



Strong Progress on Fungoni Heavy Mineral Sands Project

Strandline Resources (**Strandline or the Company**) continues to progress development of its zircon-rich Fungoni Heavy Mineral Sands (**HMS**) Project, located 25km south of Dar es Salaam port infrastructure.

The Fungoni Project is based on a low capital cost, fit-for-market operating model to produce saleable ilmenite, rutile and zircon mineral sand products to generate near-term cashflow for the Company.

FUNGONI FEASIBILITY STUDY PROGRESS UPDATE:

The Company remains on target to complete the Fungoni Feasibility Study (**FS**) and achieve a Final Investment Decision for the Project execution in the third quarter 2017:

Regulatory Approvals:

- Project Approvals are progressing well with **positive support from Tanzanian authorities**. The Company is now in a position to issue an updated Environmental Impact Assessment to the National Environment Management Council, based on a **larger scale HMS operation**;
- Preparation for the Mining Licence application has commenced in **close collaboration with the Ministry of Energy and Minerals**, providing the opportunity for Strandline to emphasise commitment to responsible and sustainable development, value generation and full compliance to Tanzania regulation.

Metallurgy and Process Design:

- **Bulk metallurgical testwork confirms simple and practical process flowsheet** for the wet concentrator and mineral separation plants, incorporating embedded design flexibility and robustness to tailor the final product suite to maximise product value, marketability and project returns;
- Preliminary flowsheets incorporate proven mineral process beneficiation and separation technology achieving **excellent process performance metrics**, including high recoveries for preferred products;
- **High quality final product suite** to be produced suitable for the global HMS markets, including ilmenite quality favourable for the production of TiO₂ pigment via the Chloride Process and high purity zircon containing very low contaminants potentially suitable for the ceramic's industry.

Product Off-take and Financing:

- **Product off-take discussions** and market testing has commenced with a high level of market interest from major end-users in an improving heavy mineral sands market;
- The Company has begun early considerations with a range of parties to provide financing support including senior debt, equity, and offtake financing. Strandline continues to have the **strong support of its largest shareholder, Tembo Capital**.

Mining and Auxiliary Services:

- The **Mine study** is continuing aimed at producing an optimal high grade ore reserve, mine plan and efficient mining method. The study is targeting a **significant improvement to the previous Fungoni study** in terms the mining rate and tonnes of recovered valuable heavy mineral; and
- Auxiliary engineering packages relating to hydrogeology, hydrology, geotechnics and tails storage facility design have also commenced through the recent appointment of **Knight Piésold Consulting**.

COMMENTARY:

Strandline’s Managing Director and CEO, Luke Graham commented, “The Company has made excellent progress on the Fungoni Feasibility Study with focus now turning to fine tuning the mine sequence, plant and infrastructure design, logistics, operating philosophies, execution plan and cost estimates. In parallel, the Company will rapidly progress regulatory project approvals, marketing and a range of project funding solutions.”

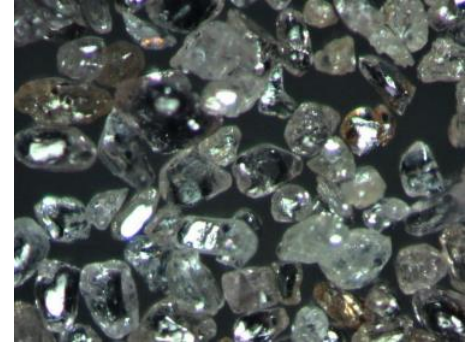
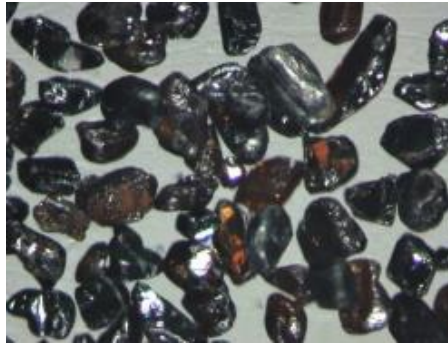
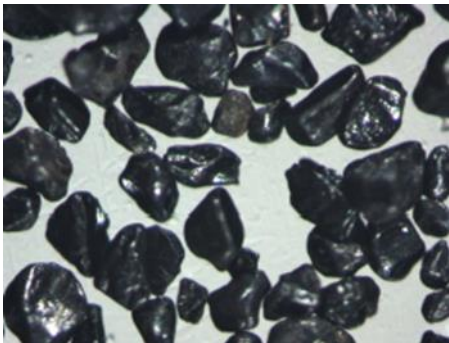


Figure 1 – Micrograph of the Fungoni Ilmenite Product (taken from TZMI’s AML Testwork)

Figure 2 – Micrograph of the Fungoni Rutile Product

Figure 3 – Micrograph of the Fungoni Zircon Product. Final product form to be confirmed

FUNGONI HEAVY MINERAL SANDS PROJECT - KEY ANNOUNCEMENT REFERENCES:

Readers are directed to the following ASX announcements for background on the Fungoni Project:

- 25 January 2017 [Fungoni Mineral Sands Project Feasibility Study Ramps up](#)
- 16 January 2017 [Fungoni Mineral Resource upgrade](#)
- 17 November 2016 [Fungoni drilling campaign](#)
- 23 February 2016 [Fungoni Scoping Study](#)



Figure 4 - Strandline holds a large tenement package strategically located along the Tanzanian Coastline

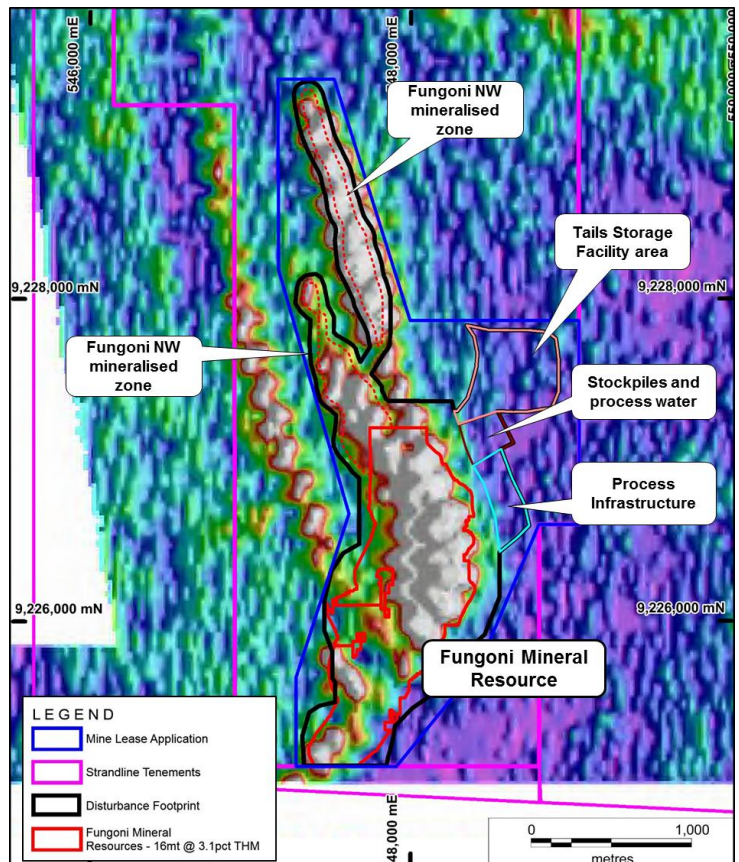


Figure 5 - Location Map of the Fungoni Mineral Resource and contiguous NW Radiometric Anomaly (titled Fungoni NW)

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