



21 October 2022

## **INTENTION TO DEMERGE IROQUOIS ZINC-LEAD AND BRYAH BASIN ASSETS**

*PROPOSED DEMERGER TO DELIVER A STANDALONE ASX BASE METAL EXPLORATION COMPANY*

### **Key Points:**

- **Strickland to spin out its Western Australian Earraheedy Basin Iroquois Project and Bryah Basin Project, targeted for the first quarter of 2023**
- **The Iroquois Project and Bryah Basin Project will be held by a wholly owned subsidiary of Strickland (DemergerCo), which will seek to list on the Australian Securities Exchange**
- **Strickland plans to undertake a full in-specie distribution of DemergerCo Shares to shareholders**
- **Strickland shareholders will receive DemergerCo shares (at no cost) on a pro-rata basis via a in-specie distribution, subject to any shareholder, ASX and regulatory approvals**
- **The Board believes the Demerger process will unlock the strategic value of the Iroquois and Bryah Basin assets for the benefit of all shareholders and allow STK to focus on developing its flagship Yandal Gold Project**

### **Introduction**

Strickland Metals Limited (ASX:STK) (**Strickland** or the **Company**) is pleased to announce that it intends to pursue a demerger of its 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 Demerger will create a dedicated, Western Australia focused base metals exploration company with a focused management team and resources to unlock the value of these assets. The Demerger will enable Strickland to focus its resources on developing its flagship Yandal Gold Project.

### **Management Comment**

*Andrew Bray, Chief Executive Officer, said: "The main focus of Strickland's management and technical team over 2022 has been on rapidly advancing our flagship Millrose gold project, and pleasingly we have successfully delivered that outcome for shareholders.*

*Of significant importance also within the Company's project portfolio are the Iroquois and Bryah projects. The Iroquois Zn-Pb project lies directly along strike from Rumble Resources Ltd's (ASX:RTR) world-class Earraheedy project, and has shown tremendous potential for additional Zn-Pb discoveries.*

*After the initial discovery hole at Iroquois (IQRC001: 23m @ 5.5% Zn + Pb<sup>1</sup>) Strickland has steadily advanced Iroquois throughout 2022 via soil and rock-chip geochemical sampling and various geophysics surveys. This work has yielded several additional targets<sup>2</sup>, with preparation now underway for a larger drilling campaign to commence in early 2023.*

*The work completed to date has shown that Iroquois warrants development as a standalone ASX-listed base metals company. Should the spin out proceed as proposed, Iroquois will be front-and-centre of the new company. This allows for much more dedicated and focused exploration programs. With the addition of the Bryah Basin project, the new company will also have a largely greenfield project in a highly prospective area to begin advancing.*

<sup>1</sup> See announcement 14 October 2021.

<sup>2</sup> See announcements 8 August 2022 and 12 October 2022.

*By conducting a full in-specie distribution of the shares of DemergerCo, all Strickland shareholders at the record date, which will be determined by the board in due course, will receive pro-rata shares (at no cost) in the new company. Existing shareholders will also receive priority allocations in the IPO capital raise.*

*We look forward to providing further updates as they become available.”*

### **Demerger Process**

The decision follows a strategic review of Strickland’s portfolio which concluded that a demerger of the Company’s Iroquois Zinc-Lead Project and Bryah Basin Project is likely to be the optimal structure to maximise value for Strickland shareholders. Strickland believes that both the Iroquois and Bryah Basin Projects are undervalued within the current company structure.

If the Demerger conditions are satisfied, Strickland shareholders are expected to receive a pro-rata allocation of fully paid ordinary shares in DemergerCo via an in-specie distribution on a record date to be determined by the Strickland Board, with further details to be provided in due course. In conjunction with the Demerger, DemergerCo will undertake an initial public offering (IPO), and apply for admission to the official list of the Australian Securities Exchange (ASX).

Accordingly, the Demerger would aim to deliver Strickland shareholders a standalone, listed, Western Australian focused base metals exploration company with a strong balance sheet to target tier-1 base metal discoveries.

Strickland expects the Demerger process to be completed in the first half of 2023, conditional on all necessary approvals having been obtained which will include among others, shareholder, ASX and regulatory approvals.

Strickland will apply for a class ruling from the Australian Tax Office to confirm that demerger relief is available pursuant to the *Income Tax Assessment Act 1997* (Cth) among other matters.

The Demerger is also subject to final approval from Strickland’s board. Strickland reserves the right to vary the proposed terms of, or not proceed with, the Demerger in its absolute discretion.

Further updates and information on the Demerger will be provided by Strickland in due course.

### **About the Iroquois Project**

The Iroquois Project is located directly along strike from Rumble Resources Limited’s (ASX : RTR) Earahedy Project Chinook zinc-lead discovery. The project is subject to a joint venture, 80% of which is held by Strickland and a 20% free carried interest held by Gibb River Diamonds Limited (ASX:GIB). Strickland is the Manager of the Joint Venture.

The Earahedy Basin margin is emerging as a significant new mineralised province and is highly prospective for further zinc-lead discoveries. Strickland controls approximately 30 kilometres of strike extending from the Rumble Resources Earahedy Project (Figure 1).

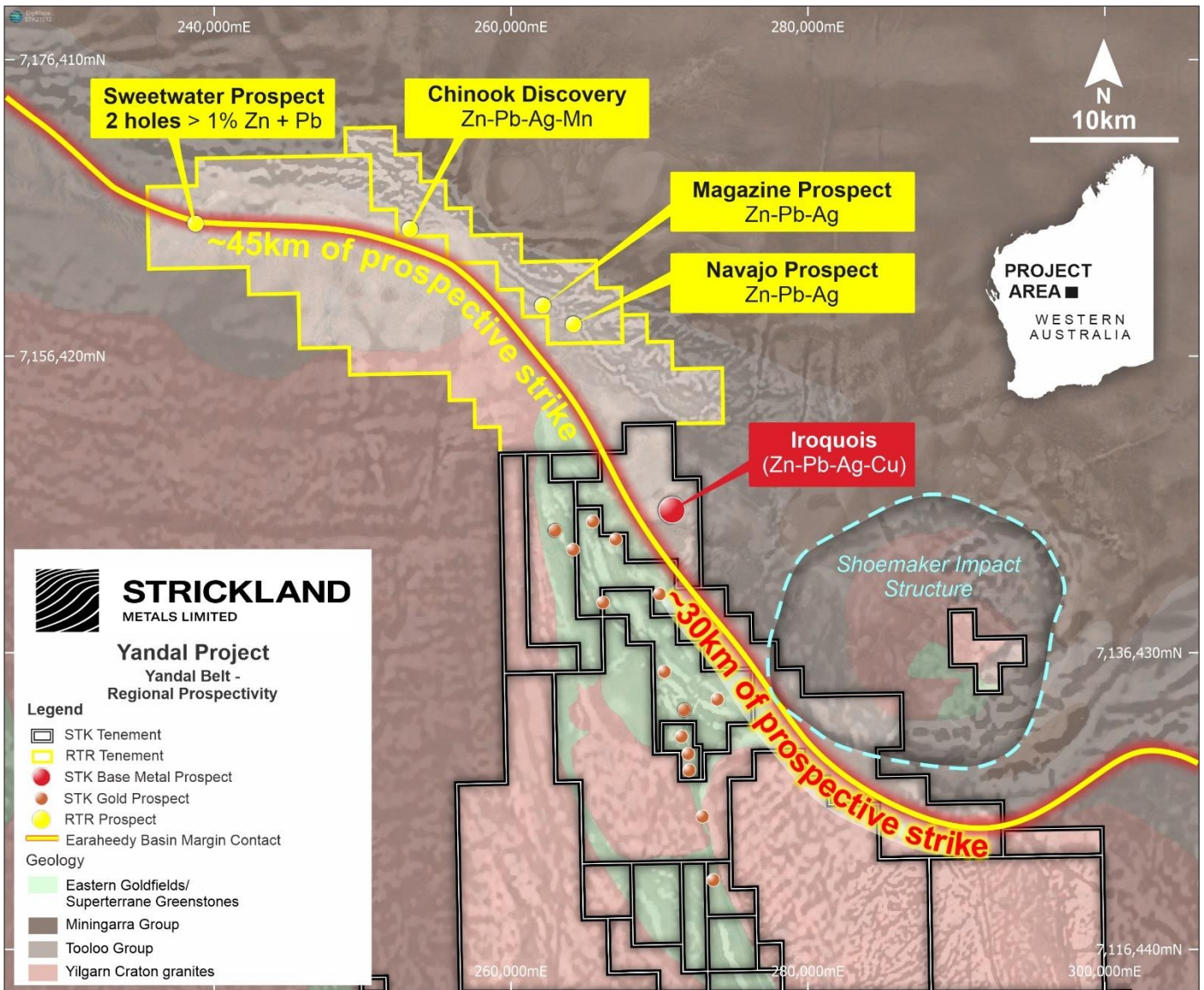


Figure 1: Iroquois Pb-Zn-Ag-Cu project, in relation to Rumble Resources Ltd's flagship Earraheedy Project

The Company reported assay results received from its 2021 RC program conducted at Iroquois, including<sup>3</sup>:

- IQRC010: 8m @ 5.2% Zn from 95m; and  
5m @ 10.1% Zn + Pb from 110 m (within a broader zone of 18m @ 4.2% Zn + Pb)
- IQRC001: 23m @ 5.5% Zn + Pb from 108m (combined), including;  
4m @ 4.5% Zn from 108m (true depth 90m) and  
9m @ 7% Zn + Pb from 135m (true depth 110m)
- IQRC003: 12m @ 5.4% Zn + Pb from 58m (combined), including;  
6m @ 6.2% Zn from 58m (true depth 50m) and  
6m @ 4.6% Zn + Pb from 96m (true depth 80m)
- IQRC004: 3m @ 7.6% Zn from 65m (within a broader 14m @ 2.2% Zn)
- IQRC005: 10m @ 3.7% Zn from 123m (within a broader 20m @ 2.4% Zn)

<sup>3</sup> see ASX announcements dated 14 October 2021, 14 February 2022 and 3 March 2022

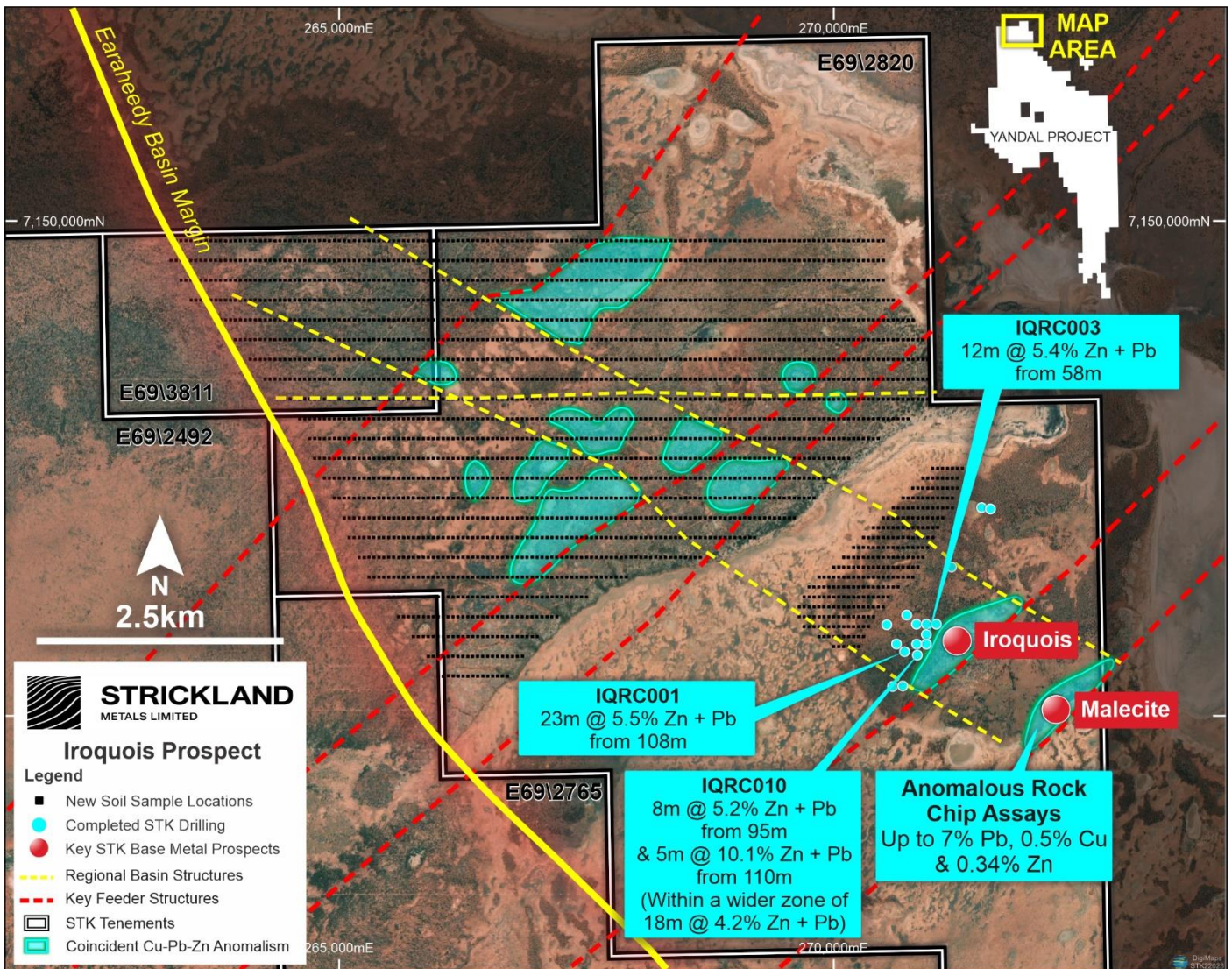


Figure 2: Plan view of mineralisation and key target areas

### About the Bryah Basin Project

The Bryah Basin Project is located approximately 80 kilometres north of Meekatharra in the Gascoyne district of Western Australia and can be accessed from the Great Northern Highway and then local shire roads and station tracks. The project comprises five early stage Exploration Licences covering 260 square kilometres.

The basin is host to volcanogenic massive sulphide deposits (VMS) of copper and gold formed during early stage volcanism, including Sandfire Resources Ltd's DeGrussa operations. The basin also hosts significant structurally controlled orogenic gold deposits, including the Fortnum Gold deposits currently being mined by Westgold Resources Ltd.

This ASX announcement was approved and authorised for release by the Board 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 – DEMERGER ASSETS

<b>Project</b>	<b>Location</b>	<b>Tenement</b>	<b>Ownership</b>
Iroquois	WA	E69/2820	80%*
Iroquois	WA	E69/3811	100%
Iroquois	WA	E69/3953 (application)	100%
* Gibb River Diamonds Limited retain 20% free carried to BFS			
Bryah Basin	WA	E51/1738	100%
Bryah Basin	WA	E51/1842	100%
Bryah Basin	WA	E52/3273	100%
Bryah Basin	WA	E52/3510	100%
Bryah Basin	WA	E52/3600	100%