

MARKET ANNOUNCEMENT

Funding Secured and Production to Commence at Paulsens East Iron Ore Project

SUMMARY

- US\$7.2 million (~A\$10 Million) loan facility secured with Good Importing International for Stage 1 Development of Paulsens East Iron Ore Project
- Strike is now fully funded for the capital works and working capital required for first shipments of DSO from Paulsens East
- Good Importing International to provide marketing services and/or take offtake for LOM
- Execution of key pending contracts for haulage road construction and mining works can now occur with mobilisation to site expected to occur shortly
- Stage 1 Development of Paulsens East to focus on surface detrital material and low strip ratio materials to be shipped through the Utah Point Multi-User Bulk Handling Facility at Port Hedland

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to announce that it has secured a US\$7.2 million (~A\$10 Million) loan facility (**Facility**) with Good Importing International Pty Limited (**GII**) for the Stage 1 Development of the Paulsens East Iron Ore Project (**Paulsens East** or **Project**) located in the Pilbara, Western Australia.

The Facility provides sufficient funding for Strike to commence production and shipment of direct shipping ore (**DSO**) from Paulsens East.

Strike is now in position to execute contracts with contractors for haulage road construction and mining works, with the Company expecting to shortly mobilise to site to commence mining works and the construction of a 18km haulage road to connect the mine site to the public Nanutarra-Munjina Road.

Strike notes that current iron ore benchmark prices of ~US\$142/t¹ indicates the potential for attractive near term operating margins for shipments of DSO from Paulsens East - forecast average C1 Costs of ~US\$60/t for life of mine (**LOM**) and total LOM breakeven price of ~US\$87/t CIF (Cost, Insurance, Freight) China (inclusive of royalties) were disclosed in the Updated Feasibility Study.²

Managing Director, William Johnson:

Whilst iron ore prices have been relatively volatile over the last year, prices are currently sufficiently high to give the Board confidence to now advance with the Stage 1 Development of Paulsens East. With funding for this new mine secured, Strike is now poised to become Western Australia's newest iron ore producer.

1 Benchmark price for 62% iron ore Fines CFR China

2 Refer Strike's ASX Announcement dated 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

We are delighted to receive the support of Good Importing International for Paulsens. GII has already demonstrated their marketing capability and support for Strike through their offtake and funding of our Peru operations last year.

This is a tremendously exciting time for the Company and I am looking forward to our first shipment of iron ore from Paulsens East.

Paulsens East Project Location

Paulsens East is located ~10km from Northern Star Resources Limited's (ASX:NST) Paulsens Gold Mine, ~235km by road east of Onslow (and Port of Ashburton) and ~600km by road south of Port Hedland (refer Figure 1).

The Project is ~20km from the private Wyloo Station airstrip previously used by the Paulsens Gold Mine to support the transport of a FIFO workforce (refer Figure 1).

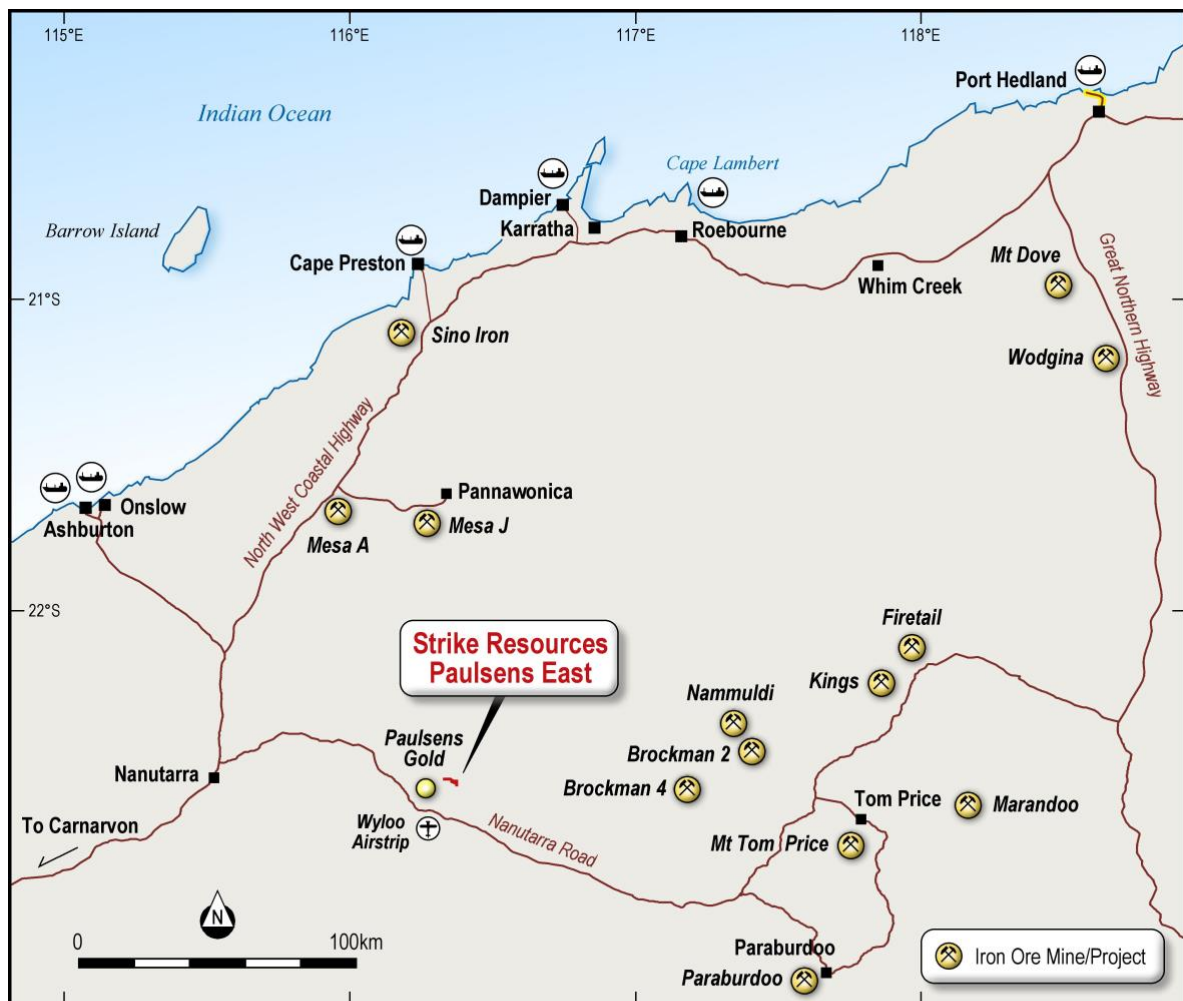


Figure 1: Paulsens East Project Location, West Pilbara

Project JORC Mineral Resource and Ore Reserve

The Project consists of a ~3km long outcropping high-grade hematite ridge (refer Figure 2), 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).³

As part of the completion of the October 2020 Feasibility Study⁴, part of the 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) was 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).¹

As part of the completion of the February 2022 Updated Feasibility Study¹ an additional **JORC Indicated Mineral Resource of 113,000 tonnes at 60.8% Fe, 6.9%, SiO₂, 3.4% Al₂O₃, and 0.10% P** (at a cut-off grade of 58% Fe) has been delineated from the high-grade hematite rich detrital material⁵ at surface north of the hematite ridge (refer Figure 3).



Figure 2: Paulsens East Hematite Ridge

Project Production Details

Strike plans a production schedule of up to 2Mtpa of DSO from Paulsens East over a ~3.5 year LOM, which is underpinned by the Probable Ore Reserve of 6.2Mt (within the current Indicated Mineral Resource of 9.6Mt).

In order to provide a capital efficient ramp up of mining operations and to de-risk any potential port constraints, Strike proposes to adopt a two-stage approach to the commencement of its mining of iron ore at Paulsens East, with the first 400,000 tonnes of planned production to be exported through Utah Point at Port Hedland and subsequent production through the Port of Ashburton at Onslow.

Stage 1 Development of Paulsens East

Given the outcropping nature of the high grade Paulsens East hematite ridge (refer Figure 2), which in parts lends itself to a very low strip ratio together with the presence of high-grade surface detrital iron ore (refer Figure 3), it is proposed that initial mining operations focus on these two areas of mineralisation.

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

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

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



Figure 3 - Paulsens East test pit at eastern end of outcropping hematite ridge with detritals in foreground

Up to 400,000 tonnes of ore will be crushed and screened from these areas to produce DSO Lump and Fines products, with an estimated average Lump product grade of ~62% Fe and Fines product grade of ~59% Fe. Metallurgical test work indicates that a 75/25 (or higher) Lump/Fines split can be expected. Lump ore typically attracts a price premium compared to Fines.

Mining, crushing and screening and haulage operations will be undertaken by specialist contractors with overall supervision and management provided by Strike's 'Owner's Team'.

The detrital ore requires no drill and blast activities and will be undertaken predominantly through very shallow trenching and screening operations.

The processed Lump and Fines products will be trucked from the mine to the Utah Point Multi-User Bulk Handling Facility at Port Hedland (**Utah Point**), predominantly by sealed road, where it will be stockpiled prior to being loaded directly into Ocean Going Vessels (**OGV's**) for export to customers.

Strike has received formal confirmation of capacity allocation from the Pilbara Ports Authority (**PPA**) at Utah Point for 200,000 tonnes per financial year.⁶

Production under Stage 1 could deliver up to 400,000 tonnes of export during CY 2022, before Strike transitions to Stage 2 exporting through the Port of Ashburton at Onslow (subject to receipt of necessary port and environmental permits and approvals which are currently underway), which would afford a significantly shorter haulage distance of ~235km, compared with ~600km to Utah Point.²

Stage 1 will operate with minimum capital expenditure and fixed infrastructure.

⁶ Refer also Strike's ASX Announcement dated 28 October 2021: Export Allocation Received for Paulsens East

Loan Facility

The key terms of the Facility with GII are summarised below:

- US\$7.2 Million loan with draw-down (at the Company's election) in 3 tranches based on Paulsens East development requirements relating to the construction of the haulage road, the creation of an initial DSO stockpile and the haulage and export DSO from Utah Point;
- Interest rate: 10%pa;
- Term: 50% is repayable 18 months after Tranche 1 draw-down with the balance due 24 months after Tranche 1 draw-down;
- GII to be granted exclusive marketing rights for first 6.35Mt of DSO from Paulsens East, with a marketing fee payable (reducing by one-third once the loan has been repaid in full);
- Marketing arrangement may transition to an offtake arrangement (with no applicable marketing fees), on terms to be agreed by the parties;
- GII is entitled to participate in any equity capital raising to maintain its current 5.26% shareholding interest in Strike;
- The Facility is secured over the Project assets (including the tenements) and shares in the subsidiary companies that hold the Project; and
- The agreement is subject to completion of due diligence by GII within 21 days.

About Good Importing International

Good Importing International Pty Limited (**GII**) is an international iron ore trading company currently involved in iron ore offtake into China from various countries including Australia, Russia and South Africa and have previously been involved as an offtake partner for a number of Australian iron ore producers including Mt Gibson Iron, Karara Mining, Pluton Resources and Shree Minerals.

In April 2021⁷, Strike entered into an Offtake Agreement (**Peru Offtake Agreement**) with GII for 100% of the iron ore currently being mined from its 100% owned Apurimac Iron Ore Project in Peru for a 2 year term. The Peru Offtake Agreement also incorporated a US\$7 Million prepayment facility to fund first ore on ship.

GII (and associates) holds a 5.26% shareholding interest in Strike.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

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

⁷ Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment

JORC CODE COMPETENT PERSON'S STATEMENT

- (a) The information in this document that relates to **Mineral Resources and related Exploration Results**⁸ 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**⁹ 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 **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2019** is extracted from the following ASX market announcements made by Strike Resources Limited on:
- 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities.

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

- (d) The information in this document that relates to **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2020** is extracted from the following ASX market announcement made by Strike Resources Limited on:
- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

The information in the original announcement that relates to these metallurgical test work matters is based on and fairly represents information and supporting documentation compiled by Dr Michael J Wort (FAusIMM CP(Met)), who is a Fellow of AusIMM and a Chartered Professional Engineer. Dr Wort is an independent contractor to Strike Resources Limited. The information that relates to Processing and Metallurgy is based on the work done by ALS IOTC on samples collected under the direction of Dr Wort and fairly represents the information compiled by him from the ALS IOTC testwork reports. Dr Wort has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement (referred to above). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (referred to above).

8 Also refer Strike ASX Announcements dated 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project and 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

9 Also refer Strike ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

- (e) The information in this document that relates to **Other Exploration Results and related Exploration Targets** (as the case may be, as applicable) is extracted from the following ASX market announcements made by the Strike Resources Limited on:

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

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

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

FORWARD LOOKING STATEMENTS

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

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