



## Fungoni mineral sands project poised for development

### Strandline receives strong endorsement from the Tanzanian Ministry of Minerals as it awaits Mining Licence approval

#### HIGHLIGHTS

- **Tanzanian Minister for Minerals, Honourable Angellah Kairuki, and senior members of her Ministry have reaffirmed their support for the near-term development of Strandline’s Fungoni Mineral Sands Project in Tanzania**
- **The formation of Tanzania’s new Mining Commission is very close to being finalised**
- **Final approval of Strandline’s Mining Licence Application is expected shortly thereafter, paving the way for the Company to finalise project funding and commence development**

Strandline Resources (**ASX: STA**) is pleased to provide an update on the status of the Mining Licence Application (**MLA**) for its flagship Fungoni mineral sands project with the Ministry of Minerals in Tanzania following recent meetings with senior Government officials.

Following legal reviews of Tanzania’s new Mining Regulations, and after consultation with the Tanzanian Ministry of Minerals earlier this year, Strandline updated and resubmitted its MLA in March 2018 to ensure compliance with the new provisions.

Of note, Strandline’s updated MLA emphasises its local content plan, procurement practices, corporate social responsibility, indigenous engagement and knowledge transfer initiatives, advanced process beneficiation in-country and integrity pledge.

On 13 April 2018, senior representatives from Strandline, including the Company’s Chairman, Mr Didier Murcia, met with Tanzanian Minister for Minerals, the Honourable Angellah Kairuki; Deputy Minister for Minerals, the Honourable Stanslaus Nyongo; and Commissioner for Minerals, Professor Shukuruni Manya.

During the meeting, Minister Kairuki confirmed:

- Tanzania’s commitment to encourage and facilitate mining investment in Tanzania; and
- The formation of the Mining Commission is expected to be completed soon.

Finalisation of the Commission is expected to pave the way for approval of the Fungoni mining license.

Commenting on the outcomes of the meeting, Mr Murcia said: “It is very encouraging to hear that the establishment of the Mining Commission is now imminent.

“On behalf of Strandline, I wish to thank Honourable Kairuki, Honourable Nyongo and Professor Manya for their ongoing support of the Fungoni Project, the development of which will bring significant value and benefits to all stakeholders.”

## FUNGONI PROJECT SNAPSHOT

The Fungoni DFS completed in October 2017 (refer ASX announcement 06 October 2017) confirmed that the Project will deliver strong financial returns, has a high unit value product suite, is capital-efficient, and demonstrates the strategic potential of the Company's portfolio of mineral sands assets in Tanzania.

The Project is favourably located ~25km from Dar es Salaam port in a growing commercial/industrial district and will benefit from existing infrastructure, including an established road network and services industry.

Key highlights of the Fungoni DFS include:

- Low development capital cost of US\$30 million, including mine infrastructure, port facilities, working capital, land access, pre-production mining, owner's costs and project contingencies of 10%;
- Maiden Ore Reserve of 12.3Mt @ 3.9% Total Heavy Mineral (THM), with opportunities to grow Reserves and mine life, further increasing financial returns;
- Outstanding Internal Rate of Return and revenue-to-operating cost ratio of 2.7 (first quartile);
- Project Pre-Tax NPV of US\$42.9 million (A\$57.2 million at USD/AUD 0.75) based on a 10% discount rate and TZMI's September 2017 commodity price forecast;
- Life-of-Mine (LOM) Revenue of US\$168 million (A\$224 million) and LOM EBITDA of US\$98 million;
- Binding off-take Agreements signed for 100% of zircon-monazite product for the Life-of-Mine, based on "take-or-pay" arrangement with letter of credit, representing ~62% of projected project revenue;
- Environmental Certificate granted and Mining Licence Application submitted and awaiting adjudication;
- Nominal 12 month design, construction and commissioning period and 2.7-year payback period from start of construction;
- Modular relocatable infrastructure with state-of-the-art processing technology which can be re-used at Strandline's other mineral sands assets in Tanzania;
- "Low impact" mining philosophy with progressive backfill and rehabilitation of the mined area, returning the land to pre-mining state; and
- Fungoni will generate a host of key social and economic benefits including capital inflows to Tanzania, significant job creation, training and job diversity, transferable skills development as well as community engagement programmes.

Furthermore, the Fungoni Project is positioned extremely well to benefit from an improving mineral sands commodity outlook and, in particular, the emerging zircon structural supply gap forecast for the market from 2018. The zircon and ilmenite pricing formulae is leveraged to the improving market conditions.

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## ABOUT STRANDLINE - THE BROADER STRATEGY

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 quality, high margin, expandable mining assets with market differentiation and global relevance.

Strandline's project portfolio comprises development optionality, geographic diversity and scalability. This includes two zircon-rich, 'development ready' projects, 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 350km of highly prospective Tanzanian coastline, including the advanced Tanga South Project and highly prospective Bagamoyo and Sudi projects.

The Company's focus is to continue its aggressive exploration and development strategy and execute its multi-tiered and staged growth strategy to maximise shareholder value.