

ASX MARKET ANNOUNCEMENT

Advances in the Development of Apurimac Iron Ore Project

HIGHLIGHTS

- To capitalise on current high iron ore prices, Strike has entered into formal arrangements with local miners for the mining of high grade DSO lump from the Apurimac Project in Peru.
- Iron ore production from Apurimac Project has commenced, with ore currently being crushed and stockpiled, prior to trucking to Port.
- Trucking quotes for transport of iron ore to Port received, which indicate costs to deliver ore to port could generate a positive operating margin.
- Port agreement for export of iron ore from Pisco agreed to in-principle with formal agreement to be finalised.
- A stockpile of DSO lump ready for transport and first shipping is planned for second quarter of 2021 which can generate near term cashflow.
- Longer term and larger scale viability of the Apurimac Project strengthening with:
 - Ministry of Transport and Communications in Peru confirming significant advances in development of 577km railway connecting Strike's Apurimac Project to Port.
 - Railway construction proposed to commence in 2024, with a 4 year construction timetable.

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to provide an update on development activities relating to its 100% owned Apurimac Iron Ore Project in Peru¹. Mining of high grade surface deposits by approved local mining groups has commenced to create a direct shipping ore (DSO) lump stockpile, pending the finalisation of trucking and port arrangements. The sale of this DSO material, currently on track for Q2 CY2021, represents another near term cashflow opportunity for the Company in parallel to advancing the Paulsens East Iron Ore Project into production. Strike is also planning to update the Pre-Feasibility Studies previously undertaken on the Apurimac Project.

William Johnson, Managing Director:

The Company's prime focus remains the advancement to production of the Paulsens East Iron Ore Project in the Pilbara, Western Australia. In parallel, Strike has determined to actively progress new initiatives in Peru, to capitalise on the recent sustained strength in the iron ore market together with the significant progress that has been made with the Peruvian Government's initiative to build a railway linking Strike's world-class Apurimac Iron Ore Project to the Port of San Juan de Marcona on the west coast of Peru.

Whilst Paulsens East offers Strike the potential to generate significant cashflow in the near term, developing the Apurimac Project offers a larger scale and longer term opportunity for Strike and therefore positions Strike uniquely in the market with a pipeline of significant and attractive iron ore projects.

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

COMMENCEMENT OF MINING OPERATIONS AT APURIMAC

The Apurimac Project comprises a **JORC (2012) Indicated and Inferred Mineral Resource of 269Mt of iron ore at 57.3% Fe** (142 Mt Indicated Resource at 57.84% Fe and 127 Mt Inferred Resource at 56.7% Fe) defined at the main Opaban 1 and Opaban 3 concessions² (refer Figures 1 and 2).



Figure 1: Outcropping Iron ore at the Opaban 1 ore body (with Andahuaylas Airport in the background)

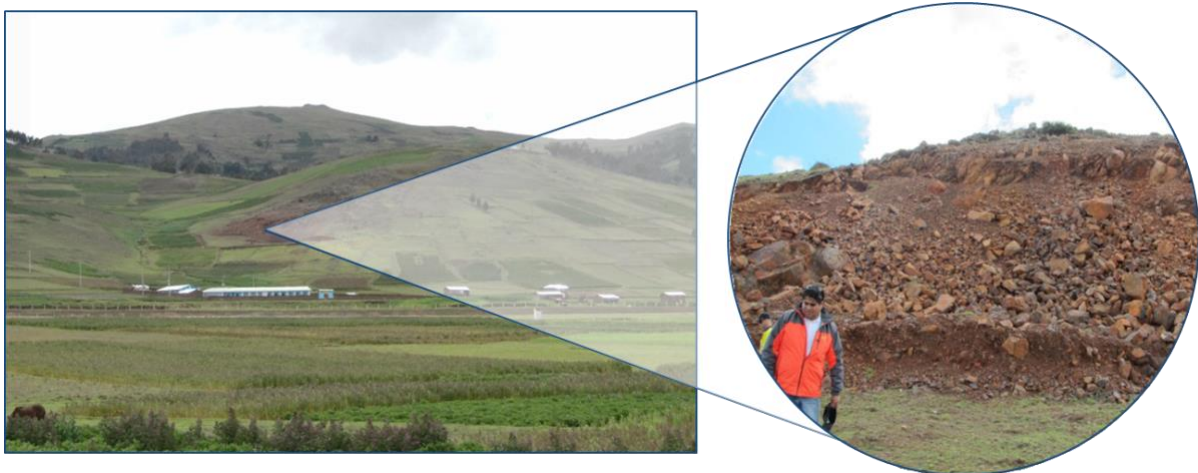


Figure 2: Opaban 1 deposit has favourable topography for low strip-ratio, open cut mining

In order to capitalise on the current and strong demand for iron ore, Strike has been investigating ways in which mining operations from its Apurimac Project might commence, particularly of the high grade DSO material which is principally located at or near surface on the Opaban 1 and Opaban 3 deposits.

² Refer Strike's ASX Announcement dated 19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard

Strike has experience in this type of mining activity having commenced a pilot operation in December 2013, where approximately 8,000 tonnes of ore was mined from surface outcrops on the Opaban 3 concession by local miners, transported to the west coast of Peru and sold to a local steel mill (refer Figures 3 and 4).

Strike is pleased to report that it has made significant progress in the commencement of mining operations at Apurimac, as follows:

- Strike has entered into a formal mining agreement with local miners whereby such miners have been registered to mine high grade DSO material from the Apurimac Project.
- The process of engagement of local miners to mine this DSO material is based on Peruvian mining legislation which allows local miners to mine up to 350 tonnes per day (or ~125,000 tonnes per annum) of iron ore from specific portions of a mining concession. This legislation allows for significantly reduced timetables and simplified processes for obtaining environmental and other permits.
- Mining operations have now commenced and iron ore is currently being crushed and stockpiled for eventual transport by truck to a port on the west coast of Peru for shipment to customers once a sufficient quantity for export has been accumulated.
- Trucking quotes for transport of iron ore to port have been received and are within acceptable economic parameters.
- Discussions with a suitable port have progressed well, confirming the ability to load DSO lump for transport to markets in China. An agreement in-principle has been reached for export of iron ore with a formal agreement being the next step.
- Subject to local mining operations proceeding as planned, Strike expects a stockpile of DSO lump ready for transport and shipping in Q2 2021.
- Strike is also examining ways in which iron ore production may be increased by simultaneous mining of multiple deposits within the framework of current Peruvian mining regulations.

Based upon the previous experience in its pilot operation and a review of the DSO material, Strike is aiming to achieve a high grade DSO lump product with low impurities:

Table 1: Target characteristics of DSO material from Opaban 3 deposit

	%
Fe	64.35
P	0.07
S	0.07
SiO₂	2.85
LOI	0.56
Al₂O₃	0.91



Figure 3: Stockpile created from local miners at Opaban 3 deposit



Figure 4: Previous excavation of high-grade iron ore from Opaban 3 deposit

APURIMAC PROJECT DEVELOPMENT - NEXT STEPS

As noted above, Strike completed a Pre-Feasibility Study on the Apurimac Project in 2008³ (subsequently updated in 2010⁴), which indicated the clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs.

Due to the significant progress that is being made towards the development of the Andahuaylas Railway (refer below), together with the current very strong iron ore market (and Strike's belief that market conditions will remain strong in the medium to long term), Strike believes that it would be appropriate to advance the development of the Apurimac Project by updating its previous Pre-Feasibility Studies, taking account of current cost estimates, technology advancements (since 2010) and current/expected market conditions.

Strike's view is that such work will add significant value to the Apurimac Project, increasing the ability of the company to attract capital and or joint venture partners to develop the project to its highest commercial value.

Accordingly, Strike is currently preparing a scope of works to commission an international engineering consulting group to update the previous Pre-Feasibility Studies. Strike expects the update to be completed in Q2 2021.

Subsequent to the completion of a successful updated Pre-Feasibility Study, Strike will then consider its commercial options including advancing the Apurimac Project to a Bankable Feasibility Study (**BFS**) stage.

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

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

ANDAHUAYLAS RAILWAY DEVELOPMENT UPDATE

Strike refers to its previous announcements regarding the proposed construction of a multi-user railway from the inland city of Andahuaylas in southern Peru, to the multi-user Port of San Juan de Marcona on the west coast of Peru (the **Andahuaylas Railway**).⁵

The Andahuaylas Railway would provide a direct link from Strike's Apurimac Project (located adjacent to Andahuaylas) to an established mineral export port, significantly improving the Apurimac Project's development prospects.

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.

Strike is pleased to announce that it has received a detailed update from Mr Carlos Saavedra, Director of the General Directorate of Transport Infrastructure and Services of the Ministry of Transport and Communications (**MOTC**) in Peru, advising of significant progress in the development of the Andahuaylas Railway:

- Subject to final approval of the Apurimac Railway Feasibility Study by the Peruvian Government expected in Q3 2021 and completion of more detailed engineering works, construction of the Andahuaylas Railway is proposed to commence in 2024 and be ready for operation by 2028.
- Remaining MOTC works are nearing completion, with geological and geotechnical studies (including drilling), surveying, photogrammetry, hydrological studies and community consultation now mostly complete.
- The MOTC recognises that Strike's Apurimac Project will be a key contributor to the overall feasibility of the railway.
- The preferred route to Andahuaylas (terminating directly at the Andahuaylas Airport near Strike's Apurimac Project) has been confirmed by the MOTC (577km in length) – refer Figure 5.

Carlos Saavedra, Director of the General Directorate of Transport Infrastructure and Services of the MOTC:

This mixed-service railway, for massive quantities of cargo as well as passengers, should become a reality as it would interconnect the South of Peru, bringing material economic benefits due to the many activities that would be created around the railroad. This would contribute to the development of the country, significantly improving the livelihood of the population.

⁵ Refer 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

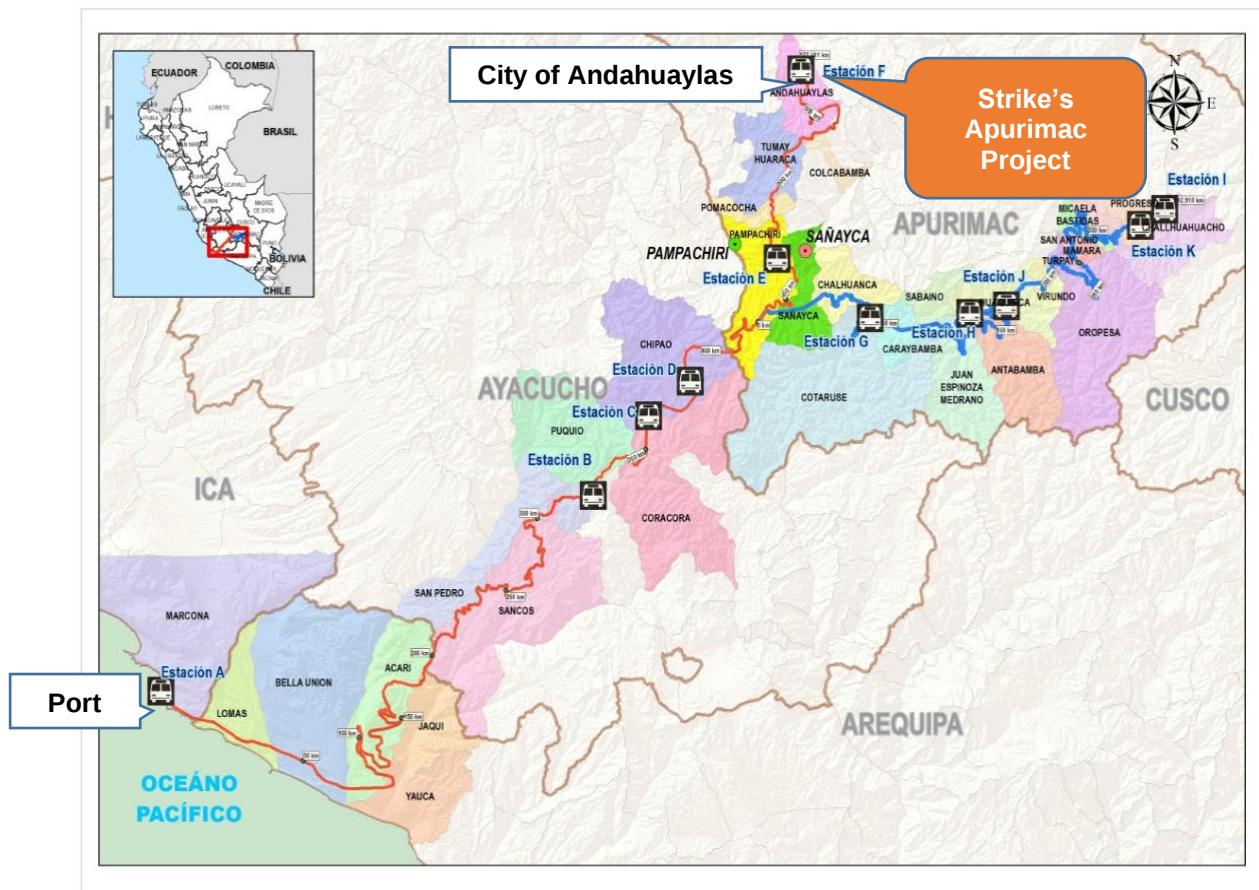


Figure 5 – Proposed Andahuaylas Railway Route (in red): Source MOTC

Railway Background

In 2018, the MOTC awarded a tender to an international consortium of engineering companies (Consortio Ferrocarril Del Sur, the **Southern Railway Consortium**) to complete a Feasibility Study on the construction of a multi-user railway from the inland regional capital city of Andahuaylas in southern Peru, to the mineral export Port of San Juan de Marcona on the west coast of Peru.

Strike's Apurimac Project is located only 20km from the city of Andahuaylas.

In 2019, Strike entered into a Cooperation and Confidentiality Agreement with the Southern Railway Consortium, to share its own railway study⁶, provide input and advice and cooperate with the consortium to expedite the completion of its Feasibility Study.⁷ Strike has been providing various data and information to the Consortium pursuant to the Cooperation Agreement.

The development of the Andahuaylas Railway will provide significantly improved development options for the Apurimac Project, which would be one of the biggest users of the railway. A railway connecting Apurimac to a port will provide Strike the ability to attract premium pricing for high-grade lump and fines products, compared to a concentrate product delivered through an alternative slurry pipeline. In addition, a railway will allow for capital and processing costs at the mine to be substantially reduced, given the considerably simplified process to produce lump and fines products from Strike's high-grade ore compared to producing a slurry concentrate.

⁶ Refer Strike's ASX Announcement dated 23 November 2010: Apurimac Project Update and Strike's December 2010 Quarterly Report

⁷ Refer Strike's ASX Announcement dated 18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium

ABOUT THE APURIMAC IRON ORE PROJECT

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.

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.

In addition to the current JORC Mineral 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.

A Pre-Feasibility Study completed in 2008 and updated in 2010 on the Apurimac Project indicated 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 but considered a range of infrastructure options including a railway. The concentrate pipeline was the preferred transport solution (under the study) as the additional capital cost of building a railway compared to a slurry pipeline outweighed the operational and other benefits of a railway. 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, including a more detailed technical and costing study on building and operating a dedicated railway. The purpose of these studies was to further compare the economics of the 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.

AUTHORISED FOR RELEASE - FOR FURTHER INFORMATION:

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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 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 (2012) COMPETENT PERSON'S COMPLIANCE STATEMENT

The information in this document that relates to Mineral Resources and related Exploration Results 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 related Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australian Institute of Mining and Metallurgy (**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 '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 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.

FORWARD LOOKING STATEMENTS

This announcement 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.