

MARKET ANNOUNCEMENT

Spin-Out of Lithium and Graphite Assets - Lithium Energy Limited IPO -

HIGHLIGHTS

- Strike to spin-out its lithium and graphite assets through the listing on ASX of its wholly owned subsidiary, Lithium Energy Limited (proposed ASX Code : LEL)
- Lithium Energy will have a battery minerals focus via its flagship Solaroz Lithium Project (Argentina) (90%) and Burke Graphite Project (Queensland) (100%)
- Lithium Energy will undertake an IPO to raise \$9 million through the issue of 45 million shares at \$0.20 per share, with Canaccord Genuity appointed as Lead Manager and Underwriter to the IPO
- Strike will retain 43% of Lithium Energy post-IPO, delivering increased shareholder value to Strike shareholders
- The Lithium Energy Prospectus will contain a 'Strike Priority Offer' for eligible Strike shareholders (with a registered address in Australia and New Zealand holding Strike shares as at the 22 March 2021 Record Date) to apply for Lithium Energy shares on a pro-rata basis with all shareholders entitled to apply for a minimum application of 10,000 shares (worth \$2,000)
- Each eligible Strike shareholder will receive a personalised Priority Offer Invitation outlining their entitlement under the Lithium Energy Prospectus
- Any shortfall in applications lodged by eligible Strike shareholders under the Strike Priority Offer will form a pool of shares available to the public under the Public Offer

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to announce the proposed spin-out of its battery minerals related projects into Lithium Energy Limited (proposed ASX Code : LEL) (**Lithium Energy** or **LEL**).

Lithium Energy proposes to undertake an Initial Public Offering (**IPO**) to raise \$9 million through the issue of 45 million shares (at \$0.20 per share) and seek admission to the Official List of ASX.

The spin-out will create a distinct battery minerals company whose clear focus will be on the exploration and potential development of its battery minerals assets with a principal focus on the development of its Solaroz Lithium Project located in Argentina. This will allow Strike to focus on its iron ore assets, to bring the Paulsens East Iron Ore Project (located in the Pilbara, Western Australia) into production in 2021 and to expand production from its Apurimac Iron Ore Project (located in Peru).



The Solaroz Lithium Project comprises 12,000 hectares of highly prospective lithium mineral concessions located within the Salar de Olaroz Basin in South America's "Lithium Triangle" in north-west Argentina. The Solaroz Lithium Project is directly adjacent to or principally surrounded by mineral concessions being developed into production by Orocobre Limited (ASX/TSX:ORE) and Lithium Americas Corporation (TSX/NYSE:LAC). The location of the Solaroz Lithium Project is considered to be highly strategic and prospective.

In addition to its lithium assets, the Company owns the Burke Graphite Project located in Queensland which contains a high grade graphite deposit and presents the opportunity for the Company to participate in the anticipated growth in demand for graphite and graphite related products.

Further details about the Solaroz Lithium Project and Burke Graphite Project are in Strike's recently lodged December 2020 Half Year Report released on ASX on 16 March 2021.

Lithium Energy will move to 100% of the Burke Graphite Project as part of the spin-out, acquiring the outstanding minority interests in such project conditional upon the ASX listing of Lithium Energy.

At completion of the spin-out, Strike will hold 34.4 million shares in Lithium Energy comprising a 43% shareholding. Strike's shareholding in Lithium Energy should deliver additional value to Strike shareholders through a dedicated battery minerals company with a clear sector focus.

Lithium Energy has appointed Canaccord Genuity as the Lead Manager and Underwriter in respect of the Public Offer.

A Pro-Forma Lithium Energy Share Capital Structure is as follows:

	Shares	% Issued Capital
Shares held by Strike	34,410,000	43.01%
Shares to be issued under the Prospectus	45,000,000	56.24%
Shares to be issued to minority shareholders in the Burke Graphite Project	600,000	0.75%
Total Shares	80,010,000	100%

The Lithium Energy Board comprises:

- William Johnson, as Executive Chairman – Mr Johnson is the Managing Director of Strike;
- Peter Smith, as Executive Director – Mr Smith has previously acted as Consultant to Strike on both the Solaroz Lithium Project and Burke Graphite Project and is one of the pre-IPO minority owners of the Burke Graphite Project; and
- Farooq Khan, as Executive Director – Mr Khan is the Executive Chairman of Strike.

Lithium Energy will shortly be lodging a Prospectus with ASIC, which will seek to raise \$9 million through the issue of 45 million shares at \$0.20 per share, before costs.

This Prospectus will contain a 'Strike Priority Offer' and 'Public Offer'.

Under the Strike Priority Offer, eligible Strike shareholders (with a registered address in Australia and New Zealand and holding Strike shares as at the Record Date of 5.00 pm (Perth time) on 22 March 2021) will have a priority entitlement to apply for Lithium Energy shares based on their pro-rata shareholding in Strike as at the Record Date, with an entitlement to apply for a minimum application of 10,000 shares (worth \$2,000).

Any shortfall in applications lodged by eligible Strike shareholders under the Strike Priority Offer will form a pool of shares available to the public under the Public Offer.

Each eligible Strike shareholder will be provided with a personalised Priority Offer Invitation containing details in relation to their registered Strike holding, their maximum entitlement under the Strike Priority Offer and how to access the Prospectus and accompanying Application Form with respect to their entitlement. Those eligible Strike shareholders wishing to take up such priority entitlement must act in accordance with the instructions provided in that Invitation.

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. Strike has also secured battery minerals related projects around the world - the highly prospective Solaroz Lithium Brine Project in Argentina and the Burke Graphite Project in Queensland.