



# **COBURN CONSTRUCTION 75% COMPLETE, WITH FIRST PRODUCTION WITHIN SIX-MONTHS**

*Mineral sands prices remain at least 35% above DFS assumptions*

## **HIGHLIGHTS**

- **Rapid construction means Coburn is now 75% built, ensuring the world-scale project remains on-budget and on-time for production of heavy mineral concentrate (HMC) in Q4 2022**
- **Mineral sands market demand remains robust, with spot prices trading at least 35% above the assumptions contained in the Coburn Definitive Feasibility Study of June 2020**

Strandline Resources Limited (ASX: STA) is pleased to advise that construction of its 100 per cent owned Coburn mineral sands project in Western Australia is now 75 per cent complete.

Coburn's construction remains in line with its timetable and capital budget, ensuring it is on track for first production of HMC later this year.

The critical mineral markets for zircon, titanium, and monazite rare earths remains tight, underpinned by strong long-term demand drivers, such as global growth, urbanisation, rising living standards and an extensive array of applications, including global electrification and renewable energy.

The market trend is towards supply deficit with a lack of new quality projects on the horizon. Strandline is exceptionally well positioned to capitalise on this supply shortfall, with 100 per cent of Coburn's production covered by binding offtake agreements with some of world's largest consumers across Europe, America and Asia. Importantly, these contracts enable Strandline to take advantage of rising prices.

Coburn construction continues to progress in accordance with the overall project plan, with strong progress achieved on critical path activities, including the wet concentration plant and supporting infrastructure.

Key progress achieved to date includes:

- Zero lost time injury and medical treatment injury reported to date
- Mining contractor established and construction of the temporary tailing storage facility well underway
- Site assembly of the three dozer mining units is almost complete, ready for potential early commissioning
- Construction of the hybrid power station is also advancing on-schedule, which includes the multi-work front installation of the 11MW solar farm, LNG storage and engine hall complexes
- Construction of the processing plant structures and supporting infrastructure continues to advance rapidly, with all key fabricated materials and mechanical-electrical equipment delivered to site (or on route)
- Installation of sitewide overhead power lines, field piping and water bore installation are all well advanced
- Construction of the site village is complete with all 272 rooms online, meeting workforce requirements
- Commissioning planning, spares procurement and establishment of key operational systems, maintenance procedures, training and workforce plans is continuing to ramp up
- Key focus is on local recruitment, workforce diversity and indigenous engagement





**Strandline Managing Director Luke Graham said** “The Company is fast closing in on the start of production at Coburn, with strong progress on site and the tailwind of high mineral sands prices.

“I would like to thank our staff and contractors for their skill and commitment, often in the face of difficult conditions, for helping ensure that we are positioned to capitalise fully on this exciting opportunity”.

As Coburn approaches peak activity and manning on site, the Company continues to focus on managing the various risk factors associated with development of the project. This includes, but not limited to, HSE risks, potential impacts of COVID-19, inclement weather, contractor performance and contractual claims. The capital expenditure (Capex) forecast to complete the project, including an assessment of contractual claims received to date, is regularly evaluated by the Company’s technical, financial and legal experts. The project forecast remains in line with the overall Capex budget.



*Figure 1 Coburn Project Wet Concentration Plant Area Progress Photos*



*Figure 2 Coburn Project Mineral Separation Plant and Hybrid Power Station Area Progress Photos*





*Figure 3 Strandline is ramping up its operations readiness planning and recruitment*



*Figure 4 Coburn Project 11MW Solar Farm installed by Pacific Energy*

## ABOUT COBURN MINERAL SANDS PROJECT

In May 2021 Strandline made a Final Investment Decision (**FID**) to proceed with the full development of its world-scale Coburn mineral sands project, located in the Gascoyne region of Western Australia. The construction schedule has first production of HMC planned for the December quarter of 2022.

The Coburn project is set to capitalise on its robust margins, the strengthening minerals sands commodity pricing outlook, its tier-1 location, and the growing demand for critical minerals.

The Coburn mine life currently sees mining continue until 2045 (based on mining the initial 22.5-year JORC compliant Ore Reserves), with the potential to extend to 2060 (total 37.5 years mine life) by converting Mineral Resources which exist immediately north and along strike of existing Ore Reserves.

The FID was supported by the updated Definitive Feasibility Study (**DFS**), released in mid-2020, which confirmed robust economics for the project over an initial 22.5-year life, including:

- Pre-tax NPV of A\$705m (AUD: USD 0.70, 8% DCF discount rate)
- High margin revenue-to-operating cost (C1) ratio of 2.4
- Projected revenue for the initial 22.5 years of Ore Reserves of A\$4.4b
- Average annual EBITDA of A\$104m and +50% EBITDA margin
- Fully funded to production and cash flow by a combination of 15-year A\$150m NAIF<sup>1</sup> loan alongside a 5-year US\$60m Bond Issue, and equity proceeds
- Binding offtakes secured for 100% of Coburn's initial production with top-tier customers

**Table 1** Coburn updated DFS and Scoping Study Extension Case Financial Evaluation

Category	Updated DFS – Final Product Case (Jun-20)	Scoping Study Extension Case integrated with updated DFS (Jun-20)
Mine Life	22.5yrs	37.5yrs
Tonnes Mined	523Mt	876.8Mt
Throughput	23.4Mtpa	23.4Mtpa
Capital Expenditure (Pre-production)	A\$260M	A\$260M
Revenue	A\$4.37B	A\$7.94B
Total Opex (C1)	A\$1.80B	A\$3.00B
Total All-in Sustaining Costs (AISC)	A\$2.08B	A\$3.50B
Revenue-to-operating cost (C1) ratio (RC)	2.4	2.6
NPV (pre-tax, real, no debt, 8% DCF discount Rate)	A\$705M	A\$825M
EBITDA	A\$2.35B	A\$4.54B
Avg. annual EBITDA	A\$104M	A\$121M

Strandline is committed to building a highly efficient and sustainable mining operation. The project provides significant public benefit including job creation, high Australian industry participation, new local business and indigenous engagement opportunities, as well as capital inflows for Australia.

Refer to the ASX Announcement dated 10 June 2020 for more information on the Coburn mineral sands project and 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.

<sup>1</sup> The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government lending facility to finance projects to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment. (<http://www.naif.gov.au>)



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

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## ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging producer of heavy mineral sands 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 4 Strandline's Global Mineral Sands Exploration and Development Projects*