

ASX MARKET ANNOUNCEMENT

Railway Project Gathers Momentum in Peru – Positive Outlook for Strike's Apurimac Iron Ore Project

HIGHLIGHTS

- Economic Study into Feasibility of Andahuaylas Railway in Peru progressing with expected completion in May 2020.
- Study has now confirmed preferred route commencing directly adjacent to Strike's Apurimac Iron Ore Project.
- Substantial work has progressed on study activities including surveying and geotechnical drilling at selected points along the preferred route.
- Governor of Apurimac Region meets with Peruvian President Martín Vizcarra to promote the development of the Andahuaylas Railway.
- Recent public statements made by the Minister of Transportation and Communications, Sr. Edmer Truillo in relation to the progress of the Andahuaylas Railway.
- Andahuaylas Railway beginning to attract considerable publicity in Peru with multiple media articles appearing in Peruvian Press.

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to provide an update on the Peruvian Government's initiative to build a railway (the **Andahuaylas Railway**)¹ between the Port of San Juan de Marcona (on the west coast of Peru) and the inland city of Andahuaylas, where Strike's Apurimac Iron Ore Project (the **Project**)² is located.

Recent Peruvian media reports indicate a gathering of momentum in relation to the Andahuaylas Railway with the Governor of the Apurimac Region meeting recently with the President of Peru, President Martín Vizcarra, to lobby in support of the Andahuaylas Railway and recent public statements made by the Minister of Transportation and Communications, Sr. Edmer Truillo in relation to the advancement of the Study currently underway.

ANDAHUAYLAS STUDY UPDATE

The Peruvian Government has through the Ministry of Transportation and Communications (**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 Refer Strike's ASX Announcements dated 18 April 2019: Strike Enters into Cooperation Agreement with Peru Railway Consortium, 23 October 2018: Peru Government Awards \$13 Million Tender for Andahuaylas Railway Study Linking Strike's Apurimac Iron Ore Project to Port and 8 February 2018: Peru Government Plans Railway Linking Strike's Apurimac Iron Ore Project to Port

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



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. Strike's Managing Director was invited to attend an update meeting held in Lima, Peru to discuss the progress of the Study. At the update meeting, it was confirmed that the Study (funded by the Peru Government with a US\$10 Million budget) is on track for completion by May 2020.

The Study has included an analysis of various railway route options, with the preferred route now being confirmed as one which commences directly at the Andahuaylas Airport adjacent to Strike's Project.

Figure 1 below shows the close proximity between the proposed commencement point for the railway (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 1: 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)

Should the Andahuaylas Railway advance as planned with the commencement point located at the Andahuaylas Airport, it will deliver a large-scale, third-party funded transport solution directly to the doorstep of Strike's iron ore resources³ at Apurimac. This will dramatically reduce the capital costs for Strike of bringing the Project into production as well as significantly improving the prospects for advancing the Project.

As well as confirming the preferred route for the Andahuaylas Railway, substantial work has progressed as part of the Study on activities such as surveying the railway route and geotechnical drilling at selected points along the preferred route.

GROWING SUPPORT FOR RAILWAY

In parallel to the advancement of the Study, a number of articles have appeared in the Peruvian media regarding the proposed Andahuaylas Railway, based on the growing awareness of the railway and the economic benefits it will provide to the Peruvian economy.

A very strong proponent of the Andahuaylas Railway is the Regional Governor of Apurimac, Sr. Baltazar Lantarón, who met recently with Peruvian President Martín Vizcarra to promote the creation of the railway and outline the economic benefits the railway would bring to the Apurimac Region.

³ Refer Strike's ASX Announcement dated 19 January 2015: Apurimac Mineral Resources Updated to JORC 2012 Standard



Figure 2: Meeting between Peruvian President Martín Vizcarra (middle) and Apurímac Governor Baltazar Lantarón (right).

Governor Lantarón in particular outlined the effect of the Railway on iron ore production from Andahuaylas, where Strike's Apurímac Project would be the largest producer.

On 21 October 2019 the Minister of Transportation and Communications, Sr. Edmer Trujillo, also provided an update on the Study and announced that once the Study is completed in 2020, he expects that the Andahuaylas Railway project would then be transferred to the Government's Proinversión (Private Investment Promotion Agency), which promotes investments in public services and infrastructure through public-private investment partnerships in Peru, to be "structured and awarded".

Both these public statements have attracted considerable press coverage in Peru and have raised the profile of the Andahuaylas Railway.

Whilst there is clearly no certainty that the Andahuaylas Railway will proceed as planned by the Peruvian Government, Strike considers the recent media activity a positive sign that momentum is building for this project.

There are a number of large mining companies which hold projects in the vicinity of Strike's Apurímac Project which would also benefit considerably from the Andahuaylas Railway – indeed, it is the existence of these projects together with Strike's (with the Apurímac Project likely be the biggest user 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.

Strike is actively working with several of these large mining companies in Peru to actively consult with the Government and encourage the development of the Andahuaylas Railway.

FOR FURTHER INFORMATION

William Johnson
Managing Director

T | (08) 9214 9700
E | wjohnson@strikeresources.com.au

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 and Cusco 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.

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.