

ASX ANNOUNCEMENT

Coburn Mineral Sands Project
NAIF Loan Facility Approved



STRANDLINE
resources limited

22 June 2020

Northern Australia Infrastructure Facility approves \$150m loan for Coburn project in WA

HIGHLIGHTS

- **The Northern Australia Infrastructure Facility (NAIF) has made an investment decision to provide a loan facility for the development of Strandline's Coburn mineral sands project**
- **NAIF's facility is for up to A\$150m in two tranches, based on a 15.5-year term:**
 - **First tranche of up to A\$130m towards the construction of Coburn's core mine infrastructure**
 - **Second tranche of up to A\$20m to fund a potential future northern access road linking the project more directly to the Denham community in Shark Bay**
- **The NAIF facility is a critical part of Strandline's funding strategy, because it accounts for a major share of Coburn's capital requirement and will assist in enabling the remaining funding**
- **The NAIF facility is expected to stand alongside a commercial debt tranche**
- **Coburn will generate significant socio-economic benefits, indigenous and enterprise opportunities over its long life**
- **Strandline and NAIF are now working to finalise finance documentation and satisfy customary NAIF conditions precedent to drawdown, including conclusion of the responsible Federal Ministers' consideration period as outlined in the NAIF Act 2016 and the State having notified NAIF that it agrees to the investment decision**

Strandline Resources (ASX: STA) is pleased to announce it has taken a key step towards development of its Coburn mineral sands project in WA, with the Board of NAIF reaching an investment decision to provide debt finance of up to A\$150 million.

The NAIF facility accounts for a significant portion of Coburn's total estimated capital cost of A\$260 million (excluding financing costs) and is expected to stand alongside a commercial lending tranche.

All parties are now working towards completion of facility documentation and satisfaction of customary NAIF conditions precedent to draw down (see Schedule 1 for key terms).

NAIF's investment decision follows a detailed due-diligence process, including independent expert reports (as announced on 18 May 2020), and is a recognition of the important socio-economic benefits that the project will bring.

Coburn is designed as a world-class mineral sands operation, predicated on high Australian content and Indigenous engagement, creating significant employment and enterprise opportunities for regional communities.

NAIF's positive investment decision is further confirmation of the robust long-term financial returns to be generated from the Coburn project.

Coburn Project – NAIF Board Approves A\$150 Million Loan Facility

The mine life extends until 2045 (based on mining the initial 22.5 year Ore Reserves), with the potential to expand to 2060 (total 37.5 years mine life) through converting JORC-compliant resources immediately north and along strike of existing Reserves (see ASX release dated 4 June 2020 for details on the Coburn Definitive Feasibility Study).

The Company is now moving to finalise the balance of Coburn’s funding requirement, which is expected to comprise a combination of debt (alongside NAIF’s tranche) and equity-type financing.

Strandline Managing Director Luke Graham said NAIF’s support is a pivotal point in Coburn’s development.

“NAIF’s investment decision is a major endorsement of the project and positions the Company well to advance towards production,” Mr Graham said. “As well as providing a substantial share of the project funding, NAIF’s support will help ensure Coburn secures the rest of the necessary financing.

“Coburn will be a significant contributor to the economy of the Gascoyne and Mid-West regions in WA and a large employer from the surrounding communities for many years to come.

“With the key development approvals in place, binding offtake contracts signed with major customers and a significant portion of the development funding secured via the NAIF loan, Coburn is moving rapidly towards development.”

NAIF’s Chief Executive Officer Chris Wade said “at a critical time for the Northern Australia economy, NAIF’s support for the Coburn Project will provide jobs and investment into our important resources sector. This loan means NAIF has now approved nearly \$2.3 billion in loans to projects right across the north, with \$1.2 billion approved in the last 12 months. The mineral sands sector offers exciting potential for Northern Australia and we are delighted to support that with approval of investment towards what is considered one of the world’s largest and capital-efficient mineral sands projects.”

SCHEDULE 1 KEY TERMS OF NAIF’S LOAN FACILITY

Facility Amount:	Up to A\$150 million, over two tranches: <ul style="list-style-type: none"> • First NAIF Loan Tranche: Up to A\$130 million towards the construction of Coburn’s core mine process and non-process infrastructure • Second NAIF Loan Tranche: Up to A\$20 million for a potential future northern access road linking the project more directly to the Denham community in Shark Bay (subject to feasibility assessment, permitting and approvals)
Tenor:	Up to 15.5 years
Security:	Comprehensive senior security package over assets and rights of Coburn project, pari passu with a commercial lending tranche
Conditions Precedent: to Financial Close:	The NAIF loan facility is subject to facility documents being entered into between the parties and satisfaction of customary conditions precedent to drawdown. These include, but are not limited to: <ul style="list-style-type: none"> • Conclusion of the Federal Minister’s consideration period as outlined in the NAIF Act 2016; • Finalisation of the State’s consideration of the Project and its agreement for the approved funds to be advanced; and • Evidence of the balance of development funding being secured.

ABOUT NAIF

The Northern Australia Infrastructure Facility (**NAIF**) is a Commonwealth Government A\$5 billion lending facility to finance projects via the governments of the Northern Territory, Queensland and Western Australia to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment.

Projects supported by NAIF are diversified across sectors including ports, airports, tourism, education, agriculture, resources and renewable energy.

Every NAIF project will support important Indigenous engagement with many projects committing to Indigenous employment or procurement targets. More information is available at <http://www.naif.gov.au/>.

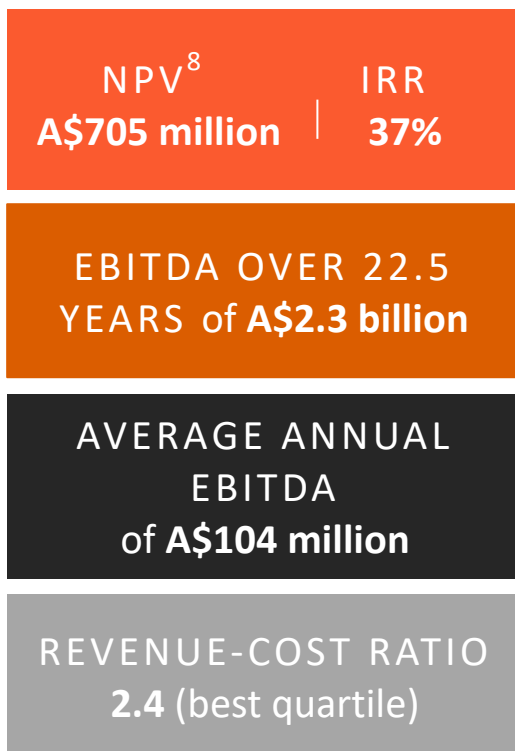
ABOUT THE COBURN PROJECT

Strandline is advancing towards a development decision for its 100%-owned Coburn mineral sands project (**Coburn** or the **Project**) situated in the Gascoyne region of Western Australia.

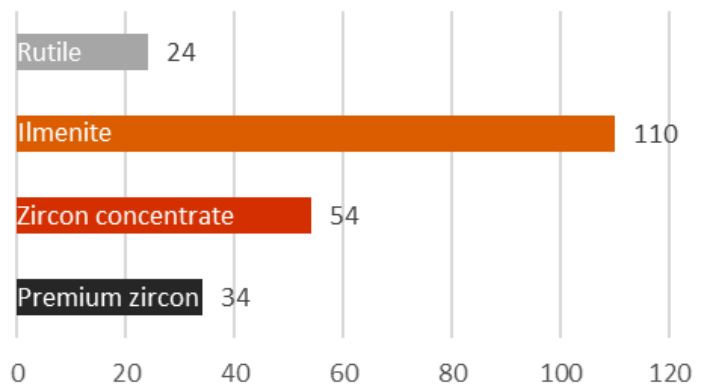
Strandline recently completed an updated Definitive Feasibility Study (**DFS**) on Coburn (see release dated 4 June 2020), confirming the project will generate strong financial returns over a long life. High margin long-term cash flows are the result of low operating costs and an exceptional, high-value zircon and titanium product suite.

The Coburn DFS key financial metrics are shown below:

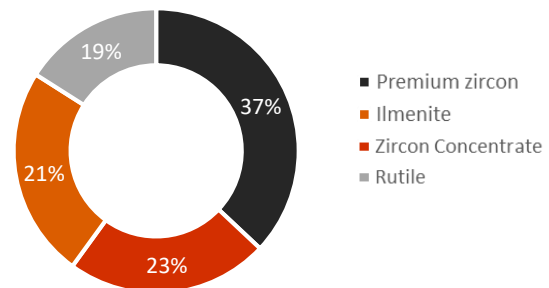
UPDATED DFS FINANCIAL SUMMARY



PRODUCTION BY PRODUCT (KTPA)



REVENUE BY PRODUCT (%)



OTHER SALIENT POINTS

- Coburn to provide **significant socio-economic benefits, indigenous and local content opportunities**
- **Construction-ready** with key development approvals in place, incl mining lease, environmental approval, native title agreement and pastoral lease ownership
- Annual production of 34kt premium zircon, 54kt of zircon concentrate, 110kt chloride ilmenite and 24kt rutile; to supply **~5% of global zircon market** and a strong foothold in the Ti chloride feedstock market
- **Binding offtakes signed** with major global consumers for 66% of revenue for the first 5-7 years
- **Capital-efficient** development compared with industry peers; A\$260m capital expenditure which includes MSP infrastructure (excludes financing costs)
- **Large homogenous JORC-compliant Reserve** of 523Mt @ 1.11% THM underpins an initial 22.5-year LOM

- **Conventional** open pit dry mining in free-dig sand with progressive backfill and **full rehabilitation**
- **Low strip ratio** averaging 0.7; extremely **low slimes** and oversize; **coarse mineral particle size**
- Proven processing technology capable of **high mineral recoveries**
- **First production of HMC within 18 months** from project commencement
- Scoping Study “Extension Case” shows a potential **mine life expansion to 37.5 years**, increasing NPV₈ to **A\$825m**, through conversion of Resources north of current Reserves
- Construction contracts being awarded; **final development decision as soon as possible during 2020**

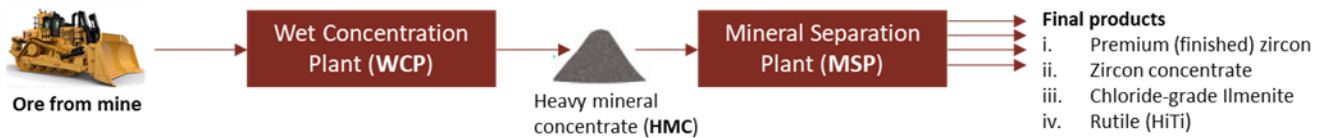


Figure 1 Coburn Project’s Basic WCP-MSP Block Diagram



Figure 2 Image of proposed Wet Concentration Plant (WCP)



Figure 3 Image of propose Mineral separation plant (MSP)

For more information on the Coburn mineral sands project refer to the ASX Announcement dated 4 June 2020 (**updated DFS**), which includes details of the material assumptions underpinning the production target and financial results.

The Company confirms that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies continue to apply and have not materially changed.

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

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.

ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging heavy mineral sands developer 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.

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 large Coburn Project in Western Australia and the Fungoni Project in central Tanzania, as well as a series of titanium dominated exploration projects spread along the highly prospective Tanzanian coastline, including the advanced and large scale Tajiri Project in northern Tanzania.



**GLOBALLY SIGNIFICANT JORC RESOURCES CONTAINING 29MT OF HEAVY MINERAL:
 5MT OF CONTAINED ZIRCON, 3MT RUTILE-LEUCOXENE, 15MT ILMENITE, PLUS OTHER
 VALUABLES OF MONAZITE CONTAINING RARE EARTHS AND ALMANDINE GARNET**

Authorised for release by:

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