ASX ANNOUNCEMENT

Strandline an emerging mineral sands developer

01 November 2017

STRANDLINE
resources limited

Strandline advancing development strategy for Coburn mineral sands project in WA

HIGHLIGHTS

- **Strandline's zircon-rich Coburn Project, situated in Western Australia, is fully approved, development-ready and ideally positioned to capitalise on the growing strength of the mineral sands market**
- **Coburn is defined by a large Resource estimate of 979Mt @ 1.26% HM and Ore Reserve estimate of 308Mt @ 1.2% HM, with a high value HM assemblage of 23% zircon, 48% ilmenite, 7% rutile and 5% leucoxene**
- **Strandline is engaging with industry partners to jointly develop the project and maximise value**
- **Strandline's growing mineral sands project portfolio and near-term cash flow scenarios provide development options with geographic diversity and significant scalability**

Strandline Resources Limited (ASX:STA) (**Strandline** or the **Company**) is pleased to announce that it has initiated a funding and development strategy aimed at bringing its large-scale Coburn mineral sands project (**Coburn**) in WA into production.

As part of this process, one of the options being pursued by Strandline is to solicit interest from well-funded parties in respect to forming a special purpose vehicle which would oversee the funding, development and operation of Coburn.

Strandline currently owns 100 per cent of Coburn, which is located 250km north of the major minerals port of Geraldton in Western Australia's central coast.

The project is fully-approved and development ready, including having mining and environmental approvals in place.

An internal review of the previous Coburn definitive-level study produced in 2013 and the subsequent Cost Review Update (**Review**) undertaken in 2015 has confirmed the findings of the Review with an indicated minimum target net present value (**NPV**) for the Project of A$306 million and significant upside potential identified. Coburn's internal pre-tax rate of return (**IRR**) is forecast to be 26% and will generate A$2.9 billion of sales revenue over a projected 19-year life, mining at a rate of 23.4Mtpa[1].

Native title agreements are in place for the southern project area which provides the first 14-15 years of Ore Reserves. The remaining 5 years of reserves are contained in the northern areas, where Strandline has just signed two Heritage Agreements as part of the process to convert these Exploration Licences to Retention Licenses. The Heritage Agreements over the Retention Licenses have been signed with the Nanda and Malgana People. The tenure conversions will ensure access to potentially mineable mineral resources in the future.

Strandline Managing Director Luke Graham said the recent strong recovery in the mineral sands market, particularly for zircon, and improving industry factors made it an opportune time to push ahead with the project's development planning.

[1] Refer to the ASX Announcement dated 09 February 2015 for full details of the material assumptions underpinning the production target and financial results for the Coburn Project. The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.

"The DFS shows that in the current market Coburn would generate strong financial returns," Mr Graham said.

"We believe these returns can be further enhanced by fine-tuning the project and taking advantage of recent technology advances, alternative contracting strategies and forecast gains in mineral sands prices."

Coburn is part of Strandline's pipeline of mineral sands projects, which are at various stages of development and includes the Fungoni Project in Tanzania, where the Company has just completed a DFS and commenced its funding phase.

The portfolio presents varying production profiles, offering near-term cashflow potential across multiple jurisdictions and a growing resource base with significant exploration upside.

In brief Strandline's projects include:

- **Fungoni Project**, in Tanzania: DFS recently completed showing compelling financial returns (LOM EBITDA of US$98 million), a premium-product suite, low cost start-up, environmental approval in place and ~12 month programme to production (refer ASX Announcement 06 October 2017);
- **Coburn Project**, in Western Australia: DFS completed, permitted, +19 year life of mine, highly marketable product suite, market drivers improving project fundamentals, projecting plus A$300 million pre-tax NPV_8;
- **Tanga and Bagamoyo Projects**, in northern Tanzania: with mineral resource building underway showing the potential to host a series of major titanium-dominated high-value resources close to established infrastructure, providing development optionality in Strandline's growth pipeline; and
- **Strandline's 100%-owned southern Tanzania tenements** (in joint venture with Rio Tinto): accelerated greenfield exploration is underway, with Rio Tinto sole funding exploration across priority targets at Mtwara, Sudi, Kiswere and Miteja, offering immense exploration upside to Strandline's future.

The Company's two zircon-rich development ready projects, Fungoni and Coburn, underpin a multi-decade product revenue profile[2] , with the possibility of revenue upside relating to the Company's emerging Tanzanian growth projects[3] (as represented in Figure 1 below):

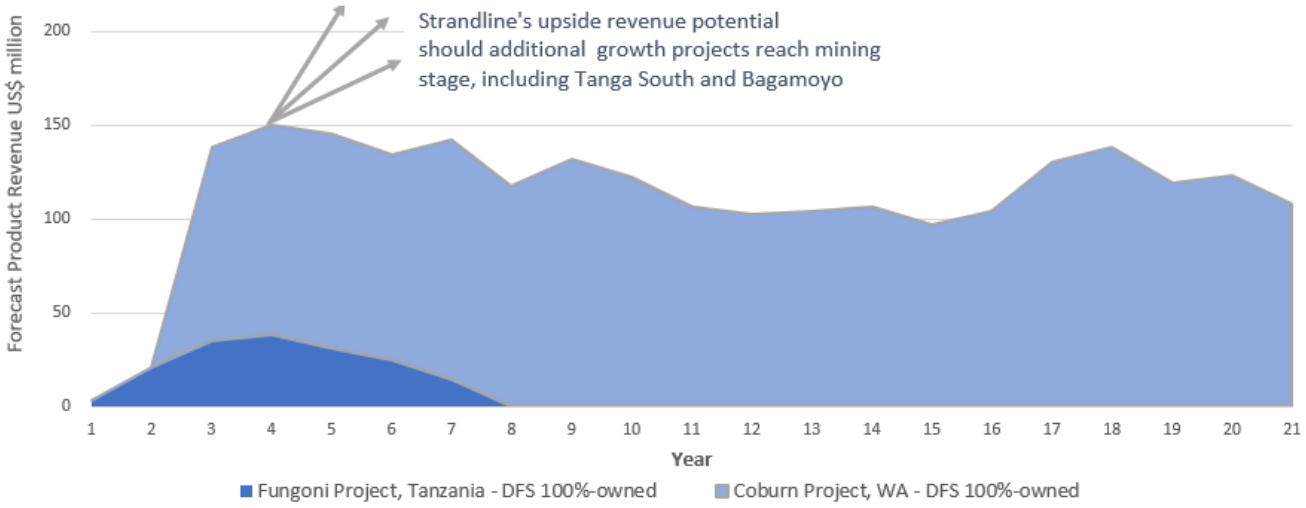

Figure 1 Strandline Project Revenue Profile underpinned by development-ready Fungoni and Coburn Projects

[2] Fungoni Project revenues are based on TZMI's September-2017 mineral sands pricing forecast (refer ASX Announcement 06 October 2017) and Coburn Project revenues is using similar pricing with zircon (US$1375/t and US$1,257/t for secondary zircon), chloride ilmenite (US$250/t) and HiTi90 (US$927/t) (refer ASX Announcement 09 February 2015).

[3] Any statement as to future revenue from Tanzania growth projects is aspirational in nature as the Company does not have reasonable grounds based on their current stage of development to believe that revenue can be achieved from them.

Summary of the Coburn HMS Project

Coburn is defined by a large deposit with a global JORC 2004 Resource estimate of 979Mt @ 1.26% HM and a proved and probable Ore Reserve estimate of 308Mt @ 1.2% HM (refer to Annexure 1). The Project has a high value heavy mineral assemblage composition of 23% zircon, 48% ilmenite, 7% rutile and 5% leucoxene.

The project has been subject to advanced engineering work over the past years with a number of definitive feasibility studies having been completed (some A$30 million has been invested on the project to date). Strandline believes the current favourable market dynamics and the advancement of technology relating to process equipment and non-process infrastructure solutions provides significant opportunities for the Company to enhance Coburn, improving financial returns and delivery certainty.

Coburn is one of a very few large-scale zircon-rich mineral sands projects world-wide at this level of development readiness and is highly leveraged to the forecast rise in mineral sands prices (particularly zircon). The salient points of Coburn are as follows:

- Large scale project delivering strong economics, with +19 year mine life at 23.4Mtpa mining rate;
- High quality product suite covering zircon (66% ZrO_2), chloride grade ilmenite (62% TiO_2) and HiTi90 (90% TiO_2);
- Project approvals in place (environmental, native title, heritage & mining) and development-ready;
- Access to existing infrastructure (roads, port and gas pipeline);
- Extremely low strip ratio and slimes content – simple and efficient mining method;
- Conventional dry mining and mineral extraction techniques, and proven rehabilitation processes; and
- Attractive revenue to operating cost ratio (RC ratio) with opportunity to improve through implementing value improvement initiatives.

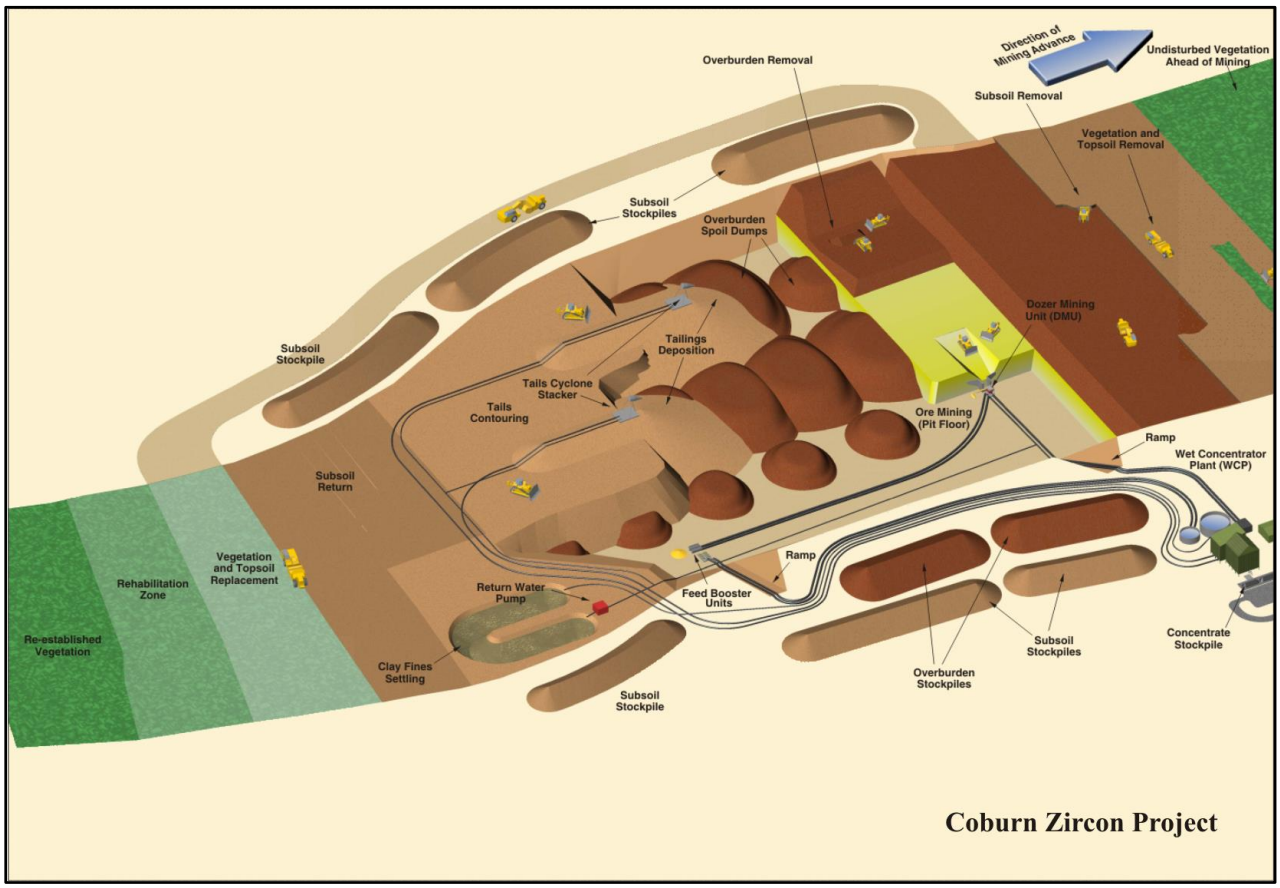

Figure 2 Coburn Mining Method Concept Overview

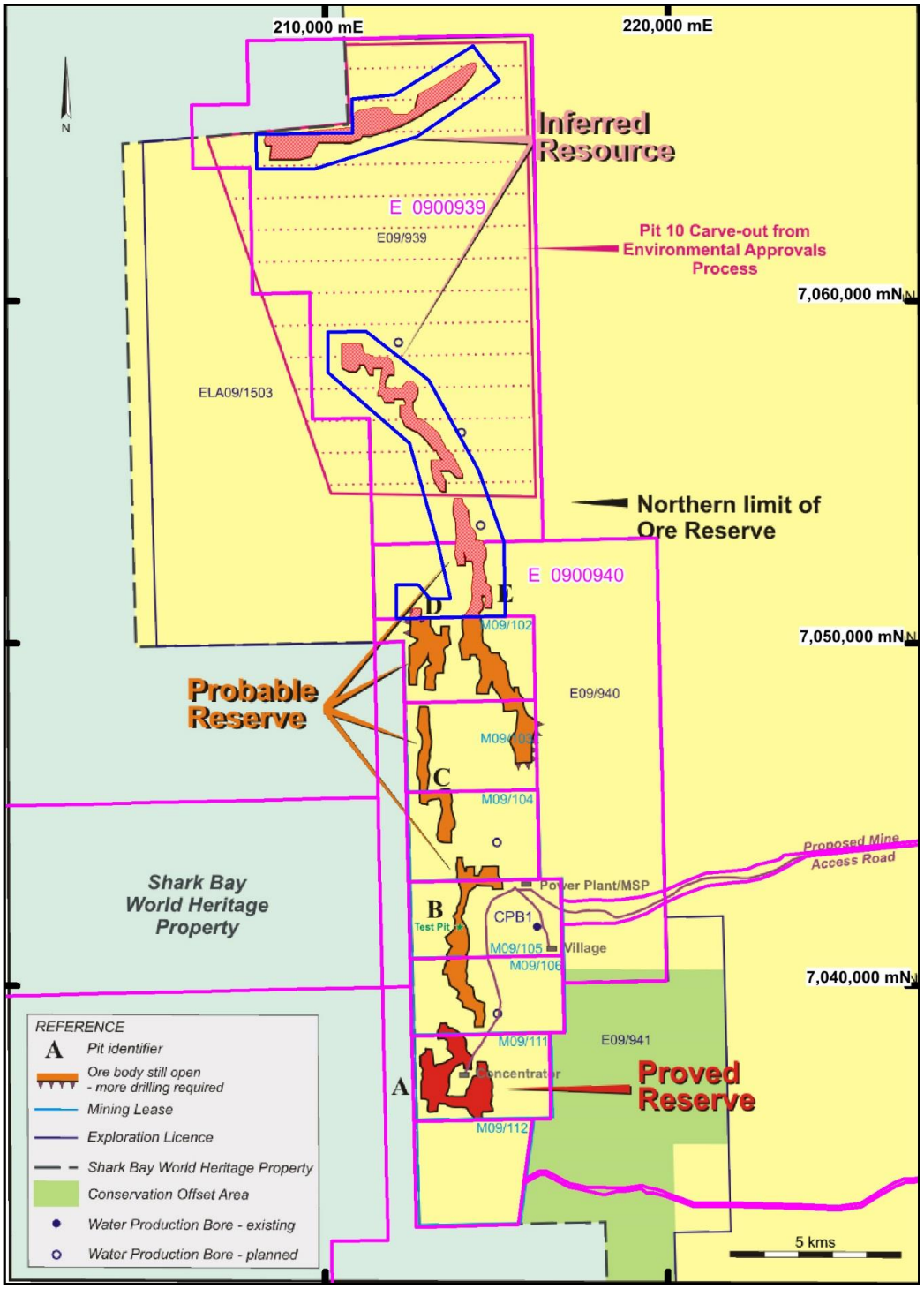

Figure 3 Amy North and South Zones Ore Reserves and Mineral Resources with Retention License outline (in dark Blue)

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About Strandline Resources

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 and Bagamoyo 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.

Reserves and Resources

The information in this ASX announcement relating to estimates of Ore Reserves and Mineral Resources has been extracted from the ASX announcement dated 7 January 2010. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Ore Reserves and Mineral Resource estimates, that all material assumptions and technical parameters underpinning the estimates in the market announcement continues to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

Annexure 1 – Coburn Resource and Reserve JORC Tables

Coburn has a JORC 2004 proven and probable Ore Reserve estimate of 308Mt @ 1.2% HM[4]. A summary of the Ore Reserve estimate is provided in Table 1 below:

Table 1 Coburn Project Ore Reserve Estimate (January 2010)

ORE RESERVES SUMMARY FOR COBURN ZIRCON PROJECT								
Summary of Ore Resources[(1)]					HM assemblage[(2)]			
Deposit	**Reserve Category**	**Tonnage**	**Contained HM**	**HM Grade**	**Zircon**	**Ilmenite**	**Rutile**	**Leucoxene**
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)
Amy Pit A	Proven	53	0.7	1.3	24	46	5	6
Amy Pits B-E	Probable	255	3.1	1.2	23	48	7	4
	Total[(3)]	**308**	**3.8**	**1.2**	23	48	7	5
(1) Cut-off grade applied is 0.8% HM								
(2) Mineral assemblage is reported as a percentage of total HM content. Slimes average 2.7% of the ore and oversize 3.3%.								
(3) Appropriate rounding applied								

The Ore Reserve estimated is based upon a JORC 2004 Mineral Resource estimate of 979Mt @ 1.26% HM5. A summary of the Mineral Resource estimate is provided in Table 2 below:

Table 2 Coburn Project Mineral Resource Estimate (January 2010)

MINERAL RESOURCE SUMMARY FOR COBURN ZIRCON PROJECT[(1)]				
Deposit	**Mineral Resource Category**	**Tonnage[(2)]**	**Contained HM**	**HM Grade**
		(Mt)	(Mt)	(%)
Amy South	Measured	119	1.5	1.3
Amy Central	Indicated	599	7.2	1.2
Amy North	Inferred	261	3.6	1.4
	Total[(3)]	**979**	**12.3**	**1.26**
(1) Cut-off grade applied is 0.8% HM				
(2) Inclusive of Ore Reserves				
(3) Appropriate rounding applied				

[4] Refer to the ASX announcement dated 07 January 2010 for full details of the Ore Reserves estimate. This Ore Reserve estimate has not been updated to the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

[5] Refer to the ASX announcement dated 07 January 2010 for full details of the Mineral Resource estimate. This Mineral Resource estimate has not been updated to the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Annexure 2 – Key Project Parameters

Mining is based on a contractor using the dozer trap technique for ore and bulldozer only for overburden. Overburden is pushed aside by bulldozers equipped with carry blades. Bulldozers are used to push the ore downwards into a dozer trap (Dozer Mining Unit – DMU), where it would be mixed with water and pumped as a slurry into the wet concentrator plant (WCP). Overburden is then pushed back into the void created by the removal of the ore. Tailings from the WCP would then be pumped back into the pit, covering the previously mined overburden.

Table 3 Key Mining Details

Annual Ore Production	23.4Mtpa
Strip Ratio (tonnes of waste per tonne of ore)	0.5 to 1
Slimes	2.7%
Oversize	3.3%
Mine Life	19 years
Method	Open pit, backfill with waste and tailings

Processing uses conventional gravity, magnetic and electrostatic separation technologies. Ore is pumped as a wet slurry from the dozer mining trap on the pit floor to the WCP located at the edge of the open pit. The WCP is moved along the ore body at approximately one to three year intervals as mining proceeds. The WCP recovers the heavy minerals by using wet spiral separation and reflux classifier units. Tailings are then pumped as a slurry back into the mine void, where they are dewatered so that the water can be reused in the mining and mineral concentration process. Concentrate from the WCP is to be trucked to the Mineral Separation Plant (MSP) which is located next to the power station.

The MSP uses a conventional flowsheet to separate ilmenite, zircon and rutile into final saleable products with magnetic and electrostatic equipment.

The final products from the MSP are to be trucked to a storage shed to be built adjacent to the Geraldton port, where they will be exported to overseas markets.

Table 4 Heavy Mineral Production

Product	Key Specification	Average Annual Production (Tonnes)	Life-of-Mine Production (Million Tonnes)
Zircon	66% ZrO_2	49,500	0.94
Ilmenite	62% TiO_2	109,000	2.07
HiTi 90	90% TiO_2	23,500	0.45
Total		**182,000**	**3.46**

Infrastructure

Coburn is located approximately 45km west of the North West Coastal Highway, linking the port of Geraldton some 250km to the south with coastal towns in the Gascoyne, Pilbara and Kimberley regions. A 42.5km access road into the mine site is required.

Power for the mine will be provided by a build-own-operate supplier, using natural gas piped from the Dampier to Bunbury pipeline some 110km to the east.

Water supply for the mine will come from artesian aquifers directly below the mine. Potable water will be produced from a site based reverse osmosis plant.

An accommodation village will be built near to the processing plant. Permanent offices will be built at the MSP and relocatable offices at the WCP.