

# STRANDLINE RESOURCES

COMPANY OVERVIEW | GOLDMAN SACHS WEBCAST



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resources limited



## BUILDING A SIGNIFICANT MINERAL SANDS BUSINESS

19 MAY 2020

STRANDLINE RESOURCES LIMITED (ASX: STA)  
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# DISCLAIMER & IMPORTANT NOTICES



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## IMPORTANT NOTICE

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All amounts stated within this presentation are stated in Australian Dollars unless otherwise noted. Figures stated within this presentation may contain immaterial rounding differences. This presentation is authorised for release by Luke Graham, Managing Director & CEO.

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## ADDITIONAL INFORMATION

This presentation should be read in conjunction with the 2019 Annual Report and the March 2020 Quarterly Activities Report together with any announcement made by Strandline in accordance with its continuous disclosure obligations under the Corporations Act including:

Refer to the ASX Announcement dated 26 Feb 2020 regarding A\$6.5 million capital raise, which will increase Strandline's cash in bank to A\$7.2 million at 31 March 2020.

Refer to the ASX announcements dated 06 October 2017 for Fungoni Project Original-DFS and Maiden Ore Reserve Statement and 01 November 2018 for the Updated-DFS.

Refer to the ASX announcement dated 09 July 2019 for further details of the Mineral Resources for the Tanga South (Tajiri) Project.

Refer to the ASX announcements dated 16 April 2019 and 14 November 2018 for further details of the Coburn Project Ore Reserves, DFS and Mineral Resources and the material assumptions underpinning the production target and financial results.

Refer ASX announcements dated 12 September 2018 and 07 November 2018 for details on Bagamoyo and Sudi exploration projects, respectively.

Also, refer to the Competent Person statements included in the presentation.

Strandline confirms that it is not aware of any new information or data that materially affects the information included in this Presentation and that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies, continues to apply and have not materially changed.

## ADDRESS

### CORPORATE ADDRESS:

35 Richardson Street, West Perth  
Western Australia 6005

### POSTAL ADDRESS:

PO Box 1217 West Perth  
Western Australia 6872 Australia

### TANZANIAN OFFICE:

Plot No 431, Mahando Street  
Msasani Peninsula, Dar-es-Salaam, Tanzania

### POSTAL ADDRESS:

PO Box 105009  
Dar-es Salaam, Tanzania

# WORLD-CLASS ASSETS: POISED FOR DEVELOPMENT



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Strandline's world-class project development pipeline has strategic relevance in a growing mineral sands sector

- **Two construction-ready** mineral sands projects:
  - (1) COBURN, WA**
  - (2) FUNGONI, TANZANIA**
  - Combined DFS NPV of +A\$610m and **annual EBITDA of +A\$110 million**<sup>1</sup>; best quartile revenue-to-cost ratio
  - **Take-or-pay contracts** provide revenue certainty
  - **Key approvals in place**; development decision looming
  - Positioning for **major market share**; Premium zircon 72ktpa, chloride ilmenite 145ktpa and rutile 25ktpa plus monazite
- **TAJIRI, TANZANIA**, scoping study underway; **large titanium-rich resource** of 268Mt @ 3.3% THM<sup>3</sup>, potential +20 year mine life
- **Tight supply-demand** fundamentals supporting new project investment
- **COMPELLING GROWTH STRATEGY TO DELIVER SHAREHOLDER WEALTH**



Notes:

<sup>1</sup> Refer to ASX Announcement 01 November 2018 and 06 October 2017 for full details of Fungoni DFS and the material assumptions underpinning the production target and financial results . Refer to ASX Announcement 16 April 2019 for full details of the Coburn DFS and Ore Reserve and the material assumptions underpinning the production target and financial results

<sup>2</sup> Refer Appendix A, B and C for Coburn, Fungoni and Tajiri JORC Tables. JORC Resources containing 29Mt of Heavy Minerals: 5Mt of contained zircon, 3Mt rutile-leucocoxene, 15Mt ilmenite, plus other valuables of monazite containing rare earths and almandine garnet

# CORPORATE SNAPSHOT



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## OUR VISION

ENRICHING EVERYDAY LIFE

## OUR VALUES

TRUST. COURAGE. RESPECT.  
EXCELLENCE. INTEGRITY.

### SUBSTANTIAL SHAREHOLDERS

Shareholder	Initial Investment	Shares (m)	(%)
Tembo Capital <sup>1</sup>	2016	160.4	37.6%
C&H Investments <sup>2</sup>	2017	31.2	7.3%
Gasmere / Hatch	2015	21.0	4.9%
Pie Funds	2020	16.7	3.9%
Perennial Value	2019	15.8	3.7%
<b>Sub-Total</b>		<b>245.1</b>	<b>57.4%</b>
Top 20		309.8	72.6%

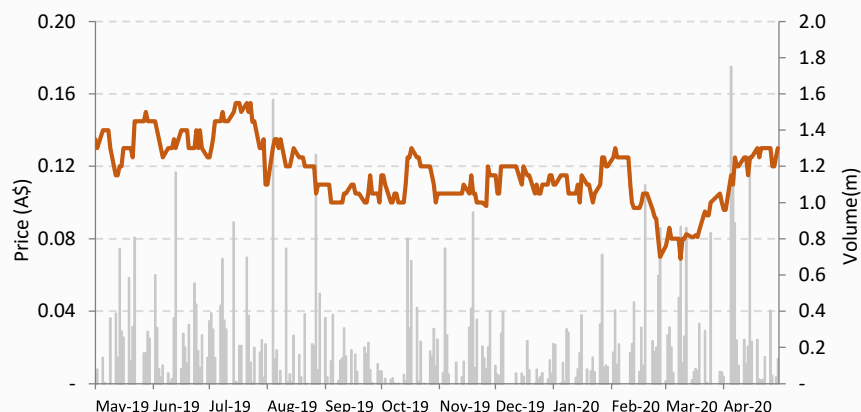
**Notes:**

<sup>1</sup> Tembo Capital is a private equity firm specialising in natural resource company, entering the register through a strategic placement announced 24 May 2016.

<sup>2</sup> C&H International Investment Limited is a Hong Kong based private investment company, entering the register through a strategic placement announced 17 May 2017.

<sup>3</sup> Share price graph from Bloomberg as at 15 May 2020

### SHARE PRICE & VOLUME HISTORY <sup>3</sup>

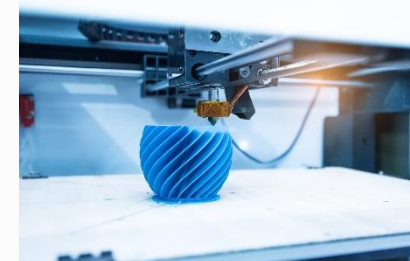


### MARKET DATA

Fully diluted shares on issue	<i>m</i>	426.8
Share Price - 13 May 2020	<i>A\$</i>	\$0.13
<b>Fully diluted market capitalisation</b>	<b><i>A\$m</i></b>	<b>55.5</b>
Cash - 31 Mar 2020	<i>A\$m</i>	7.2

### ANALYST REPORTS

Shaw and Partners  
an EFG company



# LEADERSHIP: EXPERIENCED BOARD & DEVELOPMENT TEAM



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## BOARD



**Didier Murcia**  
Non-Executive Chair  
Honorary Consul of  
Tanzania for Australia



**Luke Graham**  
Managing Director



**Peter Watson**  
Executive Director



**John Hodder**  
Non-Executive Director



**Tom Eadie**  
Non-Executive Director

## MANAGEMENT

### **Luke Graham** - Managing Director and Chief Executive Officer

Engineering professional with 25+ years' experience in resources sector. MD of Strandline for 3+ years. Formerly Regional GM of global minerals engineering and project delivery firm Sedgman Pty Ltd (a member of the CIMIC Group) serving 11 years in various senior leadership roles

### **Flavio Garofalo** – Chief Financial Officer and Company Secretary

CPA with 25+ years' experience in the mining industry. Formerly Commercial Manager at Fortescue Metals Group and has held senior executive roles for ASX-listed mining companies. Has extensive experience in project financing, governance and accounting for companies transitioning into production

### **Peter Watson** – Executive Director Strategy and Development

Over 30 years in the professional services industry within the global resources sector, with roles ranging from Technical Engineering, Project Delivery and Project Development, facilities operational management and asset optimization, through to GM and MD-CEO within global organisations

### **Mike Ferraro** – Project Director

Resource industry professional with 30+ years' experience. Metallurgist and MBA qualified. Experience includes senior roles in mineral sands with Doral (MD) and MZI (COO) as well as technical and operational management roles with Cristal and Simcoa

### **Brendan Cummins** – Chief Geologist and Exploration Manager

Geologist with 20 years' experience in mine and exploration geology both within Australia and Africa. Specialist in identifying exploration assets and developing them from greenfield through to resource definition and feasibility study

### **James Chialo** – Director of Tanzanian Subsidiaries - Stakeholder and Sustainability

Experienced manager of exploration and logistics activities in Tanzania. Focused on developing enduring supplier and stakeholder relations, underpinned by respect, trust and enriching lives through our participation

Source: Refer [www.strandline.com.au](http://www.strandline.com.au) for more information on the Strandline Board of Directors



# MINERAL SANDS MARKET: NEW SUPPLY IS REQUIRED



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Coburn and Fungoni’s construction readiness means Strandline is ready and able to capitalise on the forecast supply deficit, providing strong fundamentals to support capital investment

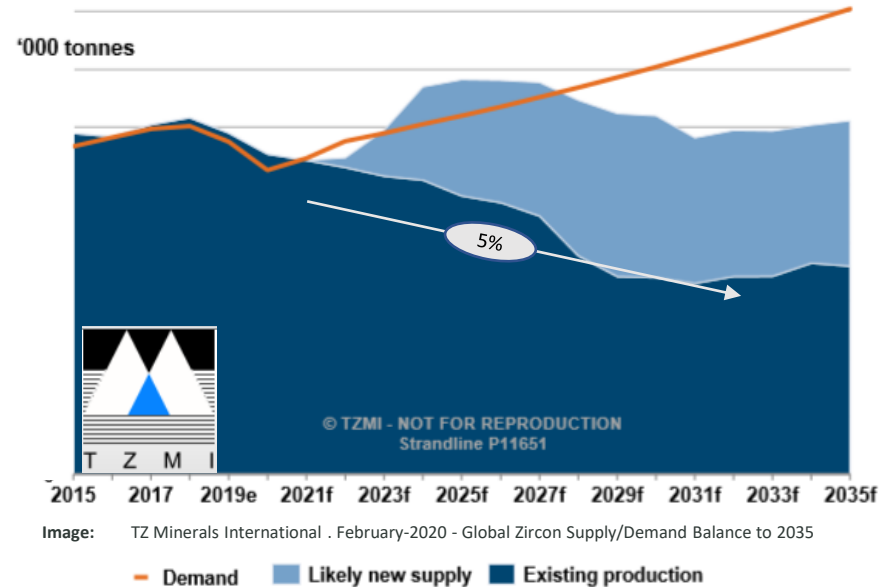
## GLOBAL MINERAL SANDS MARKET

- **Increasing demand** driven by urbanisation, rising living standards, global growth and extensive array of applications
- **‘Critical Minerals’**, vital to the economic well-being of the world's major and emerging economies
- **Supply restricted** by mine closures, declining grades and depleting stockpiles
- **Strong long-term market fundamentals - demand growth outpacing supply**
- **New projects required** to meet future demand

**STRANDLINE TO CAPITALISE ON THE EMERGING STRUCTURAL SUPPLY DEFICIT**

## GLOBAL ZIRCON SUPPLY-DEMAND BALANCE TO 2035

- Forecast **structural supply gap**, with demand for zircon increasing year-on-year at 2.5-3.0% pa and existing production decreasing at average of 5% pa



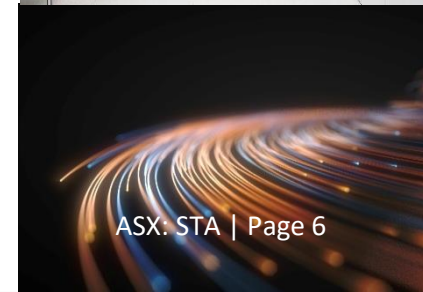
Product	Unit	2021	2022	2023	2024+
Zircon	US\$/t	1,551	1,548	1,507	1,469
Rutile	US\$/t	1,214	1,150	1,120	1,118
Chloride Ilmenite	US\$/t	252	260	259	269

Table: Summary of TZMI’s Feb-2019 annual price forecast per product used in the Coburn DFS (US\$/t FOB Real)

**Note:**

<sup>1</sup> TZ Minerals International (TZMI) is a global, independent consulting and publishing company which specialises in technical, strategic and commercial analyses of the opaque mineral, chemical and metal sectors including data, analysis and information across the mineral sands industries.

<sup>2</sup> TZMI’s Feb-2019 forecast US\$/t Nominal pricing has been converted to US\$/t Real pricing by applying a 2.2% pa inflation factor



# TWO MAIN PRODUCT STREAMS: USED IN EVERY-DAY LIFE



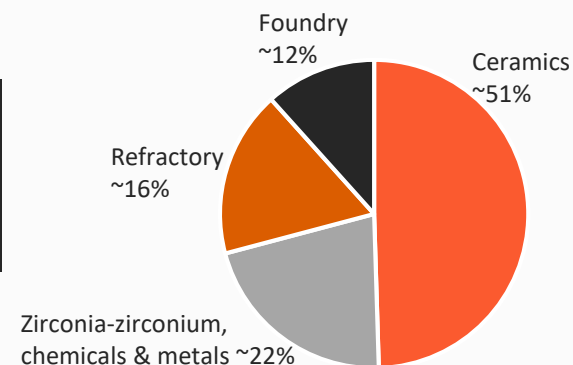
Strandline's product mix is weighted to premium zircon and high grade titanium feedstocks; producing products used in everyday life such as ceramic tiles, refractory, paint, titanium metal and welding rod applications

## ZIRCON

- Zircon is resistant to water, chemicals, heat and abrasion
- ~1.1 million tonnes per annum global market
- China dominates zircon consumption with 47% and Iluka is most influential in establishing benchmark prices
- Ceramics market represents 51% of the zircon market and is forecast to dominate growth
- Strandline's zircon mineral confirmed as "ceramic grade"

COBURN + FUNGONI  
ABLE TO PRODUCE ~7%  
OF GLOBAL ZIRCON  
SUPPLY

## GLOBAL ZIRCON MARKET

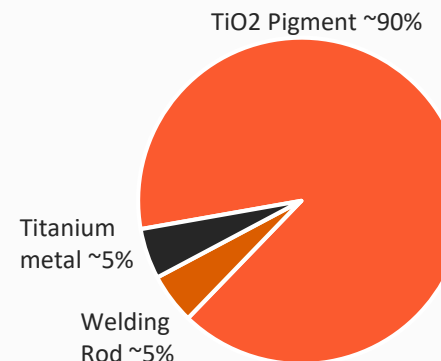


## TITANIUM

- TiO<sub>2</sub> pigment imparts whiteness, is UV resistant and inert
- ~7.0 million tpa global market (TiO<sub>2</sub> units), including ~0.75 million tpa of chloride grade ilmenite
- Longer term deficits for chloride pigment feedstocks, underpin **strong outlook** for Coburn's rutile and chloride ilmenite
- China chloride pigment consumption increasing, driven by higher environmental standards and technology advancement

COBURN + FUNGONI  
ABLE TO PRODUCE  
~12% OF GLOBAL  
CHLORIDE ILMENITE

## GLOBAL TiO<sub>2</sub> MARKET



# WORLD CLASS MINERAL SANDS PROJECT PORTFOLIO



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Strandline's growth strategy is approaching development decisions on two zircon-titanium rich deposits (in WA and Tanzania), with ongoing exploration across a series of mineral sands exploration assets in Tanzania, including the large scale Tajiri Project

**COBURN PROJECT**  
Western Australia, Gascoyne-Mid West

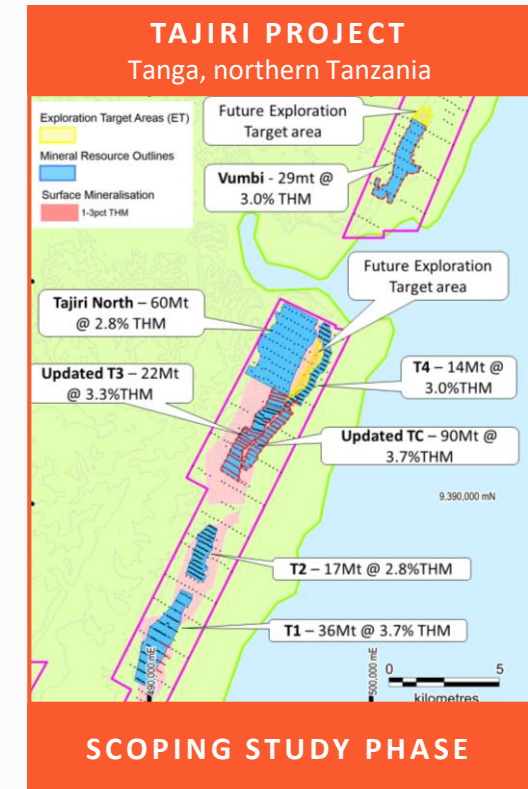


**PROJECT FINANCING PHASE**

**FUNGONI PROJECT**  
Dar es Salaam, central Tanzania



**PROJECT FINANCING PHASE**





# COBURN PROJECT: TIER-1 ASSET IN WESTERN AUSTRALIA



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One of the largest, most advanced undeveloped mineral sands projects in the world, with high-value mineral suite, low cost operation and strong financial returns

- **World-class** project in WA, great jurisdiction; close to Geraldton's mineral sands export port, some 240kms south <sup>1</sup>
- **High margin cashflows** with **A\$551m Pre-Tax NPV<sub>g</sub>** and **A\$1.9b EBITDA** for first 22.5 years
- IRR of 32% and **best-quartile** revenue-to-opex ratio of 2.2
- Annual production of 58kt zircon (contained), 110kt chloride ilmenite and 24kt rutile; to supply **~5% of global zircon market**
- **Binding offtakes signed** with major global consumers for 66% of revenue for first 5-7 years <sup>1</sup>
- **Capital-efficient** development compared with industry peers
- Development funding advancing <sup>2</sup> with lender due-diligence and term sheets underway, incl. with Northern Australia Infrastructure Facility (**NAIF**) <sup>3</sup>

**OFFTAKES SIGNED  
WITH LEADING  
CUSTOMERS**

**~A\$90 MILLION**  
Avg. Annual EBITDA <sup>1</sup>  
for potential +38 years



Image: Proposed Coburn Wet Concentration Plant (WCP)



Image: Proposed Coburn Mineral Separation Plant (MSP)



Notes:

<sup>1</sup> Refer Announcement 20 April 2020 relating to three binding offtake contracts secured covering 100% of ilmenite production (Chemours), 100% of zircon concentrate (Sanxiang-Nanjing) and the substantial portion of premium zircon (Industrie Bitossi)

<sup>2</sup> Refer Coburn DFS Announcement 16 April 2019. Also refer ASX Announcement 18 Feb-2020 Independent Engineer Appointed for Coburn Project

<sup>3</sup> For more information on NAIF Funding Review refer ASX Announcement dated 09 October 2019

# COBURN PROJECT: DFS FINANCIAL DASHBOARD



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Development decision looming, key approvals in place and financing advancing

## DFS FINANCIAL SUMMARY (APR-19)<sup>1,2,3</sup>

<b>LONG MINE LIFE</b> +22.5 year Ore Reserve	<b>FIRST ORE</b> within 18 months
<b>NPV<sup>8</sup></b> A\$551 million	<b>IRR</b> 32%
<b>EFFICIENT CAPEX</b> A\$257 million	<b>RC<sub>1</sub> RATIO</b> 2.2 (best quartile)
<b>EBITDA 22.5 years</b> <b>A\$1.9 BILLION</b>	<b>FAST PAY BACK</b> 2.2 years from first ore
	<b>EBITDA MARGIN</b> of 98%

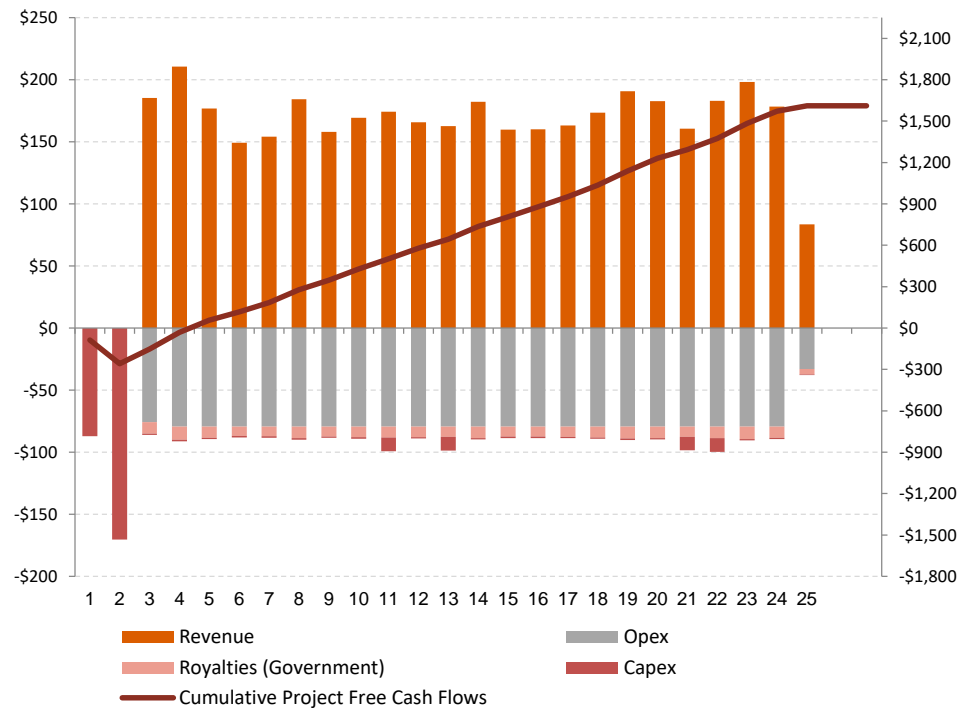
## SCOPING "EXTENSION CASE" (APR-19)<sup>6</sup>

**SCOPING STUDY CONFIRMS POTENTIAL MINE LIFE EXTENSION BY 15 YEARS ALONG STRIKE, TO 38 YEARS**  
NPV<sup>8</sup> of A\$710 million and EBITDA of A\$3.7 billion

**Notes:**

<sup>6</sup>The "Extension Case" Scoping Study has been undertaken to evaluate the financial impacts of extending the mine life at the Coburn Mineral Sands Project. It is a preliminary study based on low level technical and economic assessments that are insufficient to support the estimation of ore reserves. The Production Target and forecast financial information is based on JORC (2012) Mineral Resources. Further exploration, evaluation work and appropriate studies are required before Strandline can estimate ore reserves or provide certainty of a development case for the Mine Life extension case. Refer Scoping Study Extension Case in Appendix A for more information.

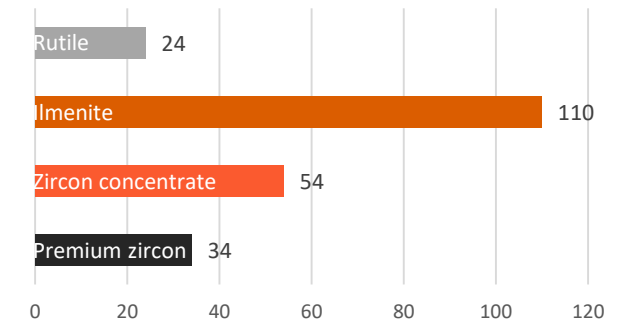
## DFS PROJECT FREE CASH FLOWS (A\$M)<sup>1,2,3,4,5</sup>



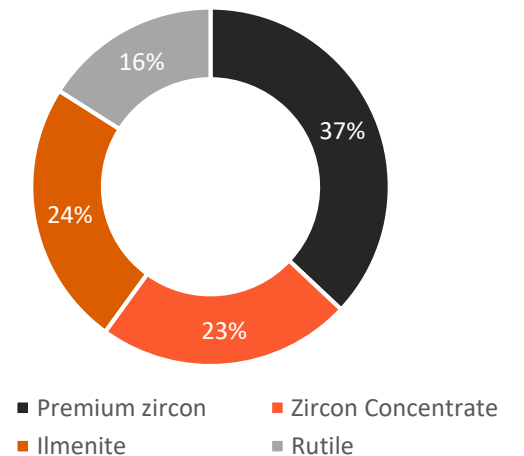
**Notes:**

<sup>1</sup> Net cash flows are on a pre-tax, real, pre-finance basis for the DFS Final Products Case  
<sup>2</sup> Capex includes upfront and sustaining capex, but excludes any financing costs  
<sup>3</sup> DFS capital and operating cost estimates provide a high degree of confidence in the financial projections, with an overall accuracy level of ±10%  
<sup>4</sup> DFS capital costs include all design, supply, delivery, installation, commissioning and pre-production cost items, excluding working capital  
<sup>5</sup> Foreign exchange rate of AUD:USD 0.72 used as part of the DFS

## PRODUCTION BY PRODUCT (Ktpa)



## REVENUE BY PRODUCT (%)



# COBURN PROJECT: LONG LIFE AND PROVEN EXECUTION STRATEGY



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Robust planning, proven delivery strategies and long mine life underpins a bankable development solution with strong dividend appeal

- Large JORC Reserve of 523Mt @ 1.11% THM underpins initial 22.5-year mine life
- Potential expansion from 22.5-year Reserve life to ~38 years <sup>1</sup>
- Conventional open pit dry mining in free-dig sand, with low strip ratio of 0.7; low slimes and oversize; coarse mineral grain size
- Proven processing technology capable of high mineral recoveries <sup>2</sup>
- Key development approvals already in place
- First production within 18 months from project start
- Construction contracts being awarded; final development decision looming
- Coburn to generate significant socio-economic benefits, indigenous and local content opportunities

RELIABLE  
DEVELOPMENT  
PARTNERS



Logos: The Coburn DFS was completed by a range of independent and reputable consultant/contractor firms with experience in mineral sands and Australian project development



Image: Typical dozer push operation



Image: Typical Triple Road Train Configuration



Image: Coburn is based on progressive rehabilitation & mine closure

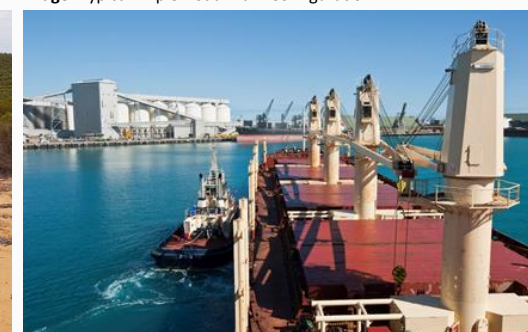


Image: Geraldton Port Facilities and Bulk Cargo Ship



Image: Typical Site Accommodation Village



Image: Existing Geraldton Port Shiploader

Note:

<sup>1</sup> Refer Coburn Scoping Study Extension Case, ASX Announcement dated 16 April 2019

<sup>2</sup> Refer ASX Announcement dated 14 Jan-2020 "Outstanding test results further strengthen financial outlook ...."

# FUNGONI PROJECT: LOW CAPEX, HIGH MARGIN AND SHOVEL READY



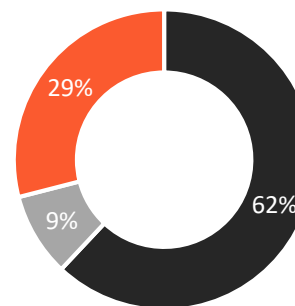
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Strandline is set to develop Tanzania's first major mineral sands mine, providing strong near term cash flow and unlocking the strategic value of its Tanzanian project pipeline

- 100%-owned, DFS complete <sup>1</sup> showing **exceptional economics**
- Pre-tax IRR of 61%** and NPV<sup>10</sup> of US\$48.7m
- Low capex** of US\$35m excluding financing fees
- Nedbank CIB Project Finance Facility Agreement signed to underwrite a US\$26m debt facility**, subject to finalisation of remaining finance documents and conditions precedent <sup>2</sup>
- Take-or-pay offtake agreements secured for 100% of forecast revenue**
- Key construction contracts in place**, incl. process plant EPC contract, power and bulk earthworks
- 12 month build phase** to first ore, with 18 month payback from first production
- LOM **EBITDA** of US\$115m (avg annual **US\$18.5m**), based on TZMI forecast

**BEST-QUARTILE  
REVENUE-COST RATIO  
OF 2.8**

REVENUE BY PRODUCT (%)



■ Zircon-monazite ■ Rutile ■ Ilmenite

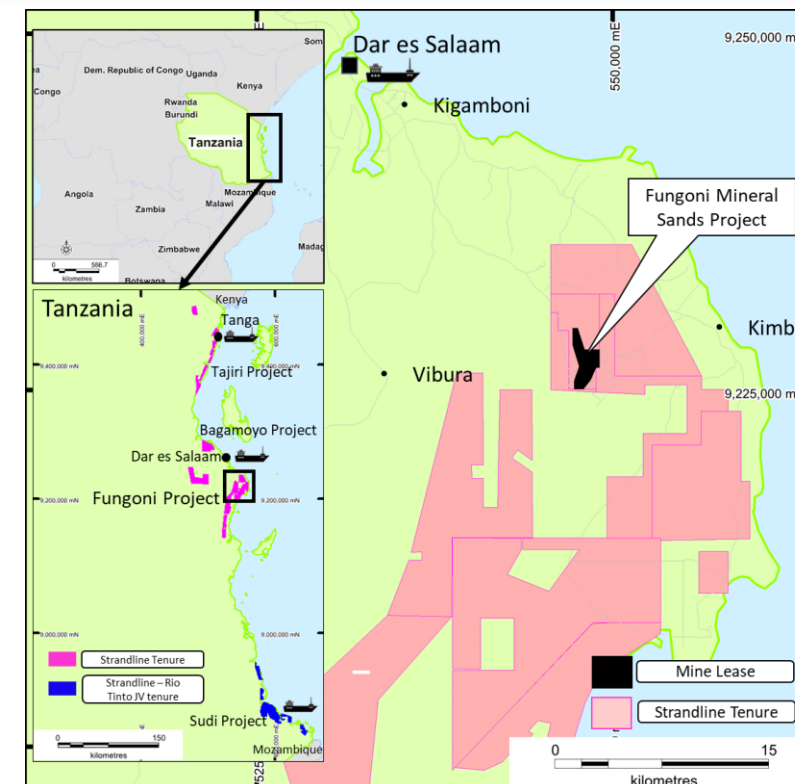


Image: Fungoni 25km from the Dar es Salaam Port



Image: Fungoni Beneficiation Facilities - Preliminary 3D model



Notes:

<sup>1</sup> Refer to the ASX Announcement dated 01 November 2018 (Updated DFS) and 6 October 2017 (Original DFS) for full details of the material assumptions underpinning the production target and financial results for the Fungoni Project.

<sup>2</sup> For more information on Nedbank Project Finance Facility Agreement refer ASX Announcement dated 06 April 2020.

# FUNGONI PROJECT: INFRASTRUCTURE AND LOGISTICS ADVANTAGE



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Fungoni produces a suite of premium quality zircon + titanium products and is situated ~25km southeast of the Dar es Salaam port

- Exceptionally rich JORC-compliant orebody starting from surface, with no overburden
- Conventional dry mining and beneficiation producing **premium quality zircon sand, chloride ilmenite, rutile and monazite containing rare earths**
- Modular **relocatable** mine infrastructure
- **Environmentally friendly** with pit backfill and land rehabilitation
- **Close to port**, road and services infrastructure of Dar es Salaam
- **Host of socio-economic benefits**, incl capital inflows to Tanzania, high local content, jobs, technology transfer and community development
- Development to commence following satisfaction of Nedbank finance CPs
- Programs underway to **expand Tanzanian Reserves**

FUNGONI PAVES THE WAY  
FOR A SUCCESSION OF  
MINERAL SANDS PROJECTS  
IN TANZANIA

GOVERNMENT OF  
TANZANIA CONTNUES TO  
PROVIDE STRONG  
SUPPORT FOR FUNONI  
DEVELOPMENT

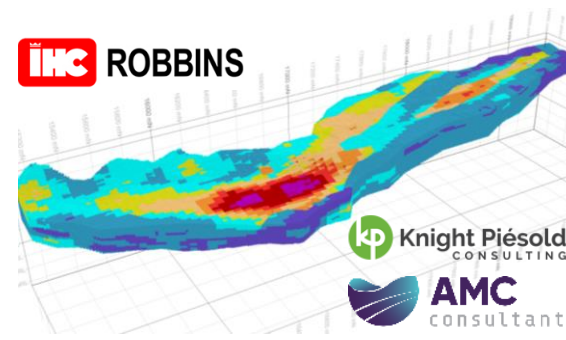


Image: Fungoni Resource Block Model



Image: Trucking product in container for zircon and rutile shipment



Image: Fungoni surface pan sample showing extremely high grade HM



Image: Established Port of Dar es Salaam, 25km from Fungoni Site

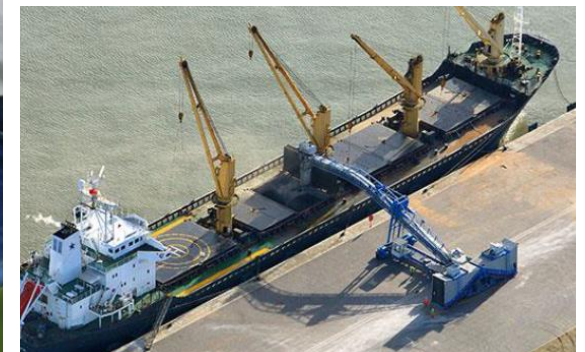


Image: Typical Mobile Dump Hopper and Shiploader for Ilmenite loading

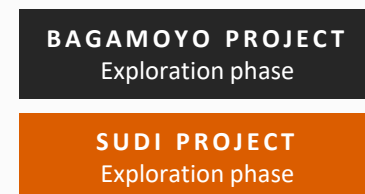
# GROWTH PROJECTS: A MULTI-DECADE PROJECT PIPELINE



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Strategy to build a world-scale, long life mineral sands business in Tanzania. Exploration across ~2,000km<sup>2</sup> of highly strategic tenure

- Tajiri confirmed as a **major mineral sands deposit**; engineering scoping study underway
- Tajiri JORC Resources of 268Mt @ 3.3% THM<sup>1</sup>, **underpins Strandline's long-term production outlook** in Tanzania
- **Tajiri Resources start from surface, with no overburden**, suited to low cost hydro mining
- Tajiri's northern tip is situated **35km south of the Tanga port**
- **Significant exploration upside** across Strandline's other Tanzanian projects. Large Resource potential at:
  - Bagamoyo and nearby Fungoni in central Tanzania; and
  - Sudi and Rushungi projects in southern Tanzania



Notes:

<sup>1</sup> Refer ASX Announcement dated 09 July 2019 and Appendix C for Tanga South (Tajiri) JORC Mineral Resource estimate

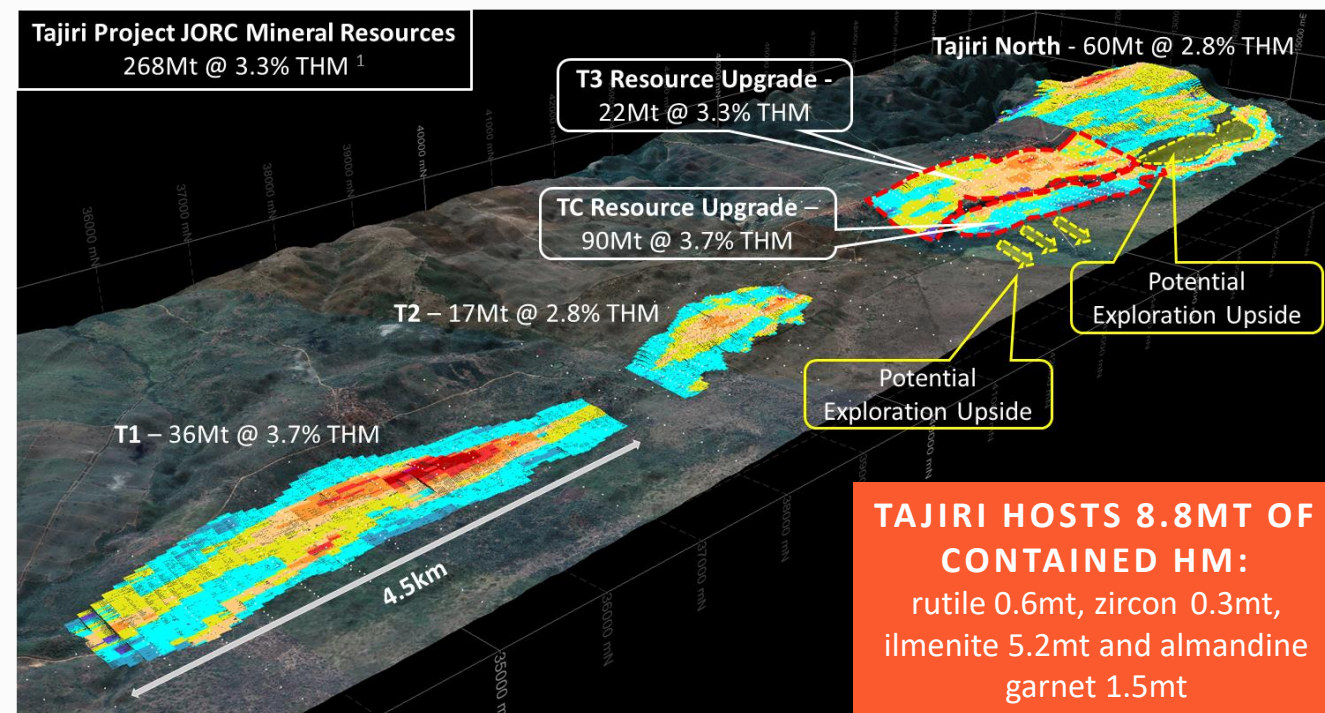


Image: Tajiri Mineral Resources and priority target areas (highlighted in yellow)

# INVESTMENT RATIONALE: ENRICHING EVERYDAY LIFE



## RIGHT COMMODITY-RIGHT TIME

- **Critical minerals used in everyday life**; increasing demand driven by urbanisation & rising living standards; supply restricted & in deficit

## RIGHT PLACE

- **Geographically diverse** across the two largest mineral sands producing regions, **Australia and Africa**

## RIGHT COMPANY-RIGHT PEOPLE

- Clear growth strategy to **grow shareholder value**
- Globally significant **Zircon + Titanium JORC Resources/Reserves**
- Two **development-ready projects; best-quartile and bankable**
- **Highly experienced** Board and development team

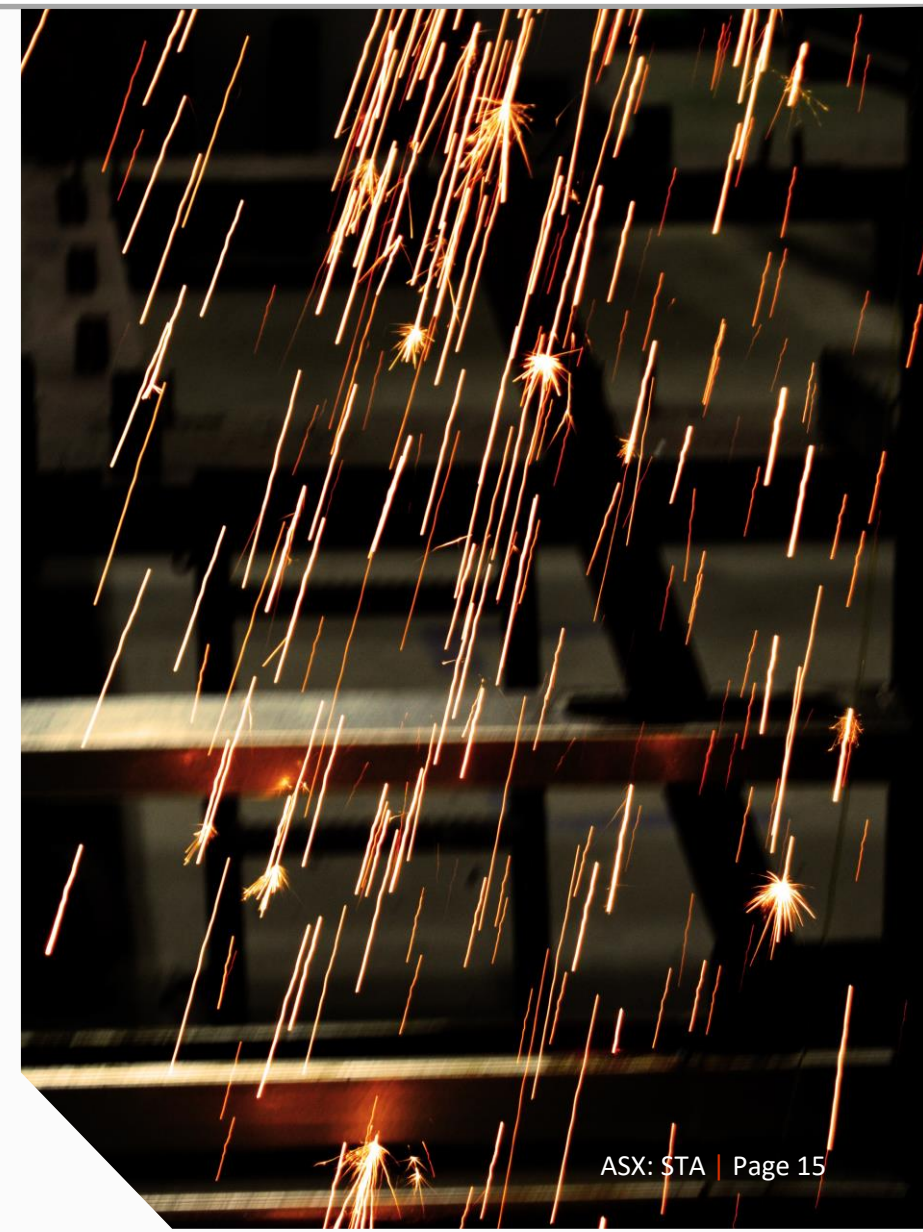
## STRANDLINE TO UNLOCK THE IMMENSE INHERENT VALUE

- Trading at a huge discount to DFS valuations, with STA Market Cap **less than 10% of combined DFS NPV** of +A\$610 million

### Notes:

<sup>1</sup> Refer to ASX Announcement 01 November 2018 and 06 October 2017 for full details of Fungoni DFS and the material assumptions underpinning the production target and financial results. Refer to ASX Announcement 16 April 2019 for full details of the Coburn DFS and the material assumptions underpinning the production target and financial results.

**AVERAGE ANNUAL PROJECT EBITDA**  
(A\$ million) (DFS data <sup>1</sup>)



# APPENDIX A: COBURN PROJECT



## COBURN JORC-2012 GLOBAL MINERAL RESOURCES 1,2,3

Resource Category	Ore <sup>(1)</sup>			Valuable HM Grade (In-Situ) <sup>(2)</sup>					
	Material (Mt)	In situ THM (Mt)	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Slimes (%)	Oversize (%)
Measured	119	1.5	1.3	45	5	24	6	3	6
Indicated	607	7.7	1.3	48	7	22	5	3	3
Inferred	880	10.4	1.2	49	7	21	4	3	1
<b>Total</b>	<b>1606</b>	<b>19.6</b>	<b>1.2</b>	<b>48</b>	<b>7</b>	<b>22</b>	<b>5</b>	<b>3</b>	<b>2</b>

**Notes:**

1. Mineral Resources reported at a cut-off grade of 0.8% THM
2. Valuable Mineral assemblage is reported as a percentage of in situ THM content
3. Appropriate rounding applied

Source: Coburn Updated JORC compliant Mineral Resource estimate, 14 November 2018

## COBURN PROJECT JORC 2012 ORE RESERVE STATEMENT APRIL-2019

ORE RESERVES SUMMARY FOR COBURN PROJECT				
Deposit	Reserve Category	Ore	Heavy Mineral	
		(Mt)	HM (Mt)	THM (%)
Coburn - Amy South	Proved	106	1.16	1.10
Coburn - Amy South	Probable	417	4.66	1.12
	<b>Total<sup>1</sup></b>	<b>523</b>	<b>5.83</b>	<b>1.11</b>

**Notes:**

1. Total may deviate from the arithmetic sum due to rounding.

Source: Coburn Updated JORC compliant Ore Reserve Statement, 16 April 2019

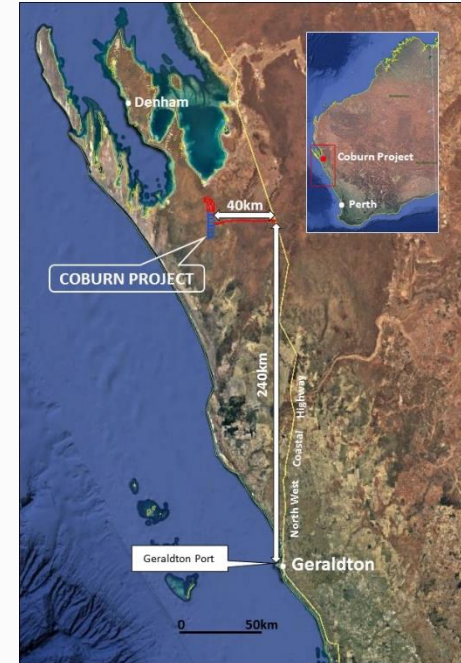


Image: Coburn Project Location Map with Mineral Resources and Tenement outline

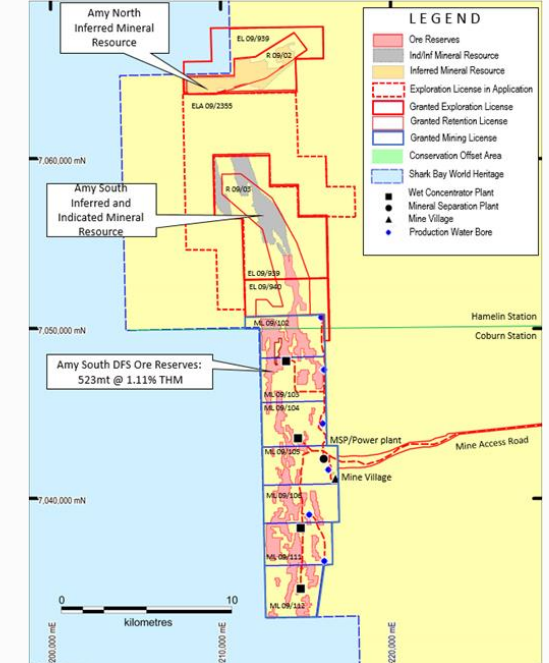


Image: Coburn Project Mine Pit and Tenement Outline



**Comment:** Coburn is a major long-life project and is earmarked to form a key part of the growth and diversification aspirations of the Shire of Shark Bay



Image: Strandline Conducting Community Consultation



# APPENDIX A CONT.: COBURN PROJECT - MINE LIFE EXTENSION CASE



STRANDLINE  
resources limited

Potential to further increase project Reserves, mine life and returns, through evaluation of resources extending north and along strike of the DFS Ore Reserves. A Scoping Study assessment of Amy South Indicated and Inferred material, titled “Extension Case”, was undertaken concurrently with the DFS

## MINE LIFE “EXTENSION CASE” SCOPING STUDY

- Scoping Study results confirm the potential to increase the mine life **37.5 years (↑15 years)** and project returns to **A\$3.7B overall project EBITDA**
- Extension Case **pre-tax NPV<sup>8</sup> of A\$710m**, when integrated with the DFS Final Products Case
- Purpose of the Scoping Study was to ascertain the financial benefits of a longer mine life by scheduling production targets from Indicated and Inferred Mineral Resource
- Mineral Resources lie north of the DFS Ore Reserves and represent the strike continuation of the same body of mineralisation
- Production targets are scheduled from year 22.5 when the DFS Ore Reserves are depleted
- No significant capital expenditure is required to access the Extension Case production targets

*There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised. The stated Production Target is based on the Company’s current expectation of future results or events and should not be solely relied upon by Investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met*

### Notes:

<sup>1</sup> The DFS is underpinned by the Coburn JORC-2012 compliant Ore Reserve Statement as per ASX dated 16 April 2019

<sup>2</sup> The Extension Case Scoping Study referred to in this announcement has been undertaken to evaluate the financial impacts of extending the mine life at the Coburn Mineral Sands Project. It is a preliminary technical and economic study based on low level technical and economic assessments that are insufficient to support the estimation of ore reserves. The Production Target and forecast financial information is based on JORC (2012) Mineral Resources which are reported and classified at approximately 1% Indicated and 99% Inferred. Further exploration, evaluation work and appropriate studies are required before Strandline can estimate ore reserves or provide certainty of a development case for the Mine Life extension case. Given the uncertainties Investors should not make investment decisions solely on the results of the scoping study. No significant capital expenditure will be required to access the Production Target relating to the Extension Case, however additional sustaining capital cost has been allowed and based on calculations in the DFS. Investors should note that there is no certainty that Strandline will be able to raise funding when needed. It is also possible that funding may only be available on terms that may be dilutive to or otherwise affect the value of Strandline’s shares.

## FINANCIAL EVALUATION – EXTENSION CASE

Category	DFS – Final Product Case	Extension Case only	Extension Case Integrated
Mine Life	22.5yrs	15yrs	<b>37.5yrs</b>
Mine plan	1-22.5yrs	22.5-37.5yrs	<b>1-37.5yrs</b>
Tonnes Mined	523Mt	354Mt	<b>877Mt</b>
Throughput	23.4Mtpa	23.4Mtpa	<b>23.4Mtpa</b>
Capex	A\$257M	Nil	<b>A\$257M</b>
Revenue	A\$3.91B	A\$3.1B	<b>A\$6.98B</b>
Total Opex (C1)	A\$1.78B	A\$1.20B	<b>A\$2.98B</b>
Total AISC	A\$1.97B	A\$1.36B	<b>A\$3.33B</b>
Avg. annual C1 Cost	A\$346/t	A\$291/t	<b>A\$321/t</b>
Avg. annual AISC (“A”)	A\$397/t	A\$330/t	<b>A\$369/t</b>
Avg. annual Basket Price (“B”)	A\$760/t	A\$751/t	<b>A\$754/t</b>
Avg. Cash Margin (B-A)	A\$363/t	A\$421/t	<b>A\$385/t</b>
EBITDA	A\$1.93B	A\$1.74B	<b>A\$3.67B</b>
Avg. annual EBITDA	A\$86M	A\$109M	<b>A\$98M</b>

# APPENDIX B: FUNGONI PROJECT DASHBOARD



## FUNGONI JORC MINERAL RESOURCES<sup>1,2,3</sup>

Resource Category	Ore		Valuable HM Grade (In-Situ)					
	Material (Mt)	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Slimes (%)	Oversize (%)
Measured	8.8	4.3%	43.3%	4.3%	18.3%	1.0%	18.5%	6.8%
Indicated	13.0	1.8%	36.7%	4.3%	14.6%	1.4%	24.4%	7.3%
<b>Total</b>	<b>21.7</b>	<b>2.8%</b>	<b>40.7%</b>	<b>4.3%</b>	<b>16.9%</b>	<b>1.2%</b>	<b>22.0%</b>	<b>7.0%</b>

## FUNGONI JORC ORE RESERVES<sup>2</sup>

Reserve Category	Ore	Heavy Mineral	
	Material (Mt)	Material (kt)	(%)
Proven	6.9	341	4.9%
Probable	5.4	138	2.6%
<b>Total</b>	<b>12.3</b>	<b>480</b>	<b>3.9%</b>

Notes:

<sup>1</sup> The Mineral Resource estimate has been classified according to the definitions of the JORC Code (2012).

<sup>2</sup> Figures are rounded to one decimal place.

<sup>3</sup> Mineral Resources reported at a cut-off grade of 1.0% THM.

## FUNGONI DFS KEY FINANCIAL METRICS

Description	Updated DFS Result (Oct-18)
NPV (10% WACC, Real, Pre Tax, no debt)	US\$48.7m
IRR	61.1%
NPV (10% WACC, Real, Post Tax, no debt)	US\$30.8m
IRR	42.1%
NPV (8% WACC, Real, Post Tax, no debt)	US\$34.8m
Operational Cashflow Payback Period of Initial Capital	2.67 years
LOM Revenue	US\$184.2m
LOM EBITDA	US\$114.8m
LOM OPEX C1 Costs inc transport	US\$66.1m
LOM All-in Sustaining Costs (AISC)	US\$74.9m
Revenue to C1 Cost Ratio	2.8
Annual Average Operating Margin	US\$391/t
LOM Project Cash Flow	US\$81.7m

Table: DFS Key Financial Metrics

Description	Updated DFS Result (Oct-18)
Annual Production Rate (Steady State)	2.0Mt
LOM Production	12.3Mt
Mine Life (Initial)	6.2 Years
Exchange Rate (A\$/US\$)	0.75
Capital Expenditure (Pre-production)	US\$32.1m
Product Price Zircon (FOB) Avg. LOM	US\$1,229/t
Product Price Rutile (FOB) Avg. LOM	US\$1,129/t
Product Price Ilmenite (FOB) Avg. LOM	US\$266/t
Product Price Monazite (FOB) Avg. LOM	US\$1,804/t

Table: DFS Key Assumptions

Notes:

<sup>1</sup> Refer to the ASX Announcement dated 01 November 2018 (Updated DFS) and 6 October 2017 (Original DFS) for full details of the material assumptions underpinning the production target and financial results for the Fungoni Project.

<sup>2</sup> Calculated on in-ground value per tonne of Ore Reserve material and based on approximate spot prices (Jun-2018) of chloride ilmenite US\$250/t, rutile \$1,050/t (flux), leucoxene US\$900/t, premium zircon US\$1,600/t and monazite US\$2,000/t. Refer overleaf for JORC Mineral Resource and Ore Reserve estimate.

Grade and mineral assemblage underpin exceptional in-ground value:

**US\$18.86/t** : **US\$6.09/t**  
**PER IN-GROUND TONNE<sup>2</sup>** : **AISC OPEX PER TONNE MINED<sup>1</sup>**

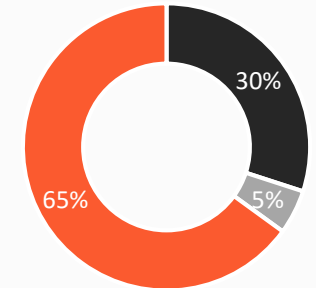
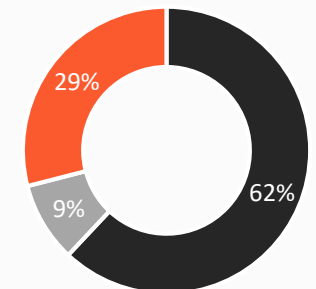


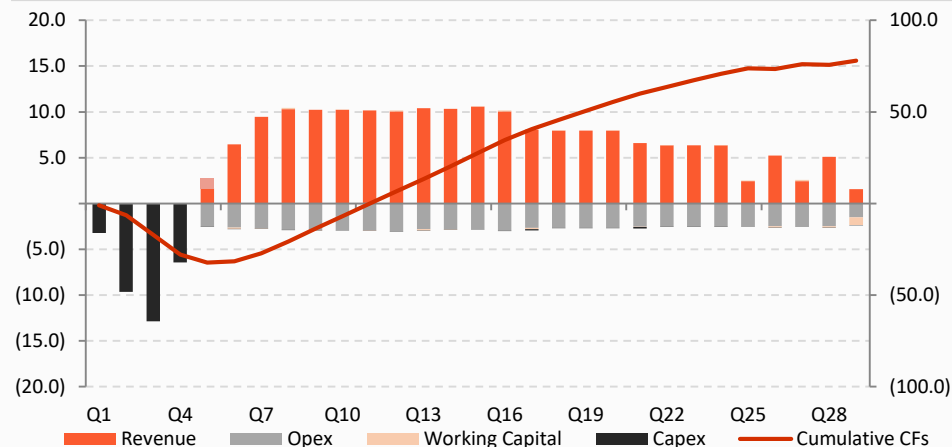
Figure: Fungoni Production by Product (tonnes)



■ Zircon-monazite ■ Rutile ■ Ilmenite

Figure: Fungoni Revenue by Product (US\$m)

## FUNGONI QUARTERLY NET OPERATING CASH FLOW (US\$m)



Notes:

<sup>1</sup> Net cash flows are on a US\$ pre-tax, pre-finance basis and excluding corporate overheads.

<sup>2</sup> Opex includes Government royalties. Capex includes upfront and sustaining capex.

Source: Fungoni Original DFS, 6 October 2017 and Updated-DFS, 01 November 2018.

# APPENDIX C: TAJIRI RESOURCES, NORTHERN TANZANIA



Image: Selection of Tanzanian Photos



Image: Geologist Jeremy Aldworth showing visitors an impressive Tajiri surface mineralisation (pan sample)

Summary of Mineral Resources (1)								THM Assemblage (2)				
Deposit	THM % cut-off	Mineral Resource Category	Tonnage	Insitu HM	THM	SLIMES	OS	Ilmenite	Zircon	Rutile	Leucoxene	Garnet
			(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
T3	1.70%	Measured	19	0.6	3.4	37	6	64	4	7	0	5
TC	1.70%	Measured	55	1.9	3.5	23	10	42	2	5	0	38
		<b>Total</b>	<b>74</b>	<b>2.5</b>	<b>3.4</b>	<b>27</b>	<b>9</b>	<b>48</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>30</b>
Tajiri T1	1.50%	Indicated	36	1.3	3.7	34	4	71	6	10	0	3
Tajiri North	1.70%	Indicated	60	1.7	2.8	47	4	75	4	6	1	1
T2	1.70%	Indicated	17	0.5	2.8	32	11	58	4	7	0	18
T3	1.70%	Indicated	3	0.1	2.8	39	4	66	5	8	1	4
T4	1.70%	Indicated	14	0.4	3.0	24	6	61	4	8	0	12
TC	1.70%	Indicated	35	1.4	4.1	27	9	46	3	6	0	36
		<b>Total</b>	<b>165</b>	<b>5.4</b>	<b>3.3</b>	<b>36</b>	<b>6</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>13</b>
Vumbi	1.70%	Inferred	29	0.9	3.0	30	12	64	4	7	1	2
		<b>Total</b>	<b>29</b>	<b>0.9</b>	<b>3.0</b>	<b>30</b>	<b>12</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>2</b>
		<b>Grand Total</b>	<b>268</b>	<b>8.8</b>	<b>3.3</b>	<b>33</b>	<b>7</b>	<b>59</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>17</b>

**Notes:**

<sup>1</sup> Mineral Resources reported at various THM cut-offs

<sup>2</sup> Mineral Assemblage is reported as a percentage of insitu THM content

<sup>3</sup> Appropriate rounding applied

# COMPETENT PERSONS



STRANDLINE  
resources limited

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Brendan Cummins, Chief Geologist and employee of Strandline. Mr Cummins is a member of the Australian Institute of Geoscientists and he has 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which they appear. Mr Cummins is a shareholder of Strandline Resources.

## TANGA SOUTH MINERAL RESOURCES

The information in this report that relates to Mineral Resources for Tanga South is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and 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 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.

## FUNGONI MINERAL RESOURCES

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, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and 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.

## FUNGONI ORE RESERVES

The information in this report that relates to the Fungoni Ore Reserves are based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to this report are identified in Table 5 (ASX 6/10/2017) together with their area of contribution.

## COBURN MINERAL RESOURCES

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and 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 provision of the drill database, and completed the site inspection. Mr Jones is the Competent Person for the data integration and 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.

## COBURN ORE RESERVES

The information in this report that relates to the Coburn Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.

Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to this report are identified in Table 6 (ASX announcement 16/04/2019) together with their area of contribution.

## COBURN SCOPING STUDY PRODUCTION TARGETS (NO ORE RESERVES DECLARED)

The information in this report that relates to the Mine Extension Case Scoping Study is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.

Non-mining modifying factors for the production targets are drawn from contributions provided by various sources as stated in the Coburn Ore Reserve announcement dated 16 April, 2019.