# ASX ANNOUNCEMENT Fungoni Project – EPC Contract Awarded

22 October 2018



# Strandline awards fixed-price EPC contract for Fungoni mineral sands processing plant

Agreement with GR Engineering provides a 12 month pathway from start of detailed design to first production

## HIGHLIGHTS

- Contract signed with GR Engineering Services for engineering procurement construction and commissioning (EPC) of the Fungoni mineral sands processing facility in Tanzania
- EPC Contract value is US\$17.65 million and based on 12 month delivery schedule to first production, which is in line with the DFS estimate issued in Oct-2017
- Fungoni design is based on modular relocatable infrastructure with modern processing technology which can be re-used at Strandline's other mineral sands assets in Tanzania
- With key mining and environment licences in place, 100% product pre-sold via offtake, strong Government support, EPC contract now executed and project financing underway, Strandline is well positioned to capitalise on the growing mineral sands market

Strandline Resources (**ASX: STA**) is pleased to announce the appointment of GR Engineering Services Limited (**ASX: GNG**) as engineering, procurement and construction (**EPC**) contractor for the processing plant and facilities at the Fungoni mineral sands project (**Fungoni**) in Tanzania.

The lump sum EPC contract comprises construction, installation and commissioning of a new 2 million tonne per annum mineral processing plant and supporting infrastructure.

The fixed cost contained in the contract is in line with the Fungoni Definitive Feasibility Study (DFS) released to the market on 6 October 2017.

Customary conditions precedent to the commencement of the EPC Contract apply, including achieving a positive final investment decision for Fungoni before 31 March 2019.

The EPC Contract is based on a fixed schedule delivery period of 12 months to Practical Completion and encompasses design, supply, installation and commissioning of:

- Mining Field Unit;
- Wet Concentrator Plant, Tailings Thickener and Disposal System;
- Mineral separation Plant;
- Site Water, Air and Power services;
- Metallurgical and throughput performance testing following commissioning and handover, and operational support as required during ramp up; and
- Engineering design and technical support associated with Owner's scope items, which include bulk earthworks, roads, power station, storage shed, workshop, administrative buildings, and ship loader.



Fungoni's high unit value orebody assemblage and low costs will underpin strong financial returns for Strandline, with a fast payback period and a first quartile revenue-to-cost ratio of 2.7.

Strandline Managing Director Luke Graham said securing this major execution contract for Fungoni with an experienced international EPC contractor marked another milestone in Strandline's strategy to become a low-cost mineral sands producer in the near-term.

"GRES has partnered with Strandline through the feasibility stage of the project and has committed to deliver a high-quality beneficiation and mineral separation facility, designed to produce world-class zircon and titanium products," Mr Graham said.

"With key project approvals already in place for Fungoni and 100% of product contracted under offtake, Strandline's major focus is now on advancing project funding."

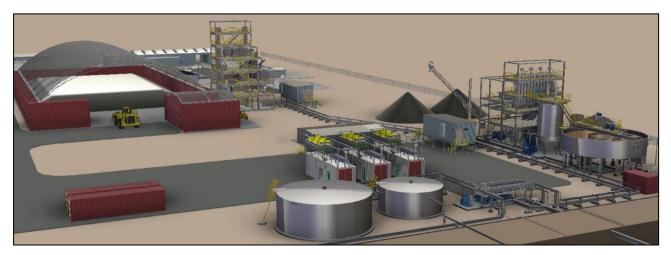


Figure 1 Preliminary 3D image of Fungoni Project (Feasibility level design)

### **ABOUT GR ENGINEERING SERVICES**

GR Engineering Services Limited (**GRES**) is an ASX listed engineering design and construction contractor specialising in fixed price, turn-key delivery of mineral processing facilities.

GRES was involved in the Fungoni Definitive Feasibility Study (DFS<sup>1</sup>) and has worked collaboratively with Strandline through 2018 to assist in positioning the project ready for development. GRES has previous project delivery experience in Africa and also other mineral sands projects. GRES's head office is in Perth, Western Australia and has an established corporate presence in Tanzania.

GRES has also been selected by Strandline to undertake the DFS associated with the large-scale Coburn mineral sands project in Western Australia (refer ASX announcement dated 28 June 2018).

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<sup>&</sup>lt;sup>1</sup> Strandline confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Feasibility Studies, continues to apply and have not materially changed.



### **ABOUT STRANDLINE – CAPITALISING ON THE GROWING MINERAL SANDS MARKET**

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.



Figure 2 Strandline's world-wide mineral sands exploration & development projects