

MARKET ANNOUNCEMENT

Peruvian Prime Minister Confirms Railway Connecting Strike's Apurimac Project to Port

HIGHLIGHTS

- Peruvian Prime Minister confirms Government's plan for the construction of the Andahuaylas Railway
- Andahuaylas Railway to directly link Strike's Apurimac Iron Ore Project to Port and opens up the potential development of the Project into a world class iron ore mine
- The Apurimac Project contains a **JORC Mineral Resource of 269Mt of iron ore at 57.3% Fe** with considerable exploration upside
- Railway to be constructed under public-private partnership
- Construction work to commence as early as 2023

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to report that the Peruvian Prime Minister, Guido Bellido, has confirmed the Peru Government's plans to build a railway linking among others, Strike's Apurimac Iron ore Project to the port of San Juan de Marcona (**Railway Project**).



Figure 1: Strike Apurimac Iron Ore Project, showing route of proposed Andahuaylas Railway



In a recent presentation to the Peruvian Congress, Prime Minister Bellido said that the Railway Project will be carried out under a public-private partnership scheme.

Local press in Peru have also recently reported that the Minister of Energy and Mines, Iván Merino, has said that the Railway Project could be started as early as 2023 and a first section could be inaugurated by President Pedro Castillo by the end of his term in July 2026.

In February 2021, the Ministry of Transportation and Communications (**MOTC**) estimated that the investment required for the 577km rail line would be approximately US\$4.6B.

ANDAHUAYLAS RAILWAY

In 2019 the Peruvian Government, through the MOTC, commissioned a study by Ferrocarril del Sur (**Southern Railway Study Group**), being an international consortium (including a subsidiary of Dohwa Engineering from Korea) into the economic, social and technical aspects of building the Andahuaylas Railway (**Study**).¹

Since the start of the Study, Strike has been working with the Southern Railway Study Group in the advancement of the Study as it is anticipated that Strike will be a major user of the proposed Andahuaylas Railway.

The Study has included an analysis of various railway route options, with the preferred route confirmed as one which commences directly at the Andahuaylas Airport adjacent to Strike's Apurimac Project (refer Figure 1).

Figure 2 below shows the close proximity between the proposed commencement point for the Andahuaylas Railway (adjacent to the Andahuaylas Airport) and Strike's Apurimac Project – the outcropping iron ore in the foreground of the photograph is located at the Opaban 1 concession held by Strike.



Figure 2: Strike's Apurimac Iron Ore Project in foreground (photograph taken from the main Opaban 1 concession), with Andahuaylas Airport in the background (the preferred location for the termination of the proposed Andahuaylas Railway)

1 Refer also 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

Should the Andahuaylas Railway advance as planned with the commencement point located at the Andahuaylas Airport, it will deliver a large-scale transport solution directly to the doorstep of Strike's iron ore resources at Apurimac. This will dramatically reduce the capital costs for Strike of bringing the Apurimac Project into production as a world scale iron ore mine, as well as significantly improving the prospects for advancing the project.

There are a number of large mining companies which hold projects in the vicinity of Strike's Apurimac Project which would also benefit considerably from the Andahuaylas Railway – indeed, it is the existence of these projects together with Strike's (with the Apurimac Project likely being among the biggest users of the railway) that is primarily driving the Andahuaylas Railway initiative, which is seen to offer an unparalleled opportunity for Peru to unlock the substantial value of minerals located in this inland region, as well as passenger and other cargo traffic, including agricultural production which should have a positive social impact to stakeholders.

Strike is highly encouraged by the indicative timetable outlined for the construction of the railway outlined by the Minister of Energy and Mines and will continue to actively work with several of these large mining companies in Peru to consult with the Government and encourage the development of the Andahuaylas Railway.

William Johnson, Managing Director:

Having confirmation from the Peruvian Prime Minister for the construction of the Andahuaylas Railway is very encouraging for Strike. Development of the Andahuaylas Railway will allow Strike's Apurimac Project to scale up to its full potential as a world class iron ore mine and deliver significant benefits for the Apurimac region, Peru, and Strike shareholders.

Apurimac Iron Ore Project – JORC Mineral Resource

The Apurimac Project (Strike – 100%) 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.

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 1.5Mtpa Paulsens East Iron Ore Project in Western Australia. Strike also owns the high grade Apurimac Iron Ore Project in Peru where it has commenced mining of high-grade surface deposits and entered into an offtake agreement with an international iron-ore trading firm to export the "Apurimac Premium Lump" DSO product of ~65% Fe. Strike has a 43% shareholding in Lithium Energy Limited (ASX:LEL), which was recently spun-out of Strike under a \$9m IPO. Lithium Energy is developing battery minerals related assets - the Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.

JORC CODE (2012) COMPETENT PERSON'S STATEMENT

The information in this document that relates to Mineral Resources and other 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 other Exploration Results (as applicable) is based on, and fairly represents, information and supporting documentation prepared by Mr Ken Hellsten, B.Sc. (Geology), who is a Fellow of the Australasian 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 (referred to above)..

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 the Company, 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 the Company 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. The Company 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. The Company does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.