

QUARTERLY REPORT

COMPANY DETAILS

ABN: 94 088 488 724

PRINCIPAL AND REGISTERED OFFICE

Level 2

31 Ventnor Avenue
West Perth WA 6005

T | (08) 9214 9700

F | (08) 9214 9701

E | info@strikeresources.com.au

W | www.strikeresources.com.au

ASX CODE

SRK

SECURITIES ON ISSUE

247,134,268 shares

1,000,000 Broker's Options
(\$0.15, 30 Nov 2023)

12,000,000 Directors' Options
(\$0.185, 3 Dec 2023)

1,500,000 SIP Options
(\$0.21, 23 Dec 2023)

BOARD OF DIRECTORS

Farooq Khan

(Executive Chairman)

William Johnson

(Managing Director)

Malcolm Richmond

(Non-Executive Director)

Matthew Hammond

(Non-Executive Director)

Victor Ho

(Executive Director)

COMPANY SECRETARY

Victor Ho

cosec@strikeresources.com.au

AUTHORISED FOR RELEASE BY - FOR FURTHER INFORMATION:

William Johnson
Managing Director

E | wjohnson@strikeresources.com.au

T | (08) 9214 9700

29 January 2021

Paulsens East Iron Ore Project, Pilbara (Australia)

On 30 October 2020, the Company announced the completion of a Feasibility Study (**Study**) for its Paulsens East Iron Ore Project, reporting excellent project economics on the basis of a 1.5Mtpa production rate. The Study confirmed the potential for Paulsens East to generate **\$167 Million in net cashflows** (pre-tax) over a four-year life of mine (**LOM**) at an average Benchmark iron ore (62% Fe Fines CFR China) price of US\$100/t (US\$115/t declining to US\$85/t) for a pre-production capital cost of \$15.7 Million.

If a Benchmark iron ore price of US\$115/t is sustained over LOM, Paulsens East has the potential to generate **\$279 Million in net cashflows**. The Company notes that the Benchmark iron ore price is currently ~US\$157/t.

The Company continued to make excellent progress on project development during the quarter including:

- Submitting a proposal for the issue of a Mining Permit with the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**)
- Progressing metallurgical and beneficiation testwork to optimise process flow sheet and product specifications.
- Assessing the potential to generate additional value from occurrences of high-grade hematite rich detrital mineralisation.
- Advancing access agreements and various permits with key stakeholders.
- Completing final heritage surveys.
- Securing licences to extract water for mining operations.
- Advancement of commercial discussions with potential offtake partners, mining, crushing and other contractors and providers of camp services and infrastructure.

Apurimac Iron Ore Project (Peru)

To capitalise on current high iron ore prices, production has commenced at the Apurimac Project, with high grade DSO lump ore currently being mined by local miners and crushed and stockpiled by Strike prior to finalisation of arrangements for trucking to Port for export (planned for Q2 2021).

Longer term and larger scale viability of the Apurimac Project has improved with Ministry of Transport and Communications in Peru confirming significant advances in development of the Andahuaylas Railway connecting Strike's Apurimac Project to Port (with construction proposed to commence in 2024 and a 4 year construction timetable).

Capital Management

In November 2020, the Company raised \$4 million (gross) via the issue of 40,000,000 shares at an issue price of \$0.10 each to professional and sophisticated investors. The share offer was substantially oversubscribed and required a scale back, reflecting the strong interest in Strike's Paulsens East Iron Project as a near term development opportunity in the iron ore sector at a time of high iron ore prices.

About Strike Resources Limited (ASX:SRK)

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

PROJECTS

Paulsens East Iron Ore Project (Pilbara, Western Australia)

(Strike – 100%)

On 30 October 2020, Strike announced the completion of the Feasibility Study on Paulsens East, which confirmed strong project economics for a 1.5Mtpa production rate over an initial 4 year LOM with direct shipping ore (DSO) (lump and fines) product trucked to Port Hedland for export.¹

Project Economics and Assumptions

The results from the Study together with key assumptions are summarised in the following tables:

Financial Metrics	Unit	Study Outcome Benchmark Iron Ore Price US\$115/t ²	Study Outcome Benchmark Iron Ore Price US\$100/t ³
Life of Mine Revenue	A\$M	1,032	906
Operating Net Cashflow	A\$M	279	167
NPV	A\$M	227	140
IRR	%	223	213

Table 1: Study Financial Metrics (pre-tax)

Operating Metrics	Unit	Study Outcomes
Production Rate	Mtpa	1.5
Average Strip Ratio	Waste:Ore	3:1
Initial LOM	Years	4
Total Tonnes Processed	Mt	6.2
Average C1 ⁴ Costs	US\$/t	64.8

Table 2: Study Operating Metrics

Key Assumptions	Unit	Study Input Benchmark Iron Ore Price US\$115/t LOM	Study Input Benchmark Iron Ore Price US\$100/t LOM
Benchmark Price	US\$/t	115	100
Lump to Fines Ratio	Lump:Fines	75:25	75:25
Price received – Lump (62% Fe)	US\$/t	127	112
Price received – Fines (59% Fe)	US\$/t	103	89
US\$/A\$ Exchange Rate	US\$/A\$	0.70	0.70

Table 3: Study Key Assumptions (average over LOM)

An economic model prepared by Strike forecasts an operating net cashflow of **\$167 Million** (pre-tax) and a net present value (NPV) of **\$140 Million** (pre-tax) over an initial four-year mine life, at an average Benchmark Price of US\$100/t over LOM (US\$115/t in the first year of production declining to US\$85/t in the fourth year).

If a Benchmark Price of US\$115/t is sustained for the LOM, the forecast operating net cashflow is **\$279 Million** and pre-tax NPV is **\$227 Million** over the four year LOM. The Company notes that the Benchmark iron ore price is currently ~US\$157/t⁵.

¹ Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns - 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

² Constant over LOM

³ Average over LOM

⁴ C1 Costs include mining, processing, haulage, port handling, administration and marketing, but excludes royalties, shipping, depreciation and capital charges.

⁵ Platts 62% Fe Index (CFR China), as at 29 January 2021

Estimated pre-production capital costs are approximately \$15.7 Million (including contingencies), with an internal rate of return (**IRR**) of 213%.

An average iron ore price of US\$100 per tonne⁶ (62% Fe Fines, delivered CFR China) (**Benchmark Price**) has been assumed in the Study over the LOM.

Average C1 cash costs free onboard (**FOB**) across the LOM are expected to be approximately US\$64.8 per tonne. The forecast Project financial metrics (NPV, IRR and Operating Net Cashflows) are calculated and shown net of applicable royalties but before deductions for tax. Strike will be subject to Australian corporate tax at an assumed rate of 30% on its taxable income. Any tax payable may potentially be reduced by utilising Strike's carried forward tax losses, which currently totals ~\$25 Million⁷.

Strike has a confidence level of +/- 15% in the Study's forecast Capital and Operating Costs.

Project Production Details

Strike plans a 1.5 Million tonnes per annum (**Mtpa**) production schedule of direct shipping ore (**DSO**) over a minimum four-year LOM (totalling approximately 6.0 Million tonnes). This initial production target has been determined to facilitate fast track production of lower strip-ratio material at first instance, with the opportunity to expand production once the initial production target is met and is underpinned by the Probable Ore Reserve of 6.2 Million tonnes (within the Indicated Mineral Resource of 9.6 Million tonnes).

An open cut mine is proposed, with an average forecast waste to ore ratio of 3.0 over the first four years of mining. Ore will be crushed and screened to produce DSO Lump and Fines products, with estimated average product Lump grade of 62% Fe and Fines grade of 59% Fe over the LOM. Metallurgical testwork indicates that a 75/25 (or higher) Lump/Fines split can be expected where Lump ore typically attracts a significant price premium compared to Fines. An on-site laboratory will be established for ongoing analysis of ore samples to manage grade control and ensure consistency of product grades.

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.

Mining, crushing and screening and haulage operations are proposed to be undertaken by specialist contractors with overall supervision and management provided by Strike employed personnel.

Strike is targeting a Project development and execution timetable for first ore production to commence in the first half of calendar 2021.

Project Opportunities

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

- Extending the LOM, underpinned by the balance of the existing JORC Indicated Mineral Resource inventory.
- Producing a higher grade (63 - 64%) product with Metallurgical testwork currently underway to confirm this potential.
- 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 Strike⁸ and more recently taken surface rock-chip samples grading 64.4% - 66.2% Fe identified at multiple locations in the same area.⁹

6 The Benchmark Price is assumed to decline from US\$115 per tonne in the first full year of production to US\$85 per tonne in the fourth year, equating to an average of US\$100 per tonne over LOM

7 Subject to compliance with Australian tax laws

8 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

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

- Exploration potential based on areas of surface detrital material identified north of the hematite ridge, where screening and assay results from a sample showed a highly encouraging product grade of 60% Fe, 6.4% SiO₂ and 3.4% Al₂O₃ with a mass recovery of 83% on crushing to -32mm and simple wet screening at +1mm size (refer Figure 3).¹⁰

The exploration targets (referred to above) are conceptual in nature, there has been insufficient exploration to estimate a JORC Mineral Resource in respect of the same and it is uncertain if further exploration will result in the estimation of a JORC Mineral Resource in this regard.

Project Location

The Project is located ~10 kilometres from Northern Star Resources Limited's (ASX:NST) Paulsens Gold Mine, ~200 kilometres west of Paraburdoo (where a key 'FIFO' airport is located), and ~600 kilometres by road from Port Hedland (refer Figure 1).



Figure 1: Paulsens East Project Location, West Pilbara

For further details on the Study, refer to Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns.

¹⁰ Refer Strike's ASX Announcements dated 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East and 26 October 2020: High Grade Iron Detrital Sampling Programme Completed at Paulsens East

Project JORC Mineral Resource and Ore Reserve

The Project 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).¹¹

As part of the completion of the Study, part of the JORC Indicated Mineral Resource has been converted to a **maiden 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).



Figure 2: Paulsens East Hematite Ridge

Head Grade analyses of a 90:10 blend of high-grade hematite:waste ore (from bulk samples collected from a test pit in August 2020¹²) by ALS Metallurgy Iron Ore Technical Centre (**ALS IOTC**) confirmed that a 62% Lump product low in alumina and a 59% Fines product with a moderate level of alumina can be achieved from the Ore Reserve.

For further technical details on the maiden JORC Probable Ore Reserve estimate, refer to Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns.

Hematite Rich Detrital Material at Surface

During the August 2020 test pit/bulk sample field programme, sampling from surface to a depth of 1.5 metres approximately 100 metres north of the hematite ridge indicated the presence of loose scree dominated by high-grade hematite (refer Figure 3). Screening and assay results showed a highly encouraging product grade of 60% Fe, 6.4% SiO₂ and 3.4% Al₂O₃ with a mass recovery of 83% on crushing to -32mm and simple wet screening at +1mm size.¹³

Detrital iron ore deposits are formed by weathering and erosion of outcropping iron mineralisation, with such eroded material often being found at the base of outcropping ridges of mineralised rock (as at Paulsens East) presenting itself as pebbles and fine gravel mixed up with soil and alluvium (refer also Figure 3).

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

12 Refer Strike's ASX Announcement dated 2 September 2020: Test Pit and Bulk Samples to Advance Offtake Agreements Completed at Paulsens East

13 Refer Strike's ASX Announcement dated 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East and 26 October 2020: High Grade Iron Detrital Sampling Programme Completed at Paulsens East

The technique for mining and upgrading detrital iron ore typically includes simple excavation (e.g. using a bulldozer and front end loader) and minor crushing to the required top size together with relatively inexpensive dry or wet screening. Because the detrital material is already broken and reduced in size, strip ratios are exceptionally low and no drilling or blasting would typically be required. Thus, potential exists for significant savings in the cost of mining surface detrital materials, compared to mining normal bedrock deposits.



Figure 3: Test pit at eastern end of outcropping hematite ridge with detrital material at surface in foreground

In October 2020, Strike completed a sampling programme to test the potential extent and quality of the detrital material at Paulsens East. 50 pits were excavated (varying in depth from 0.1 to 3.2 metres, with an average depth of 1 metre, with the depth typically increasing further away from the base of the hematite ridge) over an area totalling 8.1 hectares where surface detrital material was visible.¹⁴

Samples were sent for metallurgical test work and analysis to determine the Fe grade, impurities and the best manner for the detrital material to be upgraded to a DSO product. Strike is currently evaluating how best to extract additional value from this additional high grade hematite detrital material.

¹⁴ Refer Strike's ASX Announcement dated 26 October 2020: High Grade Iron Detrital Sampling Programme Completed at Paulsens East

Marketing

Strike has continued to actively engage with a range of potential customers and off-take partners with regard to securing the best possible terms for sale of its Paulsens East products.¹⁵ These parties include Chinese steel mills, global established iron ore traders as well as a number of other marketing groups.

In addition to negotiating optimal pricing formulae and payment terms for its products, Strike has held discussions with a number of the above parties regarding the potential to contribute project financing facilities and/or pre-payments for iron ore shipments.

Whilst these discussions remain ongoing and confidential, Strike can confirm that:

- There is strong interest from multiple parties to secure regular supplies of iron ore from the Project;
- Confidentiality agreements have been executed with multiple parties and samples of the proposed Lump and Fines products have been prepared and have been provided to parties for their own independent testing; and
- Multiple parties have expressed interest in providing project finance and/or pre-payment for iron ore shipments, as well as taking equity participation at the Project level.

Other Activities During December Quarter

During the December 2020 Quarter, Strike:

- Submitted the application for a Mining Proposal to the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) for approval to undertake mining operations on the Mining Lease.
- Advanced discussions with various stakeholders to facilitate the grant of Miscellaneous Licences required for haulage and access roads and other infrastructure to support mining operations.
- Completed water studies, including flow testing of several water bores which have demonstrated the potential to provide sufficient water for construction and mining operations. An application has been submitted to the Department of Water and Environmental Regulation (**DWER**) for a license to extract water to support mining and operational activities.
- Completed a final Heritage Survey over the proposed haulage road from the mine site to Nanutarra Road, the proposed mining village site and other proposed infrastructure areas.
- Advanced discussions with potential providers/operators of camp facilities and infrastructure.
- Advanced commercial discussions with potential providers of drill and blast, mining and crushing and other services.
- Progressed with final design activities for various infrastructure works.

Activities Proposed for March 2021 Quarter

The following Paulsens East related milestones, activities and work programmes are planned/underway for the March 2021 quarter:

- Recruitment of key operational personnel to the 'Owner's Team'.
- Completion of metallurgical testing and beneficiation testwork on three-tonne test pit bulk sample collected in August 2020.
- The conclusion of all remaining access agreements to pave the way for the grant of Miscellaneous Licences required for mining operations.
- Concluding contract negotiations with potential/preferred providers in respect of mine site construction, haulage and access roads construction, drill and blast, mining, crushing and haulage services, fuel supply and on-site fuel facility installation, telecommunications installation, camp facilities and other related infrastructure and services in support thereof.

¹⁵ Refer Strike's ASX Announcement dated 16 November 2020: Paulsens East Iron Ore – Marketing Update

- Continued engagement with the Pilbara Ports Authority (**PPA**) to utilise the Utah Point Multi-User Bulk Handling facility at Port Hedland.
- Reviewing the use of the Onslow Marine Supply Base (**OMSB**) in Onslow and associated logistics as a possible alternate/supplementary export facility.¹⁶
- Concluding one or more offtake and/or project financing agreements.
- Finalising all applications for permits, licences and other regulatory approvals required for proposed mining operations (ie. DMIRS, Department of Water and Environmental Regulation (**DWER**), Main Roads WA, Shire of Ashburton).
- Development of appropriate systems and processes for Health and Safety, Environmental Management, Heritage Management, Risk Management, Contractor Management and Compliance.

ASX Announcements

For further reference, refer to Strike's ASX Announcements on Paulsens East released during the quarter and to the date of this report:

- 4 December 2020: Annual General Meeting Presentation
- 16 November 2020: Paulsens East Iron Ore – Marketing Update
- 2 November 2020: Annual Report - 2020
- 2 November 2020: September Quarterly Report – Paulsens Feasibility Study Completed
- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns
- 26 October 2020: Iron Detrital Sampling Programme Completed at Paulsens East
- 14 October 2020: Discovery of High Grade Iron Rich Detritals at Surface at Paulsens East

¹⁶ Refer also Strike's ASX Announcements dated 19 November 2019: Beadon Creek Onslow Selected as Preferred Port for Paulsens East and 28 November 2019: Excellent Scoping Study Results for Paulsens East Iron Ore Project

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

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

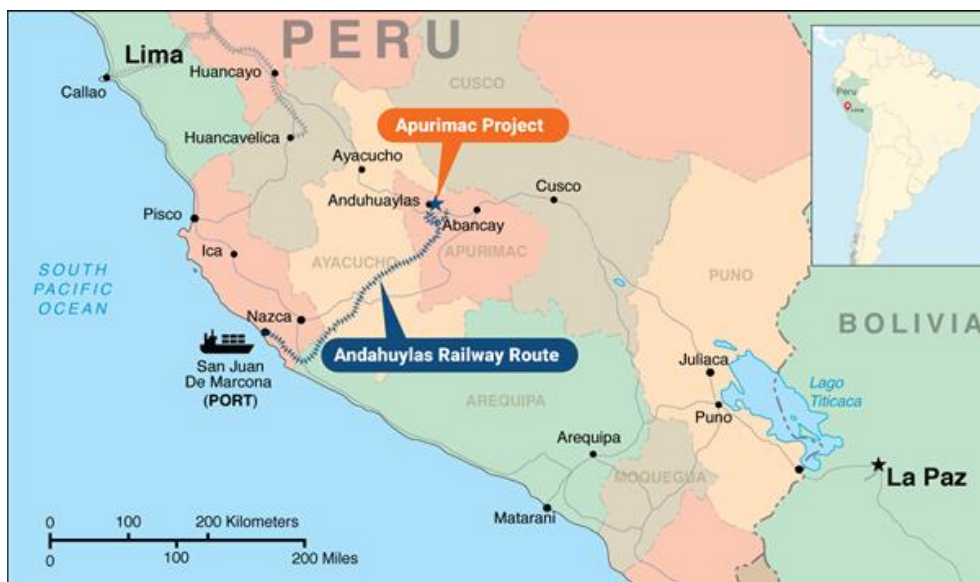


Figure 4: Strike Apurimac Iron Ore Project, showing route of proposed Andahuaylas Railway

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)¹⁷ (refer also Figures 5 and 6).

In addition to the current JORC resource, there is significant exploration potential given the deposits are open at depth and along strike (with very promising drill results including 154m @ 62% Fe) with extensive undrilled gravity and magnetic anomalies.



Figure 5: Outcropping Iron ore at the Opaban 1 ore body (with Andahuaylas Airport in the background)

¹⁷ Refer Strike's ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

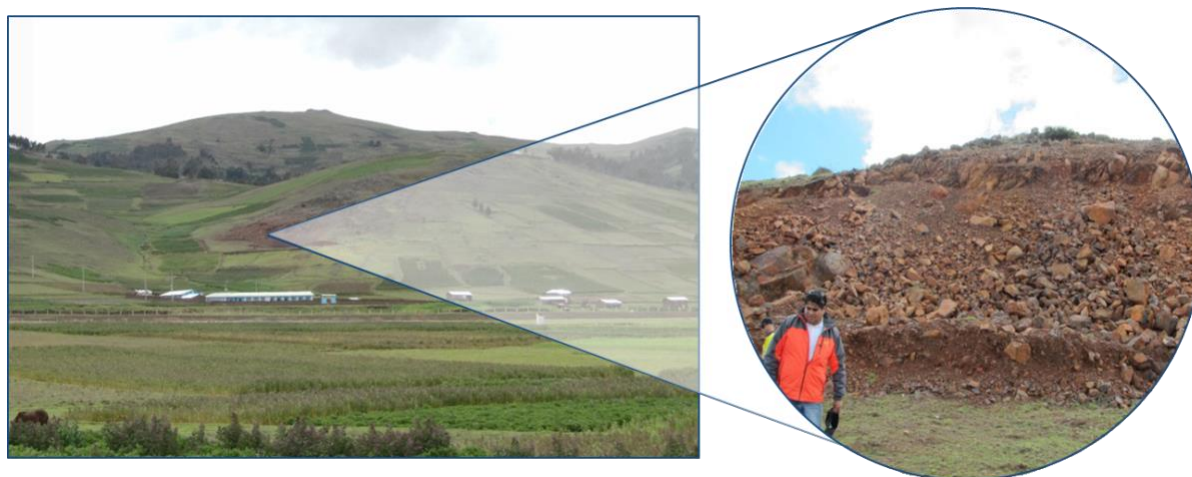


Figure 6: Opaban 1 deposit has favourable topography for low strip-ratio, open cut mining

Commencement of Mining Operations at Apurimac Project

In order to capitalise on the current and strong demand for iron ore, Strike has been investigating ways in which mining operations from its Apurimac Project might commence, particularly of the high grade DSO material which is principally located at or near surface on the Opaban 1 and Opaban 3 deposits.

Strike has experience in this type of mining activity having commenced a pilot operation in December 2013, where approximately 8,000 tonnes of ore was mined from surface outcrops on the Opaban 3 concession by local miners, transported to the west coast of Peru and sold to a local steel mill (refer Figures 7 and 8).

Strike is pleased to report that it has made significant progress in the commencement of mining operations at Apurimac, as follows:

- Strike has entered into a formal mining agreement with local miners whereby such miners have been registered to mine high grade DSO material from the Apurimac Project.
- The process of engagement of local miners to mine this DSO material is based on Peruvian mining legislation which allows local miners to mine up to 350 tonnes per day (or ~125,000 tonnes per annum) of iron ore from specific portions of a mining concession. This legislation allows for significantly reduced timetables and simplified processes for obtaining environmental and other permits.
- Mining operations have now commenced and iron ore is currently being crushed and stockpiled for eventual transport by truck to a port on the west coast of Peru for shipment to customers once a sufficient quantity for export has been accumulated.
- Trucking quotes for transport of iron ore to port have been received and are within acceptable economic parameters.
- Discussions with a suitable port have progressed well, confirming the ability to load DSO lump for transport to markets in China. An agreement in-principle has been reached for export of iron ore with a formal agreement being the next step.
- Subject to local mining operations proceeding as planned, Strike expects a stockpile of DSO lump ready for transport and shipping in Q2 2021.
- Strike is also examining ways in which iron ore production may be increased by simultaneous mining of multiple deposits within the framework of current Peruvian mining regulations.

Based upon the previous experience in its pilot operation and a review of the DSO material, Strike is aiming to achieve a high grade DSO lump product with low impurities:

Table 4: Target characteristics of DSO material from Opaban 3 deposit

	%
Fe	64.35
P	0.07
S	0.07
SiO₂	2.85
LOI	0.56
Al₂O₃	0.91



Figure 7: Stockpile created from local miners at Opaban 3 deposit



Figure 8: Previous excavation of high-grade iron ore from Opaban 3 deposit

Andahuaylas Railway Development Update

Strike refers to its previous announcements regarding the proposed construction of a multi-user railway from the inland city of Andahuaylas in southern Peru, to the multi-user Port of San Juan de Marcona on the west coast of Peru (the **Andahuaylas Railway**).¹⁸

The Andahuaylas Railway would provide a direct link from Strike's Apurimac Project (located adjacent to Andahuaylas) to an established mineral export port, significantly improving the Apurimac Project's development prospects.

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.

Strike is pleased to announce that it has received a detailed update from Mr Carlos Saavedra, Director of the General Directorate of Transport Infrastructure and Services of the Ministry of Transport and Communications (**MOTC**) in Peru, advising of significant progress in the development of the Andahuaylas Railway:

- Subject to final approval of the Apurimac Railway Feasibility Study by the Peruvian Government expected in Q3 2021 and completion of more detailed engineering works, construction of the Andahuaylas Railway is proposed to commence in 2024 and be ready for operation by 2028.
- Remaining MOTC works are nearing completion, with geological and geotechnical studies (including drilling), surveying, photogrammetry, hydrological studies and community consultation now mostly complete.
- The MOTC recognises that Strike's Apurimac Project will be a key contributor to the overall feasibility of the railway.
- The preferred route to Andahuaylas (terminating directly at the Andahuaylas Airport near Strike's Apurimac Project) has been confirmed by the MOTC (577km in length) – refer Figure 9.

Carlos Saavedra, Director of the General Directorate of Transport Infrastructure and Services of the MOTC:

This mixed-service railway, for massive quantities of cargo as well as passengers, should become a reality as it would interconnect the South of Peru, bringing material economic benefits due to the many activities that would be created around the railroad. This would contribute to the development of the country, significantly improving the livelihood of the population.

¹⁸ Refer Strike's ASX Announcements dated:

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

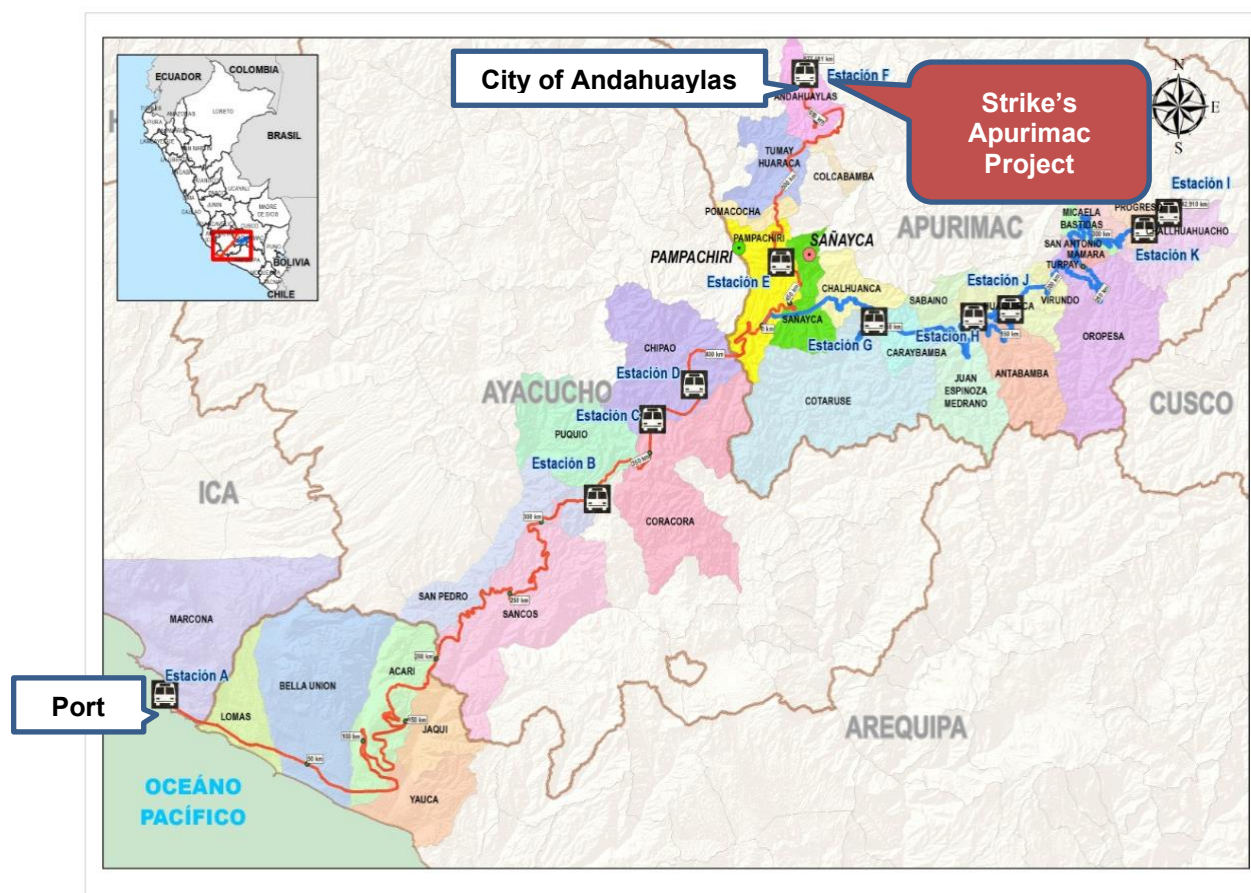


Figure 9 – Proposed Andahuaylas Railway Route (in red): Source MOTC

Railway Background

In 2018, the MOTC awarded a tender to an international consortium of engineering companies (Consortio Ferrocarril Del Sur, the **Southern Railway Consortium**) to complete a Feasibility Study on the construction of a multi-user railway from the inland regional capital city of Andahuaylas in southern Peru, to the mineral export Port of San Juan de Marcona on the west coast of Peru.

Strike's Apurimac Project is located only 20km from the city of Andahuaylas.

In 2019, Strike entered into a Cooperation and Confidentiality Agreement with the Southern Railway Consortium, to share its own railway study¹⁹, provide input and advice and cooperate with the consortium to expedite the completion of its Feasibility Study.²⁰ Strike has been providing various data and information to the Consortium pursuant to the Cooperation Agreement.

The development of the Andahuaylas Railway will provide significantly improved development options for the Apurimac Project, which would be one of the biggest users of the railway. A railway connecting Apurimac to a port will provide Strike the ability to attract premium pricing for high-grade lump and fines products, compared to a concentrate product delivered through an alternative slurry pipeline. In addition, a railway will allow for capital and processing costs at the mine to be substantially reduced, given the considerably simplified process to produce lump and fines products from Strike's high-grade ore compared to producing a slurry concentrate.

¹⁹ Refer Strike's ASX Announcement dated 23 November 2010: [Apurimac Project Update](#) and Strike's [December 2010 Quarterly Report](#)

²⁰ Refer Strike's ASX Announcement dated [18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium](#)

Updating Feasibility Studies

Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008²¹ (subsequently updated in 2010²²), 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 but considered a range of infrastructure options including a railway. The concentrate pipeline was the preferred transport solution (under the study) as the additional capital cost of building a railway compared to a slurry pipeline outweighed the operational and other benefits of a railway. 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, including a more detailed technical and costing study on building and operating a dedicated railway. The purpose of these studies was to further compare the economics of the 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.

Due to the significant progress that is being made towards the development of the Andahuaylas Railway (refer above), together with the current very strong iron ore market (and Strike's belief that market conditions will remain strong in the medium to long term), Strike believes that it would be appropriate to advance the development of the Apurimac Project by updating its previous Pre-Feasibility Studies, taking account of current cost estimates, technology advancements (since 2010) and current/expected market conditions.

Strike's view is that such work will add significant value to the Apurimac Project, increasing the ability of the company to attract capital and or joint venture partners to develop the project to its highest commercial value.

Accordingly, Strike is currently preparing a scope of works to commission an international engineering consulting group to update the previous Pre-Feasibility Studies. Strike expects the update to be completed in Q2 2021.

Subsequent to the completion of a successful updated Pre-Feasibility Study, Strike will then consider its commercial options including advancing the Apurimac Project to a Bankable Feasibility Study (**BFS**) stage.

21 Refer Strike's ASX Announcement dated [23 July 2008: Prefeasibility Results Confirm World Class Prospects in Peru](#)

22 Refer Strike's ASX Announcement dated [23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report](#)

Solaroz Lithium Project (Argentina)**(Strike – 90%)**

The Solaroz Lithium Brine Project (**Solaroz**) comprises 8 (eight) exploitation concessions totalling 12,000 hectares (**Solaroz Concessions**) located mostly adjacent to and principally surrounded by concessions held by ASX-listed Orocobre Limited (ASX:ORE) and TSX-listed Lithium Americas Corporation (TSX:LAC), within South America's 'Lithium Triangle' in North-West Argentina.

Solaroz is located in the same Salar de Olaroz Basin as and directly adjacent to the producing Salar de Olaroz Lithium Brine Project operated by Orocobre and its JV partner, Tokyo Stock Exchange listed Toyota Tsusho Corporation (TYO:8015) (refer Figure 10).

The location of Solaroz is considered by Strike to be highly strategic and prospective for containing commercial quantities and concentrations of lithium-rich brine, since Strike believes that the aquifer which supplies the lithium-rich brine being extracted by Orocobre is likely to extend under Strike's Solaroz Concessions. This will be tested by geophysical work and drilling in due course with a view to fast tracking production of lithium carbonate dependent upon these works being successfully concluded.

The Solaroz Concessions are located in the Jujuy Province in northern Argentina, approximately 230 kilometres north-west of the capital city of Jujuy and lie at an altitude of approximately 3,900 metres and are accessed by good quality road infrastructure. The location is supported by favourable conditions in terms of both the operating environment and local infrastructure. Very limited rainfall combined with dry, windy conditions create the ideal environment for the brine-evaporation process. The area is also serviced by a gas pipeline which intersects the Solaroz Concessions, high voltage electricity, and paved highways. Three major seaports, Buenos Aires in Argentina, Antofagasta and Iquique in Chile, are serviced by international carriers and are easily accessible by road and/or rail.

The Salar de Olaroz is one of a number of land locked salt lakes located high up in the Argentinian Puna Region. The Salar de Olaroz Basin is bounded by a pair of north-south reverse faults that thrust Andes Paleozoic sediment west to east as a result of the Pacific Plate colliding with the South American Plate. This results in the west side of the basin being continually pushed higher which replenishes the sediment fill within the basin.

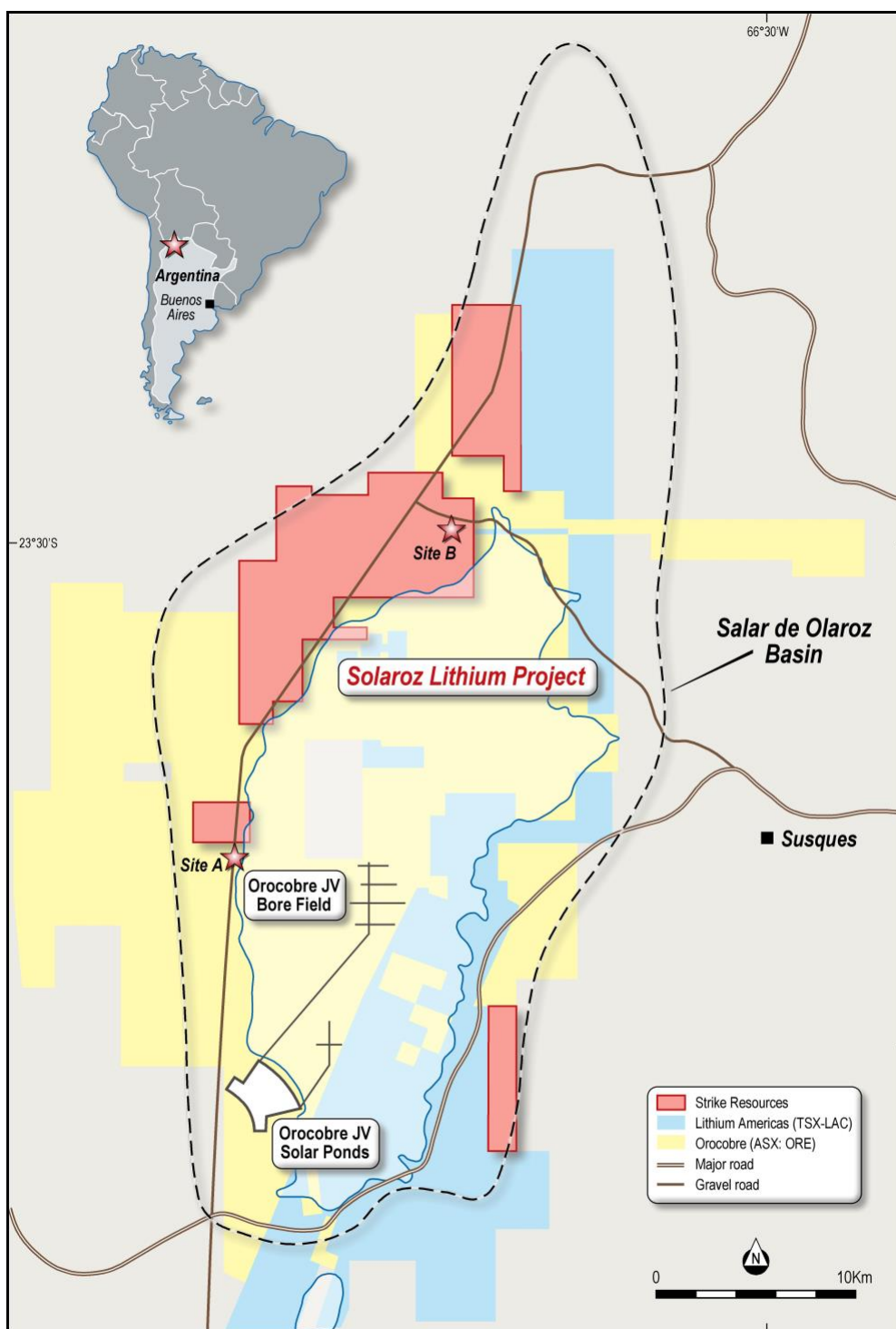
Argentina holds the world's biggest lithium resources (as brine deposits) and is currently the world's third largest producer of lithium, after Australia and Chile. One of the key attractions of lithium brine projects in Argentina is their low cost of production compared to hard rock lithium projects – Argentinian (and Chilean) lithium brine projects are well recognised as being the lowest on the lithium carbonate production cost curve. The principle reason for the low operating cost is that lithium rich brine, once pumped to the surface (typically from aquifers at up to several hundred metres depth) is then transferred to large evaporation ponds, which rely on free energy from the sun and local atmospheric conditions to concentrate the brine. There are generally no environmentally damaging tailings or toxic by-products.

Strike proposes to follow the well-established and proven production methodology for converting lithium-rich brines into lithium carbonate in a similar manner to existing Argentinian based lithium brine producers.

In July 2019, Strike completed the preparation of an Environmental Impact Assessment (**EIA**) Report for exploration work at Solaroz.²³ The EIA Report includes results from collecting and monitoring baseline environmental data and a detailed proposed fieldwork programme covering 2 years of proposed exploration activity. Following a period of consultation with local community groups, the EIA Report was submitted to the Jujuy Mining Authority (the provincial authority responsible for approving exploration and mining activities at Solaroz) for review.

The EIA Report is currently being reviewed by the Jujay Mining Authority with the review time framework having been extended as a consequence of COVID-19 pandemic issues in Argentina.

²³ Refer Strike's ASX Announcement dated 19 July 2019: Completion of Environmental Impact Assessment Report for Solaroz Lithium Project, Argentina



Solaroz Lithium Project, Argentina Concession Location Plan

Figure 10: Solaroz Project – Location of Concessions

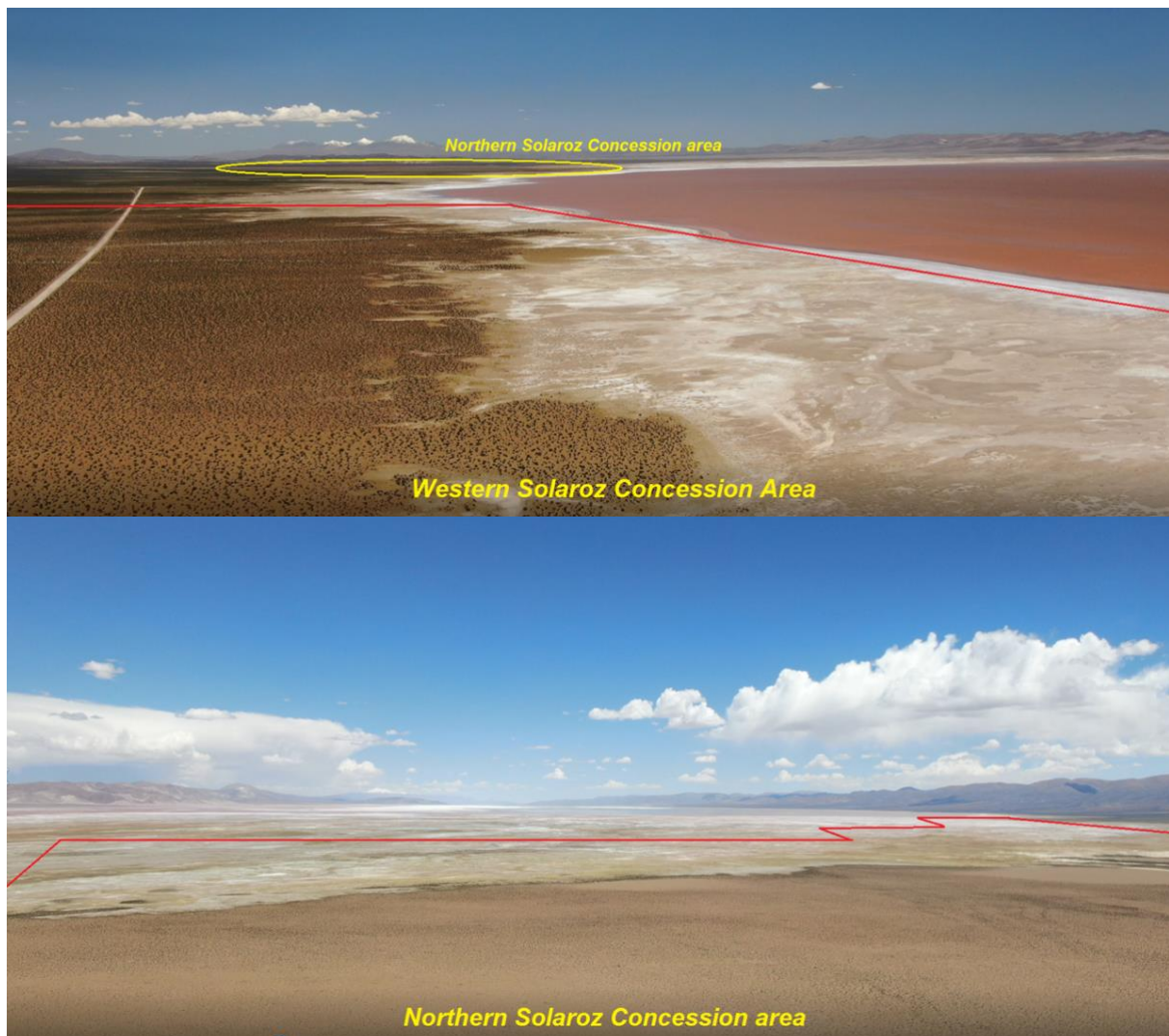


Figure 11: Photographs of Solaroz concession area taken from 'Site A' (top) facing North and 'Site B' (bottom) facing South (Sites as identified in Figure 10 Solaroz Project – Location of Concessions)

Figure 10: Solaroz Project – Location of Concessions

The Solaroz Concessions lie over the same Salar de Olaroz Basin from which Orocobre is extracting and processing lithium rich brine for sale as lithium carbonate since 2015. The Solaroz Concessions follow and overlap into the visible white halite salt layer of the 'Salar' (salt lake) and extend as substantial flat areas with 1 - 2 metres of elevation to the visible halite area, providing the ideal location and topography for the construction of evaporation ponds (refer Figure 11).

Strike's interpretation of the basin architecture is that the aquifer which supplies the lithium-rich brine being extracted by Orocobre (and targeted by other exploration and development companies in the area) extends under the Solaroz Concessions (refer Figure 12).

Strike's exploration target is based on the interpretation that the alluvial deposits upon which the Solaroz Concessions are located (at the North-West corner of the Salar) have been deposited relatively recently and lie directly above the productive deep sand unit of the lithium rich aquifer from which Orocobre is extracting its brine (refer "Deep Sand Unit", shown in yellow in Figure 12). This exploration target is conceptual in nature, there has been insufficient exploration to estimate a JORC Mineral Resource in respect of the same and it is uncertain if further exploration will result in the estimation of a JORC Mineral Resource.

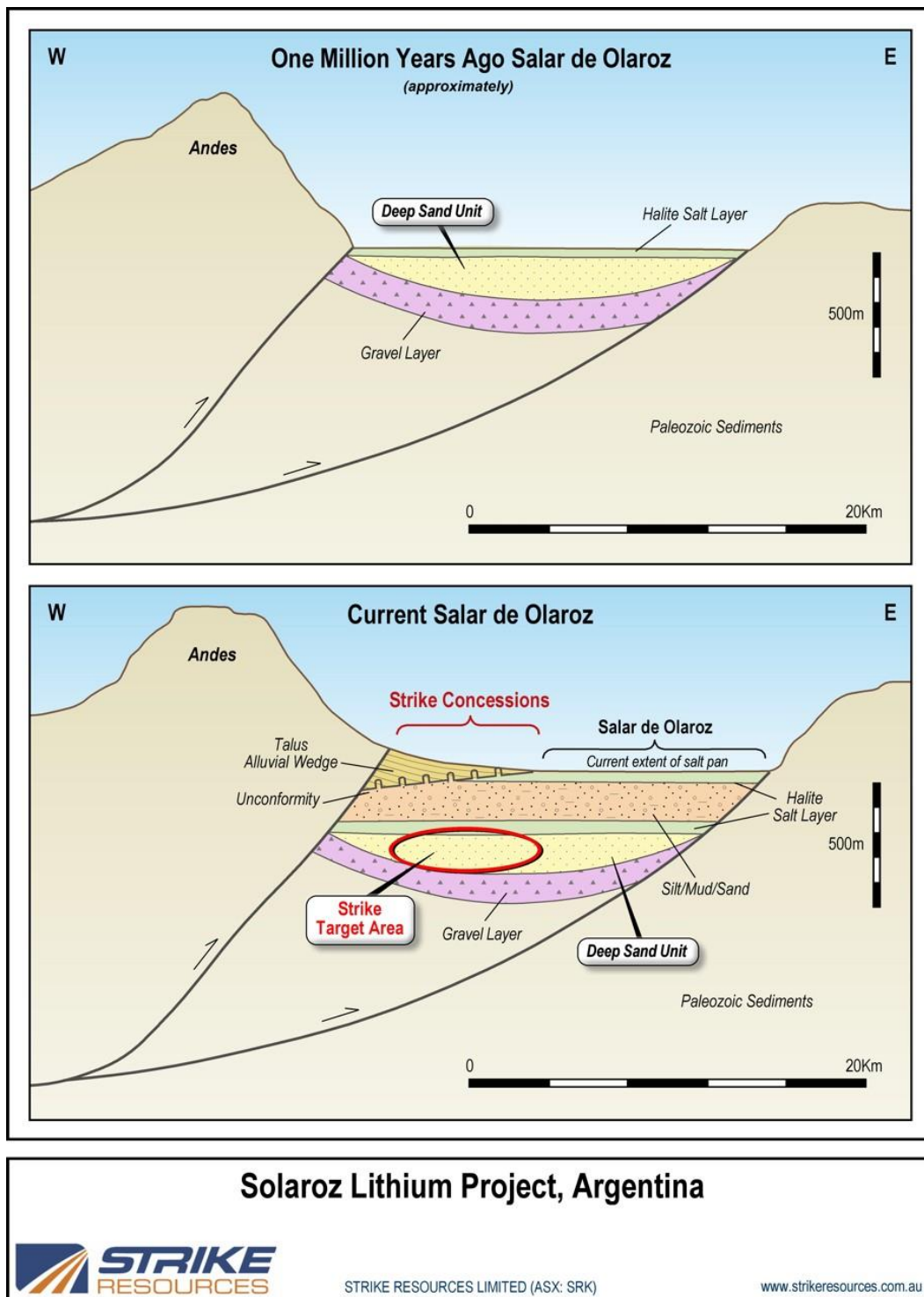


Figure 12: Geological cross sections depicting evolution of Olaroz Salar Basin and Strike's primary target zone for lithium mineralisation

This exploration target is conceptual in nature, there has been insufficient exploration to estimate a JORC Mineral Resource in respect of the same and it is uncertain if further exploration will result in the estimation of a JORC Mineral Resource.

Strike's geological interpretation indicates that the majority of the Solaroz Concessions are likely to lie directly over the productive lithium rich aquifer. Previously published geophysical studies undertaken by Orocobre²⁴ indicate that the sub-surface brine hosting aquifers appear to extend well outside the boundaries of the visible salt area and to depth and adds evidence supporting the likelihood of lithium rich brine hosted beneath the Solaroz Concessions.

Other exploration and development companies (for example, Advantage Lithium Corp. (TSXV:AAL); Millennial Lithium Corp. (TSXV:ML); Lake Resources N.L. (ASX:LKE) and Galan Lithium Limited (ASX:GLN) have also confirmed through geophysics and drilling that lithium-rich brine hosting aquifers in Argentina tend to extend well outside boundaries of today's visible salt pans.

For further details about Solaroz, refer to Strike's ASX Announcements:

- 19 July 2019: Completion of Environmental Impact Assessment Report for Solaroz Lithium Project, Argentina
- 17 April 2019: Strike Commences Solaroz Lithium Brine Project Work Programme in Argentina
- 13 March 2019: Strike Secures Solaroz Lithium Brine Project in Argentina's Lithium Triangle

24 Reference: Olaroz Technical Report dated 13 May 2011: Salar De Olaroz Lithium-Potash Project, Jujuy Province, Argentina

Burke Graphite Project (Queensland, Australia)

(Strike – ~76%)

Strike's Burke Graphite Project (in which Strike holds a ~76% interest) is located in the Cloncurry region in North Central Queensland, where there is access to well-developed transport infrastructure to an airport at Mt Isa (~122km) and a port in Townsville (~783km).



Figure 13: Burke Graphite Project Tenement Location in North Central Queensland

A Mineral Resource Estimate (**MRE**) for the project has defined a maiden Inferred Mineral Resource of²⁵:

- **6.3 million tonnes @ 16.0% Total Graphitic Carbon (TGC)** for **1,000,000 tonnes** of contained graphite;
- Within the mineralisation envelope there is included higher grade material of **2.3 million tonnes @ 20.6% TGC** (with a TGC cut-off grade of 18%) for **464,000 tonnes** of contained graphite which will be investigated further.

In addition to the high-grade nature of the deposit, the Burke Graphite Project:

- Comprises natural graphite that has been demonstrated to be able to be processed by standard flotation technology to international benchmark product categories. The flotation tests conducted by Independent Metallurgical Operations Pty Ltd (**IMO**) have confirmed that a concentrate of purity **in excess of 95% and up to 99% TGC** can be produced using a standard flotation process;
- Contains graphite from which Graphene Nano Platelets (**GNP**) have been successfully extracted direct from the Burke Graphite deposit via Electrochemical Exfoliation (**ECE**). The ECE process is relatively low cost and environmentally friendly compared to other processes, yet it can produce very high purity Graphene products. The ECE process is however not applicable to the vast majority of worldwide graphite deposits as it requires a TGC of over 20% and accordingly the Burke Deposit has potentially significant processing advantages over other graphite deposits;
- Is located in the relatively safe and mining friendly jurisdiction of Queensland, Australia with well-developed transport infrastructure and logistics nearby; and
- Is potentially amenable to low cost open-pit mining.

High Grade Intersections from Drilling

A maiden drilling campaign was undertaken by Strike between 24 April 2017 and 14 May 2017 to test the graphite mineralisation in the key Burke tenement, EPM 25443²⁶. Total metres drilled were 735.2m (618m in 9 RC holes and 117.2m in one diamond core hole) spread across four cross-sections over a strike length of 500m.

Drilling confirmed the continuity of high grade (>10%) graphite mineralisation over 500m along strike in the NE-SW direction and confirmed the presence of extensive zones of very high-grade graphite mineralisation, commencing at surface and extending to at least 100m in depth (refer Figure 14). Intersections encountered include:

- Diamond Core Hole BGDD001 : 99.8 Metres @ 21.1% TGC from 9 metres depth; and
- RC Hole BGRC001 : 43 Metres @ 18.87% TGC from 21 metres depth.

25 Refer Grade Tonnage Data in Table 2 of CSA Global's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits).

26 Refer Strike's ASX Announcements dated and 13 June 2017: Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project and 21 June 2017: Further High-Grade Intersection Encountered at Burke Graphite Project

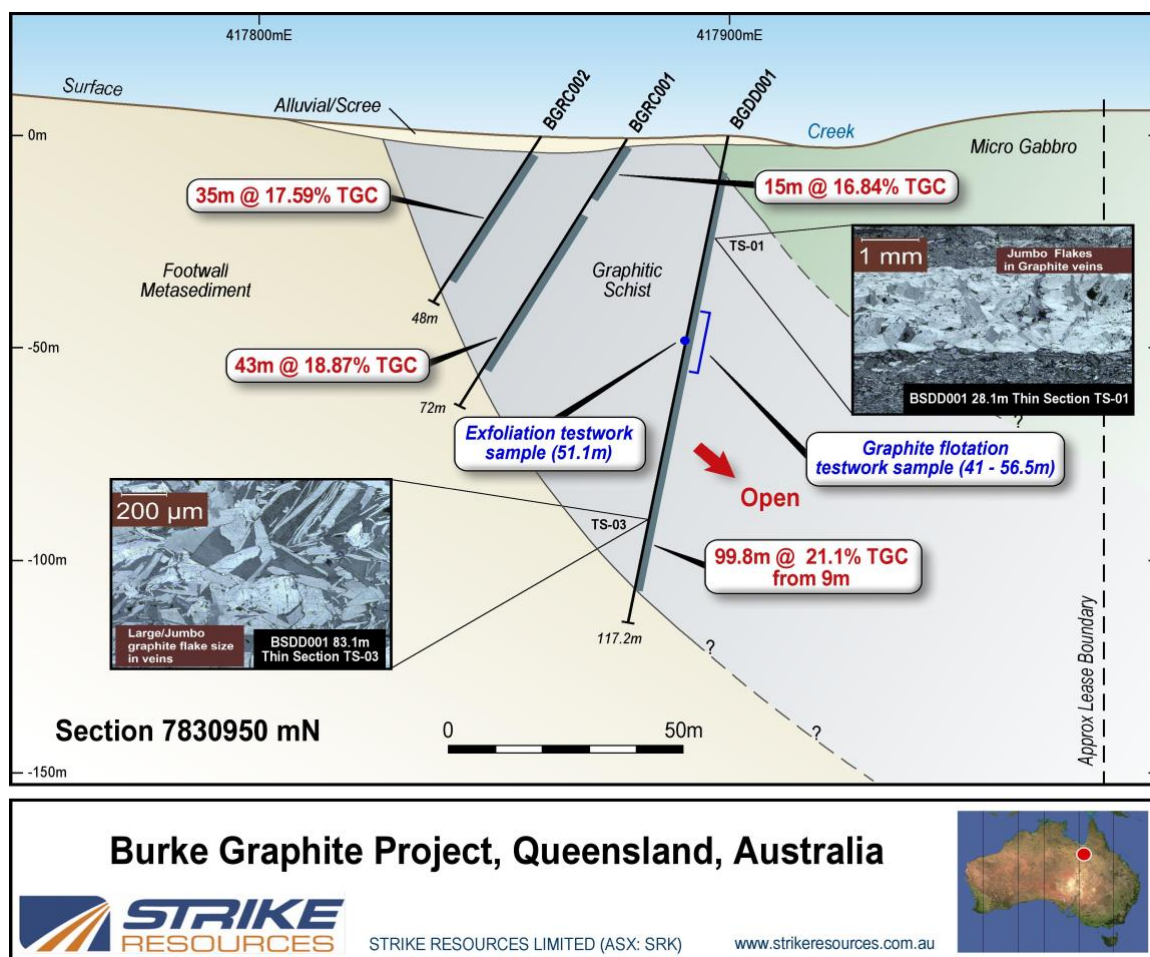


Figure 214: Burke Tenement Drilling Cross Section 7830950mN

Ground EM Surveys

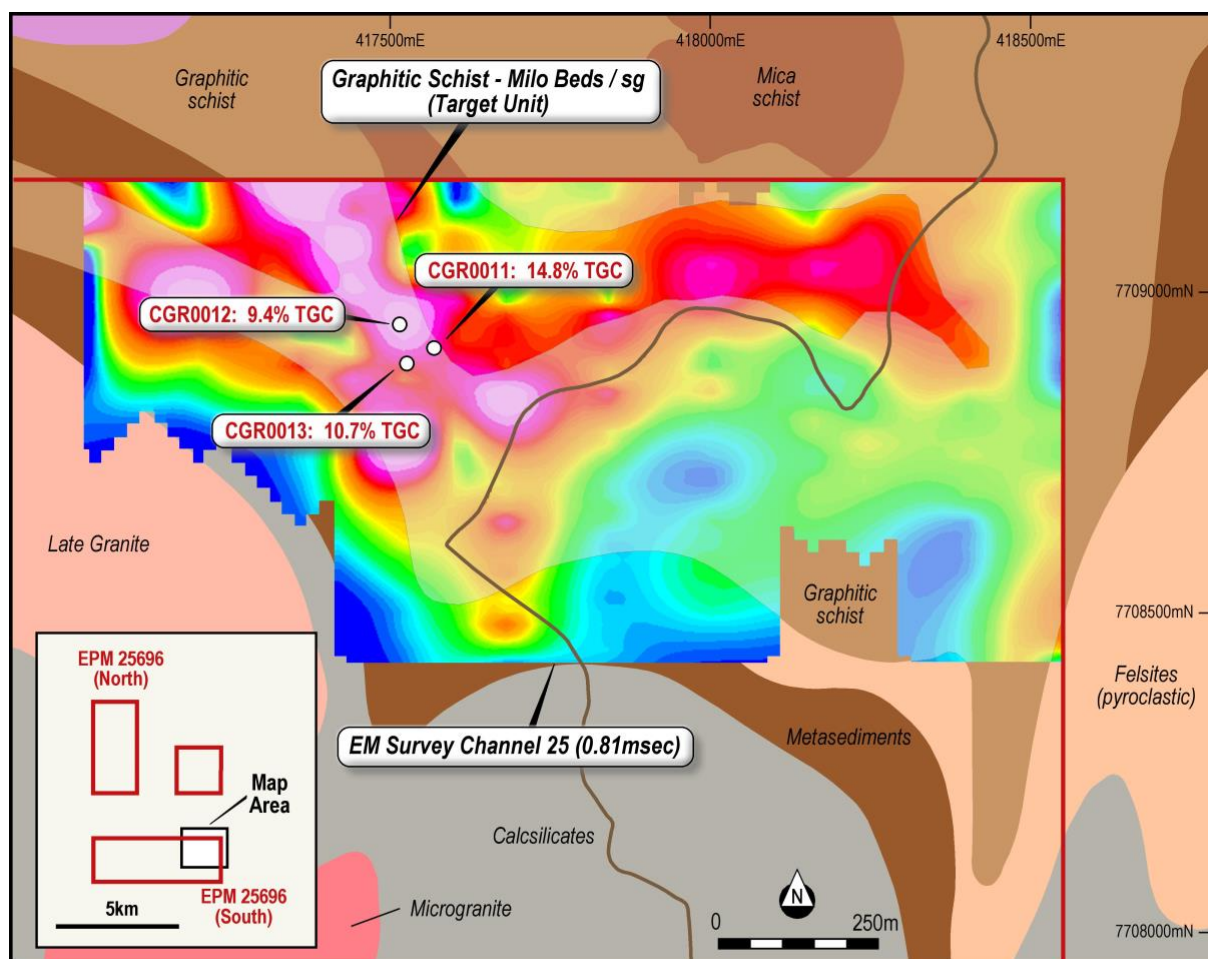
A ground Electro Magnetic (EM) survey was completed in June 2018, covering the south-eastern corner of Burke tenement EPM 25443 (drilled by Strike in 2017)²⁷ and the Corella tenement EPM 25696 (South) (located ~20 km south of EPM 25443)²⁸.

The EM survey identified the Corella Prospect as a significant target area for additional high-grade mineralisation as well as identifying new zones of increased conductivity adjacent to previously drilled graphite mineralisation at the Burke Prospect.

The Corella Prospect (north east corner of EPM 25696 (South)) EM survey was carried out over outcropping and sub-cropping Geological Survey of Queensland mapped Graphitic Schists - the "Milo beds" - within the Corella Formation. Graphite grading 5 -10% TGC is widespread throughout the outcropping Milo beds and the EM survey was carried out to identify higher-grade areas of mineralisation and identify future drill targets. The survey highlighted an area of approximately 1000m x 500m (refer Figure 15) within which conductive features similar to those corresponding to high-grade graphite occurring at the Burke EPM 2543 tenement were identified.

²⁷ Refer Strike's ASX Announcements dated 13 June 2017: Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project and 21 June 2017: Further High-Grade Intersection Encountered at Burke Graphite Project

²⁸ Refer Strike's ASX Announcement dated 26 June 2018: Burke Graphite Project – New Target Area Identified From Ground Electro-Magnetic Surveys



Corella Graphite Prospect, Queensland, Australia EM Survey, Rock Sample & Results Plan



STRIKE RESOURCES LIMITED (ASX: SRK)

www.strikeresources.com.au

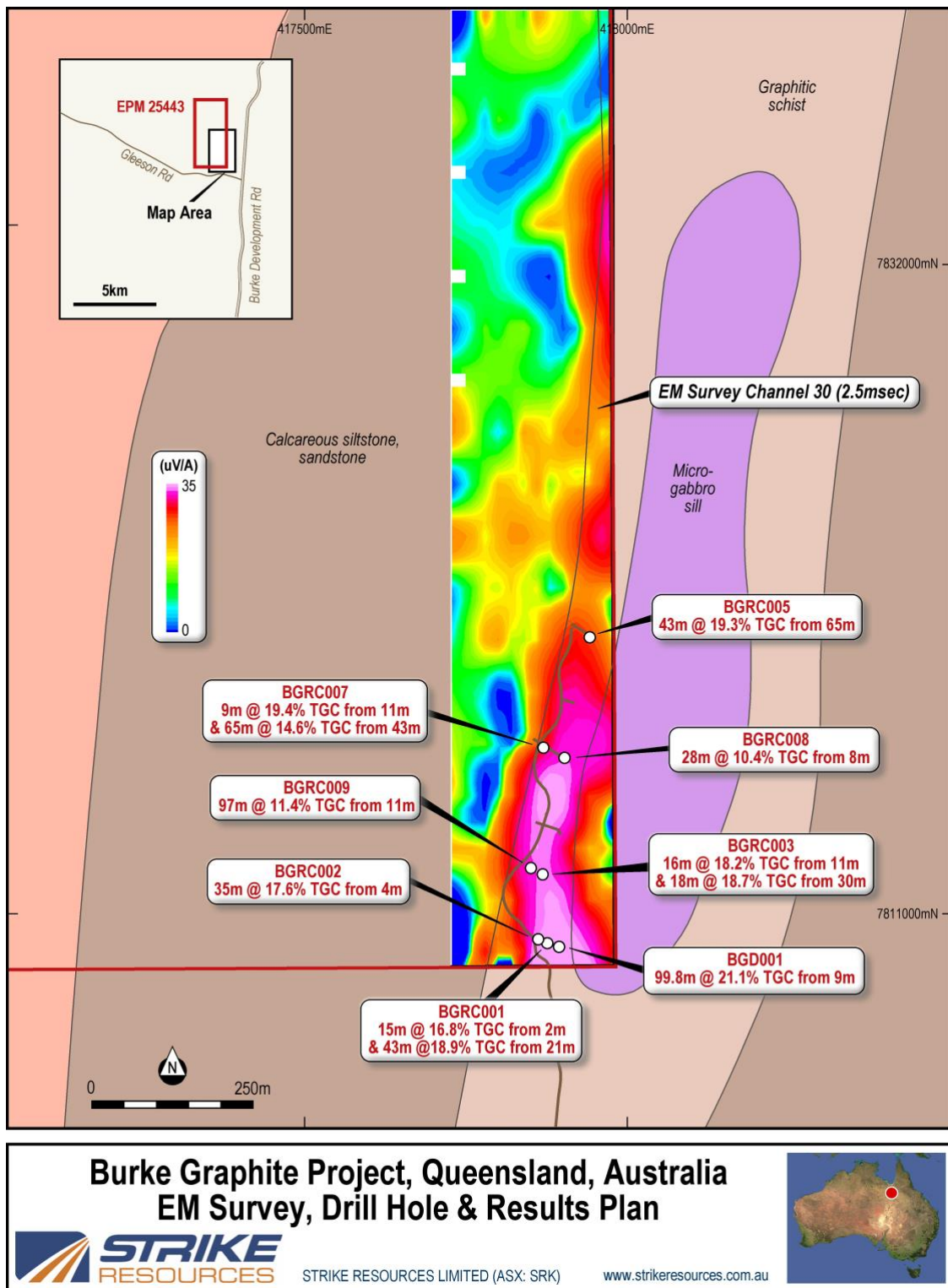


Figure 15: EM Survey - Corella Prospect, Burke Graphite Project

The conductive features identified at the Corella Prospect appear to be shallow to flat-lying and occur in areas of outcropping and sub-cropping graphite that have rock chips (from previous sampling by Strike) of up to 14.85% TGC²⁹.

In addition to identifying the new potential at Corella, the EM survey identified minor structural offsets, together with new zones of increased conductivity at the previously drilled Burke Prospect.

29 Refer Strike's ASX announcement dated 21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland



The EM survey over the south-eastern corner of Burke EPM 2543 was carried out over outcropping and sub-cropping Geological Survey of Queensland mapped Graphitic Schists of the Corella Formation. The survey highlighted the high-grade graphite identified in Strike's maiden drilling programme and identified minor structural offsets, together with new zones of increased conductivity (refer Figure 16). In addition, the survey verified the width and dip of the drill intersected high-grade graphite.

No material activity was undertaken on this project during the quarter.

For further technical details about the Burke Graphite Projects, refer to Strike's ASX announcements dated:

- 26 June 2018: Burke Graphite Project – New Target Area Identified From Ground Electro-Magnetic Surveys
- 22 January 2018: Burke Graphite Project - Update.
- 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits
- 16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production
- 21 June 2017: Further High-Grade Intersection Encountered at Burke Graphite Project
- 13 June 2017: Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project
- 21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland

CORPORATE

In November 2020, the Company raised \$4 million (gross) through a placement of 40,000,000 shares at \$0.10 per share to professional and sophisticated investors.³⁰

The issue was completed within the Company's existing placement capacity to sophisticated or professional investors with Canaccord Genuity acting as Lead Manager to the placement.³¹ The share offer was substantially oversubscribed and required a scale back in applications to \$4 million, reflecting the strong interest in Strike's Paulsens East Iron Project as a near term development opportunity in the iron ore sector.

During the December 2020 Quarter, the Company issued the following unlisted options:

Class of Unlisted Options	Exercise Price	Expiry Date	Number of options
Broker's options (\$0.15, 30 November 2023) ³²	\$0.15	30 November 2023	1,000,000
Directors' options (\$0.185, 3 December 2023) ³³	\$0.185	3 December 2023	12,000,000
Securities Incentive Plan Options (\$0.21, 23 December 2023) ³⁴	\$0.21	23 December 2023	1,500,000
Total			14,500,000

Summary of Expenditure Incurred

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

For Current Quarter ending 31 December 2020	Consolidated Entity Cash Outflows		
	Operating	Investing	Total
	\$'000		
Exploration and evaluation expenditure	18	893 *	911
Personnel expenses	121	-	121
Occupancy expenses	50	-	50
Corporate expenses	84	-	84
Administration expenses	150	-	150
Total Expenditure	423	893	1316

* Comprises capitalised Exploration and Evaluation expenditure predominantly in relation to the Paulsens East Iron Ore Project

Payments to Related Parties

During the quarter, Strike paid a total of \$121K in respect of Directors' remuneration, comprising salaries, fees, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

30 Refer Strike's ASX Announcement dated 25 November 2020: Completion of \$4 Million Capital Raising

31 Refer Strike's ASX Announcements dated 1 December 2020: Appendix 2A – Application for Quotation of 40M Shares, 1 December 2020: Update - Proposed Issue of Securities – SRK, 1 December 2020: Proposed Issue of Securities – SRK, 1 December 2020: Update - Proposed Issue of Securities – SRK

32 Refer Strike's ASX Announcement dated 1 December 2020: Proposed Issue of Securities

33 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 Strike's ASX Announcements dated 4 December 2020: Results of 2020 Annual General Meeting and 4 December 2020: Proposed Issue of Securities

34 Refer Strike's ASX Announcement dated 6 January 2021: Appendix 3G – Notification of Issue of 1.5M SIP Options

LIST OF MINERAL CONCESSIONS

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

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
Ferrum 1 *	965	Andahuaylas	010298304	No 00228-2005-INACC/J Jan 19, 2005	11053798
Ferrum 4 *	1,000	Andahuaylas/ Aymaraes	010298604	No 00230-2005-INACC/J Jan 19, 2005	11053810
Ferrum 8 *	900	Andahuaylas	010299004	No 00232-2005-INACC/J Jan 19, 2005	11053827
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
Ferrum 37 *	695	Andahuaylas	010621507	RP 1164-2008-INGEMMET/PCD/PM May 12, 2008	11076534
Wanka 01	100	Andahuaylas	010208110	RP 3445-2010-INGEMMET/PCD/PM Oct 18, 2010	11102187
Sillaccassa 1 *	700	Andahuaylas	010212508	RP 5088-2008-INGEMMET/PCD/PM Nov 19, 2008	11084877
Sillaccassa 2 *	400	Andahuaylas	010212608	RP 3183-2008-INGEMMET/PCD/PM Sept 8, 2008	11081449

* Strike has determined not to renew the annual fees and charges (to 30 June 2020) in respect of these concessions.

Solaroz Lithium Brine Project (Argentina)

(Strike – 90%)

Concession Name	Area (Ha)	Province	File No
Mario Ángel	543	Jujuy	1707-S-2011
Payo	990	Jujuy	1514-M-2010
Payo I	1,973	Jujuy	1516-M-2010
Payo 2	2,193	Jujuy	1515-M-2010
Chico I	835	Jujuy	1229-M-2009
Chico V	1,800	Jujuy	1312-M-2009
Chico VI	1,400	Jujuy	1313-M-2009
Silvia Irene	2,465	Jujuy	1706-S-2011

Paulsens East Project (Western Australia)

(Strike – 100%)

Tenement 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

Burke Graphite Project (Queensland)

(Strike – ~76%)

Tenement No.	Grant Date	Expiry Date	Area (blocks)	Area (km ²)
Burke EPM 25443	4/9/2014	3/9/2024	2 sub-blocks	~6.58
Corella EPM 25696	2/4/2015	1/4/2025	6 sub-blocks	~19.74

JORC MINERAL RESOURCES

Paulsens East Iron Ore Project (Australia)

(Strike – 100%)

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

Mineral Resources Category	Fe% Cut-Off Grade	Million Tonnes	Fe%	SiO 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 maiden 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 of 269.4 Mt, consisting of:

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

Category	Concession	Density t/m 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.

Burke Graphite Project (Australia)

(Strike – ~76%)

The Burke Graphite Project has a JORC Code (2012 Edition) compliant Mineral Resources:

Category	Weathering State	Mt	TGC (%)	Contained Graphite (Mt)	Density (t/m)
Inferred	Oxide	0.5	14.0	0.1	2.5
	Fresh	5.8	16.2	0.9	2.4
Inferred	Total Oxide + Fresh	6.3	16.0	1.0	2.4

Note: The Mineral Resource was estimated within constraining wireframe solids defined above a nominal 5% TGC cut-off. The Mineral Resource is reported from all blocks within these wireframe solids. Differences may occur due to rounding.

Refer Grade Tonnage Data in Table 2 of CSA Global Pty Ltd's Burke Graphite Project MRE Technical Summary dated 9 November 2017 (attached as Annexure A of Strike's ASX Announcement dated 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest Grade Natural Graphite Deposits).

JORC CODE COMPETENT PERSON'S STATEMENTS

JORC Code (2012) Competent Person Statement - Paulsens East Mineral Resources

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

- 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns
- 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project.

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

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

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

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

The information in this document that relates to **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2019** in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcements made by Strike Resources Limited on:

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

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

The information in this document that relates to **metallurgical sampling, metallurgical testing and metallurgical results undertaken during 2020** in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) is extracted from the following ASX market announcement made by Strike Resources Limited on:

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

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

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

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

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

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

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

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

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

JORC Code (2012) Competent Person Statement – Solaroz Lithium Brine Project

The information in this document that relates to **Exploration Targets** in relation to the Solaroz Lithium Brine Project (Argentina) is extracted from the following ASX market announcement made by Strike Resources Limited on:

- 13 March 2019: Strike Secures Solaroz Lithium Brine Project in Argentina's Lithium Triangle.

The information in the original announcement that relates to these Exploration Targets is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of AIG. Mr Smith is a consultant to Strike Resources Limited. Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

JORC Code (2012) Competent Person Statement - Burke Graphite Project Mineral Resources

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

- 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits.

The information in the original announcement (including the CSA Global MRE Technical Summary in Annexure A) that relates to these Mineral Resources is based on information compiled by Mr Grant Louw (an employee of CSA Global Pty Ltd) under the direction and supervision of Dr Andrew Scogings (employed by CSA Global Pty Ltd at the date of the original announcement). Dr Scogings takes overall responsibility for this information. Dr Scogings is a Member of AIG and AusIMM and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this document that relates to **metallurgical test work** in relation to the Burke Graphite Project (Queensland) is extracted from the following ASX market announcements made by Strike Resources Limited on:

- 16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production.
- 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits.

The information in the original announcements that relates to these metallurgical test work matters is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Adamini, BSc (Mineral Science and Chemistry), who is a Member of AusIMM. Mr Adamini is a full-time employee of Independent Metallurgical Operations Pty Ltd, who was engaged by Strike Resources Limited to provide metallurgical consulting services. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

The information in this document that relates to **Exploration Results** in relation to the **ground Electro-Magnetic (EM) survey and other Exploration Results** in relation to the Burke Graphite Project (Queensland) is extracted from the following ASX market announcements made by Strike Resources Limited on:

- 21 April 2017: Jumbo Flake Graphite Confirmed at Burke Graphite Project, Queensland.
- 13 June 2017: Extended Intersections of High-Grade Graphite Encountered at Burke Graphite Project.
- 21 June 2017: Further High-Grade Intersection Encountered at Burke Graphite Project.
- 16 October 2017: Test-work confirms the potential suitability of Burke graphite for Lithium-ion battery usage and Graphene production.
- 13 November 2017: Maiden Mineral Resource Estimate Confirms Burke Project as One of the World's Highest-Grade Natural Graphite Deposits.
- 26 June 2018: Burke Graphite Project – New Target Area Identified from Ground Electro-Magnetic Surveys.

The information in the original announcements that relates to these Exploration Results in relation to the ground Electro-Magnetic (EM) survey and other Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of AIG. Mr Smith is a consultant to Strike Resources Limited. Mr Smith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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

FORWARD LOOKING STATEMENTS

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

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

Appendix 5B

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

Name of entity

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

ABN

94 088 488 724

Quarter Ended (current quarter)

31 December 2020

Consolidated statement of cash flows

	Current Quarter Dec-2020 \$A' 000	Year to Date 6 months \$A' 000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(18)	(19)
(b) development	-	-
(c) production	-	-
(d) staff costs	(121)	(222)
(e) administration and corporate costs	(285)	(453)
1.3 Dividends received (see note 3)	1	1
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	12	50
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(411)	(642)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(893)	(1,748)
(e) investments	-	-
(f) other non-current assets	-	-

Strike Resources Limited (A.B.N. 94 088 488 724)

Level 2, 31 Ventnor Avenue, West Perth, Western Australia 6005

Tel: (08) 9214 9700 Email: info@strikeresources.com.au

Consolidated statement of cash flows	Current Quarter Dec-2020 \$A' 000	Year to Date 6 months \$A' 000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(893)	(1,748)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	4,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(247)	(247)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	3,753	3,753
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,146	3,243
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(411)	(642)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(893)	(1,748)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,753	3,753
4.5 Effect of movement in exchange rates on cash held	-	(11)
4.6 Cash and cash equivalents at end of period	4,595	4,595

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current Quarter \$A' 000	Previous Quarter \$A' 000
5.1 Bank balances		1,045	2,096
5.2 Call deposits		3,550	50
5.3 Bank overdrafts		-	-
5.4 Other (provide details)		-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)		4,595	2,146

6. Payments to related parties of the entity and their associates		Current Quarter \$A' 000
6.1 Aggregate amount of payments to related parties and their associates included in item 1		(121)
6.2 Aggregate amount of payments to related parties and their associates included in item 2		-

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

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

7.5 Unused financing facilities available at quarter end	-
---	---

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

Nil

8. Estimated cash available for future operating activities	\$A' 000
8.1 Net cash from / (used in) operating activities (item 1.9)	(411)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(893)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,304)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,595
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,595
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.52

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

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

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

N/A

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

N/A

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

N/A

Compliance statement

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

Authorised By:



William Johnson
Managing Director

29 January 2021

See Chapter 19 of ASX Listing Rules for defined terms

Notes

1. The **Company and its controlled entities** currently holds the following listed share investments:

		31-Dec-20		
ASX code	Company	No Shares	Last Bid Price	Market Value
S32	South32 Limited	65,000	\$2.46	\$159,900
	Other listed shares	various	various	\$43,764
				<u>\$203,664</u>

The above investments are regarded as liquid assets to supplement the Company's cash reserves.

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

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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