



HALF YEAR REPORT

31 December 2021

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE
30 JUNE 2021 ANNUAL REPORT OF COMPANY
LODGED ON 29 OCTOBER 2021



ASX Code: SRK

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CORPORATE DIRECTORY**BOARD**

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William Johnson	Managing Director
Victor Ho	Executive Director
Malcolm Richmond	Non-Executive Director
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DIRECTORS' REPORT

The Directors present their report on Strike Resources Limited ABN 94 088 488 724 (**Company** or **SRK**) and its controlled entities (the **Consolidated Entity** or **Strike**) for the financial half year ended 31 December 2021 (**Balance Date**).

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

The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

OPERATING RESULTS

	December 2021	December 2020
Consolidated	\$	\$
Total revenue and income	(689,041)	91,357
Total expenses	(3,071,386)	(623,716)
Loss before tax	(3,760,427)	(532,359)
Income tax expense	-	-
Loss after tax	(3,760,427)	(532,359)

CASH FLOWS

	December 2021	December 2020
Consolidated	\$	\$
Net cash flow used in operating activities	(1,455,055)	(2,305,743)
Net cash flow used in investing activities	(1,130,416)	956
Net cash flow used in financing activities	(1,428,250)	3,795,018
Net change in cash held	(4,013,721)	1,490,231
Cash held at half year end	2,676,128	4,549,549

FINANCIAL POSITION

	December 2021	June 2021
Consolidated	\$	\$
Cash	2,676,128	6,449,512
Financial assets at fair value through profit or loss	2,340	238,061
Inventory	-	1,353,363
Resource Projects	4,297,144	3,438,629
Investment in Associate entity	5,783,094	6,532,439
Receivables	318,468	207,242
Other assets	1,440,519	416,746
Liabilities	(1,337,876)	(2,163,115)
Net assets	13,179,817	16,472,877
Issued capital	159,420,982	159,420,982
Reserves	39,942,864	21,657,827
Accumulated losses	(186,184,029)	(164,605,932)
Total equity	13,179,817	16,472,877

DIRECTORS' REPORT

DIVIDENDS

The Directors have not declared a dividend in respect of the financial half year ended 31 December 2021.

SECURITIES ON ISSUE

The following securities are on issue as at balance date (31 December 2021):

Class of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares	270,000,000	-
Broker's options (\$0.15, 30 November 2023) ¹	-	1,000,000
Directors' options (\$0.185, 3 December 2023) ²	-	12,000,000
Broker's Options (\$0.33, 3 June 2024) ³	-	1,000,000
Total	270,000,000	14,000,000

The following options lapsed during the financial half year:

Class of Unlisted Options	Lapse Date	Exercise Price	Expiry Date	Number of options
Securities Incentive Plan (SIP) Options (\$0.21, 23 December 2023) ⁴	6 August 2021	\$0.21	23 December 2023	1,500,000

These SIP Options lapsed pursuant to their terms of issue.⁵

The following options were issued subsequent to the financial half year:

Class of Unlisted Options	Issue Date	Exercise Price	Expiry Date	Number of options
SIP Options (\$0.185, 14 February 2025) ⁶	15 February 2022	\$0.185	14 February 2025	3,100,000

These SIP Options were issued pursuant to invitations made to various Strike personnel being 'Eligible Participants' under the Company's Securities Incentive Plan (SIP)⁷.

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

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

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

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

5 Refer Strike's ASX Announcement dated 10 September 2021: Lapse of Unlisted Options

6 Refer Strike's ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

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

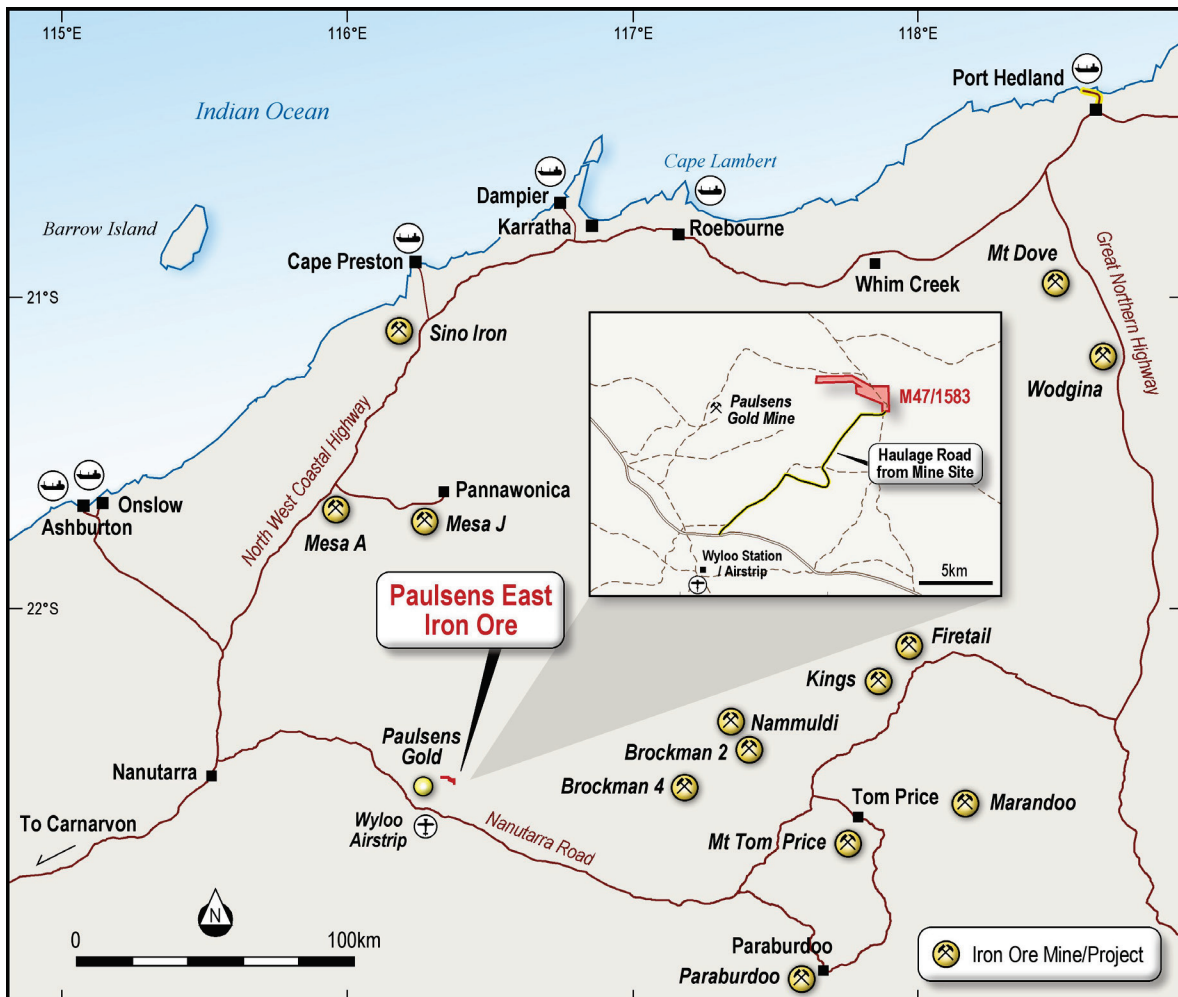
DIRECTORS' REPORT

REVIEW OF OPERATIONS


Paulsens East Iron Ore Project (Pilbara, Western Australia)

(Strike – 100%)

The Paulsens East Iron Ore Project (**Paulsens East** or **Project**) is located ~10km from Northern Star Resources Limited's (ASX:NST) Paulsens Gold Mine, ~235km by road east of Onslow (and Port of Ashburton) and ~600km by road south of Port Hedland (refer Figure 1). The Project is ~20km from the private Wyloo Station airstrip previously used by the Paulsens Gold Mine, which is suitable to support the transport of a FIFO workforce (refer Figure 1).



Paulsens East Iron Ore Project, Pilbara, Western Australia



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Figure 1: Paulsens East Project Location, West Pilbara

DIRECTORS' REPORT

A\$10M Project Finance Secured and Advancement of Project

On 28 February 2022⁸, Strike announced that it had secured a US\$7.2 million (~A\$10 Million) project finance loan facility for the Stage 1 Development of Paulsens East (**Facility**) with Good Importing International Pty Limited (**GII**) and was proceeding to the execution of agreements with contractors and preparing to mobilise to site to commence construction.

The Facility provides sufficient funding for Strike to commence Stage 1 Production at Paulsens East and the export of direct shipping ore (**DSO**) out of the Utah Point Multi-User Bulk Handling Facility at Port Hedland (**Utah Point**).

GII is an international iron ore trading company currently involved in iron ore offtake into China from various countries including Australia and South Africa and have previously been involved as an offtake partner for a number of Australian iron ore producers.

GII has previously provided a US\$7 Million prepayment facility for Strike's Peruvian iron ore operations to fund first ore on ship.⁹ GII (and associates) are also substantial (currently 5.26%) shareholders of Strike.

The key terms of the Facility with GII are summarised in Note 13(b) (Events Occurring After The Reporting Period - US\$7.2M Project Finance and Exclusive Market/Sales Agency - Paulsens East Iron Ore Project) of the accompanying financial statements for the half year ended 31 December 2021 and Strike's ASX Announcement dated 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project.

Commencement of Construction

On 14 March 2022¹⁰, Strike announced that it had commenced construction of a 18km haulage road to connect the Paulsens East mine to the public Nanutarra Road (**Haul Road**). Construction of the Haul Road is the first step in the Stage 1 Production development of Paulsens East, connecting the Paulsens East mine to the public road network. Once the Haul Road is completed, four trailer 'quad' road-trains will carry DSO from the mine along the Haul Road to Nanutarra Road. From there, trucks will travel west along Nanutarra Road before heading north along the North West Coastal Highway to Port Hedland (refer Figure 1).

Construction of the Haul Road is expected to take ~10 to 12 weeks, during which time Strike proposes to execute outstanding contracts with key suppliers and preferred contractors for mining and truck (road train) haulage to Utah Point. Mining at Paulsens East to create the first stockpiles of lump DSO for shipment is expected to commence by mid-April 2022.

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

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

10 Refer Strike's ASX Announcement dated 14 March 2022: Development Underway at Paulsens East Iron Ore Project as Construction of Haulage Road Begins

DIRECTORS' REPORT



Figure 2: Commencement of Construction of Haul Road at Intersection to Public Nanutarra Road (foreground)

Updated Feasibility Study

On 4 February 2022¹¹, Strike announced the completion of an Updated Feasibility Study (**Updated Study**) to reflect a two stage development with optimised mining operations that reduces Capex and Opex and improves project economics based on current market price of iron ore:

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

Other key highlights from the Updated Study are as follows:

- Project economics has significant sensitivity to the iron ore price but will remain attractive at a Benchmark iron ore price of US\$110/t or above:
 - At US\$110/t, Paulsens East has a forecast **net cashflow of ~\$138 Million** and **NPV of ~\$104 Million** and an **IRR of 132%** over an initial 3.5 year mine life.
 - If US\$135/t (versus recent current prices exceeding US\$150/t) is sustained over LOM, Paulsens East has the potential to generate **\$309 Million** in **net cashflows**.
- Average C1 Costs of ~US\$60/t for LOM and total LOM breakeven price of ~US\$87/t CIF (Cost, Insurance, Freight) China (and inclusive of royalties).

¹¹ Refer Strike's ASX Announcement dated 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs - the Company confirms that all material assumptions underpinning the production targets and forecast financial information derived from the production targets in this announcement continue to apply and have not materially change

DIRECTORS' REPORT

- Total Production Capex required is ~\$3.4 Million for Stage 1 Production.
- A further Capex of ~\$3 Million is required to ramp up to Stage 2 full annualised production of ~2Mtpa, which is to be partially funded from Stage 1 cash flows.
- Production ramp up to ~2Mtpa over a mine life of 3.5 years is proposed, with an estimated 75% of production being DSO Lump (~62% Fe) which would attract premium pricing.
- Opportunity to extend mine life based upon surface outcropping of high grade iron ore along strike and historical drill intersection ~1.6km along the current hematite ridge at the south-eastern corner of the mining lease.
- Further opportunity to potentially increase LOM as the adoption of a lower cut-off grade of ore of >55% Fe (currently >58% Fe) increases global resource size to a JORC Indicated Mineral Resource of 12.5Mt grading 60.08% Fe - subject to further refinement in relation to pit optimisation, mining and ore upgrading.
- All key mining approvals and permits required to commence mining have been received; permitting is currently in progress for Stage 2 Production export out of Port of Ashburton and associated road and related approvals.

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

Financial Metrics	Unit	Updated Study Outcomes	
		Benchmark Iron Ore Price US\$135/t ¹²	Benchmark Iron Ore Price US\$110/t ³
Life of Mine Revenue	A\$M	1,084	892
Operating Net Cashflow	A\$M	309	138
NPV	A\$M	245	104
IRR	%	284	132
Capex Payback Period	Months	10	11

Table 1: Updated Study Financial Metrics (pre-tax)

Operating Metrics	Unit	Updated Study Outcomes
Peak Annual Ore Production	Mtpa	2
Average Strip Ratio	Waste:Ore	3.1 : 1
Processing Losses	%	4
Lump to Fines Ratio	Lump:Fines	75:25
Initial LOM	Years	3.5
Total Ore Production	Mt	6.3
Average C113 Costs (refer Table 4)	US\$/t	~60
Total LOM Breakeven price CIF China ¹⁴	US\$/t	~87

Table 2: Updated Study Operating Metrics

12 Constant over LOM

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

14 CIF means Cost, Insurance, Freight; inclusive of royalties, administration and marketing costs

DIRECTORS' REPORT

Key Assumptions	Unit	Updated Study Inputs	
		Benchmark Iron Ore Price US\$135/t LOM	Benchmark Iron Ore Price US\$110/t LOM
Benchmark Price	US\$/t	135	110
Lump Premium (per dry metric tonne unit)	US\$/dmtu	0.20	0.20
Price received – Lump (62% Fe)	US\$/t	141	116
Price received – Fines (59% Fe)	US\$/t	94	78
US\$/A\$ Exchange Rate	US\$/A\$	0.725	0.725
Discount Rate	%	8	8

Table 3: Updated Study Key Assumptions (constant over LOM)

Financial Metrics	Unit	Updated Study Outcome
C1 Cost Year 1	US\$/t	60.8
C1 Cost Year 2	US\$/t	59.1
C1 Cost Year 3	US\$/t	58.7
C1 Cost Year 4	US\$/t	59.7
Average C1 ¹³ Costs	US\$/t	59.4

Table 4: Expected C1 Costs (US\$)

Operating Costs (Opex)	Unit	Updated Study Outcome
Mining and Processing Costs	A\$/t	32
Haulage and Port Costs	A\$/t	50
Shipping Costs	A\$/t	23

Table 5: Operating Costs (A\$)

Capital Costs (Capex)	Stage 1 A\$M	Stage 2 A\$M
Mobilisation and Setup	0.3	0.5
Mining Administration Centre Setup	0.1	1.1
Ore Sorter Setup	-	0.8
Earthworks and Civils (including Haulage Road)	2.5	-
Nanutarra Road T-Junction Intersection	0.4	-
Port Cost	-	0.5
Contingency	0.2	0.1
Total Production Capex	3.4	3.0
De-Mobilisation and Rehabilitation	-	1.5
Total Capex	3.4	4.5

Table 6: Expected Capital and Pre-Start Costs (A\$)

The forecast Paulsens East 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 Million¹⁵.

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

For further details on the Study, refer to Strike's ASX Announcement dated 4 February 2022: Updated Paulsens East Feasibility Study – Optimised Staged Production and Lower Capex and Opex Costs.

15 Subject to compliance with Australian tax laws

DIRECTORS' REPORT

Project JORC Mineral Resource and Ore Reserve

The Project consists of a ~3km long outcropping high-grade hematite ridge (refer Figure 2), containing a **JORC Indicated Mineral Resource of 9.6 Million tonnes at 61.1% Fe**, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P (at a cut-off grade of 58% Fe).¹⁶

Table 7 shows the Paulsens East JORC Indicated Mineral Resource for a range of cut-off grades:

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

Table 7: Paulsens East JORC Indicated Mineral Resource estimate from Hematite Ridge using a range of lower cut-off wireframes

As part of the completion of the October 2020 Feasibility Study¹⁷, part of the JORC Indicated Mineral Resource of **9.6 Million tonnes at 61.1% Fe**, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P (at a cut-off grade of 58% Fe) was converted to a **JORC Probable Ore Reserve of 6.2 Million tonnes at 59.9% Fe**, 7.43% SiO₂, 3.77% Al₂O₃ and 0.086% P (at a cut-off grade of 55% Fe).



Figure 2: Paulsens East Hematite Ridge

As part of the completion of the February 2022 Updated Feasibility Study¹¹, an additional **JORC Indicated Mineral Resource of 113,000 tonnes at 60.8% Fe, 6.9% SiO₂, 3.4% Al₂O₃, and 0.10% P** (at a cut-off grade of 58% Fe) has been delineated from the high-grade hematite rich detrital material¹⁸ at surface north of the hematite ridge (refer Figure 3).

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

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

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

DIRECTORS' REPORT



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

Optimised Mining Operations and Port Logistics

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

In order to provide a capital efficient ramp up of mining operations and to de-risk any potential port constraints, Strike proposes to adopt a two-stage approach to the commencement of its mining of iron ore at Paulsens East, with the first 400,000 tonnes of planned production to be exported through Utah Point at Port Hedland and subsequent production through the Port of Ashburton at Onslow.¹⁹ The advantages of Utah Point are that it is an existing facility that allows for early access, but with an attendant ~600 kilometres haulage cost from mine to Port.

Stage 1 Production and Export Through Utah Point, Port Hedland

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

Up to 400,000 tonnes of ore will be crushed and screened from these areas to produce DSO Lump and Fines products.

Mining, crushing and screening and haulage operations will be undertaken by specialist contractors with overall supervision and management provided by Strike's 'Owner's Team'. The detrital ore requires no drill and blast activities and will be undertaken predominantly through

¹⁹ Refer Strike's ASX Announcement dated 13 September 2021: Paulsens East Iron Ore Mining Operation Optimised

DIRECTORS' REPORT

very shallow trenching and screening operations.

The processed Lump and Fines products will be trucked from the mine to the Utah Point Multi-User Bulk Handling Facility at Port Hedland (**Utah Point**) for export to customers (in vessels of up to 65,000 tonne capacity). Strike is considering an interim stockpile area in or around Port Hedland where DSO inventory can be accumulated and 'sprinted' to the Utah Point receiving stockpile bunker once a shipment and berth slot has been secured.

Strike has received formal confirmation of capacity allocation from the Pilbara Ports Authority (**PPA**) at Utah Point for 200,000 tonnes per financial year. A formal multi-user access agreement with PPA is pending execution subject to Strike making a 'final investment decision', Strike and PPA finalising a Logistics Plan for haulage into the Utah Point facility and PPA undertaking a site visit to the Paulsens East mine site (once operational), to complete PPA's product approval process²⁰.

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

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

Stage 2 Production and Export Through Port of Ashburton, Onslow

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

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

Port of Ashburton

The Port of Ashburton (refer Figure 4) is a common user facility initially constructed for the Wheatstone Project and was recently transferred by Chevron to the control of the PPA.

The Port of Ashburton is located ~12km southwest from the town of Onslow and is ~235km from Paulsens East.

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

²⁰ Refer also Strike's ASX Announcement dated 28 October 2021: Export Allocation Received for Paulsens East

DIRECTORS' REPORT

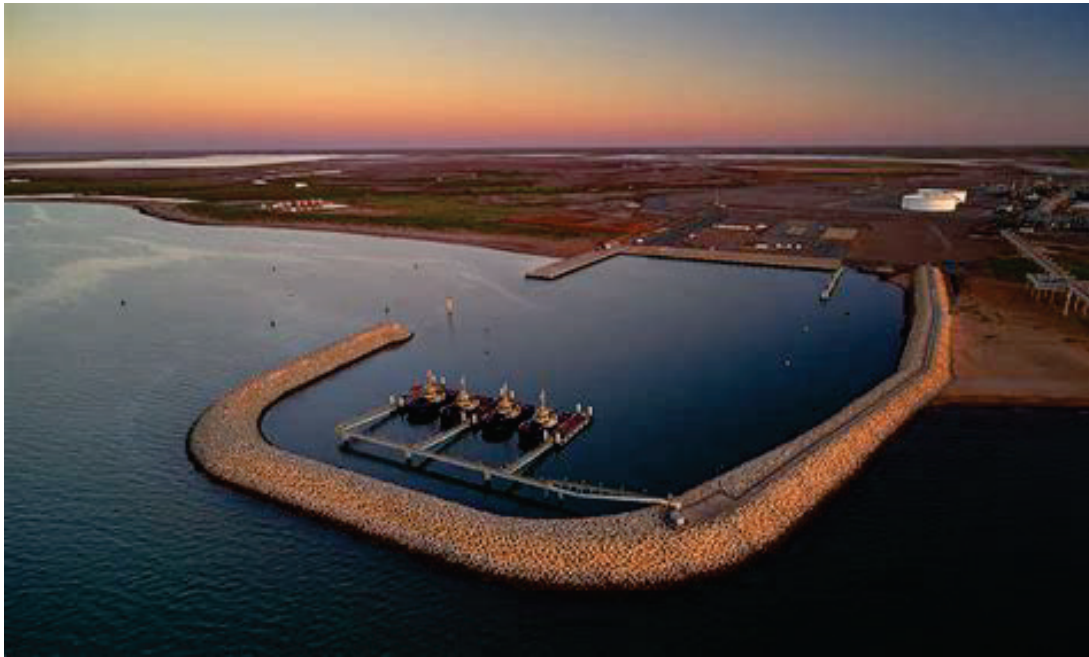


Figure 4: Port of Ashburton - Onslow

After consultation with the PPA, a Works Approval Application was lodged with the Department of Water and Environmental Regulation (DWER) on 14 October 2021 seeking approvals (pursuant to environmental legislation and regulations) for proposed operations at the Port of Ashburton.

Strike plans to finalise port operational requirements and logistics with the PPA during the DWER Works Approval review period (which is currently proceeding in the normal course), with the utilisation of the Port of Ashburton to be subject to normal commercial terms offered by the PPA for the use of Port facilities.

Loading of ore will be through transshipment operations with Strike having selected a preferred operator. Strike is currently finalising the terms of a transshipping contract with its preferred transshipment operator.

Strike has also lodged Miscellaneous Licence and General Purpose Lease applications for an area close to the Port of Ashburton to be used as a staging area for iron ore stockpiles prior to ship loading at the Port of Ashburton.

Regulatory Approvals and Access Agreements

Strike has secured key tenements, regulatory approvals and access agreements for the development of Paulsens East:

- Grant of a Mining Lease (M47/1583) for an initial term of 21 years²¹;
- Native Title Mining Agreement with the PKKP Aboriginal Corporation RNTBC (**PKKPAC**) - the PKKPAC holds native title on trust for the benefit of the Puutu Kunti Kurrama and Pinikura People (**PKKP**) Traditional Owners²²; the agreement provides an agreed framework for Strike to undertake its mining activities at Paulsens East in a way that minimises any impacts on Aboriginal Cultural Heritage; there is a strong focus on protection of Aboriginal heritage, including effective safeguards for the care and protection of the lands and rights of the PKKP peoples;

21 Refer Strike's ASX Announcement dated 7 September 2020: Grant of Mining Lease for Paulsens East Iron Ore Project

22 Refer Strike's ASX Announcement dated 17 August 2020: Native Title Agreement Paves Way for Iron Ore Development

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- Access Agreements with Pastoral Lease and Mining Tenement stakeholders²³;
- Grant of various Miscellaneous Mining Licences to facilitate and support mining operations, including the construction of the Haul Road;
- Mining Proposal (pertaining to approval to undertake mining operations on M47/1583 pursuant to mining legislation and regulations) from the WA Department of Mines, Industry Regulation and Safety (**DMIRS**)²⁴;
- Project Management Plan (pertaining to approval of mine site occupational health and safety management systems, pursuant to mines safety legislation) from DMIRS²⁵.
- Works Approval (pertaining to compliance with environmental legislation and regulations) from the WA Department of Water and Environmental Regulation (DWER);
- Native Vegetation Clearance Permits (pertaining to approvals pursuant to (including Commonwealth) environmental legislation and regulations) from DMIRS (under delegation by DWER); and
- Water licence and approval of water bores from DWER, to support the extraction and usage of water for mining operations.

All key mining approvals and permits required to commence Stage 1 mining have been received; permitting (with DMIRS and DWER) is currently in progress for Stage 2 Port of Ashburton environmental and associated road and other approvals which are expected to be completed prior to the completion of Stage 1 mining operations.

ASX Announcements

For further details, please refer to Strike's announcements on the Apurimac Iron Ore Project during the financial year and subsequent to balance date:

- 14 March 2022: Development Underway at Paulsens East Iron Ore Project as Construction of Haulage Road Begins
- 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment
- 4 February 2022: Staged Production and Lower Capex - Opex for Paulsens East
- 28 October 2021: Export Allocation Received for Paulsens East
- 13 September 2021: Paulsens East Iron Ore Mining Operation Optimised
- 2 August 2021: Mining Proposal Approved by DMIRS for Paulsens East Iron Ore

23 Refer Strike's ASX Announcement dated 28 June 2021: Contractors Selected and Access Agreements Secured for Paulsens East

24 Refer Strike's ASX Announcement dated 2 August 2021: Mining Proposal Approved for Paulsens East Iron Ore Mine

25 Refer Strike's ASX Announcement dated 15 April 2021: DMIRS Approval of Project Management Plan for Paulsens East Iron Ore Mine

DIRECTORS' REPORT

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 (refer Figure 5).



Figure 5: 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)²⁶.

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.

Mining Operations at Apurimac

Strike has been mining high-grade surface deposits of DSO material from Apurimac via the process of engagement of local miners who are permitted, under Peruvian mining legislation, to mine up to 350 tonnes per day (or ~125,000 tonnes per annum) of iron ore from specific portions of a mining concession. Strike has engaged local trucking operators to transport DSO from the mine site to third-party crushing plants, where crushed DSO have also been stockpiled prior to transport into port for ship loading.

Offtake Agreement

Strike has executed an Offtake Agreement (for up to 300,000 tonnes per annum over a 2 year term) with Good Importing International Pty Limited (GII).²⁷

The terms of the 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.

²⁶ Refer Strike's ASX Announcement dated 20 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

²⁷ Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Offtake Agreement Signed with US\$2 Million Prepayment

DIRECTORS' REPORT

The Offtake Agreement incorporated a prepayment facility which Strike used to fund its maiden shipment completed in August 2021. These funds were offset against the proceeds of sale in respect of the first shipment.

Maiden Iron Ore Shipment to China

In 18 August 2021, Strike undertook its maiden export shipment of 35,000 tonnes of Apurimac Premium Lump DSO to China on MV Federal Nakagawa. MV Federal Nakagawa has discharged its cargo at Port in China to a Steel Mill customer and Strike has received payment in full. The shipment was organised under the terms of Strike's Offtake Agreement with GII.²⁸



Figure 6: Apurimac Premium Lump DSO being loaded on MV Federal Nakagawa in Peru for export to China

Independent analysis taken during loading of its first shipment of ore from Peru confirmed the exceptionally high-grade nature and quality of the Apurimac Premium Lump iron ore, with average specifications across the 35,000 tonne shipment as follows (refer Table 8):

Apurimac Premium Lump	%
Iron (Fe)	65.99
Silica (SiO ₂)	2.76
Alumina (Al ₂ O ₃)	0.65
Phosphorus (P)	0.059
Sulphur (S)	0.09
Moisture	1.06

Table 8: Apurimac Premium Lump DSO – First Shipment Analysis

Strike notes that the Offtake Agreement with GII is on a CFR basis (where Strike bears the cost of shipment). As such, Strike is exposed to the volatility associated with the cost of chartering of ships and also to Port congestion issues throughout the world. Port congestion in China is particularly significant as demurrage costs apply whilst ships are awaiting berthing to discharge their cargo. Accordingly, subsequent shipments to China will be subject to negotiation of an acceptable price with GII and securing a ship charter on terms acceptable to Strike.

28 Refer Strike's ASX Announcement dated 19 August 2021: Maiden Iron Ore Shipment from Peru

DIRECTORS' REPORT

Strike is in ongoing discussions with GII with regard to securing the next export shipment to China.

Industrial Trial Shipment to Chile

During October 2021, the Company completed a second shipment of 15,000 tonnes of Apurimac Premium Lump DSO to a South American steel mill (Buyer).²⁹

Independent analysis taken during loading of this second shipment of ore from Peru confirmed the continued exceptionally high-grade nature and quality of the Apurimac Premium Lump iron ore, with average specifications across the 15,000 tonne shipment as follows (refer Table 9):

Apurimac Premium Lump	%
Iron (Fe)	65.28
Silica (SiO ₂)	1.64
Alumina (Al ₂ O ₃)	0.86
Phosphorus (P)	0.052
Sulphur (S)	0.09
Moisture	0.62

Table 9: Apurimac Premium Lump DSO – Second Shipment Analysis

The shipment is being used by the Buyer as an industrial trial for their steel manufacturing facility where the Buyer has a requirement for long term, regular supplies of ore which could be potentially met by Strike from its Apurimac Project, if the trial is successful. The Buyer's discharge port is located approximately 6 days voyage from the loading port in Peru, which affords considerable saving in shipping costs compared to China (approximately 32 days voyage).

The shipment was made on an FOB basis with a competitive market price calculated by reference to the high grade nature of the Apurimac Lump DSO ore, attracting a premium for the grade and lump composition the ore.

Strike is in ongoing discussions with the Buyer with regard to securing further shipments of iron-ore.

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

DIRECTORS' REPORT

Andahuaylas Railway Development

In August 2021, the Peruvian Prime Minister, Guido Bellido, in a presentation to the Peruvian Congress, confirmed the Peru Government's plans (under a public-private partnership scheme) to build a railway linking among others, Strike's Apurimac Project to the port of San Juan de Marcona (**Railway Project**).³⁰

Local press in Peru also reported that the Minister of Energy and Mines, Iván Merino, said that the Railway Project could be started as early as 2023 and a first section could be inaugurated by President Pedro Castillo by the end of his term in July 2026.³¹

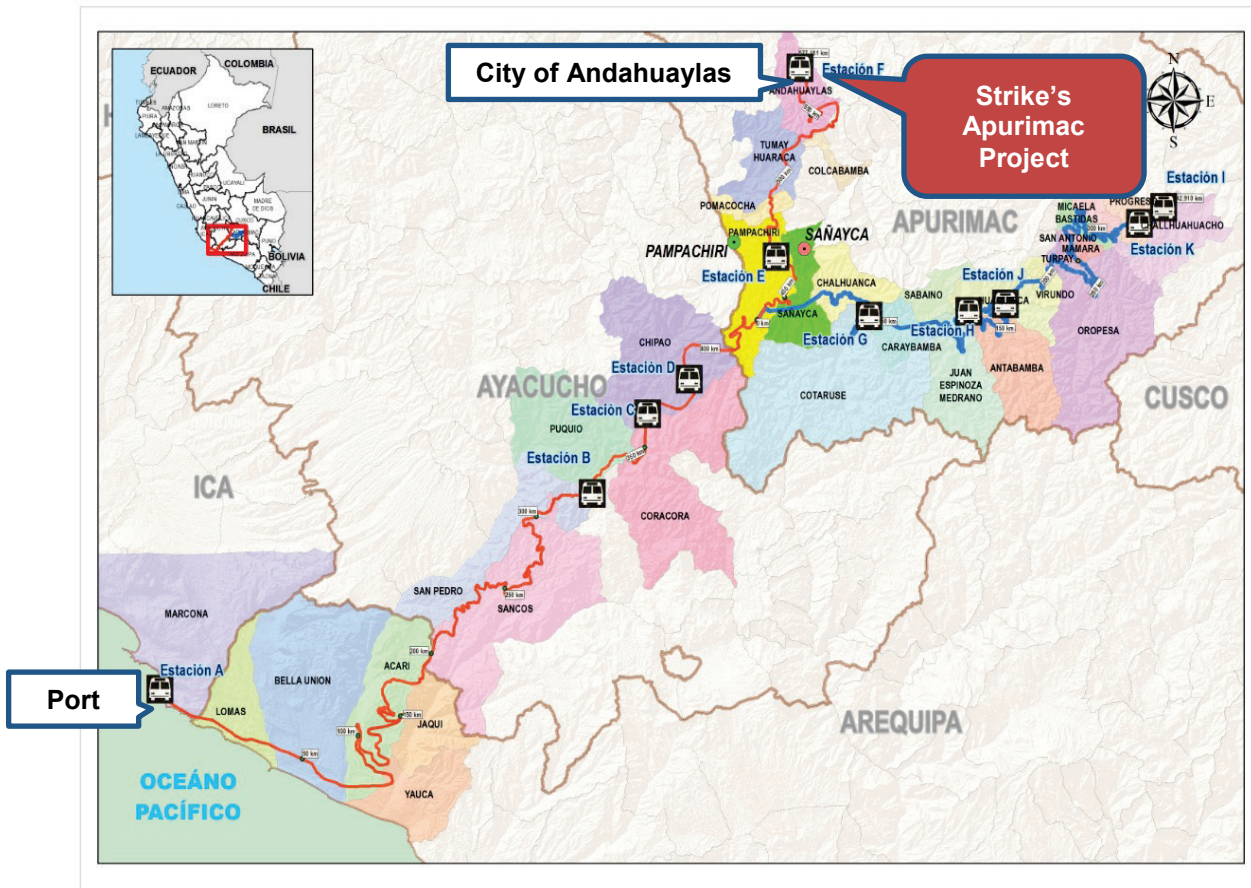


Figure 7 – Proposed Andahuaylas Railway Route (in red): Source MOTC

30 Refer also Strike's ASX Announcements dated:

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

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

DIRECTORS' REPORT

Feasibility Studies

Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008³² (subsequently updated in 2010³³), which indicated the clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs:

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

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

Strike is considering the outcomes of such review and gap and trade-off analyses and whether to undertake the next stage of works (proposed by Ausenco) to examine in more detail the updated capital and operating costs associated with a 15 - 20 million tonne per annum production profile of a concentrate product using a slurry pipeline for transport to port. The Company believes that this work may be an important step in advancing this globally significant project, in particular given the widely reported intent of Chinese steel mills to secure long term strategic sources of high-grade iron ore from countries other than Australia and Brazil.

This commencement of this further study will involve the allocation of a significant amount of Strike's available working capital and accordingly the commencement of such study will be a function of the competing capital requirements of the Company including the potential commencement of iron ore production from one or more of Strike's iron ore projects and the required capital for the same.

ASX Announcements

For further details, please refer to Strike's announcements on the Apurimac Iron Ore Project during the financial year and subsequent to balance date:

- 21 September 2021: Peru Iron Ore Update and Hedging Position
- 9 September 2021: Second Iron Ore Shipment from Peru
- 31 August 2021: Peruvian Prime Minister Confirms Railway Connecting Strike's Apurimac Project to Port
- 19 August 2021: Maiden Iron Ore Shipment from Peru
- 16 August 2021: Loading of Maiden Iron Ore Shipment Underway in Peru
- 28 July 2021: Maiden Iron Ore Shipment in Peru Imminent - Vessel Chartered and Ore Moving to Port for Loading

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

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

DIRECTORS' REPORT

Quarterly Reports

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

- 1 February 2022: Quarterly Activities and Cash Flow Report - 31 December 2021;
- 29 October 2021: Quarterly Activities and Cash Flow Report - 30 September 2021; and
- 2 August 2021: Quarterly Activities and Cash Flow Reports for June 2021.

BOARD OF DIRECTORS

Farooq Khan	Executive Chairman
<i>Appointed</i>	18 December 2015; Director since 1 October 2015
<i>Qualifications</i>	BJuris, LLB (<i>Western Australia</i>)
<i>Experience</i>	Farooq Khan is a qualified lawyer having previously practised principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and the executive management of ASX-listed companies. In particular, Mr Khan has guided the establishment and growth of a number of public listed companies in the investment, mining and financial services sector. He has considerable experience in the fields of capital raisings, mergers and acquisitions and investments.
<i>Special responsibilities</i>	Member of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in securities</i>	1,813,231 shares (held jointly) 3,750,000 Directors' options (\$0.185, 3 December 2023) ³⁴
<i>Other current directorships in listed entities</i>	Executive Chairman of: Orion Equities Limited (ASX:OEQ) (since 23 October 2006) Bentley Capital Limited (ASX:BEL) (since 2 December 2003) Executive Chairman and Managing Director of: Queste Communications Ltd (ASX:QUE) (since 10 March 1998) Executive Director of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)

³⁴ Refer Strike's ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – F Khan

DIRECTORS' REPORT

William Johnson **Managing Director**

<i>Appointed</i>	25 March 2013; Director since 14 July 2006
<i>Qualifications</i>	MA (Oxon), MBA
<i>Experience</i>	William Johnson holds a Masters Degree in Engineering Science from Oxford University, England and an MBA from Victoria University, New Zealand. His 35-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.
<i>Special responsibilities</i>	None
<i>Relevant Interests in securities</i>	349,273 shares (held jointly) 4,500,000 Directors' options (\$0.185, 3 December 2023) ³⁵
<i>Other current directorships in listed entities</i>	Executive Director of Bentley Capital Limited (ASX:BEL) (since 1 January 2016; Director since March 2009) Executive Chairman of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)

Malcolm Richmond **Non-Executive Director**

<i>Appointed</i>	25 October 2006; previously Chairman (3 February 2011 to 18 December 2015)
<i>Qualifications</i>	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) (<i>New South Wales</i>)
<i>Experience</i>	Mr Richmond has 30 years' experience with the Rio Tinto and CRA Groups in a number of positions including: Vice President, Strategy and Acquisitions; Managing Director, Research and Technology; Managing Director, Development (Hamersley Iron Pty Limited) and Director of Hismelt Corporation Pty Ltd. He was formerly Deputy Chairman of the Australian Mineral Industries Research Association and Vice President of the WA Chamber of Minerals and Energy. Mr Richmond has also served as a Member on the Boards of a number of public and governmental bodies and other public listed companies. He is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. His special interests include corporate strategy and the development of markets for internationally traded minerals and metals - particularly in Asia. Mr Richmond served as Visiting Professor at the Graduate School of Management and School of Engineering, University of Western Australia until January 2012 and is a Fellow of the Australian Academy of Technological Sciences & Engineering, a Fellow of Australian Institute of Mining and Metallurgy and a Member of Strategic Planning Institute (US).
<i>Special responsibilities</i>	Chairman of the Audit Committee Member of the Remuneration and Nomination Committee
<i>Relevant Interests in securities</i>	750,000 Directors' options (\$0.185, 3 December 2023) ³⁶
<i>Other current directorships in listed entities</i>	Non-Executive Director of Argonaut Resources NL (ASX:ARE) (since 14 March 2012)

³⁵ Refer Strike's ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – W Johnson

³⁶ Refer Strike's ASX Announcement dated 20 January 2021: Change of Director's Interest Notice – M Richmond

DIRECTORS' REPORT

Matthew Hammond Non-Executive Director

<i>Appointed</i>	25 September 2009
<i>Qualifications</i>	BA (Hons) (Bristol)
<i>Experience</i>	Mr Hammond was, until recently, Group Managing Director and CFO of VK Company (formerly Mail.ru Group), a leading European Internet communication and entertainment services group, which is listed on the London Stock Exchange. Prior to that he was Group Strategist for Metalloinvest Holdings, where he had broad-ranging responsibilities for part of the non-core asset portfolio and advised the Metalloinvest Board on strategic acquisitions and investments. He began his career at Credit Suisse and was Sector Head in Equity Research and in Private Bank Ultra High Net Worth Client Advisory advising on portfolio allocation, strategic M&A and individual investments. As a Technology Analyst at Credit Suisse, he was ranked #1 in the Extell and Institutional Investor surveys 8 times.
<i>Special responsibilities</i>	Chairman of the Remuneration and Nomination Committees Member of the Audit Committee
<i>Relevant Interests in securities</i>	750,000 Directors' options (\$0.185, 3 December 2023) ³⁷
<i>Other current directorships in listed entities</i>	Managing Director and Chief Financial Officer of VK Company Limited (formerly Mail.Ru Group Limited) (LSE:VKCO) (since April 2011; Director since May 2010; CFO since June 2013 – VKCO announced on 7 March 2022 that Mr Hammond was stepping down as Managing Director and CFO)

Victor Ho Executive Director and Company Secretary

<i>Appointed</i>	Director since 24 January 2014; Company Secretary since 30 September 2015
<i>Qualifications</i>	BCom, LLB (Western Australia), CTA
<i>Experience</i>	Victor Ho has been in Executive roles with a number of ASX-listed companies across the investments, resources and technology sectors over the past 22 years. Mr Ho is a Chartered Tax Adviser (CTA) and previously had 9 years' experience in the taxation profession with the Australian Tax Office (ATO) and in a specialist tax law firm. Mr Ho has been actively involved in the investment management of listed investment companies (as an Executive Director and/or a member of the Investment Committee), the structuring and execution of a number of corporate, M&A and international joint venture (in South America (Peru, Chile and Argentina), Indonesia and the Middle East (Saudi Arabia and Oman)) transactions, capital raisings and capital management initiatives and has extensive experience in public company administration, corporations' law and ASX compliance and investor/shareholder relations.
<i>Special responsibilities</i>	Secretary of Audit Committee and Remuneration and Nomination Committee
<i>Relevant Interests in securities</i>	2,250,000 Directors' options (\$0.185, 3 December 2023) ³⁸
<i>Other current directorships in listed entities</i>	Executive Director (also Company Secretary) of: Orion Equities Limited (ASX:OEQ) (Secretary since 2 August 2000 and Director since 4 July 2003) Queste Communications Ltd (ASX:QUE) (Secretary since 30 August 2000 and Director since 3 April 2013) Company Secretary of Bentley Capital Limited (ASX:BEL) (since 5 February 2004) Company Secretary of Lithium Energy Limited (ASX:LEL) (since 14 January 2021)

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

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

DIRECTORS' REPORT

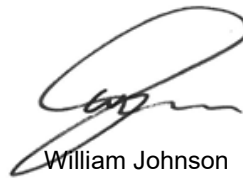
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* forms part of this Directors Report and is set out on page 23. This relates to the Auditor's Independent Review Report, where the Auditors state that they have issued an independence declaration.

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



Farooq Khan
Executive Chairman



William Johnson
Managing Director

15 March 2022



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

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

As lead auditor of the review of Strike Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Dalla', written over a white background.

**Daniel Dalla
Partner**

15 March 2022



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2021

	Note	31 Dec 21	31 Dec 20
REVENUE	2	\$	\$
Sales of iron ore		9,128,021	-
Cost of goods sold		(9,842,032)	-
		(714,011)	-
Other			
Net gain on financial assets at fair value through profit or loss		18,449	39,580
Dividend revenue		4,851	890
Interest revenue		22	887
Other income		1,648	50,000
TOTAL REVENUE AND INCOME		(689,041)	91,357
EXPENSES	3		
Share of Associate entity's net loss		(749,345)	-
Mining expenses			
Mining production expenses		(174,800)	-
Exploration and evaluation expenses		-	(11,742)
Impairment loss/(reversal)		-	(372)
Personnel expenses		(1,009,741)	(242,263)
Corporate expenses		(336,252)	(194,687)
Occupancy expenses		(125,486)	(24,585)
Finance expenses		(12,177)	(2,558)
Foreign exchange loss		(227,030)	(46,490)
Administration expenses		(436,555)	(101,019)
LOSS BEFORE INCOME TAX		(3,760,427)	(532,359)
Income tax expense		-	-
LOSS FOR THE HALF YEAR		(3,760,427)	(532,359)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income, Net of Tax			
Exchange differences on translation of foreign operations		467,367	(135,352)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(3,293,060)	(667,711)
LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted loss per share (cents)	5	(1.39)	(0.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	31 Dec 21	30 Jun 21
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	6	2,676,128	6,449,512
Financial assets at fair value through profit or loss		2,340	238,061
Inventory	7	-	1,353,363
Receivables		318,468	207,242
Other current assets		1,123,538	14,095
TOTAL CURRENT ASSETS		4,120,474	8,262,273
NON-CURRENT ASSETS			
Investment in Associate entity	9	5,783,094	6,532,439
Resource projects	8	4,297,144	3,438,629
Property, plant and equipment		316,981	402,651
TOTAL NON-CURRENT ASSETS		10,397,219	10,373,719
TOTAL ASSETS		14,517,693	18,635,992
CURRENT LIABILITIES			
Payables		1,184,966	2,037,490
Provisions		152,910	125,625
TOTAL CURRENT LIABILITIES		1,337,876	2,163,115
TOTAL LIABILITIES		1,337,876	2,163,115
NET ASSETS		13,179,817	16,472,877
EQUITY			
Issued capital		159,420,982	159,420,982
Reserves			
Share-based payments reserve		13,402,658	13,402,658
Profits reserve		24,402,692	6,585,022
Foreign currency translation reserve		2,137,514	1,670,147
Accumulated losses		(186,184,029)	(164,605,932)
TOTAL EQUITY		13,179,817	16,472,877

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2021

	Issued capital	Share-based payments reserve	Profits reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JUL 2020	151,049,893	13,233,026	-	1,832,935	(161,880,785)	4,235,069
Loss for the half year	-	-	-	-	(532,359)	(532,359)
Other comprehensive income	-	-	-	(135,352)	-	(135,352)
Total comprehensive loss for the half year	-	-	-	(135,352)	(532,359)	(667,711)
Transactions with owners in their capacity as owners:						
Issue of shares	4,000,000	-	-	-	-	4,000,000
Cost of issued shares	(270,579)	-	-	-	-	(270,579)
Share based payments	-	65,597	-	-	-	65,597
BALANCE AT 31 DEC 2020	154,779,314	13,298,623	-	1,697,583	(162,413,144)	7,362,376
BALANCE AT 1 JUL 2021	159,420,982	13,402,658	6,585,022	1,670,147	(164,605,932)	16,472,877
Profit for the half year	-	-	-	-	(3,760,427)	(3,760,427)
Profits reserve transfer	-	-	17,817,670	-	(17,817,670)	-
Other comprehensive income	-	-	-	467,367	-	467,367
Total comprehensive income/(loss) for the half year	-	-	17,817,670	467,367	(21,578,097)	(3,293,060)
BALANCE AT 31 DEC 2021	159,420,982	13,402,658	24,402,692	2,137,514	(186,184,029)	13,179,817

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2021

	Note	31 Dec 21 \$	31 Dec 20 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sale of iron ore		9,128,021	-
Payments to suppliers and employees		(712,566)	(436,821)
Payments for mining production		(9,872,158)	(1,918,922)
Other receipts		1,648	50,000
NET CASH USED IN OPERATING ACTIVITIES		(1,455,055)	(2,305,743)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		22	887
Dividends received		4,851	890
Payment for mine development		(1,320,605)	-
Payment for purchases of mining equipment		(60,438)	(821)
Payment for purchases of office equipment		(10,247)	-
Proceeds from disposal of office equipment		1,831	-
Proceeds from realisation of share investments		254,170	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(1,130,416)	956
CASH FLOWS FROM FINANCING ACTIVITIES			
Prepayments received - Offtake and Financing Agreement (Peru)		8,011,088	-
Reversal of prepayments against recognition of Receipts		(9,439,338)	-
Issue of shares		-	4,000,000
Cost of issuing shares		-	(270,579)
Issue of options		-	65,597
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(1,428,250)	3,795,018
NET INCREASE/(DECREASE) IN CASH HELD		(4,013,721)	1,490,231
Cash and cash equivalents at beginning of financial half year		6,449,512	3,241,161
Effect of exchange rate changes on cash held		240,337	(181,843)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL HALF YEAR	6	2,676,128	4,549,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The half year financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These half year financial statements do not include notes of the type normally included in the annual financial statements and should be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2021 to the date of this report.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial statements are consistent with those adopted and disclosed in the Consolidated Entity's financial statements for the financial year ended 30 June 2021.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

2. REVENUE

	31 Dec 21	31 Dec 20
	\$	\$
The Consolidated Entity's operating profit/(loss) before income tax includes the following items of revenue:		
Revenue		
Sales of iron ore	9,128,021	-
Cost of goods sold	(9,842,032)	-
	(714,011)	-
Other		
Net gain on financial assets at fair value through profit or loss	18,449	39,580
Dividend revenue	4,851	890
Interest revenue	22	887
Other income	1,648	50,000
	(689,041)	91,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2021

3. EXPENSES	31 Dec 21	31 Dec 20
	\$	\$
The Consolidated Entity's operating profit/(loss) before income tax includes the following items of expenses:		
Share of Associate entity's net loss	749,345	-
Mining expenses		
Mining production expenses	174,800	-
Exploration and evaluation expenses	-	11,742
Impairment loss/(reversal)	-	372
Personnel expenses		
Salaries, fees and employee benefits	1,009,741	242,263
Corporate expenses		
Professional fees	160,006	40,926
ASX and CHES fees	47,814	44,320
ASIC fees	1,582	2,999
Accounting, taxation and related administration	101,490	82,968
Audit	12,000	4,000
Share registry	10,043	11,774
Other corporate expenses	3,317	7,700
Occupancy expenses	125,486	24,585
Finance expenses	12,177	2,558
Foreign exchange loss	227,030	46,490
Administration expenses		
Insurance	48,070	18,538
Office administration	49,147	21,368
Travel, accommodation and incidentals	16,798	300
Depreciation	154,524	945
Other administration expenses	168,016	59,868
	3,071,386	623,716

4. SEGMENT INFORMATION

31 Dec 21	Peru \$	Australia \$	Total \$
Gross profit/(loss)	(714,011)	-	(714,011)
Other	-	24,970	24,970
Total segment revenues and other income	(714,011)	24,970	(689,041)
Share of Associate entity's net loss	-	749,345	749,345
Mining expenses	115,031	59,769	174,800
Personnel expenses	85,078	924,663	1,009,741
Corporate expenses	131,830	204,422	336,252
Finance expenses	5,946	6,231	12,177
Depreciation expense	-	154,524	154,524
Other expenses	238,683	395,864	634,547
Total segment profit/(loss)	(1,290,579)	(2,469,848)	(3,760,427)
Adjusted EBITDA	(1,290,579)	(2,624,372)	(3,914,951)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2021

4. SEGMENT INFORMATION (continued)

	Peru \$	Australia \$	Total \$
31 Dec 21			
Total segment assets	2,163,743	12,353,950	14,517,693
Total segment liabilities	921,802	416,074	1,337,876
31 Dec 20			
Revenue	-	887	887
Other	-	90,470	90,470
Total segment revenues	-	91,357	91,357
Exploration and evaluation expenses	7,305	4,809	12,114
Personnel expenses	-	242,263	242,263
Corporate expenses	21,483	173,204	194,687
Finance expenses	1,552	1,006	2,558
Depreciation expense	-	945	945
Other expenses	32,216	138,933	171,149
Total segment loss	(62,556)	(469,803)	(532,359)
Adjusted EBITDA	(62,556)	(470,748)	(533,304)
30 Jun 21			
Total segment assets	1,603,676	17,032,316	18,635,992
Total segment liabilities	129,344	2,033,771	2,163,115

5. LOSS PER SHARE

	31 Dec 21 cents	31 Dec 20 cents
Basic and diluted loss per share	(1.39)	(0.25)

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

Net loss after income tax	(3,760,427)	(532,359)
	Shares	Shares
Weighted average number of ordinary shares	270,000,000	213,873,398

6. CASH AND CASH EQUIVALENTS

	31 Dec 21 \$	30 Jun 21 \$
Cash at bank	2,676,128	5,314,320
Term deposits	-	1,135,192
	2,676,128	6,449,512

7. INVENTORY

Iron ore - work-in-progress	-	1,353,363
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 December 2021

8. RESOURCE PROJECTS	31 Dec 21	30 Jun 21
	\$	\$
Opening balance	3,438,629	1,016,713
Mine development	858,515	1,786,004
Impairment loss/(reversal)	-	635,912
Closing balance	4,297,144	3,438,629

9. INVESTMENT IN ASSOCIATE ENTITY	Ownership interest		31 Dec 21	30 Jun 21
	31 Dec 21	30 Jun 21	\$	\$
Lithium Energy Limited (ASX:LEL)	43%	43%	5,783,094	6,532,439

Lithium Energy was a spin-out of the battery minerals (Solaroz Lithium Project (Argentina) and Burke Graphite Project (Queensland)) assets previously held by the Consolidated Entity.

	31 Dec 21	30 Jun 21
	\$	\$
Movements in carrying amounts		
Opening balance	6,532,439	-
Acquisition of shares	-	2,500
Transfer of subsidiaries to Lithium Energy	-	6,880,000
Share of net loss after tax	(749,345)	(350,061)
	5,783,094	6,532,439

Fair value (at market price on ASX) of investment in Associate entity	31,657,200	12,731,700
Net asset value of investment	6,281,904	6,453,120

Summarised statement of profit or loss and other comprehensive income

Revenue	17,795	38,309
Expenses	(1,774,994)	(1,166,670)
Loss before income tax	(1,757,199)	(1,128,361)
Income tax expense	-	-
Loss after income tax	(1,757,199)	(1,128,361)
Other comprehensive income	14,825	60,572
Total comprehensive income	(1,742,374)	(1,067,789)

Summarised statement of financial position

Current assets	7,554,939	8,151,258
Non-current assets	7,158,610	7,041,137
Total assets	14,713,549	15,192,395
Current liabilities	106,890	187,624
Total liabilities	106,890	187,624
Net assets	14,606,659	15,004,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

10. COMMITMENTS

(a) Lease Commitments

The Company has entered into a non-cancellable operating lease agreement for office premises. The lease is for a period of 12 months with options to extend for further period(s). The office accommodation is shared with other companies, who have agreed to share payment of the lease costs (including outgoings).

Exceptions to lease accounting

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

(b) Mineral Tenements/Concessions - Commitments

(i) Australian Tenements

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

(ii) Peruvian Mineral Concessions

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

11. CONTINGENCIES

(a) Directors' Deeds

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

(b) Paulsens East Tenement - Royalty

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

(c) Government Royalties

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

11. CONTINGENCIES (continued)

(d) Native Title Mining Agreement

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

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

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

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

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

The Consolidated Entity has royalty payment obligations as follows:

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

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

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

(f) Legal Disputes Over Peru Mineral Concessions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half year ended 31 December 2021

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Issue of 3,100,000 unlisted 3,100,000 SIP Options (\$0.185, 14 February 2025)

On 15 February 2022, the Company issued 3,100,000 SIP Options (\$0.185, 14 February 2025) for nil consideration pursuant to invitations made to various personnel being 'Eligible Participants' under the Company's Securities Incentive Plan (SIP). Also refer to the Company's ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK.

(b) US\$7.2M Project Finance and Exclusive Market/Sales Agency - Paulsens East Iron Ore Project

On 25 February 2022, the Consolidated Entity entered into a binding term sheet for project financing and exclusive market/sales agency in relation to the Paulsens East Iron Ore Project (**Project**) with Good Importing International Pty Limited (**GII**). The key terms of the term sheet are as follows:

- (i) US\$7.2 million (~A\$10 million) loan with draw-down (at the Consolidated Entity's election) in 3 tranches (of US\$2.5M, US\$2.5M and US\$2.2M) based on Paulsens East development requirements relating to the construction of the haulage road, the creation of an initial iron ore stockpile and the haulage and export of iron ore from Utah Point in Port Hedland, Western Australia (Loan);
- (ii) Interest rate: 10%pa;
- (iii) Term: 50% is repayable 18 months after Tranche 1 draw-down with the balance due 24 months after Tranche 1 draw-down;
- (iv) GII to be granted exclusive marketing rights for first 6.35Mt of iron ore from the Project, with a marketing fee payable (reducing by one-third once the Loan has been repaid in full);
- (v) Marketing arrangement may transition to an offtake arrangement (with no applicable marketing fees), on terms to be agreed by the parties; and
- (vi) The Facility is secured over the Project assets (including the tenements) and shares in the subsidiary companies that hold the Project.

Also refer to the Company's ASX Announcement dated 28 February 2022: Funding Secured and Production to Commence at Paulsens East Iron Ore Project.

The Consolidated Entity has not yet drawn-down any Loan funds under the agreement.

(c) Paulsens East Iron Ore Development Contracts

The Consolidated Entity has entered into a number of contracts/engagements/other commitments in relation to the development of the Project, including construction of the haulage road to connect the mine site to the public Nanutarra Road and the provision of fuel and water supplies. These commitments will be funded from the Consolidated Entity's existing cash reserves and the GII Loan. Further commitments will be finalised in relation to mining services, truck (road train) haulage services, accommodation facilities and services, health and safety services and telecommunications services. These expenditures will be capitalised (as a Mine development asset) or expensed (as Mining production expenses) as applicable and appropriate in accordance with the Accounting Standards and the Consolidated Entity's Accounting Policies.

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

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Strike Resources Limited made pursuant to sub-section 303(5) of the *Corporations Act 2001 (Cth)*, we state that:

In the opinion of the Directors:

- (1) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the financial half year ended on that date; and
 - (b) complying with Accounting Standards AASB 134 "Interim Financial Reporting", *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (2) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Farooq Khan
Executive Chairman



William Johnson
Managing Director

15 March 2022



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
STRIKE RESOURCES LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Strike Resources Limited (“the Company”), and its controlled entities (“the Group”), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors’ declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group’s financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor’s Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (“the Code”) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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





Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 15 March 2022

Daniel Dalla
Partner

LIST OF MINERAL CONCESSIONS

The following mineral concessions were held as at 31 December 2021 and currently:

Paulsens East Iron Ore 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
Misc. Licence L 08/190	15/7/2021	14/7/2024	199.60	~2
Misc. Licence L 47/934	15/7/2021	14/7/2024	357.09	~3.57
Misc. Licence L 47/980	15/7/2021	14/7/2024	62.60	~0.63
Misc. Licence L 47/981	16/7/2021	15/7/2024	465.04	~46.5

Apurimac Iron Ore Project (Peru)

(Strike – 100%)

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

JORC MINERAL RESOURCES

Paulsens East Iron Ore Project (Australia)

(Strike – 100%)

The Paulsens East Iron Ore Project has a JORC Code (2012 Edition) compliant Indicated Mineral Resource (based on a 58% Fe lower cut-off wireframe):

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 above JORC Indicated Mineral Resource has been converted to a maiden JORC Probable Ore Reserve (adopting a cut-off grade of 55% Fe to produce a marketable product):

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

Mineral Resources Category	Size	Fe% Range	Total Detritals ('000 tonnes)	Recovered Detritals ('000 tonnes)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%
Indicated	+6.3mm	>58	163	97	61.36	6.73	2.98	0.099
Indicated	2.0 – 6.3mm			16	57.06	7.96	5.71	0.114
Indicated		Total	163	113	60.76	6.90	3.36	0.101

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

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

JORC CODE COMPETENT PERSONS' STATEMENTS

JORC CODE COMPETENT PERSON'S STATEMENTS

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

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

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

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

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

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

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

JORC CODE COMPETENT PERSONS' STATEMENTS

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 COMPETENT PERSONS' STATEMENTS

JORC Code (2012) Competent Person Statement - Apurimac Iron Ore Project

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

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

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

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

SECURITIES INFORMATION

as at 28 February 2022

Securities on Issue

Class of Security	Quoted on ASX	Unlisted
Fully paid ordinary shares	270,000,000	-
Broker's options (\$0.15, 30 November 2023) ³⁹	-	1,000,000
Directors' options (\$0.185, 3 December 2023) ⁴⁰	-	12,000,000
Broker's Options (\$0.33, 3 June 2024) ⁴¹	-	1,000,000
Securities Incentive Plan Options (\$0.185, 14 February 2025) ⁴²	-	3,100,000
Total	270,000,000	17,100,000

Distribution of Fully Paid Ordinary Shares

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	1,000	355	139,026	0.05%
1,001	-	5,000	825	2,616,451	0.97%
5,001	-	10,000	490	3,948,494	1.46%
10,001	-	100,000	1,088	42,717,156	15.82%
100,001	-	and over	299	220,578,873	81.70%
TOTAL			3,057	270,000,000	100.00%

Unmarketable Parcels

Spread	of	Holdings	Number of Holders	Number of Shares	% of Total Issued Capital
1	-	4,166	954	1,676,355	0.62%
4,167	-	over	2,103	268,323,645	99.38%
TOTAL			3,057	270,000,000	100.00%

An unmarketable parcel is considered, for the purposes of the above table, to be a shareholding of 4,166 shares or less (being a value of \$500 or less in total), based upon the Company's closing share price of \$0.12 on 28 February 2022.

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

40 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

41 Refer Strike's ASX Announcement dated 4 June 2021: Appendix 3G – Notification of Issue of 1M Broker Options

42 Refer Strike's ASX Announcement dated 18 February 2022: Notification regarding unquoted securities - SRK

SECURITIES INFORMATION

as at 28 February 2022

Top Twenty, Ordinary Fully Paid Shareholders

Rank	Holder name	Shares Held	% Issued Capital
1	BENTLEY CAPITAL LIMITED	53,689,857	19.89
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,566,016	9.84
3	GOOD IMPORTING INTERNATIONAL PTY LTD	12,350,910	
	MR ZHOUFENG ZHANG	1,239,556	
	MS HONG XU	601,873	
	Sub-total	14,192,339	5.26
4	ORION EQUITIES LIMITED	10,000,000	3.70
5	MRS AMBREEN CHAUDHRI	10,000,000	3.70
6	IRIS SYDNEY HOLDINGS PTY LTD	4,700,000	1.74
7	MR HONGWEI YAO	2,671,798	0.99
8	MR VU QUANG MINH DANG & MRS THI KIM DAU NGUYEN	2,332,696	0.86
9	MR RICHARD DAVID SIMPSON	2,279,273	0.84
10	LAVISH LIMOUSINES PTY LTD	2,217,762	0.82
11	BNP PARIBAS NOMINEES PTY LTD	2,107,251	0.78
12	CLUNE PTY LTD	2,055,000	0.76
13	DOLMAT PTY LTD	1,944,611	0.72
14	CITICORP NOMINEES PTY LIMITED	1,928,982	0.71
15	MR FAROOQ KHAN & MS ROSANNA DECAMPO	1,813,231	0.67
16	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,772,783	0.66
17	MR ROBERT DESMOND WOODING	1,600,000	0.59
18	O'SHEA & BROWN PTY LTD	1,500,000	0.56
19	MR STEVEN JAMES CLUNE & MRS LISA MICHELLE CLUNE	1,227,273	0.45
20	MR IANAKI SEMERDZIEV	1,200,000	0.44
	TOTAL	145,798,872	53.98%

Substantial Shareholders

Substantial Shareholders	Registered Shareholder	Shares Held	% Voting Power
Bentley Capital Limited (ASX:BEL) ⁴³	Bentley Capital Limited	53,689,857	19.89%
Windfel Properties Limited and Associates ⁴⁴	HSBC Custody Nominees (Australia) Limited	25,825,000	9.56%
Good Importing International Pty Ltd and Associates ⁴⁵	Good Importing International Pty Ltd Mr Zhoufeng Zhang Ms Hong Xu	12,350,910 1,239,556 601,873	5.26%
Orion Equities Limited (ASX:OEQ) ⁴⁶	Orion Equities Limited Bentley Capital Limited	10,000,000 53,689,857	23.59%
Queste Communications Ltd (ASX:QUE) ⁴⁷	Orion Equities Limited Bentley Capital Limited	10,000,000 53,689,857	23.59%

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

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

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

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

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