

## QUARTERLY REPORT

### COMPANY DETAILS

ABN: 94 088 488 724

#### PRINCIPAL AND REGISTERED OFFICE

Suite 1, Level 1  
680 Murray Street  
West Perth WA 6005  
T | +61 8 9214 9700  
F | (+61 8 9214 9701  
E | [info@strikeresources.com.au](mailto:info@strikeresources.com.au)  
W | [www.strikeresources.com.au](http://www.strikeresources.com.au)

#### ASX CODE

SRK

#### SECURITIES ON ISSUE

270,000,000 shares  
1,000,000 Broker's Options  
(\$0.15, 30 Nov 2023)  
12,000,000 Directors' Options  
(\$0.185, 3 Dec 2023)  
1,000,000 Broker's Options  
(\$0.33, 3 Jun 2024)  
3,100,000 SIP Options  
(\$0.185, 14 Feb 2025)

### BOARD OF DIRECTORS

**Farooq Khan**  
(Executive Chairman)

**William Johnson**  
(Managing Director)

**Victor Ho**  
(Executive Director)

**Matthew Hammond**  
(Non-Executive Director)

**Malcolm Richmond**  
(Non-Executive Director)

### COMPANY SECRETARY

**Victor Ho**  
[cosec@strikeresources.com.au](mailto:cosec@strikeresources.com.au)

### AUTHORISED FOR RELEASE BY - FOR FURTHER INFORMATION:

William Johnson  
Managing Director  
E | [wjohnson@strikeresources.com.au](mailto:wjohnson@strikeresources.com.au)  
T | +61 8 9214 9700

31 July 2022

### HIGHLIGHTS

#### Paulsens East Iron Ore Project, Pilbara (Western Australia)

- Utah Point Multi User Access Agreement executed with Pilbara Ports Authority for the export of Paulsens East iron ore out of Utah Point in the Port of Port Hedland
- Iron Ore Sale Agreement has been executed with a Hong Kong based Buyer for Paulsens East Lump DSO (with 62% Fe grade specification)
- Haulage of DSO to Utah Point by Odell Mining Services has commenced
- Maiden first ore on ship of 68,000 tonne targeted for end of August 2022
- Ore Sorter has been commissioned at mine site to optimise production of high grade (62% Fe) Paulsens East Lump DSO
- Environmental Works Approval has been granted by DWER for export of (up to 1.8Mtpa) iron ore from the Port of Ashburton, Onslow (for Stage 2 Development of Paulsens East)

#### Apurimac Iron Ore Project (Peru)

- Strike is in discussions with South American steel mill with regard to arranging the next shipments of Apurimac Premium Lump, subject to negotiation of an acceptable price (referenced to a benchmark iron ore price) and Strike securing sufficient working capital to fund production to this end.

#### About Strike Resources Limited (ASX:SRK)

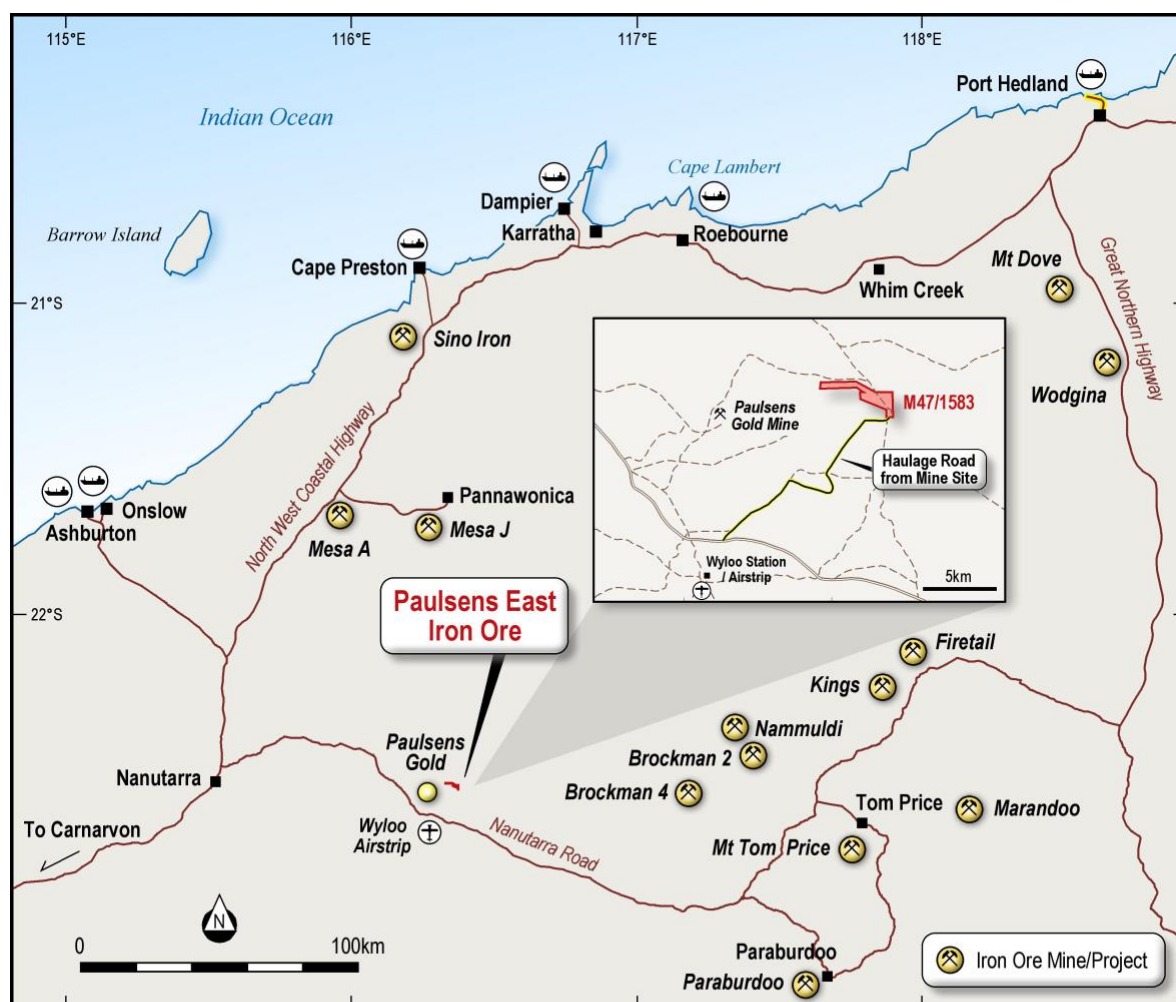
Strike Resources Limited (ASX:SRK) is an ASX listed resource company which is developing the Paulsens East Iron Ore Mine in Western Australia. Strike also owns the high grade Apurimac Iron Ore Project in Peru where it has exported "Apurimac Premium Lump" DSO product of ~65% Fe. Strike has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was spun-out of Strike under a \$9m IPO in May 2021. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

## PROJECTS

### Paulsens East Iron Ore Project (Pilbara, Western Australia)

(Strike – 100%)

The Paulsens East Iron Ore Project (**Paulsens East** or **Project**) is located ~10km from the Paulsens Gold Mine, ~235km by road east of Onslow (and Port of Ashburton) and ~600km by road south of Port Hedland (refer Figure 1).



### Paulsens East Iron Ore Project, Pilbara, Western Australia



STRIKE RESOURCES LIMITED (ASX: SRK)

[www.strikeresources.com.au](http://www.strikeresources.com.au)



Figure 1: Paulsens East Iron Ore Mine Location – Haulage Routes to Port Hedland and Port of Ashburton

Paulsens East Stage 1 Production is currently focussing on mining surface detrital and low strip ratio iron ore and the export of direct shipping ore (**DSO**) through the Utah Point Multi-User Bulk Handling Facility at the Port of Port Hedland (**Utah Point**).<sup>1</sup>

Stage 2 Development will involve a ramp up in annual throughput through conventional open pit mining of the Paulsens East hematite ridge to an annualised production rate of up to ~1.8Mtpa, with export (via transshipment operations) through the Port of Ashburton at Onslow and Utah Point at Port Hedland.

Strike has secured a US\$7.2 million (~A\$10 Million) project finance loan facility (**Facility**) with Good Importing International Pty Limited (**GII**)<sup>2</sup>, which provides sufficient funding for Strike to commence Stage 1 Production. The Facility has been partly drawn down during the quarter.

### Executed Agreement to Utilise Utah Point, Port Hedland for Shipment of Iron Ore

Strike has executed a formal Combined Multi-Users Access and Licence Agreement (**MUA**) with the Pilbara Ports Authority (**PPA**).<sup>3</sup> Under the MUA, Strike has secured access to Utah Point for the export of 200,000 tonnes of iron ore per financial year.

### First Ore on Ship

Strike is targeting its maiden iron ore shipment to China in late August 2022 of approximately 68,000 tonnes of Paulsens East Lump DSO ore from Utah Point.

### Executed Iron Ore Sale Agreement

Strike has executed a sale agreement with a Hong Kong based buyer for the purchase of its maiden iron ore shipment of iron ore.

The specifications for Paulsens East Lump DSO is as follows:

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	TiO <sub>2</sub>	LOI
62%	7.0%	3.0%	0.105%	0.015%	0.20%	2.5%

The terms of the iron ore sale agreement include market reflective pricing referenced to a benchmark base price and lump premium, with market-typical impurity penalties and a freight differential adjustment, on a Cost and Freight (CFR) basis for delivery into China.

Strike will draw-down the proceeds of sale via its local Australian bank, under a Letter of Credit opened by the buyer.

---

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

2 Refer Strike's ASX Announcement dated 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project

3 Refer Strike's ASX Announcement dated 21 June 2022: Port Access Finalised, First Iron Ore Shipment From Paulsens East Targeted for July



### Commencement of Haulage Operations

Odell Mining Services<sup>4</sup> has commenced the haulage of Paulsens East Lump DSO from the mine site to Utah Point on road trains.



Figures 2 and 3: Loading Paulsens East Lump DSO on to Road Train



Figure 4: Loading of Road Train

<sup>4</sup> Refer also Strike's ASX Announcement dated 2 May 2022: Paulsens East Iron Ore – Production Update



## Mining Operations

Mining operations are continuing with the excavation, screening and crushing of surface detrital iron ore on the northern slopes of the Paulsens East Hematite Ridge.



Figure 5: Excavation of Detritals Iron Ore on Northern Slope of Paulsens East Hematite Ridge



Figure 6: Mining of Detritals Iron Ore at Paulsens East





Figure 7: Stockpile area located north of Paulsens East hematite ridge with detritals mining areas in the distance



Figure 8: Stockpile of Paulsens East Lump DSO

### Commissioning of Ore Sorter Technology at Mine Site to Optimise Production

Strike has commissioned a Steinert KSS Combination Ore Sorter on site and is currently processing ROM detritals iron ore to deliver high grade (~62% Fe) Paulsens East Lump DSO.

The detrital material currently being mined contains a mix of high grade material that requires only crushing and screening to create a uniform material size together with iron ore that contains a mix of lower density waste material. The Ore Sorter is being used to take this mixed portion of mined material and remove the lower density waste material to create a ~62% Fe grade Lump product to be added to the high grade detrital iron ore.

The Ore Sorter uses sophisticated x-ray imaging in conjunction with compressed air to separate waste from crushed and screened high-grade ore. Paulsens East iron ore is very dense and the much lower density waste material is easily distinguishable as such by the Ore Sorter, enabling high recoveries of DSO and efficient waste ore separation. The Ore Sorter will maximise the recoveries of high-grade surface detrital material and ensure that first shipments of ore from Paulsens East set the standard for subsequent shipments of iron ore from this high-grade deposit.<sup>5</sup>

### Optimised 2 Stage Development of Paulsens East

Strike plans a production schedule of up to 2Mtpa of DSO from Paulsens East over a ~3.5 year life of mine (LOM), which is underpinned by the Probable Ore Reserve of 6.2Mt (within the current Indicated Mineral Resource of 9.6Mt). With the larger JORC Indicated Mineral Resource (refer Table 1 below), there is accordingly the potential for mining operations to extend beyond the initial LOM of ~3.5 years.

In order to provide a capital efficient ramp up of mining operations and to de-risk any potential port constraints, Strike proposes a two-stage development approach for Paulsens East<sup>6</sup>:

- Stage 1 Production is currently focussing on surface detrital and low strip ratio materials of up to ~400,000 tonnes to be shipped through Utah Point at Port Hedland.
- Stage 2 Production at an annualised rate of up to ~1.8Mtpa is proposed to transition from Utah Point to Port of Ashburton at Onslow (reducing trucking distance by ~365kms), with Stage 2 ramp-up expected to be partially funded by Stage 1 cash flows.

#### Stage 1 Production and Export Through Utah Point, Port Hedland

Given the outcropping nature of the high grade Paulsens East hematite ridge (refer Figure 9), which in parts lends itself to a very low strip ratio together with the presence of high-grade surface detrital iron ore (refer Figures 5, 6 and 7), initial mining operations are currently focussing on these two areas of mineralisation.

Mining, crushing and screening and haulage operations is being undertaken by specialist contractors with overall supervision and management provided by Strike. The detrital ore requires no drill and blast activities and is being undertaken predominantly through very shallow trenching and screening/crushing operations. The processed DSO will be trucked from the mine to Utah Point for export to customers.

Production under Stage 1 will move from mining detritals to mining the main hematite ridge at Paulsens East with the export of iron ore transitioning from Utah Point to Stage 2 exporting through the Port of Ashburton at Onslow (subject to receipt of necessary port and environmental permits and approvals which are currently underway), which would afford a significantly shorter haulage distance of ~235km, compared with ~600km to Utah Point.

5 Refer also Strike's ASX Announcement dated 21 June 2022: Port Access Finalised, First Iron Ore Shipment From Paulsens East Targeted for July

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



Stage 1 is operating with minimum capital expenditure and fixed infrastructure.

### Stage 2 Production and Export Through Port of Ashburton, Onslow

Stage 2 production will focus on a ramp up in annual throughput through conventional open pit mining of the Paulsens East hematite ridge to an annualised production rate of ~1.8Mtpa with a scale up in the contracted mining fleet, expansion of mine site personnel and additional working capital requirements to facilitate the larger annualised production rate.

Stage 2 involves the export of ore through the Port of Ashburton at Onslow (via transshipment operations) which reduces the trucking distance from mine to Port by ~365km (compared to Utah Point in Port Hedland).

The Port of Ashburton is a common user facility initially constructed by Chevron for the Wheatstone Project but is now under the control of the PPA. The Port of Ashburton is located ~12km southwest from the town of Onslow and is ~235km from Paulsens East.

PPA has confirmed the use of the Port of Ashburton for export of iron ore by Strike subject to environmental permitting requirements and Port operation approvals being obtained by Strike.

The Department of Water and Environmental Regulation (**DWER**) has granted a Works Approval under the *Environmental Protection Act 1986* for the export of up to 1.8 Mtpa (10,000 tonnes per day) of iron ore from the Port of Ashburton in Onslow.<sup>7</sup> The Works Approval is subject to a number of usual conditions relating to export activity including environmental monitoring and established loading patterns to minimise the impact of dust and noise generation.

There is a separate Works Approval application currently underway for the offshore marine operations. This approval relates principally to the location of offshore moorings for Ocean Going Vessels that will receive ore from Strike's proposed transshipment vessel. This application is progressing well in the normal course and is expected shortly.

### Project JORC Mineral Resource and Ore Reserve

The Project consists of a ~3km long outcropping high-grade hematite ridge (refer Figure 9), containing a **JORC Indicated Mineral Resource of 9.6 Million tonnes at 61.1% Fe**, 6.0% SiO<sub>2</sub>, 3.6% Al<sub>2</sub>O<sub>3</sub>, 0.08% P (at a cut-off grade of 58% Fe).<sup>8</sup>

Table 1 shows the Paulsens East JORC Indicated Mineral Resource for a range of cut-off grades:

Mineral Resources Category	Fe% Range	Million Tonnes	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI%
Indicated	>60	6.75	62.1	5.21	3.37	0.080	0.01	1.92
Indicated	>59	8.15	61.6	5.56	3.53	0.082	0.01	1.99
Indicated	>58	9.62	61.1	5.97	3.64	0.085	0.01	2.13
Indicated	>57	10.54	60.8	6.27	3.7	0.087	0.01	2.20
Indicated	>56	11.73	60.4	6.86	3.69	0.088	0.01	2.27
Indicated	>55	12.50	60.01	7.22	3.67	0.089	0.01	2.35

Table 1: Paulsens East JORC Indicated Mineral Resource estimate from Hematite Ridge using a range of lower cut-off wireframes

<sup>7</sup> Refer Strike's ASX Announcement dated 27 July 2022: Environmental Works Approval Received for Ashburton Port

<sup>8</sup> Refer Strike's ASX Announcement dated 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project



As part of the completion of the October 2020 Feasibility Study<sup>9</sup>, part of the JORC Indicated Mineral Resource of **9.6 Million tonnes at 61.1% Fe**, 6.0% SiO<sub>2</sub>, 3.6% Al<sub>2</sub>O<sub>3</sub>, 0.08% P (at a cut-off grade of 58% Fe) was converted to a **JORC Probable Ore Reserve of 6.2 Million tonnes at 59.9% Fe**, 7.43% SiO<sub>2</sub>, 3.77% Al<sub>2</sub>O<sub>3</sub> and 0.086% P (at a cut-off grade of 55% Fe).



Figure 9: Paulsens East Hematite Ridge

As part of the completion of the February 2022 Updated Feasibility Study<sup>1</sup>, an additional **JORC Indicated Mineral Resource of 113,000 tonnes at 60.8% Fe, 6.9% SiO<sub>2</sub>, 3.4% Al<sub>2</sub>O<sub>3</sub>, and 0.10% P** (at a cut-off grade of 58% Fe) has been delineated from the high-grade hematite rich detrital material<sup>10</sup> at surface north of the hematite ridge (refer Figures 5 and 7).

<sup>9</sup> Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

<sup>10</sup> Refer also Strike's ASX Announcements dated 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East and 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project

## Apurimac Iron Ore Project (Peru)

(Strike – 100%)

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

A **JORC (2012) Indicated and Inferred Mineral Resource** has been defined at the main Opaban 1 and Opaban 3 concessions of **269Mt of iron ore at 57.3% Fe** (142 Mt Indicated Resource at 57.8% Fe and 127 Mt Inferred Resource at 56.7% Fe)<sup>11</sup>. In addition to the current JORC resource, there is significant exploration potential given the deposits are open at depth and along strike (with very promising drill results including 154m @ 62% Fe) with extensive undrilled gravity and magnetic anomalies.

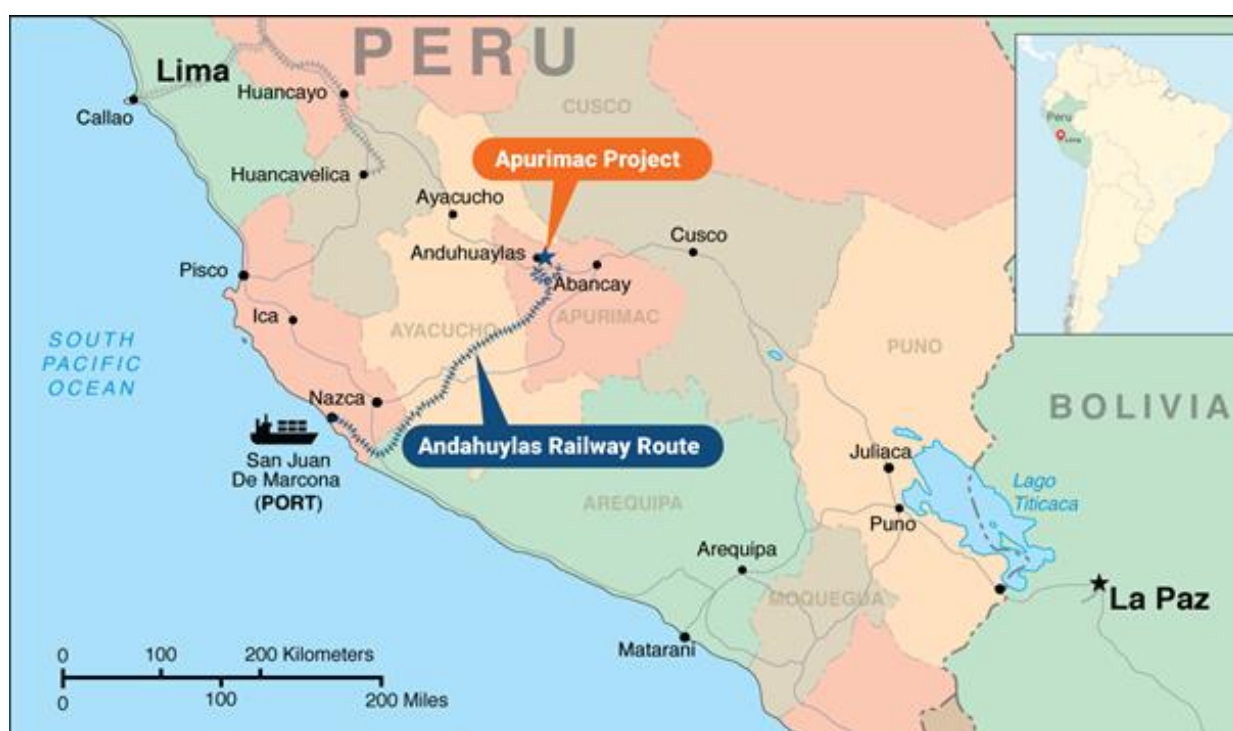


Figure 10: Strike Apurimac Iron Ore Project, showing route of proposed Andahuaylas Railway

## Mining Operations at Apurimac

Strike has been mining high-grade surface deposits of DSO material from Apurimac via the process of engagement of local miners who are permitted, under Peruvian mining legislation, to mine up to 350 tonnes per day (or ~125,000 tonnes per annum) of iron ore from specific portions of a mining concession.

Strike has completed two shipments (to Chinese and South American Steel Mills) of high-grade (+65% Fe) Apurimac Premium Lump DSO in calendar 2021.<sup>12</sup>

Strike notes that the Offtake Agreement with GII<sup>13</sup> (pursuant to which the first shipment was undertaken) is on a CFR basis (where Strike bears the cost of shipment). As such, subsequent shipments to China will be subject to negotiation of an acceptable price with GII and securing a ship charter on terms acceptable to Strike.

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

12 Refer Strike's ASX Announcements dated 19 August 2021: Maiden Iron Ore Shipment from Peru and 29 October 2021: Second Iron Ore Shipment from Peru Completed

13 Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment



Strike's second shipment to a South American steel mill<sup>14</sup> was made on an FOB basis (where the buyer is responsible for the shipment cost) with a competitive market price calculated by reference to the high grade nature of the Apurimac Lump DSO ore. This shipment was successfully used by the buyer as an industrial trial for their steel manufacturing facility. Subsequent shipments to the South American steel mill are subject to negotiation of an acceptable price (referenced to a benchmark iron ore price) and Strike securing sufficient working capital to fund production to this end.

### Andahuaylas Railway Development

In August 2021, the Peruvian Prime Minister, Guido Bellido, in a presentation to the Peruvian Congress, confirmed the Peru Government's plans (under a public-private partnership scheme) to build a railway linking among others, Strike's Apurimac Project to the port of San Juan de Marcona (**Railway Project**)<sup>15</sup> (refer Figure 10). Local press in Peru also reported that the Minister of Energy and Mines, Iván Merino, said that the Railway Project could be started as early as 2023 and a first section could be inaugurated by President Pedro Castillo by the end of his term in July 2026.<sup>16</sup>

### Feasibility Studies

Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008<sup>17</sup> (subsequently updated in 2010<sup>18</sup>), which indicated the clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs:

- The 2008 Pre-Feasibility Study undertaken by Snowden Mining Industry Consultants and SKM utilised a proposed slurry pipeline configuration as the preferred transport solution (under the study). For further details, refer to Strike's ASX Announcement dated 23 July 2008: Prefeasibility Results Confirm World Class Prospects in Peru;
- Further infrastructure studies were undertaken by Ausenco Sandwell and SRK Consulting in 2010 with the purpose to further compare the economics of a slurry pipeline versus railway infrastructure solutions at various production levels. For further details, refer to Strike's ASX Announcement dated 23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report.

In 2021, Ausenco completed a (high level) review of the 2008 and 2010 studies and gap and trade-off analyses to identify opportunities to reduce project capex and increase project execution security, taking into account current cost estimates, technology advancements (since 2010) and current/expected market conditions.

The commencement of the next stage of works (proposed by Ausenco) to examine in more detail the updated capital and operating costs associated with a 15 - 20 million tonne per annum production profile of a concentrate product using a slurry pipeline for transport to port will be a function of the competing capital requirements of the Company vis a vis the mining operations at Paulsens East and at Apurimac.

---

14 Refer Strike's ASX Announcement dated 29 October 2021: Second Iron Ore Shipment from Peru Completed

15 Refer also Strike's ASX Announcements dated:

- 8 February 2018: Peru Government Plans Railway Linking Strike's Apurimac Iron Ore Project to Port
- 24 October 2018: Peru Government Awards \$13 Million Tender for Andahuaylas Railway Study Linking Strike's Apurimac Iron Ore Project to Port
- 18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium
- 5 December 2019: Railway Project Gathers Momentum in Peru – Positive Outlook for Strike's Apurimac Iron Ore Project
- 31 August 2021: Peruvian PM Confirms Railway Connecting Apurimac to Port

16 Refer Strike's ASX Announcement dated 31 August 2021: Peruvian PM Confirms Railway Connecting Apurimac to Port

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

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

## CORPORATE

### Summary of Expenditure Incurred

A summary of expenditure incurred by the Consolidated Entity during the quarter, in relation to cash flows from operating and investing activities reported in the Appendix 5B Cash Flow Report is as follows:

For Current Quarter ending 30 June 2022	Consolidated Entity Cash Outflows		
	Operating \$'000	Investing \$'000	Total \$'000
Exploration and evaluation expenditure	-	-	-
Development	4,979	-	4,979
Production	-	-	-
Personnel expenses	201	-	201
Occupancy expenses	37	-	37
Corporate expenses	50	-	50
Administration expenses	145	-	145
<b>Total Expenditure</b>	<b>5,412</b>	<b>-</b>	<b>5,412</b>

### Payments to Related Parties

During the quarter, Strike paid a total of \$195k in respect of Directors' remuneration, comprising salaries, fees, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report



## LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at the end of the quarter and currently:

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

Tenement Type and No.	Grant Date	Expiry Date	Area (Ha)	Area (km <sup>2</sup> )
Mining Lease M 47/1583	4/9/2020	3/9/2041	381.87	~3.82
Misc. Licence L 47/927	12/11/2020	11/11/2041	78.74	~0.79
Misc. Licence L 47/938	10/12/2020	9/12/2041	95.97	~0.96
Misc. Licence L 08/195	7/1/2021	6/1/2042	22.44	~0.22
Misc. Licence L 08/190	15/7/2021	14/7/2024	199.60	~2
Misc. Licence L 47/934	15/7/2021	14/7/2024	357.09	~3.57
Misc. Licence L 47/980	15/7/2021	14/7/2024	62.60	~0.63
Misc. Licence L 47/981	16/7/2021	15/7/2024	465.04	~46.5

The following tenement applications are pending grant:

Tenement Type and No.	Application Date	Area (Ha)	Area (km <sup>2</sup> )
Misc. Licence L 47/983	8/4/2021	184.98	~1.85
Misc. Licence L 08/271	12/8/2021	47.55	~0.48
Prospecting Licence P 08/813	29/4/2022	47.00	0.47

The following tenement applications were withdrawn (prior to grant) during the quarter::

Tenement Type and No.	Application Date	Withdrawal Date	Area (Ha)	Area (km <sup>2</sup> )
General Purpose Lease G 08/98	14/9/2021	27/4/2022	47.55	~0.48
General Purpose Lease G 08/99	14/9/2021	27/4/2022	42.06	~0.42
Misc. Licence L 08/272	17/8/2021	23/5/2022	42.06	~0.42
Prospecting Licence P 08/814	29/4/2022	31/5/2022	42.00	0.42

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

Concession Name	Area (Ha)	Province	Code	Title	File No
Opaban I	999	Andahuaylas	5006349X01	No 8625-94/RPM Dec 16, 1994	20001465
Opaban III	990	Andahuaylas	5006351X01	No 8623-94/RPM Dec 16, 1994	20001464
Cristoforo 22	379	Andahuaylas	010165602	RP2849-2007-INGEMMET/PCD/PM Dec 13, 2007	11067786
Ferrum 31	327	Andahuaylas	010552807	RP 1266-2008-INGEMMET/PCD/PM May 12, 2008	11076509
Wanka 01	100	Andahuaylas	010208110	RP 3445-2010-INGEMMET/PCD/PM Oct 18, 2010	11102187

## JORC MINERAL RESOURCES

### Paulsens East Iron Ore Project (Australia)

(Strike – 100%)

The Paulsens East Iron Ore Project has a JORC Code (2012 Edition) compliant Indicated Mineral Resource:

Mineral Resources Category	Fe% Cut-Off Grade	Million Tonnes	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	S%	LOI%
Indicated	>58	9.6	61.1	6.0	3.6	0.08	0.01	2.1

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

Part of the JORC Indicated Mineral Resource has been converted to a maiden JORC Probable Ore Reserve:

Ore Reserves Category	Fe% Cut-Off Grade	Million Tonnes	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
Probable	>55	6.2	59.9	7.43	3.77	0.086

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

### Apurimac Iron Ore Project (Peru)

(Strike – 100%)

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

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

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

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



## JORC CODE COMPETENT PERSON'S STATEMENTS

### JORC Code (2012) Competent Person Statement - Paulsens East Iron Ore Project

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

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

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

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

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

The information in the original announcements that relates to these Ore Reserves is based on and fairly represents information and supporting documentation compiled by Mr Harry Warries (MSc – Mine Engineering, FAusIMM), who is a Fellow of AusIMM. Mr Warries is the Principal of Mining Focus Consultants Pty Ltd, a Consultant to Strike Resources Limited. Mr Warries has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this document that relates to **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2019** 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:

- 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities.

The information in the original announcements that relates to these metallurgical test work matters is based on and fairly represents information and supporting documentation compiled by Mr Philip Jones (BAppSc (Geol), MAIG, MAusIMM), 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 samples collected under the direction of Mr Jones and fairly represents the information compiled by him from the ALS IOTC testwork reports. 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 announcement.

The information in this document that relates to **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2020** 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:

- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

The information in the original announcement that relates to these metallurgical test work matters is based on and fairly represents information and supporting documentation compiled by Dr Michael J Wort (FAusIMM CP(Met)), who is a Fellow of AusIMM and a Chartered Professional Engineer. Dr Wort is an independent contractor to Strike Resources Limited. The information that relates to Processing and Metallurgy is based on the work done by ALS IOTC on samples collected under the direction of Dr Wort and fairly represents the information compiled by him from the ALS IOTC testwork reports. Dr Wort 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 announcement.

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

- 14 October 2020: Discovery of High-Grade Iron Rich Detritals at Surface at Paulsens East
- 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project
- 4 December 2019: High Grade Results Located 1.6km from 9.6Mt Resource at Paulsens East

The information in the original announcements that relate to these Other Exploration Results and Exploration Targets (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Hem Shanker Madan (Honours and Masters Science degrees in Applied Science), who is a Member of AusIMM. Mr Madan is an independent contractor to Strike Resources Limited and was formerly the Managing Director (September 2005 to March 2010) and Chairman (March 2010 to February 2011) of Strike Resources Limited. Mr Madan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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.

## JORC Code (2012) Competent Person Statement - Apurimac Project Mineral Resources

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

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

The information in the original announcement that relates to these Mineral Resources and other Exploration Results (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of AusIMM. Mr Hellsten was a principal consultant to Strike Resources Limited and was also formerly the Managing Director of Strike Resources Limited (between 24 March 2010 and 19 January 2013). Mr Hellsten has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Strike ASX market announcements referred to above may be viewed and downloaded from the Company's website: [www.strikeresources.com.au](http://www.strikeresources.com.au) or the ASX website: [www.asx.com.au](http://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 their experience and their 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 5B

## Mining Exploration Entity or Oil and Gas Exploration Entity Quarterly Cash Flow Report

Name of entity

**STRIKE RESOURCES LIMITED (ASX:SRK) and its controlled entities**

ABN

**94 088 488 724**

Quarter Ended (current quarter)

**30 June 2022**

### Consolidated statement of cash flows

	Current Quarter Jun-2022 \$A' 000	Year to Date 12 months \$A' 000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	9,597
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(4,979)	(4,979)
(c) production	-	(10,396)
(d) staff costs	(201)	(873)
(e) administration and corporate costs	(232)	(790)
1.3 Dividends received (see note 3)	-	5
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other:		
<i>Refund of VAT paid in Peru</i>	-	994
<i>Recovery of office costs under shared office arrangements</i>	(58)	(121)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,469)</b>	<b>(6,562)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(25)	(86)
(d) exploration & evaluation	-	(1,693)
(e) investments	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current Quarter Jun-2022 \$A' 000</b>	<b>Year to Date 12 months \$A' 000</b>
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	253
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(25)</b>	<b>(1,526)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	6,974	6,974
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other:		
<i>Prepayments received - Offtake and Financing Agreement (Peru)</i>	-	8,011
<i>Reversal of prepayments against recognition of Receipts (item 1.1)</i>	-	(9,439)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>6,974</b>	<b>5,546</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,420	6,436
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,469)	(6,562)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(25)	(1,526)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	6,974	5,546
4.5 Effect of movement in exchange rates on cash held	(33)	(27)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>3,867</b>	<b>3,867</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current Quarter \$A' 000	Previous Quarter \$A' 000
5.1 Bank balances	3,832	2,300
5.2 Call deposits	35	120
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,867</b>	<b>2,420</b>

6. Payments to related parties of the entity and their associates	Current Quarter \$A' 000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(195)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A' 000	Amount drawn at quarter end \$A' 000
7.1 Loan facilities	10,429	6,974
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	<b>10,429</b>	<b>6,974</b>

7.5 <b>Unused financing facilities available at quarter end</b>	<b>3,455</b>
---	--------------

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The Company has secured a US\$7.2 million (~A\$10.4 Million, based on an exchange rate of A\$1:00:US\$0.69) project finance loan facility (**Facility**) with Good Importing International Pty Limited (**GII**). The Facility may be drawn-down (at the Company's election) in 3 tranches based on Paulsens East Iron Ore Project development requirements - Tranche 1 (US\$2.5M) and Tranche 2 (US\$2.5M) were drawn-down in April 2022 and in June 2022 respectively. The Facility is secured over the Project assets (including the tenements) and shares in the subsidiary companies that hold the Project. The applicable interest rate is 10% pa (payable quarterly) with 50% of the principal repayable 18 months after Tranche 1 draw-down (ie. October 2023) and the balance due in April 2024. The key terms of the Facility with GII are summarised in Note 13(b) (Events Occurring After The Reporting Period - US\$7.2M Project Finance and Exclusive Market/Sales Agency - Paulsens East Iron Ore Project) in the Company's December 2021 Half Year Report and Strike's ASX Announcement dated 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project.



8. Estimated cash available for future operating activities	\$A' 000
8.1 Net cash from / (used in) operating activities (item 1.9)	(5,469)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,469)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,867
8.5 Unused finance facilities available at quarter end (item 7.5)	3,455
8.6 Total available funding (item 8.4 + item 8.5)	7,322
<b>8.7 Estimated quarters of funding available</b> (item 8.6 divided by item 8.3)	<b>1.3</b>

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7*

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No, the Consolidated Entity notes the following matters:

- (a) Receipts from a draw-down of Tranche 3 (US\$2.2M) under the Facility is expected in the September 2022 quarter;
- (b) Development expenditure incurred during the June 2022 Quarter is not expected to continue in future quarters; and
- (c) Receipts from the sale of iron ore produced from the Paulsens East Iron Mine (Western Australia) are expected to be received during the September and December 2022 quarters.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes, the Consolidated Entity expects to raise further cash as follows:

- (a) draw-down of Tranche 3 (US\$2.2M) under the Facility, expected in the September 2022 quarter; and
- (b) sale of iron ore produced from the Paulsens East Iron Mine (Western Australia), with proceeds expected to be received during the September and December 2022 quarters.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Strike will manage its expenditure in future quarters having regard to the cash flows pertaining to iron ore sales operations and its cash position at that time

## Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Authorised By:



**William Johnson**  
**Managing Director**

**31 July 2022**

See Chapter 19 of ASX Listing Rules for defined terms

#### Notes

1. The **Company** currently holds the following listed share investments:

		30-Jun-22		
ASX code	Company	No Shares	Last Bid Price	Market Value
LEL	Lithium Energy Limited	34,410,000	\$0.630	\$21,678,300

The above share investment is under escrow until 19 May 2023.

2. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
3. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
4. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
5. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee"
6. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

William Johnson  
Managing Director  
T | (08) 9214 9700  
E | md@strikeresources.com.au

Victor Ho  
Executive Director & Company Secretary  
T | (08) 9214 9700  
E | cosec@strikeresources.com.au