

2023

ANNUAL REPORT



CONTENTS

| | |
|---|----|
| Company Projects: | |
| 1. Paulsens East Iron Ore Project (WA) | 2 |
| 2. Apurimac Iron Ore Project (Peru) | 9 |
| Directors' Report | 11 |
| Remuneration Report | 23 |
| Auditor's Independence Declaration | 31 |
| Consolidated Statement of Profit or Loss and Comprehensive Income | 32 |
| Consolidated Statement of Financial Position | 33 |
| Consolidated Statement of Changes in Equity | 34 |
| Consolidated Statement of Cash Flows | 35 |
| Notes to Consolidated Financial Statements | 36 |
| Directors' Declaration | 58 |
| Independent Audit Report | 59 |
| List of Mineral Concessions | 63 |
| Annual Mineral Resources Statement | 64 |
| JORC Code Competent Persons' Compliance Statements | 65 |
| Forward Looking Statements | 66 |
| Additional ASX Information | 67 |

The **2023 Corporate Governance Statement** can be found at the following URL on the Company's website:
www.strikeresources.com.au/corporate/corporate-governance/

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CORPORATE DIRECTORY**BOARD**

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

COMPANY SECRETARY

Victor Ho
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ASX CODE

SRK

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COMPANY PROJECTS

Strike Resources Limited (ASX:SRK) is an ASX listed resource company which is developing the Paulsens East Iron Ore Mine in Western Australia – Strike has exported 66,618 tonnes of ~62% Fe Lump DSO (mined from surface detrital material) from Utah Point (Port Hedland) and is developing a ~1.8Mtpa export solution out of the Port of Ashburton (Onslow). 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 31.41M (30.49%) shareholding in Lithium Energy Limited (ASX:LEL), which was spun-out of Strike under an IPO in May 2021. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke and Corella Graphite Projects in Queensland.

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

The Paulsens East Iron Ore Project (**Paulsens East** or **Project**) is located ~235km by road east of Onslow (and the Port of Ashburton) and ~650km by road south of Port Hedland in the Pilbara, Western Australia (refer Figure 1).

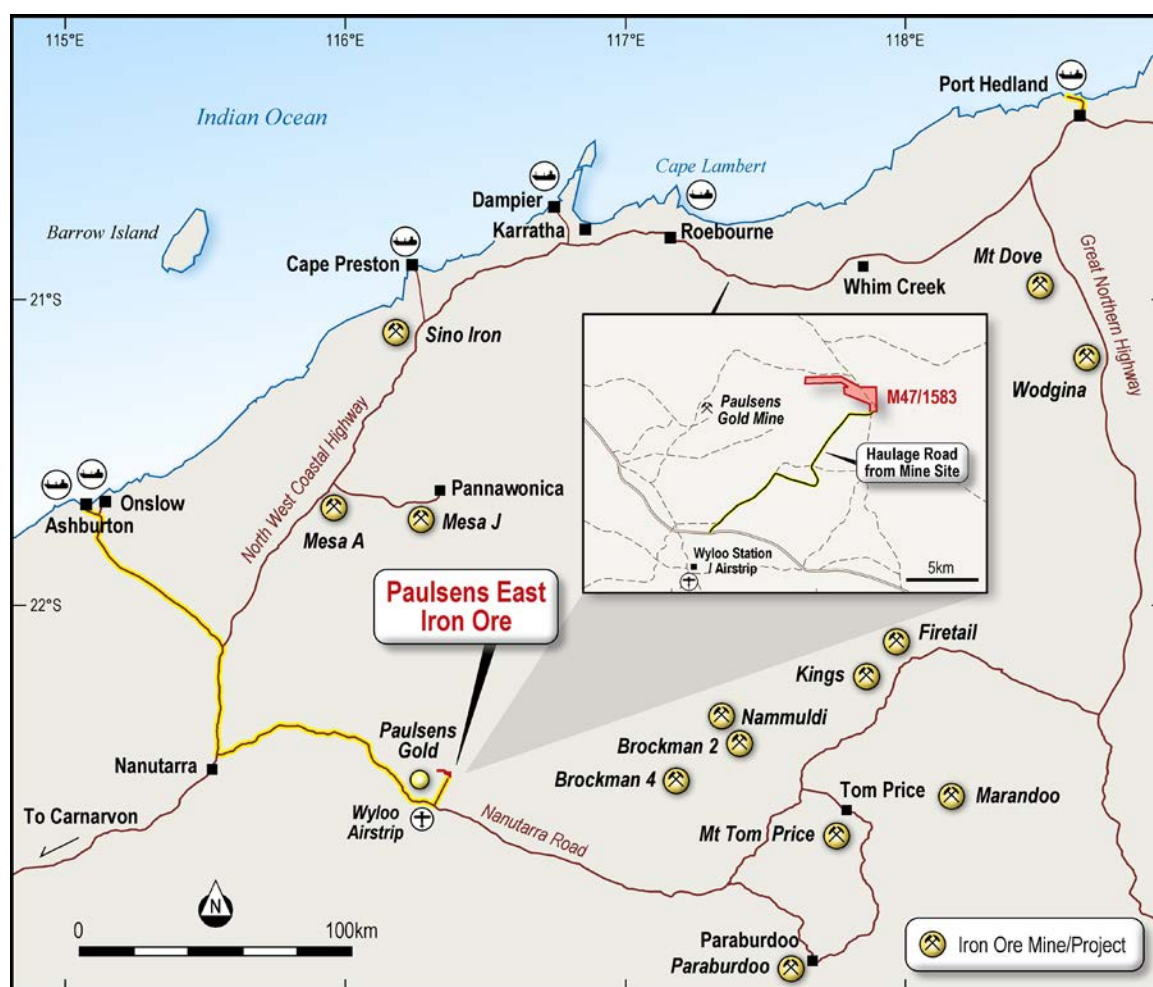


Figure 1: Paulsens East Iron Ore Mine Location – Haulage Route to Port of Ashburton

COMPANY PROJECTS

Strike completed a maiden shipment of 66,618 tonnes of iron ore from Paulsens East in September 2022, which involved the mining of surface detrital material to produce Paulsens East Lump direct shipping iron ore (DSO), which was exported to China from the Utah Point Multi-User Bulk Handling Facility (**Utah Point**) at Port Hedland. The specifications of this first shipment of Paulsens East Lump DSO are in Table 1.

| Fe | SiO ₂ | Al ₂ O ₃ | P | S | LOI | Moisture |
|--------|------------------|--------------------------------|--------|--------|-------|----------|
| 61.96% | 5.66% | 2.86% | 0.077% | 0.008% | 2.17% | 2.32% |

Table 1: Apurimac Premium Lump DSO – First Shipment Analysis



Figure 2: Detritals mining operations – crushing unit and stockpiles, June 2022

Strike is now undertaking Stage 2 Development of Paulsens East, which will involve conventional open pit mining of the Paulsens East hematite ridge, ramping up to an annualised production rate of up to ~1.8 Mtpa, with road train haulage to and export (via transshipment operations) through the Port of Ashburton near Onslow.

Consortium for Development of Iron Ore Export Facility at Port of Ashburton

Strike, CZR Resources Ltd (ASX:CZR) and transshipment services provider CSL Australia Pty Ltd have entered into a binding Memorandum of Understanding (**MOU**) for the formation of a Port of Ashburton Consortium (**PAC**) to work with relevant authorities to secure approvals for the development of a 5 Mtpa capacity multi-user bulk loading facility for the export of iron ore from the Port of Ashburton, Onslow (the **Port of Ashburton Export Facility** or **Facility**).¹

Strike, as an existing producer of iron ore from its Paulsens East Iron Ore Project, and CZR, as a future iron ore producer from the development of its Robe Mesa Iron Ore and Ashburton Magnetite Projects, propose to utilise the Port of Ashburton Export Facility for the export of iron ore from their existing and proposed iron mines respectively.

¹ Refer Strike's ASX Announcement dated 16 December 2022: Formation of Consortium for Development of Iron Ore Export Facility at Port of Ashburton and CZR's ASX Announcement dated 16 December 2022: Strategic Partnership to Develop Iron Ore Export Facility

COMPANY PROJECTS

The Facility's close proximity to their current and proposed mining operations has the potential to significantly lower trucking costs compared to exporting through Utah Point in Port Hedland. In the case of Strike and its Paulsens East Iron Ore Mine, this involves a trucking distance of ~235km to the Port of Ashburton versus ~650km to Utah Point in Port Hedland (refer Figure 1), significantly reducing trucking costs from mine to port. Both parties believe that combining their export operations through the Port of Ashburton Export Facility provides considerable economies of scale and cost reductions in shipping and transport costs.

CSL Australia is a division of the CSL Group Inc., which is the world's largest owner and operator of self-unloading vessels. CSL Australia currently provides transshipment services for the export of iron ore from Cape Preston in Western Australia and Whyalla in South Australia. CSL has considerable experience in the loading and transportation of bulk materials including iron ore and has agreed to join the PAC as a part-owner of the Port of Ashburton Export Facility and to provide transshipment services to Strike and CZR.

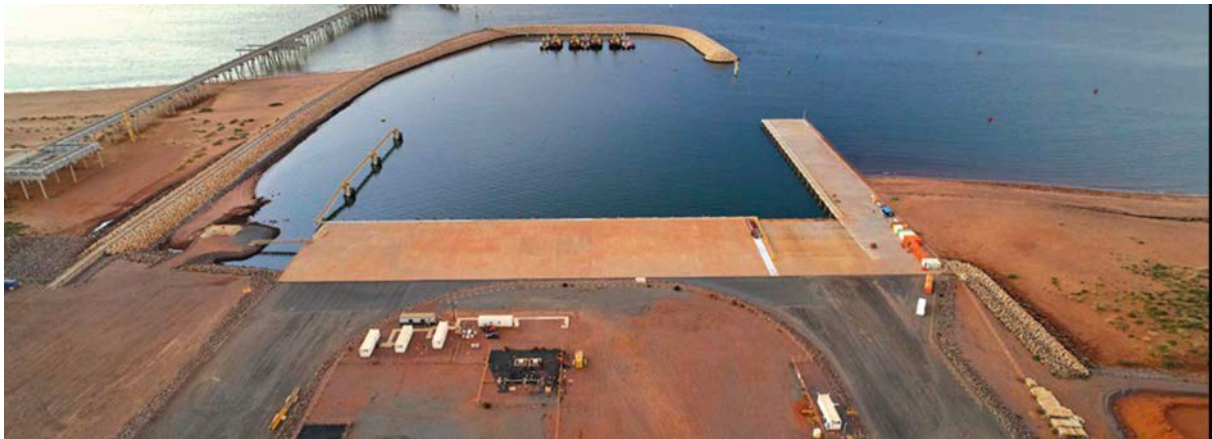


Figure 3: Quay at Port of Ashburton, Onslow

Strike's participation and ownership interest is 25% (CZR – 50% and CSL – 25%). Strike will have a one-third share of the (proposed (minimum) 5 Mtpa) export capacity from the Port of Ashburton Export Facility.

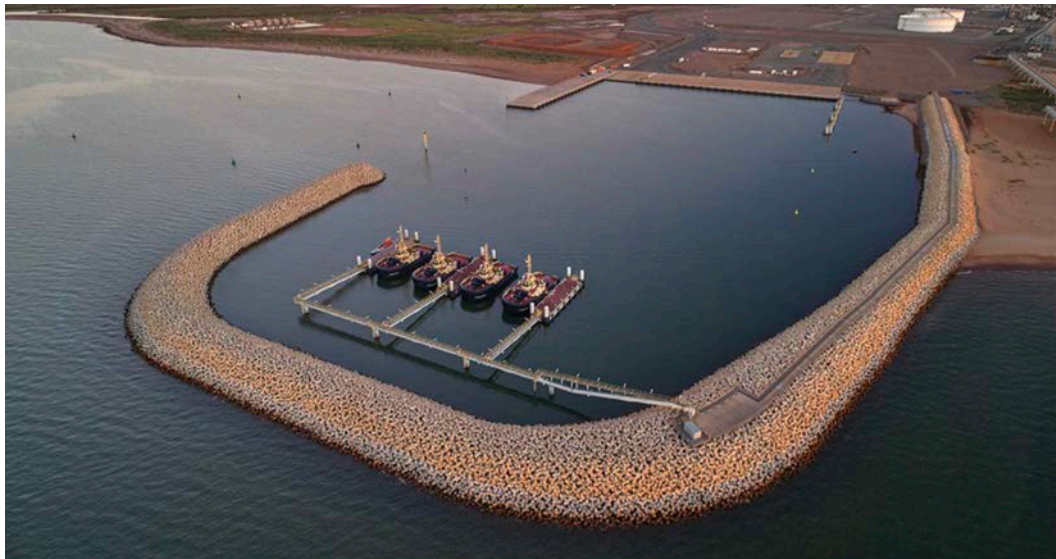


Figure 4: Port of Ashburton (with Quay in background), Onslow

The PAC has incorporated Ashburton Export Facility Pty Ltd (**AEFPL**) as the proposed operating company with shareholdings reflecting each member's interest in the PAC (as above).

COMPANY PROJECTS

The PAC members are working with relevant authorities to develop and finalise:

- designs for an integrated iron ore export facility at the Port of Ashburton, including road train unloading, storage shed, transshipment vessel (**TSV**) loader and ancillary fixed and mobile infrastructure; and
- the operating parameters and terms of a TSV to be provided by CSL from its existing shipping fleet capable of discharging a minimum annualised capacity of 5 Mtpa of iron ore into cape-size ocean-going vessels (**OGV**) at an offshore transshipment anchorage point off the Port of Ashburton.

The Pilbara Ports Authority (**PPA**) has agreed for the PAC/AEFPL to submit a Development Application for the Port of Ashburton Export Facility (**DA**). This consent represents a significant development for the PAC.

The DA is expected to be lodged with PPA shortly. The DA, if approved, will, amongst other things, be subject to compliance with PPA requirements and gaining broader stakeholder support. With the Port of Ashburton Export Facility concept now supported by PPA, the PAC can continue its engagement with local stakeholders with a clear operating strategy, execution plan and timeline to proposed production.

The concept design for the Facility utilises the existing 'common user' East Port Precinct (**EPP**) within the Port of Ashburton and proposes a multi-user facility with landside infrastructure for haulage and truck unloading, material storage and TSV ship loading with a design capacity of up to 5 Mtpa. The marine side of the PAC's proposal includes a 12kt TSV with the ability to self-load into cape-size OGV's, providing economies of scale on freight costs.

As shown in Figure 5, the proposed Facility infrastructure has been positioned on the East Quay and occupies a limited footprint to ensure that the other port functions are not inhibited. The Facility will consist of three main operational areas:

- Haulage and truck unloading,
- Material storage and ship loading, and
- Offshore marine operations including transshipment and OGV loading.

The Facility will initially focus on exporting DSO lump and fines from Strike and CZR as PAC 'foundation exporters,' with potential for smaller in-fill third-party offtakes to cover gaps in production or opportunities. The Facility will also be developed to be potentially compatible with a range of bulk mineral products to ensure that access covers a broad range of other operations and benefits multiple miners.

The PAC is also finalising the commercial parameters of proposed landside and offshore transshipment operations. Upon the grant of relevant approvals, the PAC members will negotiate necessary agreements for the construction and operation of the Port of Ashburton Export Facility and for CSL to provide transshipment services for the export of iron ore from such facility.

The material terms of the MOU (dated 14 December 2022) between Paulsens East Iron Ore Pty Ltd (the Paulsens East operating subsidiary of Strike), CZR and CSL are as follows:

- The parties will work together to secure necessary approvals for the construction and operation of the Port of Ashburton Export Facility.
- The parties agree to share the costs and expenses of the approvals process in proportion to their participating interest in the PAC.
- CSL will undertake a feasibility study on the landside transshipment and marine operations and will have a first right of refusal to provide transshipment services from the Port of Ashburton Export Facility.
- The participation interest and cost contribution of each party in the PAC and future ownership of the Port of Ashburton Export Facility is as follows: CZR – 50%, CSL – 25% and Strike – 25% (adjusted proportionately if a party does not wish to proceed with a definitive agreement).
- Each of CZR and SRK will have access to export capacity at the Port of Ashburton Export Facility in the following proportions: CZR – 66.67% and Strike – 33.33% (subject to a mechanism for allocating unused capacity, including to third parties).

COMPANY PROJECTS



Figure 5: Concept Layout for Port of Ashburton Export Facility at Eastern Port Precinct

Development Options for Paulsens East

The WA Department of Water and Environmental Regulation (**DWER**) has (January 2023) granted a second Works Approval under the *Environmental Protection Act 1986* for offshore marine operations, principally related to the Category 58 bulk loading of up to 1.8 Mtpa (10,000 tonnes per day) of iron ore from a TSV to OGV's in a designated offshore anchorage area ~14 nautical miles from the Port of Ashburton.²

Strike received an earlier (landside) Works Approval from DWER in July 2022 to undertake Category 58 bulk loading and unloading of up to 1.8 Mtpa (10,000 tonnes per day) of iron ore from the Port of Ashburton.³

² Refer Strike's ASX Announcement dated 10 January 2023: Marine Environmental Works Approval Received for Port of Ashburton Transhipment Operations

³ Refer Strike's ASX Announcement dated 27 July 2022: Environmental Works Approval Received for Ashburton Port

COMPANY PROJECTS

The securing of these key regulatory Works Approvals in respect of the Port of Ashburton completes all DWER approvals required for the commencement of export operations from the Port of Ashburton and are important steps in the Stage 2 development plans of Strike.

The current Works Approvals received allow Strike to commence its Stage 2 Development plans for Paulsens East as a stand-alone operation or serve as a base for the Port of Ashburton Consortium to build upon the current approvals received by Strike to expand proposed operations up to 5 Mtpa with separate Works Approvals being obtained by AEFPL using the Strike Works Approvals as a precedent for proposed expanded operations.

As such, Strike retains the option to develop its own 1.8 Mtpa iron ore export operation at the Port of Ashburton.

Strike was also focused on the following key activities related to Paulsens East mining operations:

- Optimisation works around pit shells, mine design, extraction sequencing, and early shipping forecasts aligned with the PAC's Port of Ashburton Export Facility proposed operations;
- Scoping and development of geotechnical work packs and additional risk assessments related to early stage mining and pioneering;
- Ongoing contractor engagement and production optimisation workshops; and
- Statutory compliance activities, including monitoring and reporting activities, site maintenance works and stakeholder engagement.



Figure 6: Detritals mining and stockpile areas on the northern side of the Paulsens East hematite ridge, May 2022

COMPANY PROJECTS

JORC Mineral Resource and Ore Reserve

Paulsens East consists of a three-kilometre-long outcropping high-grade hematite ridge, containing a **JORC Indicated Mineral Resource of 9.6 Million tonnes at 61.1% Fe**, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P (at a cut-off grade of 58% Fe).⁴ 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 ₂ % | Al ₂ O ₃ % | 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 2: Paulsens East JORC Indicated Mineral Resource estimate from Hematite Ridge using a range of lower cut-off wireframes



Figure 7: Paulsens East Hematite Ridge

There is exploration potential based on small hematite conglomerate outcrops along the surface and a drill intersection located 1.6 kilometres along the hematite ridge at the south-eastern corner of the tenement previously identified by Strike⁵ and surface rock-chip samples grading 64.4% - 66.2% Fe identified at multiple locations in the same area.⁶

As part of the completion of the October 2020 Feasibility Study, part of the JORC Indicated Mineral Resource has been converted to a **JORC Probable Ore Reserve of 6.2 million tonnes at 59.9% Fe**, 7.43% SiO₂, 3.77% Al₂O₃ and 0.086% P (at a cut-off grade of 55% Fe).⁷

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

5 Refer 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

6 Refer Strike's ASX Announcements dated 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project

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

COMPANY PROJECTS

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.

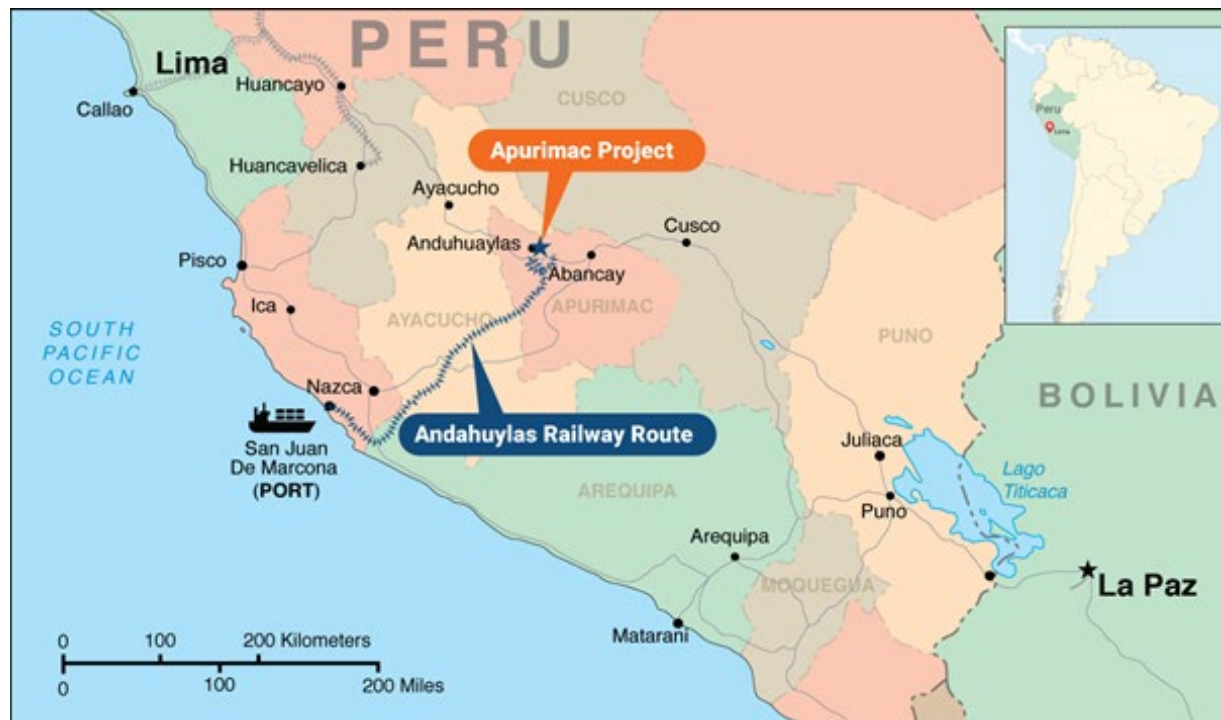


Figure 8: Location of Apurimac Iron Ore Project and Proposed Andahuaylas Railway Route to Port

Apurimac Premium Lump DSO Export Shipments

Strike has completed two shipments (to Chinese and South American Steel Mills) of high-grade (+65% Fe) Apurimac Premium Lump DSO in calendar 2021.⁸

The specifications of the first (35,000 tonne) shipment of Apurimac Premium Lump DSO are in Table 3.

| Fe | SiO ₂ | Al ₂ O ₃ | P | S | Moisture |
|-------|------------------|--------------------------------|-------|------|----------|
| 65.99 | 2.76 | 0.65 | 0.059 | 0.09 | 1.06 |

Table 3: Apurimac Premium Lump DSO – First Shipment Analysis

The specifications of the second (15,000 tonne) shipment of Apurimac Premium Lump DSO are in Table 4.

| Fe | SiO ₂ | Al ₂ O ₃ | P | S | Moisture |
|-------|------------------|--------------------------------|-------|------|----------|
| 65.28 | 1.64 | 0.88 | 0.052 | 0.09 | 0.62 |

Table 4: Apurimac Premium Lump DSO – Second Shipment Analysis

⁸ 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

COMPANY PROJECTS

Strike notes that:

- The Offtake Agreement⁹ (pursuant to which the first shipment of 35,000 tonnes to China 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 the offtake counterparty and securing a ship charter on terms acceptable to Strike.
- The second shipment (of 15,000 tonnes to a South American steel mill) was made on an FOB basis (where the buyer is responsible for the shipment cost) with a competitive market price calculated by reference to the high grade nature of the Apurimac Lump DSO ore. This shipment was successfully used by the buyer as an industrial trial for their steel manufacturing facility.

Strike is investigating further shipments from Peru, subject to satisfaction with a number of matters including negotiation of an acceptable price (referenced to the benchmark iron ore price) and Strike securing sufficient working capital to fund production to this end.

JORC Mineral Resource

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)¹⁰.

The Opaban 3 Mineral Resource has been diminished by production and sales of 50,095 tonnes of lump iron ore grading 65.78% Fe, 2.42% SiO₂, 0.72% Al₂O₃, 0.057% P and 0.09% S.

In addition to the current JORC resource, there is significant exploration potential given the deposits are open at depth and along strike with extensive undrilled gravity and magnetic anomalies.

Feasibility Studies

Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008¹¹ (subsequently updated in 2010¹²), 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.

⁹ Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment

¹⁰ Refer Strike's ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

¹¹ Refer Strike's ASX Announcement dated 23 July 2008: Prefeasibility Results Confirm World Class Prospects in Peru

¹² Refer Strike's ASX Announcement dated 23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report

DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited ABN 94 088 488 724 (**Company** or **SRK**) and its controlled entities (the **Consolidated Entity** or **Strike**) for the financial year ended 30 June 2023 (**Balance Date**).

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

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

PRINCIPAL ACTIVITIES

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

- the development of the Paulsens East Iron Ore Project in Western Australia; and
- the investigation of potential value-adding strategies in relation to the development of the Apurimac Iron Ore Project in Peru.

OPERATING RESULTS

| Consolidated | June 2023 \$ | June 2022 \$ |
|---------------------|------------------------|------------------------|
| Total revenue | 2,013,052 | 194,137 |
| Total expenses | (8,895,515) | (4,783,628) |
| Loss before tax | (6,882,463) | (4,589,491) |
| Income tax expense | - | - |
| Loss after tax | (6,882,463) | (4,589,491) |

FINANCIAL POSITION

| Consolidated | June 2023 \$ | June 2022 \$ |
|---|------------------------|------------------------|
| Cash | 2,640,955 | 4,206,548 |
| Financial assets at fair value through profit or loss | 1,980 | 864 |
| Inventory | - | 95,543 |
| Mine development | 15,688,267 | 9,890,168 |
| Investment in Associate entity | 669,878 | 5,540,968 |
| Receivables | 140,922 | 1,220,039 |
| Other assets | 465,765 | 664,636 |
| Liabilities | (13,826,613) | (9,497,707) |
| Net assets | 5,781,154 | 12,121,060 |
| Issued capital | 160,453,332 | 159,420,982 |
| Reserves | 43,789,520 | 39,713,171 |
| Accumulated losses | (198,461,698) | (187,013,093) |
| Total equity | 5,781,154 | 12,121,060 |

Capitalised Mine development expenditure pertains to the Paulsens East Iron Ore Project and represents the costs incurred in preparing the project for production, including plant and equipment and operating costs incurred before production commences. Upon the commencement of production, these capitalised Mine development costs are transferred to Mining properties (under property, plant and equipment) and will be subject to amortisation. The reclassification to Mining properties will be considered after Strike has secured project finance and made an investment decision to commence Stage 2 Production (involving the mining of the Paulsens East hematite ridge for export at the rate of up to approximately 1.8 million tonnes per annum).

DIRECTORS' REPORT

Until this reclassification, pre-production revenues (from the Stage 1 mining of surface detrital material) are offset against capitalised pre-production costs (rather than being recognised as revenues). Note 11 (Mine Development) to the accompanying financial statements discloses that during the financial year period:

- (a) Strike incurred Mine development costs of \$14,026,895; and
- (b) Strike received \$8,978,798 from the sale of iron ore (being the maiden shipment of 66,618 tonnes in September 2022 from Stage 1 mining of surface detrital material).

CASH FLOWS

| Consolidated | June 2023 \$ | June 2022 \$ |
|--|-----------------|-----------------|
| Net cash flow from operating activities | (1,303,939) | 7,130,189 |
| Net cash flow from investing activities | (4,207,407) | (15,457,655) |
| Net cash flow from financing activities | 4,131,356 | 5,545,802 |
| Net change in cash held | (1,379,990) | (2,781,664) |
| Effect of exchange rate changes on cash held | (185,603) | 538,700 |
| Cash held at year end | 2,640,955 | 4,206,548 |

DIVIDENDS

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

SECURITIES ON ISSUE

The following securities are on issue as at balance date (30 June 2023) and currently:

| Class of Security | Quoted on ASX | Unlisted |
|---|--------------------|-------------------|
| Fully paid ordinary shares | 283,750,000 | - |
| Broker's Options (\$0.15, 30 November 2023) ¹ | -- | 1,000,000 |
| Directors' Options (\$0.185, 3 December 2023) ² | - | 12,000,000 |
| Broker's Options (\$0.33, 3 June 2024) ³ | - | 1,000,000 |
| Securities Incentive Plan (SIP) ⁴ Options (\$0.185, 14 February 2025) ⁵ | | 3,100,000 |
| Total | 283,750,000 | 17,100,000 |

CAPITAL RAISING

In December 2022, the Company completed a \$1.1 million capital raising (before costs) via the issue of 13,750,000 shares at an issue price of \$0.08 per share.⁶ The issue was completed within the Company's 15% placement capacity under the ASX Listing Rules, to institutional and sophisticated and professional shareholders/investors.⁷

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

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

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

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

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

6 Refer SRK ASX Announcements dated 28 December 2022: Application for Quotation of Securities and 16 December 2022: Proposed Issue of Securities

7 Refer SRK ASX Announcement dated 16 December 2022: Completion of Capital Raising

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Investment in Lithium Energy Limited (ASX:LEL)

Lithium Energy Limited (**LEL** or **Lithium Energy**) was spun out of Strike following the successful completion of LEL's \$9 million (at \$0.20 per share) initial public offering (**IPO**) under a Prospectus (dated 30 March 2021).⁸ Strike shareholders were given a priority pro-rata entitlement under the Lithium Energy IPO.⁹

In June 2023, the Company completed a sale of 3,000,000 shares in LEL at a price of \$0.80 per share, realising \$2.4 million (gross) (**Sell-Down**), for working capital purposes. The LEL shares were sold pursuant to a special crossing, to clients of Petra Capital Pty Limited, who acted as Manager and Broker to the Sell-Down. The Company notes that Lithium Energy completed a 8 million share placement (at an issue price of \$0.80 per share) to raise \$6.4 million at the same time.¹⁰ Strike remains the largest shareholder of LEL with 31,410,000 shares (30.49%, post completion of the LEL placement and Sell-Down).

The LEL share price has traded within a range of \$0.52 (on 27 April 2023) to \$1.43 (on 15 September 2022) in the past 12 months, with a bid price of \$0.86 (as at 30 June 2023) and a current price of \$0.62 (as at 20 September 2023).

Lithium Energy Limited is an ASX listed battery minerals company which is developing its flagship Solaroz Lithium Brine Project in Argentina and the Burke and Corella Graphite Projects in Queensland:

- The Solaroz Lithium Project (LEL:90%) comprises 12,000 hectares of prospective lithium mineral concessions (where an initial JORC Inferred Mineral Resource of lithium has been delineated¹¹) located strategically within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. Lithium Energy shares the lithium rights in the Olaroz Salar basin with lithium carbonate producers Allkem Limited (ASX/TSX:AKE) and Lithium Americas Corporation (TSX:LAC).
- The Burke¹² and Corella¹³ Graphite Deposits (LEL:100%) in Queensland, Australia, contain high grade JORC Indicated and Inferred Mineral Resources of graphite; Lithium Energy is undertaking a Prefeasibility Study on a proposed vertically integrated battery anode material manufacturing facility in Queensland.¹⁴

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

- 11 September 2023: Annual Report – 2023;
- 31 July 2023: Quarterly Report – 30 June 2023; and
- 14 March 2023: Half Year Report – 31 December 2022.

Information concerning Lithium Energy may be viewed from its website: www.lithiumenergy.com.au

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

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

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

10 Refer LEL ASX Announcement dated 23 June 2023: Completion of Oversubscribed Capital Raising for Development of Lithium and Graphite Projects

11 Refer LEL ASX announcement dated 29 June 2023: Significant Maiden JORC Lithium Resource of 3.3Mt LCE at Solaroz Project in Argentina

12 Refer LEL ASX Announcement dated 5 April 2023: Burke Graphite Mineral Resource Upgrade Delivers Significant Increases in Size and Confidence

13 Refer LEL ASX Announcement dated 16 June 2023: Maiden Corella Graphite Mineral Resource Delivers Doubling of Graphite Inventory

14 Based on LEL ASX announcement released on 31 July 2023: Quarterly Report – 30 June 2023

DIRECTORS' REPORT

Paulsens East Iron Ore Project (Pilbara, Western Australia)

(Strike – 100%)

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

In September 2022, Strike completed a maiden shipment of 66,618 tonnes of iron ore from Paulsens East, which involved the mining of surface detrital material to produce Paulsens East Lump direct shipping iron ore (**DSO**) (grading 62% Fe), which was exported to China from the Utah Point Multi-User Bulk Handling Facility (**Utah Point**) at Port Hedland. Whilst the successful shipment of its first shipment of iron ore from Paulsens East is a significant milestone for the Company, Strike has determined to pause on further shipments from Utah Point given market conditions, together with rising input costs, adversely impacting operating margins.¹⁵

Strike is advancing the development of an export solution through the Port of Ashburton (located ~235km from Paulsens East, versus ~650km to Port Hedland), which has the potential to significantly improve the commercial economics at Paulsens East and thus will play an important part in the decision to restart operations at Paulsens East.

In December 2022, Strike, iron ore developer CZR Resources Ltd (ASX:CZR) and transshipment services provider CSL Australia Pty Ltd, entered into a binding Memorandum of Understanding (**MOU**) for the formation of a Port of Ashburton Consortium (**PAC**) to work with relevant authorities to secure approvals for the development of a ~5 Mtpa capacity multi-user bulk loading facility for the export of iron ore from the Port of Ashburton, Onslow (the **Port of Ashburton Export Facility**).¹⁶ Strike's participation and ownership interest is 25% (CZR – 50% and CSL – 25%). Strike will have a one-third share of the export capacity from the Port of Ashburton Export Facility.

The PAC members are working with relevant authorities to develop and finalise:

- designs for an integrated iron ore export facility at the Port of Ashburton, including road train unloading, storage shed, transshipment vessel (**TSV**) loader and ancillary fixed and mobile infrastructure; and
- the operating parameters and terms of a TSV to be provided by CSL from its existing shipping fleet capable of discharging a minimum annualised capacity of ~5 Mtpa of iron ore into cape size ocean-going vessels at an offshore transshipment anchorage point off the Port of Ashburton,

as part of the process to secure required approvals for the establishment of infrastructure at the Port of Ashburton Export Facility. The PAC is also assessing the commercial parameters of proposed landside and offshore transshipment operations.

The WA Department of Water and Environmental Regulation (**DWER**) has (in January 2023) granted a second Works Approval under the *Environmental Protection Act 1986* for offshore marine operations, principally related to the Category 58 bulk loading of up to 1.8 Mtpa (10,000 tonnes per day) of iron ore from a Transshipment Vessel to Ocean Going Vessels in a designated offshore anchorage area ~14 nautical miles from the Port of Ashburton in Onslow.¹⁷ Strike received an earlier (landside) Works Approval from DWER in July 2022 to undertake Category 58 bulk loading and unloading of up to 1.8 Mtpa (10,000 tonnes per day) of iron ore from the Port of Ashburton.¹⁸ The securing of these key regulatory Works Approvals in respect of the Port of Ashburton now complete all DWER approvals required for the commencement of export operations from the Port of Ashburton and are important steps in the Stage 2 development plans of Strike, which involve the export of up to 1.8 Mtpa of iron ore from its Paulsens East Iron Ore Project.

The current Works Approvals received allow Strike to commence its Stage 2 Development plans for Paulsens East as a standalone operation or serve as a base for the Port of Ashburton Consortium to build upon the current approvals received by Strike to expand proposed operations of up to ~5 Mtpa with separate Works Approvals being obtained by the PAC using the Strike Works Approvals as a precedent for proposed expanded operations. As such, Strike retains the option to develop its own 1.8 Mtpa iron ore export operation at the Port of Ashburton.

15 Refer SRK ASX Announcement dated 30 August 2022: First Export Shipment of Paulsens East Lump Iron Ore and Future Operations and 25 August 2022: Maiden Shipment of Paulsens East Lump Iron Ore and Operational Update

16 Refer SRK ASX Announcement dated 16 December 2022: Formation of Consortium for Development of Iron Ore Export Facility at Port of Ashburton and CZR's ASX Announcement dated 16 December 2022: Strategic Partnership to Develop Iron Ore Export Facility

17 Refer SRK ASX Announcement dated 10 January 2023: Marine Environmental Works Approval Received for Port of Ashburton Transshipment Operations

18 Refer SRK ASX Announcement dated 27 July 2022: Environmental Works Approval Received for Ashburton Port

DIRECTORS' REPORT

The Company has a US\$7.2 million (~A\$11 Million) loan facility (**Facility**) with Good Importing International Pty Limited (**GII**) used for the Stage 1 development of Paulsens East¹⁹ and Strike's maiden (66,618 tonne) export of Paulsens East Lump DSO from Utah Point (Port Hedland) in September 2022. Under the terms of the Facility (which was amended in December 2022²⁰ and April 2023²¹), Strike is required to repay 50% of the loan principal on 31 July 2024 with the balance payable on 31 October 2024. Strike has paid (on 3 July 2023) the interest (at 10% pa) accrued to 30 June 2023 and will start to pay accrued interest at the end of each quarter.

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

- 4 April 2023: Further Update on Paulsen East Project Financing
- 10 January 2023: Marine Environmental Works Approval Received for Port of Ashburton Transshipment Operations
- 16 December 2022: Formation of Consortium for Development of Iron Ore Export Facility at Port of Ashburton
- 16 December 2022: Update on Paulsen East Project Financing
- 30 August 2022: First Export Shipment of Paulsens East Lump Iron Ore and Future Operations
- 25 August 2022: Maiden Shipment of Paulsens East Lump Iron Ore and Operational Update
- 1 August 2022: Maiden 68,000 Tonne Shipment of Paulsens East Lump Iron Ore
- 27 July 2022: Environmental Works Approval Received for Ashburton Port

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

The Apurimac Iron Ore Project in Peru is recognised as one of the highest grade, large scale magnetite projects in the world with the potential to support the establishment of a significant iron ore operation.²²

Strike has completed two shipments (to Chinese and South American Steel Mills) of high-grade (+65% Fe) Apurimac Premium Lump DSO in calendar 2021.²³

Strike notes that:

- The Offtake Agreement²⁴ (pursuant to which the first shipment of 35,000 tonnes to China 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 the offtake counterparty and securing a ship charter on terms acceptable to Strike.
- The second shipment (of 15,000 tonnes to a South American steel mill) was made on an FOB basis (where the buyer is responsible for the shipment cost) with a competitive market price calculated by reference to the high grade nature of the Apurimac Lump DSO ore. This shipment was successfully used by the buyer as an industrial trial for their steel manufacturing facility.

Strike is investigating further shipments from Peru, subject to satisfaction with a number of matters including negotiation of an acceptable price (referenced to the benchmark iron ore price) and Strike securing sufficient working capital to fund production to this end.

19 Refer SRK ASX Announcement dated 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project

20 Refer SRK ASX Announcement dated 16 December 2022: Update on Paulsens East Project Financing

21 Refer SRK ASX Announcement dated 4 April 2023: Further Update on Paulsens East Project Financing

22 Refer SRK ASX Announcement 19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

23 Refer SRK ASX Announcements dated 19 August 2021: Maiden Iron Ore Shipment from Peru and 29 October 2021: Second Iron Ore Shipment from Peru Completed

24 Refer SRK ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment

DIRECTORS' REPORT

Quarterly Reports

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

- 26 July 2023: Quarterly Report - 30 June 2023
- 28 April 2023: Quarterly Activities and Cash Flow Report - 31 March 2023
- 31 January 2023: Quarterly Report - 31 December 2022
- 27 October 2022: Quarterly Report - 30 September 2022

MATERIAL BUSINESS RISKS

Strike's exploration and development operations will be subject to the normal risks of mineral exploration and development, and any revenues will be subject to factors beyond Strike's control. The material business risks that may affect Strike are summarised below:

Exploration Risk: Strike's resource projects are at various stages of exploration, evaluation and development. There is no assurance that future exploration will result in the discovery of an economic resource or reserve or that it can be economically exploited. Future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs/recovery rates, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and personnel, local communities/indigenous and existing land/lease holder stakeholder engagements, changing government regulations and many other factors beyond the control of Strike. Exploration and evaluation costs are based on certain assumptions in relation to the nature, method and timing of these activities, which are subject to significant uncertainties and, accordingly, the actual costs may materially differ. Cost estimates and the underlying assumptions may not be realised in practice, which may materially and adversely affect Strike's financial performance and or position.

Resource Estimation Risk: Resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates which depend on interpretations may require adjustment. Adjustments to resource estimates could affect Strike's future plans and ultimately its financial performance. Mineral and commodity price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Feasibility and Development Risks: There is risk associated with the successful commercial exploitation of resource discoveries. Such exploitation would involve securing necessary approvals from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied or in a timely manner. Advancing exploitation may involve the participation of other parties/stakeholders whose interests and objectives may differ from Strike's. There is a complex, multidisciplinary process involved to evaluate and assess development pathways and undertake feasibility-related studies to support a development proposal. Evaluations/assessments and studies and associated technical works may not achieve the results expected. Even if supported by a positive feasibility study, a project may not be successfully developed for a range of technical, commercial and or financial reasons.

Commodity Pricing Risk: The commercial prospects of Strike (in relation to the development of its current iron ore projects) is dependent principally upon the demand for iron ore and steel products, in particular in China, which is the predominant export market for junior iron ore producers.

Key Personnel: In formulating its exploration and evaluation programmes, feasibility-related studies and development strategies, Strike relies on the experience and expertise of its directors, senior executives and other senior management. There is a risk that key personnel may leave their employment, which may adversely affect the business, at least in the short term. Recruiting and retaining qualified, skilled and experienced key personnel in the minerals/commodities sectors and geography in which Strike operates may also be challenging in a strong and competitive resources sector.

DIRECTORS' REPORT

Future Funding: Strike's ongoing exploration, evaluation and development activities will require substantial further funding in the future. Any additional equity capital may be dilutive to shareholders and may be undertaken at lower issue prices than the current market price. Debt financing, if available, may involve restrictive covenants which limit Strike's operations and business strategy. There is no assurance that appropriate funding, if and when needed, will be available on terms satisfactory to Strike or at all. The inability to obtain funding will adversely affect Strike and may result in some or all of its projects not proceeding or their scale and/or scope being altered or defaults in licences or permits or agreements occurring, which, if not remedied, could result in forfeiture of its tenements.

Foreign Jurisdiction: Strike holds its interest in the Apurimac Project in Peru through its 100% shareholdings in Peruvian registered companies. The overseas companies are subject to risks normally associated with the conduct of business in foreign countries. Risks pertaining to Peru may include, among other things, political risk, economic environments, disruptions to logistics, access to infrastructure and services (water, power and gas), labour disputes, corruption, civil disturbances and crime, changes in law or policies, opposition to mining from environmental or other non-governmental organisations or changes in political attitudes towards mining activities.

Foreign Exchange Risk: The expenditure of Strike is and will be in Australian, United States and Peruvian currencies, exposing the Company to fluctuations and volatility of the rates of exchange between the Australian dollar, United States dollar and Peruvian Soles as determined in international markets. Strike does not currently undertake any hedging of foreign currency items, however as operations develop and expand, more sophisticated foreign exchange risk management strategies may be adopted.

Access Risk: There may be areas of Strike's projects over which indigenous rights exist or are claimed by indigenous owners. Similarly, Strike's tenements may encroach on existing land or lease holders. As such, Strike's ability to gain access to the tenements or to progress from the exploration phase to the development and mining phases of operations, may require reaching agreement with these stakeholders to facilitate access and development, which is not assured, on terms satisfactory to Strike, or at all. Negotiations with stakeholders may also result in a delay with the development of Strike's projects.

Regulatory Risk: Strike's operations are subject to various Federal, State/Provincial and local laws and regulations, including those relating to exploration, development and mining permit and licence requirements, industrial relations, environment, land use, royalties, water, native title/indigenous and Aboriginal cultural heritage, mine safety and occupational work, health and safety. Approvals, licences and permits required to comply with such rules may be subject to the discretion of the applicable government officials/authorities. No assurance can be given that Strike will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, Strike may be curtailed or prohibited from continuing or proceeding with exploration and production. Strike's business and results of operations could be adversely affected if applications lodged for relevant licences are not granted. Mineral tenements are also subject to periodic renewal, which may be subject to the discretion of the relevant government official/authority or renewal conditions (such as increased expenditure and work commitments and/or compulsory relinquishment of tenement areas). The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of Strike.

Environmental Risk: The operations and activities of Strike are subject to environmental laws and regulations. Strike is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase Strike's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige Strike to incur significant expenses and undertake significant investments which could have a material adverse effect on Strike's business, financial condition and performance.

Climate Change Risk: The operations and activities of Strike may be subject to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact Strike and its profitability. Climate change may also cause certain physical and environmental risks that cannot be predicted by Strike, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate pattern.

Pandemic and other Public Health Risks: Future health pandemics (such as COVID-19) and other possible outbreaks of viruses/disease may have a significant adverse effect on Strike's business. The spread of such diseases amongst management, employees, contractors, suppliers and logistic networks, as well as any health related government imposed quarantine and isolation requirements, may reduce the ability to operate and have detrimental financial implications. More broadly, Strike may also be affected by the macroeconomic effects and likely ensuing financial volatility in the economies where the Company operates.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of Strike, save as otherwise disclosed in this Directors' Report or the financial statements and notes thereto.

FUTURE DEVELOPMENTS

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

- advance the development of the Paulsens East Iron Ore Project in Western Australia; and
- advance the investigation of potential value-adding strategies in relation to the development of the Apurimac Iron Ore Project in Peru.

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

ENVIRONMENTAL REGULATION

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

| Farooq Khan | Executive Chairman |
|--|--|
| <i>Appointed</i> | 18 December 2015; Director since 1 October 2015 |
| <i>Qualifications</i> | BJuris, LLB (Western Australia) |
| <i>Experience</i> | Farooq Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments. |
| <i>Special responsibilities</i> | Member of the Audit Committee Member of the Remuneration and Nomination Committee |
| <i>Relevant Interests in shares and options</i> | 1,813,231 shares (held jointly) 3,750,000 Directors' options (\$0.185, 3 December 2023) ²⁵ |
| <i>Other current directorships in listed entities</i> | Executive Chairman of: Orion Equities Limited (ASX:OEQ) (since 23 October 2006) Bentley Capital Limited (ASX:BEL) (since 2 December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (ASX:QUE) (since 10 March 1998) Executive Director of Lithium Energy Limited (ASX:LEL) (since 14 January 2021) |
| <i>Former directorships in other listed entities in past 3 years</i> | - |

| William Johnson | Managing Director |
|--|---|
| <i>Appointed</i> | 25 March 2013; Director since 14 July 2006 |
| <i>Qualifications</i> | MA (Oxon), MBA |
| <i>Experience</i> | William Johnson holds a Masters Degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 40-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution. |
| <i>Special responsibilities</i> | None |
| <i>Relevant Interests in shares and options</i> | 349,273 shares (held jointly) 4,500,000 Directors' options (\$0.185, 3 December 2023) ²⁶ |
| <i>Other current directorships in listed entities</i> | Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009) Executive Chairman of Lithium Energy Limited (ASX:LEL) (since 14 January 2021) |
| <i>Former directorships in other listed entities in past 3 years</i> | Molopo Energy Limited (former ASX:MPO) (31 May 2018 to 26 May 2021) |

²⁵ Refer SRK ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – F Khan

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

DIRECTORS' REPORT

| Malcolm Richmond | | Non-Executive Director |
|--|--|--|
| <i>Appointed</i> | | 25 October 2006; previously Chairman (3 February 2011 to 18 December 2015) |
| <i>Qualifications</i> | | BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (<i>New South Wales</i>) |
| <i>Experience</i> | | Mr Richmond has 30 years' experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions; Managing Director, Research and Technology; Managing Director, Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Ltd. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Mr Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies. He is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. His special interests include corporate strategy and the development of markets for internationally traded minerals and metals - particularly in Asia. Mr Richmond served as Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia until January 2012 and is a Fellow of the Australian Academy of Technological Sciences & Engineering, a Fellow of Australian Institute of Mining and Metallurgy and a Member of Strategic Planning Institute (US). |
| <i>Special responsibilities</i> | | Chairman of the Audit Committee Member of the Remuneration and Nomination Committee |
| <i>Relevant Interests in shares and options</i> | | 750,000 Directors' options (\$0.185, 3 December 2023) ²⁷ |
| <i>Other current directorships in listed entities</i> | | - |
| <i>Former directorships in other listed entities in past 3 years</i> | | Argonaut Resources NL (ASX:ARE) (Non-Executive Director - March 2012 to February 2022) |
| Matthew Hammond | | Non-Executive Director |
| <i>Appointed</i> | | 25 September 2009 |
| <i>Qualifications</i> | | BA (Hons) (<i>Bristol</i>) |
| <i>Experience</i> | | Mr Hammond is currently a key advisor and works for a family office. Between 2011 and 2022, he was the Group Managing Director and CFO of VK Company (formerly Mail.ru Group), a leading European Internet communication and entertainment services group, which is listed on the London Stock Exchange. Prior to that he was Group Strategist for Metalloinvest Holdings, where he had broad-ranging responsibilities for part of the non-core asset portfolio and advised the Metalloinvest Board on strategic acquisitions and investments. He began his career at Credit Suisse and was Sector Head in Equity Research and in Private Bank Ultra High Net Worth Client Advisory advising on portfolio allocation, strategic M&A and individual investments. As a Technology Analyst at Credit Suisse, he was ranked #1 in the Extell and Institutional Investor surveys 8 times. |
| <i>Special responsibilities</i> | | Chairman of the Remuneration and Nomination Committees Member of the Audit Committee |
| <i>Relevant Interests in shares and options</i> | | 750,000 Directors' options (\$0.185, 3 December 2023) ²⁸ |
| <i>Other current directorships in listed entities</i> | | - |
| <i>Former directorships in other listed entities in past 3 years</i> | | VK Company Limited (LSE:VKCO) (formerly Mail.Ru Group Limited) (Director – May 2010 to March 2022; Managing Director – April 2011 to March 2022; CFO – June 2013 to March 2022) |

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

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

DIRECTORS' REPORT

| Victor Ho | Executive Director and Company Secretary |
|---|--|
| <i>Appointed</i> | Director since 24 January 2014; Company Secretary since 30 September 2015 |
| <i>Qualifications</i> | BCom, LLB (<i>Western Australia</i>), CTA |
| <i>Experience</i> | Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 23+ years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings, resources project (debt) financing, spin-outs/demergers and IPO's/re-listings on ASX and capital management initiatives and has extensive experience in public company administration, corporations' law, ASIC/ASX compliance and investor/shareholder relations. |
| <i>Special responsibilities</i> | Secretary of Audit Committee and Remuneration and Nomination Committee |
| <i>Relevant Interests in shares and options</i> | 2,250,000 Directors' options (\$0.185, 3 December 2023) ²⁹ |
| <i>Other positions held in listed entities</i> | Executive Director (also Company Secretary) of: Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013) Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004) Company Secretary of Lithium Energy Limited (ASX:LEL) (since 14 January 2021) |
| <i>Former position in other listed entities in past 3 years</i> | - |

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

DIRECTORS' REPORT

DIRECTORS' MEETINGS

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

| Name of Director | Board Meetings | | Audit Committee | | Remuneration Committee | |
|--------------------------|----------------|------------------------|-----------------|------------------------|------------------------|------------------------|
| | Attended | Max. Possible Meetings | Attended | Max. Possible Meetings | Attended | Max. Possible Meetings |
| Farooq Khan | 14 | 14 | 2 | 2 | - | - |
| William Johnson | 14 | 14 | - | - | - | - |
| Malcolm Richmond | 14 | 14 | 2 | 2 | - | - |
| Matthew Hammond | 11 | 14 | 2 | 2 | - | - |
| Victor Ho ^(a) | 14 | 14 | 2 | 2 | - | - |

Notes:

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

Audit Committee

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

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

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

Remuneration and Nomination Committee

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

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

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

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

REMUNERATION REPORT

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

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

(1) Key Management Personnel disclosed in this report

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

(2) Remuneration Policy

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

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

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

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

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

Company Constitution: The Company's Constitution³⁰ also contain provisions in relation to the remuneration of the Managing Director, Executive Directors and Non-Executive Directors.

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

REMUNERATION REPORT

Fixed Cash Short-term Employment Benefits: The Key Management Personnel of the Company are paid a fixed amount per annum plus applicable employer superannuation contributions. The Non-Executive Directors of the Company can be paid a maximum aggregate base remuneration of \$500,000³¹ per annum inclusive of employer superannuation contributions where applicable, in such quantum and to be divided as the Board determines appropriate.

The Board has determined the following fixed cash remuneration for current Key Management Personnel as follows (as at 30 June 2023):

- (a) Mr Farooq Khan (Chairman) - a base salary of \$175,000 per annum plus employer superannuation contributions;
- (b) Mr William Johnson (Managing Director) - a base salary of \$300,000 per annum plus employer superannuation contributions;
- (c) Mr Victor Ho (Director and Company Secretary) - a base salary of \$175,000 per annum plus employer superannuation contributions;
- (d) Mr Malcolm Richmond (Non-Executive Director) - a base fee of \$45,000 per annum plus employer superannuation contributions; and
- (e) Mr Matthew Hammond (Non-Executive Director) - a base fee of \$45,000 per annum.

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

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

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

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

Equity-Based Benefits: There were no equity-based benefits granted to Key Management Personnel during the financial year. The Company has previously (on 4 December 2020, after receipt of shareholder approval at the Company's AGM) granted a total of 12,000,000 unlisted Directors' Options (each with an exercise price of \$0.185, an expiry date of 3 December 2023 and subject to vesting conditions in tranches based on the attainment of defined milestones) to the Directors as part of their remuneration.³² There were no shares issued as a result of the exercise of options issued to Key Management Personnel during the financial year. The Company may propose the issue of securities to Key Management Personnel in the future (as an equity-based incentive benefit), which will be put to shareholders for approval at that time (as required under the ASX Listing Rules and/or *Corporations Act 2001 (Cth)*, as applicable).

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

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

REMUNERATION REPORT

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

- (a) assist in the reward, retention, and motivation of 'Eligible Participants' (which includes employees, Executive and Non-Executive Directors and contractors – not limited to Key Management Personnel);
- (b) link the reward of Eligible Participants to shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Company by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of securities (which includes a share, a right to a share, an option over an issued or unissued security and a convertible security).

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

The Company has granted a total of 3,100,000 unlisted SIP Options (each with an exercise price of \$0.185, an expiry date of 14 February 2025 and subject to vesting conditions in tranches based on the attainment of defined milestones) to personnel (not Key Management Personnel) as part of their remuneration, during the previous financial year.³³

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

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|-------------|-------------|-----------|-------------|-------------|
| Loss Before Income Tax (\$) | (6,882,463) | (4,589,491) | 3,859,875 | (1,401,713) | (1,875,093) |
| Basic Loss per share (cents) | (2.48) | (1.70) | 1.66 | (0.83) | (1.22) |
| Dividends Paid (total) | - | - | - | - | - |
| VWAP Share Price on ASX for financial year (\$) | 0.10 | 0.17 | 0.176 | 0.051 | 0.074 |
| Closing Bid Share Price on ASX at 30 June (\$) | 0.06 | 0.11 | 0.265 | 0.045 | 0.045 |

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

REMUNERATION REPORT

(3) Employment Agreements

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

| Key Management Personnel and Position Held | Relevant Date(s) | Current Base Remuneration | Other Current Terms |
|---|--|---|--|
| William Johnson (Managing Director) | 22 April 2013 (date of employment agreement) 11 March 2013 (commencement date) 1 January 2021 (date of effect of current remuneration) | \$300,000 plus employer superannuation contributions (10.5% of base salary for 2022/23 and 11% from 1 July 2023) | <ul style="list-style-type: none"> No fixed term or fixed rolling terms of service. Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. Six month's notice of termination by executive. Company may terminate without notice with payment of six month's salary. Immediate termination without notice and without payment in lieu of notice if executive commits any serious act of misconduct. Save with the agreement of the Board, permitted to be a Non-Executive Director of no more than 2 public companies provided that it does not compromise ability to devote the care and attention to the Company's affairs required by the position. Entitlement to cash STI payments as set by the Board. |
| Farooq Khan (Executive Chairman) | 25 January 2021 (date of executive employment agreement) 18 December 2015 (commencement date) 1 January 2021 (date of effect of current remuneration) | \$175,000 plus employer superannuation contributions (10.5% of base salary for 2022/23 and 11% from 1 July 2023) | <ul style="list-style-type: none"> No fixed term or fixed rolling terms of service. Commitment to a minimum prescribed hours per week over the course of a 5 day working week plus reasonable additional time required by the Company. Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. Six month's notice of termination by the Company (or payment of six month's salary in lieu thereof) and one month's notice by executive. Immediate termination without notice if executive commits any act of serious misconduct. Employment terminates upon cessation as officer of the Company, with entitlement to payment of six month's salary (save for voluntary resignation or immediate termination for serious misconduct). Permitted to continue as a Director of other existing ASX-listed companies – concurrent role as Director of any other company is not prohibited if it does not interfere with the proper performance of duties. Entitlement to performance-related cash bonuses as agreed with the Company from time to time. |
| Victor Ho (Executive Director and Company Secretary) | 25 January 2021 (date of executive employment agreement) 30 September 2015 (commencement date) 1 January 2021 (date of effect of current remuneration) | \$175,000 plus employer superannuation contributions (10.5% of base salary for 2022/23 and 11% from 1 July 2023) | <ul style="list-style-type: none"> No fixed term or fixed rolling terms of service. Commitment to a minimum prescribed hours per week over the course of a 5 day working week plus reasonable additional time required by the Company. Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus entitlement to long service leave of 60 days after 7 years of service with an additional 5 days after each year of service thereafter. Six month's notice of termination by the Company (or payment of six month's salary in lieu thereof) and one month's notice by executive. Immediate termination without notice if executive commits any act of serious misconduct. Employment terminates upon cessation as officer of the Company, with entitlement to payment of six month's salary (save for voluntary resignation or immediate termination for serious misconduct). Permitted to continue as a Director/Company Secretary of other existing ASX-listed companies – concurrent role as Director/Company Secretary of any other company is not prohibited if it does not interfere with the proper performance of duties. Entitlement to performance-related cash bonuses as agreed with the Company from time to time. |

REMUNERATION REPORT

(4) Details of Remuneration of Key Management Personnel

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

| 2023 Key Management Personnel | Performance-related % | Short-term Benefits | | Post-Employment Benefits | Other Long-term Benefits | Equity-Based Benefits | Total |
|------------------------------------|-----------------------|----------------------|--------------|--------------------------|--------------------------|-----------------------|---------|
| | | Cash salary and fees | STI benefits | Superannuation | Long service leave | Shares & options | |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Directors: | | | | | | | |
| William Johnson | - | 300,000 | - | 31,500 | - | - | 331,500 |
| Farooq Khan | - | 175,000 | - | 18,375 | - | - | 193,375 |
| Malcolm Richmond | - | 41,250 | - | 4,331 | - | - | 45,581 |
| Matthew Hammond | - | 45,000 | - | - | - | - | 45,000 |
| Victor Ho (also Company Secretary) | - | 175,000 | - | 18,375 | - | - | 193,375 |

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

(5) Other Benefits Provided to Key Management Personnel

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

(6) Securities held by Key Management Personnel

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

Shares

| Key Management Personnel | Balance at 30 June 2022 | Received as part of remuneration | Net Other Change | Balance at 30 June 2023 |
|--------------------------|-------------------------|----------------------------------|------------------|-------------------------|
| Farooq Khan | 1,813,231 | - | - | 1,813,231 |
| William Johnson | 349,273 | - | - | 349,273 |
| Victor Ho | - | - | - | - |
| Malcolm Richmond | - | - | - | - |
| Matthew Hammond | - | - | - | - |

REMUNERATION REPORT

Directors' Options (\$0.185, 3 December 2023)

| Key Management Personnel | Balance at 30 June 2022 | Received as part of remuneration | Net Other Change | Balance at 30 June 2023 |
|--------------------------|-------------------------|----------------------------------|------------------|-------------------------|
| Farooq Khan | 3,750,000 | - | - | 3,750,000 |
| William Johnson | 4,500,000 | - | - | 4,500,000 |
| Victor Ho | 2,250,000 | - | - | 2,250,000 |
| Malcolm Richmond | 750,000 | - | - | 750,000 |
| Matthew Hammond | 750,000 | - | - | 750,000 |

Notes:

- (a) The Directors' Options were granted on 4 December 2020 (after receipt of shareholder approval at the Company's AGM held on 4 December 2020³⁴), each with an exercise price of \$0.21, an expiry date of 2 December 2023 and are subject to vesting conditions.
- (b) The terms and conditions of the Directors' Options are set out in Annexure B to Strike's Notice of Annual General Meeting and Explanatory Statement dated 20 October 2020 and released on ASX on 4 November 2020.
- (c) The disclosures of holdings above are in accordance with the accounting standards which require disclosure of securities held directly, indirectly or beneficially by each key management person, a close member of the family of that person, or an entity over which either of these persons have, directly or indirectly, control, joint control or significant influence (as defined under Accounting Standard AASB 124 Related Party Disclosures).

(7) Engagement of Remuneration Consultants

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

(8) Voting and Comments on the Remuneration Report at the 2022 AGM

At the Company's most recent (2022) AGM, a resolution to adopt the prior year (2022) Remuneration Report was passed on a poll with 97.93% of votes in favour of adopting the Remuneration Report.³⁵ No comments were made on the Remuneration Report at the 2022 AGM.

This concludes the audited Remuneration Report.

³⁴ Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolutions 6 to 10) dated 20 October 2020 and released on ASX on 4 November 2020 and SRK ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

³⁵ Refer Strike's Notice of Annual General Meeting and Explanatory Statement (Resolution 2) dated and released on ASX on 24 October 2022 and SRK ASX Announcements dated 24 November 2022: Results of 2022 Annual General Meeting

DIRECTORS' REPORT

DIRECTORS' AND OFFICERS' INSURANCE

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

DIRECTORS' AND OFFICERS' DEEDS

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

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

LEGAL PROCEEDINGS ON BEHALF OF COMPANY

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

AUDITORS

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

| Auditor | Audit & Review Fees \$ | Non-Audit Services \$ | Total \$ |
|-----------------------------------|---------------------------|--------------------------|-------------|
| Rothsay Audit & Assurance Pty Ltd | 32,000 | - | 32,000 |

On 9 August 2022, Rothsay Audit & Assurance Pty Ltd were appointed the Company's Auditor, following the resignation of the firm of 'Rothsay Auditing' and receipt of ASIC's consent to that resignation.³⁶ Rothsay Audit & Assurance Pty Ltd completed the audit of Strike for the financial year ended 30 June 2022.

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

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

³⁶ Refer SRK Announcement dated 9 August 2022: Change of Auditors

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 31. This relates to the Independent Auditor's Report, where the Auditor states that they have issued an independence declaration.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report or the financial statements or notes thereto (in particular Note 25), that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

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



Farooq Khan
Executive Chairman



William Johnson
Managing Director

22 September 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

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

As lead auditor of the audit of Strike Resources Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla
Director

22 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

| | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| | 2 | \$ | \$ |
| REVENUE | | | |
| Sales of iron ore | | - | 9,642,676 |
| Cost of goods sold | | - | (9,473,269) |
| | | - | 169,407 |
| Other income | | | |
| Net gain on financial assets at fair value through profit or loss | | 1,800,616 | 16,973 |
| Dividend revenue | | - | 4,851 |
| Interest revenue | | 15,030 | 1,190 |
| Other income | | 197,406 | 1,716 |
| TOTAL REVENUE AND OTHER INCOME | | 2,013,052 | 194,137 |
| EXPENSES | 3 | | |
| Share of Associate entity's net loss | | (4,311,597) | (991,471) |
| Mining expenses | | (527,174) | (440,084) |
| Personnel expenses | | (1,692,914) | (2,052,767) |
| Corporate expenses | | (325,711) | (519,860) |
| Occupancy expenses | | (78,724) | (182,556) |
| Finance expenses | | (1,115,608) | (93,874) |
| Foreign exchange loss | | (395,055) | 301,026 |
| Administration expenses | | (448,732) | (804,042) |
| LOSS BEFORE INCOME TAX | | (6,882,463) | (4,589,491) |
| Income tax expense | 5 | - | - |
| LOSS FOR THE YEAR | | (6,882,463) | (4,589,491) |
| OTHER COMPREHENSIVE INCOME | | | |
| Other Comprehensive Income, Net of Tax | | | |
| Exchange differences on translation of foreign operations | | (530,800) | 237,674 |
| Share of other comprehensive loss of associate | | 41,007 | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | (7,372,256) | (4,351,817) |
| LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY: | | | |
| Basic and diluted loss per share (cents) | 6 | (2.48) | (1.70) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 2,640,955 | 4,206,548 |
| Financial assets at fair value through profit or loss | | 1,980 | 864 |
| Inventory | | - | 95,543 |
| Receivables | 10 | 140,922 | 1,220,039 |
| Other current assets | | 386,298 | 381,081 |
| TOTAL CURRENT ASSETS | | 3,170,155 | 5,904,075 |
| NON-CURRENT ASSETS | | | |
| Investment in Associate entity | 20 | 669,878 | 5,540,968 |
| Mine development | 11 | 15,688,267 | 9,890,168 |
| Property, plant and equipment | | 79,467 | 283,556 |
| TOTAL NON-CURRENT ASSETS | | 16,437,612 | 15,714,692 |
| TOTAL ASSETS | | 19,607,767 | 21,618,767 |
| CURRENT LIABILITIES | | | |
| Payables | 12 | 1,987,733 | 2,345,591 |
| Provisions | 13 | 1,032,760 | 178,064 |
| TOTAL CURRENT LIABILITIES | | 3,020,493 | 2,523,655 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 12 | 10,806,120 | 6,974,052 |
| TOTAL NON-CURRENT LIABILITIES | | 10,806,120 | 6,974,052 |
| TOTAL LIABILITIES | | 13,826,613 | 9,497,707 |
| NET ASSETS | | 5,781,154 | 12,121,060 |
| EQUITY | | | |
| Issued capital | 14 | 160,453,332 | 159,420,982 |
| Reserves | 15 | | |
| Profits reserve | | 28,968,834 | 24,402,692 |
| Share-based payments reserve | | 13,402,658 | 13,402,658 |
| Foreign currency translation reserve | | 1,418,028 | 1,907,821 |
| Accumulated losses | | (198,461,698) | (187,013,093) |
| TOTAL EQUITY | | 5,781,154 | 12,121,060 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

| | Issued capital | Share-based payments reserve | Profits reserve | Foreign currency translation reserve | Accumulated losses | Total |
|--|--------------------|------------------------------------|--------------------|---|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| BALANCE AT 1 JUL 2021 | 159,420,982 | 13,402,658 | 6,585,022 | 1,670,147 | (164,605,932) | 16,472,877 |
| Loss for the year | - | - | - | - | (4,589,491) | (4,589,491) |
| Profits reserve transfer | - | - | 17,817,670 | - | (17,817,670) | - |
| Other comprehensive income | - | - | - | 237,674 | - | 237,674 |
| Total comprehensive income for the year | - | - | 17,817,670 | 237,674 | (22,407,161) | (4,351,817) |
| BALANCE AT 30 JUN 2022 | 159,420,982 | 13,402,658 | 24,402,692 | 1,907,821 | (187,013,093) | 12,121,060 |
| BALANCE AT 1 JUL 2022 | 159,420,982 | 13,402,658 | 24,402,692 | 1,907,821 | (187,013,093) | 12,121,060 |
| Loss for the year | - | - | - | - | (6,882,463) | (6,882,463) |
| Profits reserve transfer | - | - | 4,566,142 | - | (4,566,142) | - |
| Other comprehensive income | - | - | - | (489,793) | - | (489,793) |
| Total comprehensive income for the year | - | - | 4,566,142 | (489,793) | (11,448,605) | (7,372,256) |
| Transactions with owners in their capacity as owners: | | | | | | - |
| Issue of shares | 1,100,000 | - | - | - | - | 1,100,000 |
| Cost of issued shares | (67,650) | - | - | - | - | (67,650) |
| BALANCE AT 1 JUL 2023 | 160,453,332 | 13,402,658 | 28,968,834 | 1,418,028 | (198,461,698) | 5,781,154 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

| | | 2023 | 2022 |
|---|-------------|--------------------|---------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | Note | | |
| Proceeds from sale of iron ore | | - | 9,642,676 |
| Payments to suppliers and employees | | (1,501,345) | (2,514,203) |
| Other receipts | | 197,406 | 1,716 |
| NET CASH USED IN OPERATING ACTIVITIES | 7(a) | (1,303,939) | 7,130,189 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 15,030 | 1,190 |
| Dividends received | | - | 4,851 |
| Pre-production receipts from sale of iron ore | | 8,978,796 | - |
| Payment for mine development | | (15,599,877) | (15,511,621) |
| Payment for purchases of mining equipment | | - | (191,861) |
| Payment for purchases of office equipment | | (1,356) | (18,761) |
| Proceeds from disposal of office equipment | | - | 4,377 |
| Proceeds from realisation of share investments | | 2,400,000 | 254,170 |
| NET CASH USED IN INVESTING ACTIVITIES | | (4,207,407) | (15,457,655) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Prepayments received - iron ore sale | | - | 8,011,088 |
| Reversal of prepayments against recognition of iron ore sale | | - | (9,439,338) |
| Loan from third party | | 3,099,006 | 6,974,052 |
| Issue of shares | | 1,100,000 | - |
| Cost of issuing shares | | (67,650) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | 4,131,356 | 5,545,802 |
| NET INCREASE/(DECREASE) IN CASH HELD | | (1,379,990) | (2,781,664) |
| Cash and cash equivalents at beginning of financial year | | 4,206,548 | 6,449,512 |
| Effect of exchange rate changes on cash held | | (185,603) | 538,700 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 7 | 2,640,955 | 4,206,548 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

1. ABOUT THIS FINANCIAL REPORT

1.1 Background

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

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

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

Information is considered material and relevant if, for example:

- (a) the amount in question is significant because of its size or nature;
- (b) it is important for understanding the results of the Consolidated Entity;
- (c) it helps to explain the impact of significant changes in the Consolidated Entity's business; or
- (d) it relates to an aspect of the Consolidated Entity's operations that may be important to its future performance.

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

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

Notes

| | |
|---|---------------------|
| 2 | Revenue |
| 3 | Expenses |
| 4 | Segment information |
| 5 | Tax |
| 6 | Loss per share |

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

Notes

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

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

Notes

| | |
|----|------------------|
| 10 | Receivables |
| 11 | Mine development |
| 12 | Payables |
| 13 | Provisions |

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

Notes

| | |
|----|-------------------------|
| 14 | Issued capital |
| 15 | Reserves |
| 16 | Shared-based payments |
| 17 | Capital risk management |

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

Notes

| | |
|----|-----------------------------------|
| 18 | Parent entity information |
| 19 | Investment in controlled entities |
| 20 | Investment in Associate entity |
| 21 | Related party transactions |

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

Notes

| | |
|----|---|
| 22 | Auditor's remuneration |
| 23 | Commitments |
| 24 | Contingencies |
| 25 | Events occurring after the reporting period |

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

1.2 Basis of Preparation

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

Compliance with International Financial Reporting Standards (IFRS)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 30 June 2023

Reporting Basis and Financial Statement Presentation

The financial report has been prepared on a going concern and accrual basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied. The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Consolidated Entity's ability to continue as a going concern. The Directors have a reasonable belief that the going concern assumption for the Consolidated Entity is appropriate based on, inter alia, the following matters: (a) the current cash position of the Consolidated Entity relative to its fixed and discretionary expenditure commitments; (b) the ability of the Directors to suspend or reduce personnel, corporate and administration expenses to conserve the Consolidated Entity's cash; (c) the underlying prospects and liquidity of the Consolidated Entity's significant (31.41 million) shareholding in Lithium Energy Limited (ASX:LEL), which may be sold to realise cash; (d) the discretionary nature of the Consolidated Entity's expenditure commitments vis a vis its resource projects (subject to maintaining relevant mineral tenements/concessions in good standing if the Consolidated Entity wishes to retain the same); (e) the contingent nature of the Consolidated Entity's contingent liabilities; and (f) the ability of the Consolidated Entity to undertake a capital raising.

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

1.3 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2023 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as Strike or the Consolidated Entity.

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

1.4 Comparative Figures

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

1.5 Goods and Services Tax (GST)

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

1.6 Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is

compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Leases

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

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

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

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

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

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

Exceptions to lease accounting

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

1.8 New, revised or amending Accounting Standards and Interpretations adopted

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. REVENUE

| | 2023 | 2022 |
|---|------------------|----------------|
| The Consolidated Entity's operating loss before income tax includes the following items of revenue: | \$ | \$ |
| Revenue | | |
| Sales of iron ore | - | 9,642,676 |
| Cost of goods sold | - | (9,473,269) |
| | - | 169,407 |
| Other income | | |
| Net gain on financial assets at fair value through profit or loss | 1,800,616 | 16,973 |
| Dividend revenue | - | 4,851 |
| Interest revenue | 15,030 | 1,190 |
| Other income | 197,406 | 1,716 |
| | 2,013,052 | 194,137 |

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

(i) Revenue from contracts of sale with customers

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

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

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

(iii) Interest revenue

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

(iv) Dividend revenue

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

(v) Other revenues

Other revenues are recognised on an accruals basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. EXPENSES

| | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| The Consolidated Entity's operating loss before income tax includes the following items of expenses: | | |
| Share of Associate entity's net loss | 4,311,597 | 991,471 |
| Mine development expenses | 527,174 | 440,084 |
| Personnel expenses | | |
| Salaries, fees and employee benefits | 1,692,914 | 2,052,767 |
| Corporate expenses | | |
| Professional fees | 85,322 | 182,306 |
| ASX and CHESS fees | 61,124 | 51,865 |
| ASIC fees | 7,291 | 7,957 |
| Accounting, taxation and related administration | 124,558 | 225,927 |
| Audit | 32,000 | 31,000 |
| Share registry | 12,072 | 17,348 |
| Other corporate expenses | 3,344 | 3,457 |
| Occupancy expenses | 78,724 | 182,556 |
| Finance expenses | 1,115,608 | 93,874 |
| Foreign exchange loss/(gain) | 395,055 | (301,026) |
| Administration expenses | | |
| Insurance | 102,365 | 97,336 |
| Office administration | 65,196 | 74,243 |
| Travel, accommodation and incidentals | 4,730 | 18,954 |
| Depreciation | 84,264 | 325,340 |
| Other administration expenses | 192,177 | 288,169 |
| | 8,895,515 | 4,783,628 |

Accounting policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

4. SEGMENT INFORMATION

| | Peru \$ | Australia \$ | Total \$ |
|--|------------------|--------------------|--------------------|
| 2023 | | | |
| Other income | - | 2,013,052 | 2,013,052 |
| Total segment revenues and other income | - | 2,013,052 | 2,013,052 |
| Share of Associate entity's net loss | - | 4,311,597 | 4,311,597 |
| Mining expenses | 128,506 | 398,668 | 527,174 |
| Personnel expenses | 4,304 | 1,688,610 | 1,692,914 |
| Corporate expenses | 78,774 | 246,937 | 325,711 |
| Finance expenses | 2,670 | 1,112,938 | 1,115,608 |
| Depreciation expense | - | 84,264 | 84,264 |
| Other expenses | (137,091) | 975,338 | 838,247 |
| Total segment profit/(loss) | (77,163) | (6,805,300) | (6,882,463) |
| Adjusted EBITDA | (77,163) | (5,617,790) | (6,966,727) |
| Total segment assets | 427,527 | 19,180,240 | 19,607,767 |
| Total segment liabilities | 197,539 | 13,629,074 | 13,826,613 |
| 2022 | | | |
| Revenue | 9,642,676 | - | 9,642,676 |
| Other income | - | 24,730 | 24,730 |
| Total segment revenues | 9,642,676 | 24,730 | 9,667,406 |
| Cost of goods sold | 9,473,269 | - | 9,473,269 |
| Share of Associate entity's net loss | - | 991,471 | 991,471 |
| Mine development expenses | 159,352 | 280,732 | 440,084 |
| Personnel expenses | 155,090 | 1,897,677 | 2,052,767 |
| Corporate expenses | 192,027 | 327,833 | 519,860 |
| Finance expenses | 8,504 | 85,370 | 93,874 |
| Depreciation expense | - | 325,340 | 325,340 |
| Other expenses | 179,979 | 180,253 | 360,232 |
| Total segment loss | (525,545) | (4,063,946) | (4,589,491) |
| Adjusted EBITDA | (525,545) | (3,662,051) | (4,187,596) |
| Total segment assets | 560,726 | 21,058,041 | 21,618,767 |
| Total segment liabilities | 155,612 | 9,342,095 | 9,497,707 |

Accounting policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. TAX

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| (a) The components of tax expense comprise: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |
| (b) The prima facie tax on operating loss before income tax is reconciled to the income tax as follows: | | |
| Prima facie tax payable on operating loss before income tax at 30% (2022: 25%) | (2,064,739) | (1,147,372) |
| Adjust tax effect of: | | |
| Non-deductible expenses | 34,139 | 12,038 |
| Current year tax losses not recognised | 2,030,600 | 1,135,334 |
| Income tax attributable to entity | - | - |
| (c) Unrecognised deferred tax balances | | |
| Unrecognised deferred tax asset - revenue losses | 10,015,779 | 8,551,494 |
| Unrecognised deferred tax asset - other | 4,623,503 | 3,852,919 |
| | 14,639,282 | 12,404,413 |

Critical accounting judgement and estimate

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

Accounting policy

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. TAX (continued)

Accounting policy (continued)

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

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

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

| 6. LOSS PER SHARE | 2023 | 2022 |
|----------------------------------|--------|--------|
| | cents | cents |
| Basic and diluted loss per share | (2.48) | (1.70) |

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

| Net loss after income tax | (6,882,463) | (4,589,491) |
|--|-------------|-------------|
| | Shares | Shares |
| Weighted average number of ordinary shares | 277,157,534 | 270,000,000 |

Accounting policy

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

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

| 7. CASH AND CASH EQUIVALENTS | 2023 | 2022 |
|------------------------------|-----------|-----------|
| | \$ | \$ |
| Cash at bank | 2,640,955 | 4,206,548 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

7. CASH AND CASH EQUIVALENTS (continued)

| | 2023 | 2022 |
|--|--------------------|------------------|
| | \$ | \$ |
| (a) Reconciliation of operating loss after income tax to net cash used in operating activities | | |
| Loss after income tax | (6,882,463) | (4,589,491) |
| Add non-cash items: | | |
| Depreciation | 84,264 | 325,340 |
| Share of Associate entity's net loss | 4,311,597 | 991,471 |
| Net gain on financial assets at fair value through profit or loss | (1,800,616) | (16,973) |
| Adjustment for movement in foreign exchange | 395,055 | (301,026) |
| Changes in assets and liabilities: | | |
| Receivables | 161,193 | (1,018,838) |
| Inventory | - | 1,257,820 |
| Other current assets | (5,217) | (366,986) |
| Mine development | 1,219,336 | 9,060,082 |
| Payables | 4,970 | 1,659,807 |
| Provisions | 104,696 | 52,439 |
| Loan from third party | 1,103,246 | 76,544 |
| | (1,303,939) | 7,130,189 |

Accounting policy

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

8. FINANCIAL RISK MANAGEMENT

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. FINANCIAL RISK MANAGEMENT (continued)

| | Note | 2023 \$ | 2022 \$ |
|---|------|---------------------|--------------------|
| Cash and cash equivalents | 7 | 2,640,955 | 4,206,548 |
| Financial assets at fair value through profit or loss | | 1,980 | 864 |
| Receivables | | 140,922 | 1,220,039 |
| | | 2,783,857 | 5,427,451 |
| Payables | 12 | (1,987,733) | (2,345,591) |
| Loan from third party | 12 | (10,806,120) | (6,974,052) |
| Net financial assets | | (10,009,996) | (3,892,192) |

(a) Market risk

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

(i) Commodity price risk

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

(ii) Foreign exchange risk

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

| | 2023 USD | 2022 USD |
|---|--------------------|--------------------|
| Cash and cash equivalents | 858,130 | 2,545,620 |
| Loan from third party | (7,991,002) | (5,053,822) |
| Payables | (134,432) | (107,465) |
| Net financial assets/(liabilities) | (7,267,304) | (2,615,667) |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. FINANCIAL RISK MANAGEMENT (continued)

| (a) Market risk (continued) | Impact on post-tax profit | | Impact on equity | |
|-----------------------------|---------------------------|-----------|------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Increase 10% | (726,730) | (261,567) | (726,730) | (261,567) |
| Decrease 10% | 726,730 | 261,567 | 726,730 | 261,567 |

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Consolidated Entity's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The weighted average interest rate of the cash at bank for the year for the table below is 0.4% (2022: 0.1%).

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

| | Impact on post-tax profit | | Impact on equity | |
|-------------------|---------------------------|----------|------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ |
| Increase by 25bps | 6,602 | 10,516 | 6,602 | 10,516 |
| Decrease by 25bps | (6,602) | (10,516) | (6,602) | (10,516) |

(b) Liquidity risk

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

(c) Credit risk

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. FINANCIAL RISK MANAGEMENT (continued)

| | Note | 2023 | 2022 |
|---|------|------------------|------------------|
| Cash and cash equivalents | | \$ | \$ |
| AA- | | 2,601,000 | 4,149,288 |
| No external credit rating available | | 39,955 | 57,260 |
| | | 2,640,955 | 4,206,548 |
| Receivables (due within 30 days) | | | |
| No external credit rating available | 10 | 140,922 | 1,220,039 |

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

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

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss:

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------|---------|---------|---------|--------------|
| Listed securities at fair value | \$ | \$ | \$ | \$ |
| 2023 | 1,980 | - | - | 1,980 |
| 2022 | 864 | - | - | 864 |

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

(a) Valuation techniques

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

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

(b) Fair values of other financial assets and liabilities

| | | 2023 | 2022 |
|---------------------------|------|--------------|-------------|
| | Note | \$ | \$ |
| Cash and cash equivalents | 7 | 2,640,955 | 4,206,548 |
| Receivables | 10 | 140,922 | 1,220,039 |
| | | 2,781,877 | 5,426,587 |
| Total Payables | 12 | (12,793,853) | (9,319,643) |
| | | (10,011,976) | (3,893,056) |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

10. RECEIVABLES

| | 2023 | 2022 |
|-------------------|----------------|------------------|
| | \$ | \$ |
| Deposits | 60,855 | 460,766 |
| Other receivables | 80,067 | 759,273 |
| | 140,922 | 1,220,039 |

Risk exposure

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

Accounting policy

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

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

- (i) the simplified approach (which will be applied to most trade receivables) which requires the recognition of lifetime ECLs by considering forward-looking assumptions and information regarding expected future conditions affecting historical customer default rates;
- (ii) the general approach (which will be applied to most loans and debt securities) whereby ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Consolidated Entity will provide for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance will arise for credit losses expected over the remaining life of exposure, irrespective of the timing of the default; and
- (iii) For purchased or originated credit-impaired receivables, the fair value at initial recognition already takes into account lifetime expected losses. At each reporting date, the Consolidated Entity updates its estimated cash flows and adjusts the loss allowance accordingly.

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

11. MINE DEVELOPMENT

| | 2023 | 2022 |
|------------------------------|-------------------|------------------|
| | \$ | \$ |
| Mine development expenditure | 15,688,267 | 9,890,168 |

Movements in Exploration and evaluation expenditure

| | | |
|--|---|-------------|
| Opening balance | - | 3,438,629 |
| Exploration and evaluation expenditure costs | - | 878,896 |
| Reclassification to Mine development | - | (4,317,525) |
| Closing balance | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. MINE DEVELOPMENT (continued)

| | 2023 | 2022 |
|--|-------------------|------------------|
| | \$ | \$ |
| Movements in Mine development expenditure | | |
| Opening balance | 9,890,168 | - |
| Reclassification from Exploration and evaluation expenditure | - | 4,317,525 |
| Mine development costs | 14,026,895 | 5,572,643 |
| Asset retirement costs | 750,000 | - |
| Pre- production receipts from sale of iron ore | (8,978,796) | - |
| Closing balance | 15,688,267 | 9,890,168 |

Capitalised Mine development expenditure pertains to the Paulsens East Iron Ore Project (located in Western Australia), where the Consolidated Entity has completed a feasibility study, secured project finance and undertaken Stage 1 Production (involving the mining of surface detritals materials and the export of a maiden (66,618 tonne) shipment of Paulsens East Lump direct shipping iron ore (DSO) from Utah Point (Port Hedland) in September 2022). Mine development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. Pre-production revenues are offset against capitalised pre-production costs. Once production commences, these capitalised Mine development costs are transferred to Mining properties (under property, plant and equipment), and are amortised using the units of production method. The reclassification to Mining properties will be considered after the Consolidated Entity has secured project finance and made an investment decision to commence Stage 2 Production (involving the mining of the Paulsens East hematite ridge for export at the rate of up to approximately 1.8 million tonnes per annum).

Accounting policy

Exploration and evaluation expenditure

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

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

Reclassification to Mine development

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

Mine development

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. MINE DEVELOPMENT (continued)

Future Reclassification to Mining property and Units of production method of amortisation

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

12. PAYABLES

| | 2023 | 2022 |
|---|-------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 292,656 | 1,836,451 |
| Loan from third party | 1,186,979 | 76,543 |
| Directors' short term incentive benefit | 90,000 | 214,500 |
| Other creditors and accruals | 418,098 | 218,097 |
| | 1,987,733 | 2,345,591 |
| Non-current | | |
| Loan from third party | 10,806,120 | 6,974,052 |

Loan from third party

The Consolidated Entity has entered into a project finance loan facility agreement to borrow US\$7.2 million to fund the Stage 1 Production at the Paulsens East Iron Ore Project (**Facility**). As at reporting date, the Facility (~A\$10.67 Million, based on an exchange rate of A\$1:00:US\$0.675) has been fully drawn. 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 (with payment of interest commencing on 30 June 2023 and at the end of each quarter thereafter) with 50% of the principal repayable on 31 July 2024 and the balance due on 31 October 2024.

Accounting policy

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

13. PROVISIONS

| | 2023 | 2022 |
|--|------------------|----------------|
| | \$ | \$ |
| Provision for Environmental rehabilitation | 750,000 | - |
| Employee benefits - annual leave | 109,337 | 96,204 |
| Employee benefits - long service leave | 173,423 | 81,860 |
| | 1,032,760 | 178,064 |

Accounting policy

Provision for Environmental rehabilitation

This provision relates to the estimation of future costs that will be incurred when decommissioning operating assets and restoring or remediating environmental damages as a result from normal operations of the mine development asset. When a Provision for Environmental Rehabilitation is recognised as a provision, a corresponding increase in the value of the associated asset (Asset Retirement Cost) is recorded (refer to Note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. PROVISIONS (continued)

Accounting policy (continued)

Short-term obligations

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the Balance Date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year from the Balance Date have been measured at the present value of the estimated future cash outflows to be made for those benefits. Employer superannuation contributions are made by the Consolidated Entity in accordance with statutory obligations and are charged as an expense when incurred.

Other long-term employee benefit obligations

The liability for long-service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the Balance Date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

14. ISSUED CAPITAL

| | | 2023 | 2022 |
|---|---------------|--------------------|--------------------|
| | | \$ | \$ |
| 283,750,000 (30 Jun 2022: 270,000,000) fully paid ordinary shares | | 160,453,332 | 159,420,982 |
| | | | |
| Movement in fully paid ordinary shares | Date of issue | Number of shares | \$ |
| At 30 June 2021 | | 270,000,000 | 159,420,982 |
| Issue of shares at 8 cents | 23-Dec-22 | 13,750,000 | 1,100,000 |
| Cost of share issue | | | (67,650) |
| At 30 June 2023 | | 283,750,000 | 160,453,332 |

Accounting policy

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

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

15. RESERVES

| | 2023 | 2022 |
|--------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| Profits reserve | 28,968,834 | 24,402,692 |
| Share-based payments reserve | 13,402,658 | 13,402,658 |
| Foreign currency translation reserve | 1,418,028 | 1,907,821 |
| | 43,789,520 | 39,713,171 |

(a) Share-based payments reserve

The Share-based payments reserve recognises the consideration (net of expenses) received by the Company on the issue of options. In relation to options issued to Directors and personnel for nil consideration, the fair value of these options (refer Note 16) are recognised in the Share-based payments reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

15. RESERVES (continued)

(b) Profits reserve

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

(c) Foreign currency translation reserve

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

16. SHARE-BASED PAYMENTS

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

Financial year 30 June 2023

| Grant date | Expiry date | Fair value | Exercise price (\$) | Opening balance | During the period | | | Closing balance | Vested and |
|---------------------------------|-------------|--------------------|---------------------|-----------------|-------------------|-----------|-----------|-----------------|---------------------------|
| | | at grant date (\$) | | | Granted | Exercised | Cancelled | | exercisable at period end |
| | | | | | | | | | |
| <u>Financial year 2021</u> | | | | | | | | | |
| 01-Dec-20 | 30-Nov-23 | 0.066 | 0.150 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 04-Dec-20 | 03-Dec-23 | 0.063 | 0.185 | 12,000,000 | - | - | - | 12,000,000 | - |
| 04-Jun-21 | 03-Jun-24 | 0.104 | 0.330 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 15-Feb-22 | 14-Feb-25 | 0.115 | 0.185 | 3,100,000 | - | - | - | 3,100,000 | - |
| | | | | 17,100,000 | - | - | - | 17,100,000 | 2,000,000 |
| Weighted average exercise price | | | | 0.19 | 0 | 0 | 0 | 0.19 | |

Financial year 30 June 2022

| Grant date | Expiry date | Fair value at grant date (\$) | Exercise price (\$) | Opening balance | During the period | | | Closing balance | Vested and exercisable at period end |
|---------------------------------|-------------|-------------------------------|---------------------|-----------------|-------------------|-----------|-------------|-----------------|--------------------------------------|
| | | | | | Granted | Exercised | Cancelled | | |
| Financial year 2021 | | | | | | | | | |
| 01-Dec-20 | 30-Nov-23 | 0.066 | 0.150 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 04-Dec-20 | 03-Dec-23 | 0.063 | 0.185 | 12,000,000 | - | - | - | 12,000,000 | - |
| 24-Dec-20 | 23-Dec-23 | 0.660 | 0.210 | 1,500,000 | - | - | (1,500,000) | - | - |
| 04-Jun-21 | 03-Jun-24 | 0.104 | 0.330 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| 15-Feb-22 | 14-Feb-25 | 0.115 | 0.185 | - | 3,100,000 | - | - | 3,100,000 | 3,100,000 |
| | | | | 15,500,000 | 3,100,000 | - | (1,500,000) | 17,100,000 | 5,100,000 |
| Weighted average exercise price | | | | 0.19 | 0.19 | - | (0.21) | 0.19 | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

16. SHARE-BASED PAYMENTS (continued)

Accounting policy

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

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

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

17. CAPITAL RISK MANAGEMENT

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

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

18. PARENT ENTITY INFORMATION

The following information provided relates to the Company, Strike Resources Limited, as at 30 June 2023.

| | 2023 | 2022 |
|---|-------------------|--------------------|
| | \$ | \$ |
| Statement of profit or loss and other comprehensive income | | |
| Profit/(Loss) for the year | 4,566,142 | (2,808,508) |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 4,566,142 | (2,808,508) |
| Statement of financial position | | |
| Current assets | | |
| Cash and cash equivalents | 2,584,122 | 4,026,913 |
| Other | 137,379 | 640,378 |
| Non current assets | 44,789,983 | 22,213,571 |
| Total assets | 47,511,484 | 26,880,862 |
| Current liabilities | 605,197 | 530,187 |
| Non-Current liabilities | 11,993,100 | 6,974,052 |
| Total liabilities | 12,598,297 | 7,504,239 |
| Net assets | 34,913,187 | 19,376,623 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. PARENT ENTITY INFORMATION (continued)

| | 2023 | 2022 |
|--------------------|-------------------|-------------------|
| | \$ | \$ |
| Issued capital | 160,453,332 | 159,420,982 |
| Options reserve | 13,402,658 | 24,402,692 |
| Profits reserve | 24,402,692 | 13,402,658 |
| Accumulated losses | (163,345,495) | (177,849,709) |
| Equity | 34,913,187 | 19,376,623 |

19. INVESTMENT IN CONTROLLED ENTITIES

| Investment in controlled entities | Incorporated | Ownership interest | |
|-----------------------------------|--------------|--------------------|------|
| | | 2023 | 2022 |
| Strike Iron Ore Holdings Pty Ltd | Australia | 100% | 100% |
| Strike Finance Pty Ltd | Australia | 100% | 100% |
| Paulsens East Iron Ore Pty Ltd | Australia | 100% | 100% |
| Strike Resources Peru S.A.C. | Peru | 100% | 100% |
| Apurimac Ferrum S.A.C. | Peru | 100% | 100% |
| Ferrum Trading S.A.C | Peru | 100% | 100% |

Accounting policy

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

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

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

20. INVESTMENT IN ASSOCIATE ENTITY

| | Ownership interest | | 2023 | 2022 |
|---|--------------------|------|-------------------|-------------------|
| | 2023 | 2022 | \$ | \$ |
| Lithium Energy Limited (ASX:LEL) | 30% | 43% | 669,878 | 5,540,968 |
| Movements in carrying amounts | | | | |
| Opening balance | | | 5,540,968 | 6,532,439 |
| Sale of ordinary shares | | | (600,500) | - |
| Share of net loss after tax | | | (4,311,597) | (991,471) |
| Share of other comprehensive loss | | | 41,007 | - |
| | | | 669,878 | 5,540,968 |
| Fair value (at market price on ASX) of investment in Associate entity | | | 27,012,600 | 21,678,300 |
| Net asset value of investment | | | 9,795,216 | 6,058,178 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

20. INVESTMENT IN ASSOCIATE ENTITY (continued)

| | 2023 | 2022 |
|--|---------------------|--------------------|
| | \$ | \$ |
| Summarised statement of profit or loss and other comprehensive income | | |
| Revenue | 514,731 | 102,746 |
| Expenses | (12,581,582) | (2,408,112) |
| Loss before income tax | (12,066,851) | (2,305,366) |
| Income tax expense | - | - |
| Loss after income tax | (12,066,851) | (2,305,366) |
| Other comprehensive income/(loss) | 134,484 | 19,046 |
| Total comprehensive income | (11,932,367) | (2,286,320) |
| Summarised statement of financial position | | |
| Current assets | 10,064,558 | 6,892,745 |
| Non-current assets | 23,255,630 | 7,360,522 |
| Total assets | 33,320,188 | 14,253,267 |
| Current liabilities | 1,196,495 | 166,814 |
| Total liabilities | 1,196,495 | 166,814 |
| Net assets | 32,123,693 | 14,086,453 |

Accounting policy

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

21. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

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

| | 2023 | 2022 |
|------------------------------|----------------|------------------|
| | \$ | \$ |
| Directors | | |
| Short-term employee benefits | 736,250 | 927,500 |
| Post-employment benefits | 72,581 | 88,250 |
| | 808,831 | 1,015,750 |

(b) Transactions with other related parties

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

22. AUDITOR'S REMUNERATION

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

| | 2023 | 2022 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| <u>Review of financial statements</u> | | |
| Rothsay Auditing | - | 11,000 |
| <u>Audit of financial statements</u> | | |
| Rothsay Audit & Assurance Pty Ltd | 32,000 | 20,000 |
| | 32,000 | 31,000 |

23. COMMITMENTS

(a) Mineral Tenements/Concessions - Commitments

(i) Australian Tenements

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

(ii) Peruvian Mineral Concessions

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24. CONTINGENCIES

(a) Directors' Deeds

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

(b) Paulsens East Tenement - Royalty

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

(c) Government Royalties

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

(d) Native Title Mining Agreement

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

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

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

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

- (i) **Resource Milestone Payment:** US\$2 million on the delineation of at least 500 Mt of JORC Mineral Resources at an average grade of at least 55% Fe with at least 275 Mt of contained iron having an average grade of at least 52.5% Fe, on the Apurimac Project mineral concessions.
- (ii) **Approvals Milestone Payment:** Up to US\$3 million on AF receiving all formal government environmental and community approvals for the construction and operation of an iron ore mine and required infrastructure with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.
- (iii) **Construction Milestone Payment:** Up to US\$5 million on formal approval of the AF Board to commence construction of an iron ore project or the commencement of bulk earthworks for an iron ore mine or processing plant, in either case with a design capacity of at least 10Mtpa of iron ore product, relating to the Apurimac Project mineral concessions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

24. CONTINGENCIES (continued)

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

The Consolidated Entity has royalty payment obligations as follows:

- (i) 1.5% of the net profits from sales of iron ore mined and iron ore products produced from the Apurimac Project mineral concessions.
- (ii) 2% of the proceeds of sales of other metals (on a net smelter return basis) mined from the Apurimac Project mineral concessions.

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

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

(f) Legal Disputes Over Peru Mineral Concessions

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

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

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

DIRECTORS' DECLARATION

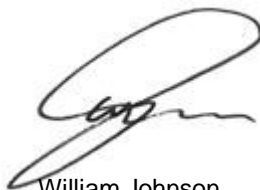
The Directors of the Company declare that:

- (1) The financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes as set out on pages 32 to 57 are in accordance with the *Corporations Act 2001 (Cth)* and:
 - (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of their performance for the year ended on that date;
- (2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (3) The Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* by the Managing Director (the person who, in the opinion of the Directors, performs the Chief Executive Officer function) and Company Secretary (the person who, in the opinion of the Directors, performs the Chief Financial Officer function); and
- (4) The Company has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with the International Financial Reporting Standards.

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



Farooq Khan
Executive Chairman



William Johnson
Managing Director

22 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strike Resources Limited (**"the Company"**) and its controlled entities (**"the Group"**) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and **notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.**

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

- (i) **giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and**
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

| <i>Key Audit Matter - Capitalised Mine Development</i> | <i>How our Audit Addressed the Key Audit Matter</i> |
|--|--|
| <p>As disclosed in Note 11 to the financial statements, the Group's has capitalised mine development expenditure of \$15,688,267.</p> <p>The recognition and recoverability of mine development was considered a key audit matter due to the following:</p> <ul style="list-style-type: none">• the carrying value represents a significant asset to the Group; and• significant management judgement is involved in determining whether impairment indicators exist. | <p>Our procedures in assessing mine development expenditure included but were not limited to the following:</p> <ul style="list-style-type: none">• We reviewed the ownership rights to the tenements, against which the expenditure is capitalised, their expiry dates and if required commitments were met;• We assessed the reasonableness of capitalising mine development expenditure in accordance with Australian Accounting Standards;• We tested a sample of mine development expenditure items to supporting documentation to ensure they were bona fide payments;• We assessed the reasonableness of the management's assessment for the existence of impairment indicators; and• We reviewed the appropriateness of the related disclosures in Note 11. |

Other Information

The directors are responsible for the other information. The other information comprises the information **included in the Group's annual report for the year ended** 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters.

We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STRIKE RESOURCES LIMITED (continued)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2023.

In our opinion the remuneration report of Strike Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 22 September 2023

LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at the end of the financial year (30 June 2023) and as at the date of this report:

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

| Tenement Type and No. | Grant Date | Expiry Date | Area (Ha) | Area (km ²) |
|------------------------|------------|-------------|-----------|-------------------------|
| 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 | 14/7/2043 | 199.60 | ~2 |
| Misc. Licence L 47/934 | 15/7/2021 | 14/7/2043 | 357.09 | ~3.57 |
| Misc. Licence L 47/980 | 15/7/2021 | 14/7/2043 | 62.60 | ~0.63 |
| Misc. Licence L 47/981 | 16/7/2021 | 15/7/2043 | 465.04 | ~46.5 |
| Misc. Licence L 47/983 | 15/8/2023 | 14/8/2044 | 184.98 | ~1.85 |

The following tenement applications are pending grant:

| Tenement Type and No. | Application Date | Area (Ha) | Area (km ²) |
|------------------------------|------------------|-----------|-------------------------|
| Misc. Licence L 08/271 | 12/8/2021 | 47.55 | ~0.48 |
| Prospecting Licence P 08/813 | 29/4/2022 | 47.00 | 0.47 |

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 |

ANNUAL MINERAL RESOURCES STATEMENT

The following JORC Code (2012 Edition) compliant Mineral Resources estimates are as at the end of the financial year (30 June 2023) and as at the date of this report:

Paulsens East Iron Ore Project (Australia)

(Strike – 100%)

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

| Mineral Resources Category | Fe% Cut-Off Grade | Million Tonnes | Fe% | SiO ₂ % | Al ₂ O ₃ % | 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 JORC Probable Ore Reserve:

| Ore Reserves Category | Fe% Cut-Off Grade | Million Tonnes | Fe% | SiO ₂ % | Al ₂ O ₃ % | 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:

| Category | Concession | Density t/m ³ | Mt | Fe% | SiO ₂ % | Al ₂ O ₃ % | 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 |
| Total Indicated and Inferred | | | 269.4 | 57.3 | 9.4 | 2.56 | 0.04 | 0.16 |

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

* The Opaban 3 Mineral Resource has been diminished by production and sales of 50,095 tonnes of lump iron ore grading 65.78% Fe, 2.42% SiO₂, 0.72% Al₂O₃, 0.057% P and 0.09% S.

Compliance Notes

- The Mineral Resources estimate and Ore Reserves estimate in respect of the Paulsens East Iron Ore Project (above) have not changed since reported in last year's (2022) Annual Report.
- The Mineral Resources estimate in respect of the Apurimac Iron Ore Project (above) have not changed since reported in last year's (2022) Annual Report. The Company notes that production at the Opaban 3 concession was undertaken during calendar 2021 with two shipments totalling ~50,000 tonne shipment of Lump direct-shipping iron ore (DSO) completed in August and October 2021.
- The Mineral Resources estimates in this Annual Mineral Resources Statement are based on, and fairly represents, information and supporting documentation prepared by a Competent Person (recognised under the JORC Code (2012 Edition)).
- The Annual Mineral Resources Statement as a whole (in respect of each of the Apurimac Iron Ore Project and Paulsens East Iron Ore Project) has been approved by the Competent Persons named in the JORC Code Competent Persons' Statements section of this Annual Report (at page 65) where further information concerning their qualifications and professional memberships are also disclosed.
- Due to the nature, stage and size of the Company's existing operations, Strike believes there would be no efficiencies gained by establishing a separate Mineral Reserves/Resources Committee responsible for reviewing and monitoring the Company's processes for estimating Mineral Reserves/Resources. The Board as a whole has responsibility in this regard (with assistance from external advisers as appropriate) including ensuring that appropriate internal controls are applied to such calculations.
- The Company ensures that any Mineral Reserve/Resource estimations are prepared by Competent Persons and where appropriate, reviewed independently and verified (including estimation methodology, sampling, analytical and test data).
- The Company will report any future Mineral Reserves/Resources estimates in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code (2012 Edition)**), or any updated version of the same that may be applicable at the time of the relevant Mineral Reserve/Resource estimation.

JORC CODE COMPETENT PERSONS' COMPLIANCE STATEMENTS

JORC Code (2012) Competent Persons' Compliance Statements - Paulsens East Iron Ore Project (Western Australia)

- (a) The information in this document that relates to **Mineral Resources and related Exploration Results**¹ is based on information compiled by Mr Philip Jones (BAppSc (Geol), MAIG, MAusIMM), who is a Member of the Australian 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**). Mr Jones consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.
- (b) The information in this document that relates to **Ore Reserves**² is based on information 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. Mr Warries consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.
- (c) The information in this document that relates to **Other Exploration Results**³ is based on information compiled 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. Mr Madan consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

JORC Code (2012) Competent Person's Compliance Statement - Apurimac Iron Ore Project (Peru)

The information in this document that relates to **Mineral Resources**⁴ is based on information compiled 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. Mr Hellsten consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Strike's ASX Announcements 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".

1 Also refer Strike ASX Announcements dated 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project, 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns and 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs

2 Also refer Strike ASX Announcements dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns and 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs

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

4 Also refer Strike ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

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.

ADDITIONAL ASX INFORMATION

as at 31 October 2023

CORPORATE GOVERNANCE STATEMENT

The Company has adopted the Corporate Governance Principles and Recommendations (4th Edition, 27 February 2019) issued by the ASX Corporate Governance Council in respect of the financial year ended 30 June 2023.

Pursuant to ASX Listing Rules 4.7.3 and 4.10.3, the Company's 2023 Corporate Governance Statement (dated on or about 3 November 2023) and ASX Appendix 4G (Key to Disclosures of Corporate Governance Principles and Recommendations) can be found at the following URL on the Company's Internet website:
www.strikeresources.com.au/corporate/corporate-governance/

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of shareholders of the Company:

- Each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative;
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote;
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by them;
- Optionholders have no entitlement to vote.

UNLISTED OPTIONS

(1) DIRECTORS' OPTIONS (\$0.185, 3 DECEMBER 2023)⁹

| Holders | No of Options | Grant Date | Exercise Price | Expiry Date |
|------------------|-------------------|-----------------|----------------|-----------------|
| William Johnson | 4,500,000 | 4 December 2020 | \$0.185 | 3 December 2023 |
| Farooq Khan | 3,750,000 | 4 December 2020 | \$0.185 | 3 December 2023 |
| Victor Ho | 2,250,000 | 4 December 2020 | \$0.185 | 3 December 2023 |
| Malcolm Richmond | 750,000 | 4 December 2020 | \$0.185 | 3 December 2023 |
| Matthew Hammond | 750,000 | 4 December 2020 | \$0.185 | 3 December 2023 |
| Total | 12,000,000 | | | |

Distribution Schedule¹

| Spread | of | Holdings | Number of Holders | Number of Options | % of Total Issued Options |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1 | - | 1,000 | - | - | - |
| 1,001 | - | 5,000 | - | - | - |
| 5,001 | - | 10,000 | - | - | - |
| 10,001 | - | 100,000 | - | - | - |
| 100,001 | - | and over | 5 | 12,000,000 | 100.00 |
| TOTAL | | | 5 | 12,000,000 | 100.00% |

¹ As required pursuant to ASX Listing Rule 4.10.7

ADDITIONAL ASX INFORMATION

as at 31 October 2023

(2) BROKER'S OPTIONS (\$0.15, 30 NOVEMBER 2023)⁸

| Holder | No of Options | Issue Date | Exercise Price | Expiry Date |
|------------------------------------|---------------|-----------------|----------------|------------------|
| CG Nominees (Australia) Pty Ltd | 1,000,000 | 1 December 2020 | \$0.15 | 30 November 2023 |

Distribution Schedule¹

| Spread | of | Holdings | Number of Holders | Number of Options | % of Total Issued Options |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1 | - | 1,000 | - | - | - |
| 1,001 | - | 5,000 | - | - | - |
| 5,001 | - | 10,000 | - | - | - |
| 10,001 | - | 100,000 | - | - | - |
| 100,001 | - | and over | 1 | 1,000,000 | 100.00 |
| TOTAL | | | 1 | 1,000,000 | 100.00% |

(3) BROKER'S OPTIONS (\$0.31, 3 JUNE 2024)¹⁰

| Holder | No of Options | Issue Date | Exercise Price | Expiry Date |
|------------------------------------|---------------|-------------|----------------|-------------|
| CG Nominees (Australia) Pty Ltd | 1,000,000 | 4 June 2021 | \$0.33 | 3 June 2024 |

Distribution Schedule¹

| Spread | of | Holdings | Number of Holders | Number of Options | % of Total Issued Options |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1 | - | 1,000 | - | - | - |
| 1,001 | - | 5,000 | - | - | - |
| 5,001 | - | 10,000 | - | - | - |
| 10,001 | - | 100,000 | - | - | - |
| 100,001 | - | and over | 1 | 1,000,000 | 100.00 |
| TOTAL | | | 1 | 1,000,000 | 100.00% |

(4) SECURITIES INCENTIVE PLAN (SIP)¹¹ OPTIONS (\$0.185, 14 FEBRUARY 2025)¹²

| Holders ² | No of Options | Issue Date | Exercise Price | Expiry Date |
|----------------------|------------------|------------------|----------------|------------------|
| SIP Participant 1 | 1,250,000 | 15 February 2022 | \$0.185 | 14 February 2025 |
| SIP Participant 2 | 1,000,000 | 15 February 2022 | \$0.185 | 14 February 2025 |
| SIP Participant 3 | 750,000 | 15 February 2022 | \$0.185 | 14 February 2025 |
| SIP Participant 4 | 100,000 | 15 February 2022 | \$0.185 | 14 February 2025 |
| Total | 3,100,000 | | | |

Distribution Schedule¹

| Spread | of | Holdings | Number of Holders | Number of Options | % of Total Issued Options |
|--------------|----|----------|-------------------|-------------------|---------------------------|
| 1 | - | 1,000 | - | - | - |
| 1,001 | - | 5,000 | - | - | - |
| 5,001 | - | 10,000 | - | - | - |
| 10,001 | - | 100,000 | 1 | 100,000 | 3.23 |
| 100,001 | - | and over | 3 | 3,000,000 | 96.77 |
| TOTAL | | | 4 | 3,100,000 | 100.00% |

2 Not required to be named as securities were issued under an 'employee incentive scheme', pursuant to ASX Listing Rule 4.10.16

ADDITIONAL ASX INFORMATION

as at 31 October 2023

DISTRIBUTION OF FULLY PAID ORDINARY SHARES

| Spread | of | Holdings | Number of Holders | Number of Shares | % of Total Issued Capital |
|--------------|----|----------|-------------------|--------------------|---------------------------|
| 1 | - | 1,000 | 348 | 132,318 | 0.05% |
| 1,001 | - | 5,000 | 757 | 2,387,123 | 0.84% |
| 5,001 | - | 10,000 | 487 | 3,925,167 | 1.38% |
| 10,001 | - | 100,000 | 939 | 36,520,635 | 12.87% |
| 100,001 | - | and over | 315 | 240,784,757 | 84.86% |
| TOTAL | | | 2,846 | 283,750,000 | 100.00% |

UNMARKETABLE PARCELS

| Spread | of | Holdings | Number of Holders | Number of Shares | % of Total Issued Capital |
|--------------|----|----------|-------------------|--------------------|---------------------------|
| 1 | - | 8,620 | 1,382 | 4,391,433 | 1.55% |
| 8,621 | - | over | 1,464 | 279,358,567 | 98.45% |
| TOTAL | | | 2,846 | 283,750,000 | 100.00% |

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 8,620 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.058 on 31 October 2023.

SUBSTANTIAL SHAREHOLDERS

| Substantial Shareholders | Registered Shareholder | Shares Held | % Voting Power |
|--|---|-------------|----------------|
| Bentley Capital Limited (ASX:BEL) ³ | Bentley Capital Limited | 56,739,857 | 19.99% |
| Windfel Properties Limited and Associates ⁴ | HSBC Custody Nominees (Australia) Limited | 25,825,000 | 9.10% |
| Good Importing International Pty Ltd and Associates ⁵ | Mr Zhoufeng Zhang | 1,239,556 | 5.26% |
| | Ms Hong Xu | 601,873 | |
| | Good Importing International Pty Ltd | 13,082,910 | |
| Orion Equities Limited (ASX:OEQ) ⁶ | Orion Equities Limited | 10,000,000 | 23.52% |
| | Bentley Capital Limited | 56,739,857 | |
| Queste Communications Ltd (ASX:QUE) ⁷ | Orion Equities Limited | 10,000,000 | 23.52% |
| | Bentley Capital Limited | 56,739,857 | |

³ Refer Bentley's ASX Announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK

⁴ Refer Notice of Change in Interests of Substantial Holder (Windfel Properties Limited) dated 3 December 2020 (updated to reflect current percentage voting power)

⁵ Refer Notice of Initial Substantial Holder filed by Good Importing International Pty Ltd and Associates dated 27 May 2021 (updated to reflect current registered shareholdings and percentage voting power)

⁶ Refer Orion's ASX Announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK

⁷ Refer Queste's ASX announcement dated 9 June 2021: Notice of Change in Interests of Substantial Holder in SRK; Orion is the registered holder of Strike shares and Queste is taken under section 608(3)(b) of the Corporations Act to have a relevant interest in securities in which Orion has a relevant interest by reason of having control of Orion

ADDITIONAL ASX INFORMATION

as at 31 October 2023

SECURITIES ON ISSUE

| Class of Security | Quoted on ASX | Unlisted |
|---|--------------------|-------------------|
| Fully paid ordinary shares | 283,750,000 | - |
| Broker's Options (\$0.15, 30 November 2023) ⁸ | -- | 1,000,000 |
| Directors' Options (\$0.185, 3 December 2023) ⁹ | - | 12,000,000 |
| Broker's Options (\$0.33, 3 June 2024) ¹⁰ | | 1,000,000 |
| Securities Incentive Plan (SIP) ¹¹ Options (\$0.185, 14 February 2025) ¹² | | 3,100,000 |
| Total | 283,750,000 | 17,100,000 |

TOP TWENTY, ORDINARY FULLY PAID SHAREHOLDERS

| Rank | Holder name | Shares Held | % Issued Capital |
|------|---|--------------------|------------------|
| 1 | BENTLEY CAPITAL LIMITED | 56,739,857 | 19.99 |
| 2 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 26,609,402 | 9.38 |
| 3 | GOOD IMPORTING INTERNATIONAL PTY LTD | 13,082,910 | |
| | MR ZHOUFENG ZHANG | 1,239,556 | |
| | MS HONG XU | 601,873 | |
| | Sub-total | 14,924,339 | 5.26 |
| 4 | ORION EQUITIES LIMITED | 10,000,000 | 3.52 |
| 5 | MRS AMBREEN CHAUDHRI | 10,000,000 | 3.52 |
| 6 | IRIS SYDNEY HOLDINGS PTY LTD | 4,000,000 | 1.41 |
| 7 | MR STEVEN JAMES CLUNE + MRS LISA MICHELLE CLUNE | 3,282,273 | 1.16 |
| 8 | O'SHEA & BROWN PTY LTD | 3,000,000 | 1.06 |
| 9 | MR RICHARD DAVID SIMPSON | 2,752,241 | 0.97 |
| 10 | MR HONGWEI YAO | 2,671,798 | 0.94 |
| 11 | LAVISH LIMOUSINES PTY LTD | 2,304,754 | 0.81 |
| 12 | DOLMAT PTY LTD | 2,010,000 | 0.71 |
| 13 | CITICORP NOMINEES PTY LIMITED | 1,964,003 | 0.69 |
| 14 | MR FAROOQ KHAN & MS ROSANNA DECAMPO | 1,813,231 | 0.64 |
| 15 | MR ANTHONY JAMES BAKER | 1,800,000 | 0.63 |
| 16 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 1,781,475 | 0.63 |
| 17 | BNP PARIBAS NOMINEES PTY LTD | 1,720,676 | 0.61 |
| 18 | CHETAN ENTERPRISES PTY LTD | 1,712,685 | 0.60 |
| 19 | MR DAVID J DWYER & MRS LYNETTE M DWYER | 1,641,435 | 0.58 |
| 20 | PRINT LOGIC WA PTY LTD | 1,300,000 | 0.46 |
| | TOTAL | 152,028,169 | 53.57% |

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

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

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

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

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

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