



QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2023

Strandline Resources Limited (ASX: STA) (Strandline or the Company) provides an update on its operational, development and corporate activities for the quarter ended 30 September 2023.

KEY POINTS

Coburn Mineral Sands Project - Western Australia

- Production of Heavy Mineral Concentrate (HMC) remained constrained by tailings storage capacity and Dozer Mining Unit (DMU) availability, impacting Mineral Separation Plant (MSP) utilisation
- First shipment of 6,000 tonnes of Chloride Ilmenite completed
- Seventh shipment of 7,800 tonnes of HMC completed
- Stockpiles on hand at the end of the quarter totaling 24,508 tonnes of combined HMC and products produced, of which 20,900 tonnes were sold subsequent to quarter-end
- Modifications to the upstream mineral cleaning circuit adjacent to the Wet Concentrator Plant (WCP) completed, resulting in significant early improvements in product quality
- Expanded Coburn Scoping Study on hold with key focus on ramp up and commissioning

Mineral Sands Projects – Tanzania

- Following the re-issuance of its suite of Prospecting Licences and improving regulatory sentiment in Tanzania, Strandline substantially completed the compensation payments to project-affected people in order to secure Fungoni land access
- Application process for the Tajiri Special Mining License (SML) advanced to final review stage by the Tanzania Government Cabinet Secretariat
- Tanzanian Mining Commissioner, Dr Mwanga, visited Coburn project while in WA for the Africa Down Under conference

Corporate

- Capital raising of A\$33.8m and Share Purchase Plan proceeds of A\$2.8m (before costs) completed
- Consolidated Cash of A\$27.0m as at 30 September 2023
- No lost time injuries to date. Total Recordable Injury Frequency Rate of 3.7 per million hours worked
- Managing Director Luke Graham resigned, effective 22 September 2023
- Highly experienced operations executive Jozsef Patarica started as CEO on 4 September, 2023 and was appointed Managing Director on 25 September 2023

Post Quarter End

- The Company is in suspension pending a review of the operations strategy and funding requirements as it seeks to ramp up the Coburn Project.



COBURN MINERAL SANDS PROJECT, WA

Strandline's 100% owned Coburn Mineral Sands Project is a strategic long-life asset situated in the Tier-1 mining jurisdiction of Western Australia. The project is underpinned by an attractive high-value product suite comprising critical minerals of zircon, titanium and monazite (containing rare earth elements). The project is currently in ramp up phase.

Operational performance

Mined tonnage was slightly higher than the previous quarter at 3,304,848 tonnes (June quarter: 3,161,378 Mt) with the average heavy mineral (HM) grade of 1.05% (June quarter: 0.99%). Mining rates remained constrained during the quarter due primarily to sand tailings storage capacity which affected plant throughput, with DMU screen failures also a contributing factor.

Plans have been developed to remove the tailings constraint which will enable mining rates to ramp up. An update regarding the work required and the timeframes will be provided during November. Total HMC produced was higher at 30,949 tonnes (June quarter: 26,134 tonnes), a 18% improvement on the previous quarter. Stockpiles held at Coburn and Geraldton Port at the end of September comprising 24,508 tonnes and consisting of:

- 5,351 tonnes of Chloride Ilmenite (5,900 tonnes loaded 10 October 2023)
- 15,912 tonnes of Zircon in Concentrate (ZIC) (15,000 tonnes loaded 26 October 2023)
- 752 tonnes of Standard Grade Zircon
- 2,493 tonnes of HMC

Commissioning of the Mineral Separation Plant (MSP) continued during the quarter, producing Chloride Ilmenite, Standard Grade Zircon and ZIC products. With HMC production being limited as a result of tailings constraints, the MSP was not operated continuously. This impacted the ability to produce the full suite of final products. During the quarter, the Company completed its seventh shipment of HMC of 7,800 tonnes and also completed its first shipment of 6,000 tonnes of Chloride Ilmenite

Subsequent to the end of the quarter, Strandline completed its first shipment of 15,000 tonnes of ZIC and second shipment of chloride ilmenite of 5,900 tonnes.

TANZANIA MINERAL SANDS GROWTH PROJECTS

Strandline, through its 84% shareholding in Nyati, owns multiple major mineral sands growth projects along the highly prospective coastline of Tanzania, including the Fungoni and Tajiri projects, and a series of exploration tenements. This provides project optionality and strategic value given the exploration and development potential in the country.

Prospecting licenses covering or adjoining Strandline's full suite of projects (seventeen licenses in total), including Fungoni, Tajiri, Bagamoyo and Sudi mineral sands projects, were transferred to Nyati in the March quarter 2023. As part of this process, the tenure term and conditions of the tenements were refreshed allowing the Company to progress its next phase of project planning and commercialisation initiatives.



Figure 1 Coburn Project location map



Figure 2 Tanzanian Project Location Map

During the quarter, Nyati substantially completed the compensation payments to the Project Affected People (PAP) and commenced the implementation of the Fungoni project Resettlement Action Plan to secure land access for potential future development of the project. The total estimated amount of compensation for Fungoni is A\$13.0m (US\$8.5m), which is based on a conventional compensation package in accordance with Tanzanian law and approved by the Chief Government Valuer. Total payments made during the quarter were A\$11.9m with the commencement of the resettlement of PAPs during the quarter and is expected to be finalised by the end of the calendar year.

During the quarter, the Company progressed discussions with potential strategic investment partners (including options for joint venture and offtake partners) relating to Nyati's portfolio of Tanzanian projects. These discussions are expected to continue as the Company refines its commercialisation plans for the Tanzanian assets. As part of this process, the Company has appointed Sternship Advisers. Progress continues on the Tajiri Special Mining License application which has now reached the final review stage by the Tanzania Government's Cabinet Secretariat.

CORPORATE

Cash & Investments

The Company's consolidated cash was A\$27.0m as at 30 September 2023 (30 June 2023: A\$41.3m) and total concentrate stockpiles of HMC, ZIC, ilmenite and standard grade zircon on hand at the end of the quarter were 24,508 tonnes. The operating cashflow reflects the timing of shipments and subsequent to quarter end, a total of 15,000 tonnes of ZIC and 5,900 tonnes of ilmenite were sold and shipped.

Commissioning of the Coburn Project continued during the quarter with cashflow generated from HMC and ilmenite sales being used to fund working capital for the project.

Receipts for the quarter included:

- Seventh HMC shipment of 7,800 tonnes sold in July and the first ilmenite shipment of 5,900 tonnes in August totalling 13,800 tonnes for the quarter and realising A\$11.2m (30 June 2023: A\$30.5m for 28,725 tonnes).
- Research and development (R&D) tax incentive refund received of A\$0.5m under the Australian Federal Government's R&D Tax Incentive scheme for FY22.
- Equity raising and share purchase plan proceeds of A\$34.8m (net of costs) received

Material costs for quarter included:

- A\$35.3m in operating costs for production (including \$1.1m for government royalties)
- A\$3.4m of corporate and administration costs
- A\$10.1m of commissioning and short-term capital expenditure which consists of:
 - \$4.9m of interest payment on debt facilities
 - \$2.6m of sustaining capital expenditure
 - \$1.9m of bulk earthworks development expenditure
 - \$0.7m of production control drilling
- A\$11.9m in payments for the Fungoni project Resettlement Action Plan compensation.

Payments during the quarter to related parties included in the Appendix 5B were A\$41k of fees paid to MPH Lawyers, being a Director related entity and A\$426k for Directors' remuneration. Full details of cash flows for the quarter are set out in the attached Appendix 5B.

Loan Facilities

In accordance with the Coburn Project development plan, Coburn Resources Pty Ltd (a 100%-owned subsidiary of Strandline) has drawn down loan funds, being A\$130m under the NAIF facility and US\$60m under the Bond Facility (refer to Appendix 5B for further details).

The Bond facility is scheduled to be repaid first (with scheduled repayments commencing from March 2024), followed by the NAIF Facility with schedule repayments commencing from March 2028). In addition, as part of the original Coburn project finance structure, a A\$15m working capital tranche is in place with NAB, to stand alongside the NAIF and Bond facilities. The Working Capital Facility was fully drawn down as at the end of the quarter.

Equity

During the quarter, the Company completed an institutional placement and share purchase plan issuing a total of 203.1 million fully paid ordinary shares raising gross proceeds of A\$36.6 million (before costs). The Company also issued 6.5 million fully paid ordinary shares through the vesting of 4.2 million Performance Rights under the Long Term Incentive Plan and 2.3 million fully paid ordinary shares issued in accordance with the Short Term Incentive Plan. A total of 2.1 million Performance Rights were issued during the quarter and 5.4 million Performance Rights lapsed.

Table 1 Strandline Securities at the end of the Quarter

Class of securities	Number
Fully paid ordinary shares	1,462,564,234
Unlisted performance rights expiring 15/08/24	3,412,681
Unlisted performance rights expiring 15/08/25	3,675,926
Unlisted performance rights expiring 15/08/26	2,064,220
Unlisted Options – expiring 28/11/2023 and exercisable at \$0.26 per option	2,500,000
Unlisted Options – expiring 30/11/2023 and exercisable at \$0.30 per option	3,000,000

Post Quarter End

The Company is currently conducting an operations review and review of its funding requirements and for this purpose, has sought and obtained a suspension from the trading of its shares on ASX. The Company intends providing further guidance to shareholders in the near term.

Mineral Sands Market

Market conditions for mineral sands were generally softer in the third quarter and down on both a quarter-on-quarter basis and year-on-year basis. The downturn reflects weaker global economic activity, especially in the housing and construction sectors that typically drive demand for zircon and titanium. This was particularly noticeable in China.

During the quarter, a number of Strandline’s industry peers announced lower sales volumes as they chose to sacrifice volumes in order to maintain price stability. As a result, market prices in the third quarter were generally unchanged from the second quarter. The outlook for the fourth quarter is a continuation of stable pricing trends, with volumes expected to recover and current market dynamics improve.

Health, Safety and Sustainability

There were no lost time injuries during the quarter and the Company has a lost time injury frequency rate (LTIFR) of 0.0 per million hours worked. The Company’s Total Recordable Injury Frequency Rate (TRIFR) is 3.7 per million hours worked (30 June 2023: 3.3 per million hours worked).

Managing Director Appointment

Highly experienced operations executive, Mr Jozsef Patarica who started as CEO on 4 September 2023, was appointed Managing Director on 25 September 2023. The appointment of Mr Patarica as Managing Director follows the resignation of Mr Luke Graham.

Mr Patarica brings a wealth of operational and executive experience in the resources industry, including the mineral sands sector. During his career, he has successfully transitioned several projects through the development phase into sustainable operations.

Tenement Holdings

A detailed listing of tenement holdings is included in Annexure A.

This announcement is authorised for release by the Strandline Resources Board of Directors.

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FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements and comments about future events, including statements about Strandline's expectations about the financial and operating performance of its business. Forward looking statements can generally be identified by the use of forward looking words including (without limitation) words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved.

A number of important factors could cause Strandline's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including (without limitation) the Australian and global economic environment and capital market conditions, with many of these factors being beyond Strandline's control. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Forward looking statements involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Strandline. The forward-looking statements are based on information available to the Company as at the date of this announcement. Circumstances may change and the contents of this announcement may become out-dated as a result. As such, you are cautioned not to place any reliance on any forward looking statement.

ABOUT STRANDLINE

Strandline Resources Limited (ASX: STA) is an emerging producer of critical minerals with a portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in East Africa.

Strandline's strategy is to develop and operate high margin, expandable mining assets with market differentiation and global relevance in the sector. Strandline's project portfolio contains high quality assets which offer a range of development options and timelines, geographic diversity and scalability. They include the world-scale Coburn Project in WA, currently under construction, and the exciting Tanzanian growth projects Fungoni and Tajiri.

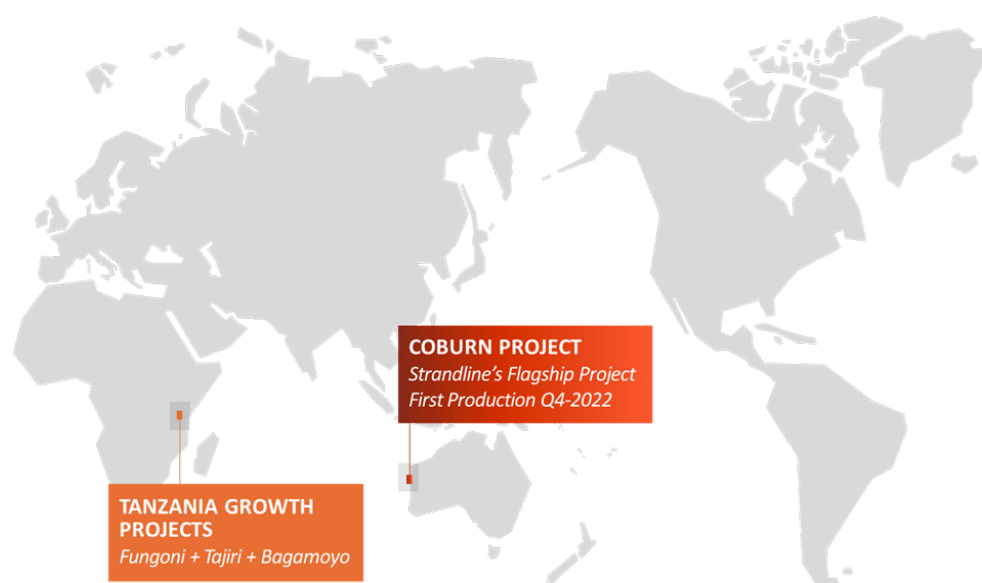


Figure 3 Strandline's Global Mineral Sands Exploration and Development Projects

ANNEXURE A – MINING TENEMENTS HELD AS AT THE END OF THE QUARTER

Location	Name	Interest
Australia	Coburn Mineral Sands Project	
E09/939	Shark Bay District, Western Australia	100%
L09/21	Shark Bay District, Western Australia	100%
L09/43	Shark Bay District, Western Australia	100%
M09/102	Shark Bay District, Western Australia	100%
M09/103	Shark Bay District, Western Australia	100%
M09/104	Shark Bay District, Western Australia	100%
M09/105	Shark Bay District, Western Australia	100%
M09/106	Shark Bay District, Western Australia	100%
M09/111	Shark Bay District, Western Australia	100%
M09/112	Shark Bay District, Western Australia	100%
R09/02	Shark Bay District, Western Australia	100%
R09/03	Shark Bay District, Western Australia	100%
R09/4	Shark Bay District, Western Australia	100%
E09/2355 (Pending)	Shark Bay District, Western Australia	100%
L09/99	Shark Bay District, Western Australia	100%
L09/101	Shark Bay District, Western Australia	100%
E09/2644 (Pending)	Shark Bay District, Western Australia	100%
E09/2645 (Pending)	Shark Bay District, Western Australia	100%
P09/500 (Pending)	Shark Bay District, Western Australia	100%
P09/501 (Pending)	Shark Bay District, Western Australia	100%

There were no tenements surrendered during the quarter and no farm-in or farm-out agreements entered into or held during the quarter for the tenements located in Australia

Location	Name	Interest
Tanzania	Mineral Sands Projects	
ML 678/2022	Fungoni	84%
PL 12218/2023	Fungoni	84%
PL 12211/2023	Sudi	84%
PL 12217/2023	Bagamoyo	84%
PL 12218/2023	Pangani	84%
PL 12222/2023	Fungoni West	84%
PL 12220/2023	Fungoni South	84%
PL 12212/2023	Bagamoyo	84%
PL 12221/2023	Sudi Central	84%
PL 12219/2023	Kitunda RIO	84%
PL 12207/2023	Rushungi South	84%
PL 12206/2023	Sudi East RIO	84%
PL 12213/2023	Temeke & Mkuranga	84%
PL 12214/2023	Temeke	84%
PL 12208/2023	Sakaura (South of Tajiri)	84%
PL 12216/2023	Mwasonga	84%
PL 12215/2023	Sharifu	84%
PL 12210/2023	Tanga- Pangani	84%
SML 00607/2022 (application)	Tajiri	84%

In accordance with the Framework Agreement executed between Strandline and the Government of Tanzania, the Fungoni tenement (ML 580/2018) was granted to Nyati Mineral Sands Ltd and new tenement grants were completed for the remaining PL Tanzanian tenements. There were no farm-in or farm-out agreements entered into or held during the quarter for the tenements located in Tanzania.