

ASX ANNOUNCEMENT

Coburn Mineral Sands Project



STRANDLINE
resources limited

18 February 2020

Independent Engineer appointed ahead of Term Sheets being finalised

Plus, tenders called for major construction contracts

HIGHLIGHTS

- **Project financing process advancing with debt terms under negotiation with lenders, including the Northern Australian Infrastructure Facility (NAIF)**
- **Detailed technical due diligence underway; SRK Consulting appointed as Independent Technical Expert on behalf of lenders**
- **Tenders called for major construction contracts with early indications that prices will be in line with DFS capital estimates**
- **Product offtake negotiations progressing well**
- **Following the outstanding process optimisation results (see ASX release 14 January 2020), an updated Coburn financial model will be undertaken as part of the project funding process**

Strandline Resources (**ASX: STA**) is pleased to report on the strong progress being made to secure debt funding for its Coburn mineral sands project in WA.

Negotiations with a group of potential lenders, including the Federal Government's Northern Australia Infrastructure Facility (**NAIF**) are advancing.

As part of this process, SRK Consulting (Australasia) Pty Ltd (**SRK**) has been appointed as Independent Technical Expert (**ITE**) to review the technical aspects of Coburn on behalf of the lenders. The outcome of the ITE process is expected to feed into the selection of preferred lender(s) and will play a key role in securing debt funding.

Coburn is one of the largest and most capital-efficient mineral sands projects in the world, with an exceptional zircon-titanium product suite, low costs and ability to generate strong financial returns. It is situated in the well-established mining jurisdiction of Western Australia, close to key infrastructure and the dominant mineral sands market of Asia.

In conjunction with financing activities, Strandline is working with engineering and contracting firms on the major procurement and construction packages. The early works site surveying and detailed design of the bulk earthworks and main access road packages have already been awarded.

Strandline has entered into an exclusive period with the Woodside-EDL Joint Venture (**WEJV**) as the preferred power provider for Coburn, based on the development of an innovative hybrid gas and renewable energy solution. Contract documentation and refinement of WEJV's technical solution is well underway.

Tenders have been received for several major construction packages, including the process plant infrastructure, with early indications that prices will be in line with DFS capital estimates. The Company is also well advanced in negotiations with global counterparties for offtake agreements for all of Coburn's products.

Coburn Mineral Sands Project – Lender Technical Due Diligence Progressing

A critical element of the Project is the Company's approach and long-term commitment to regional socio-economic benefits, indigenous and stakeholder engagement and Australian Industry Participation. This work is ramping-up as the project moves closer to implementation.

Coburn's long life and location has strategic appeal and importantly, its products of zircon, titanium and monazite containing rare earths are classified as Critical Minerals and are considered vital to the economic well-being of the world's major and emerging economies.

Given the supply risks associated with geological scarcity, geopolitical issues, trade policy and other factors, Coburn is a particularly valuable asset.

Strandline Managing Director Luke Graham said: "Coburn is set to be a Tier-1 mineral sands project in a Tier-1 location and will transform Strandline into a company with production scale and strong cashflow.

"The project is development-ready and has access to existing key infrastructure. When this is combined with a Board and a management team with a strong track record of developing projects of a similar scale, it is clear that Strandline is positioning for a phase of rapid growth.

"We are delighted with the initial feedback from lenders, contractors and potential customers and look forward to finalising all these arrangements so that construction can commence."

SUMMARY OF RESULTS

The Coburn DFS (Apr-2019) and subsequent process optimisation work (Jan-2020) demonstrates a compelling development option, both technically and financially.

High margins and strong long-term cash flows are the result of low operating costs and an exceptional high-value zircon and titanium product suite.

The DFS financial evaluation shows Coburn generates A\$1.9 billion of earnings (EBITDA) over the first 23 years (of the potential 38-year mine life), with a rapid payback of 2.2 years from the start of production.

- Coburn DFS Pre-Tax NPV₈ of A\$551m and IRR of 32% for the first 23 years; Best-quartile revenue-to-opex ratio of 2.2
- Coburn to provide significant regional, community benefits and indigenous opportunities
- Construction-ready with key development approvals in place, incl mining lease, environmental approval, native title agreement and pastoral lease ownership
- Annual production of 58kt zircon, 110kt chloride ilmenite and 24kt rutile; to supply ~5% of global zircon market
- Capital-efficient development compared with industry peers; A\$207m Capex for HMC Case, with an additional A\$50m required for Final Products Case which includes MSP infrastructure
- Large homogenous JORC-compliant Reserve of 523Mt @ 1.11% THM underpins an initial+23-year LOM, with opportunity to grow Reserves to +38 years, through evaluation of resources extending north
- Conventional open pit dry mining in free-dig sand with in-pit tailings deposition and progressive backfill and full rehabilitation
- Low waste-to-ore strip ratio averaging 0.7; extremely low slimes and oversize; coarse particle size
- Proven processing technology capable of high efficiencies and mineral recoveries
- Large global customers supportive of Coburn production and long-term offtake
- First production of HMC within 18 months from project commencement

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 16 April 2019 on details of the material assumptions underpinning the production target and financial results for the Coburn Project DFS, Ore Reserve and Mine Life Extension Case Scoping Study.



Coburn Mineral Sands Project – Lender Technical Due Diligence Progressing

The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.

This announcement is authorised for release by Luke Graham, Managing Director and CEO.



Image: Typical dozer push operation



Image: Typical Triple Road Train Configuration



Image: Typical HDPE lined Water Pond



Image: Geraldton Port Facilities and Bulk Cargo Ship



Image: Typical Site Accommodation Village



Image: Existing Geraldton Port Shiploader

ABOUT SRK CONSULTING

SRK Consulting is an independent, international consulting company providing focused advice and solutions to the resources industry. SRK offer specialist services to mining and exploration companies for the entire life cycle of a mining project, from exploration through to mine closure.

ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging heavy mineral sands (**HMS**) developer with a growing portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in South East Africa.

Strandline's strategy is to develop and operate high margin, expandable mining assets with market differentiation and global relevance.

Strandline's project portfolio contains high quality assets which offer a range of development options and timelines, geographic diversity and scalability. They include two zircon-titanium rich, 'development ready' projects, being the Fungoni Project in Tanzania and the large Coburn Project in Western Australia, as well as a series of titanium dominated exploration targets spread along the highly prospective Tanzanian coastline, including the advanced and large scale Tajiri Project in northern Tanzania.

Authorised for release by:

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COBURN MINERAL SANDS COMPETENT PERSON'S STATEMENTS

The information in this report that relates to exploration results and metallurgical testwork results is based on, and fairly represents, information and supporting documentation prepared by Mr Brendan Cummins, Chief Geologist and employee of Strandline. Mr Cummins is a member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which they appear. Mr Cummins is a shareholder of Strandline Resources.

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the provision of the drill database, and completed the site inspection. Mr Jones is the Competent Person for the data integration and resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

FORWARD LOOKING STATEMENTS

This report contains certain forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside of the control of Strandline. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay, approvals and cost estimates. Actual values, results or events may be materially different to those contained in this announcement. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement reflect the views of Strandline only at the date of this announcement. Subject to any continuing obligations under applicable laws and ASX Listing Rules, Strandline does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement to reflect changes in events, conditions or circumstances on which any forward looking statements is based.