

MARKET ANNOUNCEMENT

Maiden Shipment of Paulsens East Lump Iron Ore and Operational Update

SUMMARY

- Strike's maiden ~66,000 tonne shipment of Paulsens East Lump Iron Ore scheduled for departure from Utah Point on 28/29 August.
- Mining operations review undertaken in light of current market conditions including forward iron ore benchmark pricing.
- Operations will be scaled down over the coming week to process ore in circuit with suspension of further production until market conditions improve.
- Work on Stage 2 Development (at the Port of Ashburton, Onslow) continues as a more economical export solution with Strike in advanced negotiations with key contractors for transshipment operations from the Port of Ashburton.
- Final information provided to DWERS for environmental Works Approval for offshore marine operations at the Port of Ashburton (with the Works Approval for port loading operations recently granted in July 2022).

Strike Resources Limited (ASX:SRK) (**Strike**) provides the following update on operations at its Paulsens East Iron Ore Mine (**Paulsens East**) in the Pilbara region of Western Australia.

Maiden Iron Ore Shipment

Strike currently has approximately 60,000 tonnes of Paulsens East Lump DSO stockpiled at the Utah Point Multi-User Bulk Handling Facility (**Utah Point**) at Port Hedland, with a further approximately 6,000 tonnes to be hauled to Utah Point prior to loading on to MV Cepheus Ocean (currently at anchorage off Port Hedland, awaiting berthing instructions) for scheduled shipment on 28/29 August 2022.

As previously announced, this maiden shipment has been sold to a Hong Kong based buyer, with the terms of the sale agreement including market reflective pricing referenced to a benchmark base price and lump premium, with market-typical impurity penalties and a freight differential adjustment, on a Cost and Freight (CFR) basis for delivery into China.¹

The specifications for Paulsens East Lump DSO are as follows:

Fe	SiO ₂	Al ₂ O ₃	P	S	TiO ₂	LOI
62%	7.0%	3.0%	0.105%	0.015%	0.20%	2.5%

¹ Refer Strike's ASX Announcement dated 1 August 2022: Maiden 68,000 Tonne Shipment of Paulsens East Lump Iron Ore

Review of Mining Operations

Whilst the successful shipment of its first shipment of iron ore from Paulsens East will be a significant milestone for the Company, Strike has determined to pause on further shipments from Utah Point given current market conditions – in particular, taking into account the low benchmark iron ore price relative to prices earlier in the year, together with rising input costs (eg. diesel fuel) adversely impacting operating margins.

The operations at the mine will over the coming week process ore in circuit with operations to be wound down in an orderly manner and to facilitate the potential to resume export in the short to medium term should market conditions improve.

Development of Port of Ashburton Export Solution

Strike continues to advance the Port of Ashburton as a longer-term export solution for the Company given its far closer proximity to Paulsens East (~235km) versus Utah Point in Port Hedland (~650km), leading to significantly lower trucking costs from mine to port.

In this regard, Strike notes that the WA Department of Water and Environmental Regulation (**DWER**) has recently granted a Works Approval under the *Environmental Protection Act 1986* for the export of up to 1.8 Mtpa of iron ore from the Port of Ashburton near Onslow.²

Strike's separate Works Approval application for offshore marine operations (principally related to the location of offshore moorings for Ocean Going Vessels that will receive ore from Strike's proposed transshipment vessel) is progressing well, with the Company recently providing a set of final information requested by DWER.

Strike continues to advance the works required to commence operations from the Port of Ashburton and is in advanced negotiations with key contractors in relation to that proposed export operation.

The advancement of the Port of Ashburton as an export solution for Strike has the potential to significantly improve the economics at Paulsens East and thus will play an important part in any decision to restart operations at Paulsens East.

About Paulsens East Iron Ore Mine

Paulsens East is located ~235km by road east of Onslow (and Port of Ashburton) and ~650km by road south of Port Hedland in the Pilbara, Western Australia (refer Figure 1).

Paulsens East Stage 1 Production involves the mining of surface detrital material and crushing, screening and Ore Sorter processing to produce Paulsens East Lump DSO (grading 62% Fe), with road train haulage to the Utah Point Multi-User Bulk Handling Facility at Port Hedland for export.

Stage 2 Development will involve the conventional open pit mining of the Paulsens East hematite ridge, ramping up to an annualised production rate of up to ~1.8 Mtpa, with road train haulage to and export (via transshipment operations) through the Port of Ashburton near Onslow.

2 Refer Strike's ASX Announcement dated 27 July 2022: Environmental Works Approval Received for Ashburton Port



Figure 1: Paulsens East Iron Ore Mine Location – Haulage Routes to Port Hedland and Port of Ashburton

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ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)

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