Thursday, 28 November 2019 ASX Code: SRK

ASX MARKET ANNOUNCEMENT

Excellent Scoping Study Results for Paulsens East Iron Ore Project

HIGHLIGHTS

- Scoping Study confirms excellent project economics for the Paulsens East Iron Ore Project in the Pilbara, Western Australia (see page 2 for summary financial and operating metrics).
- Majority of product to be high grade 61% Lump Direct Shipping Ore (DSO), which attracts premium pricing.
- Low technical risk – simple mining, crushing and screening.
- Low capital cost with early payback expected.
- Highly promising potential for significant resource extension to extend mine life, with high-grade (+60% Fe) drill intersection located 1.6 kilometre along strike with no drilling in-between.
- Potential for active grade control at the mine to deliver higher Fe grades where surface sampling has indicated the extensive occurrences of higher grades of iron (64% – 66% Fe) than those currently assumed as average product grades (~61% Fe) in Strike's economic model
- Strike moving immediately to Feasibility Study, targeting first production in third quarter 2020 and with approval process already underway.

Note: The Scoping Study referred to in this announcement has been undertaken primarily to ascertain whether a business case can be made for proceeding to a more definitive study on the viability of the Project. It is a preliminary technical and economic study of the potential viability of the Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before the Company will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study is based on the material assumptions outlined below. These include assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved. To achieve the range of outcomes indicated in the Scoping Study, funding in the order of $12 - $15 Million will likely be required. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Company's existing shares.

It is also possible that the Company could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce the Company's proportionate ownership of the project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

SUMMARY

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to report the excellent results from the Scoping Study (**Study**) undertaken for its Paulsens East Iron Ore Project (the **Project**) located in the Pilbara, Western Australia.

The results from the Study together with key assumptions are summarised in the following tables, with further details contained within a summary of the Study below:

Financial Metrics	Unit	Scoping Study Outcomes		
		Low	Base	High
Life of Mine Revenue	A$M	688	**793**	910
Operating Net Cashflow	A$M	99	**189**	289
NPV_8	A$M	81	**155**	238
IRR	%	263	**449**	649
Capex Payback Period	Months	4	**2**	1

Table 1: Scoping Study Financial Metrics (pre-tax, Low, Base and High Case)

Operating Metrics	Unit	Scoping Study Outcome
Production Rate	Mtpa	1.5
Average Strip Ratio	Waste:Ore	2.5
Initial Mine Life	Years	4
Total Tonnes Mined	Mt	6.1
Average C1[1] Costs	A$/t	66
Average C1 Costs	US$/t	45

Table 2: Scoping Study Operating Metrics

Key Assumptions	Unit	Scoping Study Input (Base Case)
Benchmark Iron Ore Price[2]	US$/t	85
Lump to Fines Ratio	Lump:Fines	75:25
Price received - Lump	US$/t	93
Price received - Fines	US$/t	75
US$/A$ Exchange Rate	US$/A$	0.68

Table 3: Scoping Study Base Case Key Assumptions (assumed constant over LOM)

An economic model prepared by the Company forecasts a pre-tax net present value (**NPV**) range of between $81 Million to $238 Million (**Base Case $155 Million**) and an estimated operating net cashflow for the Company of between $99 Million to $289 Million (**Base Case $189 Million**) over an initial four-year mine life.

Estimated pre-production capital costs are approximately $12 Million (including a contingency of $2 Million), with payback expected within four months of production commencement and an internal rate of return (**IRR**) of between 263% to 649% (**Base Case 449%**).

Average C1 cash costs free onboard (**FOB**) across the Life of Mine (**LOM**) are expected to be approximately US$45 per tonne (A$66 per tonne), providing a good margin to iron ore price fluctuations.

The forecast Project financial metrics (NPV, IRR and Operating Net Cashflows) are calculated and shown net of applicable royalties but before deductions for tax. The Company will be subject to Australian corporate tax at the rate of 30% on its taxable income. Any tax payable may potentially be reduced by utilising the Company's carried forward tax losses, which currently total ~$25 Million.

1 C1 Cost includes mining, processing, haulage, port handling and transhipment and administration, but excludes royalties, shipping, depreciation, capital charges and marketing

2 Benchmark price for 62% iron ore Fines CFR China.

The Project consists of a three-kilometre-long outcropping high-grade hematite iron ore ridge, located approximately 233 kilometres south-east of the port of Onslow, containing a JORC Indicated Mineral Resource of 9.6 Million tonnes at 61.1% Fe, 6.0% SiO_2, 3.6% Al_2O_3, 0.08% P[3].

Highly promising resource extension potential exists along strike, based upon a previous high-grade (+60% Fe) drilling intersection and sampling located approximately 1.6 kilometres from the eastern end of the outcropping hematite ridge, which could lead to an extended mine life.

The mineralisation is amenable to simple open cut mining, with a forecast waste to ore ratio of only 1.3:1 during the first year of mining and averaging only 2.5:1 over the first four years.

The Company plans a 1.5 Million tonnes per annum (**Mtpa**) production schedule of direct shipping ore (**DSO**) over a minimum four-year mine life (totalling approximately 6.1 Million tonnes). This initial production target has been determined to facilitate fast track production of low strip-ratio material at first instance, with the opportunity to expand production once the initial production target is met underpinned by the current JORC Indicated Mineral Resource of 9.6 Million tonnes of 61.1% Fe, 6.0% SiO_2, 3.6% Al_2O_3, 0.08% P.

Ore will be crushed and screened to produce DSO Lump and Fines products, with estimated average product grade of 61% Fe over the life of mine. Metallurgical testwork indicates that a 75/25 (or higher) Lump/Fines split can be expected where Lump ore typically attracts a significant price premium compared to Fines.

The ore will be trucked from the mine to Onslow predominantly by sealed road, where it will be stockpiled prior to being loaded directly from the wharf at Beadon Creek for transhipment into ocean going vessels (**OGV's**) for export to customers.

Strike is targeting an accelerated development timetable for production to commence in the third quarter of 2020.

Given the early stage of the Project and consistent with the level of confidence typically associated with scoping studies of this nature, the Company believes that a confidence level of +/- 35% should be ascribed to the Project's Capital Cost assumptions.

Operating cost estimates have predominantly been obtained from proposals and/or quotations from experienced industry participants. The Company therefore has a higher level of confidence (+/- 15%) in the Project's forecast Operating Costs.

Strike has a number of highly experienced Iron Ore Executives on its Board and Management team. The Study has been undertaken internally with external consultants, using operating costs predominantly obtained from proposals and quotations from selected industry service providers and contractors.

Opportunities identified with the potential to have a materially positive impact on the value of the Project include:

- Extending LOM by up to a further 1 to 1.5 years, based upon existing JORC Indicated Mineral Resources.
- The potential for active grade control at the mine to deliver higher iron ore grades and consequently higher prices, where surface sampling has indicated the extensive occurrence of higher grades of iron ore (64% - 66% Fe) compared to the average grades (61% Fe) used in the economic model.
- Exploration upside to target highly promising resource extension potential along strike, based upon a previous high grade (+60% Fe) drilling intersection and sampling located approximately 1.6 kilometres from the eastern end of the current deposit, leading to extended mine life.

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

- The ability to dock OGV's directly at the wharf at Beadon Creek, Onslow, which would eliminate the costs associated with transhipment.

The key risks identified for the Project include:

- A significant decline in the iron ore price from current and recent levels (currently the Benchmark iron ore price is approximately US$88/t).
- A significant strengthening of the Australian currency against the US currency.
- Potential operational constraints relating to port handling and transhipment logistics at Onslow.
- Delays in obtaining necessary approvals/permits.

Strike Managing Director, William Johnson:

> *"The results of this Scoping Study are highly encouraging for the Company and have given the Company confidence to now advance Paulsens East to Feasibility stage.*
>
> *The Scoping Study confirmed that Paulsens East has robust economics at current iron ore prices, driven principally by the high-quality nature of the iron ore contained within the deposit, the low life of mine strip ratio and proximity to excellent infrastructure.*
>
> *The Project has the potential to generate very significant cashflows for the Company over an initial four-year mine life in comparison to our market capitalisation of only $8 Million, with a relatively low capital cost requirement.*
>
> *Furthermore, the Project has additional upside potential with opportunities identified to extend the mine life, improve Fe grades and further reduce costs – all of which will be examined as part of the Feasibility Study.*
>
> *Subject to the timely receipt of all necessary approvals and permits, Strike is targeting to commence production in the third quarter of 2020.*

SCOPING STUDY - SUMMARY

1. Introduction

The Scoping Study for the Paulsens East Iron Ore Project (the **Project**) has been conducted by internal staff together with external consultants and with proposals and/or quotations provided by experienced industry participants as follows:

Study Component	Principal Input
Geology, Mining and Processing, Licensing and Approvals	Shanker Madan (Consultant)
Logistics, Marketing	Wayne Richards (Consultant)
JORC Mineral Resource	Philip Jones (Consultant).
Metallurgical Test work	ALS Metallurgy Iron Ore Technical Centre
Mine Planning	Mining Focus Consultants Pty Ltd
Mining, crushing and transport costs	Estimates/quotations received from industry service providers and facility operators
Economic Modelling	Internal

Table 4: Scoping Study Management and Contributors

2. Tenement Status and Location

The Paulsens East Iron Ore Project (**Paulsens East**) consists of a single Retention Licence R47/007, of which Strike is the 100% beneficial owner. Strike has lodged a formal application with the Department of Mines, Industry Regulation and Safety (**DMIRS**) to convert the current Retention License R47/07 to a Mining Lease.

The tenement is located approximately 140 kilometres west of Tom Price, 8 kilometres from the Paulsens Gold Mine and 233 kilometres by road (of which 210 kilometres is good quality paved roads) from Onslow (refer Figure 1).

Tenement	Holder	Date Granted	Date Expiry	Approx. Area (Hectares)
Retention Licence R47/07	Orion Equities Limited	04/12/2014	03/12/2019	381.871

Table 5: Paulsens East Tenement Details

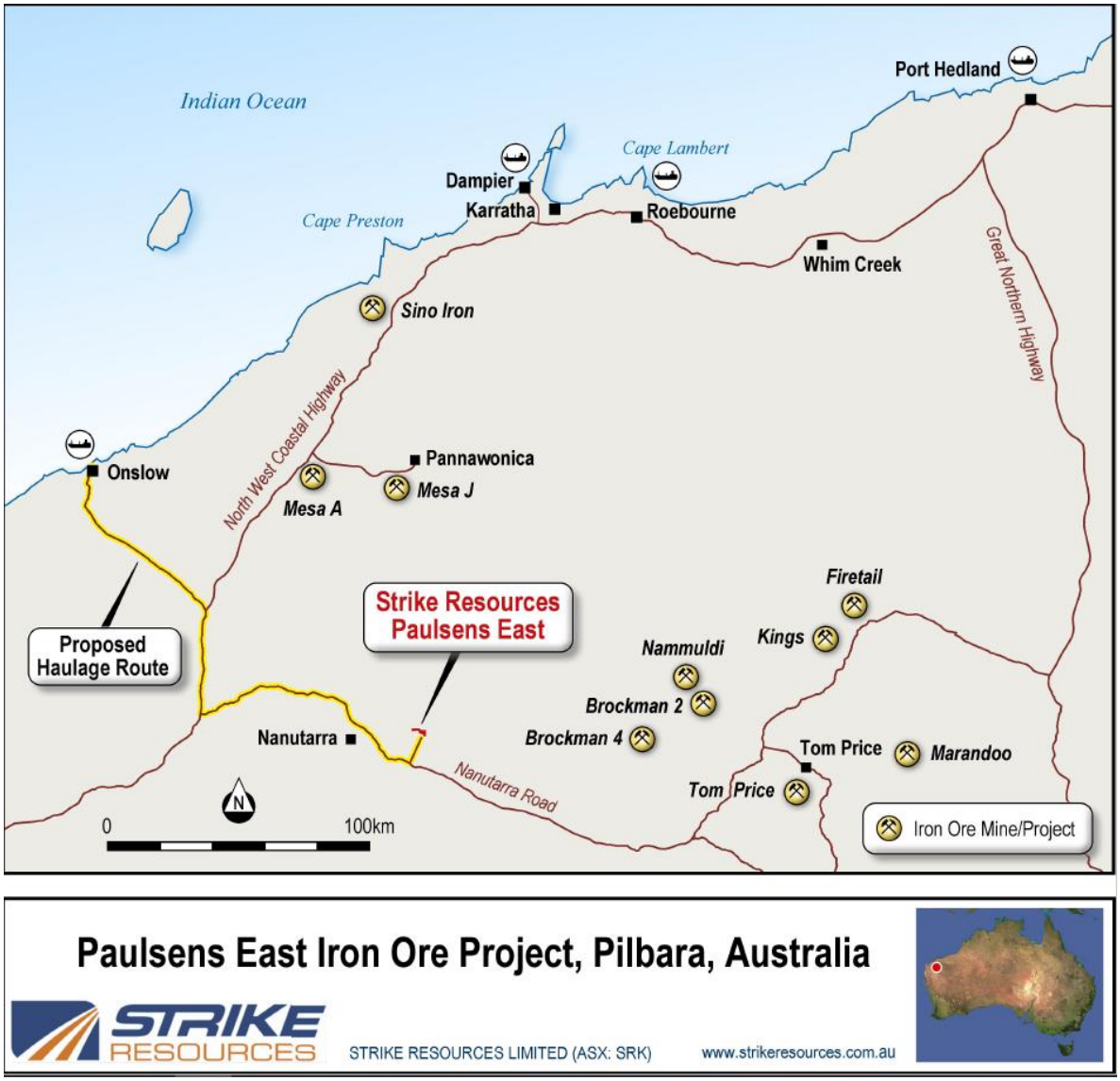

Figure 1: Paulsens East Project location and proposed haulage route to Onslow.

3. Iron Ore Mineralisation

Paulsens East consists of hematite iron ore mineralisation occurring as a ridge rising to approximately 60 metres above the valley floor and extending for approximately 3,000 metres West to East (refer Figures 2 and 3)

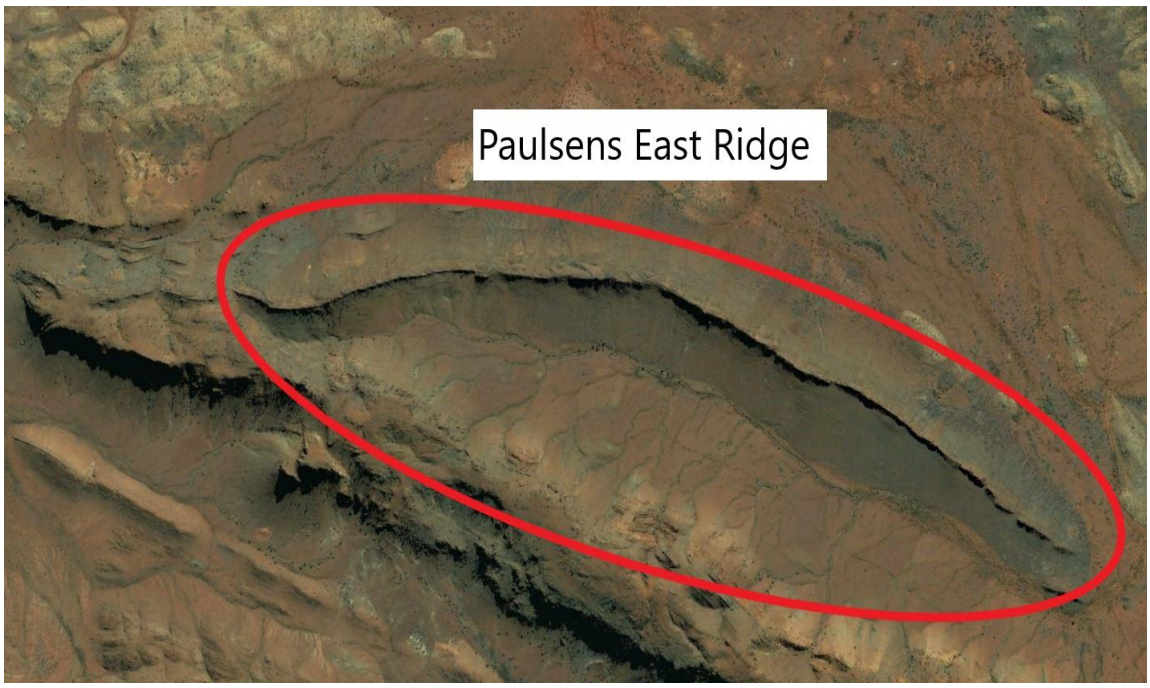

Figure 2: Satellite image of Paulsens East Ridge

Figure 3: Paulsens East Ridge, facing East

4. JORC Mineral Resource Estimate

Table 6 summarises the Paulsens East JORC Indicated Mineral Resource within a 58% Fe lower grade cut-off wireframe. The Indicated Mineral Resource extends from the surface to 75 metres below the deepest drill intersection or the 150 metre RL (reduced level), whichever occurs first.

JORC Category	Fe% Range	Million Tonnes	Fe%	SiO_2%	Al_2O_3%	P%	S%	LOI%
Indicated	>58	9.6	61.1	6.0	3.6	0.08	0.01	2.1

Table 6: Paulsens East Mineral Resource estimate using a 58% Fe lower cut-off wireframe.

Of the Indicated Mineral Resource referred to above, approximately three million tonnes of 61% Fe (with 5.9% SiO_2 and 3.6% Al_2O_3) hematite material is estimated to occur above the base of the ridge (as defined by drill hole collars) with minimal overburden.

In addition, there is potential to extend the resource for a strike distance of approximately 1.6 kilometres along an extension of the ridge to the south east. This extension is based on small hematite conglomerate outcrops along the surface and a greater than 60% Fe drill intersection at a depth of 20 metres at the eastern boundary of the tenement.

Further technical details are set out in Appendices A, B and C.

5. Physical Characteristics of the Iron Ore Deposit at Paulsens East

The Paulsens East iron ore deposit comprises three main bands of iron rich hematite conglomerate mappable as continuous bands along its 3,000-metre strike length. These bands were originally deposited in the Proterozoic and formed by erosion of mineralised bedrock and its subsequent reconstitution. During reconstitution, hematite pebbles were deposited and held together in hematite matrix along land and marine interface such that the high purity heavy hematite conglomerate bands occur interbedded with ferruginous quartzites and subordinate ferruginous clay.

There is a sharp boundary at 58% Fe in the drill holes at 1.0 metre (2006 drilling) and at 0.5 metre sample widths (all subsequent drilling) and as such block modelling and resource estimation are based on a cut-off grade of 58% Fe.

In outcrop, however, the high-grade material (+64% Fe) stands in sharp contrast with low grade intervening siliceous material (~40% Fe or less). The core of the deposit is therefore generally very high grade and it is expected that accurate sampling of blast holes colour contrast will assist greatly in grade control.

Figure 4: Paulsens East Rock Chip Sample

6. Metallurgical Testwork

ALS Metallurgy Iron Ore Technical Centre (**ALS IOTC**) in Perth, Western Australia conducted a series of metallurgical tests for physical properties on bulk composite samples collected from various surface locations across the entire length and width of the Paulsens East deposit.[4]

The composite sample had a **head grade of 65.6% Fe**, 3.41% SiO_2 and 1.44% Al_2O_3. The composite head grade of the testwork samples was obtained from material sourced from surface mineralisation across the entire strike length of the deposit. The nature of the deposit, being a sharp ridge defined by an outcropping steeply dipping slope face of 30 to 40 metres in height, means that the test samples are likely to be reasonably typical of the physical properties of the initial mined material.

Figure 5 below shows the sharp ridge-like character of the deposit.

Figure 5: The Ridge-form hanging Wall of the Paulsens East Iron Ore Deposit

Specific gravity tests were also completed on twenty separate samples.

6.1. Test Work Overview

Lump and Fines (Stage Crush and Drop Tower)

The stage crush and drop tower test results indicate that 79% of crushed material is likely to be classified as 'Lump' material (> 6mm < 30mm in size), which typically attracts a price premium (depending upon market factors at the time of sale) over 'Fines' material (< 6mm) of the same grade.

The testwork also indicates that the Lump material is likely to be approximately 2% Fe higher in grade than that of the Fines material, which will also potentially attract a further price premium for the Lump material.

Assays of the material taken after the drop tower test confirmed that both the Lump and Fines materials are likely to be exceptionally low in deleterious elements such as phosphorous (~0.05%) and sulphur (~0.008%), which can otherwise result in price penalties.

4 Refer Strike's ASX Announcement dated 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities

Crush Work Index

The crush work Indices for the samples varied from 27.4 to 6.5, averaging 15.3 kwh/tonne.

Tumble Index

Tumble Index of Lump material varied from 95.6% to 95.9%, averaging 95.8%, an excellent result indicating that there is likely to be minimal degradation of the Lump material during handling and transportation.

Specific Gravity

Specific Gravity (**SG**) measurements on twenty samples (averaging 65% Fe) returned a consistent result of 4.80. It should be noted that JORC Indicated Mineral Resource estimate is based on an assumed SG of 4.2, taking into account dilution and a low-grade envelope.

Further SG measurements are planned on lower grade material and waste in outcropping areas and at depth in drill holes, for mine planning purposes and to determine the potential for an increase in resource size and a decrease in mining strip ratios.

A summary table of testwork results can be found in Appendix D.

7. Mining

Iron mineralisation in the tenement crops out as a ridge up to sixty metres above the valleys on either side. It occurs as continuous bands of iron rich conglomerate with a cumulative width averaging 6.3 metres extending over a strike distance of approximately 3,000 metres.

It is proposed to mine the deposit by open cut method using drill and blast, excavator and truck operations.

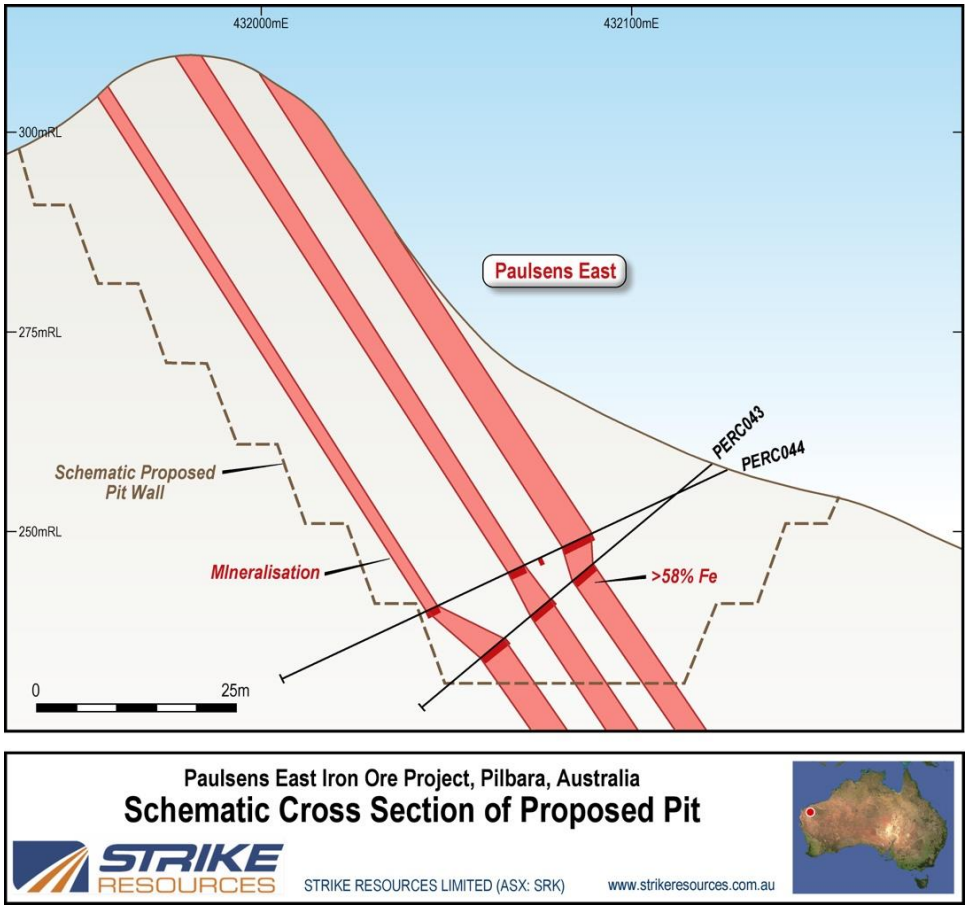

Figure 6: Schematic Cross Section of proposed pit at Paulsens East.

Whittle optimisation on a 5m x 5m x 2m block model shows that 6.14 Million tonnes of enriched material at an average grade of 60.76% Fe, 6.20% Silica, 3.81% Al_2O_3 and 0.082% P could be mined over a period of four years at the rate of 1.5 Million tonnes per annum.

Grade control will be undertaken by sampling blast hole spoils on a close-knit pattern. Mining will be on 5m bench heights and 2.5m flitches to allow accurate grade control

Excavators with a capacity of 100 -120 tonnes will be utilised. Waste and ore will be carried to waste dumps and the run of mine pad (**ROM**) respectively using 100 tonne payload trucks.

In the first year of mining, the waste to ore ratio will average only 1.3:1, resulting in a relatively low mining cost per tonne of product. As mining becomes progressively deeper, the waste to ore ratio will increase but the overall waste to ore ratio over the four-year life of mine is still expected to be relatively low at 2.5:1.

Total waste movement is expected to be 15.34 Million tonnes over LOM.

The pit slope is estimated to be 48 degrees along the south wall of the pit and 40 degrees along the north wall, taking into account a haul road along the north wall (similar to those in other iron mines in the Hamersley Province).

ROM pad, crushing and screening infrastructure as well as truck loading, workshops and fuel depot are proposed to be located on a low-lying limestone ridge to the east of the pit, outside a 500m blasting exclusion zone and ideally located as close as practicable to the ore body.

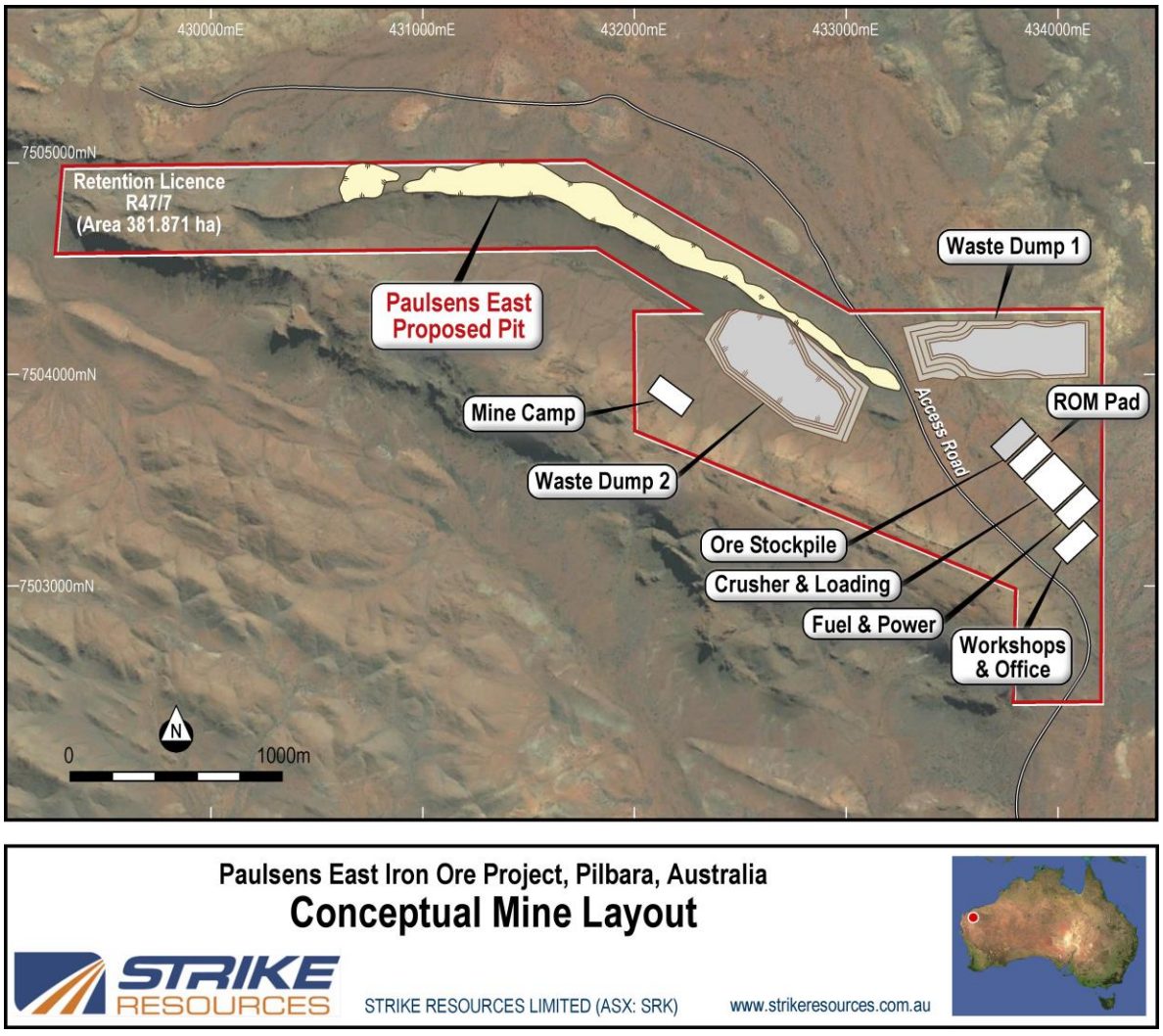

Figure 7: Conceptual Mine Layout of Paulsens East Project

The proposed Mining Schedule is shown in Table 7 below:

Mining Schedule	Total / Avg.	Pre-Prod	Year 1	Year 2	Year 3	Year 4
Material Moved (tonnes)	**21,481,416**	148,409	3,930,321	4,385,065	7,825,198	5,192,422
Waste (tonnes)	**15,337,798**	40,491	2,252,131	3,083,457	6,354,063	3,607,657
Waste to Ore Ratio	**2.50**	0.38	1.34	2.37	4.32	2.33
Mill Feed (tonnes)	**6,143,617**	107,918	1,678,190	1,301,609	1,471,135	1,584,765
Fe (%)	**60.8%**	59.8%	60.6%	61.3%	60.5%	60.9%
SiO_2 (%)	**6.2%**	7.0%	6.3%	5.9%	6.5%	6.0%
Al_2O_3 (%)	**3.8%**	4.5%	3.9%	3.5%	3.8%	3.9%
P (%)	**0.08%**	0.06%	0.08%	0.09%	0.08%	0.08%

Table 7: Mining Schedule

8. Processing

The crushing and screening plant will comprise a simple jaw crusher, a cone crusher, double deck vibratory screens, connecting conveyors and a telescopic stacking conveyor to convey the products to truck loading stockpiles.

The jaw crusher will be fed by a frontend loader from the ROM Pad. Top feed size will be 750mm, taking into account the competent nature of the iron ore.

The two products produced, classified as “Lump” and “Fines”, with Metallurgical testwork indicating that Lump to Fines ratio is likely to be better than 75% Lump to 25% Fines and that the Lump product is likely to be on average 2% higher grade than the Fines product (refer Table 8).

Product	Size	Proportion	LOM Average Grade
Lump	> 6.3mm < 32mm	> 75%	61% Fe
Fines	< 6.3mm	< 25%	59% Fe

Table 8: Lump and Fines Specifications.

9. Camp and Haul Road

Mining and trucking operations will be serviced by a camp (with capacity for up to 70 persons) located south-east of the operations area, located on a low-lying limestone ridge at a safe distance from the mine.

Water will be sourced from a local bore field, for which desktop and investigative studies have been initiated to identify suitable locations for drilling and likely extraction volumes.

An 18-kilometre long all-weather road will be constructed to connect the mine site to the bitumen Nanutarra Road.

10. Haulage

Crushed ore will be loaded onto four trailer (‘quad’) road trains, which will transport crushed Lump and Fines ore approximately 215 kilometres to a ‘staging’ stockpile (the **Stockpile**) area on the outskirts of Onslow. It is envisaged that two stockpiles (Lump and Fines) will have a total capacity of approximately 120,000 tonnes of ore.

11. Port Handling

Ore will be transferred as determined by the shipping schedule, from the Stockpile to the Onslow Marine Supply Base (**OMSB**) wharf, at Beadon Creek Onslow.

Trucks will offload ore into barges using a hopper, conveyor and stacker configuration or similar Bulk Loading Facility (**BLF**) equipment. The equipment used will be designed to meet the required environmental standards, in particular to minimise dust and noise. In this Study, Strike has made allowance for the capital cost required to design and build the BLF.

The channel into Beadon Creek has recently been dredged to allow for small ships (120 metre or less) and barge access. It is envisaged that in the future larger ships may be able to dock directly to the OMSB wharf. This may allow the direct loading of iron ore into ships for export, without having to use barges. However, at this stage the size of ships which can safely dock at OMSB are not optimal for the scale of operations the Company proposes.

12. Transhipment

Barges loaded at the OMSB wharf at Beadon Creek, Onslow, will be towed to a transhipment point where the ore will be loaded onto 55,000 – 60,000 tonne capacity ships.

It is envisaged that an average of 25 ship movements per year will be scheduled to enable the movement of 1.5 Mtpa of production.

13. Product Sales

The Lump and Fines products produced are expected to be high grade (approximately 61% Fe and 59% Fe respectively over LOM) with low impurities (approximately 3.79% Al_2O_3, 6.2% SiO_2, 0.08% P over LOM).

Lump iron ore typically attracts a significant price premium compared to Fines material of similar grade, which has been reflected in the economic model.

An allowance for potential discounts to benchmark prices due to grade and impurities (such as Alumina and Silica) has also been made, as well as an allowance for marketing and shipping costs.

14. Environmental

The initial field work for a reconnaissance flora and vegetation survey and Level 1 fauna and fauna habitat assessment has been completed over the Project area and will be incorporated into the preparation of a Mining Proposal for submission to the DMIRS.

During the field work, evidence of Northern Quoll (Endangered EPBC Act and BC Act) was recorded on motion sensors and cameras. The Company will develop a strategy to minimise and impact the Project may have on the Quoll habitat.

No other significant environmental issues have been identified at this stage.

15. Native Title

Strike has held a preliminary meeting with representatives of the Puutu Kunti Kurrama & Pinikuras (**PKKP**) community and is planning to schedule a number of further meetings over the coming months, with the objective of securing an agreement with PKPP in relation to the Project in the first quarter of 2020.

16. Royalties

A 7.5% Western Australia State Royalty on gross revenues (excluding shipping costs) has been factored into the economic model, together with a 2% royalty on gross revenues payable to Orion Equities Limited (**Orion**) who previously held exclusive rights to the Project.

17. Capital and Operating Costs

The Company envisages using contract mining, crushing, haulage and transport operators where possible to minimise upfront capital costs.

A breakdown of expected capital and pre-start costs is included in Table 9.

Capital/Pre-Start Costs	**A$M**
Mine (Camp, Haul Road etc.) and Stockpile	5.8
Bulk Loading Facility at Port	3.0
Mobilisation Costs	1.6
Contingency	2.1
Total	**12.4**

Table 9: Expected Capital and Pre-Start Costs

Operating costs have been estimated based upon proposals and/or quotations received from experienced industry participants, potential contractors and service providers (Table 10).

Financial Metrics	**Unit**	**Scoping Study Outcome**		
C1 Cost Year 1	A$/t	61	US$/t	42
C1 Cost Year 2	A$/t	63	US$/t	43
C1 Cost Year 3	A$/t	75	US$/t	51
C1 Cost Year 4	A$/t	66	US$/t	45
Average C1 Costs	A$/t	66	US$/t	45

Table10: Expected C1 costs (US$/A$ = 0.68)

18. Economic Modelling

An economic model has been prepared by the Company, using inputs from various sources as summarised in Table 11 below:

Model Input – Capital and Pre- Start Costs	**Principal Source**
Mine Camp Establishment	Mining Focus Consultants Pty Ltd.
Haul Road Construction	Contractor Quotations
Bulk Loading Facility equipment at Port	Equipment Vendors/Engineering Consultants
Model Input – Operating Costs	**Principal Source**
Mine Camp Operation	Mining Focus Consultants Pty Ltd.
Mining and Crushing Costings	Contractor Quotations
Haulage Costs	Contractor Quotations
Port Operations	Port Operator Quotations
Transhipment Operation	Contractor Estimates
Shipping Costs	Shipping Agent Quotations
Iron Ore Pricing	Published Benchmark pricing and various published price forecasts
Royalties	State Government of Western Australia
Contingency	Internal Estimate
Model Input – Mining Schedule	**Principal Source**
Mining Schedule	Mining Focus Consultants Pty Ltd.

Table 11: Sources of economic model inputs

The majority of the cost estimates used in the Scoping Study are based upon proposals and/or quotations from suitably experienced industry participants. However, given the relativity early stage of the Project and the inherent level of uncertainty surrounding the expected capital and operating costs for a project at this stage (with no binding commercial agreements yet entered into between the Company and potential service providers, equipment suppliers or facility operators), the Company believes that it is reasonable to attribute a +/- 35% level of confidence to the estimated capital costs and an overall +/- 15% to the operating costs.

A production rate of approximately 1.5 Million tonnes per annum has been selected for the first 4 years, with total production over the LOM of 6.1 Million tonnes. This schedule has been selected taking account of the physical characteristics of the deposit, the capacity and constraints of potential mining and processing contractors as well as the capacity at the port and expected economic conditions.

A constant iron ore price of US$85 per tonne (62% Fe Fines, delivered CFR China) (**Benchmark Price**) has been assumed over the LOM, approximately equivalent to the prevailing Benchmark Price at the time of this Study.

It is assumed that during the LOM the average Lump price received will be approximately US$93/t and the average Fines price approximately US$75/t taking account of the premium expected for the Lump ore and discounts/penalties associated with impurities and grade relative to the 62% Benchmark index.

Key inputs used for the economic model Base Case (assumed constant over LOM) are highlighted in Table 12 below:

Key Inputs	Units	Value
US$/A$ Exchange Rate	US$/A$	**0.68**
Total Ore Production	Mt	**6.1**
Mine Life	Years	**4**
Annual Ore Production	Mtpa	**1.5**
Lump: Fines Ratio	Lump:Fines	**75:25**
Processing Losses	%	**3**
Mining and Processing Costs	A$/t	**26**
Haulage, Port and Transhipment Costs	A$/t	**37**
Shipping Costs	A$/t	**19**
Benchmark Iron Ore Price 62% Fines CFR China	US$/t	**85**
Lump Premium (per dry metric tonne unit)	US$/dmtu	**0.20**
Price Received – Lump	US$/t	**93**
Price Received – Fines	US$/t	**75**
Discount Rate	%	**8**

Table 12: Economic Model Inputs – Base Case

18.1. Economic Model Results

The results of the Company's economic modelling based upon the assumptions above and a range of key variables (Low, Base and High Case scenarios) are summarised in Table 13 below:

Economic Model – Key Variables	Unit	Low	Base	High
Benchmark Iron Ore Price 62% Fines	US$/t	81	**85**	89
Exchange Rate	US$/A$	0.71	**0.68**	0.65
Iron Ore Grade (Lump)	% Fe	59	**61**	63
Economic Model - Financial Metrics	**Unit**	**Low**	**Base**	**High**
Life of Mine Revenue	A$M	688	**793**	910
Operating Net Cash Flow	A$M	99	**189**	289
NPV	A$M	81	**155**	238
IRR	%	263	**449%**	649
Capex Payback Period	Months	4	**2**	1

Table 13: Economic Model Operating and Financial Metrics (pre-tax).

The forecast Project financial metrics (NPV, IRR and Operating Net Cashflows) are calculated and shown net of applicable royalties but before deductions for tax. The Company will be subject to Australian corporate tax at the rate of 30% on its taxable income. Any tax payable may potentially be reduced by utilising the Company's carried forward tax losses, which currently total ~$25 Million.[5]

The economic model confirms the Project has the potential to generate an attractive economic return with a pre-tax net present value (**NPV**) of between $81 Million to $238 Million (with a Base case of $155 Million) over an accelerated four-year mine life, assuming the Benchmark Price remains at approximately current levels (currently approximately US$88/t).

The average total cost of delivering ore to China (including royalties, marketing, freight and shipping costs) is expected to be less than US$64/t for the first two years of production, with an average cost over LOM of US$66/t. Thus the Project is expected to be able to continue to generate positive cashflow throughout the four-year mine life if the Benchmark iron ore price remains above approximately US$66/t (currently US$88/t) at an assumed constant US$/A$ exchange rate of 0.68.

Mine life can potentially be extended for a further 1 to 1.5 years, based upon current JORC Indicated Mineral Resource inventory and as a consequence the economic return has the potential to be significantly improved.

18.2. Sensitivity

A sensitivity analysis on the financial model highlights that the Project value is most sensitive to the following factors:

- Iron ore price;
- US$/A$ exchange rate; and
- Product Fe grade.

For example, a 15% increase in the Benchmark iron ore price to US$98/t over the LOM would result in a 56% increase in forecast NPV to approximately $242 Million (pre-tax). Conversely, a 15% decline in the Benchmark iron ore price to US$ 72/t over LOM would result in the expected NPV for the Project reducing to approximately $69 Million (pre-tax).

Figure 8 and Figure 9 below highlight the sensitivities of the Project Base Case NPV to changes in various inputs:

5 Subject to compliance with Australian tax laws

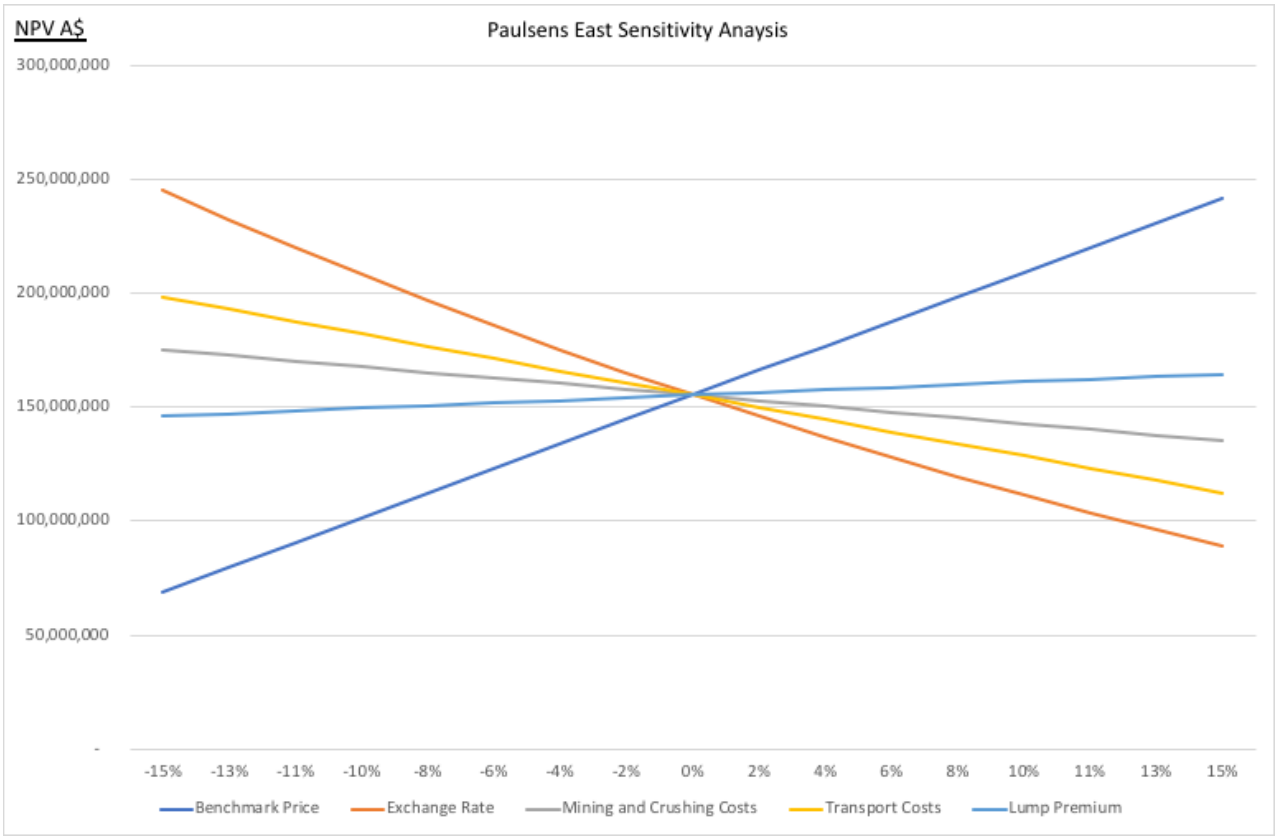

Figure 8: Sensitivity Analysis - Benchmark Iron Ore price, exchange rate and operating costs.

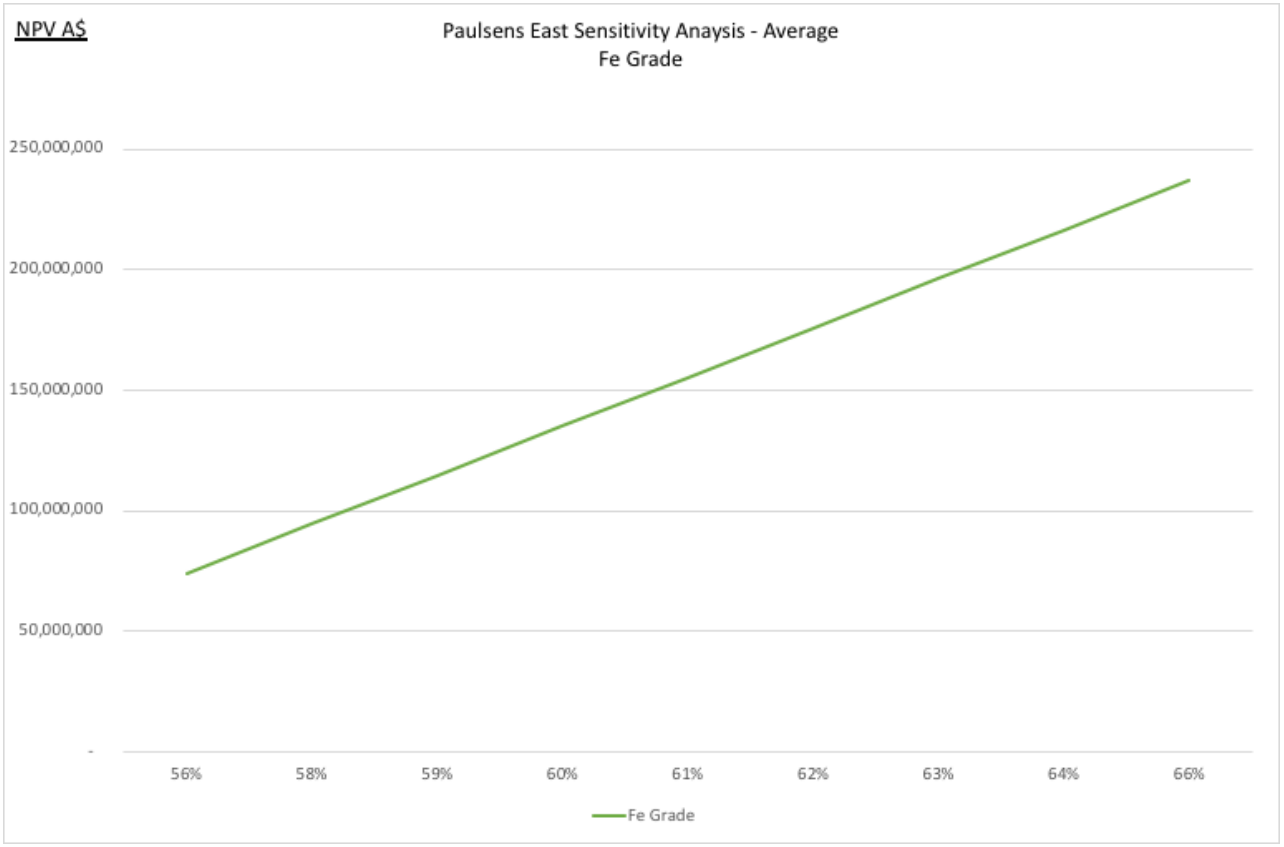

Figure 9: Sensitivity Analysis – Average Fe Grade over LOM (Base Case 61% Fe)

19. Opportunities

There are clearly defined opportunities that may significantly improve the economic and operational performance of the Project as described in this Scoping Study. Such improvements, which will be the focus of ongoing analysis and testing, include the potential for:

- Discovery of additional mineral resources which may exist to the south and south east of the outcropping ridge (to be tested by drilling) and could extend the LOM.
- Improvements in operational efficiencies relating to the transport logistics (mine to stockpile to port to ship).
- Improvements in the Fe grade of ore produced, where surface sampling has indicated the extensive occurrences of higher grades of iron (64% – 66% Fe) than those currently assumed as average product grades (59% - 61%) in the Company's economic model. By managing grade control at the edges of the ore bands which are inherently very high grade, higher product grades could be achieved which would result in higher prices received for the Lump and Fines products.
- Exploration upside to target highly promising resource extension potential along strike, based upon a previous high-grade (+60% Fe) drilling intersection and sampling located approximately 1.6 kilometres from the eastern end of the outcropping hematite ridge, leading to extended mine life.
- Direct loading of OGV's with nominal capacities of 50,0000 - 60,000 tonnes at Beadon Creek, Onslow.

20. Risks

The key risks identified for the Project include:

- A significant decline in the iron ore price from current and recent levels (currently the Benchmark iron ore price is approximately US$88/t).
- A significant strengthening of the Australian currency against the US currency.
- Potential operational constraints relating to port handling and transhipment logistics at Onslow.
- Delays in obtaining necessary approvals/permits.

21. Approvals

The Company has applied to the Department of Mines, Industry Regulation and Safety (**DMIRS**) to convert the current Retention License R47/07 (which covers the Project) to a Mining Lease.

In addition to the conversion to a Mining Lease, the following key approvals/agreements/permits will be required from the relevant parties/authorities:

- Vegetation Clearance Permits – for drilling and ROM pad/processing plant footprints.
- Native Title Agreement.
- Mining License Approval.
- Mining Permit.
- Miscellaneous license Approval for construction of haul road (from Nanutarra Road to mine site).
- Dangerous Goods Transport and Storage license(s) – for drill and blast activities.
- Works Approvals for Mine site construction.
- Approvals for camp construction/operation and associated infrastructure (e.g. waste water).
- Borefield extraction license/permit – for camp water and operational needs.

- Fuel storage permit at Mine – for mining fleet and power generation.
- Licence for road haulage, including truck configuration and axle loading.
- Permit for the storage of iron ore at stockpile site.
- Department of Transport (DoT) and Ashburton Port Authority (APA) approval of Transhipment Operations from Beadon Creek – Onslow.
- Approval of mooring points for OGV's and Barges.
- Onslow Marine Supply Base utilisation agreement.

22. Timing

The Company envisages that with reasonable assumptions concerning the receipt of necessary approvals and funding, first production from the Project could commence in the third quarter of 2020.

To achieve this goal, the Company is targeting the following key milestones:

Key Activity	Target Date for Completion (2020)
Feasibility Study	March
Native Title Negotiations	April
Final Investment Decision	May
Financing	June
Commercial Contracts/Agreements	June
Mobilisation/Construction	June
Mine Commissioning	August

Table 14: Project Milestones.

23. Funding

The Company believes there is a reasonable basis to assume the necessary funding for the Paulsens East Iron Ore Project will be obtained, for the following reasons:

- The Company has been able to raise funding for its exploration and development over the past 15 years in order to progress its projects. During this time, the Company has successfully raised over $100 Million in equity to fund its various projects. During 2019, the Company raised approximately $1 Million from sophisticated investors, principally to advance this Scoping Study. The Company has sufficient funding for the next stage of the Project, which will advance the Project to the completion of a Feasibility Study.

- The positive outcomes delivered by the Scoping Study provide confidence to the Board in the ability of the Company to fund the development capital through conventional debt and/or equity financing. A mix of debt and equity is the most likely funding model so 100% of the capital expenditure will not need to be borrowed. The Company has held discussions with its corporate advisors regarding the ability to secure funding for the Project, as well as with iron ore traders and agents who have indicated that project funding may be available from customers in China as pre-payment for supply or as a loan against a guaranteed offtake for the whole or part of the proposed production of iron ore from the Project. The Company has a strong financing track record and it is the view of the Board that when the project parameters in this Scoping Study are met, that funding will be able to be arranged. Notwithstanding this, the normal risks for the raising of capital will apply to the Company, such as the state of equity capital and debt markets, the results of the Feasibility Study and the price of iron ore.

- The Company believes that its funding opportunities will be improved at the completion of the Feasibility Study as a result of:
  - receipt of all necessary permits and approvals;

  - finalisation of further operational and engineering studies to improve the accuracy of the assessed capital and operating costs; and
  - commercial contracts secured with equipment providers, service providers and offtake partners.

- The funding models being considered will depend on the outcomes of the Feasibility Study, but as set out above, will likely be conventional debt and equity financing, but may include convertible notes, prepayment for offtake and/or other options for projects of a similar nature.

- The raising of equity by the Company may be dilutive to existing shareholders, depending on the price at which the then funding is completed.

24. Next Steps

The Scoping Study has successfully outlined the Company's preferred mining and processing plans, production rate, capital costs, operating costs and infrastructure requirements to support the Project production plan. It has determined that the Project has strong financial and economic merit, whilst being deemed technically low risk.

Several parts of this Scoping Study are at a level beyond what would normally be considered standard for such a study, and indeed are at, or close to Prefeasibility Study (**PFS**) level.

In order to advance the Project towards a completed Feasibility Study level, the following additional work programmes are required:

- Further metallurgical test work, including confirmation of Lump/Fines ratio following crushing and screening, Lump and Fines final grades and SG, product size range distribution and mineralogy/morphology verification.
- Geotechnical drilling.
- ROM pad design, plant layout design, utilities and services design for mine and village, bulk loading facility engineering design for trucking logistics (at mine and port) and truck unloading system at port, barge loading modelling and transhipment optimisation studies.
- Compilation of environmental management plans and safety management plans for the three key components of the supply chain - mine, road and port.
- Completed environmental surveys, archaeological and ethnographic surveys and hydrological surveys.
- Advancement/finalisation of Native Title negotiations.
- Submission of a final Mining Proposal.
- Advancement/receipt of Mining Lease.
- Establishment of water bores for mine camp and operational needs.
- Formalisation of trucking logistics approvals and licences with preferred haulage contractor.
- Formalisation of transhipment design and award to preferred contractor.
- Final product marketing studies to identify potential customers and gain greater certainty surrounding likely product pricing (premium Lump vs Fines pricing utilising the 62% Fe Index).

Submissions are currently being prepared/advanced to secure the various approvals and permits required related to:

- Mine and camp establishment and operation.
- Private haul road construction from highway to mine site.
- Ore haulage agreements from mine to port.

- Mine and port stockpile management.
- Ore handling facilities at port.
- Transhipment contracts.
- Export/royalty agreements.

For further background information about Paulsens East, please refer to Strike's previous ASX market announcements as follows:

- 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities
- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project
- 1 August 2019: Strong Progress at the Paulsens East Iron Ore Project
- 15 July 2019: Maiden JORC Resource of 9.1 Million Tonnes at 63.4% Fe – Paulsens East Iron Ore Project in the Pilbara.

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

FOR FURTHER INFORMATION

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

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

JORC CODE COMPETENT PERSON'S STATEMENT

(a) The information in this document that relates to **Mineral Resources** in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcements made by Strike Resources Limited on:

- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project; and
- 15 July 2019: Maiden JORC Resource of 9.1 Million Tonnes at 63.4% Fe – Paulsens East Iron Ore Project in the Pilbara.

The information in the original announcements is based on, and fairly represents, information and supporting documentation prepared by Mr Philip Jones, who is a Member of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and the Australian Institute of Geoscientists (**AIG**). Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the **JORC Code**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

(b) The information in this document that relates to **metallurgical test work, Exploration Targets** and other **Exploration Results** (as applicable) in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcement made by Strike Resources Limited on:

- 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities; and
- 1 August 2019: Strong Progress at the Paulsens East Iron Ore Project.

The information in the original announcements is based on and fairly represents information and supporting documentation compiled by Mr Philip Jones, who is a Member of the AusIMM and AIG. Mr Jones is an independent contractor to Strike Resources Limited. The information that relates to Processing and Metallurgy is based on the work done by ALS Metallurgy Iron Ore Technical Centre (ALS IOTC) on a bulk sample collected under the direction of Mr Jones and fairly represents the information compiled by him from the ALS IOTC testwork report. Mr Jones has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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

FORWARD LOOKING STATEMENTS

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

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

APPENDIX A

PAULSENS EAST IRON ORE PROJECT – TECHNICAL INFORMATION

Geology

Regional Geology

Paulsens East is located near the centre of the Wyloo 1:250,000 scale geology sheet within the crystalline basement (refer Figure 10).

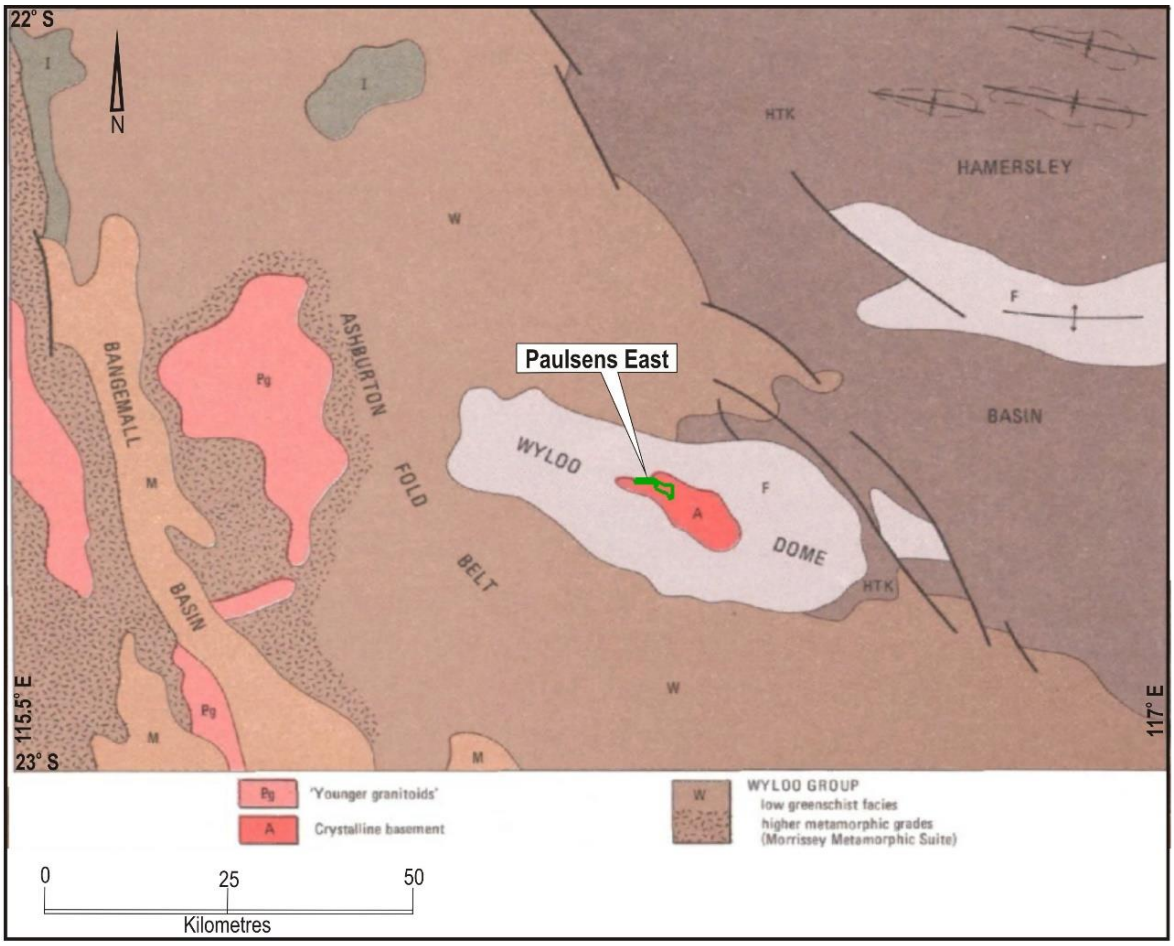

Figure 10: Regional geology (Wyloo geology sheet 1:250,000 SH5010)

Pilbara Supergroup

The oldest rocks on the Wyloo 1:250,000 scale geological sheet SH50-10 are exposed in the core of the Wyloo Dome. They are a metamorphosed sequence of mafic volcanics, dolerite, gabbro, and minor chert, and are intruded by the Metawandy Granite. They are generally schistose and are unconformably overlain by rocks of the Fortescue Group.

The dolerite and gabbro occur either as individual sills and dykes or as sheeted-dyke complexes. Large enclaves of mafic schist occur in the Metawandy Granite. The mafic rocks are broadly correlated with the Pilbara Supergroup (Ap) of the northern Pilbara Block.

Within the Pilbara Supergroup is the Mount McGrath Formation, a sequence of conglomerate, arenite, wacke, mudstone, dolomitic mudstone and dolomite. This formation hosts the hematite mineralisation at Paulsens East.

Local Geology and Mineralisation

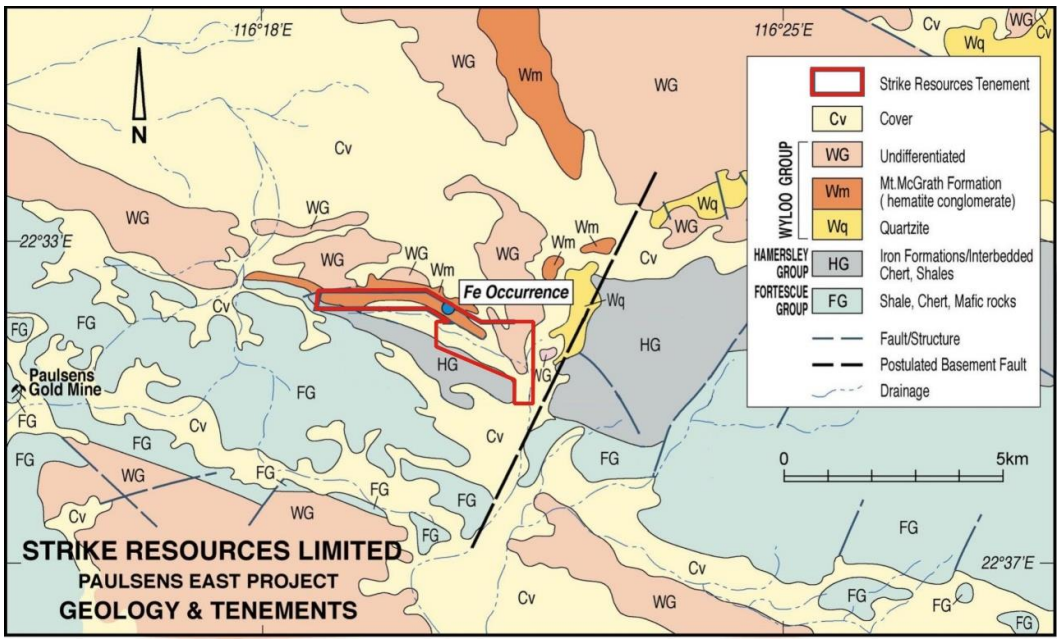

Figure 11: Paulsens East Geology Map

The Paulsens East tenement includes sediments of the Middle Proterozoic Wyloo Group which contain hematite mineralisation. The Wyloo Group rocks range from the continental Beasley River Quartzite to red beds of the Mt McGrath Formation that have been overlain by the shallow marine Duck Creek Dolomite.

The iron mineralisation found within the tenement occurs as a hematite conglomerate in the Mt McGrath Formation forming a prominent arcuate ridge up to 60 metres high, with cumulative average widths of ~6 metres and approximately 3,000 metres long. The conglomerate consists of hematite pebbles in a hematite rich matrix and cement.

The conglomerate, when it is fully mineralised, is composed of hematite clasts in a hematite matrix. When the conglomerate is "unmineralised" (i.e. below economic cut-off grade) the clasts are composed chert and often Weeli Wolli BIF (a distinctive banded red chert alternating with a siliceous hematite BIF – see clast just by point of pick in (Figure 12).

At least one of the conglomerate beds appears to grade fairly abruptly into a cherty siliceous bed along strike to the west.

A "halfway" mineralised conglomerate was also found at a few locations where the silica in the clasts has been leached out leaving vughs (refer Figure 12).

Figure 12: Close up view of "unmineralised" conglomerate with chert and BIF clasts in hematite matrix as found at Paulsens East

Earlier exploration has been conducted in the nearby areas to look for the source of hematite pebbles without success.

Figure 13: Close up view of hematite conglomerate with hematite matrix as found at Paulsens East

Figure 14: Close up view of "halfway" hematite conglomerate with vughs after chert as found at Paulsens East

Surface mapping and drilling has shown that the hematite conglomerate is usually found in three main beds of variable thickness up to approximately 10 metres, although up to five hematite beds of limited strike length have been identified along the mineralised ridge (refer Figure 15).

Figure 15: Looking east along Paulsens East ridge showing bedding

Mapping along the ridge indicates that to the west of the resource, the conglomerate clasts tend to become cherty and the matrix siliceous, with a consequent drop in Fe grade. The lower conglomerate bed also in part becomes more like a massive chert in sections to the west of the resource along the ridge.

Figure 16: Looking west along Paulsens East ridge showing bedding and massive blocky hematite conglomerate beds

Figure 17: Looking west along Paulsens East ridge showing dip slopes of hematite conglomerate beds

Drilling and Rock Sampling Programmes

Between 2006 and 2008, Strike conducted an extensive rock chip sampling programme across the ridge and two drilling campaigns comprising 66 holes for 3,537 metres of reverse circulation (**RC**) drilling, to determine the extent and quality of the Paulsens East mineralisation.

Figure 18: Drilling at Paulsens East (North side), 2008

A summary of the drill holes comprising the database used in the Mineral Resource estimate is included in Table 15.

Type	IDs	Number	Total Drilled (m)
RC (2006)	PERC001 to PERC008	8	813
RC (2008)	PERC009 to PERC064 Includes PERC029A & PERC063A	58	2,724
TOTAL		**66**	**3,537**

Table 15: Summary of holes used in resource estimation

The drill hole spacing is semi-regular along the north side of the target ridge as shown in Figure 19. The drill hole spacing was controlled by drill access along the ridge. Most holes were drilled between 30 and 60 degrees from horizontal with an approximate south azimuth from sites near the base of the ridge. On most cross sections there is only one drill hole.

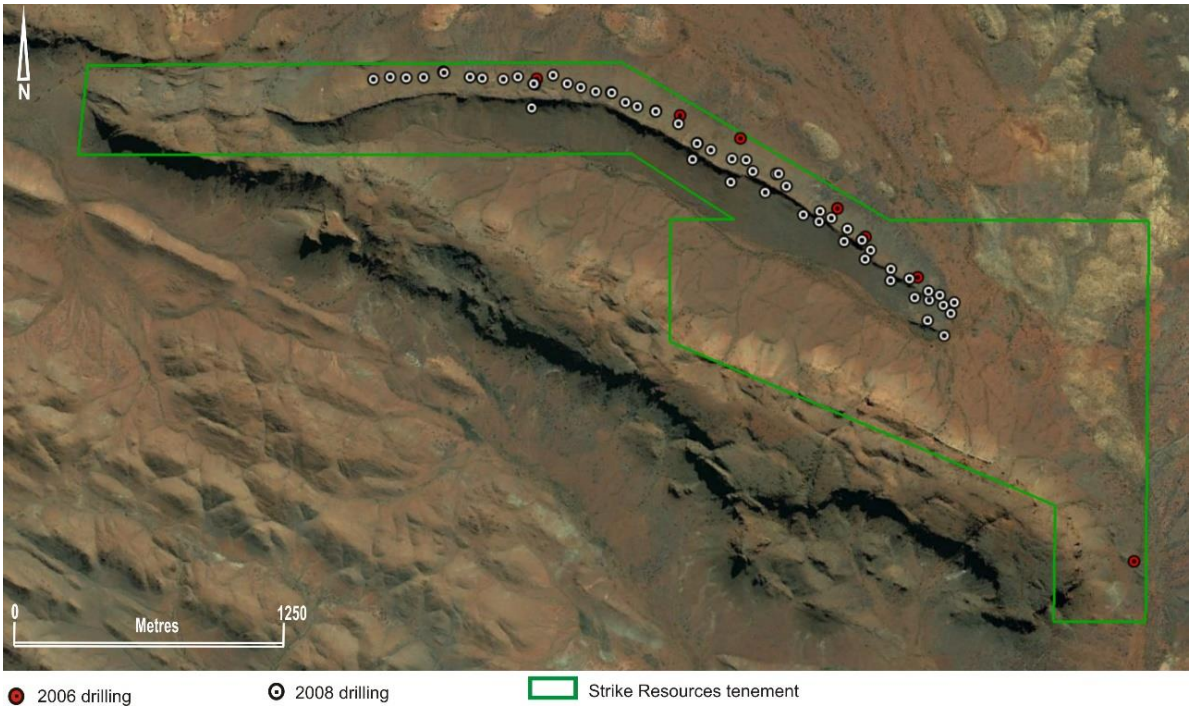

Figure 19: Drill hole location plan showing semi-regular spacing of holes

Sample recovery using a face sampling hammer for all the samples collected is reported to be excellent. All samples were split, mostly at 0.5m intervals with some at 1m, using a drill rig mounted rotary cone splitter with the laboratory split bagged in a pre-labelled calico bag. Proper procedures were followed when splitting and bagging the drilling samples prior to being dispatched to Ultra Trace Laboratories for chemical analysis. All drilling and field sampling were continually monitored by a site geologist who also logged the chips for each sample interval to produce geological lithology logs.

Topography

The topography was surveyed using drone photogrammetry between 29th July – 2nd August 2019. Parameters for the survey are as follows:

Collection Drone:	DJI Mavic 2 Pro
Nominal Ground Clearance:	60-70m
Drone Flight Speed:	8m/s
Photo interval:	18m
Total Flight Distance:	approximately 125-line kilometres
Area Surveyed:	454 Hectares

The Mavic 2 Pro utilises GNSS GPS/Glonass satellite control and for the duration of the survey, 12-18 satellites were visible to the drones. Accuracy in this configuration of +/- 2-4m E-W can be expected, with elevation control not as reliable. Further accuracy can be gained by using Ground Control Points, although none were available for this survey.

Normally, the final DC Levelled Digital Elevation Model (**DEM**) Grid would be DC levelled against a ground control elevation, to link it into either WGS84 MASL elevation or an Australian Height Datum (**AHD**). This was not available for the Paulsens East area at the time of processing although may be considered at a later date. An alternative, the DC Levelled DEM Grid was referenced against the Space Shuttle Radar data (**SRTM**), which has a nominal ground pixel size of 30m and is the default DEM for the Google Earth Application.

All the drill collars were projected to the photogrammetry surface to generate standardised elevations.

Sampling Method and Approach

In the 2006 drilling programme, all the drill samples were dispatched for chemical analysis. In 2008, only samples logged with a high iron content were analysed.

Regular laboratory repeats and approximately 10% field sample duplicates were processed and showed very good correlation (refer Figure 20 and Figure 21).

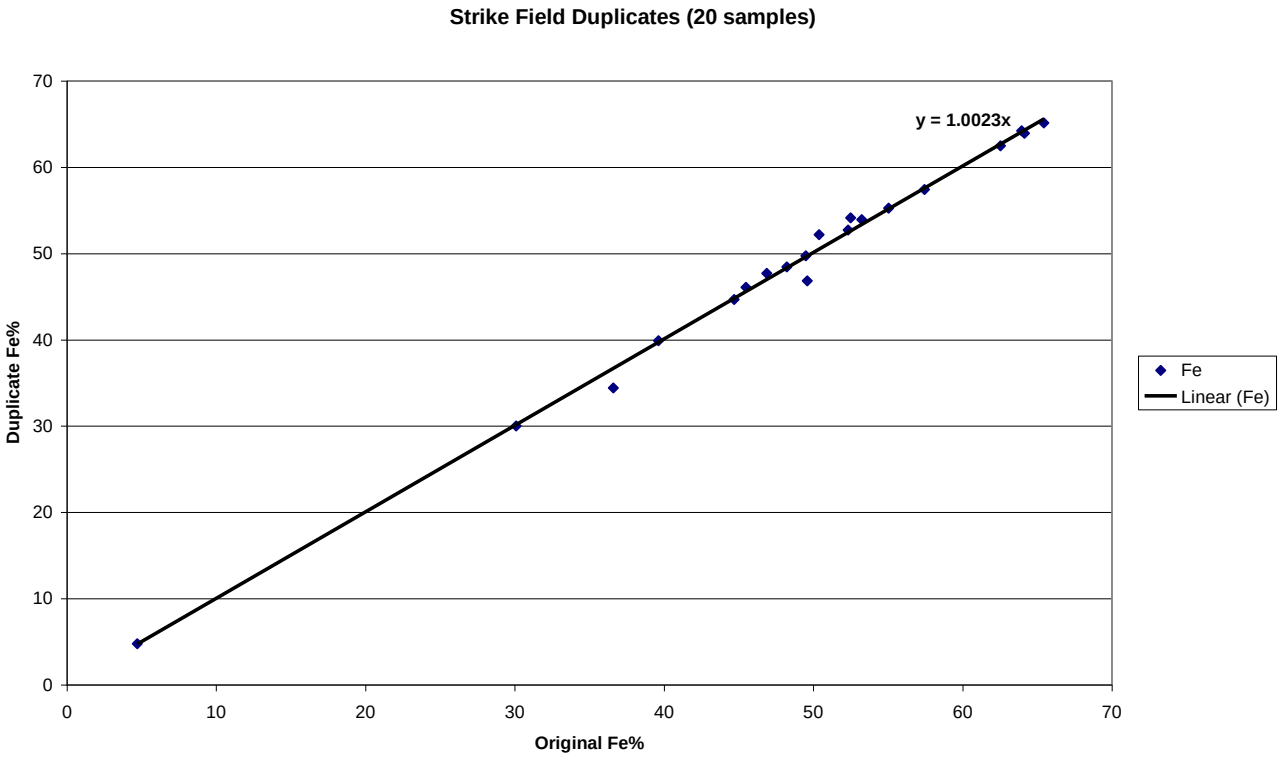

Figure 20: Field duplicate correlations

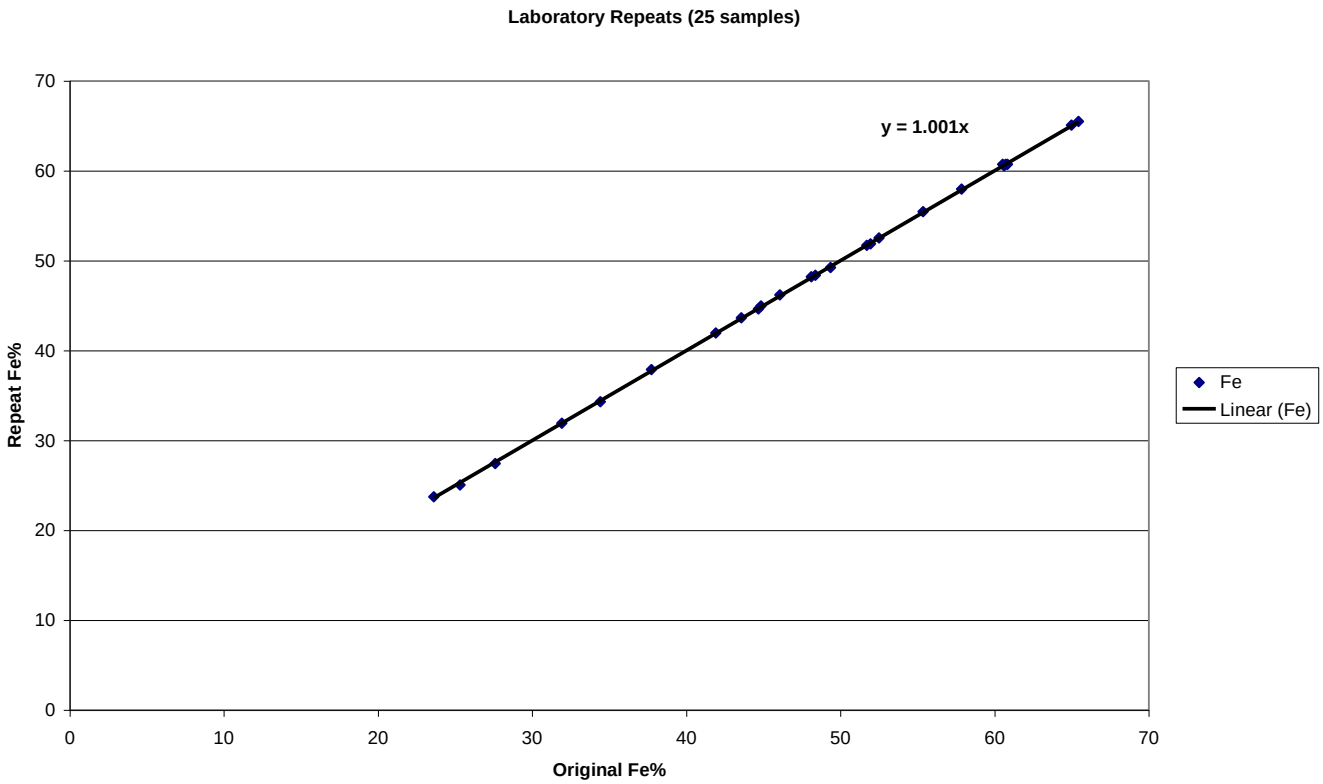

Figure 21: Laboratory repeat

The hole collars were surveyed using a hand-held GPS. The accuracy of drill hole collar surveys cannot be fully verified but were found to lie where expected on drill pads shown on the georeferenced images. Considering the large dimensions of the mineralisation, the accuracy of the collar data is sufficiently accurate for an Indicated Mineral Resource estimate.

Bulk Density

A standard bulk density of 4.2 t/m3 was used for this estimate. This bulk density is typical for hematite ore (hematite mineral = 5.26 in Australian Field Geologists' Manual – Monograph 9, **AusIMM**). The hematite conglomerate beds are low in goethite/ limonite and shale and as such this is reflected in low loss on ignition (**LOI**). The standard bulk density assumed for the estimation reflects absence of goethite, limonite and shale material commonly found in Hamersley iron ores.

Resource Modelling Methodology

The Paulsens East resources were modelled using MineMap IMS® software. A polygon was created on each variably spaced drilling section, approximately perpendicular to the strike of the ridge, using a 58% Fe lower cut off with a minimum drill intersection width of 1.0 m, however a few intersections less than 1.0 m were included to maintain continuity between cross sections. Some intersections of lower than cut-off material was included in the polygons as "included waste" to maintain continuity between higher-grade intersections. The 58% Fe lower cut-off grade was chosen to reflect the iron mineralisation as it produced coherent intersections on the drill holes.

The average drill intersection width is 6.26 metres. Note that since most of the drill holes were designed to intersect the mineralisation approximately orthogonally, the drill intersection width in most drill holes would be only slightly longer than the true width of the mineralisation. Where the azimuth of a hole or the dip of a hole is not orthogonal to the mineralisation the drill intersection width will be longer than the true width of the mineralisation.

	Unit 1		Unit 2		Unit 3		Unit 4		Unit 5		Total	
	Drill Interval	Fe%	Drill Interval	Fe%	Drill Interval	Fe%	Drill Interval	Fe%	Drill Interval	Fe%	Drill Interval	Fe%
Count	51		52		41		11		4		54	
Minimum	1.00		0.50		0.50		0.50		0.50		1.00	
Maximum	6.00		8.50		10.00		2.50		4.00		16.00	
Average	2.08	61.26	2.40	62.03	2.05	59.71	1.45	60.90	1.75	62.33	6.26	61.53
Width average		61.77		62.16		61.29		61.61		63.13		61.82

Table 16: Mineralisation width statistics

Since there was usually only one drill hole per cross section, the few sections with multiple holes were interpreted first to get a sense of the dip. Then the rest of the sections were interpreted by linking the main mineralised drill intersection with the crest of the ridge, corresponding with the geological mapping of the mineralisation (refer Figure 22). On most sections there are three iron units separated by shales and quartzites.

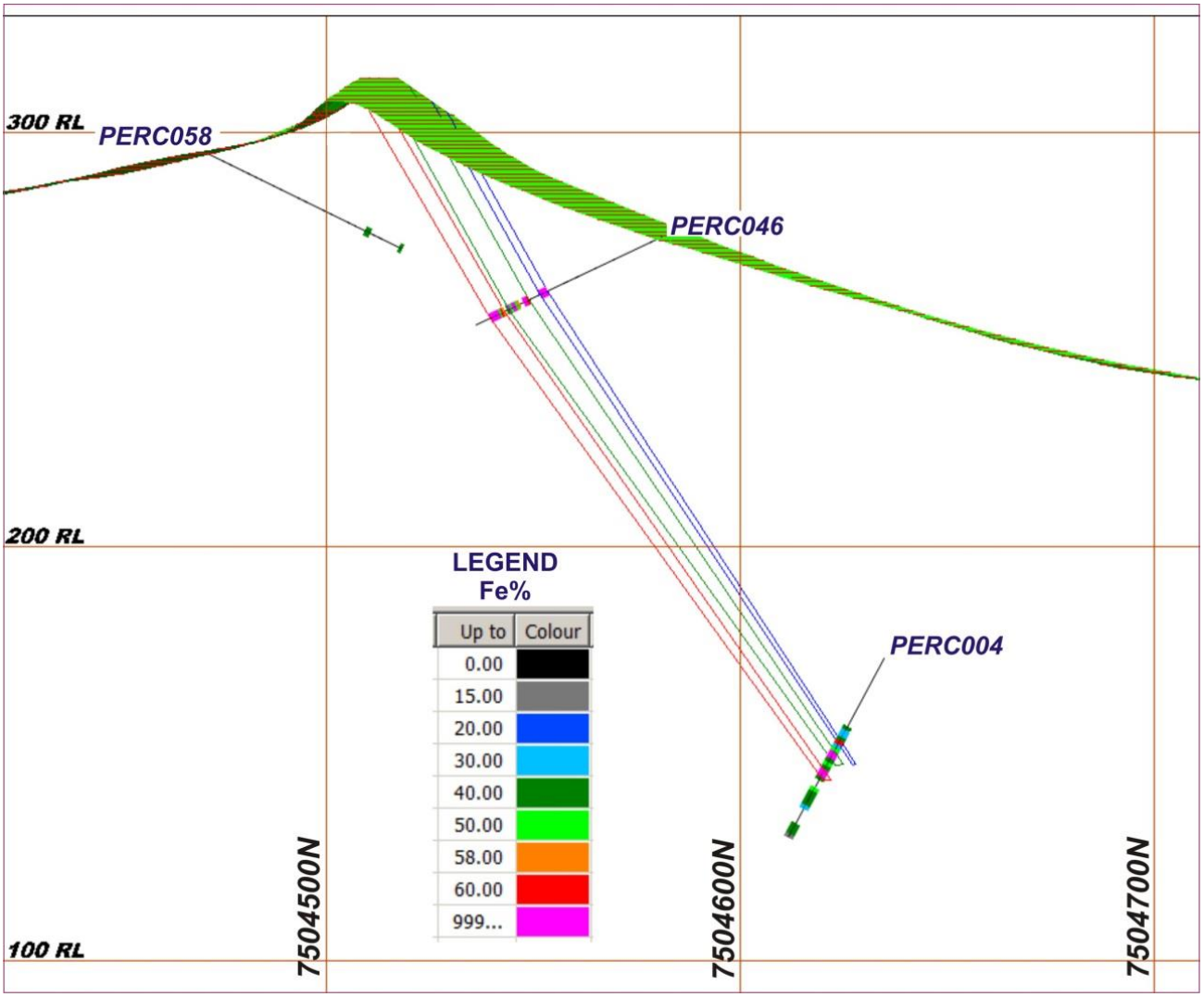

Figure 22: Typical cross section (432285E) showing three main mineralised units

The sections were then linked by wireframes to produce a 3D model. The interpreted mineralised zones on each section generally showed good continuity between sections.

The grades were interpolated using Inverse Distance Cubed (**ID3**) into the model blocks using a 100 m along-strike search ellipse. The parameters used in the modelling are outlined in Table 17.

Parameters	
East/West limits	430,350E – 433,350E
North/South limits	7,503,850N - 7,505,150N
Block dimensions (metres) X (strike), Y (across strike), Z (depth)	5.0m x 5.0m x 2.0m
Algorithm	3D Ellipsoidal
Inverse Distance Weighting Power	2
Upper RL	340.0m RL
Base RL	150.0m RL
Search Ellipse Along strike	100m
Search Ellipse Across strike (to fill model, mineralised bodies only several metres thick)	100m
Search Ellipse Depth	100m
Rotation Z (dip off vertical)	0º
Rotation Y (strike)	0º
Rotation X (plunge)	0º

Table 17: Modelling parameters used to model the Paulsens East Mineral Resource

APPENDIX B

JORC CODE (2012 EDITION)
TABLE 1 – CHECKLIST OF ASSESSMENT AND REPORTING CRITERIA

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	Commentary
Sampling techniques	• The only samples used in the resource estimate are splits of chips collected during Reverse Circulation (**RC**) drilling. • Most of the drilling was designed to penetrate the whole width of the mineralised zone approximately orthogonally. All the drilling samples were split with a cyclonic splitter. • All drilling met industry standards and used to obtain usually 0.5 m samples from which 3 kg was pulverised for XRF analysis.
Drilling techniques	• All the drilling used in the resource modelling was RC drilling.
Drill sample recovery	• All the samples were logged by a qualified geologist and visually assessed for sample recovery. The logging indicates that the sample recoveries were excellent. • The RC drilling was monitored by the site geologist and when sample recoveries were becoming a problem, drilling was stopped. • There are no known relationships between grades and sample recovery.
Logging	• All the drill samples were logged by a qualified geologist at a sufficient level to support resource modelling. • The logging was both qualitative and quantitative. • Each hole was logged entirely.
Sub-sampling techniques and sample preparation	• The RC sample chips were split using a rig mounted cyclonic splitter. • The sample collection and sub-sampling was appropriate for the mineralisation being sampled. • Field duplicates and laboratory standards were used for Quality Assurance and Quality Control (QAQC). • To ensure the sampling is unbiased, the whole of the mineralised zone was drilled and drill holes spaced on a regular grid. The RC chips were collected and sub-sampled in a cyclonic splitter. • The samples collected and submitted for assay are of an appropriate size for the grain size of the material being sampled.
Quality of assay data and laboratory tests	• The samples were analysed using XRF by an independent ISO accredited laboratory following international standard procedures to produce total assays. • No geophysical results are reported. • Field duplicates and laboratory standards were used for QAQC.
Verification of sampling and assaying	• No independent verification of the data was made by the Competent Person. • No twinned holes have been drilled to check quality of original drilling. • All data collection, data entry, data verification procedures and data storage protocols are properly documented. • No adjustments were made to the assay data.
Location of data points	• The drill hole collars were surveyed using a hand-held GPS. The accuracy of drill hole collar surveys cannot be fully verified but were found to lie where expected on drill pads shown on the georeferenced images. • The topography was surveyed using drone photogrammetry by Yoda Consulting Australia Pty Ltd between 29 July – 2 August 2019. An accuracy of +/- 2-4 m E-W/N-S can be expected, with elevation control not as reliable. The DC Levelled DEM Grid was referenced against the Space Shuttle Radar data (**SRTM**), which has a nominal ground pixel size of 30m.

Criteria	Commentary
Data spacing and distribution	• The Competent Person believes that the spacing of the drilling on sections at approximately 50 - 150m spacing along with an accurate topographic photogrammetry survey with high resolution photos and surface GPS mapping, is sufficient for a low order Indicated resource estimate. • Since the bulk of the sampling used in the resource estimates, the RC drilling, is sampled at fixed 0.5 m intervals, there was no sample compositing.
Orientation of data in relation to geological structure	• The intersection angle of the drilling with respect to the mineralisation was variable, but generally at approximately 60-80 degrees, making most drill intersections longer than the true width of the mineralisation. The resource modelling software uses the data in 3D and so compensates for the wider apparent thicknesses.
Sample security	• All the samples submitted for chemical analysis were securely transported from the field to the laboratory.
Audits or reviews	• There have been no audits or reviews of the sampling techniques or data.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• The resource lies entirely within Retention Licence R47/07 which is registered with Orion Equities Limited and is due to expire on 3/12/2019.</td></tr>
<tr><td>Exploration done by other parties</td><td>• No other parties have carried out significant iron ore exploration at Paulsens East.</td></tr>
<tr><td>Geology</td><td>• The iron mineralisation is a conglomerate within the Mount McGrath Formation composed of hematite clasts within a hematite matrix.</td></tr>
<tr><td>Drill hole Information</td><td>
<table>
<tr><th>Type</th><th>IDs</th><th>Number</th><th>Total Drilled (m)</th></tr>
<tr><td>RC (2006)</td><td>PERC001 to PERC008</td><td>8</td><td>813</td></tr>
<tr><td>RC (2008)</td><td>PERC009 to PERC064
Includes PERC029A & PERC063A</td><td>58</td><td>2,724</td></tr>
<tr><td>TOTAL</td><td></td><td>66</td><td>3,537</td></tr>
</table>
• The drilling locations are discussed in the body of this document and collar details included as an Appendix [refer Appendix C].
</td></tr>
<tr><td>Data aggregation methods</td><td>• All intersections quoted in text are length weighted averages and all resource estimates are tonnage weighted averages
• No metal equivalents have been reported.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>• The resource modelling was carried out in 3D and all apparent widths accounted for in the estimation method.
• Most of the drill holes were designed to intersect the mineralisation approximately orthogonally. The drill intersection width in most drill holes would be only slightly longer than the true width of the mineralisation. Where the azimuth of a hole or the dip of a hole is not orthogonal to the mineralisation the drill intersection width will be longer than the true width of the mineralisation.</td></tr>
<tr><td>Diagrams</td><td>• All the diagrams necessary to describe the project are included in the body of this report.</td></tr>
<tr><td>Balanced reporting</td><td>• The Competent Person believes that the reporting of the Exploration Results in this report is balanced.</td></tr>
</table>

Criteria	Commentary
Other substantive exploration data	• No other exploration data other than local geology maps were considered in the resource estimate.
Further work	• Further in-fill drilling, metallurgical testwork and mining studies have been recommended.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section)

Criteria	Commentary
Database integrity	• Data used as received but checked for Hole ID and sample interval errors by MineMap © software. Some RC sample assays in database were checked against laboratory spread sheets and no errors were found.
Site visits	• The Competent Person visited the site on 17 August 2019 and inspected the mineralised outcrop at various points over the whole strike length of the deposit and instructed the field technician on where to take the GPS readings of the hematite outcrop.
Geological interpretation	• The mineralisation is a series of conglomerate beds with hematite clasts and matrix separated by thin shale and quartzite beds. • The interpretation of the mineralisation and modelling wireframes is based on surface mapping and drilling. • The hematite conglomerates are sedimentary.
Dimensions	• The outcropping mineralised conglomerate has a strike length of approximately 3 km and is open at depth.
Estimation and modelling techniques	• The resource modelling was done with MineMap © software by interpolating grades into a digital block model using an Inverse Distance Cubed (ID3) algorithm confined by wire framing of the >58% Fe mineralised zones with 100m search radii along and across strike and 100m up and down dip. • The Competent Person considers that these modelling parameters are appropriate for an Indicated resource of the type and style of mineralisation being modelled. • It is assumed that the mineralised conglomerate beds can be satisfactorily mined in an open cut to a minimum of 1 m width and beneficiation, if required, will produce a profitable and marketable product. • The model cells of 5 m X 5 m 2 m are suitable for representing the style of mineralisation being modelled. • No variable correlations were considered. • The wireframes confining the resource model are based on drill intercept grades >58% and correlated with the outcropping ridge. • No grades were cut because the Fe grades had no high-grade outliers. • The resource model was checked and validated visually against the drilling using colour coded grades.
Moisture	• All tonnes and grades are on a dry basis.
Cut-off parameters	• The resource modelling was confined by wire framing of the >58% Fe mineralised zones. This grade represents an approximate economic cut-off and allows correlations of the mineralisation between cross sections.
Mining factors or assumptions	• No mining factors were considered for the resource estimate although it was assumed that it is most likely that if the deposit is eventually mined it will be mined using the open pit mining method.
Metallurgical factors or assumptions	• No metallurgical tests have been carried out on representative samples of the mineralisation. Metallurgical testwork has been recommended to determine if beneficiation by screening and/or gravity separation and/or optical recognition can economically produce a high grade/value marketable product.

Criteria	Commentary
Environmental factors or assumptions	• No environmental factors were considered however the tenement has sufficient suitable area to accommodate a small mining and processing operation including provision for waste disposal. • There are no obvious especially environmentally sensitive areas in the vicinity of the deposit although the usual impact studies and government environmental laws and regulations will need to be complied with.
Bulk density	• There have been no specific gravity measurements taken of the mineralisation modelled. • A bulk density of 4.2 (based on the density of hematite mineral = 5.26 in Australian Field Geologists' Manual – Monograph 9 AusIMM) was used. This value is typical of high-grade hematite mineralisation.
Classification	• The resource was classified by the Competent Person as Indicated based on the spacing of the drilling and quality of the data used in the estimation. • The Competent Person believes this classification to be appropriate.
Audits or reviews	• No audits or reviews of the Mineral Resource Estimates have been made.
Discussion of relative accuracy/ confidence	• The drill hole spacing is too wide to provide sufficient confidence in the resource estimate for a higher-level resource category. The quality of the data is considered to be reasonable for an Inferred resource estimate. • All quoted estimates are global for the deposit. • No mine production has been recorded at the deposit.

APPENDIX C

DRILL COLLAR DETAILS

HOLE ID	EAST MGA94_Z50	NORTH MGA94_Z50	RL	DEPTH	Azimuth	Dip	START DATE	END DATE	Drill Company
PERC001	430,952	7,504,968	254	82	174	-60	6/12/2006	6/12/2006	Wallis
PERC002	431,382	7,504,939	241	64	167	-60	7/12/2006	7/12/2006	Wallis
PERC003	432,043	7,504,777	242	120	204	-63	7/12/2006	8/12/2006	Wallis
PERC004	432,322	7,504,674	238	148	202	-60	8/12/2006	8/12/2006	Wallis
PERC005	432,771	7,504,357	233	147	212	-60	9/12/2006	9/12/2006	Wallis
PERC006	432,901	7,504,228	250	100	221	-55	9/12/2006	9/12/2006	Wallis
PERC007	433,143	7,504,045	246	94	236	-55	10/12/2006	11/12/2006	Wallis
PERC008	434,149	7,502,753	229	58	160	-60	11/12/2006	11/12/2006	Wallis
PERC009	433,193	7,503,982	249	36	239	-45	31/05/2008	1/06/2008	Rock
PERC010	433,105	7,504,038	256	54	227	-29	1/06/2008	1/06/2008	Rock
PERC011	433,019	7,504,081	250	54	210	-25	2/06/2008	3/06/2008	Rock
PERC012	432,925	7,504,167	250	34.5	248	-23	3/06/2008	3/06/2008	Rock
PERC013	432,885	7,504,213	240	42.5	215	-17	4/06/2008	5/06/2008	Rock
PERC014	432,885	7,504,213	240	30.5	275	-40	5/06/2008	5/06/2008	Rock
PERC015	432,818	7,504,263	244	45.5	238	-19.5	6/06/2008	6/06/2008	Rock
PERC016	432,743	7,504,313	255	48.5	218	-15.5	6/06/2008	6/06/2008	Rock
PERC017	432,691	7,504,343	247	48.5	218	-23	11/06/2008	11/06/2008	Rock
PERC018	432,499	7,504,514	258	48.5	222	-20	11/06/2008	11/06/2008	Rock
PERC019	432,488	7,504,513	256	54.5	228	-40	12/06/2008	12/06/2008	Rock
PERC020	432,349	7,504,576	263	54.5	210	-24	13/06/2008	13/06/2008	Rock
PERC021	431,931	7,504,794	257	54.5	202	-20	14/06/2008	14/06/2008	Rock
PERC022	431,931	7,504,797	256	46.5	202	-40	14/06/2008	15/06/2008	Rock
PERC023	431,728	7,504,878	254	54.5	191	-25	16/06/2008	17/06/2008	Rock
PERC024	431,725	7,504,880	252	54.5	191	-40	17/06/2008	17/06/2008	Rock
PERC025	431,457	7,504,956	255	54.5	165	-25	19/06/2008	19/06/2008	Rock
PERC026	431,295	7,504,948	255	54.5	169	-25	19/06/2008	19/06/2008	Rock
PERC027	431,791	7,504,835	265	54.5	194	-25	23/06/2008	23/06/2008	Rock
PERC028	431,368	7,504,917	263	54.5	160	-25	24/06/2008	24/06/2008	Rock
PERC029	431,374	7,504,915	263	24.5	160	-40	24/06/2008	24/06/2008	Rock
PERC029A	431,374	7,504,915	263	54.5	160	-40	25/06/2008	25/06/2008	Rock
PERC030	431,846	7,504,816	272	54.5	219	-25	25/06/2008	25/06/2008	Rock
PERC031	430,955	7,504,964	240	54.5	142	-25	26/06/2008	26/06/2008	Rock
PERC032	430,861	7,504,942	249	42.5	166	-25	26/06/2008	26/06/2008	Rock
PERC033	430,781	7,504,939	263	48.5	174	-25	26/06/2008	26/06/2008	Rock
PERC034	430,707	7,504,942	260	54.5	170	-25	27/06/2008	27/06/2008	Rock
PERC035	430,630	7,504,931	258	54.5	168	-25	27/06/2008	27/06/2008	Rock
PERC036	431,228	7,504,936	257	54.5	178	-25	27/06/2008	27/06/2008	Rock
PERC037	431,654	7,504,883	265	45	187	-25	28/06/2008	28/06/2008	Rock
PERC038	431,585	7,504,902	258	54.5	176	-25	28/06/2008	28/06/2008	Rock
PERC039	431,523	7,504,918	258	47.5	191	-25	28/06/2008	28/06/2008	Rock
PERC040	431,075	7,504,945	257	54.5	181	-25	29/06/2008	29/06/2008	Rock
PERC041	431,131	7,504,940	256	48.5	183	-25	29/06/2008	29/06/2008	Rock
PERC042	432,036	7,504,739	255	54.5	190	-25	29/06/2008	29/06/2008	Rock
PERC043	432,122	7,504,649	255	46	198	-25	30/06/2008	30/06/2008	Rock
PERC044	432,124	7,504,650	254	35.5	198	-40	30/06/2008	30/06/2008	Rock
PERC045	432,186	7,504,620	257	42.5	201	-25	30/06/2008	30/06/2008	Rock
PERC046	432,284	7,504,580	261	51	190	-25	30/06/2008	30/06/2008	Rock
PERC047	432,380	7,504,524	269	54.5	209	-25	7/01/2008	7/01/2008	Rock
PERC048	432,535	7,504,457	262	54.5	213	-25	7/01/2008	7/01/2008	Rock
PERC049	433,197	7,503,941	233	24.5	350	-25	7/02/2008	7/02/2008	Rock
PERC050	433,190	7,503,848	249	34	190	-25	7/02/2008	7/02/2008	Rock
PERC051	433,130	7,503,952	230	48.5	24	-25	7/04/2008	7/05/2008	Rock
PERC052	433,018	7,504,029	244	38.5	40	-25	7/05/2008	7/05/2008	Rock
PERC053	432,900	7,504,126	256	38.5	40	-25	7/05/2008	7/05/2008	Rock
PERC054	432,803	7,504,206	265	39.5	25	-25	7/05/2008	7/06/2008	Rock
PERC055	432,687	7,504,296	271	27	18	-25	7/06/2008	7/06/2008	Rock
PERC056	432,614	7,504,327	276	54.5	27	-25	7/06/2008	7/07/2008	Rock
PERC057	432,438	7,504,428	282	54.5	15	-25	7/07/2008	7/07/2008	Rock
PERC058	432,279	7,504,474	285	54.5	18	-25	7/07/2008	7/07/2008	Rock
PERC059	432,102	7,504,576	262	54.5	35	-25	7/08/2008	7/08/2008	Rock
PERC060	431,360	7,504,806	287	54.5	350	-25	7/08/2008	7/08/2008	Rock
PERC061	433,312	7,503,931	235	54	196	-60	9/07/2008	9/07/2008	Rock
PERC062	433,297	7,503,881	235	54	194	-60	9/07/2008	9/07/2008	Rock
PERC063	433,245	7,503,964	244	38	195	-45	10/07/2008	10/07/2008	Rock
PERC063A	433,267	7,503,779	237	6	245	-60	10/07/2008	10/07/2008	Rock
PERC064	433,262	7,503,918	240	39	205	-45	10/07/2008	10/07/2008	Rock

APPENDIX D

METALLURGICAL TESTWORK RESULTS

Table 17 below shows a Summary of the Metallurgical Testwork results for the Paulsens East Iron Ore Project.

Table 17: ALS IOTC Metallurgical Testwork for Paulsens East Iron Ore Project, Summary Results.

TESTWORK RESULTS SUMMARY

Job Number:	**A20317**
Project	**Strike Resources**
Ore Type:	**Iron Ore**
Date:	**20/09/2019**

Testwork	Sample			Crushing Work Index (kWh/t)			
	ID	Number of Specimen	SG (kg/L)	Max	Min	StdDev	Average
Bond Impact Crushing Work Index	Composite#1	20	4.80	27.4	6.5	6.2	15.3

Testwork	Sample	Bond Abrasion Index	
		Index Classification	Abrasion Index (Ai)
Bond Abrasion Index	Composite#1	Highly Abrasive	1.0003

Testwork	Sample		Mass Distribution		Assay Summary			
	ID	Product	(kg)	(%)	Fe (%)	SiO2 (%)	Al2O3 (%)	LOI-1000 (%)
Dropping	Composite#1	Lump	176.20	79.2	66.0	3.09	1.31	0.82
		Fines	46.40	20.8	64.0	4.90	1.86	1.23

Testwork	Sample	Index	Tumble Abrasion Index		
			Test A	Test B	Average
Tumble Abrasion Index	Composite#1 ADL	Tumble Index (Ti)	95.6	95.9	95.8
		Abrasion Index (Ai)	2.6	2.6	2.6