

MARKET ANNOUNCEMENT

Formation of Consortium for Development of Iron Ore Export Facility at Port of Ashburton

SUMMARY

- Strike Resources Limited (ASX:SRK), CZR Resources Ltd (ASX:CZR) and CSL Australia Pty Ltd have entered into a binding Memorandum of Understanding (**MOU**) to secure approvals for the construction of a 5 Mtpa capacity multi-user bulk loading facility for the export of iron ore from the Port of Ashburton, Onslow (the **Port of Ashburton West Quay Facility**).
- The parties are undertaking preliminary designs for an integrated facility at the Port of Ashburton, including road train unloading, storage shed, transhipment vessel (TSV) loader and ancillary fixed and mobile infrastructure.
- CSL Australia will also assess the feasibility of landside and offshore transhipment operations and will have a first right of refusal to provide transhipment services – the parties are investigating a TSV solution capable of discharging iron ore into larger cape size vessels, to reduce shipping costs.
- Strike's participation and ownership interest is 25% (CZR – 50% and CSL – 25%).
- Strike will have a one-third share of the (proposed 5 Mtpa) export capacity from the Port of Ashburton West Quay Facility.
- If approvals are granted, the parties will negotiate necessary agreements for the construction and operation of the Port of Ashburton West Quay Facility and for CSL to also provide transhipment services.

Strike Resources Limited (ASX:SRK) (**Strike** or **Company**) is pleased to announce the formation of a Port of Ashburton Consortium (**PAC**) via the execution of a binding MOU with West Australian iron ore company CZR Resources Ltd (ASX:CZR) (**CZR**) and CSL Australia Pty Ltd (**CSL**) to develop a 5 Mtpa capacity iron ore export facility at the existing Port of Ashburton, located near Onslow in the Pilbara, Western Australia.

CSL Australia is a division of the CSL Group Inc., which is the world's largest owner and operator of self-unloading vessels. CSL Australia currently provides transhipment services for the export of iron ore from Cape Preston in Western Australia and Whyalla in South Australia.

The PAC has been formed with the objective of working with relevant authorities to obtain required approvals for the establishment of infrastructure at the Port of Ashburton to create an efficient low cost and environmentally sustainable bulk iron ore export facility (at the West Quay) for up to 5 million tonnes of iron ore per annum.



The creation of the proposed bulk export facility will consist of landside facilities such as road train unloader, conveying, storage shed, transshipment vessel (**TSV**) loader and ancillary fixed point and mobile infrastructure to facilitate the export of iron ore at the existing Port of Ashburton.

The PAC notes that:

- the Port of Ashburton is a multi-user port operated by the Pilbara Ports Authority (**PPA**);
- PPA approval for the Port of Ashburton West Quay Facility is subject to the PAC obtaining all other required approvals; and
- access to the Port of Ashburton is subject to the PPA's published vessel movement protocols and as such, the PAC's access to the West Quay berth is subject to other cargo loading/unloading activities and operations in the Port of Ashburton.

Strike, as an existing producer of iron ore from its Paulsens East Iron Ore Project, and CZR, as a future iron ore producer from the development of its Robe Mesa Iron Ore and Ashburton Magnetite Projects, propose to utilise the Port of Ashburton West Quay Facility for the export of iron ore from their existing and proposed iron mines respectively.

CSL operates globally and has considerable experience in the loading and transportation of bulk materials including iron ore. The company has agreed to join the PAC as a part-owner of the Port of Ashburton West Quay Facility and to provide transshipment services to Strike and CZR.

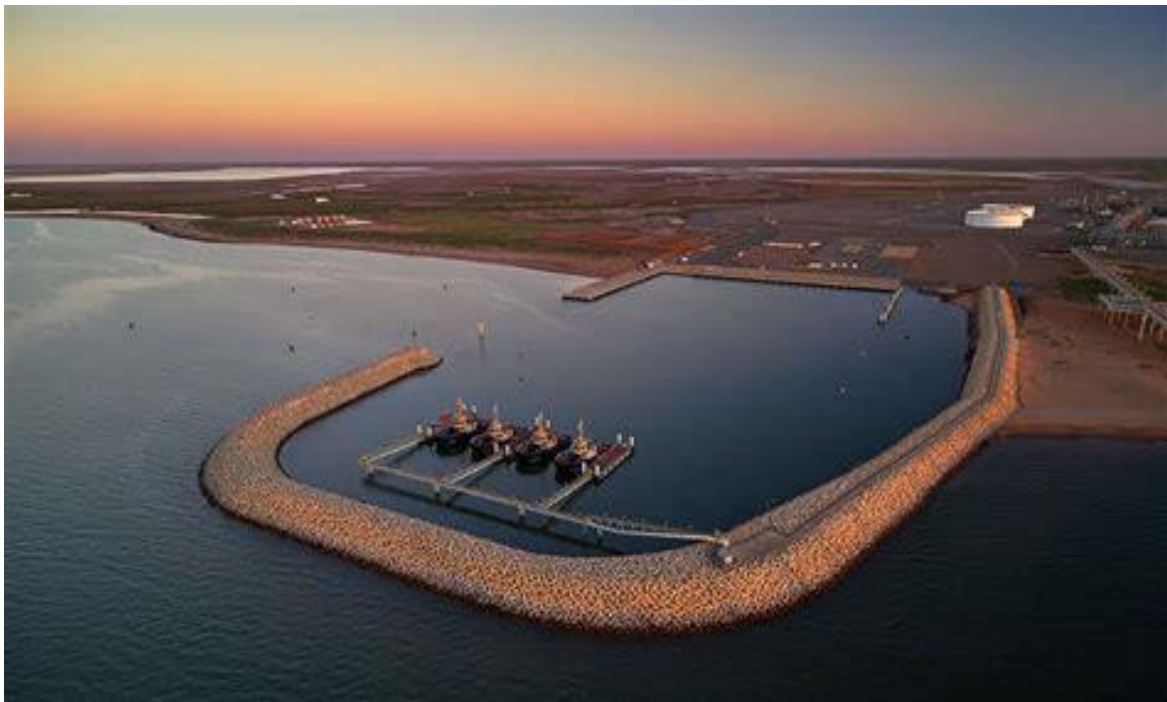


Figure 1: Port of Ashburton - Onslow

Background

Strike and CZR have looked at various alternatives for the export of iron ore from their current and proposed iron ore mines and believe that the Port of Ashburton provides an attractive port for the export of iron ore. Its close proximity to their current and proposed mining operations has the potential to significantly lower trucking costs compared to exporting through Utah Point in Port Hedland.

In the case of Strike and its Paulsens East Iron Ore Mine, this involves a trucking distance of ~235km to the Port of Ashburton versus ~650km to Utah Point in Port Hedland (refer Figure 2), significantly reducing trucking costs from mine to port.



Figure 2: Strike’s Paulsens East Iron Ore Mine Location – Haulage Route to Port of Ashburton

Strike has already received a Works Approval under the *Environmental Protection Act 1986* from the West Australian Department of Water and Environmental Regulation (DWER) for the export of up to 1.8 Mtpa of iron ore from the Port of Ashburton.¹ Strike’s separate Works Approval application for offshore marine operations (principally related to an offshore anchorage area for the bulk loading of iron ore from a transshipment vessel to Ocean Going Vessels) is progressing well and is expected to be issued shortly.

CZR is seeking to produce and export iron ore from its Robe Mesa Iron Ore Project (located 120km south-west of Karratha) where it is currently completing a definitive feasibility study.

Both parties believe that combining their export operations through the Port of Ashburton West Quay Facility provides considerable economies of scale and cost reductions in shipping and transport costs.

¹ Refer Strike’s ASX Announcement dated 27 July 2022: Environmental Works Approval Received for Ashburton Port

CSL has agreed to join the PAC formed with Strike and CZR as it has considerable expertise in the shipment of iron ore including transshipment operations such as those proposed at the Port of Ashburton West Quay Facility.

The PAC parties have been in discussions with the PPA and other stakeholders in relation to the development plans for the Port of Ashburton West Quay Facility. Based on those discussions, the parties have agreed to enter into the MOU to undertake the works required to secure development approvals with all relevant authorities, including the PPA.

Material Terms of MOU

By a binding MOU (dated 14 December 2022) between Paulsens East Iron Ore Pty Ltd (the Paulsens East operating subsidiary of Strike), CZR and CSL:

- The parties will work together to secure necessary approvals for the construction and operation of the Port of Ashburton West Quay Facility.
- The parties agree to share the costs and expenses of the approvals process in proportion to their participating interest in the PAC.
- CSL will undertake a feasibility study on the landside transshipment and marine operations and will have a first right of refusal to provide transshipment services from the Port of Ashburton West Quay Facility.
- The participation interest and cost contribution of each party in the PAC and future ownership of the Port of Ashburton West Quay Facility is as follows: CZR – 50%, CSL – 25% and Strike – 25% (adjusted proportionately if a party does not wish to proceed with a definitive agreement).
- Each of CZR and SRK will have access to export capacity at the Port of Ashburton West Quay Facility in the following proportions: CZR – 66.67% and Strike – 33.33% (subject to a mechanism for allocating unused capacity, including to third-parties).

About Paulsens East Iron Ore Project

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 2).

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

Strike is undertaking Paulsens East Stage 2 Development, which will involve 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.



Figure 3: Paulsens East Hematite Ridge

Paulsens East consists of a three-kilometre-long outcropping high-grade hematite ridge (refer Figure 3), 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).² Table 1 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 1: Paulsens East JORC Indicated Mineral Resource estimate from Hematite Ridge using a range of lower cut-off wireframes

There is exploration potential based on small hematite conglomerate outcrops along the surface and a drill intersection located 1.6 kilometres along the hematite ridge at the south-eastern corner of the tenement previously identified by Strike³ and surface rock-chip samples grading 64.4% - 66.2% Fe identified at multiple locations in the same area.⁴

As part of the completion of the October 2020 Feasibility Study, part of the JORC Indicated Mineral Resource has been 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).⁵

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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- 2 Refer Strike's ASX Announcement dated 4 September 2019: Significant Upgrade of JORC Mineral Resource into Indicated Category at Paulsens East Iron Ore Project
- 3 Refer Strike's ASX Announcements dated 4 December 2019: High Grade Results Located 1.6km from 9.6Mt Resource and 5 December 2019: Drilling and Surface Sampling Results at Paulsens East Iron Ore Project
- 4 Refer Strike's ASX Announcements dated 15 July 2020: High-Grade Rock Chip Samples Confirm Resource Upside Potential at Paulsens East Iron Ore Project
- 5 Refer Strike's ASX Announcement dated 30 October 2020: Paulsens East Feasibility Study Demonstrates Significant Cashflow Generation and Financial Returns

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 has exported 66,618 tonnes of ~62% Fe Lump DSO (mined from surface detrital material) from Utah Point (Port Hedland) and is developing a 1.8 Mtpa export solution out of the Port of Ashburton (Onslow). 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.

ABOUT CZR RESOURCES LTD (ASX:CZR)



CZR is a Western Australia focused mineral exploration and development company with five projects, all in joint-venture with its major shareholder, Creasy Group. All projects are strategically located, proximal to infrastructure and cover prospective geology with established iron ore, gold and base metal endowment. CZR’s primary development asset is the Robe Mesa iron ore deposit, part of the Yarraloola project. The Company is progressing the Definitive Feasibility Study (DFS) and approvals for mining, with a focus on expanding the current JORC Resource and Reserve and targeting a production rate of 3.5 Mtpa. In addition to the development of Robe Mesa, CZR is also progressing several prospective iron ore, gold and copper exploration projects – well located in close proximity to major mines and discoveries.

ABOUT CSL AUSTRALIA



CSL Australia is the largest owner/operator of dry bulk coastal vessels operating in Australian waters and the major supplier of shipping services to the construction and building industries. CSL provides customers with specialised self-unloading and pneumatic vessel solutions to deliver dry bulk cargo including cement, gypsum, clinker, coal, salt, sugar, iron ore, alumina, limestone and heavy mineral concentrate. CSL has expertise in self-unloading solutions through iron ore and magnetite transshipment operations, loading large ocean-going vessels (Panamax and Capesize) in Whyalla, South Australia and Cape Preston, Western Australia.

JORC CODE (2012) COMPETENT PERSON STATEMENTS

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.

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 their experience and their 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.