

# ASX ANNOUNCEMENT

## Appointment of Corporate Advisor



**STRANDLINE**  
resources limited

18 September 2018

## Azure Capital appointed to finalise funding for Fungoni mineral sands project

### Negotiations over key construction contracts well advanced

Strandline Resources (**ASX: STA**) (**Strandline**, or the **Company**) is pleased to announce that Azure Capital has been appointed to secure funding for the Fungoni heavy mineral sands project in Tanzania.

Azure is a leading Australian corporate advisory and management consulting firm with extensive natural resources experience focused on project finance and debt advisory, mergers and acquisitions, equity capital markets and the provision of corporate advice.

Azure will initially assist with the project financing and debt advisory for the Fungoni project. and will also advise on Strandline's other mineral sands projects.

The Fungoni Definitive Feasibility Study (**DFS**) was released in October 2017, (refer ASX announcement 6 October 2017) and following the recent grant of the Mining Licence for the project (refer ASX announcement 31 August 2018), preparations for development are ramping up. These include the financing process to be commenced by Azure and finalising negotiations for key contracts necessary to execute the project.

Strandline Managing Director Luke Graham said Fungoni was ideally placed to capitalise on the growing mineral sands market and emerging supply deficit.

In parallel with the pre-development activities being undertaken on Fungoni, Strandline is also undertaking optimisation studies on the advanced Coburn Project located in Western Australia, through completion of an enhanced DFS (refer ASX announcement 28 June 2018).

"Our strategy to build a global-scale mineral sands business based on progressively commercialising a portfolio of projects in Tanzania and Coburn in WA is progressing strongly," Mr Graham said.

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For further enquiries, please contact:

**Luke Graham**

CEO and Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: [enquiries@strandline.com.au](mailto:enquiries@strandline.com.au)

For media and broker enquiries:

**Paul Armstrong and Nicholas Read**

Read Corporate

T: +61 8 9388 1474

E: [paul@readcorporate.com.au](mailto:paul@readcorporate.com.au)

## FUNGONI PROJECT - POISED FOR DEVELOPMENT

The Fungoni project is favourably located ~25km from the Dar es Salaam port in Tanzania. The DFS<sup>1</sup>, which was completed in October 2017 (refer ASX announcement 06 October 2017), confirms the Fungoni project will deliver strong financial returns, is capital-efficient and produces premium-quality titanium and zircon products, ideally positioned to capitalise from the growing mineral sands market.

Key highlights of the Fungoni project include:

- Low development capital cost of ~USD 30 million, including mine infrastructure, port facilities, working capital, land access, pre-production mining, owner's costs and project contingencies of 10%;
- Outstanding Internal Rate of Return and first quartile revenue-to-operating cost ratio of 2.7;
- Binding offtake Agreements signed for 100% of zircon-monazite and ilmenite products for the Life of Mine, based on "take-or-pay" arrangement, representing ~90% of projected project revenue;
- Government of Tanzania has provided its endorsement for the development of the mine, with key project approvals in place, including the Mining Licence and Environmental Certificate
- Maiden ore reserve of 12.3 Mt @ 3.9% Total Heavy Mineral (THM), with opportunities to grow reserves and mine life, further increasing financial returns;
- Project Pre-Tax NPV of USD 42.9 million (AUD 57.2 million at USD/AUD 0.75) based on a 10% discount rate and TZMI's September-2017 commodity price forecast;
- Life of Mine (LOM) Revenue of USD 168 million (AUD 224 million) and LOM EBITDA of USD 98 million;
- Nominal 12-month design, construction and commissioning period and 2.7 year payback period from start of construction;
- Modular relocatable infrastructure with state-of-the-art processing technology which can be re-used at Strandline's other mineral sands assets in Tanzania;
- "Low impact" mining philosophy with progressive backfill and rehabilitation of the mined area; returning the land to pre-mining state; and
- Fungoni will generate a host of key social and economic benefits including capital inflows to Tanzania, significant job creation, training and job diversity, transferable skills development as well as community engagement programmes.



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

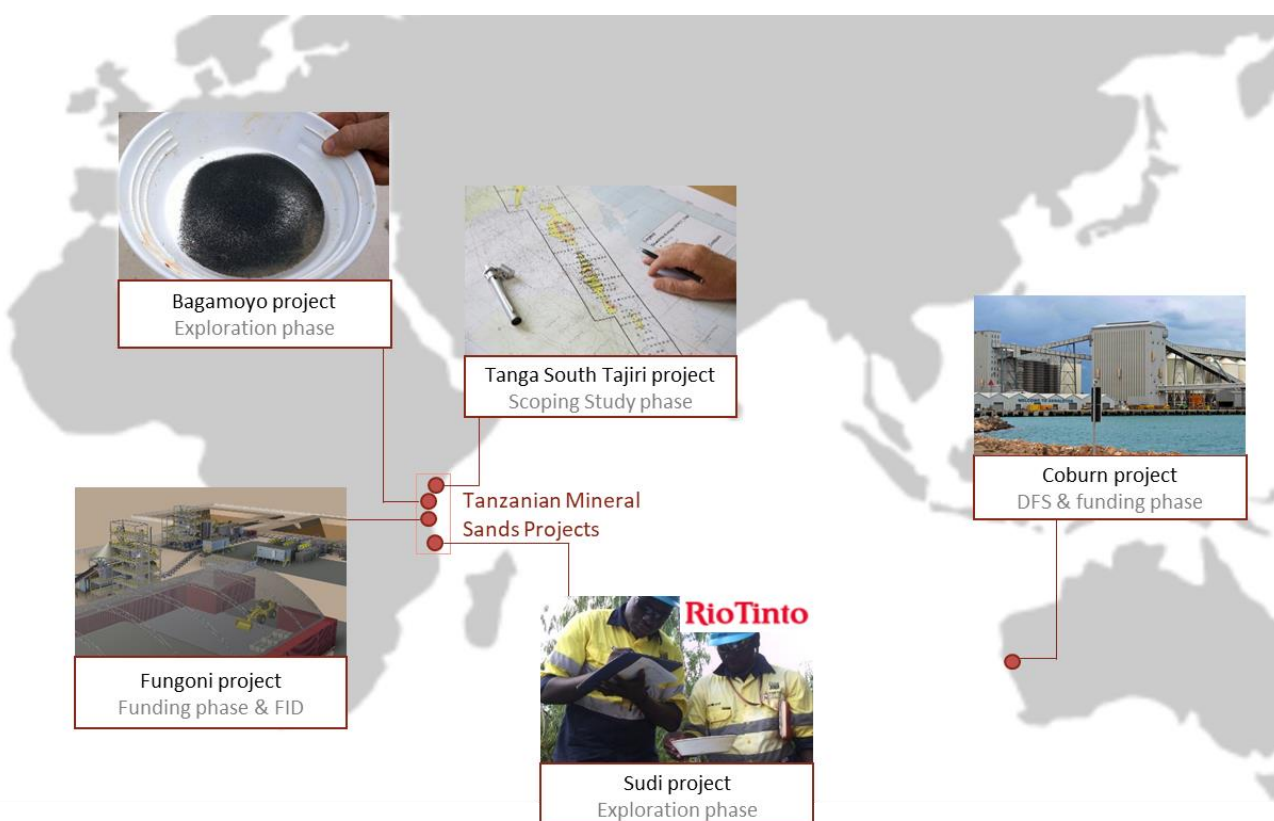
<sup>1</sup> Strandline confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Feasibility Studies, continues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