

ASX ANNOUNCEMENT

Coburn Mineral Sands Project

Strandline Launches Underwritten Equity Raising



STRANDLINE
resources limited

29 March 2021

Not for release to US wire services or distribution in the United States

Fully Underwritten A\$122m equity raising to complete funding for Coburn mineral sands project in WA

HIGHLIGHTS

- Fully underwritten 1 for 1.3 pro-rata accelerated non-renounceable entitlement offer and institutional placement to raise A\$122m
- Coburn mineral sands project fully funded to production cashflows via:
 - A\$122m fully underwritten equity raising plus existing Company cash;
 - Up to A\$150m loan facility from the Northern Australia Infrastructure Facility (NAIF); and
 - US\$60m (~A\$80m at AUD: USD 0.75) senior secured Bond Issue.
- Equity raising enables Strandline to commence development of Coburn with construction expected to ramp-up immediately after a Final Investment Decision next month
- Tembo, Strandline's largest shareholder, has signed a pre-commitment to subscribe for A\$14.4m worth of shares in the equity raise
- Coburn forecast to be a high margin project delivering +\$100m EBITDA per annum over its initial 22.5-year mine life based on the assumptions contained in the DFS published in June 2020
- New shares to be issued at A\$0.205 per share, representing a 4.4% discount to TERP and a 8.9% discount to last close

Strandline Resources (ASX: STA) is pleased to announce an equity raise by way of a fully underwritten pro-rata accelerated non-renounceable entitlement offer and institutional placement, to raise approximately A\$122 million.

The equity raising was supported by the Company's major shareholder Tembo Capital which has committed to taking up 70 million shares in the equity raise worth A\$14.4 million.

Strandline Managing Director Luke Graham said Strandline is firmly on the path to becoming a world-scale minerals sands producer in a tier-1 mining jurisdiction, generating strong financial returns underpinned by binding offtake contracts with leading global customers.

"The Company is set to make a final investment decision once the proceeds from the equity raise are received next month and then commence full-scale construction immediately after that, putting Coburn on track for production in the second half of 2022." Mr Graham said.

Coburn Mineral Sands Project - Summary

Coburn is a world class mineral sands project	<ul style="list-style-type: none"> ▪ One of the largest, most advanced undeveloped mineral sands projects globally ▪ High margin cashflows underpinned by premium-quality products, low-cost operation and initial 22.5 year Ore Reserves ▪ Located in the low risk, Tier-1 mining jurisdiction of Western Australia ▪ Major infrastructure advantage with proximity to the Port of Geraldton and services industry
Construction ready with offtakes secured	<ul style="list-style-type: none"> ▪ Definitive Feasibility Study (DFS) completed demonstrating conventional mining and processing resulting in high mineral recoveries and product quality ▪ Binding offtake contracts signed with world’s leading consumers for +90% of forecast revenue over the first 5-years of production ▪ Key development approvals and management plans in place ▪ Front-end engineering design, award of construction contracts, long lead procurement and site early works continuing to advance in preparation for FID ▪ 18-month development pathway from FID to first production
Robust fundamentals	<ul style="list-style-type: none"> ▪ Extensive independent technical, financial and legal due diligence completed as part of financing ▪ DFS confirms average annual EBITDA of A\$104m over the initial 22.5 years of Ore Reserves (totalling A\$2.3b) ▪ High margin revenue-to-operating costs ratio of x2.4 (cash cost basis) ▪ Capital-efficient leveraging the existing nearby port, road and services infrastructure ▪ Scoping Study “Extension Case” shows a potential mine life expansion to 37.5 years through conversion of Resources north of current Ore Reserves
Debt funding secured	<ul style="list-style-type: none"> ▪ Senior debt funding secured including up to 15-year A\$150m loan facility from the Northern Australian Infrastructure Facility (NAIF) alongside a 5-year US\$60m Bond loan ▪ NAIF is an Australian Government funding agency focusing on delivering economic and population growth into northern Australia ▪ Coburn expected to generate significant socio-economic benefits, indigenous engagement and enterprise opportunities
Strong long-term market fundamentals	<ul style="list-style-type: none"> ▪ Critical minerals used in everyday life with demand growth outpacing supply ▪ Demand driven by urbanisation, rising living standards, global growth and an extensive array of industrial applications ▪ Supply restricted by mine closures, declining grades and depleting stockpiles; Structural supply deficit continuing to emerge

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 4 June 2020 & 10 June 2020 for 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. 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.

Equity Raising

Strandline Resources is undertaking the Offer to raise approximately A\$122m comprising:

- an institutional placement of approximately 191m new fully paid ordinary shares in Strandline Resources to raise approximately \$39m (**Placement**); and
- an accelerated 1 for 1.3 pro-rata non-renounceable entitlement offer of up 402m ordinary shares to raise approximately \$83m (**Entitlement Offer**)

The Offer price of A\$0.205 per Share represents a:

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- 8.9% discount to last close of \$0.225
- 4.4% discount to TERP of \$0.214
- 20.9% discount to 5-day VWAP

Each share issued through the Offer will rank equally with all other ordinary shares issued by Strandline Resources. Upon issue Strandline Resources will seek quotation on the ASX of all new shares issued under the Offer.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new share for every 1.3 shares held as at the 31 March 2021 (**Record Date**).

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer (Institutional Entitlement Offer) which is being conducted today (29 March 2021). The retail component of the Entitlement Offer (Retail Entitlement Offer) will be open from 7 April 2021 to 20 April 2021 to eligible shareholders with a registered address in Australia or New Zealand as at 31 March 2021. Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement under a 'top-up' facility. An Offer booklet in respect to the Retail Entitlement Offer is expected to be lodged on the ASX and mailed to eligible retail shareholders on 7 April 2021.

Tembo Capital Limited has committed to subscribe for 70 million share in the Retail Entitlement Offer, worth A\$14.4 million.

Shaw and Partners Limited and Morgans Corporate Limited are Joint Lead Managers, Bookrunners and Underwriters to the Offer. Euroz Hartleys Limited and Foster Stockbroking are Co-Managers to the Offer.

Offer Timetable

An indicative timetable of key dates in relation to the equity raising is detailed below.

Event	Time / Date
Trading halt and announcement of the Offer	Monday, 29 March 2021
Placement and Institutional Entitlement Offer opens	10:00am Monday, 29 March 2021
Placement and Institutional Entitlement Offer closes	12:00pm Tuesday, 30 March 2021
Announcement of results of Placement and Institutional Entitlement Offer	Wednesday, 31 March 2021
Trading halt lifted and shares recommence trading on ASX on an ex-entitlement basis	Wednesday, 31 March 2021
Record date for Entitlement Offer	7:00pm Wednesday, 31 March 2021
Retail Entitlement Offer opens, Retail Entitlement Offer Booklet and Acceptance Form despatched	Wednesday, 7 April 2021
Settlement of the Placement and Institutional Entitlement Offer	Friday, 9 April 2021
Allotment and commencement of trading of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 12 April 2021
Retail Entitlement Offer closes	Tuesday, 20 April 2021



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Announce results of the Retail Entitlement Offer	Friday, 23 April 2021
Settlement of Retail Entitlement Offer	Tuesday, 27 April 2021
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 27 April 2021
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 28 April 2021
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Wednesday, 28 April 2021

All dates and times are indicative only and, to the extent permitted by applicable law, subject to change at the discretion of Strandline. All dates and times are references to Sydney, Australia time.

Additional Information

Additional information about the Offer, including key risks, is contained in the investor presentation released to the ASX today. All dollar amounts are in Australian dollars unless otherwise indicated.

Authorised for release by the Strandline Board of Directors:

Luke Graham

CEO and Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: enquiries@strandline.com.au

For media and broker enquiries:

Paul Armstrong

Read Corporate

T: +61 8 9388 1474

E: paul@readcorporate.com.au



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.



FORWARD LOOKING STATEMENTS AND INVESTMENT RISK

This announcement contains certain forward looking statements. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Strandline, the outcome and effects of the Offer, and the use of proceeds from the Offer. 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. Neither Strandline, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this announcement will actually occur. 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

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statements in this announcement to reflect changes in events, conditions or circumstances on which any forward looking statements is based.

This announcement contains selected summary information and does not purport to be all-inclusive, comprehensive or to contain all the information that may be relevant, or which a prospective investor may require in evaluations for a possible investment in Strandline. It should be read in conjunction with Strandline's periodic and continuous disclosure announcements which are available at www.strandline.com.au. This announcement is provided for general information purposes only. It should not be relied upon by the recipient in considering the merits of Strandline or the acquisition of securities in Strandline.

An investment in shares in Strandline is subject to known and unknown risks, some of which are beyond the control of Strandline and its directors, including possible loss of income and principal invested. Strandline does not guarantee any particular rate of return or the performance of Strandline, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in the offer documents when making an investment decision.

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The joint lead managers, together with their related bodies corporate, shareholders and affiliates, and each of their respective officers, directors, employees, affiliates, agents and advisers (each a Limited Party) have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this announcement and there is no statement in this announcement which is based on any statement made by the joint lead managers or any other Limited Party. To the maximum extent permitted by law, the joint lead managers and each other Limited Party expressly disclaim all liabilities (including for negligence) in respect of, and take no responsibility for, any part of this announcement, and make no representation or warranty (whether express or implied) regarding any part of this announcement, including as to the currency, accuracy, reliability or completeness of any information in this announcement.

Neither the joint lead managers nor any other Limited Party make any recommendation as to whether any potential investor should participate in the Offer. Further, neither the joint lead managers nor any other Limited Party accept any fiduciary obligations to or relationship with any investor or potential investor in connection with the Offer or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Offer and any other transaction or other matter arising in connection with this announcement.



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The joint lead managers and other Limited Parties may have interests in the securities of Strandline. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities.

You acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Strandline and the joint lead managers. You further acknowledge and agree that each of Strandline and the joint lead managers and each of their respective Limited Parties disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.