Wednesday, 15 July 2020 ASX Code: SRK

ASX MARKET ANNOUNCEMENT

High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project

HIGHLIGHTS

- Recent field work confirms extension of high grade iron ore mineralisation along strike of the existing Paulsens East Iron Ore deposit containing a JORC Indicated Mineral Resource of 9.6Mt at 61.1% Fe.
- Surface rock-chip samples grading 64.4% - 66.2% Fe identified at multiple locations along strike up to 1.6kms from the JORC Indicated Mineral Resource.
- The results highlight the potential for significant additional high-grade iron mineralisation to add to the current JORC Indicated Mineral Resource.
- The Company continues to advance the development of Paulsens East towards development with native title and mining licence applications and off-take discussions progressing well.

Background

Strike Resources Limited (ASX:SRK) (**Strike**) is developing the Paulsens East Iron Ore Project (the **Project**) in the Pilbara, Western Australia.

The Project consists of a high-grade outcropping hematite ridge rising to approximately 60 metres above the surrounding valley floor and extending for approximately three kilometres west to east, with a current JORC Indicated Mineral Resource of 9.6 Million tonnes of high-grade hematite conglomerate at 61.1 % Fe, 6.0% SiO_2, 3.6% Al_2O_3, 0.08% P[1].

1.6 Kilometre Mineralisation Extension Potential

Strike recently conducted field work at the Project to test for potential extensions of iron ore mineralisation from the eastern end of the hematite ridge containing the current JORC Indicated Mineral Resource of 9.6 Million tonnes grading 61.1% Fe to the tenement boundary approximately 1.6 kilometres away.[2]

Strike is pleased to confirm multiple high grade rock chip results ranging from 64.4% - 66.2% Fe from sampled iron ore outcrops occurring over a length of approximately 300 metres, extending from the southeast tenement boundary towards the eastern edge of the hematite ridge. These results strengthen Strike's confidence that the existing iron ore mineralisation the subject of the current JORC Indicated Resource continues below cover for a further 1.6 kilometres from the eastern edge of the outcropping hematite ridge towards the southeast.

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

2 Refer also Strike's ASX Announcements dated 4 December 2019: High Grade Results Located 1.6km from 9.6Mt Resource and 5 December 2019: Drilling and Surface Sampling Results at Paulsens East Iron Ore Project

Strike undertook field work recently to build upon the results received from a previous drill hole undertaken by Strike in 2006 (PERC008 – refer Figure 1 below) at the southeast tenement boundary, which intersected 60.8% Fe hematite conglomerate at a depth of 35 metres. That hole was drilled co-incident with an outcrop of high-grade iron ore which was sampled and analysed at 63.55% Fe.

A summary of the recent assay results is as follows:

Table 1: 2020 Rock Chip Sampling

Sample Location	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	S (%)	LOI (%)
P02	66.2	3.29	1.10	0.052	0.009	0.61
P03	65.8	2.70	1.49	0.092	0.006	0.78
P04	66.5	2.61	1.16	0.061	0.008	0.69
P05	65.7	2.77	1.67	0.080	0.007	0.90
P06	64.4	5.10	1.01	0.212	0.004	0.44

The samples were random rock chips collected across the width of the iron ore outcrop at each location and analysed at ALS Iron Ore Technical Centre using XRF technique.

The likely alignment of the subsurface extension of the mineralisation on the ridge is shown in Figure 1 below. This figure shows the location of the recently collected rock chip samples and drill hole PERC008.

Given that the currently defined JORC Indicated Mineral Resource of 9.6 Million tonnes of 61.1% Fe is contained only within a three-kilometre strike length, the potential exists for a significant increase in high-grade iron mineralisation.

The exploration target for additional mineralisation beyond the 9.6 million tonnes outlined by drilling is conceptual in nature. There has been insufficient exploration to estimate a JORC Mineral Resource in respect of the surface sampling completed recently and it is uncertain if further exploration will result in the estimation of a JORC Mineral Resource in this regard.

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

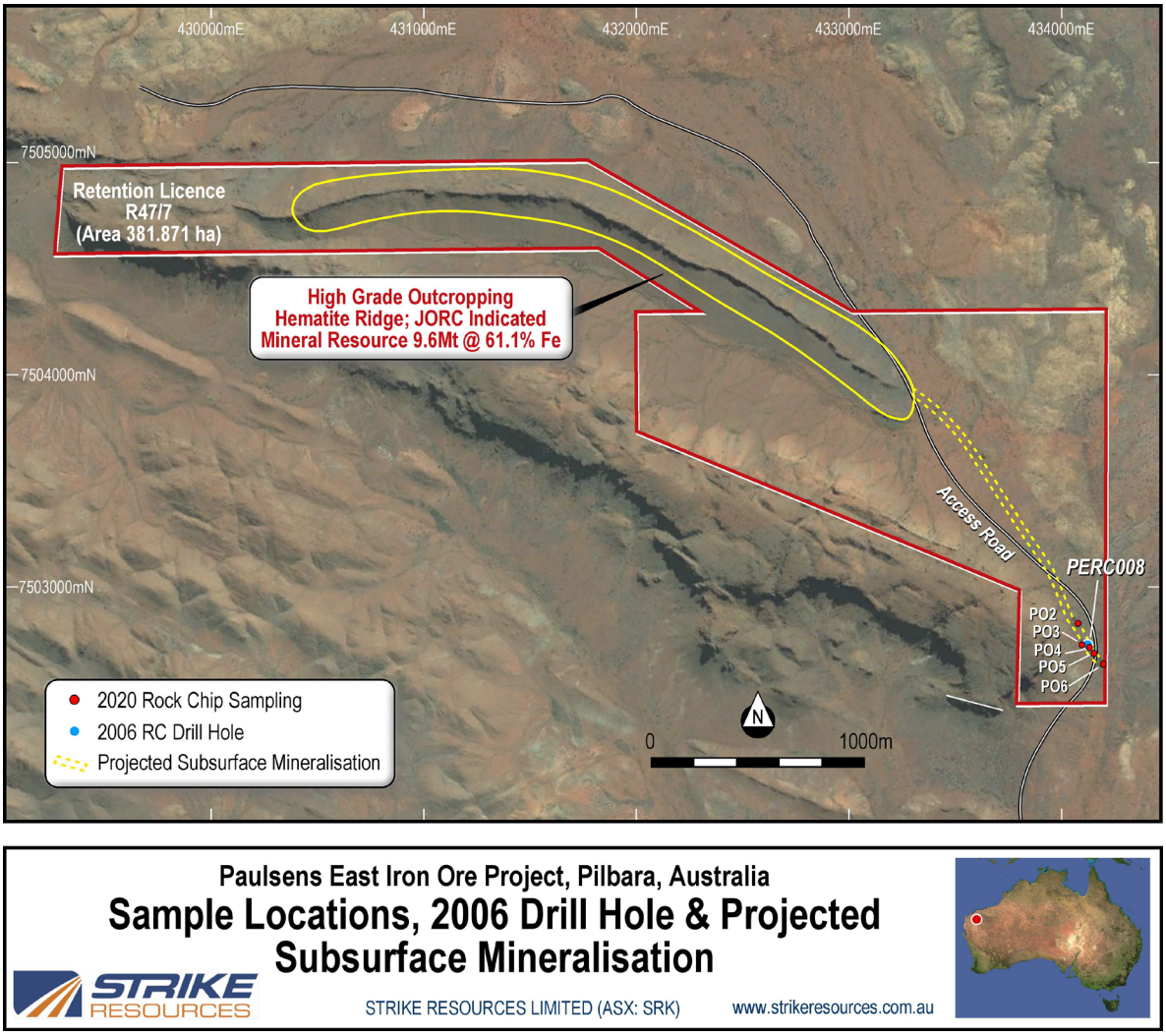

Figure 1: Sample Locations and Projected Subsurface Mineralisation

Strike's recently completed a Revised Scoping Study outlines the Company's plans to produce iron ore from the Project at a production rate of 1.5 Million tonnes per annum (**Mtpa**) of predominantly 61% Fe Lump Direct Shipping Ore (**DSO**) product, for an initial mine life (**LOM**) of four years (totalling approximately 6.1 Million tonnes).[3]

An economic model prepared by the Company for the Revised Scoping Study forecasts a pre-tax net present value (**NPV**) range of between $68 Million to $195 Million (**Base Case $123 Million**) and an estimated operating net cashflow for the Company of between $82 Million to $236 Million (**Base Case $150 Million**) over an initial four-year mine life.

This economic model does not account for any mining of iron mineralisation from the potential 1.6 kilometre extension referred to above.

3 Refer Strike's ASX Announcement dated 9 April 2020: Revised Scoping Study for Utah Point, Port Hedland Supports Excellent Project Economics for Paulsens East Iron Ore Project - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

Strike Managing Director, William Johnson:

> *"The recent Revised Scoping Study undertaken by the Company confirms that Paulsens East has the potential to be a very attractive project over an initial four-year mine life, targeting in the first instance six million tonnes of easily accessible outcropping and shallow iron ore at the ridge. In addition, there is a further three million tonnes of JORC Indicated Mineral Resource at depth, which may be mined should market conditions remain favourable and which would allow for an extended mine life.*
>
> *The potential for a significant extension of high-grade iron ore mineralisation along strike to the south east offers additional opportunity to enhance the Project value.*
>
> *The Company is continuing to advance the development of Paulsens East towards development, with native title and mining licence applications and off-take discussions progressing well".*

Previous Exploration Results 2006 - 2008

This Announcement refers to iron assay results from 2006 drilling and surface sample, as follows:

- *An intersection of 60.8% Fe hematite conglomerate at a depth of 35 metres from reverse circulation (**RC**) drill hole PERC008; and*
- *63.55% Fe from a surface sample taken from an outcrop of high-grade iron ore.*

These Exploration Results were originally disclosed by Strike in previous ASX announcements in compliance with the 2004 Edition of the JORC Code, as follows:

- *14 November 2006: Australian Iron-Ore Update – Paulsens East Extension of High Grade Mineralisation;*
- *30 April 2007: 31 March 2007 Quarterly Report;*
- *26 May 2008: High Iron Grades Averaging 64.7% Fe Confirmed Potential of Paulsens East Project; and*
- *31 October 2008: 30 September 2008 Quarterly Report*

Strike notes that these Exploration Results have not been updated to comply with the current 2012 Edition of the JORC Code on the basis that the information has not materially changed since it was last reported.

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".

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

Strike Resources Limited is an ASX listed resource company which is developing the Paulsens East Iron Ore Project in Western Australia. Strike also owns the high grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and 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.

ABOUT PAULSENS EAST IRON ORE PROJECT

The Paulsens East Iron Ore Project (Strike 100%) (Project) is located in the Pilbara, Western Australia and comprises a 3km long outcropping ridge of high-grade Direct Shipping Iron Ore (DSO). Strike has completed a Scoping Study[4] on the Project and is targeting production of 1.5Mtpa of Lump and Fines DSO for an initial mine life of 4 years.

JORC CODE COMPETENT PERSON'S STATEMENT

(a) The information in this announcement that relates to **Exploration Results** and **Exploration Targets** in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) has been compiled by Mr Hem Shanker Madan, who is a Member of the Australasian Institute of Mining and Metallurgy (**AusIMM**). Mr Madan is an independent contractor to Strike Resources Limited and was formerly the Managing Director (September 2005 to March 2010) and Chairman (March 2010 to February 2011) of Strike Resources Limited. Mr Madan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the **JORC Code**). Mr Madan consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears

(b) The information in this announcement 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 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 ***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".

4 Refer also SRK's ASX Announcements dated:

- 9 April 2020: Revised Scoping Study for Utah Point, Port Hedland Supports Excellent Project Economics for Paulsens East Iron Ore Project
- 25 March 2020: Utah Point, Port Hedland Considered as Preferred Port Option for Paulsens East Iron Ore Project
- 28 November 2019: Excellent Scoping Study Results for Paulsens East Iron Ore Project
- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project

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

Table 1: Summary of Results for Surface Rock Chip Samples

Sample No.	Easting	Northing	RL	Description	Fe	SiO_2	Al_2O_3	P XRF	S XRF	LOI 1000
					%	%	%	%	%	%
P02	434048	7502873	226	Hematite Conglomerate	66.2	3.29	1.10	0.052	0.009	0.61
P03	434075	7502778	234	Hematite Conglomerate	65.8	2.70	1.49	0.092	0.006	0.78
P04	434107	7502769	237	Hematite Conglomerate	66.5	2.61	1.16	0.061	0.008	0.69
P05	434140	7502749	235	Hematite Conglomerate	65.7	2.77	1.67	0.080	0.007	0.90
P06	434179	7502684	237	Hematite Conglomerate	64.4	5.10	1.01	0.212	0.004	0.44

APPENDIX B

JORC CODE (2012 EDITION)
TABLE 1 and 2 – 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 5 samples in Table 1 the subject matter of this announcement are random rock chip samples collected by a consultant geologist in late June 2020 across the width of the iron ore outcrops after the Competent Person and the consultant geologist inspected the mineralised outcrop at various locations. • The samples were pulverised and a small representative portion taken for XRF analysis.
Sub-sampling techniques and sample preparation	• 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 ALS Perth, Western Australia (an independent ISO accredited laboratory) following international standard procedures to produce total assays.
Verification of sampling and assaying	• ALS conducts its own internal verification of assay procedures and accuracy of analyses. No independent verification of the data was made by the Competent Person.
Location of data points	• The locations of samples were determined using a hand-held GPS. The accuracy of locations was verified using a georeferenced Google Earth image. All locations shown in Figure 1 in the body of the announcement are based on GPS measurements.
Data spacing and distribution	• Location of samples is random and across strike of rocks.
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)

Criteria	Commentary
Mineral tenement and land tenure status	• The samples are located entirely within Retention Licence R47/07 (which is registered with Orion Equities Limited with Strike Resources Limited being the beneficial owner), which is pending conversion to a Mining Lease M47/1583.
Exploration done by other parties	• Hamersley Iron conducted regional and reconnaissance exploration at Paulsens East for hidden large bedded high-grade iron deposits in the older Brockman Iron Formation that may have been the source material for the hematite conglomerate from 1997- 1999. No other parties have carried out significant iron ore exploration at Paulsens East.
Geology	• The iron mineralisation occurs as narrow beds of hematite conglomerate separated by thin beds of shales and quartzite within the Mount McGrath Formation. Iron mineralisation in the hematite conglomerate beds are generally very high grade being mostly hematite clasts in hematite matrix with low levels of other material or impurities. The hematite conglomerates are sedimentary.
Diagrams	• All diagrams necessary to describe the project are included in the body of this announcement.
Balanced reporting	• The Competent Person believes that the reporting of the Exploration Results in this announcement is balanced.
Further work	• Exploration drilling to confirm potential subsurface extension along strike has been recommended.