

## ASX MARKET ANNOUNCEMENT

### Strike Secures Solaroz Lithium Brine Project in Argentina's Lithium Triangle

#### HIGHLIGHTS

- Acquisition of a 90% interest in 12,000 hectares of highly prospective lithium concessions directly adjacent to or surrounded by concessions held by ASX-listed Orocobre Limited (ASX:ORE) and TSX-listed Lithium Americas Corporation (TSX:LAC).
- Concessions located within the same Salar de Olaroz Basin and directly adjacent to the Orocobre-Toyota Tsusho JV Lithium Facility producing lithium carbonate from lithium-rich brine extracted from bore fields drilled on the salar.
- Staged payments to concession owner over 4 years.
- Targeting fast track exploration programme (geophysical surveys, drilling, sampling and flow rate testing) to test geological model for production of lithium carbonate from brine extracted from bore fields.

#### Acquisition of Solaroz Lithium Project (Argentina)

Strike Resources Limited (ASX:SRK) (**Strike**) is pleased to announce that it has entered into an agreement to acquire a 90% interest in the highly prospective Solaroz Lithium Brine Project (**Solaroz**) within South America's 'Lithium Triangle' in North-West Argentina.

Solaroz comprises concessions (**Solaroz Concessions**) totaling 12,000 hectares in area, mostly adjacent to and principally surrounded by concessions held by ASX-listed Orocobre Limited (ASX:ORE - market capitalisation ~A\$1 billion) and TSX-listed Lithium Americas Corporation (TSX:LAC - market capitalisation ~C\$500 million).

Solaroz is located in the same Salar de Olaroz Basin as and directly adjacent to the producing Salar de Olaroz Lithium Brine Project operated by Orocobre and its JV partner, Tokyo Stock Exchange listed Toyota Tsusho Corporation (TYO:8015).



The location of Solaroz is considered by Strike to be highly strategic and prospective for containing commercial quantities and concentrations of lithium-rich brine, since Strike believes that the aquifer which supplies the lithium-rich brine being extracted by Orocobre is likely to extend under Strike's Solaroz Concessions. This will be tested by geophysical work and drilling in due course with a view to fast tracking production of lithium carbonate dependent upon these works being successfully concluded.

Strike's first step will be to complete an Environmental Impact Assessment (**EIA**) Report for submission to the local JuJuy Mining Regulator. Contemporaneous with this, Strike will commence preparatory work for a detailed geophysical programme.

Once this EIA is submitted and approved, Strike will commence a drilling programme to delineate the extent of potential lithium brine, its grade and related hydrological matters to identify the potential for commercial development of Solaroz as a lithium brine project.

Strike is also pleased to announce the establishment of a commercial partnership with Hanaq Argentina S.A (**Hanaq**), based in Salta (which is located 350 kilometres from Solaroz), where Hanaq will provide local operating support and services to Strike. As well as being an established explorer and experienced lithium brine developer in Argentina, Hanaq has strong links to the Chinese battery sector (and hence potential offtake partners for lithium) through one of its major Chinese shareholders.

Strike's Managing Director, William Johnson:

*Solaroz offers tremendous upside potential for Strike, given its highly prospective and strategic location next to Orocobre's producing lithium brine project. In acquiring Solaroz, Strike is also capitalising on its extensive experience in South America, with operations in this region since 2005.*

*This is also the second acquisition by Strike in the battery minerals sector, following the acquisition of the high-grade Burke Graphite Project in Queensland.*

*The long-term prospects for lithium and graphite as commodities are strong, driven primarily by the expected growth in demand for lithium batteries for electric vehicles.*

*Argentinian lithium brine projects in particular are recognised as being particularly attractive since they are amongst the lowest on the lithium carbonate cost curve, compared to hard rock projects.*

*Strike is especially pleased to have entered into a partnership with local Argentinian company Hanaq. Hanaq has a highly experienced local team, with direct experience developing lithium brine projects in Argentina and with strong connections to the Chinese battery sector. Hanaq's local experience and connections are expected to add considerable value as Strike advances Solaroz.*

## Solaroz Concessions

The Solaroz Concessions comprise 8 exploitation concessions totaling 12,000 hectares (refer *Figure 1*) in Jujuy Province in northern Argentina, approximately 230 kilometres north-west of the capital city of Jujuy. The Solaroz Concessions lie at an altitude of approximately 3,900 metres and are accessed by good quality road infrastructure.

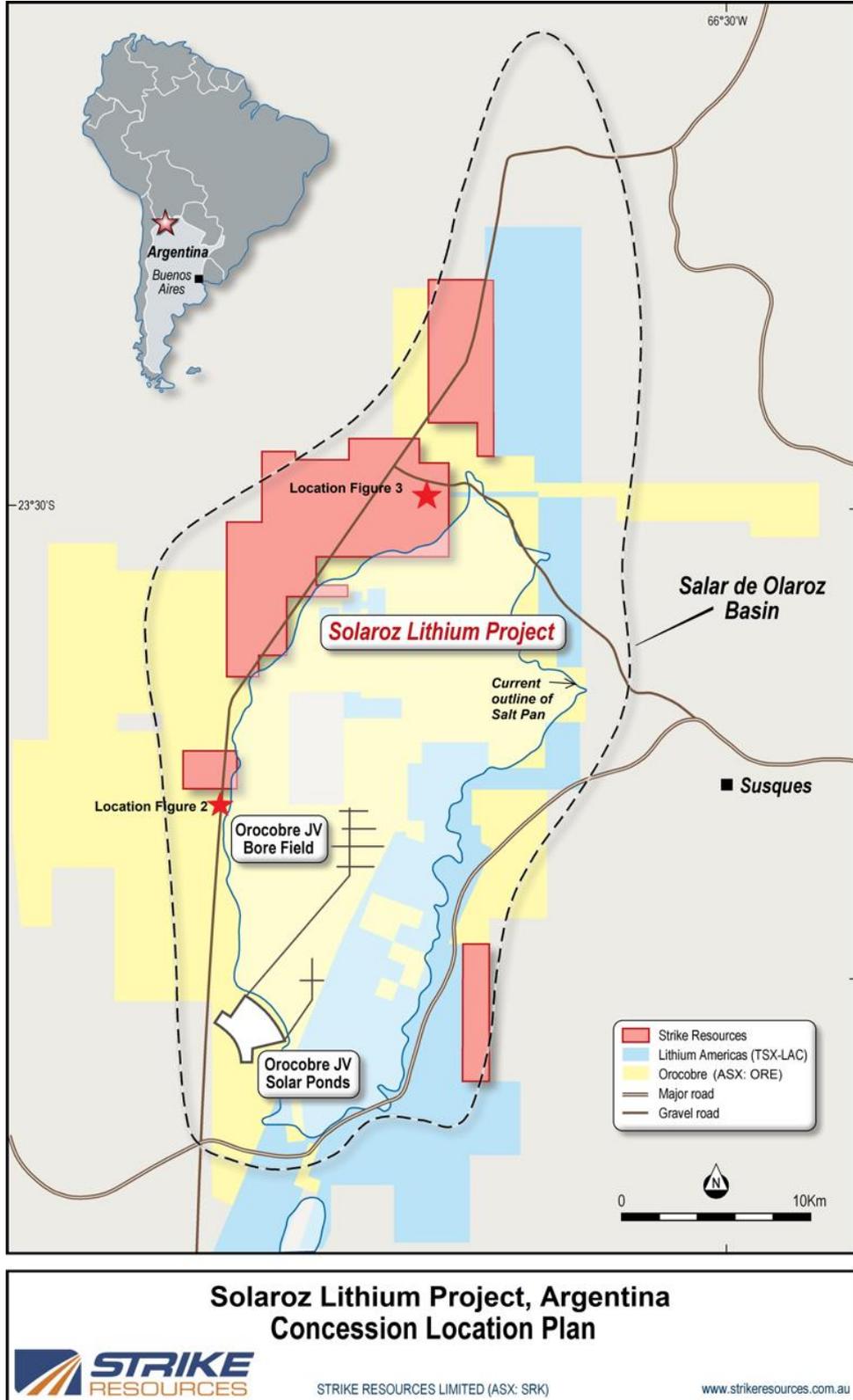


Figure 1: Solaroz Project – Location of Concessions

The location is supported by favorable conditions in terms of both the operating environment and local infrastructure. Very limited rainfall combined with dry, windy conditions create the ideal environment for the brine-evaporation process.

The area is also serviced by a gas pipeline which intersects the Solaroz Concessions, high voltage electricity, and paved highways. Three major seaports, Buenos Aires in Argentina, Antofagasta and Iquique in Chile, are serviced by international carriers and are easily accessible by road and/or rail.

The Solaroz Concessions lie over the same Salar de Olaroz Basin from which Orocobre is extracting and processing lithium rich brine for sale as lithium carbonate since 2015. The Solaroz Concessions follow and overlap into the visible white halite salt layer of the 'salar' (salt lake) and extend as substantial flat areas with 1 - 2 metres of elevation to the visible halite area, providing the ideal location and topography for the construction of evaporation ponds.

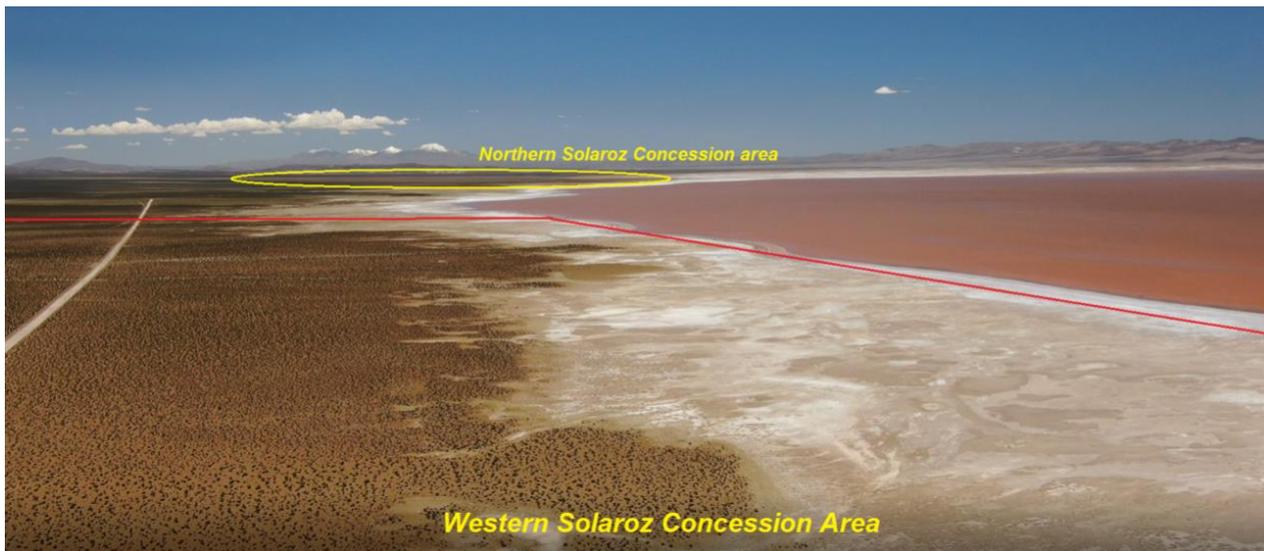


Figure 2: View of Solaroz Project Area, taken from Western Solaroz Concession area facing North

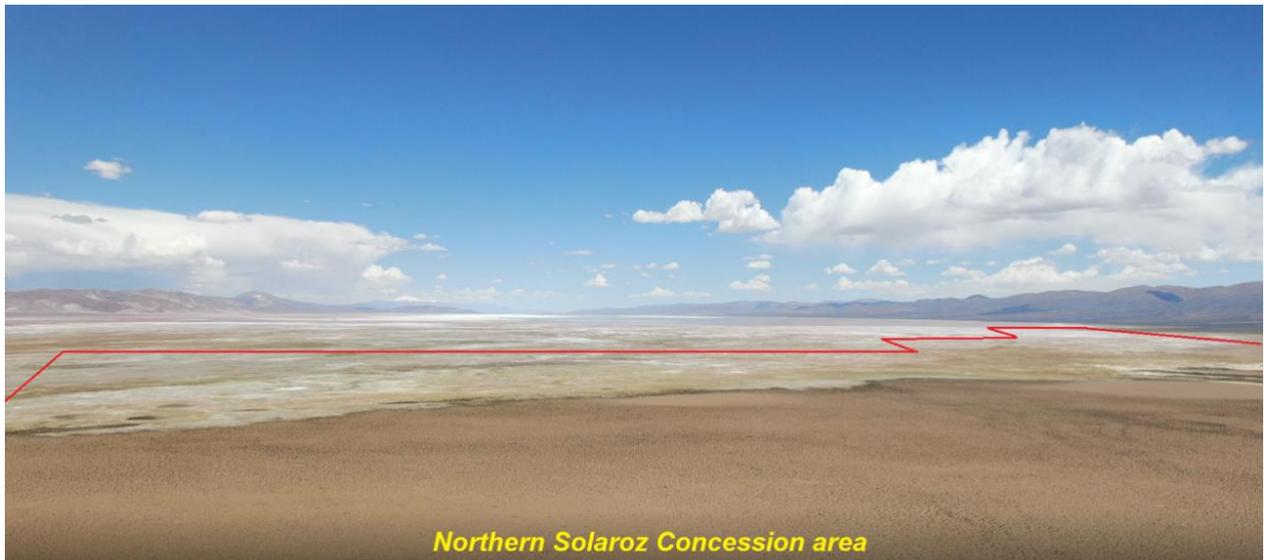


Figure 3: View of Solaroz Project Area, taken from Northern Solaroz Concession area facing South

Strike's interpretation of the basin architecture is that the aquifer which supplies the lithium-rich brine being extracted by Orocobre (and targeted by other exploration and development companies in the area) extends under the Solaroz Concessions (refer *Figure 4*).

## Geological Model

The Salar de Olaroz Basin (refer *Figure 4*) was formed with the appearance (approximately 14 million years ago) of volcanic mountains to the North and South, effectively forming a closed basin within an existing drainage system. Water and lithium-rich material collected in this closed basin over time and alluvial deposits gradually filled up the basin with porous material, which today hosts the lithium-rich water.

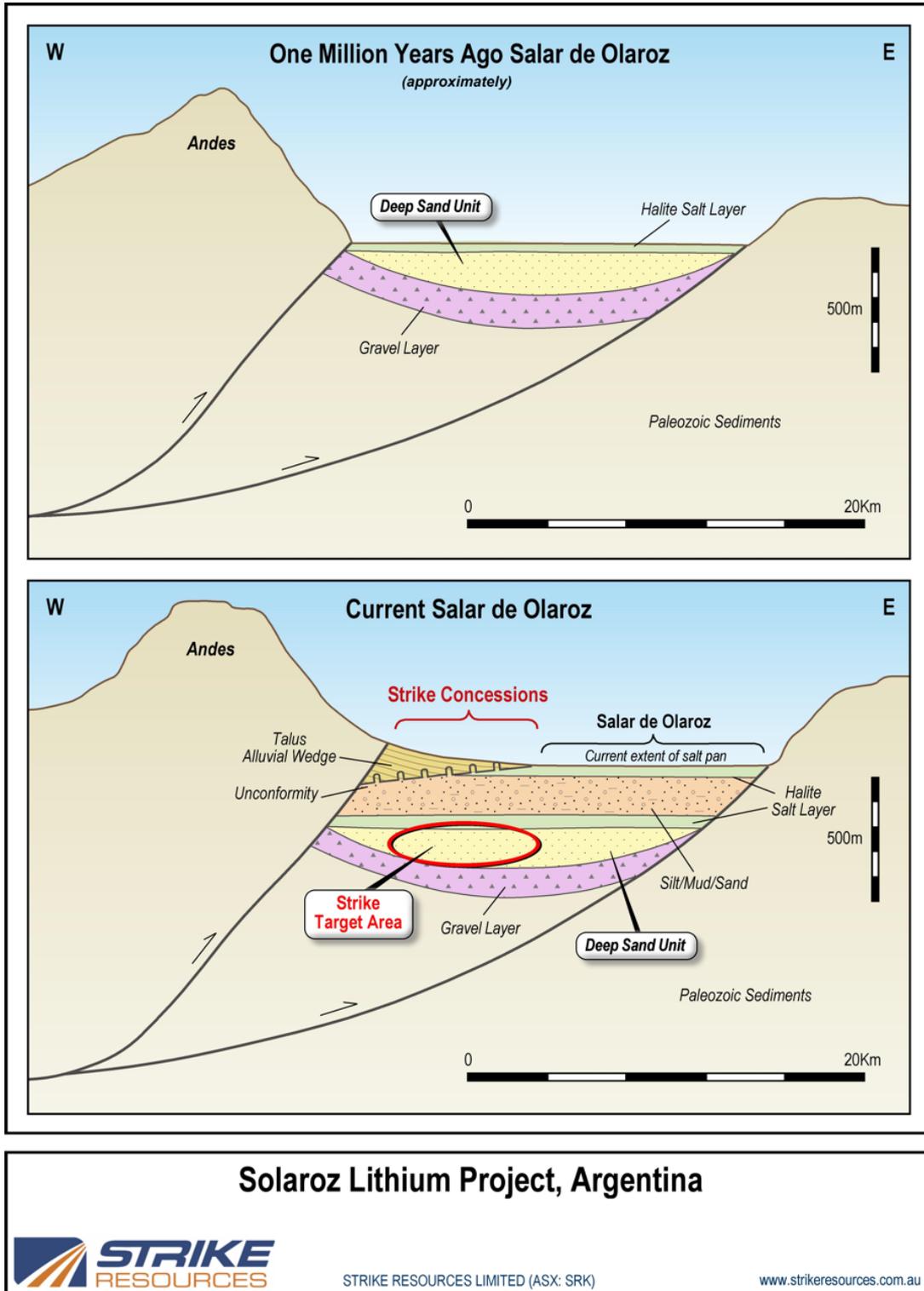


Figure 4: Geological cross sections depicting evolution of Olaroz Salar Basin and Strike's primary target zone for lithium mineralisation

The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Salar de Olaroz is one of a number of land locked salt lakes located high up in the Argentinian Puna Region. The Salar de Olaroz Basin is bounded by a pair of north-south reverse faults that thrust Andes Paleozoic sediment west to east as a result of the Pacific Plate colliding with the South American Plate. This results in the west side of the basin being continually pushed higher which replenishes the sediment fill within the basin.

Strike's Exploration Target is based on the interpretation that the alluvial deposits upon which the Solaroz Concessions are located (at the North-West corner of the salar) have been deposited relatively recently and lie directly above the productive deep sand unit of the lithium rich aquifer from which Orocobre is extracting its brine (refer "Deep Sand Unit", shown in yellow in *Figure 4*). The potential quantity and grade of Strike's Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Strike's geological interpretation indicates that the majority of the Solaroz Concessions are likely to lie directly over the productive lithium rich aquifer. Previously published geophysical studies undertaken by Orocobre<sup>1</sup> indicate that the sub-surface brine hosting aquifers appear to extend well outside the boundaries of the visible salt area and to depth and adds evidence supporting the likelihood of lithium rich brine hosted beneath the Solaroz Concessions.

Other exploration and development companies (for example, Advantage Lithium Corp. (TSXV:AAL); Millennial Lithium Corp. (TSXV:ML); Lake Resources N.L. (ASX:LKE) and Galan Lithium Limited (ASX:GLN)) have also confirmed through geophysics and drilling that lithium-rich brine hosting aquifers in Argentina tend to extend well outside boundaries of today's visible salt pans.

Strike's planned exploration programme (subject to granting of the EIA Report) consists of geophysical surveys, followed by drilling, sampling and flow rate testing in the event that sufficient brine is intersected.

## Terms of Acquisition

Strike has entered into an agreement to acquire a 90% shareholding interest in Argentina registered Hananta S.A. (**Hananta**). Hananta has, in turn, entered into an Option and Purchase Agreement (**Agreement**) with the registered legal and beneficial owner (**Owner**) of applications for exploitation concessions currently being processed before the Administrative Mining Court of the Province of Jujuy (**Mining Properties**) which comprise the Solaroz Concessions.

Under the Agreement, Hananta will make a series of payments in cash and (at Strike's election, shares) over 4 years totaling US\$6,590,000 to the Owner according to the schedule in *Table 1* below. At the completion of the payments, title to the Mining Properties will be transferred to Hananta.

The schedule of payments has been structured such that the most significant payments are deferred until Strike has had the opportunity to conduct sufficient exploration activities to confirm the prospectivity of Solaroz.

**Table 1: Hananta Payment Schedule to Owner**

	Cash (US\$)	Cash or Shares <sup>2</sup> (US\$)	Total (US\$)
On execution of Agreement	140,000	-	140,000
6 months after EIA approval	120,000	-	120,000
12 months after EIA approval	330,000	-	330,000
18 months after EIA approval	880,000	750,000	1,630,000
30 months after EIA approval	1,180,000	1,000,000	2,180,000
42 months after EIA approval	1,190,000	1,000,000	2,190,000
<b>Total</b>	<b>3,840,000</b>	<b>2,750,000</b>	<b>6,590,000</b>

1 Reference: Olaroz Technical Report dated 13 May 2011: Salar De Olaroz Lithium-Potash Project, Jujuy Province, Argentina

2 Shares or cash, at Strike's election

Strike can elect to terminate Hananta's Agreement with the Owner at any time, with no penalty.

Strike will fund 100% of the development costs to completion of bankable feasibility study (such funding to be provided as loans to Hananta, to be repaid to Strike as a priority prior to any distributions to shareholders), after which Hanaq (as the other 10% shareholder in Hananta) will contribute pro-rata or dilute. Hanaq can at any time elect to covert its holding in Hananta to a 1% Net Smelter Royalty.

## **Hanaq Argentina S.A.**

Hanaq Argentina S.A. (**Hanaq**) is an exploration and development company based in Salta, which is currently advancing a portfolio of Lithium, Silver, Gold, Copper and Uranium projects.

In particular, Hanaq, through one of its related companies, is currently operating a lithium brine project in Salta which is at the final stage of construction (with ~80 hectares of evaporation ponds already constructed) and is scheduled to commence generating cash flow shortly.

Hanaq has an established local office in Salta with a team of approximately 40 staff including exploration geologists, engineers, engineering and operations specialists.

A significant shareholder in Hanaq is a major Chinese battery company supplying some of the world's largest battery manufacturers with raw materials.

Hanaq will provide local operating support and services to Strike and Hananta to manage the Solaroz Project.

## **Lithium in Argentina**

Argentina holds the world's biggest lithium resources (as brine deposits) and is currently the world's third largest producer of lithium, after Australia and Chile.

One of the key attractions of lithium brine projects in Argentina is their low cost of production compared to hard rock lithium projects – Argentinian (and Chilean) lithium brine projects are well recognised as being the lowest on the lithium carbonate production cost curve.

The principle reason for the low operating cost is that lithium rich brine, once pumped to the surface (typically from aquifers at up to several hundred metres depth) is then transferred to large evaporation ponds, which rely on free energy from the sun and local atmospheric conditions to concentrate the brine. There are generally no environmentally damaging tailings or toxic by-products.

Strike proposes to follow the well-established and proven production methodology for converting lithium-rich brines into lithium carbonate in a similar manner to existing Argentinian based lithium brine producers.

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### **FOR FURTHER INFORMATION**

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## **ABOUT STRIKE RESOURCES LIMITED (ASX:SRK)**

Strike Resources is an ASX listed resource company and owns the high-grade Apurimac Magnetite Iron Ore Project and Cusco Magnetite Iron Ore Project in Peru and is currently developing its Burke Graphite Project in Queensland and lithium exploration tenements in Western Australia.

## **JORC CODE (2012) COMPETENT PERSON'S STATEMENT**

The information in this document that relates to Exploration Targets is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Smith, BSc (Geophysics) (Sydney) AIG ASEG, who is a Member of The Australasian Institute of Geoscientists (AIG). Mr Smith is a consultant to Strike Resources Limited. Mr Smith 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 Mineral Resources and Ore Reserves" (JORC Code). Mr Smith has approved and consented to the inclusion in this document of the matters based on his information in the form and context in which it appears.