



19 April 2018

**STRANDLINE**  
resources limited

## Government of Tanzania Announces New Mining Commission

### HIGHLIGHTS

- **The President of the United Republic of Tanzania has announced the establishment of the Mining Commission, under the Tanzanian Mining Act**
- **The establishment of the Commission now paves the way for Mineral Rights, including Mining Licences, to be processed and granted**
- **Key announcement represents another significant boost to the Company's Fungoni Mineral Sands Project**

Further to yesterday's announcement regarding its recent positive engagement with the Tanzanian Ministry of Minerals, Strandline Resources (**ASX: STA**) is pleased to advise that the Government of Tanzania has announced overnight the establishment of the Mining Commission in accordance with the Mining Act. The key announcement was made by the President of the United Republic of Tanzania, John Pombe Magufuli.

The Mining Commission is the body empowered to regulate the effective implementation of the provisions of the Mining Act, including the granting of Mineral Rights such as Mining Licences.

Strandline has a highly-strategic portfolio of mineral sands assets in Tanzania at different stages of exploration and project development, including its flagship Fungoni Project.

Following completion of its Definitive Feasibility Study, Strandline submitted an updated Mining Licence Application for the Fungoni Project in March 2018 to ensure compliance with Tanzania's new Mining Regulations. The establishment of the Mining Commission now provides the body that is able to evaluate and grant applications under the Mining Act.

Strandline's Managing Director, Luke Graham, commented: "The formation of the Mining Commission, as foreshadowed in our announcement of 17 April 2018, is a clear statement by the Government of Tanzania of its determination to facilitate mining investment in Tanzania.

"On behalf of Strandline, I congratulate Professor Idris Suleiman Kikula on his appointment as Chairman of the Commission, and to all the other Commissioners on their appointments.

Strandline looks forward to working closely with the Commission to secure its Mining Lease for the Fungoni Mineral Sands Project, for the benefit of all stakeholders."

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## FUNGONI PROJECT SNAPSHOT

The Fungoni DFS completed in October 2017 (refer ASX announcement 06 October 2017) confirmed that the Project will deliver strong financial returns, has a high unit value product suite, is capital-efficient, and demonstrates the strategic potential of the Company's portfolio of mineral sands assets in Tanzania.

The Project is favourably located ~25km from Dar es Salaam port in a growing commercial/industrial district and will benefit from existing infrastructure, including an established road network and services industry.

Key highlights of the Fungoni DFS include:

- Low development capital cost of US\$30 million, including mine infrastructure, port facilities, working capital, land access, pre-production mining, owner's costs and project contingencies of 10%;
- Maiden Ore Reserve of 12.3Mt @ 3.9% Total Heavy Mineral (THM), with opportunities to grow Reserves and mine life, further increasing financial returns;
- Outstanding Internal Rate of Return and revenue-to-operating cost ratio of 2.7 (first quartile);
- Project Pre-Tax NPV of US\$42.9 million (A\$57.2 million at USD/AUD 0.75) based on a 10% discount rate and TZMI's September 2017 commodity price forecast;
- Life-of-Mine (LOM) Revenue of US\$168 million (A\$224 million) and LOM EBITDA of US\$98 million;
- Binding off-take Agreements signed for 100% of zircon-monazite product for the Life-of-Mine, based on "take-or-pay" arrangement with letter of credit, representing ~62% of projected project revenue;
- Environmental Certificate granted and Mining Licence Application submitted and awaiting approval;
- Nominal 12 month design, construction and commissioning period and 2.7-year payback period from start of construction;
- Modular relocatable infrastructure with state-of-the-art processing technology which can be re-used at Strandline's other mineral sands assets in Tanzania;
- "Low impact" mining philosophy with progressive backfill and rehabilitation of the mined area, returning the land to pre-mining state; and
- Fungoni will generate a host of key social and economic benefits including capital inflows to Tanzania, significant job creation, training and job diversity, transferable skills development as well as community engagement programmes.

Furthermore, the Fungoni Project is positioned extremely well to benefit from an improving mineral sands commodity outlook and, in particular, the emerging zircon structural supply gap forecast for the market this year. The zircon pricing formulae is leveraged to the improving market conditions.

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## ABOUT STRANDLINE - THE BROADER STRATEGY

Strandline Resources Limited (**ASX: STA**) is an emerging heavy mineral sands (**HMS**) developer with a growing portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in South East Africa. Strandline's strategy is to develop and operate quality, high margin, expandable mining assets with market differentiation and global relevance.

Strandline's project portfolio comprises development optionality, geographic diversity and scalability. This includes two zircon-rich, 'development ready' projects, the Fungoni Project in Tanzania and the large Coburn Project in Western Australia, as well as a series of titanium dominated exploration targets spread along 350km of highly prospective Tanzanian coastline, including the advanced Tanga South Project and highly prospective Bagamoyo and Sudi projects.

The Company's focus is to continue its aggressive exploration and development strategy and execute its multi-tiered and staged growth strategy to maximise shareholder value.