



Submission of Fungoni Mining Licence Application

HIGHLIGHTS

- Strandline has submitted the Mining Licence application for its Fungoni Heavy Mineral Sands (HMS) Project in Tanzania
- Fungoni Definitive Feasibility Study (DFS) is being finalised; Environmental Certificate secured in July 2017
- Tanzanian regulations supporting recent legislative changes now being drafted; amendments are not expected to significantly impact Fungoni's viability or plan; 3% royalty rate remains unchanged for HMS
- Mineral sands market continues to strengthen; Fungoni is strongly leveraged to increases in zircon prices.

Key Benefits of the Fungoni Project for Tanzania

- Fungoni will generate a host of key social benefits including significant job creation, training and job diversity, transferable skills development as well as community engagement programmes;
- Fungoni will create a new industry for Tanzania, becoming the country's first commercial mineral sands mine generating real socio economic benefit;
- Fungoni will pave the way for future mineral sands developments within Tanzania, including the Company's larger scale Tanga Project in north Tanzania;
- Advanced beneficiation of minerals will take place in Tanzania with high local content maximising value generation and capital inflows to Tanzania; and
- Fungoni is based on low impact conventional dry mining methods with progressive backfill and rehabilitation of the mined area; returning the land to pre-mining state ready for future development or farming.

Introduction

Strandline Resources (ASX: STA) is pleased to advise that it has submitted the mining licence application for the Fungoni Project to the Ministry of Energy and Minerals of Tanzania.

The application has been prepared in light of the advanced engineering work conducted to date as part of the almost-completed DFS and the recently promulgated amendments to Tanzanian legislation.

Adjudication of the mining licence application will be undertaken by the Ministry of Energy and Minerals and the newly-appointed Commission under the President's office. With project definition now essentially complete, Strandline will step-up its engagement with the Government of Tanzania and related stakeholders to progress the development of its HMS projects in a manner which delivers significant benefits to both the people of Tanzania and Strandline shareholders.

Strandline Managing Director Luke Graham said: "The mining licence application marks another key milestone on the path to developing Fungoni. This project will deliver a host of economic and social benefits for Tanzania. It will also pave the way for the development of Strandline's other mineral sands projects in Tanzania."

Mineral Sands Commodity Market Continues to Improve:

Mineral sands supply and demand fundamentals have tightened and prices have started to increase from the low base experienced in 2013 to 2016. This recovery has been led by the titanium minerals and now zircon, with prices continuing to rise, as evidenced by Iluka Resources' (ASX: ILU) recent announcement (see Iluka's ASX release dated 12 September 2017) referring to a zircon reference price increase of US\$130/t to US\$1230/t, effective from 01 October 2017 for a six-month period.

Fiscal Treatment Tanzania Legislative Changes:

In July 2017, the Tanzanian Government signed into law three bills designed to reform the way the extractive industries are regulated in the country, essentially rebalancing control of the natural mineral products between industry and the State and increasing transparency and collection of associated mineral revenues.

The new laws are the Natural Wealth and Resources (Permanent Sovereignty) Act 2017 and the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms) Act 2017. Also enacted was an omnibus bill, the Written Laws (Miscellaneous Amendments) Act 2017, which amends the Mining Act 2010.

Based on the information available, it is understood that many of the amendments have no significant impact on the viability and operational plan of the Fungoni Project. Some of the amendments, such as the introduction of a new 1% export levy provision, results in minor cost increases or operational considerations and these will be modelled where known. Importantly, the Project is based on advanced beneficiation and separation of the mineral in Tanzania, using state-of-the-art equipment, to maximise product value and marketability prior to export. The Company believes that this fundamental project characteristic aligns well with the intent of the revised legislation.

The amendment with the largest potential impact is a proposed 16% free-carried interest in the project for the Tanzanian Government. In the absence of any clarity on how this will be implemented or if it will be applied to the Fungoni Project, the Company has assumed to date, that it is a post-tax dividend to the Government payable once all capital costs have been recovered, and debt and interest charges paid.

Fungoni Provides Important Benefits to the People of Tanzania:

The Company's strategy is to develop and operate a series of low cost, high margin expandable mining assets in a responsible and sustainable manner. Development of the Fungoni Project will forge a new industry for Tanzania, being the first major commercial mineral sands mine in that country, and pave the way for future developments there by Strandline.

The Project will provide important benefits to the people of Tanzania. The key social benefits will be job creation, training and job diversity and community engagement programmes. The Fungoni Project would create in the order of 100 locally-sourced direct skilled jobs through the operational phases. The Company expects a significantly larger number of indirect employment opportunities (typically in the order of 3 to 5 times) will also be supported by the project.

The involvement of local businesses and contractors in the Project will be supported through a procurement and logistics policy consistent with the Government's objectives. The Company's community engagement and sustainability initiatives will foster collaboration and partnerships. Furthermore, the Project will provide capital flows into Tanzania and would provide an additional element in the country's growing level of foreign investment.

Land Access Compensation and Resettlement Planning is Progressing:

The Company has undertaken extensive environmental and social impact assessments in accordance with Tanzanian regulatory requirements, including land access compensation and resettlement planning and community consultation. The Company achieved its Environment Certificate for Fungoni Project from the Ministry of State, Vice President's Office – Union and Environment in July 2017. The Project is predicated on low impact mining, progressive rehabilitation to pre-mining state and the ability to return the rehabilitated land back to the original land holder as soon as practical after mining. This method of land access is well proven in the mineral sands sector whereby the Company effectively leases the land for the period of disturbance.

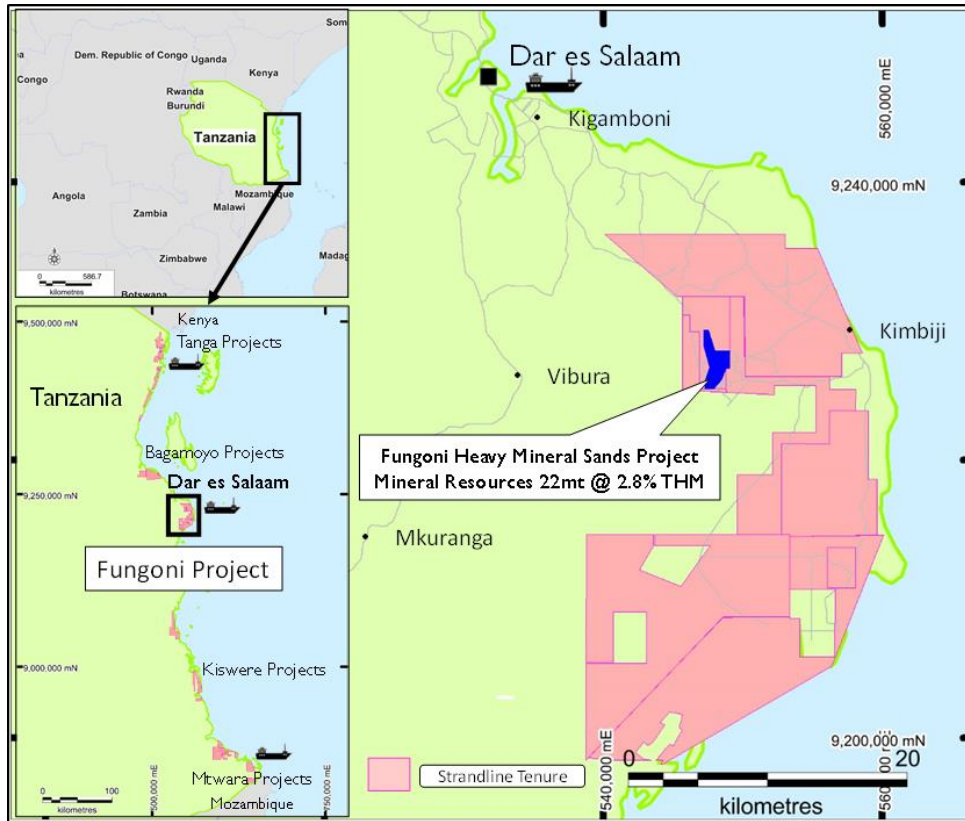


Figure 1 Fungoni Heavy Mineral Sands Project favourably located close to Dar es Salaam port infrastructure and supporting industries.

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About Strandline Resources

Strandline Resources Limited (ASX: STA) is a Tanzanian-focused mineral sands developer positioned within the world's major zircon and titanium producing corridor in South East Africa. Strandline has a dominant mineral sands position with a series of 100% owned projects spread along 350km of the Tanzanian coastline.

Strandline's strategy is to develop and operate quality, low cost, high margin, expandable mining assets with market differentiation. Leveraging off the exploration success in recent years, the Company's focus is to continue its aggressive exploration and development strategy to progress economically attractive projects based on high unit value titanium and zircon products.

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.