 30 September 2021

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12 Refer LEL ASX Announcement dated 8 June 2021: Substantial Lithium Exploration Target Identified at the Solaroz Project in Argentina

13 Refer LEL ASX Announcement dated 18 August 2022: Highly Encouraging Geophysics Paves Way for Commencement of Drill Testing of Brines at Solaroz

14 Refer LEL ASX Announcements dated 12 September 2022: Landmark Maiden Drilling Programme Commences at the Solaroz Lithium Brine Project in Argentina and 8 September 2022: Rig Mobilising for Landmark Maiden Drilling Programme at Solaroz Lithium Brine Project in Argentina

15 Refer SRK ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits

16 Refer LEL ASX Announcement dated 15 September 2022: $15 Million Capital Raising to Accelerate Drilling at Solaroz Lithium Brine Project in Argentina

17 Refer SRK ASX Announcement dated 26 June 2018: Burke Graphite Project – New Target Area Identified from Ground Electro-Magnetic Surveys

DIRECTORS' REPORT

DIVIDENDS

No dividends have been paid or declared during the financial year.

SECURITIES ON ISSUE

The following securities are on issue as at balance date (30 June 2022):

Class of Security		Quoted on ASX	Unlisted
Fully paid ordinary shares		270,000,000	-
Broker's Options ($0.15, 30 November 2023)[18]		--	1,000,000
Directors' Options ($0.185, 3 December 2023)[19]		-	12,000,000
Broker's Options ($0.33, 3 June 2024)[20]		-	1,000,000
Securities Incentive Plan (**SIP**) Options ($0.185, 14 February 2025)[21]			3,100,000
	Total	**270,000,000**	**17,100,000**

The following options were issued during the financial year:

Class of Unlisted Options	Issue Date	Exercise Price	Expiry Date	Number of options
SIP Options ($0.185, 14 February 2025)[22]	15 February 2022	$0.185	14 February 2025	3,100,000

These SIP Options were issued pursuant to invitations made to various Strike personnel being 'Eligible Participants' under the Company's Securities Incentive Plan (SIP)[23].

The following options lapsed during the financial year, pursuant to their terms of issue:[24]

Class of Unlisted Options	Lapse Date	Exercise Price	Expiry Date	Number of options
SIP Options ($0.21, 23 December 2023)[25]	6 August 2021	$0.21	23 December 2023	1,500,000

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Directors note that during the financial year, the COVID-19 pandemic has had an effect on Strike's operations, particularly in Peru (impacting the Apurimac Iron Ore Project) with a lesser effect in Western Australia (impacting the Paulsens East Iron Ore Project), including but not limited to the consequences of Government imposed (international and national/local) travel restrictions, lockdowns/shutdowns and quarantine requirements. There have been no other significant changes in the state of affairs of Strike, save as otherwise disclosed in this Directors' Report or the financial statements and notes thereto.

18 Refer SRK ASX Announcement dated 25 November 2020: Proposed Issue of Securities

19 Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolutions 6 to 10) dated 20 October 2020 and released on ASX on 4 November 2020 and SRK ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

20 Refer SRK ASX Announcement dated 4 June 2021: Appendix 3G – Notification of Issue of 1M Broker Options

21 Refer SRK ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

22 Refer SRK ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

23 The SIP was approved by shareholders at the Company's AGM held on 4 December 2020; a summary of the SIP is in Annexure A to Strike's Notice of AGM and Explanatory Statement dated 20 October 2020 and released on ASX on 4 November 2020

24 Refer SRK ASX Announcement dated 10 September 2021: Lapse of Unlisted Options

25 Refer SRK ASX Announcement dated 6 January 2021: Appendix 3G – Notification of Issue of 1.5M SIP Options

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

Strike will continue to (subject to, amongst other matters, market conditions, Strike's financial position and commitments and the relative prospects of Strike's resource projects):

- advance the development of the Paulsens East Iron Ore Project in Western Australia;
- advance the development of the small-scale direct shipping iron ore (DSO) operation in relation to the Apurimac Iron Ore Project in Peru; and
- advance the evaluation of the larger-scale development of the Apurimac Iron Ore Project in Peru.

The likely outcomes of these activities depend on a range of technical and economic factors (including underlying commodity prices) and also industry, geographic and other strategy specific issues (including the impacts of health pandemics). In the opinion of the Directors, it is not possible or appropriate to make a prediction on the results of these activities, the future course of markets or the forecast of the likely results of Strike's activities.

ENVIRONMENTAL REGULATION

Strike holds mineral tenements/concession licences issued by the relevant mining and environmental protection authorities of the various countries in which it operates (from time to time). In the course of its mineral exploration, evaluation and development activities, Strike adheres to licence conditions and environmental regulations imposed upon it by various authorities (as applicable). Strike has complied with all licence conditions and environmental requirements (as applicable) during the financial year and up to the date of this report. There have been no known material breaches of Strike's licence conditions and environmental regulations during the financial year and up to the date of this report.

BOARD OF DIRECTORS

Farooq Khan	**Executive Chairman**
Appointed	18 December 2015; Director since 1 October 2015
Qualifications	BJuris, LLB (*Western Australia*)
Experience	Farooq Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
Special responsibilities	Member of the Audit Committee Member of the Remuneration and Nomination Committee
Relevant Interests in shares and options	1,813,231 shares (held jointly) 3,750,000 Directors' options ($0.185, 3 December 2023)[26]
Other current directorships in listed entities	Executive Chairman of: Orion Equities Limited (ASX:OEQ) (since 23 October 2006) Bentley Capital Limited (ASX:BEL) (since 2 December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (ASX:QUE) (since 10 March 1998) Executive Director of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)
Former directorships in other listed entities in past 3 years	-

26 Refer SRK ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – F Khan

DIRECTORS' REPORT

William Johnson	**Managing Director**
Appointed	25 March 2013; Director since 14 July 2006
Qualifications	MA (*Oxon*), MBA
Experience	William Johnson holds a Masters Degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 36-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.
Special responsibilities	None
Relevant Interests in shares and options	349,273 shares (held jointly) 4,500,000 Directors' options ($0.185, 3 December 2023)[27]
Other current directorships in listed entities	Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009) Executive Chairman of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)
Former directorships in other listed entities in past 3 years	Molopo Energy Limited (former ASX:MPO) (31 May 2018 to 26 May 2021) Keybridge Capital Limited (ASX:KBC) (29 July 2016 to 17 April 2020)

Malcolm Richmond	**Non-Executive Director**
Appointed	25 October 2006; previously Chairman (3 February 2011 to 18 December 2015)
Qualifications	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (*New South Wales*)
Experience	Mr Richmond has 31 years' experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions; Managing Director, Research and Technology; Managing Director, Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Ltd. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Mr Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies. He is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. His special interests include corporate strategy and the development of markets for internationally traded minerals and metals - particularly in Asia. Mr Richmond served as Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia until January 2012 and is a Fellow of the Australian Academy of Technological Sciences & Engineering, a Fellow of Australian Institute of Mining and Metallurgy and a Member of Strategic Planning Institute (US).
Special responsibilities	Chairman of the Audit Committee Member of the Remuneration and Nomination Committee
Relevant Interests in shares and options	750,000 Directors' options ($0.185, 3 December 2023)[28]
Other current directorships in listed entities	-
Former directorships in other listed entities in past 3 years	Argonaut Resources NL (ASX:ARE) (Non-Executive Director - March 2012 to February 2022)

27 Refer SRK ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – W Johnson

28 Refer SRK ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – M Richmond

DIRECTORS' REPORT

Matthew Hammond	**Non-Executive Director**
Appointed	25 September 2009
Qualifications	BA (Hons) (*Bristol*)
Experience	Mr Hammond was (between 2011 and 2022) the Group Managing Director and CFO of VK Company (formerly Mail.ru Group), a leading European Internet communication and entertainment services group, which is listed on the London Stock Exchange. Prior to that he was Group Strategist for Metalloinvest Holdings, where he had broad-ranging responsibilities for part of the non-core asset portfolio and advised the Metalloinvest Board on strategic acquisitions and investments. He began his career at Credit Suisse and was Sector Head in Equity Research and in Private Bank Ultra High Net Worth Client Advisory advising on portfolio allocation, strategic M&A and individual investments. As a Technology Analyst at Credit Suisse, he was ranked #1 in the Extell and Institutional Investor surveys 8 times.
Special responsibilities	Chairman of the Remuneration and Nomination Committees Member of the Audit Committee
Relevant Interests in shares and options	750,000 Directors' options ($0.185, 3 December 2023)[29]
Other current directorships in listed entities	-
Former directorships in other listed entities in past 3 years	VK Company Limited (LSE:VKCO) (formerly Mail.Ru Group Limited) (Director – May 2010 to March 2022; Managing Director – April 2011 to March 2022; CFO – June 2013 to March 2022)

Victor Ho	**Executive Director and Company Secretary**
Appointed	Director since 24 January 2014; Company Secretary since 30 September 2015
Qualifications	BCom, LLB (*Western Australia*), CTA
Experience	Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 22 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings, resources project (debt) financing, spin-outs/demergers and IPO's/re-listings on ASX and capital management initiatives and has extensive experience in public company administration, corporations' law, ASIC/ASX compliance and investor/shareholder relations.
Special responsibilities	Secretary of Audit Committee and Remuneration and Nomination Committee
Relevant Interests in shares and options	2,250,000 Directors' options ($0.185, 3 December 2023)[30]
Other positions held in listed entities	Executive Director (also Company Secretary) of: Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013) Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004) Company Secretary of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)
Former position in other listed entities in past 3 years	Company Secretary of Keybridge Capital Limited (ASX:KBC) (13 October 2016 to 13 October 2019)

29 Refer SRK ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – M Hammond

30 Refer SRK ASX Announcement dated 20 January 2021: Appendix 3Y – Change of Director's Interest Notice – V Ho

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The following table sets out the numbers of meetings of the Company's Directors held during the financial year (including Directors' circulatory resolutions), and the numbers of meetings attended by each Director of the Company:

Name of Director	Board Meetings Attended	Board Meetings Max. Possible Meetings	Audit Committee Attended	Audit Committee Max. Possible Meetings	Remuneration Committee Attended	Remuneration Committee Max. Possible Meetings
Farooq Khan	21	21	1	1	-	-
William Johnson	21	21	-	-	-	-
Malcolm Richmond	21	21	1	1	-	-
Matthew Hammond	22	22	1	1	-	-
Victor Ho[(a)]	21	21	1	1	-	-

Notes:

(a) Mr Ho attended Audit Committee meetings as Secretary of the Audit Committee

Audit Committee

The Audit Committee comprises Malcolm Richmond (as Chairman), Farooq Khan and Matthew Hammond.

The Audit Committee has a formal charter to prescribe its objectives, duties and responsibilities, access and authority, composition, membership requirements of the Committee and other administrative matters. Its function includes reviewing and approving the audited annual and reviewed half-yearly financial reports, ensuring a risk management framework is in place, reviewing and monitoring compliance issues, reviewing reports from management and matters related to the external auditor.

A copy of the Audit Committee Charter may be downloaded from the Company's website: www.strikeresources.com.au/corporate/corporate-governance/.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee currently comprises Matthew Hammond (as Chairman), Farooq Khan and Malcolm Richmond.

The Remuneration and Nomination Committee has a formal charter to prescribe its purpose, key responsibilities, composition, membership requirements, powers and other administrative matters. The Committee has a:

- Remuneration function - with key responsibilities to make recommendations to the Board on policy governing the remuneration benefits of the Managing Director and Executive Directors, including equity-based remuneration and assist the Managing Director to determine the remuneration benefits of senior management and advise on those determinations; and a
- Nomination function - with key responsibilities to make recommendations to the Board as to various Board matters including the necessary and desirable qualifications, experience and competencies of Directors and the extent to which these are reflected in the Board, the appointment of the Chairman and Managing Director, the development and review of Board succession plans and addressing Board diversity.

A copy of the Remuneration and Nomination Committee Charter may be downloaded from the Company's website: www.strikeresources.com.au/corporate/corporate-governance/.

REMUNERATION REPORT

This Remuneration Report details the nature and amount of remuneration for each Director and Company Executive (being a company secretary or senior manager) (**Key Management Personnel)** of the Company.

The information provided under headings (1) to (8) below has been audited for compliance with section 300A of the *Corporations Act 2001 (Cth)* as required under section 308(3C).

(1) Key Management Personnel disclosed in this report

Name	Current Position	Tenure
Farooq Khan	Chairman	Chairman since 18 December 2015; Director since 1 October 2015
William Johnson	Managing Director	Managing Director since 25 March 2013; Director since July 2006
Victor Ho	Director and Company Secretary	Director since 24 January 2014; Company Secretary since 30 September 2015
Malcolm Richmond	Non-Executive Director	Director since 25 October 2006; Previously, Chairman between 3 February 2011 and 18 December 2015
Matthew Hammond	Non-Executive Director	Since 25 September 2009

(2) Remuneration Policy

The Board (with guidance from the Remuneration and Nomination Committee) determines the remuneration structure of all Key Management Personnel having regard to Strike's strategic objectives, scale and scope of operations and other relevant factors, including experience and qualifications, length of service, market practice (including available data concerning remuneration paid by other listed companies in particular companies of comparable size and nature within the resources sector in which Strike operates), the duties and accountability of Key Management Personnel and the objective of maintaining a balanced Board which has appropriate expertise and experience, at a reasonable cost to the Company.

The Remuneration and Nomination Committee: A purpose of the Committee is to assist the Managing Director and the Board to adopt and implement a remuneration system that is required to attract, retain and motivate the personnel who will enable the Company to achieve long-term success. In carrying out this 'remuneration function', the Committee's key responsibilities are to:

- make recommendations to the Board on the specific benefits to be provided to the Managing Director within the policy
- conduct an annual review of Non-Executive Directors' fees and determining whether the limit on the Non-Executive Directors' fee pool remains appropriate, and
- assist the Managing Director to determine the remuneration (including equity-based remuneration) of 'Senior Management' (being executive direct reports to the Managing Director and other senior employees) and advise on those determinations.

A copy of the Remuneration and Nomination Committee Charter may be downloaded from the Company's website: www.strikeresources.com.au/corporate/corporate-governance/.

Corporate Governance Principles: The Company's Corporate Governance Statement (**CGS**) also addresses matters pertaining to the Board, Senior Management and Remuneration. The latest version of the CGS may be downloaded from the Company's website:
www.strikeresources.com.au/corporate/corporate-governance/.

Company Constitution: The Company's Constitution[31] also contain provisions in relation to the remuneration of the Managing Director, Executive Directors and Non-Executive Directors.

31 Refer SRK ASX Announcement released on 1 February 2006: Constitution

REMUNERATION REPORT

Fixed Cash Short-term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company can be paid a maximum aggregate base remuneration of $500,000[32] per annum inclusive of employer superannuation contributions where applicable, in such quantum and to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel as follows (as at 30 June 2022):

(a) Mr Farooq Khan (Chairman) - a base salary of $175,000 per annum plus employer superannuation contributions;

(b) Mr William Johnson (Managing Director) - a base salary of $300,000 per annum plus employer superannuation contributions;

(c) Mr Victor Ho (Director and Company Secretary) - a base salary of $175,000 per annum plus employer superannuation contributions;

(d) Mr Malcolm Richmond (Non-Executive Director) - a base fee of $45,000 per annum plus employer superannuation contributions; and

(e) Mr Matthew Hammond (Non-Executive Director) - a base fee of $45,000 per annum.

Special Exertions and Reimbursements: Pursuant to the Company's Constitution, each Director is also entitled to receive:

- Payment for reimbursement of all travelling, hotel and other expenses reasonably incurred by a Director for the purpose of attending meetings of the Board or otherwise in and about the business of the Company; and
- In respect of Non-Executive Directors, payment for the performance of extra services or the making of special exertions for the benefit of the Company (at the request of and with the concurrence of the Board).

Short-Term Benefits: Relevant Key Management Personnel have an opportunity to earn annual short-term incentive (**STI**) cash amounts if predefined key performance indicators (**KPI's**) are achieved. The STI/KPI's are reviewed annually (where applicable). The Board has, during the financial year, resolved to pay STI related benefits to the Managing Director and Executive Directors, based on STI KPI's set in the previous financial year - refer 'Details of Remuneration of Key Management Personnel' in Section (4) below. No STI benefits have been set for Key Management Personnel during the financial year.

Long-Term Benefits: The Company does not have any long-term incentive (**LTI**) cash bonus schemes (or equivalent) in place for Key Management Personnel. The Company reserves the right to implement LTI remuneration measures for Key Management Personnel if appropriate in the future.

Equity-Based Benefits: There were no equity-based benefits granted to Key Management Personnel during the financial year. The Company has previously (on 4 December 2020, after receipt of shareholder approval at the Company's AGM) granted a total of 12,000,000 unlisted Directors' Options (each with an exercise price of $0.185, an expiry date of 3 December 2023 and subject to vesting conditions in tranches based on the attainment of defined milestones) to the Directors as part of their remuneration.[33] There were no shares issued as a result of the exercise of options issued to Key Management Personnel during the financial year. The Company may propose the issue of securities to Key Management Personnel in the future (as an equity-based incentive benefit), which will be put to shareholders for approval at that time (as required under the ASX Listing Rules and/or *Corporations Act 2001 (Cth)*, as applicable).

32 As approved by shareholders at the Annual General Meeting held on 25 November 2009; refer Strike's Notice of Annual General Meeting released on ASX on 27 October 2009 and SRK ASX Announcement dated 25 November 2009: Results of Annual General Meeting

33 Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolutions 6 to 10) dated 20 October 2020 and released on ASX on 4 November 2020 and SRK ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

REMUNERATION REPORT

Securities Incentive Plan: The Company adopted a Securities Incentive Plan (the **Plan** or **SIP**), which was approved by shareholders at the Company's AGM held on 4 December 2020. The purpose of the Plan is to:

(a) assist in the reward, retention, and motivation of 'Eligible Participants' (which includes employees, Executive and Non-Executive Directors and contractors – not limited to Key Management Personnel);

(b) link the reward of Eligible Participants to shareholder value creation; and

(c) align the interests of Eligible Participants with shareholders of the Company by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of securities (which includes a share, a right to a share, an option over an issued or unissued security and a convertible security).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of securities in the Company on such terms and conditions as the Board may decide and otherwise pursuant to the rules of the Plan. The maximum number of securities issued under the Plan is limited to 5% of Strike's issued share capital. A summary of the Plan is in Annexure A to the Notice of Annual General Meeting and Explanatory Statement dated 20 October 2020 and released on ASX on 4 November 2020.

The Company has granted a total of 3,100,000 unlisted SIP Options (each with an exercise price of $0.185, an expiry date of 14 February 2025 and subject to vesting conditions in tranches based on the attainment of defined milestones) to personnel (not Key Management Personnel) as part of their remuneration, during the financial year.[34]

Post-Employment Benefits: The Company does not presently provide retirement benefits to Key Management Personnel. The Company notes that shareholder approval is required where a Company proposes to make a "termination payment" (for example, a payment in lieu of notice, a payment for a post-employment restraint and payments made as a result of the automatic or accelerated vesting of share based payments) in excess of one year's "base salary" (defined as the average base salary over the previous 3 years) to a director or any person who holds a managerial or executive office.

Performance-Related Benefits and Financial Performance of Company: Save for any applicable STI(s), LTI(s) or equity-based benefits that may be provided to Key Management Personnel, the remuneration of Key Management Personnel is fixed, is not dependent on the satisfaction of a performance condition and is unrelated to the Company's performance.

In considering the Company's performance and its effects on shareholder wealth, Directors have had regard to the data set out below for the latest financial year and the previous four financial years.

	2022	2021	2020	2019	2018
Profit/(Loss) Before Income Tax	(4,589,491)	3,859,875	(1,401,713)	(1,875,093)	(681,614)
Basic Earnings/(Loss) per share (cents)	(1.70)	1.66	(0.83)	(1.22)	(0.47)
Dividends Paid (total)	-	-	-	-	-
Dividends Paid (per share)	-	-	-	-	-
Capital Returns Paid (total)	-	-	-	-	-
Capital Returns Paid (per share)	-	-	-	-	-
VWAP Share Price on ASX for financial year ($)	0.17	0.176	0.051	0.074	0.066
Closing Bid Share Price on ASX at 30 June ($)	0.11	0.265	0.045	0.045	0.053

34 Refer SRK ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

REMUNERATION REPORT

(3) Employment Agreements

Details of the material terms of employment agreements entered by the Company with Key Management Personnel are as follows:

Key Management Personnel and Position Held	Relevant Date(s)	Current Base Remuneration	Other Current Terms
William Johnson (Managing Director)	22 April 2013 (date of employment agreement) 11 March 2013 (commencement date) 1 January 2021 (date of effect of current remuneration)	$300,000 plus employer superannuation contributions (10% of base salary for 2021/22 and 10.5% from 1 July 2022)	• No fixed term or fixed rolling terms of service. • Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. • Six month's notice of termination by executive. Company may terminate without notice with payment of six month's salary. Immediate termination without notice and without payment in lieu of notice if executive commits any serious act of misconduct. • Save with the agreement of the Board, permitted to be a Non-Executive Director of no more than 2 public companies provided that it does not compromise ability to devote the care and attention to the Company's affairs required by the position. • Entitlement to cash STI payments as set by the Board.
Farooq Khan (Executive Chairman)	25 January 2021 (date of executive employment agreement) 18 December 2015 (commencement date) 1 January 2021 (date of effect of current remuneration)	$175,000 plus employer superannuation contributions (10% of base salary for 2021/22 and 10.5% from 1 July 2022)	• No fixed term or fixed rolling terms of service. • Commitment to a minimum prescribed hours per week over the course of a 5 day working week plus reasonable additional time required by the Company. • Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. • Six month's notice of termination by the Company (or payment of six month's salary in lieu thereof) and one month's notice by executive. Immediate termination without notice if executive commits any act of serious misconduct. Employment terminates upon cessation as officer of the Company, with entitlement to payment of six month's salary(save for voluntary resignation or immediate termination for serious misconduct). • Permitted to continue as a Director of other existing ASX-listed companies – concurrent role as Director of any other company is not prohibited if it does not interfere with the proper performance of duties. • Entitlement to performance-related cash bonuses as agreed with the Company from time to time.
Victor Ho (Executive Director and Company Secretary)	25 January 2021 (date of executive employment agreement) 30 September 2015 (commencement date) 1 January 2021 (date of effect of current remuneration)	$175,000 plus employer superannuation contributions (10% of base salary for 2021/22 and 10.5% from 1 July 2022)	• No fixed term or fixed rolling terms of service. • Commitment to a minimum prescribed hours per week over the course of a 5 day working week plus reasonable additional time required by the Company. • Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. • Six month's notice of termination by the Company (or payment of six month's salary in lieu thereof) and one month's notice by executive. Immediate termination without notice if executive commits any act of serious misconduct. Employment terminates upon cessation as officer of the Company, with entitlement to payment of six month's salary(save for voluntary resignation or immediate termination for serious misconduct). • Permitted to continue as a Director/Company Secretary of other existing ASX-listed companies – concurrent role as Director/Company Secretary of any other company is not prohibited if it does not interfere with the proper performance of duties. • Entitlement to performance-related cash bonuses as agreed with the Company from time to time.

REMUNERATION REPORT

(4) Details of Remuneration of Key Management Personnel

Details of the nature and amount of each element of remuneration of each Key Management Personnel paid or payable by the Company during the financial year are as follows:

2022		Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity-Based Benefits	
Key Management Personnel	Performance-related %	Cash salary and fees $	STI benefits $	Superannuation $	Long service leave $	Shares & options $	Total $
Directors:							
William Johnson	23%	300,000	90,000	39,000	-	-	429,000
Farooq Khan	23%	175,000	52,500	22,750	-	-	250,250
Malcolm Richmond	-	37,500	-	3,750	-	-	41,250
Matthew Hammond	-	45,000	-	-	-	-	45,000
Victor Ho (also Company Secretary)	23%	175,000	52,500	22,750	-	-	250,250

2021		Short-term Benefits		Post-Employment Benefits	Other Long-term Benefits	Equity-Based Benefits	
Key Management Personnel	Performance-related %	Cash salary and fees $	STI benefits $	Superannuation $	Long service leave $	Shares & options $	Total $
Directors:							
William Johnson	-	254,000	-	24,130	-	-	278,130
Farooq Khan	-	127,500	-	12,112	-	-	139,612
Malcolm Richmond	-	30,000	-	2,850	-	-	32,850
Matthew Hammond	-	30,000	-	-	-	-	30,000
Victor Ho (also Company Secretary)	-	135,000	-	12,825	-	-	147,825

(5) Other Benefits Provided to Key Management Personnel

No Key Management Personnel has during or since the end of the financial year, received or become entitled to receive a benefit, other than a remuneration benefit as disclosed above, by reason of a contract made by the Company or a related entity with the Director or with a firm of which he is a member, or with a Company in which he has a substantial interest.

(6) Securities held by Key Management Personnel

The number of securities in the Company held by Key Management Personnel is set below:

Shares

Key Management Personnel	Balance at 30 June 2021	Received as part of remuneration	Net Other Change	Balance at 30 June 2022
Farooq Khan	1,813,231	-	-	1,813,231
William Johnson	349,273	-	-	349,273
Victor Ho	-	-	-	-
Malcolm Richmond	-	-	-	-
Matthew Hammond	-	-	-	-

REMUNERATION REPORT

Directors' Options ($0.21, 3 December 2023)

Key Management Personnel	Balance at 30 June 2021	Received as part of remuneration	Net Other Change	Balance at 30 June 2022
Farooq Khan	3,750,000	-	-	3,750,000
William Johnson	4,500,000	-	-	4,500,000
Victor Ho	2,250,000	-	-	2,250,000
Malcolm Richmond	750,000	-	-	750,000
Matthew Hammond	750,000	-	-	750,000

Notes:

(a) The Directors' Options were granted on 4 December 2020 (after receipt of shareholder approval at the Company's AGM held on 4 December 2020[35]), each with an exercise price of $0.21, an expiry date of 2 December 2023 and are subject to vesting conditions.

(b) The terms and conditions of the Directors' Options are set out in Annexure B to Strike's Notice of Annual General Meeting and Explanatory Statement dated 20 October 2020 and released on ASX on 4 November 2020.

(c) The disclosures of holdings above are in accordance with the accounting standards which require disclosure of securities held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).

(7) Engagement of Remuneration Consultants

The Company has not engaged any remuneration consultants to provide remuneration recommendations in relation to Key Management Personnel during the financial year. The Board has established a policy for engaging external Key Management Personnel remuneration consultants which includes, inter alia, that the Non-Executive Directors on the Remuneration Committee be responsible for approving all engagements of and executing contracts to engage remuneration consultants and for receiving remuneration recommendations from remuneration consultants regarding Key Management Personnel. Furthermore, the Company has a policy that remuneration advice provided by remuneration consultants be quarantined from Management (who are not Directors) where applicable.

(8) Voting and Comments on the Remuneration Report at the 2021 AGM

At the Company's most recent (2021) AGM, a resolution to adopt the prior year (2020) Remuneration Report was put to a vote and passed unanimously on a show of hands with the proxies received also indicating majority (98.77%) support in favour of adopting the Remuneration Report.[36] No comments were made on the Remuneration Report at the 2021 AGM.

This concludes the audited Remuneration Report.

35 Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolutions 6 to 10) dated 20 October 2020 and released on ASX on 4 November 2020 and SRK ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

36 Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolution 3) dated 25 October 2021 and released on ASX on 25 October 2021 and SRK ASX Announcements dated 25 November 2021: Results of 2021 Annual General Meeting

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

The Company insures Directors and Officers against liability they may incur in respect of any wrongful acts or omissions made by them in such capacity (to the extent permitted by the *Corporations Act 2001 (Cth)*) (**D&O Policy**). Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

DIRECTORS' AND OFFICERS' DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the *Corporations Act 2001 (Cth)*), the Company has also entered into a deed with each of the Directors and the Company Secretary (**Officer**) to regulate certain matters between the Company and each Officer, both during the time the Officer holds office and after the Officer ceases to be an officer of the Company, including the following matters:

- The Company's obligation to indemnify an Officer for liabilities or legal costs incurred as an officer of the Company (to the extent permitted by the *Corporations Act 2001 (Cth)*); and
- Subject to the terms of the deed and the *Corporations Act 2001 (Cth)*, the Company may advance monies to the Officer to meet any costs or expenses of the Officer incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of any legal proceedings brought against the Officer.

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of such proceedings. The Company was not a party to any such proceedings during and since the financial year.

AUDITORS

Details of the amounts paid or payable to the Auditors for audit and non-audit services provided during the financial year are set out below:

Auditor	Audit & Review Fees $	Non-Audit Services $	Total $
Rothsay Auditing	11,000	-	11,000
Rothsay Audit & Assurance Pty Ltd	20,000	-	20,000

On 9 August 2022, Rothsay Audit & Assurance Pty Ltd were appointed the Company's Auditor, following the resignation of the firm of 'Rothsay Auditing' and receipt of ASIC's consent to that resignation.[37]

Rothsay Auditing completed the review of Strike for the half year ended 31 December 2021. Rothsay Audit & Assurance Pty Ltd completed the audit of Strike for the financial year ended 30 June 2022.

Rothsay Auditing and Rothsay Audit & Assurance Pty Ltd did not provide any non-audit services during the financial year.

Rothsay Audit & Assurance Pty Ltd continues in office in accordance with section 327C of the *Corporations Act 2001 (Cth)*.

37 Refer SRK Announcement dated 9 August 2022: Change of Auditors

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 20. This relates to the Auditor's Report, where the Auditors state that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report or the financial statements or notes thereto (in particular Note 26), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

Signed for and on behalf of the Directors in accordance with a resolution of the Board,

Farooq Khan
Executive Chairman

William Johnson
Managing Director

29 September 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the audit of Strike Resources Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Strike Resources Limited and the entities it controlled during the year.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

29 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Note	2022	2021
REVENUE	**2**	**$**	**$**
Sales of iron ore		9,642,676	-
Cost of goods sold		(9,473,269)	-
		169,407	**-**
Other			
Gain on disposal of subsidiaries		-	6,636,858
Net gain on financial assets at fair value through profit or loss		16,973	73,978
Dividend revenue		4,851	2,066
Interest revenue		1,190	4,133
Other income		1,716	50,665
TOTAL REVENUE AND INCOME		**194,137**	**6,767,700**
EXPENSES	**3**		
Share of Associate entity's net loss		(991,471)	(350,061)
Mining expenses			
Mining production expenses		(440,084)	-
Exploration and evaluation expenses		-	(78,693)
Impairment reversal		-	635,912
Personnel expenses		(2,052,767)	(1,040,206)
Share-based payments		-	(761,502)
Corporate expenses		(519,860)	(703,729)
Occupancy expenses		(182,556)	(64,005)
Finance expenses		(93,874)	(11,567)
Foreign exchange gain/(loss)		301,026	(108,944)
Administration expenses		(804,042)	(425,030)
PROFIT/(LOSS) BEFORE INCOME TAX		**(4,589,491)**	**3,859,875**
Income tax expense	**5**	-	-
PROFIT/(LOSS) FOR THE YEAR		**(4,589,491)**	**3,859,875**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax			
Exchange differences on translation of foreign operations		237,674	(162,788)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(4,351,817)**	**3,697,087**
PROFIT/(LOSS) PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted earnings/(loss) per share (cents)	**6**	(1.70)	1.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	**7**	4,206,548	6,449,512
Financial assets at fair value through profit or loss		864	238,061
Inventory	**11**	95,543	1,353,363
Receivables	**10**	1,220,039	207,242
Other current assets		381,081	14,095
TOTAL CURRENT ASSETS		**5,904,075**	**8,262,273**
NON-CURRENT ASSETS			
Investment in Associate entity	**21**	5,540,968	6,532,439
Mine development	**12**	9,890,168	3,438,629
Property, plant and equipment	**13**	283,556	402,651
TOTAL NON-CURRENT ASSETS		**15,714,692**	**10,373,719**
TOTAL ASSETS		**21,618,767**	**18,635,992**
CURRENT LIABILITIES			
Payables	**14**	2,345,591	2,037,490
Provisions		178,064	125,625
TOTAL CURRENT LIABILITIES		**2,523,655**	**2,163,115**
NON-CURRENT LIABILITIES			
Borrowings	**14**	6,974,052	-
TOTAL NON-CURRENT LIABILITIES		**6,974,052**	**-**
TOTAL LIABILITIES		**9,497,707**	**2,163,115**
NET ASSETS		**12,121,060**	**16,472,877**
EQUITY			
Issued capital	**15**	159,420,982	159,420,982
Reserves			
Profits reserve	**16**	24,402,692	6,585,022
Share-based payments reserve		13,402,658	13,402,658
Foreign currency translation reserve		1,907,821	1,670,147
Accumulated losses		(187,013,093)	(164,605,932)
TOTAL EQUITY		**12,121,060**	**16,472,877**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital	Share-based payments reserve	Profits reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$	$
BALANCE AT 1 JUL 2020	**151,049,893**	**13,233,026**	**-**	**1,832,935**	**(161,880,785)**	**4,235,069**
Profit for the year	-	-	-	-	3,859,875	3,859,875
Profit reserve transfer			6,585,022		(6,585,022)	-
Other comprehensive income	-	-	-	(162,788)	-	(162,788)
Total comprehensive income for the year	-	-	6,585,022	(162,788)	(2,725,147)	3,697,087
Transactions with owners in their capacity as owners:						
Issue of shares	9,030,461	-	-	-	-	9,030,461
Cost of issued shares	(659,372)	-	-	-	-	(659,372)
Share based payments	-	169,632	-	-	-	169,632
BALANCE AT 30 JUN 2021	**159,420,982**	**13,402,658**	**6,585,022**	**1,670,147**	**(164,605,932)**	**16,472,877**
BALANCE AT 1 JUL 2021	**159,420,982**	**13,402,658**	**6,585,022**	**1,670,147**	**(164,605,932)**	**16,472,877**
Loss for the year	-	-	-	-	(4,589,491)	(4,589,491)
Profits reserve transfer	-	-	17,817,670	-	(17,817,670)	-
Other comprehensive income	-	-	-	237,674	-	237,674
Total comprehensive income for the year	-	-	17,817,670	237,674	(22,407,161)	(4,351,817)
BALANCE AT 30 JUN 2022	**159,420,982**	**13,402,658**	**24,402,692**	**1,907,821**	**(187,013,093)**	**12,121,060**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of iron ore		9,642,676	-
Payments to suppliers and employees		(2,514,203)	(1,246,259)
Payments for exploration and evaluation		-	(3,463,702)
Payments for ore extraction		(9,060,082)	-
Other receipts		-	50,000
Other income		1,716	665
NET CASH USED IN OPERATING ACTIVITIES	**7(a)**	**(1,929,893)**	**(4,659,296)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,190	4,133
Dividends received		4,851	2,066
Payments for mine development		(6,451,539)	-
Payment for purchases of mining equipment		(191,861)	(407,541)
Payment for purchases of office equipment		(18,761)	-
Proceeds from disposal of office equipment		4,377	-
Proceeds from realisation of share investments		254,170	-
NET CASH USED IN INVESTING ACTIVITIES		**(6,397,573)**	**(401,342)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Prepayments received - iron ore sale		8,011,088	-
Reversal of prepayments against recognition of iron ore sale		(9,439,338)	-
Loan from third party		6,974,052	-
Issue of shares		-	9,030,461
Cost of issuing shares		-	(489,773)
Issue of options		-	33
NET CASH PROVIDED BY FINANCING ACTIVITIES		**5,545,802**	**8,540,721**
NET INCREASE/(DECREASE) IN CASH HELD		**(2,781,664)**	**3,480,083**
Cash and cash equivalents at beginning of financial year		6,449,512	3,241,161
Effect of exchange rate changes on cash held		538,700	(271,732)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7**	**4,206,548**	**6,449,512**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 30 June 2022

1. ABOUT THIS FINANCIAL REPORT

1.1 Background

This financial report covers the consolidated financial statements of the consolidated entity consisting of Strike Resources Limited (ASX:SRK) (the **Company** or **SRK**), its subsidiaries and investments in associates (the **Consolidated Entity** or **Strike**). The financial report is presented in the Australian currency.

Strike Resources Limited is a company limited by shares incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

These financial statements have been prepared on a streamlined basis where key information is grouped together for ease of understanding and readability. The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity.

Information is considered material and relevant if, for example:

(a) the amount in question is significant because of its size or nature;

(b) it is important for understanding the results of the Consolidated Entity;

(c) it helps to explain the impact of significant changes in the Consolidated Entity's business; or

(d) it relates to an aspect of the Consolidated Entity's operations that may be important to its future performance.

The notes to the financial statements are organised into the following sections:

(a) **Key Performance**: Provides a breakdown of the key individual line items in the statement of Profit or Loss and other comprehensive income that is most relevant to understanding performance and shareholder returns for the year:

Notes
- 2 Revenue
- 3 Expenses
- 4 Segment information
- 5 Tax
- 6 Earnings per share

(b) **Financial Risk Management**: Provides information about the Consolidated Entity's exposure and management of various financial risks and explains how these affect the Consolidated Entity's financial position and performance:

Notes
- 7 Cash and cash equivalents
- 8 Financial risk management
- 9 Fair value measurement of financial instruments

(c) **Other Assets and Liabilities**: Provides information on other balance sheet assets and liabilities that do materially affect performance or give rise to material financial risk:

Notes
- 10 Receivables
- 11 Inventory
- 12 Mine development
- 13 Property, plant and equipment
- 14 Payables

(d) **Capital Structure:** This section outlines how the Consolidated Entity manages its capital structure and related financing costs (where applicable), as well as capital adequacy and reserves. It also provides details on the dividends paid by the Company:

Notes
- 15 Issued capital
- 16 Reserves
- 17 Shared-based payments
- 18 Capital risk management

(e) **Consolidated Entity Structure**: Provides details and disclosures relating to the parent entity of the Consolidated Entity, controlled entities, investments in associates and any acquisitions and/or disposals of businesses in the year. Disclosure on related parties is also provided in the section:

Notes
- 19 Parent entity information
- 20 Investment in controlled entities
- 21 Investment in Associate entity
- 22 Related party transactions

(f) **Other:** Provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered significant in understanding the financial performance or position of the Consolidated Entity:

Notes
- 23 Auditor's remuneration
- 24 Commitments
- 25 Contingencies
- 26 Events occurring after the reporting period

Significant and other accounting policies that summarise the measurement basis used and presentation policies and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

1.2 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001 (Cth).* The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements of the Consolidated Entity comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 30 June 2022

Reporting Basis and Financial Statement Presentation

The financial report has been prepared on a going concern and accrual basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2022 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Strike or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1.4 Comparative Figures

Where required by the Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

1.5 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1.6 Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs

1.7 Leases

At the lease commencement, the Consolidated Entity recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Consolidated Entity believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Consolidated Entity's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Consolidated Entity's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Consolidated Entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Consolidated Entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

1.8 New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not mandatory have not been early adopted. These are not expected to have a material impact on the Consolidated Entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

2. REVENUE

	2022	2021
The Consolidated Entity's operating profit/(loss) before income tax includes the following items of revenue:	$	$
Revenue		
Sales of iron ore	9,642,676	-
Cost of goods sold	(9,473,269)	-
	169,407	**-**
Other		
Gain on disposal of subsidiaries	-	6,636,858
Net gain on financial assets at fair value through profit or loss	16,973	73,978
Dividend revenue	4,851	2,066
Interest revenue	1,190	4,133
Other income	1,716	50,665
	194,137	**6,767,700**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Revenue from contracts of sale with customers

Each iron ore shipment is governed by a sales contract with a customer. The performance obligation under the sale contract is the delivery of iron ore. Revenue from iron ore sales is recognised when control of the iron ore passes to the customer, which generally occurs at a point in time when the iron ore is physically loaded on to a ship for export. This is the point where title in the iron ore passes to the customer, together with significant risks and rewards of ownership. The amount of revenue recognised reflects the sale consideration which the Consolidated Entity expects it is entitled to, in exchange for the iron ore sold. Sale consideration may be recognised based on proceeds received under a provisional invoice (issued after the date of shipment) with a subsequent further receipt/refund payment under a final invoice (issued after the iron ore has been delivered to the customer at the discharge port).

(ii) Sale of financial assets and other goods and assets

Revenue from the sale of financial assets, and other goods/assets is recognised when the Consolidated Entity has passed control of the financial assets and other goods/assets to the buyer.

(iii) Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(iv) Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established. The Consolidated Entity brings dividend revenue to account on the applicable ex-dividend entitlement date.

(v) Other revenues

Other revenues are recognised on an accruals basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

3. EXPENSES

The Consolidated Entity's operating profit/(loss) before income tax includes the following items of expenses:

	2022 $	2021 $
Share of Associate entity's net loss	991,471	350,061
Mine development expenses		
Mining production expenses	440,084	-
Exploration and evaluation expenses	-	78,693
Impairment loss/(reversal)	-	(635,912)
Personnel expenses		
Salaries, fees and employee benefits	2,052,767	1,040,206
Share-based payments	-	761,502
Corporate expenses		
Professional fees	182,306	350,141
ASX and CHESS fees	51,865	84,303
ASIC fees	7,957	12,061
Accounting, taxation and related administration	225,927	185,079
Audit	31,000	26,000
Share registry	17,348	25,253
Other corporate expenses	3,457	20,892
Occupancy expenses	182,556	64,005
Finance expenses	93,874	11,567
Foreign exchange loss/(gain)	(301,026)	108,944
Administration expenses		
Insurance	97,336	44,428
Office administration	74,243	56,605
Travel, accommodation and incidentals	18,954	12,002
Depreciation	325,340	9,049
Other administration expenses	288,169	302,946
	4,783,628	**2,907,825**

Accounting policy

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains or losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or operating expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

4. SEGMENT INFORMATION

2022	Peru $	Australia $	Total $
Revenue	9,642,676	-	9,642,676
Other	-	24,730	24,730
Total segment revenues and other income	**9,642,676**	**24,730**	**9,667,406**
Cost of goods sold	9,473,269	-	9,473,269
Share of Associate entity's net loss	-	991,471	991,471
Mine development expenses	159,352	280,732	440,084
Personnel expenses	155,090	1,897,677	2,052,767
Corporate expenses	192,027	327,833	519,860
Finance expenses	8,504	85,370	93,874
Depreciation expense	-	325,340	325,340
Other expenses	179,979	180,253	360,232
Total segment profit/(loss)	**(525,545)**	**(4,063,946)**	**(4,589,491)**
Adjusted EBITDA	**(525,545)**	**(3,662,051)**	**(4,187,596)**
Total segment assets	**560,726**	**21,058,041**	**21,618,767**
Total segment liabilities	**155,612**	**9,342,095**	**9,497,707**

2021	Argentina $	Peru $	Australia $	Total $
Revenue	-	-	4,133	4,133
Other	665	-	6,762,902	6,763,567
Total segment revenues	**665**	**-**	**6,767,035**	**6,767,700**
Share of Associate entity's net loss	-	-	350,061	350,061
Exploration and evaluation expenses	-	17,445	(574,664)	(557,219)
Personnel expenses	-	-	1,801,708	1,801,708
Corporate expenses	1,841	76,603	625,285	703,729
Finance expenses	79	6,827	4,661	11,567
Depreciation expense	-	11	9,038	9,049
Other expenses	(24,293)	333,267	279,956	588,930
Total segment loss	**23,038**	**(434,153)**	**4,270,990**	**3,859,875**
Adjusted EBITDA	23,038	**(434,164)**	**4,261,952**	**3,850,826**
Total segment assets	-	**1,603,676**	**17,032,316**	**18,635,992**
Total segment liabilities	-	**129,344**	**2,033,771**	**2,163,115**

Accounting policy
The operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director. The Managing Director is responsible for allocating resources and assessing performance of the operating segments and has considered the business and geographical perspectives of the operating results and determined that the Consolidated Entity operated only in Australia and Peru during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

5. TAX

	2022	2021
(a) The components of tax expense comprise:	**$**	**$**
Current tax	-	-
Deferred tax	-	-
	-	-
(b) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on operating loss before income tax at 25% (2021: 26%)	(1,147,372)	1,003,567
Adjust tax effect of:		
Non-deductible expenses	12,038	14,059
Movement in unrecognised temporary differences	-	1,287
Current year tax losses not recognised	1,135,334	-
Prior year tax losses recognised	-	(1,018,913)
Income tax attributable to entity	-	-
(c) Unrecognised deferred tax balances		
Unrecognised deferred tax asset - revenue losses	8,551,494	4,600,750
Unrecognised deferred tax asset - other	3,852,919	4,007,036
	12,404,413	**8,607,786**

Critical accounting judgement and estimate
Deferred tax assets have not been recognised as, in the Directors' opinion, it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits. The utilisation of revenue and capital tax losses are subject to compliance with taxation legislation.

Accounting policy
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

5. TAX (continued)

Accounting policy (continued)
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

6. EARNINGS/(LOSS) PER SHARE

	2022	2021
	cents	**cents**
Basic and diluted earnings/(loss) per share	(1.70)	1.66

The following represents the earnings/(loss) and weighted average number of shares used in the EPS calculations:

Net profit/(loss) after income tax	(4,589,491)	3,859,875
	Shares	**Shares**
Weighted average number of ordinary shares	270,000,000	232,058,583

Accounting policy
Basic earnings/loss per share is determined by dividing the operating result after income tax by the weighted average number of ordinary shares on issue during the financial period.

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings/loss per share that will probably arise from the exercise of options outstanding during the financial period.

7. CASH AND CASH EQUIVALENTS

	2022	2021
	$	**$**
Cash at bank	4,206,548	5,314,320
Term deposits	-	1,135,192
	4,206,548	**6,449,512**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

7. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation of operating profit/(loss) after income tax to net cash used in operating activities	2022 $	2021 $
Profit/(Loss) after income tax	**(4,589,491)**	**3,859,875**
Add non-cash items:		
Depreciation	325,340	9,049
Share of Associate entity's net loss	991,471	350,061
Impairment/(reversal) of Mine development	-	(635,912)
Unrealised movement in financial assets	11,705	(74,578)
Adjustment for movement in foreign exchange	(301,026)	108,941
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss	(28,679)	(6,879,400)
Receivables	(1,018,838)	(155,946)
Other current assets	(366,986)	(8,262)
Investment in Associate entity	-	(2,500)
Inventory	1,257,820	(3,139,367)
Payables	1,659,808	1,793,079
Provisions	52,439	115,664
Loan from third party	76,544	-
	(1,929,893)	**(4,659,296)**

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

8. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial instruments consist of deposits with banks, receivables and payables. The Consolidated Entity's financial instruments are subject to market (which includes interest rate and foreign exchange risk), credit and liquidity risks.

The Board is responsible for the overall internal control framework (which includes risk management) but no cost-effective internal control system will preclude all errors and irregularities. The system is based, in part, on the appointment of suitably qualified management personnel. The effectiveness of the system is continually reviewed by management and at least annually by the Board.

The financial receivables and payables of the Consolidated Entity in the table below are due or payable within 30 days. The Consolidated Entity holds the following financial assets and liabilities:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. FINANCIAL RISK MANAGEMENT (continued)

	Note	2022 $	2021 $
Cash and cash equivalents	7	4,206,548	6,449,512
Financial assets at fair value through profit or loss		864	238,061
Receivables	10	1,220,039	207,242
		5,427,451	**6,894,815**
Payables	14	(2,345,591)	(2,037,490)
Net financial assets		**3,081,860**	**4,857,325**

(a) Market risk

Market risk is the risk that the fair value and/or future cash flows from a financial instrument or asset will fluctuate as a result of changes in market factors. Market risk comprises of foreign exchange risk from fluctuations in foreign currencies and interest rate risk from fluctuations in market interest rates.

(i) Commodity price risk

The Consolidated Entity is exposed to commodity price risk whereby fluctuations in the prices of commodities (i.e. iron ore), driven by market factors, can affect its financial performance. Volatile fluctuations in commodity prices creates significant business challenges that affects credit availability, production costs and product pricing. This price volatility creates an imperative for the Consolidated Entity to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability.

(ii) Foreign exchange risk

The Consolidated Entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Peruvian Nuevo Soles. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Consolidated Entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Consolidated Entity has a policy of generally not hedging foreign exchange risk and therefore has not entered into any hedging against movements in foreign currencies against the Australian dollar, including forward exchange contracts, as at the reporting date and is currently fully exposed to foreign exchange risk. The Consolidated Entity's exposure to foreign exchange risk expressed in US dollars at the reporting date are as follows:

	2022 USD	2021 USD
Cash and cash equivalents	2,545,620	975,041
Loan from third party	(5,053,822)	-
Payables	(107,465)	(97,008)
Net financial assets/(liabilities)	(2,615,667)	878,033

The Consolidated Entity has performed a sensitivity analysis on its exposure to exchange risk. Management's assessment is based upon an analysis of current and future market positions. The analysis (below) demonstrates the effect on the current year results and equity if the Australian dollar strengthened or declined by 10% against the foreign currency detailed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

8. FINANCIAL RISK MANAGEMENT (continued)

(ii) Foreign exchange risk (continued)

	Impact on post-tax profit		Impact on equity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Increase 10%	(261,567)	87,803	(261,567)	87,803
Decrease 10%	261,567	(87,803)	261,567	(87,803)

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate of the cash at bank for the year for the table below is 0.1% (2021: 0.1%).

The table (below) illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates based on observation of current market conditions. The calculations are based on a change in the average market interest rate and the financial instruments that are sensitive to changes in interest rates.

	Impact on post-tax profit		Impact on equity	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Increase by 25bps	10,516	16,124	10,516	16,124
Decrease by 25bps	(10,516)	(16,124)	(10,516)	(16,124)

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Consolidated Entity has a loan with a third party (refer to Note 14) which has a maturity obligation of more than 12 months. The Consolidated Entity's non-cash assets can be realised to meet trade and other payables arising in the normal course of business. The financial liabilities disclosed in the table above have a maturity obligation of not more than 30 days.

(c) Credit risk

Credit risk refers to the risk that a counterparty under a financial instrument will default (in whole or in part) on its contractual obligations resulting in financial loss to the Consolidated Entity. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, including outstanding receivables and committed transactions. Concentrations of credit risk are minimised primarily by management carrying out all market transactions through recognised and creditworthy brokers and the monitoring of receivable balances. The Consolidated Entity's business activities do not necessitate the requirement for collateral as a means of mitigating the risk of financial loss from defaults.

The credit quality of the financial assets are neither past due nor impaired and can be assessed by reference to external credit ratings or to historical information about counterparty default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

8. FINANCIAL RISK MANAGEMENT (continued)

(c) Credit Risk (continued)	2022	2021
Cash and cash equivalents	**$**	**$**
AA-	4,149,288	6,197,897
No external credit rating available	57,260	250,238
	4,206,548	**6,448,135**
Receivables (due within 30 days)		
No external credit rating available	**1,220,039**	**207,242**

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

AASB 13 (Fair Value Measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss:	Level 1	Level 2	Level 3	Total
Listed securities at fair value	$	$	$	$
2022	864	-	-	**864**
2021	238,061	-	-	**238,061**

There have been no transfers between the levels of the fair value hierarchy during the financial year.

(a) Valuation techniques

The fair value of the listed securities traded in active markets is based on closing bid prices at the end of the reporting period. These investments are included in Level 1.

The fair value of any assets that are not traded in an active market are determined using certain valuation techniques. The valuation techniques maximise the use of observable market data where it is available, or independent valuation and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(b) Fair values of other financial assets and liabilities	Note	2022	2021
		$	$
Cash and cash equivalents	7	4,206,548	6,449,512
Receivables	10	1,220,039	207,242
		5,426,587	6,656,754
Payables	14	(2,345,591)	(2,037,490)
		3,080,996	4,619,264

Due to their short-term nature, the carrying amounts of cash, current receivables and current payables is assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

10. RECEIVABLES

	2022	2021
	$	$
Deposits	460,766	-
Other receivables	759,273	207,242
	1,220,039	**207,242**

Risk exposure

The Consolidated Entity's exposure to credit and interest rate risks is discussed in Note 8.

Accounting policy

AASB 9 (Financial Instruments) requires the expected credit loss (ECL) impairment model that requires the Consolidated Entity to adopt an ECL position across the Consolidated Entity's financial assets. The Consolidated Entity's receivables balance comprises deposits, GST refunds from the Australian Tax Office.

At each reporting date, the Consolidated Entity reviews the carrying value of its financial assets based on the ECL model under AASB 9, which proposes three approaches in assessing impairment:

(i) the simplified approach (which will be applied to most trade receivables) which requires the recognition of lifetime ECLs by considering forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates;

(ii) the general approach (which will be applied to most loans and debt securities) whereby ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Consolidated Entity will provide for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance will arise for credit losses expected over the remaining life of exposure, irrespective of the timing of the default; and

(iii) For purchased or originated credit-impaired receivables, the fair value at initial recognition already takes into account lifetime expected losses. At each reporting date, the Consolidated Entity updates its estimated cash flows and adjusts the loss allowance accordingly.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Consolidated Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Consolidated Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Consolidated Entity has not recognised any additional impairment to its current receivables or non-current receivables as a result of the application of AASB 9. This is due to the fact that the Consolidated Entity does not consider that there are any further ECL to the current carrying values of its current receivables or its non-current receivables.

11. INVENTORY

	2022	2021
	$	$
Iron ore	95,543	1,353,363

Iron ore represents stockpiles of iron ore (and ancillary supplies) that has been mined and is available for further processing or sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

11. INVENTORY (continued)

Accounting policy

Recognition and measurement

Ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and comprises mining costs, direct materials, direct labour, haulage, depreciation and an appropriate proportion of overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to effect the sale.

No provision was required to write down Inventory to their recoverable value as at the reporting date. At the reporting date, all Inventory on hand is valued at cost.

Inventory valuation

Accounting for Inventory involves the use of judgements and estimates, particularly related to the measurement and valuation of inventory on hand within the production process. Certain estimates, including expected metal recoveries and work in progress volumes, are calculated by appropriately qualified and experienced personnel using available industry and technical data. Estimates used are periodically reassessed by the Consolidated Entity after considering technical analysis and historical performance. Changes in estimates are adjusted for on a prospective basis.

Net realisable value and classification of Inventory

The assessment of the net realisable value and classification of Inventory involves significant judgements and estimates in relation to timing and cost of processing, commodity prices, recoveries and the likely timing of sale of the inventory. A change in any of these assumptions will alter the estimated net realisable value and may therefore impact the carrying amount of Inventory.

12. MINE DEVELOPMENT	**2022**	**2021**
	$	**$**
Exploration and evaluation expenditure	-	3,438,629
Mine development expenditure	9,890,168	-
	9,890,168	**3,438,629**
Movements in Exploration and evaluation expenditure		
Opening balance	3,438,629	1,016,713
Exploration and evaluation expenditure costs	878,896	1,786,004
Reclassification to Mine development	(4,317,525)	-
Impairment loss/(reversal)	-	635,912
Closing balance	**-**	**3,438,629**
Movements in Mine development expenditure		
Opening balance	**-**	**-**
Reclassification from Exploration and evaluation expenditure	4,317,525	-
Mine development costs	5,572,643	-
Closing balance	**9,890,168**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

12. MINE DEVELOPMENT (continued)

During the financial year, the Consolidated Entity reclassified capitalised Exploration and evaluation expenditure pertaining to the Paulsens East Iron Ore Project (located in Western Australia) to capitalised Mine development expenditure, after the Consolidated Entity had completed a feasibility study, secured project finance and made an investment decision to proceed to commencement of Stage 1 Production (involving the mining of surface detritals materials and export at the rate of 200,000 tonnes per annum). A further reclassification to Mining properties will be considered after an investment decision is made to commence mining the Paulsens East hematite ridge for export (at the rate of up to approximately 1.8 million tonnes per annum).

Accounting policy
Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred is initially capitalised in respect of each identifiable area of interest where the Consolidated Entity has right of tenure. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically-recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Under AASB 6 (Exploration for and Evaluation of Mineral Resources), if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Consolidated Entity must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 (Impairment of Assets). Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Reclassification to Mine development
Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable and a management decision to invest further has been made, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property under development (Mine development).

Mine development
Mine development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. Pre-production revenues are offset against capitalised pre-production costs.

Future Reclassification to Mining property and Units of production method of amortisation
Once production commences, these costs are transferred to mining properties (under property, plant and equipment), and are amortised using the units of production method. As the useful life of a mining property asset is directly linked to the extraction of ore from the mine, the amortisation charges are proportional to the depletion of the estimated economically recoverable resource pertaining to the mine. The unit of account used in the calculation is tonnes of ore. The mining property is written-off if the mine is abandoned.

13. PROPERTY, PLANT AND EQUIPMENT

	Office Plant & Equipment	Mining Plant & Equipment	Total
2022	**$**	**$**	**$**
At cost	49,107	576,044	625,151
Accumulated depreciation	(23,578)	(318,017)	(341,595)
	25,529	**258,027**	**283,556**
2021			
At cost	34,735	384,183	418,918
Accumulated depreciation	(8,223)	(8,044)	(16,267)
	26,512	**376,139**	**402,651**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in carrying amounts	Office Plant & Equipment $	Mining Plant & Equipment $	Total $
At 1 Jul 2020	2,871	1,287	4,158
Additions	25,931	381,610	407,541
Depreciation expense	(2,290)	(6,758)	(9,048)
At 30 Jun 2021	**26,512**	**376,139**	**402,651**
Additions	18,761	191,861	210,622
Disposal	(4,377)	-	(4,377)
Depreciation expense	(15,365)	(309,975)	(325,340)
At 30 Jun 2022	**25,531**	**258,025**	**283,556**

Accounting policy

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amount.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Rate	Method
Office plant and equipment	20% - 100%	Diminishing Value
Mining plant and equipment	20% - 66.67%	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

14. PAYABLES

	2022 $	2021 $
Current Payables		
Trade payables	1,836,451	384,090
Deferred revenue	-	1,428,250
Loan from third party	76,543	-
Directors' short term incentive benefit	214,500	-
Other creditors and accruals	218,097	225,150
	2,345,591	**2,037,490**
Borrowings		
Loan from third party	**6,974,052**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

14. PAYABLES (continued)

Loan from third party
The Consolidated Entity has entered into a loan agreement to borrow US$7.2 million (~A$10 million) to fund the Stage 1 Production of the Paulsens East Iron Ore Mine (located in Western Australia). As at reporting date, US$5 million (A$6.97 million) has been drawn-down; the balance of US$2.2 million (~A$3.1 million) was drawn-down in August 2022. The loan accrues interest at the rate of 10% p.a. (payable quarterly) with 50% of the loan repayable in October 2023 and the balance repayable in April 2024. The loan is secured over the Paulsens East project assets. The accrued interest on the loan has been recognised as a Current liability and the principal component of the loan has been recognised as a Non-Current liability, as at balance date.

Accounting policy
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

15. ISSUED CAPITAL

	2022	2021
	$	$
270,000,000 (2021: 270,000,000) fully paid ordinary shares	**159,420,982**	**159,420,982**

Movement in fully paid ordinary shares	Date of issue	Number of shares	$
At 1 July 2020		**207,134,268**	**151,049,893**
Issue of shares at 10 cents	25-Nov-20	10,000,000	1,000,000
Issue of shares at 10 cents	1-Dec-20	30,000,000	3,000,000
Cost of share issue			(270,579)
Issue of shares at 22 cents	4-Jun-21	22,865,732	5,030,461
Cost of share issue			(388,793)
At 30 June 2021		**270,000,000**	**159,420,982**

There is no movement during the current financial year.

Accounting policy
Ordinary shares are classified as equity. Fully paid ordinary shares carry one vote per share and the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

16. RESERVES

	2022	2021
	$	$
Profits reserve	24,402,692	6,585,022
Share-based payments reserve	13,402,658	13,402,658
Foreign currency translation reserve	1,907,821	1,670,147
	39,713,171	**21,657,827**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

16. RESERVES (continued)

	2022	2021
Movement in share-based payments reserve	**$**	**$**
Opening balance	13,402,658	13,233,026
Executive Options issued by Lithium Energy Limited (ASX:LEL)	-	761,502
Expensing of LEL Executive Options on de-consolidation of LEL	-	(761,502)
Consideration received on issue of options	-	33
Valuation of options issued (refer Note 17)	-	169,599
Closing balance	13,402,658	13,402,658

(a) Share-based payments reserve
The Share-based payments reserve recognises the consideration (net of expenses) received by the Company on the issue of options. In relation to options issued to Directors and personnel for nil consideration, the fair value of these options (refer Note 17) are recognised in the Share-based payments reserve.

(b) Profits reserve
An increase in the Profits reserve will arise when the Company or its subsidiaries generates a net profit (after tax) for a relevant financial period (i.e. half year or full year) which the Board determines to credit to the company's Profits reserve. Dividends may be paid out of (and debited from) a company's Profits reserve, from time to time.

(c) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entities are recognised in the Foreign currency translation reserve as described in the accounting policy note below and accumulates in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(d) Lithium Energy Limited - Executive Options
The fair value of Executive Options issued (for nil consideration) by Lithium Energy (then a part of the Consolidated Entity) were included in the Share-based payments reserve (as per (a) above) but were expensed to profit or loss upon Lithium Energy ceasing to be a controlled entity of the Company on 7 May 2021.

17. SHARE-BASED PAYMENTS

The Consolidated Entity has the following share-based payment arrangements:

Grant date	Expiry date	Fair value at grant date ($)	Exercise price ($)	Opening balance	During the period: Granted	Exercised	Cancelled	Closing balance	Vested and exercisable at period end
01-Dec-20	30-Nov-23	0.066	0.150	1,000,000	-	-	-	1,000,000	1,000,000
04-Dec-20	03-Dec-23	0.063	0.185	12,000,000	-	-	-	12,000,000	-
24-Dec-20	23-Dec-23	0.066	0.210	1,500,000	-	-	(1,500,000)	-	-
04-Jun-21	03-Jun-24	0.104	0.330	1,000,000	-	-	-	1,000,000	1,000,000
15-Feb-22	14-Feb-25	0.115	0.185	-	3,100,000	-	-	3,100,000	
				15,500,000	3,100,000	-	(1,500,000)	17,100,000	2,000,000
Weighted average exercise price				0.19	0.19	-	0.21	0.19	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

17. SHARE-BASED PAYMENTS (continued)

The following options were issued during the financial year:

(a) On 15 February 2022, 3,100,000 SIP Options (each with an exercise price of $0.185 and a term expiring on 14 February 2025) were granted to participants under the Company's Securities Incentive Plan (**SIP**). The vesting conditions for these options are as follows (which have not occurred as at balance date):

(i) two-thirds of the options will vest upon the attainment of Milestone 1 - being the receipt of proceeds of sale from the shipment of the first 100,000 tonnes of iron ore mined from the Consolidated Entity's Paulsens East Iron Ore Project.

(ii) one-third of the options will vest upon the attainment of Milestone 2 - being the receipt of proceeds of sale from the shipment of the first 1,000,000 tonnes of iron ore mined from the Consolidated Entity's Paulsens East Iron Ore Project.

The fair value of the options issued was calculated using an options valuation model which assumes (as at the date of grant) an underlying Company share price of $0.115, a risk-free rate of 1.51% (based on the 3 year Australian bond yield rate) and a volatility rate of 90% for the underlying shares in the Company.

The following options lapsed during the financial year:

(a) On 6 August 2021, 1,500,000 SIP options (each with an exercise price of $0.21 and a term expiring on 23 December 2023) lapsed pursuant to their terms of issue.

Accounting policy

Shared-based compensation benefits provided to personnel are accounted in accordance with AASB 2 (Share-based Payment).

The fair value of options granted are recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed are determined by reference to the fair value of the options granted, which takes into account market performance conditions, and the impact of non-vesting conditions (if any) but excludes the impact of any service or non-market performance vesting conditions (if any).

Non-market vesting conditions (if any) are included in assumptions about the number of options that are expected to vest. Total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Consolidated Entity will revise its estimates of the number of options that are expected to vest based on applicable non-marketing vesting conditions. The Consolidated Entity will also recognise the impact of any revisions to the original estimates in profit or loss with a corresponding adjustment to equity.

18. CAPITAL RISK MANAGEMENT

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure balancing the interests of all shareholders.

The Board will consider capital management initiatives as is appropriate and in the best interests of the Company and shareholders from time to time, including undertaking capital raisings, share buy-backs, capital reductions and selling assets to reduce debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

19. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Strike Resources Limited, as at 30 June 2022.

	2022	2021
Statement of profit or loss and other comprehensive income	**$**	**$**
Profit/(Loss) for the year	(2,808,508)	385,761
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	**(2,808,508)**	**385,761**
Statement of financial position		
Current assets		
Cash and cash equivalents	4,026,913	6,136,455
Financial assets at fair value through profit or loss	864	238,061
Other	639,514	109,338
Non current assets	22,213,571	11,265,549
Total assets	**26,880,862**	**17,749,403**
Current liabilities	530,187	1,763,533
Non-Current liabilities	6,974,052	-
Total liabilities	**7,504,239**	**1,763,533**
Net assets	**19,376,623**	**15,985,870**
Issued capital	159,420,982	159,420,982
Profits reserve	24,402,692	6,585,022
Options reserve	13,402,658	13,402,658
Accumulated losses	(177,849,709)	(163,422,792)
Equity	**19,376,623**	**15,985,870**

20. INVESTMENT IN CONTROLLED ENTITIES

		Ownership interest	
Investment in controlled entities	**Incorporated**	**2022**	**2021**
Paulsens East Iron Ore Pty Ltd	Australia	100%	100%
Strike Finance Pty Ltd	Australia	100%	100%
Strike Iron Ore Holdings Pty Ltd (incorporated 11 Feb 22)	Australia	100%	0%
Strike Resources Peru S.A.C.	Peru	100%	100%
Apurimac Ferrum S.A.C.	Peru	100%	100%
Ferrum Trading S.A.C	Peru	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

20. INVESTMENT IN CONTROLLED ENTITIES (continued)

Accounting policy

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Consolidated Entity.

Intercompany transactions, balances and unrealised gains on transactions in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

21. INVESTMENT IN ASSOCIATE ENTITY	Ownership interest		2022	2021
	2022	2021	$	$
Lithium Energy Limited (ASX:LEL)	43%	43%	**5,540,968**	**6,532,439**

Lithium Energy was a spin-out of the battery minerals assets formerly held by the Consolidated Entity - Lithium Energy (ASX Code : LEL), was admitted to the Official List of ASX on 17 May 2021 and commenced quotation on 19 May 2021, after the successful completion of a $9 million (at $0.20 per share) initial public offering (IPO) under a Prospectus (dated 30 March 2021).

Critical accounting judgement and estimate

The Consolidated Entity has assessed that Lithium Energy is not considered a subsidiary in accordance with AASB 10 (Consolidated Financial Statements). The Directors have considered the required elements of control prescribed under AASB 10 and do not consider that the Company controls Lithium Energy. Rather, in accordance with AASB 128 (Investments in Associates and Joint Ventures), the Company is considered to have significant influence over Lithium Energy (as prescribed under AASB 128) and accordingly, has applied the equity method in accounting for its investment in Lithium Energy (as an Associate entity).

	2022	2021
Movements in carrying amounts	**$**	**$**
Opening balance	6,532,439	-
Acquisition of shares	-	2,500
Transfer of subsidiaries to Lithium Energy	-	6,880,000
Share of net loss after tax	(991,471)	(350,061)
	5,540,968	**6,532,439**
Fair value (at market price on ASX) of investment in Associate entity	**21,678,300**	**12,731,700**
Net asset value of investment	**6,058,178**	**6,453,120**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

21. INVESTMENT IN ASSOCIATE ENTITY (continued)

	2022	2021
	$	$
Summarised statement of profit or loss and other comprehensive income		
Revenue	102,746	38,309
Expenses	(2,408,112)	(1,166,670)
Loss before income tax	**(2,305,366)**	**(1,128,361)**
Income tax expense	-	-
Loss after income tax	**(2,305,366)**	**(1,128,361)**
Other comprehensive income	19,046	60,572
Total comprehensive income	**(2,286,320)**	**(1,067,789)**
Summarised statement of financial position		
Current assets	6,892,745	8,151,258
Non-current assets	7,360,522	7,041,137
Total assets	**14,253,267**	**15,192,395**
Current liabilities	166,814	187,624
Total liabilities	**166,814**	**187,624**
Net assets	**14,086,453**	**15,004,771**

Accounting policy

Associates are all entities over which the Consolidated Entity has presumed significant influence but not control or joint control, generally accompanying a shareholding of between approximately 20% and 50% of the voting rights. Investments in Associates in the consolidated financial statements are accounted for using the equity method of accounting. On initial recognition investments in associates are recognised at cost; for investments which were classified as fair value through profit or loss, any gains or losses previously recognised are reversed through profit or loss. Under the equity method, the Consolidated Entity's share of the post-acquisition profits or losses of Associates are recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in Other Comprehensive Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in the Associate entity.

A share of an Associate entity's net gain increases the investment (and a share of net loss decreases the investment) and dividend income received from an Associate entity decreases the investment. When the Consolidated Entity's share of losses in an Associate equals or exceeds its interest in the Associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Associate.

Where applicable, unrealised gains on transactions between the Consolidated Entity and its Associates are eliminated to the extent of the Consolidated Entity's interest in the Associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of Associates are aligned to ensure consistency with the policies adopted by the Consolidated Entity, where practicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

22. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Consolidated Entity's KMP for the year ended 30 June 2022. The total remuneration paid to KMP of the Consolidated Entity during the year is as follows:

	2022	2021
Directors	**$**	**$**
Short-term employee benefits	927,500	576,500
Post-employment benefits	88,250	51,917
	1,015,750	**628,417**

(b) Transactions with other related parties

No other related party transactions have been identified other than those disclosed above.

23. AUDITOR'S REMUNERATION

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2022	2021
Review of financial statements	**$**	**$**
Rothsay Auditing	11,000	26,000
Audit of financial statements		
Rothsay Audit & Assurance Pty Ltd	20,000	-
	31,000	26,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2022

24. COMMITMENTS

(a) Lease Commitments

The Company has entered into a non-cancellable operating lease agreement for office premises. The lease is for a period of 12 months with options to extend for two further 12 month periods. The office accommodation is shared with other companies, who have agreed to share payment of the lease costs (including outgoings).

Exceptions to lease accounting

The Consolidated Entity has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Consolidated Entity recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) Mining Tenements/Concessions – Annual Fees and Expenditure Commitments

(i) Australian Tenements

The Consolidated Entity is required to pay rates, rent and other annual fees to relevant Regulatory Authorities of the State (and Local) Government in respect of its granted Australian tenements. The total amount of these commitments will depend upon the number and area of granted tenements held/retained.

(ii) Peruvian Mineral Concessions

The Consolidated Entity is required to pay annual licence fees to the Peruvian Government in respect of its granted Peruvian mineral concessions. The total amount of this commitment will depend upon the number and area of concessions held/retained and the length of time of each concession held.

25. CONTINGENCIES

(a) Directors' Deeds

The Company has entered into Access, Indemnity and Insurance Deeds with the Directors which, inter alia, indemnify them against liability incurred in discharging their duties as officers. As at the reporting date, no claims have been made under any such indemnities and, accordingly, it is not possible to quantify the potential financial obligation of the Consolidated Entity under these indemnities.

(b) Paulsens East Tenement - Royalty

The Consolidated Entity has a liability to pay Orion Equities Limited (ASX:OEQ) a royalty of 2% of gross revenues (exclusive of GST) from any commercial exploitation of any minerals from the Paulsens East Iron Ore Project tenements (which includes Mining Lease M47/1583) in Western Australia. This royalty entitlement stems from the Consolidated Entity's acquisition of a portfolio of tenements (including the Paulsens East tenements) from Orion in September 2005.

(c) Government Royalties

The Consolidated Entity is liable to pay royalties to Government on production obtained from its mineral tenements/concessions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2022

25. CONTINGENCIES (continued)

(d) Native Title Mining Agreement

On 14 August 2020, the Consolidated Entity entered into a Native Title Mining Agreement (**Native Title Agreement**) with the PKKP Aboriginal Corporation RNTBC (**PKKPAC**). The PKKPAC holds native title on trust for the benefit of the Puutu Kunti Kurrama and Pinikura People (**PKKP**), the traditional owners of the land on which the Consolidated Entity's Paulsens East Iron Ore Project is located in the West Pilbara region of Western Australia. The Native Title Agreement provides an agreed framework for Strike to undertake its mining activities (that minimises the impact on Aboriginal Cultural Heritage with safeguards for the care and protection of the lands and rights of the PKKP) and includes a package of financial and business development related benefits for the PKKP, including upfront and milestone payments, a production payment based on the value of iron ore sales, an annual training and development allowance and opportunities for PKKP members to contract for the provision of certain support operations related to the Paulsens East Iron Ore Project.

(e) Deferred Payments from Settlement Agreement Relating to Apurimac Ferrum SAC

Pursuant to a settlement agreement dated 30 December 2012 whereby the Consolidated Entity acquired the (50%) balance of equity interest in Apurimac Ferrum SAC (**AF**) (the holder of the Apurimac and Cusco Projects) from D&C Pesca SAC, the Consolidated Entity has a series of deferred payment obligations as outlined below.

The Consolidated Entity has payment obligations if certain milestones are achieved as follows:

(i) **Resource Milestone Payment:** US$2 million on the delineation of at least 500 Mt of JORC Mineral Resources at an average grade of at least 55% Fe with at least 275 Mt of contained iron having an average grade of at least 52.5% Fe, on the Apurimac Project mineral concessions.

(ii) **Approvals Milestone Payment**: Up to US$3 million on AF receiving all formal government environmental and community approvals for the construction and operation of an iron ore mine and required infrastructure with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.

(iii) **Construction Milestone Payment**: Up to US$5 million on formal approval of the AF Board to commence construction of an iron ore project or the commencement of bulk earthworks for an iron ore mine or processing plant, in either case with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.

The Consolidated Entity has royalty payment obligations as follows:

(i) 1.5% of the net profits from sales of iron ore mined and iron ore products produced from the Apurimac Project mineral concessions.

(ii) 2% of the proceeds of sales of other metals (on a net smelter return basis) mined from the Apurimac Project mineral concessions.

Due to the inherent uncertainty surrounding the achievement and timing of the above milestones/royalty triggers, the Consolidated Entity regards these future payment obligations as contingencies.

For further background details, refer also to Strike's ASX Announcement dated 31 December 2012: Strike Moves to 100% Ownership of AF.

(f) Legal Disputes Over Peru Mineral Concessions

The Consolidated Entity has successfully defended against a number of legal actions and claims made by several Peruvian parties (that have had a contractual relationship with AF) relating to the Consolidated Entity's mineral concessions in Peru. Whilst there still remain some outstanding claims and appeals, the Consolidated Entity believes that they will all eventually be dismissed, consistent with previous decisions by the relevant Peruvian authorities.

For further background details, refer also to Strike's ASX Announcement dated 1 May 2014: Strike Wins Millenium Arbitration Case in Peru.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2022

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Subsequent to balance date, the Company has drawn down the final third tranche of US$2.2 million (~A$3.1 million) under the project finance loan facility provided by Good Importing International Pty Limited, to fund the Stage 1 Production at the Paulsens East Iron Ore Mine in Western Australia.

(b) In September 2022, the Consolidated Entity completed its first export shipment of 66,618 tonnes of Paulsens East Lump iron ore from Port Hedland, Western Australia to China. This maiden shipment has been sold to a Hong Kong based buyer, with the terms of the sale agreement including market reflective pricing referenced to a benchmark base price and lump premium, with market-typical impurity penalties and a freight differential adjustment, on a Cost and Freight (CFR) basis for delivery into China. The Consolidated Entity has drawn down a provisional amount of US$6.33 million (~A$9.3 million) under a Letter of Credit, with the final invoice to be settled in November 2022.

No other matter or circumstance has arisen since the end of the financial year that significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial periods.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

(1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 21 to 49 are in accordance with the *Corporations Act 2001 (Cth)* and:

(a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and

(b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of their performance for the year ended on that date;

(2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Managing Director (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and

(4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001 (Cth)*.

Farooq Khan
Executive Chairman

William Johnson
Managing Director

29 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strike Resources Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matters to communicate in our report:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

<table>
<tr><th>Key Audit Matter – Capitalised Mine Development</th><th>How our Audit Addressed the Key Audit Matter</th></tr>
<tr><td>As disclosed in Note 12 to the financial statements, the Group's has capitalised mine development expenditure of $9,890,168.

The recognition and recoverability of mine development was considered a key audit matter due to the following:

• the carrying value represents a significant asset to the Group. Therefore, we considered it necessary to assess whether facts and circumstances existed to suggest that an impairment to the value of the asset is required; and

• significant management judgement is involved in determining whether impairment indicators exist.</td><td>Our procedures in assessing mine development expenditure included but were not limited to the following:

• We reviewed the ownership rights to the tenements, against which the expenditure is capitalised, their expiry dates and if required commitments were met;

• We assessed the reasonableness of capitalising mine development expenditure in accordance with Australian Accounting Standards;

• We tested a sample of mine development expenditure items to supporting documentation to ensure they were bona fide payments;

• We assessed the reasonableness of the management's assessment for the existence of impairment indicators; and

• We reviewed the appropriateness of the related disclosures in Note 12.

Our procedures did not result in any significant findings surrounding the accounting for the transaction.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion the remuneration report of Strike Resources Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 29 September 2022

SECURITIES INFORMATION
as at 30 June 2022

SECURITIES ON ISSUE

Class of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares	270,000,000	-
Broker's Options ($0.15, 30 November 2023)[1]	--	1,000,000
Directors' Options ($0.185, 3 December 2023)[2]	-	12,000,000
Broker's Options ($0.33, 3 June 2024)[3]		1,000,000
Securities Incentive Plan (SIP) Options ($0.185, 14 February 2025)[4]		3,100,000
Total	**270,000,000**	**17,100,000**

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	355	137,129	0.05%
1,001	-	5,000	826	2,641,133	0.98%
5,001	-	10,000	511	4,101,379	1.52%
10,001	-	100,000	1,055	39,847,717	14.76%
100,001	-	and over	300	223,272,642	82.69%
TOTAL			**3,047**	**270,000,000**	**100%**

UNMARKETABLE PARCELS

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	4,545	1,013	1,946,541	0.72%
4,546	-	over	2,034	268,053,459	99.28%
TOTAL			**3,047**	**270,000,000**	**100.00%**

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 4,545 shares or less (being a value of $500 or less in total), based upon the Company's closing share price of $0.11 on 30 June 2022.

1 Refer SRK ASX Announcement dated 25 November 2020: Proposed Issue of Securities

2 Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolutions 6 to 10) dated 20 October 2020 and released on ASX on 4 November 2020 and SRK ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

3 Refer SRK ASX Announcement dated 4 June 2021: Appendix 3G – Notification of Issue of 1M Broker Options

4 Refer SRK ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

SECURITIES INFORMATION
as at 30 June 2022

TOP TWENTY, ORDINARY FULLY PAID SHAREHOLDERS

Rank	Holder name		Shares Held	% Issued Capital
1	BENTLEY CAPITAL LIMITED		53,689,857	19.89
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		26,632,016	9.86
3	GOOD IMPORTING INTERNATIONAL PTY LTD	12,350,910		
	MR ZHOUFENG ZHANG	1,239,556		
	MS HONG XU	601,873		
	Sub-total		14,192,339	5.26
4	ORION EQUITIES LIMITED		10,000,000	3.70
5	MRS AMBREEN CHAUDHRI		10,000,000	3.70
6	IRIS SYDNEY HOLDINGS PTY LTD		4,710,000	1.74
7	MR STEVEN JAMES CLUNE + MRS LISA MICHELLE CLUNE		3,282,273	1.22
8	O'SHEA & BROWN PTY LTD		2,750,000	1.02
9	MR HONGWEI YAO		2,671,798	0.99
10	LAVISH LIMOUSINES PTY LTD		2,217,762	0.82
11	BNP PARIBAS NOMINEES PTY LTD		2,208,501	0.82
12	MR RICHARD DAVID SIMPSON		2,185,169	0.81
13	DOLMAT PTY LTD		1,944,611	0.72
14	CITICORP NOMINEES PTY LIMITED		1,943,665	0.72
15	MR FAROOQ KHAN & MS ROSANNA DECAMPO		1,813,231	0.67
16	MR VU QUANG MINH DANG & MRS THI KIM DAU NGUYEN		1,791,836	0.66
17	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		1,772,783	0.66
18	CHETAN ENTERPRISES PTY LTD		1,680,000	0.62
19	MR DAVID JOHN DWYER + MRS LYNETTE MAREE DWYER		1,641,435	0.61
20	MR BENJAMIN MOK		1,308,261	0.48
	TOTAL		**152,274,737**	**56.40%**

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Registered Shareholder	Shares Held	% Voting Power
Bentley Capital Limited (ASX:BEL)[5]	Bentley Capital Limited	53,689,857	19.89%
Windfel Properties Limited and Associates [6]	HSBC Custody Nominees (Australia) Limited	26,632,016	9.86%
Good Importing International Pty Ltd and Associates[7]	Good Importing International Pty Ltd	12,350,910	5.26%
	Mr Zhoufeng Zhang	1,239,556	
	Ms Hong Xu	601,873	
Orion Equities Limited (ASX:OEQ)[8]	Orion Equities Limited	10,000,000	23.59%
	Bentley Capital Limited	53,689,857	
Queste Communications Ltd (ASX:QUE)[9]	Orion Equities Limited	10,000,000	23.59%
	Bentley Capital Limited	53,689,857	

5 Refer Bentley's ASX Announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK

6 Refer Notice of Change in Interests of Substantial Holder (Windfel Properties Limited) dated 3 December 2020 (updated to reflect current registered shareholdings and percentage voting power)

7 Refer Notice of Initial Substantial Holder filed by Good Importing International Pty Ltd and Associates dated 27 May 2021 (updated to reflect current registered shareholdings and percentage voting power)

8 Refer Orion's ASX Announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK

9 Refer Queste's ASX announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK; Orion is the registered holder of Strike shares and Queste is taken under section 608(3)(b) of the *Corporations Act 2001 (Cth)* to have a relevant interest in securities in which Orion has a relevant interest by reason of having control of Orion