



# **CONSTRUCTION PROGRESS REACHES 50% COMPLETE AT THE COBURN MINERAL SANDS PROJECT IN WA**

*Rapid progress puts Strandline on track for first production later this year, with commodity spot prices currently at least 25% above DFS assumptions*

## **HIGHLIGHTS**

- **Strong construction progress ensures world-scale Coburn project is on-time and on-budget, with first production of heavy mineral concentrate (HMC) set for the December quarter 2022**
- **Coburn construction phase is now 50% complete. Key progress includes:**
  - All major construction contractors now established on site; ~96% of project scope (in terms of value) now awarded/committed
  - Zero lost time injury (LTI) and medical treatment injury (MTI) reported to date
  - Significant site-wide bulk earthworks, cut-to-fill, sub-base and base course works continuing, providing important access for above-ground infrastructure to proceed
  - Processing Plant EPC ahead of schedule, with engineering design 95% complete, concrete installation 70% complete, steel and platework fabrication well underway (first steel installation scheduled this month), all key mechanical and electrical equipment ordered with progressive site deliveries being received; commissioning planning progressing
  - Site accommodation village commissioned for first 236 rooms (of 272 total), with +20-person pioneer camp at Billabong Roadhouse being utilised as accommodation overflow; current site headcount of 210
  - Hybrid power station, dozer mining units, bore field, site offices and buildings and environmental monitoring works all advancing in accordance with the development plan
  - Mining services and product transport and logistics contracts executed with experienced mineral sands contractors (MSCS and Qube Bulk respectively); pre-mobilisation activities underway
  - Preparations for production is ramping-up with senior-level appointments of Manager Processing, Manager Mining and Manager Asset and Engineering, to support existing GM of Operations
- **First drawdown of debt facilities achieved in accordance with the development plan**
- **Mineral sands market remains very strong with current spot prices at least 25% above the assumptions contained in the Coburn Definitive Feasibility Study (DFS released in June 2020)**
- **DFS forecast average annual EBITDA of A\$104 million over the estimated 22.5 year initial life-of-mine; Strandline's market capitalisation currently circa A\$300 million**

Strandline Resources Limited (ASX: STA) is pleased to advise that construction of its 100%-owned Coburn mineral sands project in Western Australia continues to progress in line with its timetable and capital budget, ensuring it remains on track for first production of HMC later this year.



Detailed engineering design is largely complete across the project, procurement of materials and equipment are advancing strongly, and all major construction contractors have now mobilised to site, with the latest being the power station and overhead powerline contractors. The overall project progress has reached 50% complete, remaining on-track to achieve first production of heavy HMC in the December quarter, 2022.

The company is firmly focussed on managing the various risk factors associated with development, including proactively managing HSE risks, contractor performance and the potential impacts of COVID-19.

**Strandline Managing Director Luke Graham said** we have continued to achieve positive outcomes on the project, with key aspects of design, procurement and construction proceeding to plan.

“Preparations for commissioning and operations readiness are also continuing to ramp up,” Mr Graham said.

“Our success to date means we are well placed to capitalise on what is a very strong market for mineral sands, with buoyant global demand and supply limited by the lack of investment in new projects in recent years.

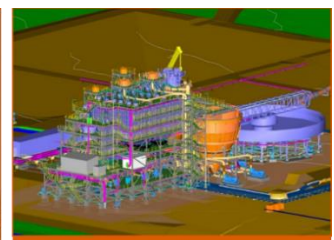
“The strength of the market is reflected in the fact that spot prices for zircon and titanium feedstocks are at least 25 per cent above those used in the Coburn DFS.”



42km Main Access Road Construction



Wet Concentration Plant (WCP) Concrete Foundations Progressing



WCP Detailed Design Model



WCP Spirals Delivered to Site



Mineral Separation Plant (MSP) & Hybrid Power Station Area



Process Plant Thickener Fabrication



DMU Pump Skid Fabrication



MSP Detailed Design Model



DMU Bulk Fabrication



Experienced Project Management



Electrical Switchroom Manufacture



Site-wide HDPE Field Pipe Installation



LNG Engine Manufacture

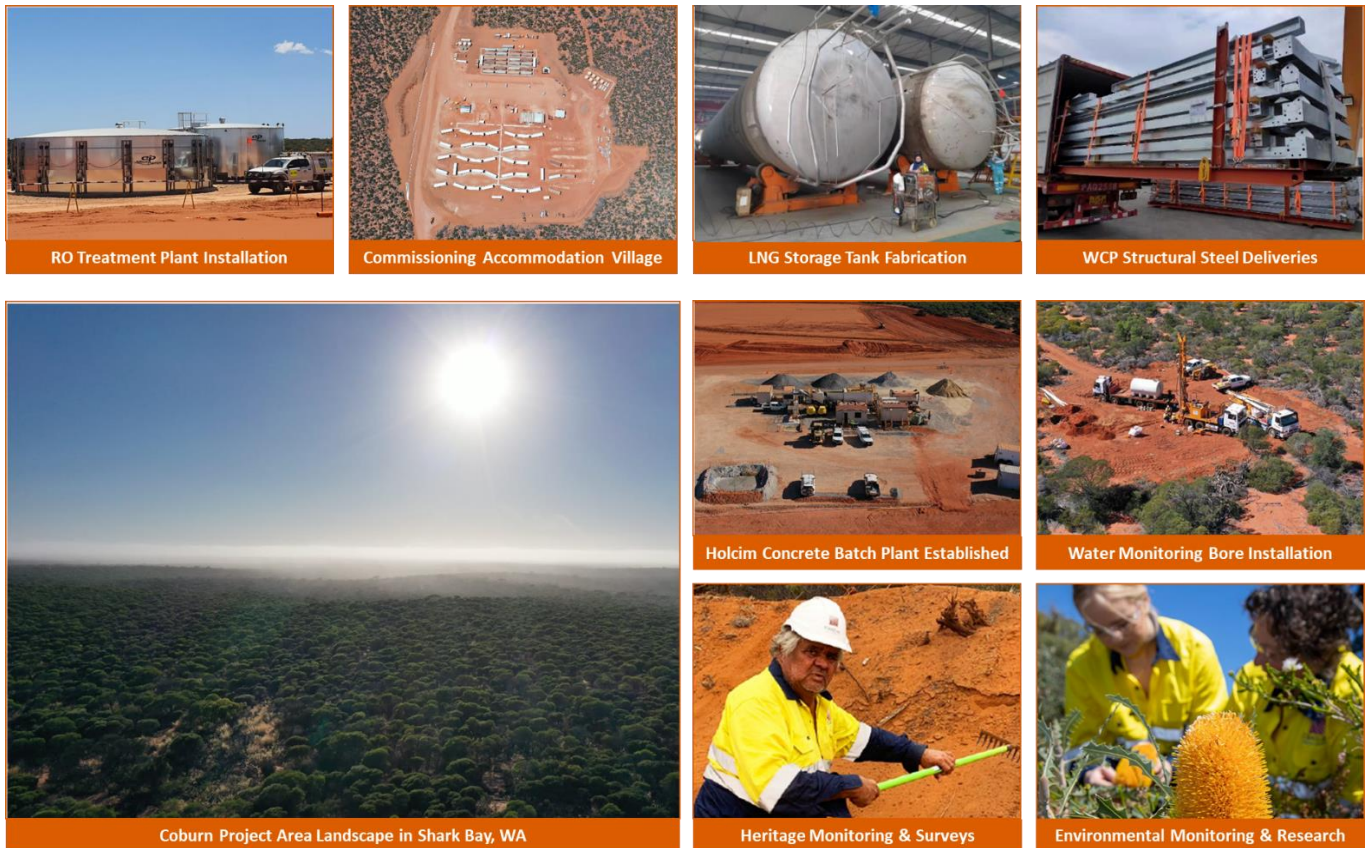


Figure 1 Selection of Coburn Project Progress Photos

## 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 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
- Detailed planning and proven delivery strategies underpins a robust development plan

<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>)

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

| Category   | Updated DFS –<br>Final Product Case<br>(Jun-20) | Scoping Study Extension Case<br>integrated with updated DFS<br>(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 is set to generate significant public benefit including job creation, high Australian industry participation, new local business and indigenous engagement opportunities, as well as capital inflows for Australia.



**Figure 2** Coburn site wide construction progressing strongly (Jan-2022)

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.*

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 3** Strandline's Global Mineral Sands Exploration and Development Projects

## 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.