



26 June 2023

SALE OF MILLROSE PROJECT FOR \$61M TO NORTHERN STAR RESOURCES

Key Points:

- **Binding Agreement** signed for the Sale of STK's Millrose Project to Northern Star Resources Limited
- **Total consideration payable to Strickland is approximately A\$61 million comprising A\$41 million in cash and 1.5 million fully paid ordinary NST shares**
- **An initial cash deposit of A\$2 million payable immediately to Strickland**
- **The balance of the consideration to be received by Strickland on completion of the Transaction**
- **Transaction will allow Company to aggressively upgrade its portfolio of its existing gold prospects on the Yandal Belt to a standard similar to that of Millrose**

Introduction

Strickland Metals Limited (ASX:STK) (**Strickland** or the **Company**) is pleased to announce that it has entered into a binding asset sale agreement (**Agreement**) with Northern Star Resources Limited (ASX:NST) (**NST**) pursuant to which the Company will sell its interests in the tenements comprising the Millrose Project (**Transaction**). The Company's interests in the tenements which are being sold as part of the Transaction are set out in Annexure A (**Millrose Project**).

Management Comment

Andrew Bray, Chief Executive Officer, said: "We are very pleased to deliver such a transformative sale for shareholders in a relatively short period of time. The Millrose Project was purchased for \$10 million in mid-2021. After a highly successful 11 month drilling campaign throughout 2022 costing approximately \$16 million, we are now selling the project for approximately \$61 million, generating an approximate \$35 million profit for the Company."

We are also exceedingly pleased that we have been able to deliver such a strong outcome for shareholders given the ongoing difficult market conditions for junior exploration companies. This transaction leaves Strickland in the highly envious position of having one of the strongest balance sheets in the junior exploration space.

We are confident of advancing and upgrading a number of additional gold prospects along strike to a standard similar to Millrose. Horse Well, Cowza and several other prospects will be the immediate focus of upcoming gold exploration programs. The Company will also be able to expedite some exploration programs around the highly encouraging Iroquois base metal discovery.

I'd like to thank our shareholders for their ongoing support, as well as our technical team led by Richard Pugh and Peter Langworthy's team at Omni GeoX."

Terms of the Transaction

The material terms of the Agreement are set out below.

The Company will receive the following consideration (**Consideration**) for its interest in the Millrose Project:

- A\$2 million cash deposit paid on execution of the Agreement (**Deposit**);
- Cash consideration of A\$39 million payable on completion of the Transaction which is expected to be no later than 30 business days; and
- 1.5 million fully paid ordinary NST shares, to be issued on completion of the Transaction subject to 12 months escrow.

In the event that the Transaction does not complete, the Deposit will convert into a loan which will be repayable by the Company to NST within 30 days from the date of termination of the Agreement.

Completion is subject to limited conditions, which are consistent for a Transaction of this nature.



As a result of the Transaction, NST will acquire the Company's interest in the Millrose Project, including a Mineral Resource comprising 6Mt @ 1.80g/t Au for 346,000 ounces (see announcement dated 23 June 2021 for full details of Millrose Mineral Resource) and the Company will retain an Inferred Mineral Resource comprising 5.77 Mt @1.40g/t for 257,000 ounces (see announcement dated 26 August 2019 for full details of Horsewell Mineral Resource).

Proceeds from the Transaction

Following completion of the Transaction, the Company will retain its Horsewell, Dusk til Dawn, Yandal East, Baxters and Iroquois Projects (**Existing Projects**) which are proximal to the Millrose Project and all located in the highly gold endowed Yandal Greenstone Belt in Western Australia. Strickland's focus will be to aggressively upgrade its portfolio of gold prospects to a standard similar to that of Millrose.

Within the first 12 months following the Transaction, the Company intends to use funds received under the Transaction to:

- (a) undertake large scale RC and diamond drill programs at the Company's Horse Well Project, the Cowza prospect (contained within the Yandal East Project) and the Dusk til Dawn Project. Over the following twelve months, the Company has planned for 3,500m of diamond drilling and 25,000m of RC drilling, amongst other types of exploration programs;
- (b) aggressively upgrade its portfolio of gold prospects to mineral resource status (as it has done with the Millrose Project);
- (c) undertake a 1,500m diamond and 5,000m RC program, commencing at the Horsewell Project;
- (d) continue base metal exploration at its Iroquois zinc-lead Project; and
- (e) assess new opportunities for the Company.

The Company provides the following indicative use of funds received under the Transaction:

Use of Funds	Expenditure
Existing Project Year 1 Exploration ⁽¹⁾	\$18,000,000
Year 2 Resource Definition ⁽²⁾	\$11,000,000
Future Acquisitions ⁽³⁾	\$7,000,000
Working Capital ⁽⁴⁾	\$5,000,000
TOTAL	\$41,000,000

Notes:

1. The Existing Project Year 1 Exploration is summarised above.
2. The exact composition of exploration programs in year 2 is contingent on the outcomes of the exploration programs in year 1. The composition of the Yandal and Iroquois programs in year 1 are designed to undertake a large-scale, systematic approach over various advanced target areas. In anticipation of this work leading to further gold and base metal discoveries during year 1, it is expected a further ~\$11m would be spent on resource definition drilling during year 2.
3. The Company has set aside \$7m for future acquisitions. No transactions are currently being contemplated.
4. The balance of the funds (~\$5m) would be held for working capital.

The above use of funds is indicative and subject to change.

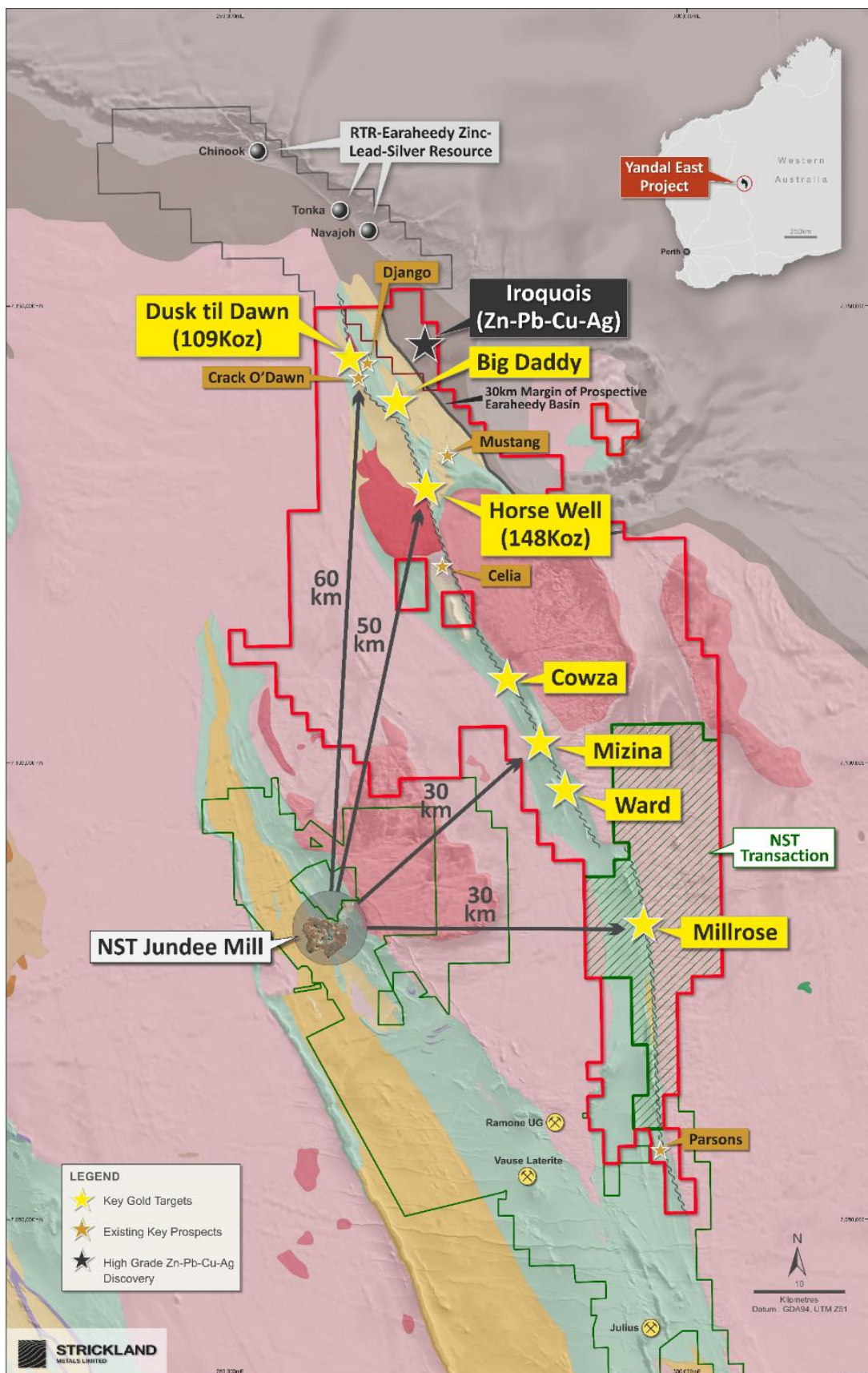


Figure 1: Sale Tenements to Northern Star

Advisors

Longreach Capital are acting as corporate advisor and Hamilton Locke as legal advisor to the Company in relation to the Transaction.



Demerger Update

On 21 October 2022 the Company announced its intention to pursue a demerger of the Iroquois Zinc-Lead Project located in the Earraheedy Basin in Western Australia (80% Strickland; 20% Gibb River Diamonds Ltd (ASX:GIB)) and its Bryah Basin Project located approximately 80 kilometres north of Meekatharra in the Gascoyne district of Western Australia (100% Strickland), subject to the Company obtaining the necessary shareholder, ASX and regulatory approvals (**Demerger**).

The Company has decided that, in light of the sale of its interest in the Millrose Project and provided completion of the Transaction occurs, it will be putting the Demerger on hold for the time being. In the immediate short term, the Company will continue to advance both projects via exploration programs undertaken by the Strickland team. The Company will, however, assess all options relating to the projects in due course.

This announcement has been approved for release by the Chairman of the Company.

For more information contact

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Competent Person Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr Richard Pugh who is the Strickland Metals Limited Geology Manager and is a current Member of the Australian Institute of Geoscientists (AIG). Mr Richard Pugh has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pugh consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Appendix A – Millrose Project Tenements

Tenement	Registered/Beneficial Holder	Shares	Application Date	Grant Date	Expiry Date	Area
E 53/1304	Strickland Metals Limited	100/100	25/01/2007	24/04/2009	23/04/2023	8 BL
E 53/1962	Strickland Metals Limited	100/100	19/07/2017	12/03/2018	11/03/2023	34 BL
E 53/2137	Strickland Metals Limited	100/100	03/06/2020	16/04/2021	15/04/2026	1 BL
E 53/2161	Strickland Metals Limited	100/100	18/01/2021	17/08/2021	16/08/2026	70 BL
M 53/1110	Strickland Metals Limited	100/100	04/03/2021	pending	-	2,475ha
E 53/1726	Strickland Metals Limited	75/100	12/11/2012	14/10/2013	13/10/2023	16 BL
	Zebina Minerals Pty Ltd	25/100				
E 53/2109	Strickland Metals Limited	75/100	10/10/2019	08/07/2020	07/07/2025	9 BL
	Zebina Minerals Pty Ltd (registration of transfer from Renegade Exploration Pty Ltd is pending)	25/100				