

## MARKET ANNOUNCEMENT

### Haulage of Iron Ore to Port Commences For First Production Shipment in Peru

#### HIGHLIGHTS

- Haulage of Apurimac Premium Lump Iron Ore to port now underway for first production shipment of circa 30,000 tonnes expected in July 2021
- The Apurimac Premium Lump is targeted to be a 65% Fe low impurity product and is expected to achieve a premium to the current US\$215 per tonne benchmark price
- Estimated FOB cost of US\$70 - 80 per tonne
- Strong iron ore price coupled with very high grade product underpins Peru operations which is initially targeting 250,000 tonnes of production per annum
- Peru Pre-Feasibility Study advances with Ausenco focussing on the development of a large world class iron ore mine

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to provide the following updates in relation to its Apurimac Iron Ore Project in Peru (**Apurimac Project**).

#### Mining Operations – Update

Strike continues to advance production of high-grade Direct Shipping Iron Ore (**DSO**) from its 100% owned Apurimac Project in Peru, with haulage now underway of its Apurimac Premium Lump DSO to a stockpile area located close to the Port of Pisco, from where the ore is planned to be shipped to customers in China.

Strike remains on-track to export its first shipment of Apurimac Premium Lump (target grade of ~65% Fe with low impurities) in July 2021, with an estimated FOB cost of approximately US\$70 - 80 per tonne. The Apurimac Premium Lump is expected to achieve a premium price compared to the current benchmark price for 62% Fe iron ore of approximately US\$215 per tonne.

Approximately 50,000 tonnes of high-grade DSO has now been mined and is being crushed at two local crushing plants located close to the Apurimac Project and one new crushing plant located close to the Port of Pisco.

Strike is targeting annualised sales in the near term of ~250,000 tonnes from the Apurimac Project. Strike continues to advance securing additional crushing and transport capacity to meet this annualised target.

Given the current strong demand and premium prices for high grade Lump Iron Ore there is a clear opportunity for Strike to generate significant near-term cashflows from this operation.





*Trucks loaded with Apurimac Premium Lump DSO headed to port*

Strike is seeking to expand its fleet of trucks to ramp up the haulage of ore to the new crushing facility and to stockpile crushed DSO close to the Port of Pisco ready for shipment.

Strike has drawn-down a further US\$1 million under the (US\$2 million) prepayment facility with iron ore offtake counterparty, Good Importing International Pty Limited.<sup>1</sup>

### **Pre-Feasibility Studies - Update**

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.

As previously reported<sup>2</sup>, Strike has engaged Ausenco, an industry leader in global engineering services, to commence works to review and update a previous Pre-Feasibility Study completed in 2008<sup>3</sup> and updated in 2010<sup>4</sup>. These previous studies indicated clear potential for development of a world class iron ore project, with competitive capital costs and very low operating costs.

With the appointment of Ausenco, Strike intends to develop a viable business proposition for the creation of a world class mine based upon the current **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)<sup>5</sup> to create a very high grade premium iron ore product for export to China. A particular focus will be on the operating costs of such project with a view to creating a sustainable mining proposition based on the potentially highly competitive operating costs the Project affords.

Strike believes that this work is an important step in advancing this globally significant project, in particular given the current strong demand for iron ore and the widely reported intent of Chinese steel mills to secure long term strategic sources of high-grade iron ore from countries other than Australia and Brazil.

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1 Refer Strike's ASX Announcement dated 14 April 2021: Peru Iron Ore Offtake Agreement Signed with US\$2 Million Prepayment

2 Refer Strike's ASX Announcement dated 28 May 2021: Completion of \$5 Million Capital Raising

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

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

Ausenco is finalising their review of the 2008 and 2010 studies, which includes gap and trade-off analyses and an identification of opportunities to reduce project capex and increase project execution security.

Strike will then work with Ausenco to finalise the scope for the next stage of works to examine in more detail the capital and operating costs associated with a 15 - 20 million tonne per annum production profile of a 68% Fe concentrate using a slurry pipeline for the transport of such ore to the coast for export.

### 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 <sup>3</sup>	Mt	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
<b>Total Indicated and Inferred</b>			<b>269.4</b>	<b>57.3</b>	<b>9.4</b>	<b>2.56</b>	<b>0.04</b>	<b>0.16</b>

*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.

William Johnson, Managing Director:

*The commencement of haulage of ore to a stockpile area near the Port of Pisco is another key milestone in the development of the Company's 100% owned high grade Apurimac Iron Ore Project.*

*With first shipment targeted for July, Strike is now focussed on building its local infrastructure in Peru to support an annualised production rate of 250,000 tonnes per year in the near term.*

*Furthermore, the study being undertaken by Ausenco on the 2008 Apurimac Project Pre-feasibility Studies is advancing well with the objective of outlining the world class potential of a large scale iron ore mine from the Company's concessions in Peru.*

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### 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.