

ASX MARKET ANNOUNCEMENT

High Grade Results Located 1.6km from 9.6Mt Resource at Paulsens East

HIGHLIGHTS

- High grade iron ore mineralisation identified approximately 1.6kms from the Paulsens East Iron Ore JORC Indicated Mineral Resource of 9.6Mt at 61.1% Fe.
- The mineralisation includes a drill intercept grading 60.8% Fe and co-incident 63.55% surface sample.
- No drilling exists over the untested 1.6km strike between the existing Mineral Resource and these results.
- The historical results highlight the potential for significant additional high grade iron mineralisation to add to the current Mineral Resource.
- Strike to undertake a 2,000 metre drill programme in early 2020 to test the potential extension of mineralisation.

BACKGROUND

Strike Resources Limited (ASX:SRK) (**Strike**) is developing the Paulsens East Iron Ore Project (the **Project**) in the Pilbara, Western Australia.

The Project, located approximately 233km south-east of Onslow, consists of a high-grade outcropping hematite iron ore ridge rising to approximately 60 metres above the surrounding valley floor and extending for approximately three kilometres West to East, with a current JORC Indicated Mineral Resource of 9.6 Million tonnes of high-grade hematite conglomerate at 61.1% Fe, 6.0% SiO₂, 3.6% Al₂O₃, 0.08% P¹.

RECENTLY COMPLETED SCOPING STUDY

Strike's recently completed Scoping Study² outlines the Company's plans to produce iron ore from the Project at a production rate of 1.5 Million tonnes per annum (**Mtpa**) of predominantly 61% Fe Lump Direct Shipping Ore (**DSO**) product, for an initial mine life (**LOM**) of four years (totalling approximately 6.1 Million tonnes), with first production targeted for the third quarter 2020.

The Scoping Study confirmed the potential for highly favourable Project economics, forecasting a pre-tax net present value (**NPV**) range of between \$81 Million to \$238 Million (**Base Case \$155 Million**) and an estimated operating net cashflow of between \$99 Million to \$289 Million (**Base Case \$189 Million**) over an initial four-year mine life.

- 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
- 2 Refer Strike's ASX Announcement dated 28 November 2019: Excellent Scoping Study Results for Paulsens East Iron Ore Project - 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 changed.



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Estimated pre-production capital costs are approximately \$12 Million, with payback expected within four months of production commencement and an internal rate of return (IRR) of between 263% to 649% (**Base Case 449%**). Strike is targeting an accelerated development timetable for production to commence in the third quarter of 2020.

Based upon the highly encouraging results from the Scoping Study, Strike believes it is appropriate to determine the potential to increase the overall mineralisation of high-grade iron ore from the Project and thus potentially extend the life of the Project beyond four years.

1.6 KILOMETRE MINERALISATION EXTENSION POTENTIAL

Between 2006 and 2008, Strike conducted an extensive rock chip sampling programme across the Paulsens East ridge and two drilling campaigns comprising 66 holes for 3,537 metres of reverse circulation (RC) drilling, to determine the extent and quality of mineralisation. 65 drill holes were concentrated directly around the main outcropping ridge, which together with subsequent mapping and sampling programmes have enabled the delineation of the JORC Indicated Mineral Resource of 9.6 Million tonnes grading 61.1% Fe over the length of the outcropping ridge.

However, the final hole, PERC008, was drilled approximately 1.6 kilometres south-east of the eastern end of the outcropping ridge, at the south-east corner of the tenement and co-incident with an outcrop of high-grade iron ore which was sampled and analysed at 63.55% Fe (see Figure 1 and Figure 2 below). Drill hole PERC008 intersected 60.8% Fe hematite conglomerate at a depth of 35 metres.

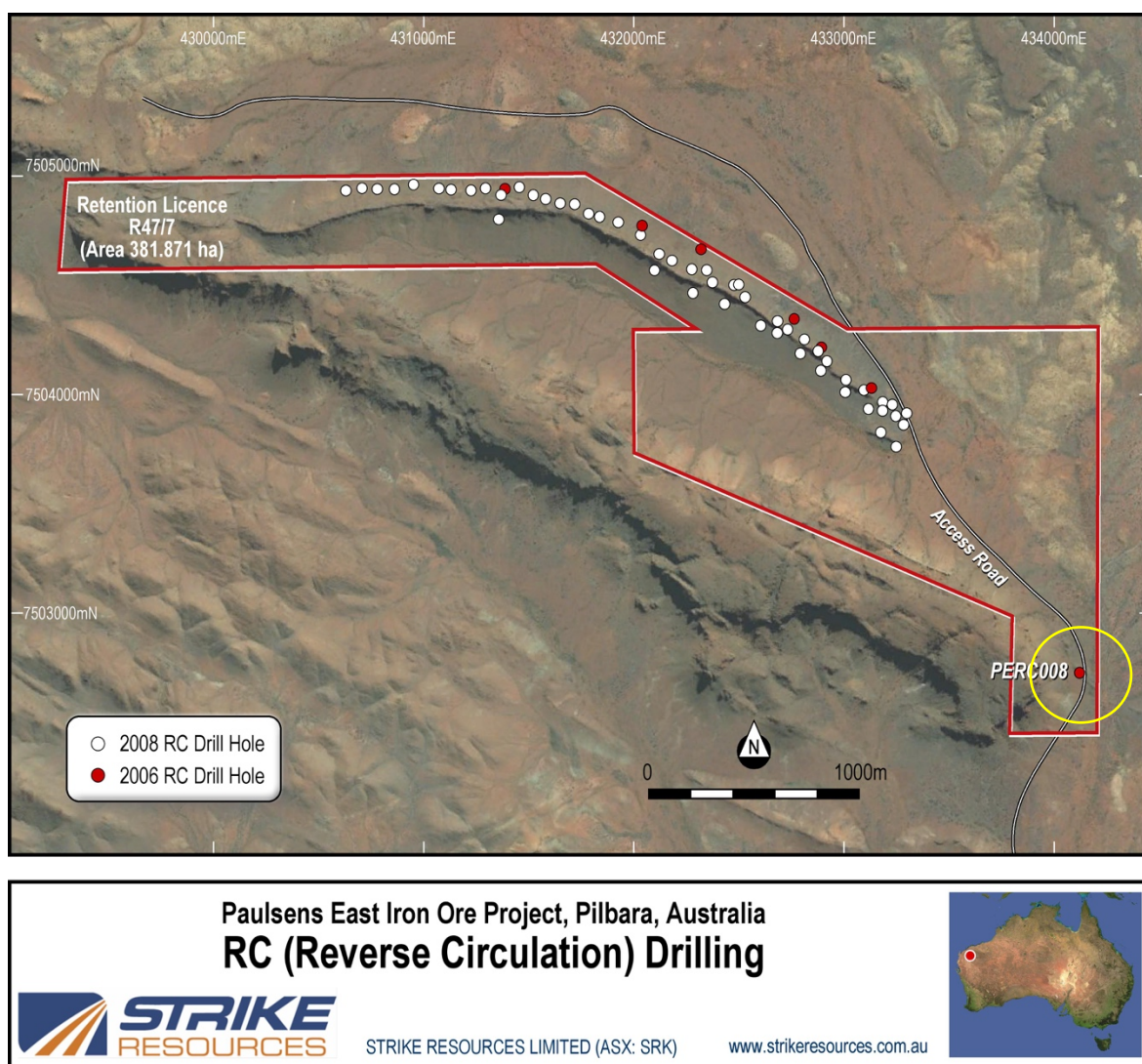


Figure 1: Location of Drill Holes Previously Drilled by Strike in 2006 and 2008

The outcrop and the intersection in hole PERC008 suggests a potential continuity of mineralisation between that encountered in the drill holes on the eastern end of the main three-kilometre long ridge and hole PERC008 located 1.6 kilometres away to the south-east.

Given that the currently defined JORC Indicated Mineral Resource of 9.6 Million tonnes of 61.1% Fe is contained only within a three-kilometre strike length, the potential exists for a significant increase in high-grade iron mineralisation and therefore potential for an extended mine life should this sub-surface continuity exist.

The likely alignment of the subsurface extension of the mineralisation on the ridge is shown in Figure 2 below. This figure also shows the location of the channel samples on the ridge where these samples (many of which contain Fe grades of between 64% - 67%, with the highest being 67.67% Fe) illustrate the high-grade nature of the iron mineralisation in the area (refer to Table 1 in Appendix A for a summary of the channel samples of hematite conglomerate taken on the ridge).

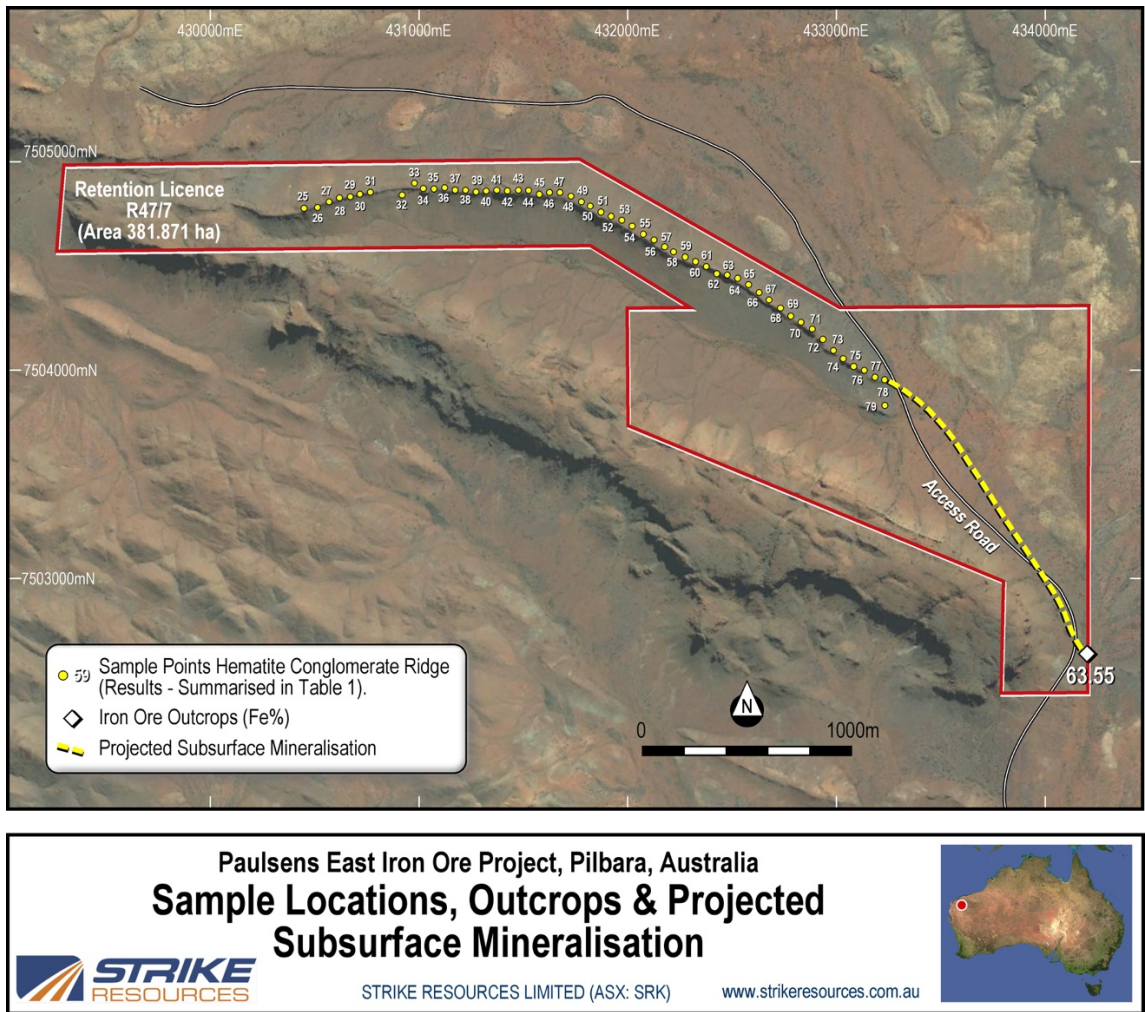


Figure 2: Channel Samples: Outcrops and Projected Subsurface Mineralisation

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

Strike is planning a drilling programme of up to 2,000 metres in 17 drill holes for early 2020, with the objective being to confirm the extent and continuity of the subsurface mineralisation between the eastern end of the outcropping ridge to the location of hole PERC008 in the south-east corner of the tenement.

The planned drill holes are shown in Figure 3 below.

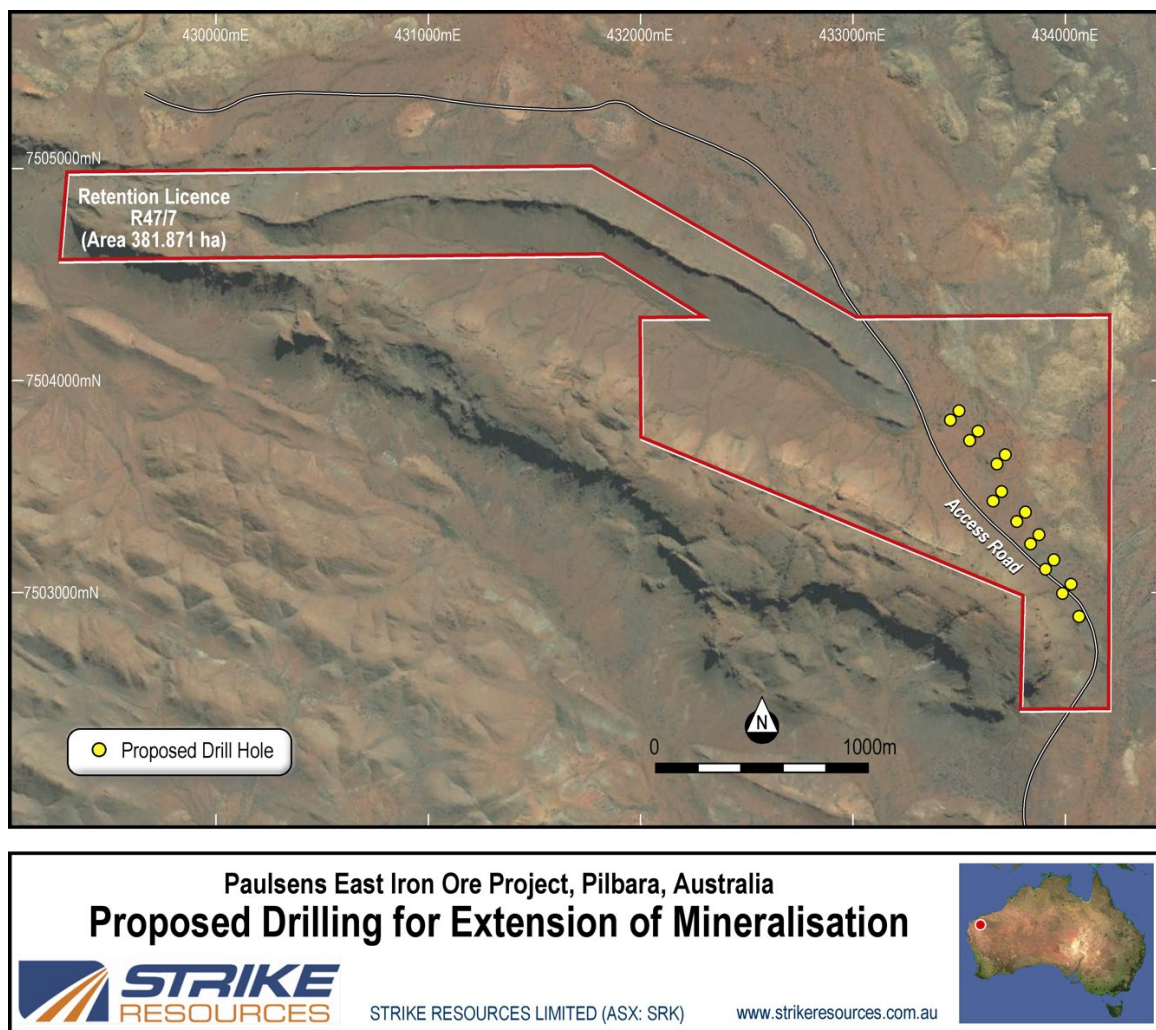


Figure 3: Proposed Drill Holes

Strike Managing Director, William Johnson:

“The recent Scoping Study undertaken by the Company confirms that Paulsens East has the potential to be a very attractive project over an initial four-year mine life, targeting in the first instance six million tonnes of easily accessible outcropping and shallow iron ore at the ridge. In addition, there is a further three million tonnes of JORC Indicated Mineral Resource at depth, which may be mined should market conditions remain favourable and which would allow for an extended mine life.

The potential for a significant extension of high-grade iron ore mineralisation along strike offers opportunity to potentially extend the mine life even further, which could enhance the Project value considerably.

Strike is very encouraged by this exploration potential and plans to drill this target early in the new year.”

FOR FURTHER INFORMATION

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Managing Director

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

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

JORC CODE COMPETENT PERSON'S STATEMENT

- (a) The information in this market announcement that relates to **Exploration Results** and **Exploration Targets** (as applicable) in relation to the Paulsens East Iron Ore Project (Pilbara, Western Australia) has been compiled by Mr Hem Shanker Madan, who is a Member of the Australasian Institute of Mining and Metallurgy (**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 "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the **JORC Code**). Mr Madan consents to the inclusion in this document of the matters based on his information in the form and context in which it appears
- (b) The information in this document that relates to **Mineral Resources** 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 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project; and
 - 15 July 2019: Maiden JORC Resource of 9.1 Million Tonnes at 63.4% Fe – Paulsens East Iron Ore Project in the Pilbara.

The information in the original announcements is based on, and fairly represents, information and supporting documentation prepared by Mr Philip Jones, who is a Member of AusIMM and the Australian Institute of Geoscientists (**AIG**). 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 announcements.

- (c) The information in this document that relates to **metallurgical test work**, other **Exploration Targets** and other **Exploration Results** (as applicable) 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:
- 10 October 2019: Outstanding Metallurgical Testwork Results at Paulsens East Iron Ore Deposit Indicate 79% Lump Yield with Low Impurities; and
 - 1 August 2019: Strong Progress at the Paulsens East Iron Ore Project.

The information in the original announcements is based on and fairly represents information and supporting documentation compiled by Mr Philip Jones, 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 a bulk sample collected under the direction of Mr Jones and fairly represents the information compiled by him from the ALS IOTC testwork report. 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 announcements.

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

FORWARD LOOKING STATEMENTS

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

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

APPENDIX A

Table 1: Summary of Results for Channel Samples of Hematite Conglomerate on the Outcropping Ridge

Sample No.	Easting	Northing	RL	Description	Fe %	SiO ₂ %	Al ₂ O ₃ %	P XRF %	S XRF %	LOI 1000 %
PE3025	430430	7504755	350	Hematite Conglomerate	64.93	3.98	1.28	0.051	0.078	1.4
PE3026	430495	7504755	353	Hematite Conglomerate	63.68	5.78	1.13	0.065	0.067	1.16
PE3027	430550	7504782	346	Hematite Conglomerate	61.82	5.34	3.06	0.092	0.035	2.26
PE3028	430600	7504800	339	Hematite Conglomerate	63.93	4.34	1.86	0.054	0.024	1.82
PE3029	430650	7504800	331	Hematite Conglomerate	61.06	8.39	0.85	0.134	0.06	2.37
PE3030	430700	7504828	320	Hematite Conglomerate	56.46	17.04	1.2	0.039	0.014	0.8
PE3031	430750	7504838	320	Hematite Conglomerate	57.83	13.85	1.74	0.056	0.028	1.37
PE3032	430900	7504825	306	Hematite Conglomerate	63.62	7.02	0.68	0.07	0.008	0.83
PE3033	430955	7504880	309	Hematite Conglomerate	38.86	41.26	1.42	0.053	0.01	1.64
PE3034	431000	7504855	310	Hematite Conglomerate	65.7	3.59	1.23	0.053	0.014	0.76
PE3035	431050	7504850	312	Hematite Conglomerate	66.05	3.65	1.11	0.028	0.008	0.61
PE3036	431100	7504857	311	Hematite Conglomerate	63.47	4.26	2.84	0.053	0.017	1.32
PE3037	431150	7504843	320	Hematite Conglomerate	63.06	4.29	2.7	0.082	0.024	1.84
PE3038	431200	7504843	323	Hematite Conglomerate	63.63	3.52	1.96	0.141	0.12	2.17
PE3039	431250	7504835	312	Hematite Conglomerate	64.14	3.56	2.7	0.045	0.018	1.47
PE3040	431300	7504839	317	Hematite Conglomerate	63.91	3.91	2.14	0.058	0.069	1.71
PE3041	431350	7504842	307	Hematite Conglomerate	65.93	2.36	1.45	0.093	0.011	1.47
PE3042	431400	7504837	320	Hematite Conglomerate	66.04	2.43	1.66	0.035	0.015	0.88
PE3043	431450	7504841	319	Hematite Conglomerate	67.67	1.71	0.98	0.035	0.006	0.45
PE3044	431500	7504838	316	Hematite Conglomerate	66.62	1.93	1.41	0.048	0.014	0.74
PE3045	431550	7504821	302	Hematite Conglomerate	67.38	1.8	0.88	0.033	0.021	0.57
PE3046	431600	7504830	314	Hematite Conglomerate	65.14	3.15	2	0.055	0.02	1.07
PE3047	431650	7504828	315	Hematite Conglomerate	65.81	2.13	1.79	0.089	0.017	1.27
PE3048	431700	7504810	314	Hematite Conglomerate	67.45	1.46	0.99	0.033	0.008	0.62
PE3049	431750	7504783	315	Hematite Conglomerate	66.27	2.33	1.49	0.041	0.02	0.7
PE3050	431800	7504757	320	Hematite Conglomerate	67.18	1.64	1.16	0.043	0.012	0.66
PE3051	431850	7504732	318	Hematite Conglomerate	64.89	2.97	2.32	0.07	0.023	1.42
PE3052	431900	7504716	317	Hematite Conglomerate	66.51	1.99	1.38	0.053	0.048	0.92
PE3053	431950	7504700	312	Hematite Conglomerate	66.81	1.99	1.42	0.048	0.019	0.8
PE3054	432000	7504670	314	Hematite Conglomerate	66.15	2.21	1.45	0.066	0.015	0.91
PE3055	432050	7504630	308	Hematite Conglomerate	66.49	1.65	1.39	0.106	0.012	1.26
PE3056	432100	7504604	307	Hematite Conglomerate	66.56	1.85	1.38	0.051	0.045	0.77
PE3057	432150	7504570	317	Hematite Conglomerate	66.17	1.8	1.56	0.086	0.017	1.31
PE3058	432200	7504544	313	Hematite Conglomerate	65.41	2.42	1.71	0.132	0.022	1.42
PE3059	432250	7504520	316	Hematite Conglomerate	65.91	2.36	1.56	0.077	0.013	1.11
PE3060	432300	7504502	312	Hematite Conglomerate	65.98	2.04	1.57	0.079	0.075	1.12
PE3061	432350	7504476	300	Hematite Conglomerate	66.7	1.95	1.38	0.063	0.009	0.88
PE3062	432400	7504444	292	Hematite Conglomerate	65.51	2.99	1.63	0.047	0.012	0.96
PE3063	432450	7504438	292	Hematite Conglomerate	66.36	2.47	1.43	0.059	0.011	1.03
PE3064	432500	7504428	302	Hematite Conglomerate	60.64	9.21	1.86	0.094	0.016	1.72
PE3065	432550	7504395	303	Hematite Conglomerate	65.25	2.69	2.1	0.066	0.011	1.22
PE3066	432600	7504356	294	Hematite Conglomerate	64.83	2.57	2.22	0.101	0.016	1.73
PE3067	432650	7504318	279	Hematite Conglomerate	65.35	2.04	1.45	0.134	0.023	2.1
PE3068	432700	7504282	285	Hematite Conglomerate	67.16	1.84	1.16	0.04	0.005	0.67
PE3069	432750	7504245	283	Hematite Conglomerate	66.13	2.13	1.51	0.07	0.014	1.11
PE3070	432800	7504216	282	Hematite Conglomerate	66.84	1.73	1.32	0.084	0.004	0.97
PE3071	432850	7504187	278	Hematite Conglomerate	66.5	1.92	1.19	0.085	0.008	1.09
PE3072	432900	7504135	265	Hematite Conglomerate	65.56	2.39	1.79	0.086	0.008	1.81
PE3073	432950	7504085	257	Hematite Conglomerate	65.22	2.8	2.05	0.064	0.019	1.21
PE3074	433000	7504046	260	Hematite Conglomerate	67.14	1.72	1.36	0.065	0.007	0.7
PE3075	433050	7504011	260	Hematite Conglomerate	66.32	1.87	1.6	0.067	0.008	1.05
PE3076	433100	7503992	261	Hematite Conglomerate	66.73	1.79	1.49	0.071	0.012	1
PE3077	433150	7503957	256	Hematite Conglomerate	66.24	2.2	1.59	0.056	0.015	0.96
PE3078	433200	7503943	248	Hematite Conglomerate	66.18	2.35	1.54	0.058	0.013	0.79
PE3079	433192	7503820	260	Hematite Conglomerate	66.86	2.13	1.22	0.061	0.012	0.48