

QUARTERLY REPORT

COMPANY DETAILS

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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

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Managing Director

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28 April 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 the 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\$193/t and the premium attached to Lump iron ore over Fines has increased significantly over recent months to ~US\$30 per tonne. The premium pricing currently paid for Lump ore is significant for the Company, given that at least 75% of the Paulsens East DSO product is expected to be Lump ore.

The Company continued to progress project development during the quarter:

- Receiving approval from Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) of the Project Management Plan (PMP) for the project, one of the key regulatory requirements for advancement of the project.
- Engagement with DMIRS and provision of further data to finalise its Mining Proposal approval.
- Recruitment of key operational personnel in mine site management, transport logistics and finance.
- Completion of metallurgical and beneficiation testwork to optimise process flow sheet and product specifications.
- Advancing access agreements and various permits with key stakeholders.
- Advancement of commercial discussions with potential offtake partners, mining, crushing and other contractors and providers of camp services and infrastructure.
- Execution of a licence agreement with a neighbouring mining camp for use during the construction phase.
- Entering into a Memorandum of Understanding (MOU) with a transshipment services operator with regard to potential export of iron ore through Onslow.

Apurimac Iron Ore Project (Peru)

Iron ore 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 for trucking to Port for export (with first ore on ship planned for Q2 2021). A two-year iron ore offtake agreement and supporting \$2m prepayment facility to advance first shipment of ore was also entered into in April 2021.

Spin-out of Lithium and Graphite Assets – Lithium Energy Limited IPO

The Company progressed with the spin-out its battery minerals related assets (the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland) via the IPO of Lithium Energy Limited (proposed ASX : LEL), which is seeking to raise \$9 million under a fully underwritten Prospectus (dated 30 March 2021) – Strike will retain a 43% shareholding in Lithium Energy Limited post-IPO. The IPO will close on 29 April 2021 with LEL working with ASX towards a listing in late May 2021.

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 in the process of spinning-out its battery minerals related assets via the IPO of Lithium Energy Limited (proposed ASX : LEL).

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\$193/t.

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.

Furthermore, the premium attached to Lump ore over Fines increased significantly recently, reaching record highs during the quarter of US\$0.51 per dry metric tonne unit (US\$0.20 per dry metric tonne unit was assumed in the Feasibility Study).

Based on Fe content of 62% for the Paulsens East product, this would imply an uplift of ~ US\$32 per tonne of Lump ore once the Paulsens East Lump product is established in the market. The premium pricing paid for Lump ore is highly significant for the Company given that at least 75% of the Paulsens East DSO product is expected to be Lump ore.

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 tonne⁵ (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 Million⁶.

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 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.

Metallurgical and beneficiation testwork conducted by the Company has also outlined that the current DSO product is potentially amenable to upgrade to a premium product through the addition of an optional beneficiation circuit consisting of one or more 'ore sorters'. These ore sorters could essentially be 'bolted on' to the standard crushing and screening circuit and would act to upgrade the grade and quality of the Lump and Fines products even further.

The addition of ore sorters would add to the overall capital cost of the project but would deliver a higher premium price for the iron ore produced by the Company adding significantly to the projected cash flows of the Company over the project life of mine.

The decision whether to add these ore sorters at the start of operations or subsequent to operations commencing will be made at the time of Final Investment Decision (**FID**), taking a number of factors into account including market conditions at the time.

The Feasibility Study envisages processed Lump and Fines products being 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.

⁵ 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

⁶ Subject to compliance with Australian tax laws

Since the completion of the Feasibility Study, the Company has recommenced discussions with the owners and operators of the Onslow Marine Support Base (**OMSB**) in Onslow where the Company has an existing letter of intent with the Port Operator⁷ to ship iron ore from that port. In this regard, during the quarter, the Company entered into an MOU with an experienced transshipment services operator to determine the logistics and potential cost savings of conducting shipping operations out of the OMSB given the significantly lower distances involved in transporting iron ore to Onslow versus Port Hedland (~230 km vs ~600 km). The possible use of Onslow as an export port also provides an alternate/supplementary export facility given potential capacity constraints at the Multi-User Bulk Handling Facility at Utah Point in the future.

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 second 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.
- 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
- 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.

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.

7 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

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

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 Location

The Project is located ~10 kilometres from Northern Star Resources Limited's (ASX:NST) Paulsens Gold Mine, ~230 kilometres by road east of Onslow and ~600 kilometres by road south of Port Hedland (refer Figure 1).

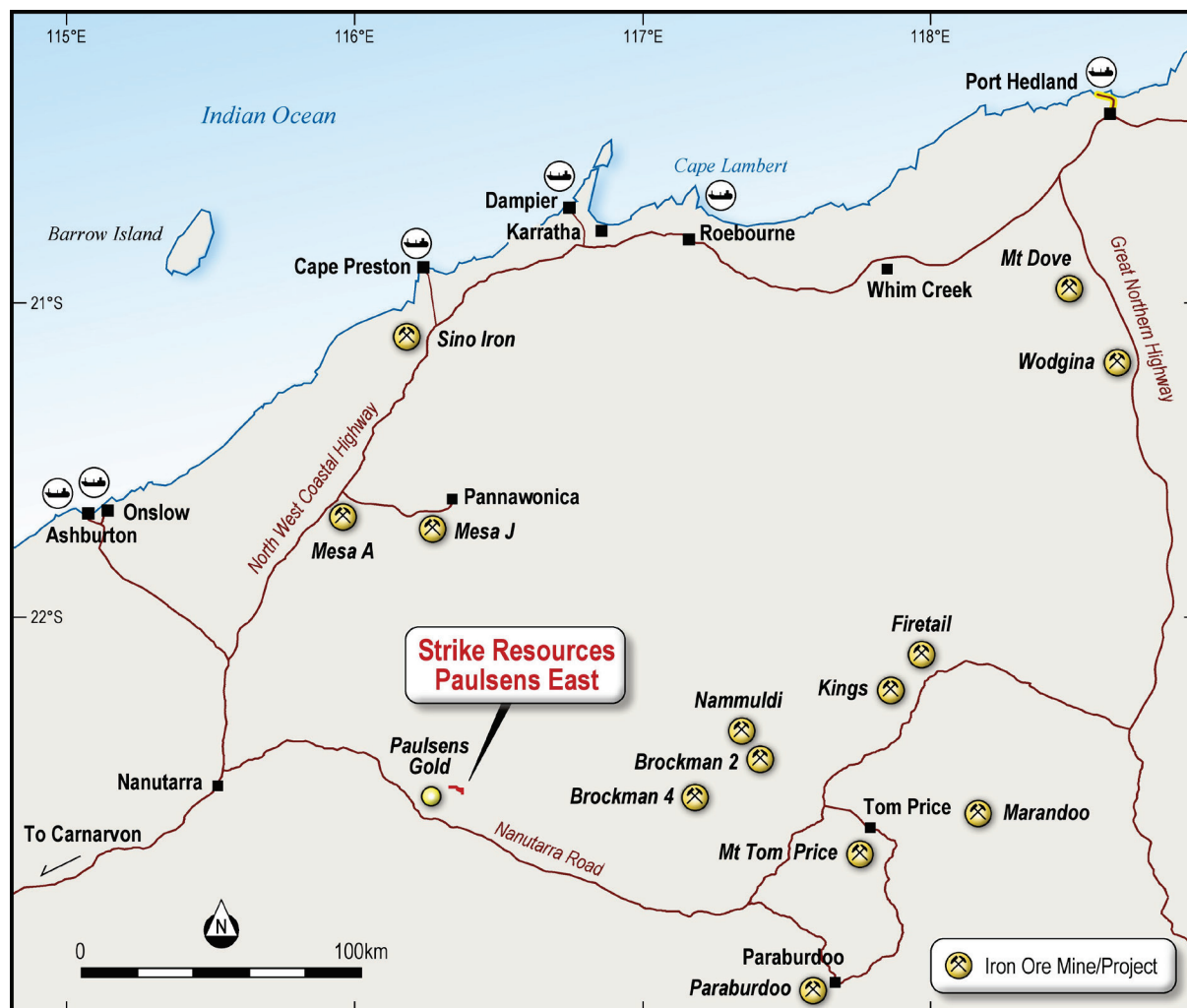


Figure 1: Paulsens East Project Location, West Pilbara

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

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

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).

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.

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



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.

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.

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

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

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;
- Negotiations have advanced from multiple off-take offers to a short list of three parties regarding off-take of ore from Paulsens East, with product samples now having been provided from the bulk samples previously extracted by the Company last year.
- Term Sheets have been drafted and reviewed with these parties, some of which include the provision of substantial pre-payment and working-capital facilities, which would act to reduce the amount of additional capital which the Company would otherwise need to raise to advance Paulsens East.
- It expects to execute binding off-take and accompanying pre-payment and/or working capital finance facility at the time it makes a FID with respect to the Project.

Other Activities During March Quarter

During the March 2020 Quarter, Strike:

- Responded to feedback received by the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) relating to the Company's application for a Mining Proposal to undertake mining operations on the Mining Lease. The Company is presently finalising responses to a series of clarification questions recently received from DMIRS regarding the Mining Proposal application.
- Submitted applications for related Works Approval (with the Department of Water and Environmental Regulation (**DWER**) for approval pursuant to environmental legislation and regulations) and native vegetation clearing permits (with DMIRS, pursuant to (including Commonwealth) environmental legislation and regulations), with such applications pending approvals.
- Advanced the recruitment of key operational personnel to the Paulsens East Owner's Team, with a number of appointments having been made in mine site management, transport logistics and finance.
- 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.
- Executed a licence agreement with a neighbouring mining camp for use during construction phase.
- Advanced commercial discussions with a short-listed group of potential providers for the award of key contracts for drill and blast, mining, crushing and screening, haulage and other services.
- Progressed with final design activities for various infrastructure works, including the haulage and access roads, the intersection of the haulage road with Nanutarra Road, the mine village, mining operations centre (MOC), fuel supply systems and water bores, storage and distribution systems.

Activities Proposed for June 2021 Quarter

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

- Continue engagement with DMIRS and DWER to secure regulatory approvals for the Mining Proposal, Works Approval and native vegetation clearing permits.
- Continue recruitment of key operational roles, particularly in the areas of construction and contractor supervision and health, safety and environment.
- 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.
- Continued engagement with the Pilbara Ports Authority (**PPA**) to utilise the Utah Point Multi-User Bulk Handling Facility at Port Hedland.
- Continued engagement with the owners and operators of the OMSB in Onslow and associated logistics as a possible alternate/supplementary export facility.

- 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, 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:

- 15 April 2021: Approval of Project Management Plan for Paulsens East Mine
- 16 March 2021: Half Year Report - 31 December 2020
- 15 March 2021: Paulsens East Advances Towards Production
- 1 February 2021: Quarterly Activities and Cash Flow Report - 31 Dec 2020

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)¹⁶ (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.

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



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



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

Mining Operations Commence at Apurimac Project

Strike was pleased to announce a significant milestone in its Peruvian operation in the quarter with iron ore mining commencing from Strike's 100% owned Apurimac Iron Ore Project in Peru.¹⁷ Production was undertaken by local miners under authorisation from Strike and based on Peruvian mining legislation which allows local miners to mine from specific portions of a mining concession with significantly reduced timetables and simplified processes for obtaining environmental and other permits.

Strike expects first ore on ship will occur in June 2021 with an initial shipment of at least 30,000 tonnes of Apurimac Premium Lump DSO with an average grade of approximately 65% Fe with low impurities and with regular shipments thereafter.

Strike is initially targeting annualised sales of ~125,000 tonnes of iron ore from specific portions of concessions comprising the Apurimac Project. Potential exists to significantly expand sales through ore from multiple sites within the Apurimac Project, once steady state operations are achieved.

¹⁷ Refer Strike's ASX Announcement dated 18 March 2021: Iron Ore Production Ramps Up in Peru



Figure 7. Mining of outcropping iron ore at Apurimac Project by local miners



Figure 8. Stockpiles of Apurimac Premium Lump Ore at local crushing and screening plant

The total free on board (FOB) cost of the Apurimac Premium Lump product at the Port of Pisco is expected to be less than US\$70 per tonne, including mining, crushing and screening, haulage, port and administration costs.

These figures are based on actual costs incurred to date with respect to mining and crushing together with quotations for key sectors of the supply chain including road transport and port costs and based upon the Company's previous experience in 2013 where it commenced a trial mining operation from the Apurimac Project with ore delivered and sold to a steel mill in Peru.

The Company notes that the Benchmark iron ore price continues to remain very strong – currently ~US\$193 per tonne. Furthermore, the premium attached to Lump ore over Fines has increased significantly, reaching record highs during the Quarter of ~US\$0.51 per dry metric tonne unit. Based on Fe content of 64% for the Apurimac Premium Lump product, this would imply an uplift of ~ US\$33 per tonne of Lump ore over the Benchmark iron ore price for Fines, once the Apurimac Premium Lump product is established in the market.

The Company has executed binding Offtake Agreement (**Offtake Agreement**) for 100% of the iron ore currently being mined the Apurimac Iron Ore Project in Peru for an initial two (2) year term.¹⁸

The Offtake Agreement also incorporates a US \$2 million prepayment facility to fund first ore on ship and to allow Strike to accelerate plans to expand iron ore sales to capitalise on current strong demand and premium prices for high grade Lump Iron Ore.

The Offtake Agreement has been entered into by Strike's 100% Peruvian subsidiary company and Good Importing International Pty Limited (**GII**), an international iron ore trading company currently involved in iron ore offtake into China from various countries including Australia, Russia and South Africa and having 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.

Terms of the Offtake Agreement include market reflective pricing referenced to relevant S&P Global Platts pricing indices and market-typical lump premium and impurity penalties, on a Cost and Freight (CFR) basis for delivery into China.

The US\$2 million prepayment facility for iron ore is payable in three tranches with an initial US\$100,000 payable on execution of the Offtake Agreement and with US\$1,000,000 payable on Strike's confirmation of a 15,000 tonne stockpile of crushed ore at the mine site and the balance payable upon a 20,000 tonne stockpile being delivered to the Port at Pisco.

The US\$2 million prepayment will be offset against the proceeds of the first two shipments of iron ore from Peru with a profit share arrangement for the first shipment of iron ore in consideration of the US\$2 million prepayment advance.

Based upon previous experience of pilot operation undertaken in 2013 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

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**).¹⁹

¹⁸ Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment

¹⁹ 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

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.

The Ministry of Transport and Communications (**MOTC**) in Peru has previously advised that:

- 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.

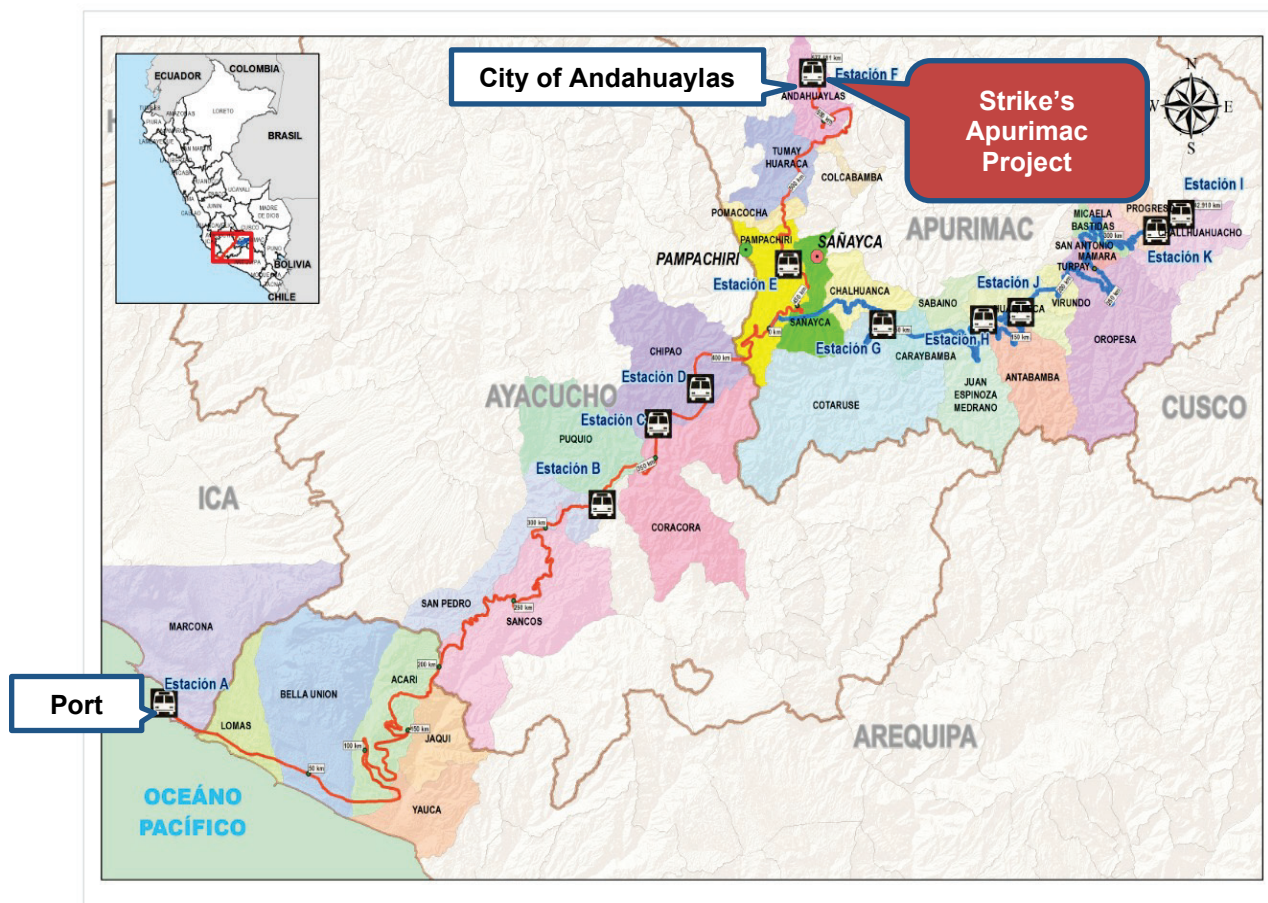


Figure 9 – Proposed Andahuaylas Railway Route (in red): Source MOTC

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 study²⁰, provide input and advice and cooperate with the consortium to expedite the completion of its Feasibility Study.²¹ 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.

Updating Feasibility Studies

Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008²² (subsequently updated in 2010²³), which indicated the clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs:

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

Strike believes that it would be appropriate to advance the development of the Apurimac Project via updating the project economics of a proposed slurry pipeline in parallel to the development of the Andahuaylas Railway by the Peruvian Government (refer above) by updating its previous Pre-Feasibility Studies, taking account of current cost estimates, technology advancements (since 2010) and current/expected market conditions. This will provide Strike with maximum optionality to extract full commercial value from such Project in the shortest time framework recognising the current very strong iron ore market

Strike's view is that such work will increase 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 reviewing a proposal from an international engineering consulting group to update the previous Pre-Feasibility Studies.

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.

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

21 Refer Strike's ASX Announcement dated 18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium

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

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

ASX Announcements

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

- 14 April 2021: Peru Iron Ore Offtake Agreement With US\$2 Million Prepayment
- 18 March 2021: Iron Ore Production Ramps Up in Peru
- 16 March 2021: Half Year Report - 31 December 2020
- 1 February 2021: Quarterly Activities and Cash Flow Report - 31 Dec 2020
- 28 January 2021: Advances in the Development of Apurimac Iron Ore Project

CORPORATE

Spin-out of Lithium and Graphite Assets – Lithium Energy Limited IPO

During the Quarter the Company advanced with the spin-out of its lithium and graphite assets (the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland) via the IPO of Lithium Energy Limited (proposed ASX : LEL) (LEL)²⁴, which is seeking to raise \$9 million under a fully underwritten Prospectus (dated 30 March 2021) with Canaccord Genuity appointed as Lead Manager and Underwriter to the IPO.²⁵

The spin-out will create a distinct battery minerals company whose clear focus will be on the exploration and potential development of its battery minerals assets with a principal focus on the development of its Solaroz Lithium Project located in Argentina. This will allow Strike to focus on its iron ore assets, to bring the Paulsens East Iron Ore Project (located in the Pilbara, Western Australia) into production in 2021 and to expand production from its Apurimac Iron Ore Project (located in Peru).

At completion of the spin-out, Strike will hold 34.4 million shares in Lithium Energy comprising a 43% shareholding. Strike's shareholding in Lithium Energy should deliver additional value to Strike shareholders through a dedicated battery minerals company with a clear sector focus.

Strike Managing Director, William Johnson, is the Executive Chairman of Lithium Energy and Strike Executive Director, Farooq Khan, is an Executive Director of Lithium Energy.

The Lithium Energy Prospectus contained a 'Strike Priority Offer' and 'Public Offer' with both offers opening on 7 April 2021 and the Strike Priority Offer closing on 21 April 2021 and the Public Offer to close 5 business days later on 29 April 2021²⁶.

- Under the Strike Priority Offer, eligible Strike shareholders (with a registered address in Australia and New Zealand and holding Strike shares as at the Record Date of 5.00 pm (Perth time) on 22 March 2021) had a priority entitlement to apply for Lithium Energy shares based on their pro-rata shareholding in Strike as at the Record Date, with an entitlement to apply for a minimum application of 10,000 shares (worth \$2,000).
- Any shortfall in applications lodged by eligible Strike shareholders under the Strike Priority Offer formed a pool of shares available to the public under the Public Offer.

The LEL IPO Prospectus will close on 29 April 2021 with Lithium Energy working with ASX towards a listing in late May 2021.

24 Refer Strike's ASX Announcements dated 23 March 2021: Spin-Out of Lithium-Graphite Assets - Lithium Energy IPO

25 Refer Strike's ASX Announcements dated 31 March 2021: Lithium Energy Limited IPO - Prospectus Lodged

26 Refer Strike's ASX Announcements dated 7 April 2021: Lithium Energy Limited IPO Opens

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:

	Consolidated Entity Cash Outflows		Total
	Operating	Investing \$'000	
For Current Quarter ending 31 March 2021			
Exploration and evaluation expenditure	2	906 *	908
Personnel expenses	210	-	210
Occupancy expenses	23	-	23
Corporate expenses	92	-	92
Administration expenses	97	-	97
Total Expenditure	424	906	1,330

* 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 \$174K in respect of Directors' remuneration, comprising salaries, fees, PAYG remittances to the ATO and statutory employer superannuation contributions. This is disclosed in Item 6 of the accompanying Appendix 5B Cash Flow Report.

LIST OF MINERAL CONCESSIONS

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

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

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

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

NOTE:

The Solaroz Lithium Brine Project in Argentina and Burke Graphite Project in Queensland is the subject of a spin-out by the Company via the IPO of Lithium Energy Limited (proposed ASX : LEL).²⁴

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).

NOTE:

The Burke Graphite Project in Queensland is the subject of a spin-out by the Company via the IPO of Lithium Energy Limited (proposed ASX : LEL).²⁴

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 - 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 under the direction and supervision of Dr Andrew Scogings (both employees of CSA Global Pty Ltd as 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 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 March 2021

Consolidated statement of cash flows

	Current Quarter Mar-2021 \$A' 000	Year to Date 9 months \$A' 000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(2)	(22)
(b) development	-	-
(c) production	-	-
(d) staff costs	(210)	(432)
(e) administration and corporate costs	(212)	(666)
1.3 Dividends received (see note 3)	-	1
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	50
1.8 Other- Recovery of office costs under shared office arrangements	49	49
1.9 Net cash from / (used in) operating activities	(374)	(1,018)
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	(906)	(2,653)
(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 Mar-2021 \$A' 000	Year to Date 9 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	(906)	(2,653)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction refund/(costs) related to issues of equity securities or convertible debt securities	15	(232)
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	15	3,768
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,595	3,243
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(374)	(1,018)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(906)	(2,653)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	15	3,768
4.5 Effect of movement in exchange rates on cash held	18	8
4.6 Cash and cash equivalents at end of period	3,348	3,348

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		798	1,045
5.2 Call deposits		2,550	3,550
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)		3,348	4,595

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		(174)
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	-
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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)	(374)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(906)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,280)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,348
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,348
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.62

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

28 April 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-Mar-21		
ASX code	Company	No Shares	Last Bid Price	Market Value
S32	South32 Limited	65,000	\$2.81	\$182,650
	Other listed shares	various	various	\$50,644
				<u>\$233,294</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
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