



## Fungoni Mineral Sands Project Feasibility Study Ramps up

Following a significant increase in Mineral Resources, Strandline Resources (**Strandline** or **the Company**) is rapidly pursuing development of its zircon-rich Fungoni Mineral Sands Project, located 25km south of Dar es Salaam port infrastructure.

The Fungoni Project is predicated on a low capital cost fit-for-market operating model to produce saleable titanium and zircon mineral sand products to generate near-term cashflow for the Company.

The Company has ramped up its engineering feasibility activities following the successful Mineral Resource Estimate update which saw the Company announce a significant 45% increase in the contained Heavy Mineral (**HM**) of the Mineral Resource, improved JORC classification and confirmed the sizable extent of the high grade portion of the deposit favourably positioned at surface.

This announcement provides an update on the Feasibility Study program and progress made to date.

### FUNGONI FEASIBILITY STUDY ACCELERATED

The main objective of the Fungoni Feasibility Study (**FS**) is to further define, de-risk and maximise economics of the Project adequate to support the Company's Final Investment Decision (**FID**) to proceed into project execution.

The Company is targeting completion of the FS and achievement of a positive FID in the third quarter 2017, with the view to ultimately realise the Company's near-term production goal of the second half of 2018. Strandline has selected highly experienced and reputable consulting companies, with proven mineral sands and African project expertise, to deliver the definitive-level study program.

- **Mineral Resource Upgrade completed** – The high grade mineralised zone is at surface and presents as a potential simple and efficient mining operation with no overburden, minor vegetation and unconsolidated sand.
  - Mineral Resource Estimate 16Mt @ 3.1% Total Heavy Mineral (**THM**) of 60% Measured and 40% Indicated<sup>1</sup> provides a strong geological foundation for the study; and
  - Fungoni North West extension drilling completed to understand the potential economical upside of the 2km long anomaly. Assay and assemblage laboratory test work results expected in March 2017.
- **Mining Study Underway** – Experienced mining advisers, AMC Consultants Pty Ltd (**AMC**) have commenced the mining study package aimed at producing an optimised high grade ore reserve, mine plan and mining method.
  - Auxiliary engineering packages relating to hydrogeology, hydrology, geotechnics and tails storage facility design have been scoped for commencement from February 2017.
- **Metallurgy and Process Plant** – The engineering design concept is based on a fit-for-purpose transportable modular process plant using proven innovative mineral sands technology and safe-design principles.

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<sup>1</sup> Refer to the ASX Announcement dated 16 January 2017 for full details of the JORC 2012 Mineral Resource Estimate for Fungoni.

- Bulk Metallurgical Testwork has commenced at TZMI's Allied Mineral Laboratories (**AML**) to define the optimal process flow sheet and produce product samples for marketing. The test work program will consider several mineral separation routes and target production of Titanium and Zircon concentrate products for the mature global Heavy Mineral Sands market.
- GR Engineering Services Limited (**GRES**), an ASX-listed (ASX: GNG) specialist mineral processing engineering procurement and construction contractor, has been appointed to manage and integrate the overall Feasibility Study packages and develop the most economical process plant and infrastructure solutions for the Project.
- Project logistics, port infrastructure and transport options are being investigated with logistics providers in order to further refine the most practical mine-to-market supply chain.
- **Regulatory Project Approvals** – The Company is actively progressing the Fungoni Project approvals process with the immediate priority on achieving environment approval and land access agreements.
  - The Company performed the environmental baseline survey and lodged the preliminary Environmental Impact Assessment (**EIA**) with the Tanzanian environmental regulatory authority in July 2016.
  - The National Environment Management Council (**NEMC**) has progressed the Fungoni environmental evaluation process and concluded a formal field inspection by the Technical Audit Committee (**TAC**) in September-2016.
  - The Company is now in the process of updating the EIA document for re-submission to the NEMC.
- **Project Funding Solution** – Leading financial advisory firm, Argonaut Capital (**Argonaut**), specialists in resource investment solutions, has been engaged to support the Company's financial assessment and strategic planning in relation to commercialising the Fungoni Project.

## TITANIUM AND ZIRCON MARKETS IMPROVING

The zircon and titanium markets have favourable growth-demand trends over the long term, driven by urbanisation of emerging countries and a broad array of applications, including products used in everyday life. The deposits that formerly supplied a large portion of demand are progressively being exhausted.

Development of the Fungoni Project is counter-cyclical and strategically timed to take advantage of the emerging zircon and titanium supply gap in the market as forecasted.

## COMMENTARY

Strandline's Managing Director and CEO, Luke Graham commented, *"Strandline is focussed on delivering an optimised and robust Feasibility Study outcome and positioning the Fungoni Project favourably for a seamless transition into the execution phase."*

*"The Company has assembled a highly experienced and motivated team of mineral sands professionals across the various aspects of the Study, including recently making several senior in-house appointments to drive the development activities".*

*"The Company is excited by the near term project potential of Fungoni as well as concurrently progressing the Company's other strategic exploration and project development pursuits in Tanzania and Australia."*

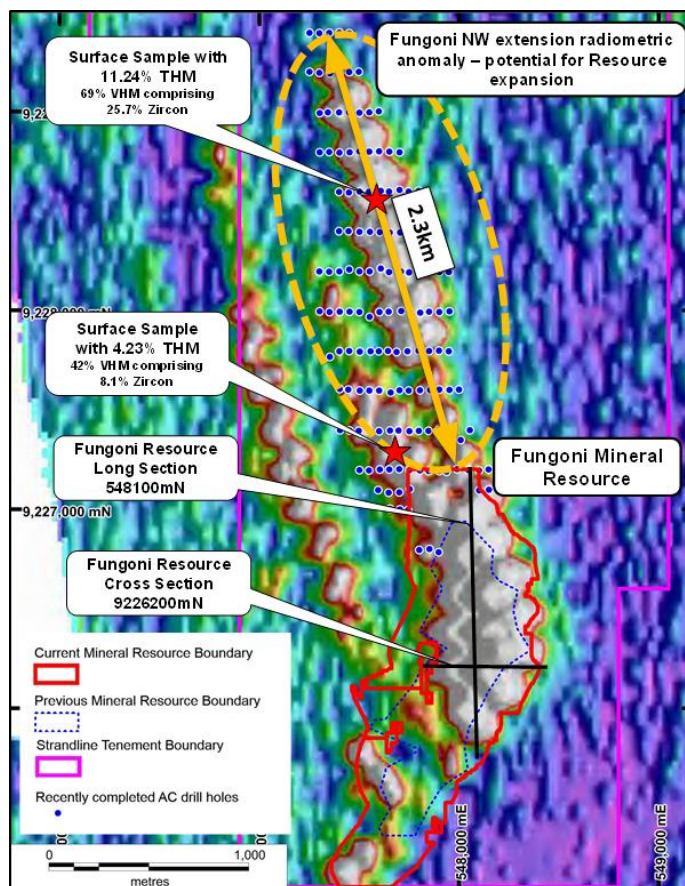
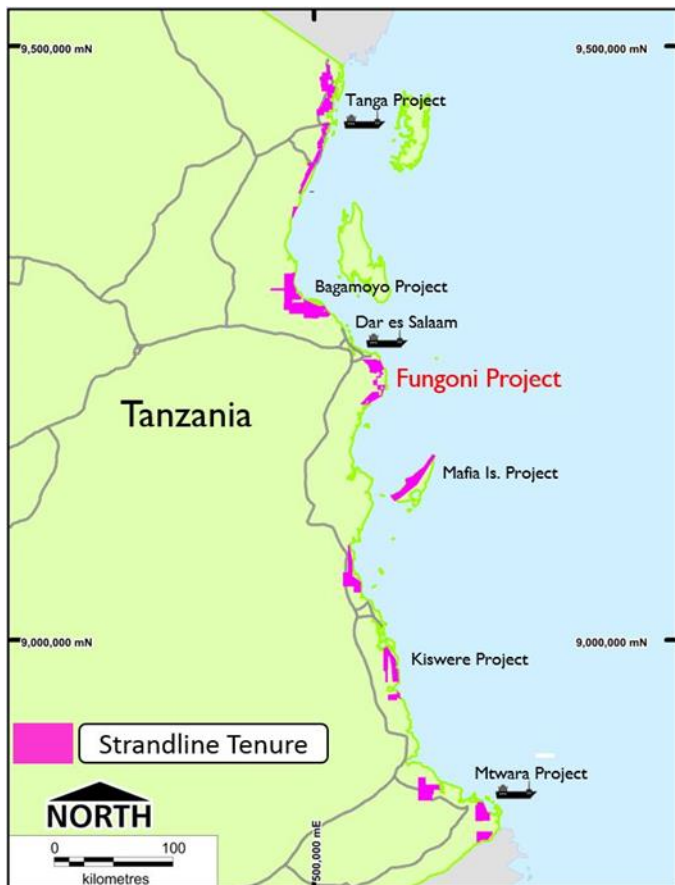


Figure 1 - Strandline holds a large tenement package strategically located along the Tanzanian Coastline

Figure 2 - Location Map of the Fungoni Mineral Resource and contiguous NW Radiometric Anomaly (titled Fungoni NW)

## FUNGONI MINERAL SANDS PROJECT - KEY ANNOUNCEMENT REFERENCES

Readers are directed to the following ASX announcements for background on the Fungoni Project:

- 16 January 2017 [Fungoni Mineral Resource upgrade](#)
- 17 November 2016 [Fungoni drilling campaign](#)
- 23 February 2016 [Fungoni Scoping Study](#)

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## FUNGONI MINERAL RESOURCE ESTIMATE

Table 1 - Mineral Resource Statement for Fungoni at January 2017 (not including Fungoni NW extension)

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT											
Summary of Mineral Resources <sup>(1)</sup>					VHM assemblage <sup>(2)</sup>						
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Altered Ilmenite	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	%	(%)	(%)	(%)	(%)	(%)
<b>FUNGONI</b>	Measured	9	0.36	4.2	25	15	4	24	1	19	7
<b>FUNGONI</b>	Indicated	7	0.12	1.7	23	12	4	16	1	28	9
	Total <sup>(3)</sup>	16	0.48	3.1	25	15	4	22	1	23	8
(1) Mineral Resources reported at a cut-off grade of 1.0% THM											
(2) Valuable Mineral assemblage is reported as a percentage of in situ THM content											
(3) Appropriate rounding applied											
(4) The Total Mineral Resource contains approximately 19% combined kyanite and sillimanite within the trash component of the THM											

## Competent Person's Statements

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Mark Alvin, Exploration Manager and a full time employee of Strandline and Mr Brendan Cummins, Chief Geologist and a part time employee of Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and they both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin and Mr Cummins consent to the inclusion in this release of the matters based on the information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for Fungoni is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline and Mr Brendan Cummins (Chief Geologist and part-time employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the mineral resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

## 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.