

# STRANDLINE RESOURCES

COMPANY OVERVIEW | NOVEMBER 2019



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## Capitalising on the Growing Heavy Mineral Sands Market

# Disclaimer & Important Notices



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## Important Notice

The purpose of this presentation is to provide general information about Strandline Resources Limited (“Strandline”). It is not recommended that any person makes any investment decision in relation to Strandline based on this presentation. The presentation contains certain statements which may constitute “forward looking statements”. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statement.

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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.

## Additional Information

This presentation should be read in conjunction with the 2019 Annual Report of and Sept-2019 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 24 May 2019 regarding A\$5.5 million capital raise, which increased Strandline cash in bank to ~A6.5 million at 31 May.

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.

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.

# Assets undeniably world-class: Project financing advancing

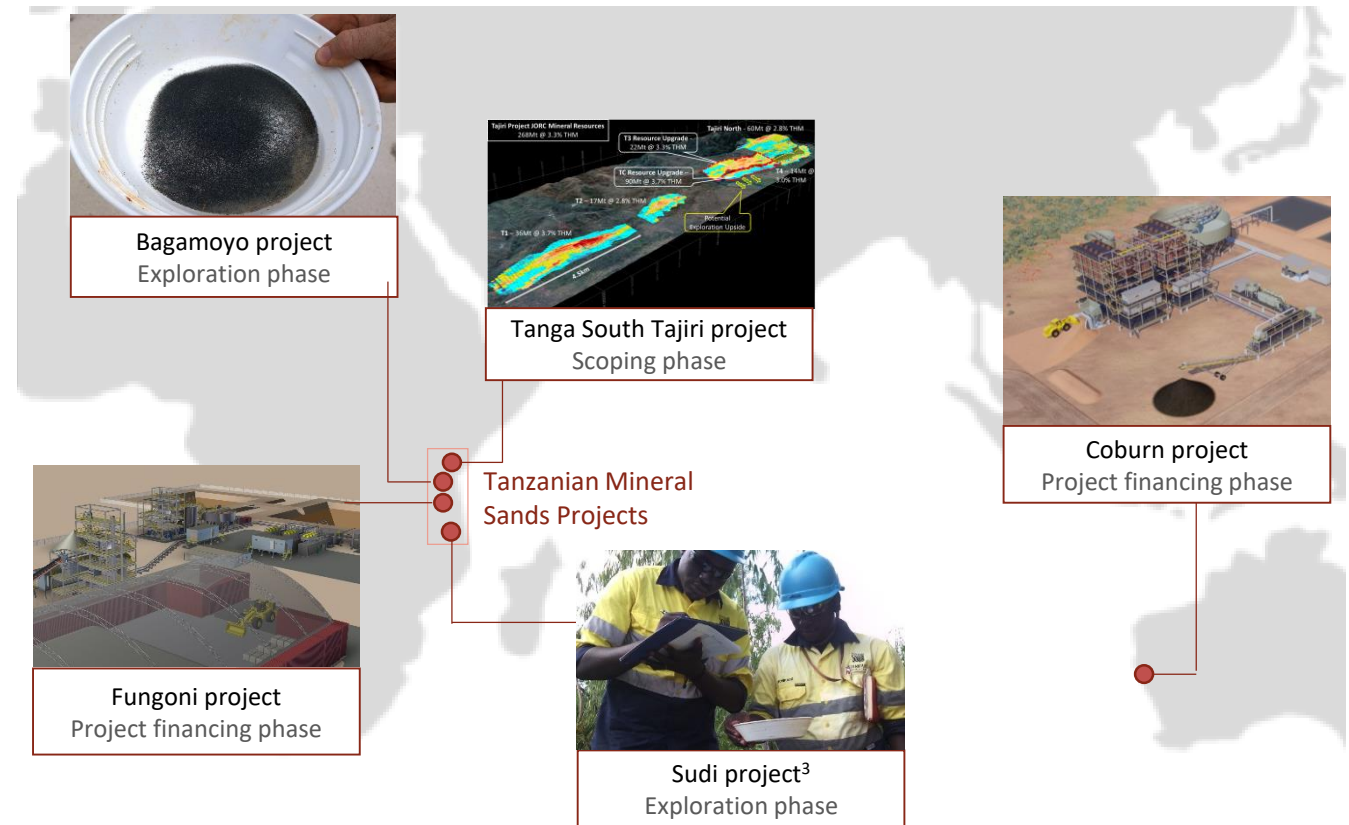


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Strandline's portfolio has strategic relevance in a growing mineral sands sector

- World-class mineral sands development pipeline with geographic diversity, development optionality and scalability
- Strong zircon-titanium market fundamentals supporting the need for new supply
- Two construction-ready projects with financing advancing
  - **Coburn, Australia** and **Fungoni, Tanzania**<sup>1</sup> with combined NPV of +A\$610m and average annual EBITDA of +A\$110m
  - Average annual production of 72kt zircon, 145kt chloride ilmenite and 23kt HiTi (rutile) plus monazite mineral
- Tajiri, Tanzania**, a large titanium-dominated JORC resource of **268Mt @ 3.1% THM**<sup>2</sup>, potential long life operation
- Experienced team with a track record of delivering greenfield mine developments, incl mineral sands
- ASX: STA** is positioning to be a significant global producer

Global JORC Mineral Resources containing **29Mt** of in-situ heavy mineral. **5Mt of contained zircon, 3Mt rutile-leucoxene, 15Mt ilmenite**, plus other valuables of monazite containing rare earths and almandine garnet



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 C for Tanga South Tajiri Project JORC Resources

<sup>3</sup> Refer Appendix D for information on Strandline-Rio Tinto JV in southern Tanzania

# Corporate Snapshot



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## Our Vision

Enriching Everyday Life

## Strandline's Values

Trust  
Courage  
Respect  
Excellence  
Integrity



### Market Data

Fully diluted shares on issue <sup>1</sup>	<i>m</i>	372.2
Share Price (as at 07 November 2019)	<i>A\$</i>	\$0.12
<b>Fully diluted market capitalisation</b>	<b><i>A\$m</i></b>	<b>44.7</b>
Net Debt / (Cash) (30 Sept 2019)	<i>A\$m</i>	(4.3)
<b>Diluted Enterprise Value</b>	<b><i>A\$m</i></b>	<b>40.4</b>

Recent Analyst Reports                      Morgans                      Hartleys

### Substantial Shareholders

Name	Initial Investment	Shares (m)	(%)
Tembo Capital <sup>3</sup>	24 May 2016	123.5	33.2%
C&H Investments <sup>4</sup>	17 May 2017	31.3	8.4%
Gasmere / Hatch	2015	22.1	5.9%
<b>Sub-Total</b>		<b>176.9</b>	<b>47.5%</b>
Top 20 Shareholders		241.1	64.8%

### Share Price & Volume History 12-months (A\$; millions)



Source: Company Announcements; Bloomberg as at 07 November 2019

#### Notes:

<sup>1</sup> Excludes out of the money options and performance rights.

<sup>2</sup> Detailed Board and Management descriptions in pages 5.

<sup>3</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>4</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>5</sup> Net cash balance as at 30 Sept 2019.

# Leadership: Experienced Board & Development Team



## BOARD



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



**Luke Graham**  
Managing Director & CEO



**Peter Watson**  
Executive Director



**John Hodder**  
Non-Executive Director



**Tom Eadie**  
Non-Executive Director

## MANAGEMENT

### **Luke Graham** - Managing Director & CEO

Engineering professional with 25+ years' experience in resources sector. Formerly Regional GM of global minerals engineering 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 & Company Secretary

CPA with 20+ 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, capital raisings and investor relations for listed resources companies which have transitioned from exploration and development into production

### **Peter Watson** – Executive Director Strategy & 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

### **Anna Rabin** – Manager Stakeholder and Sustainability

Specialist economic-political analyst with experience leading teams of intelligence and analysis consultants and government relations specialists operating in East Africa and Australia, with expertise in stakeholder relations in the mining industry.

### **David Griffith** – Site Operations Manager

Experienced Operations Manager of large greenfield mining operations and processing plants in south east Africa and Western Australia, leading and managing multi-functional site teams to deliver safe, reliable and productive performance

# Mineral Sands Market: New Supply is Required



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Coburn and Fungoni's product suite and construction readiness means Strandline is ready to capitalise on the forecast supply deficit, providing strong fundamentals supporting development

## Key Features of the Global Mineral Sands Market

- Increasing demand driven by urbanisation, rising living standards, global growth and extensive array of applications
- Supply being 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
- Coburn and Fungoni DFS have used TZMI's commodity price forecast as the basis for determining the projected revenue



**Strandline to capitalise on the emerging structural supply deficit**

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

Source: TZMI Report (STA), February 2019

## Global Zircon Supply-Demand Balance to 2027

- 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

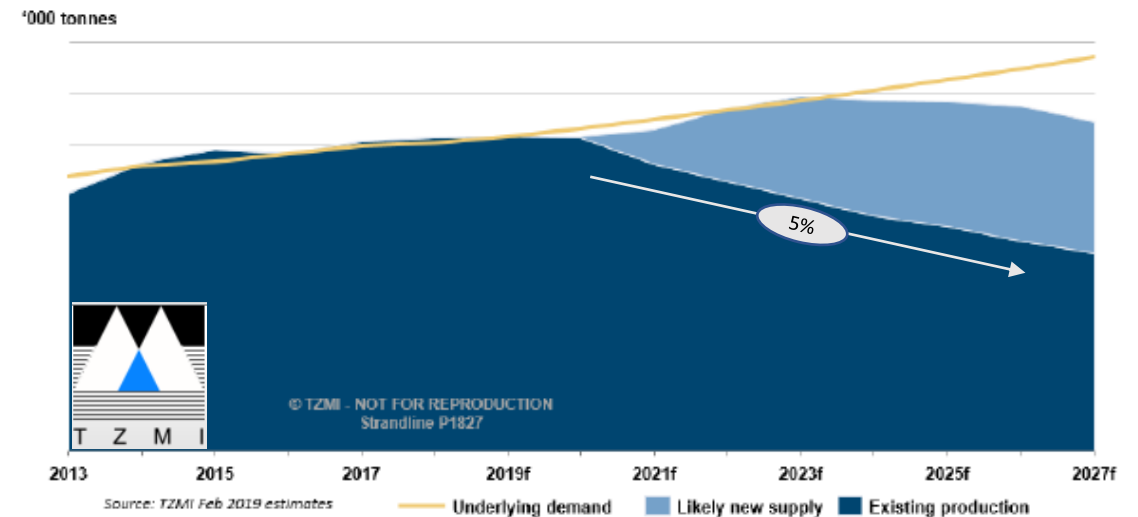


Image: TZ Minerals International . February-2019 - Global Zircon Supply/Demand Balance to 2027

Product	Unit	Basis	2021	2022	2023	2024+
Zircon	US\$/t	FOB Real	1,551	1,548	1,507	1,469
Rutile	US\$/t	FOB Real	1,214	1,150	1,120	1,118
Chloride Ilmenite	US\$/t	FOB Real	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).

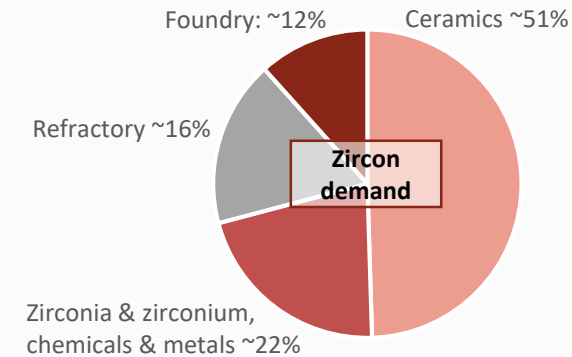
# Two Main Product Streams: Used in Every-day Life



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

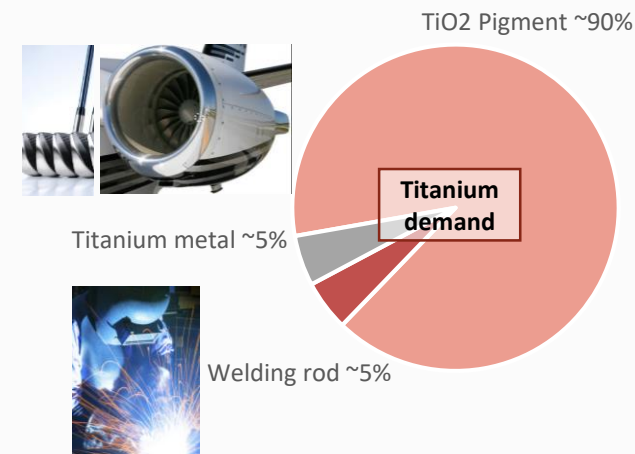
## Zircon Applications

- Zircon mineral is resistant to water, chemicals, heat and abrasion
- ~1.1 million tpa global market; Significant new supply is required to meet forecast demand
- China dominates global zircon consumption with 47% and Iluka Resources is the most influential in setting benchmark prices
- Ceramics market represents 51% of the zircon market and is forecast to dominate growth
- Coburn and Fungoni to produce ~7% (72k tpa) of global zircon supply



## Titanium Applications

- 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 are forecast, underpinning a strong outlook for Coburn's HiTi-rutile and chloride ilmenite products
- China chloride pigment consumption increasing, driven by higher environmental standards and technology advancement
- Coburn and Fungoni to produce ~12% (88k tpa TiO<sub>2</sub> units) of global chloride ilmenite



# Three world class projects: Two ready for development



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Strandline's multi-pronged 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

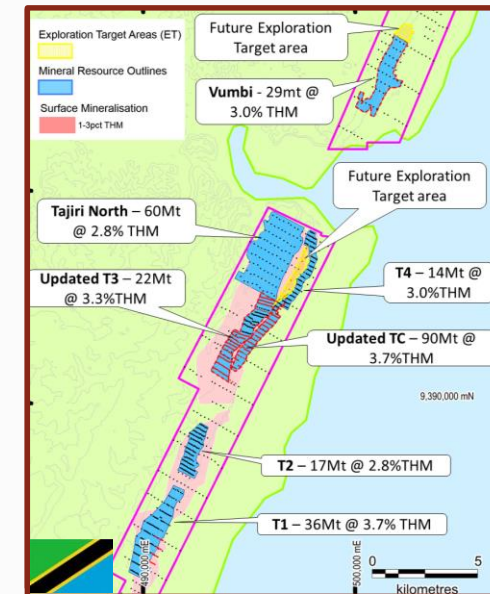
## 1 Fungoni Project, Tanzania



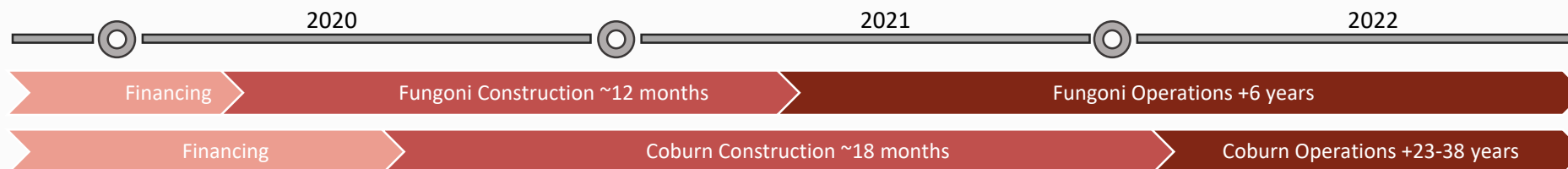
## 2 Coburn Project, Australia



## 3 Tajiri Project, Tanzania



### Indicative Development Timeline



Note:  
Indicative Development Timeline for Fungoni and Coburn Project - there is no guarantee that these timelines and steps will be achieved



# 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 high-margin “**starter**” project
- DFS complete<sup>1</sup> showing robust economics, **best-quartile revenue-to-opex ratio of 2.8**
- **Pre-tax IRR of 61%** and NPV<sup>10</sup> of US\$48.7m
- Low project capex of US\$35m excluding financing fees
- **Nedbank CIB credit approval secured to underwrite a US\$26m debt facility**, with legal documentation nearing completion
- Binding offtake contracts secured for 100% of forecast revenue
- Fixed price EPC construction contract signed with GR Engineering Services
- 12 month build phase to first ore, with 18 month payback from first production
- Life of Mine (LOM) EBITDA of US\$115m (avg annual US\$18.5m), based on TZMI forecast

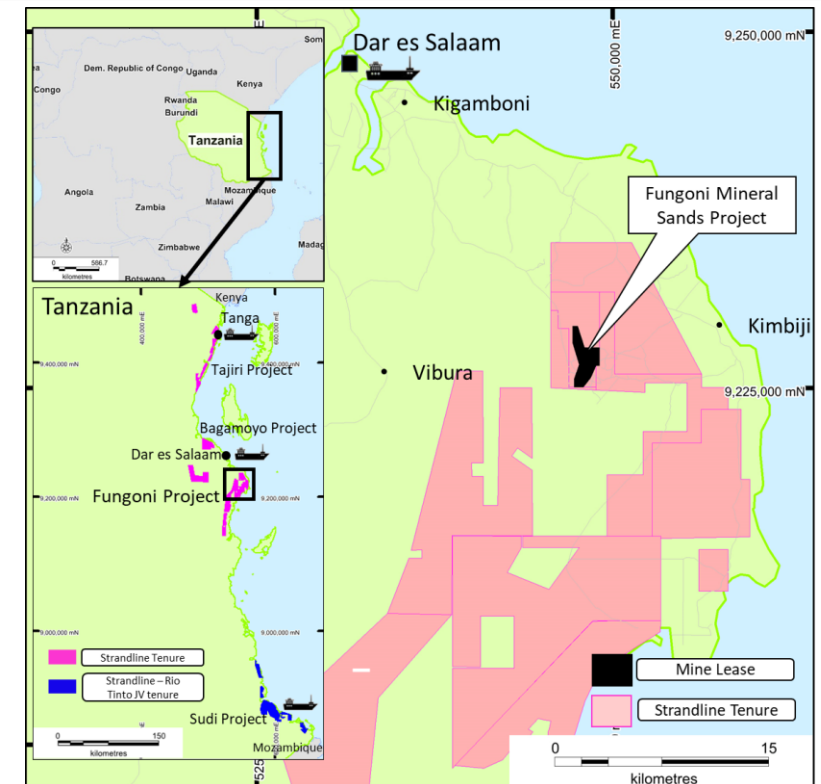


Image: Fungoni 25km from the Dar es Salaam Port



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 credit approved term sheet refer ASX Announcement dated 17 June 2019. Deal is subject to completion of Facility documentation and satisfaction of customary conditions precedent to Financial Close and first draw down



# Fungoni Project: Infrastructure and Logistics Advantage



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Fungoni produces a suite of premium quality zircon and titanium products and is conveniently situated ~25km southeast from 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, chloride ilmenite, rutile and monazite containing rare earths
- Modular relocatable mine infrastructure
- Progressive mine backfill, land recontouring and rehabilitation
- Close to port, road and services infrastructure of Dar es Salaam
- Logistics and export plan approved by the Tanzanian Mining Commission
- Host of socio-economic benefits, incl capital inflows to Tanzania, high local content, jobs, knowledge transfer and community development programs
- Construction to commence following satisfaction of Nedbank finance CPs
- Confidence to expand Fungoni Ore Reserves and add mine life

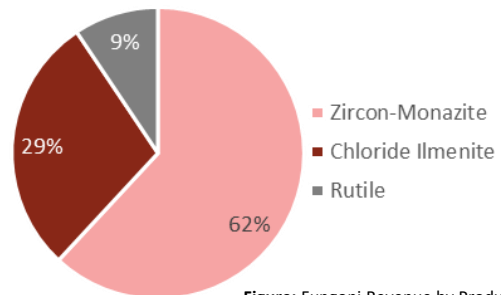


Figure: Fungoni Revenue by Product (US\$m)

**Fungoni paves the way for a succession of larger projects in Tanzania**

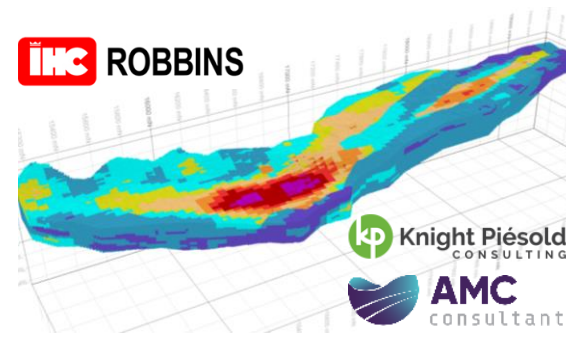


Image: Fungoni Resource Block Model



Image: Fungoni surface pan sample showing extremely high grade HM



Image: Trucking product in container for zircon and rutile shipment



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



Image: Typical Mobile Dump Hopper and Shiploader for Ilmenite loading

# Coburn Project: Tier-1 Asset, Tier-1 Jurisdiction



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Coburn is one of largest and most advanced undeveloped mineral sands projects in the world, with an high-value product suite, low cost operation and ability to generate strong returns

- World-class project, DFS complete and financing process advancing
- Coburn will generate strong financial returns with **Pre-Tax NPV<sup>8</sup> of A\$551m and IRR of 32%**
- **Revenue of A\$3.9b and EBITDA of A\$1.9b over initial 22.5 year LOM**
- **Best-quartile revenue-to-opex ratio of 2.2**
- Construction-ready with key development approvals already in place, incl mining lease, environmental approval, native title agreement and pastoral lease ownership
- Located in the well-established mining jurisdiction of Western Australia, close to key infrastructure
- **Annual production** of 58kt zircon, 110kt chloride ilmenite and 20kt rutile; to supply ~5% of global zircon market
- Capital-efficient development compared with industry peers
- **Strong progress made on debt funding, product offtake and major construction contracts**
- Northern Australia Infrastructure Facility (**NAIF**) and other senior lenders recently endorsed Coburn to progress to detailed due diligence stage for debt finance
- Coburn to provide significant regional, community benefits and indigenous opportunities

#### 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> Refer Coburn DFS Announcement 16 April 2019

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



**A\$86m Average Annual EBITDA for +22.5 years**

Coburn project  
Financing Phase



Image: Proposed Coburn Wet Concentration Plant (WCP)



Image: Proposed Coburn Mineral Separation Plant (MSP)

# Coburn Project: Long life and Proven Delivery Strategy



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World-scale mineral sands deposit, containing a rich zircon-titanium assemblage, with 20Mt of in-situ HM, low slimes and strong geological continuity

- Large homogenous JORC Reserve of 523Mt @ 1.11% THM underpins a +23-year LOM
- Significant opportunity to grow Reserves to +38 years ( $\uparrow 15$  years)<sup>1</sup>, through evaluation of resources extending north
- Conventional open pit dry mining in free-dig sand with in-pit tailings deposition and progressive backfill and full rehabilitation
- Low waste-to-ore strip ratio averaging 0.7; extremely low slimes and oversize
- Proven processing technology capable of high efficiencies and mineral recoveries
- Large global customers supportive of Coburn production and long-term offtake
- Favourable access to existing road infrastructure linking it to the established mineral sands export port of Geraldton, some 240kms south
- First production of HMC within 18 months from project commencement
- DFS financial model confirms ability to support high debt gearing and strong equity returns



Image: Typical dozer push operation



Image: Typical Triple Road Train Configuration



Image: Typical HDPE lined Water Pond



Image: Geraldton Port Facilities and Bulk Cargo Ship



Image: Typical Site Accommodation Village



Image: Existing Geraldton Port Shiploader



# Coburn Project: DFS Financial Dashboard



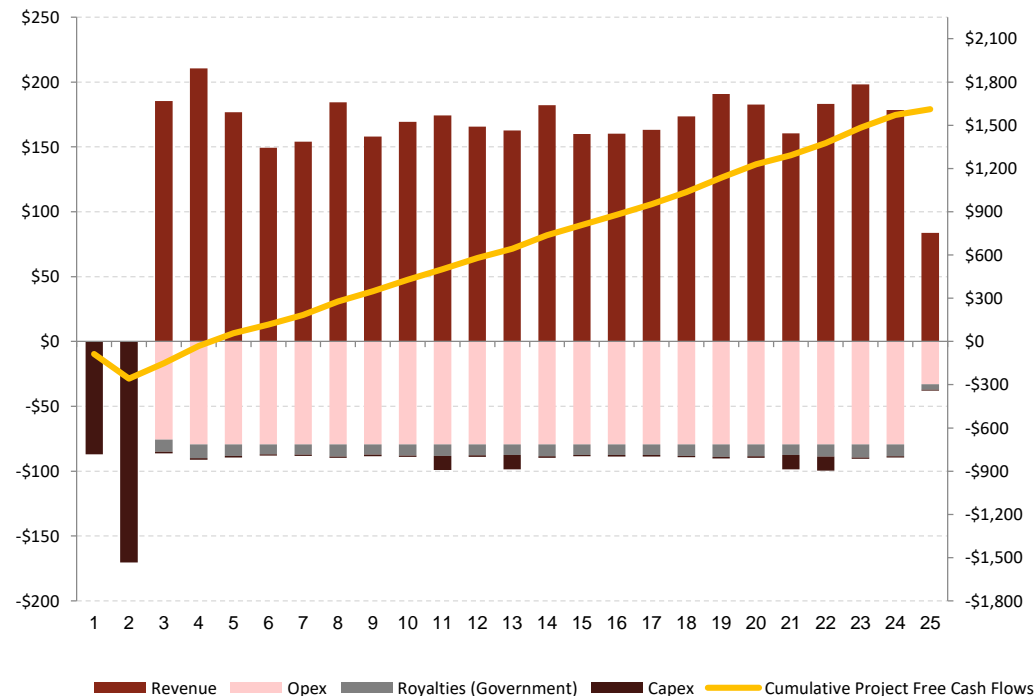
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DFS shows Coburn will generate strong financial returns with a Pre-Tax NPV<sup>8</sup> of A\$551m, IRR of 32% and cash flows resulting in capital payback in 2.3 years after operation. Project economics are based on known Ore Reserves for an initial 22.5 year LOM

## DFS Financial Summary (Apr-2019)

Description	DFS Final Product Case
NPV (8% WACC, Real, Pre Tax, no debt) <sup>1</sup>	\$551M
IRR	32.3%
Capital Expenditure (Pre-production)	A\$257M
Payback of Capital from start of production <sup>4</sup>	2.3 years
LOM Revenue	A\$3,906M
LOM OPEX C1 Costs inc. transport	A\$1,778M
LOM All-in Sustaining Costs (AISC)	A\$1,973M
Revenue to C1 Cost Ratio	2.2
Annual Average Operating Margin	A\$364/t
LOM EBITDA	A\$1,933M
Annual Average EBITDA	A\$86M
LOM Free Cash Flow (FCF) pre-tax	A\$1,610M
<b>Key Assumptions</b>	
Annual Production Rate (Steady State)	23.4Mt
LOM Production (Ore Mined)	523.4Mt
Mine Life	22.5 Years
Annual Avg HMC Produced (from WCP)	229 kt/year
Annual Avg Premium Zircon Production	32 kt/year
Annual Avg Zircon Concentrate Production	58 kt/year
Annual Avg HiTi90 Production	20 kt/year
Annual Avg Ilmenite Production	110 kt/year
Exchange Rate (A\$/US\$)	0.72

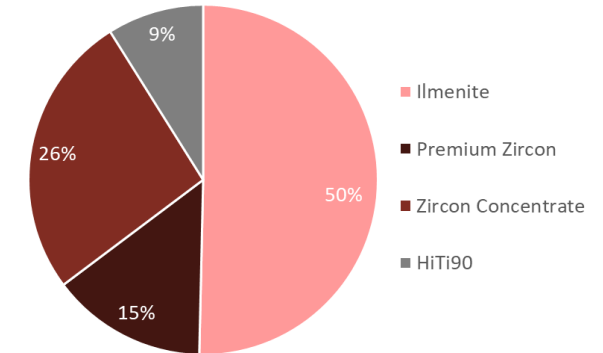
## Project Free Cash Flows (A\$m) <sup>1,2,3</sup>



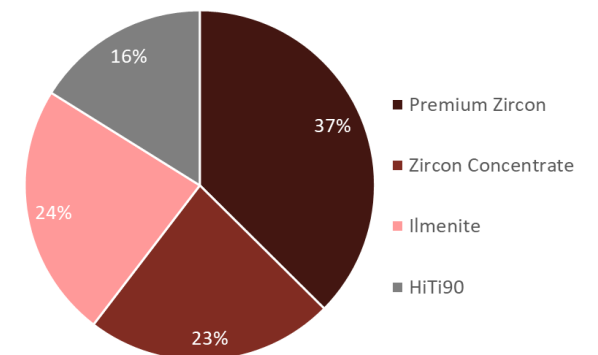
### Notes:

1. Net cash flows are on a pre-tax, real, pre-finance basis for the DFS Final Products Case
2. Capex includes upfront and sustaining capex.
3. DFS capital and operating cost estimates provide a high degree of confidence in the financial projections, with an overall accuracy level of  $\pm 10\%$
4. DFS capital costs include all design, supply, delivery, installation, commissioning and pre-production cost items, excluding working capital

## Production by Product (tonnes)



## Revenue by Product (US\$m)



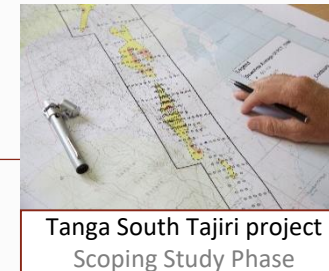
# Tajiri Project: Large Titanium-Dominated Resources



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

- Tajiri confirmed as a world-scale mineral sands deposit
- Titanium-dominated JORC Resource of 268Mt @ 3.3% THM<sup>1</sup>
- Tajiri underpins Strandline's outstanding long-term production outlook in Tanzania
- Resources start from surface, with no overburden, suited to hydro mining
- Tajiri project is likely to continue to grow over time with higher grade resources remaining open
- Tajiri has the HM critical mass, robustness and market appeal to advance feasibility and development approvals
- Northern tip of the Tajiri Resource is situated just 35km south of the established Tanga port facilities



Tanga South Tajiri project  
Scoping Study Phase

**8.8Mt of contained HM, including  
rutile 580,000t, zircon 335,000t,  
ilmenite 5,206,000t and almandine  
garnet 1,477,000t**



Notes:

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

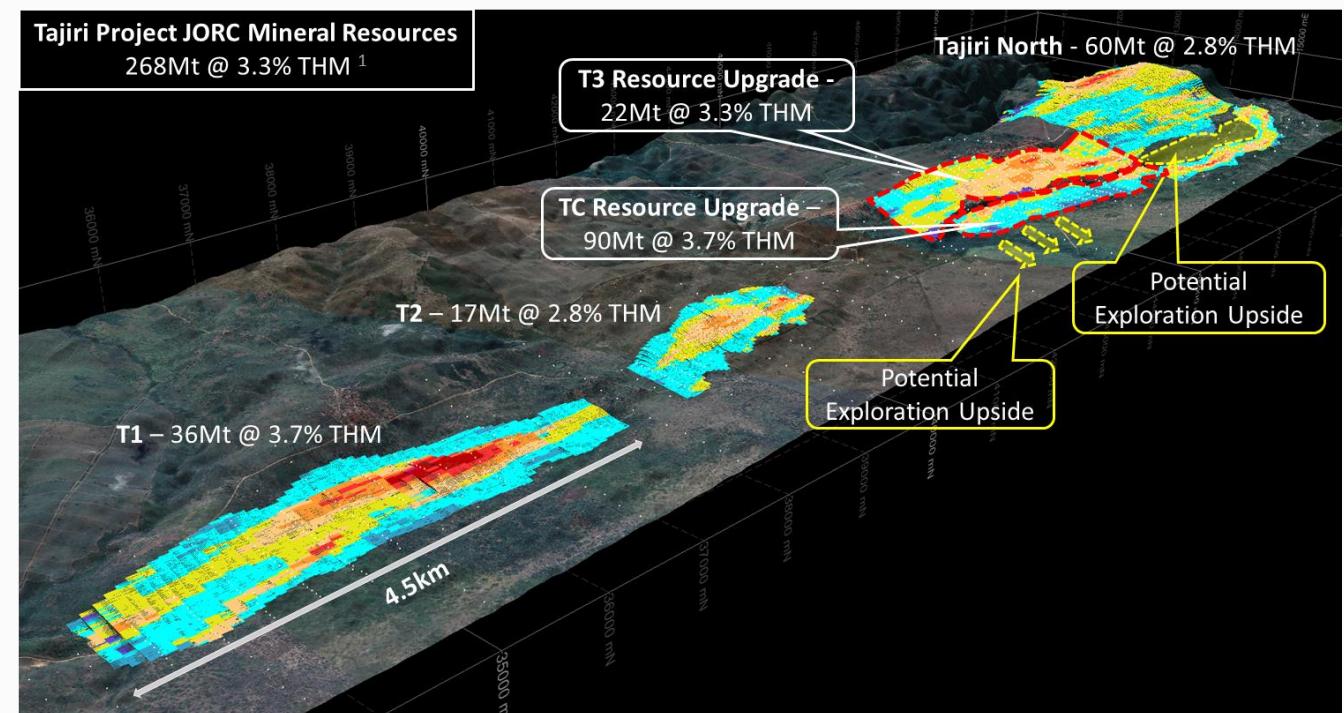


Image: Tajiri Mineral Resources and priority target areas (highlighted in yellow)

# Investment Rationale: Global Mineral Sands



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## Right commodity-Right time

- Products in high demand, reducing global supply, increasing prices and strong long-term fundamentals

## Right place

- Geographically diverse across the two largest HMS producing regions Australia and Africa

## Right Company-Right people

- Clear multi-pronged strategy to deliver shareholder value
- Globally significant Zircon + Titanium JORC Resources/Reserves
- Two development-ready projects with to strong near term cash flows
- Highly experienced Board and Management

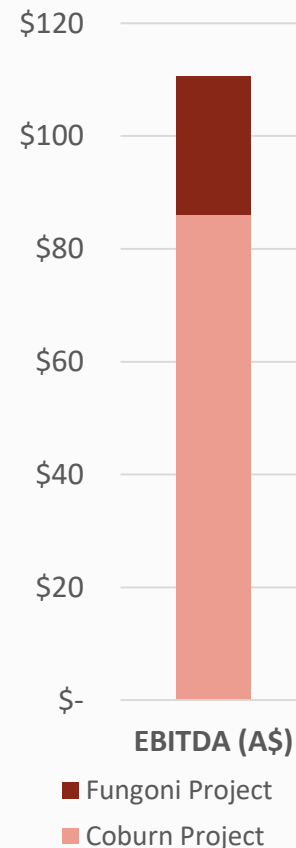
## Strandline is Significantly Undervalued

- Trading at a material discount to DFS project valuation, 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 EBITDA of Projects (A\$ million) (DFS data<sup>1</sup>)



**Strandline is Significantly Undervalued and Positioned for Growth**



Image: Strandline team

# Contact



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## For Media and Broker Enquiries:

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Strandline Resources Ltd

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Image: MD & CEO Luke Graham

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Msasani Peninsula, Dar-es-Salaam, Tanzania

## Postal Address:

PO Box 105009

Dar-es Salaam, Tanzania



Image: Strandline's Geologist Mr Brendan Cummins Panning Coburn Mineralisation



# Competent Persons



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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.

# Appendix A: 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>

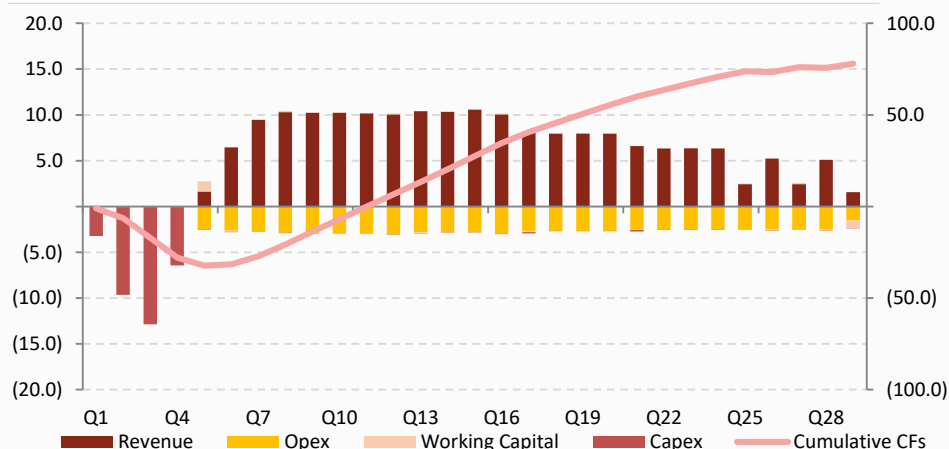
Notes:

<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 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.

## 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>

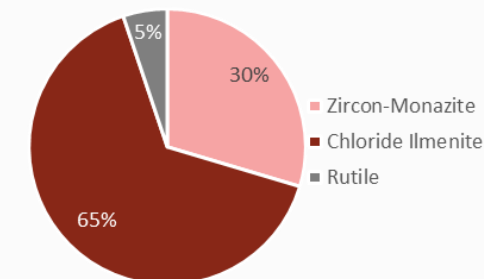


Figure: Fungoni Production by Product (tonnes)

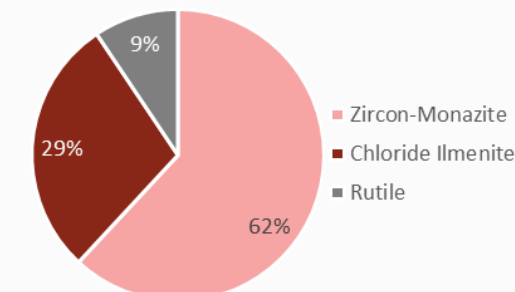


Figure: Fungoni Revenue by Product (US\$m)

# Appendix B: Coburn Project



## Coburn JORC-2012 Global Mineral Resources – Amy South and Amy North<sup>1,2,3</sup>

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

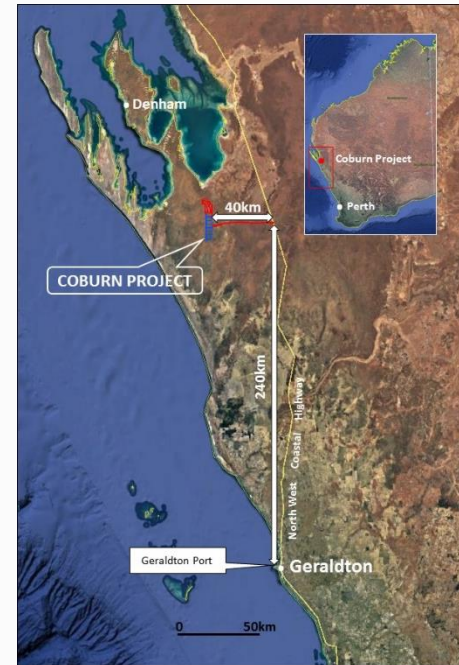


Image: Coburn Project Location Map with Mineral Resources and Tenement outline

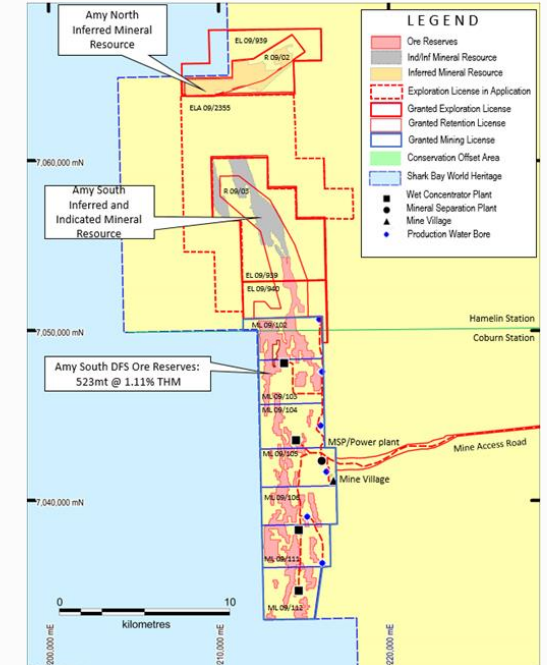


Image: Coburn Project Mine Pit and Tenement Outline

## 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



**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 B Cont.: Coburn Project - Mine Life Extension Case

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*

## Financial Evaluation – showing Extension Case

	DFS – Final Products 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>

### 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.

# Appendix C: Tanga South Tajiri Project

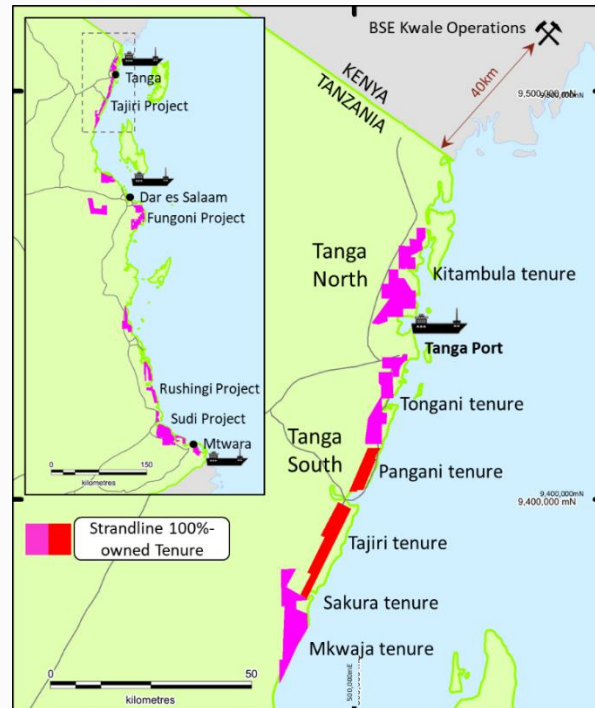
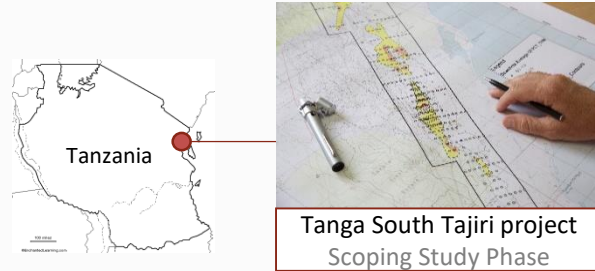


Image: Strandline suite of tenements in Tanzania, including Tajiri, situated in proximity to Tanga infrastructure (plan view)

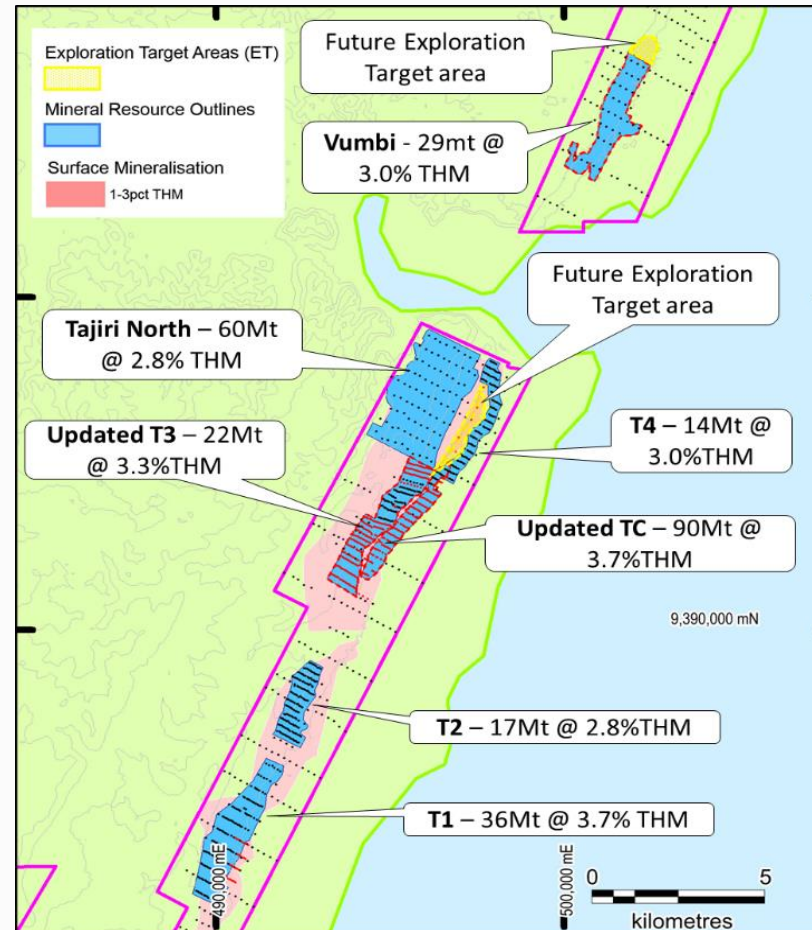


Image: Tajiri Project Mineral Resources, showing a series of high value deposits from surface (plan view)

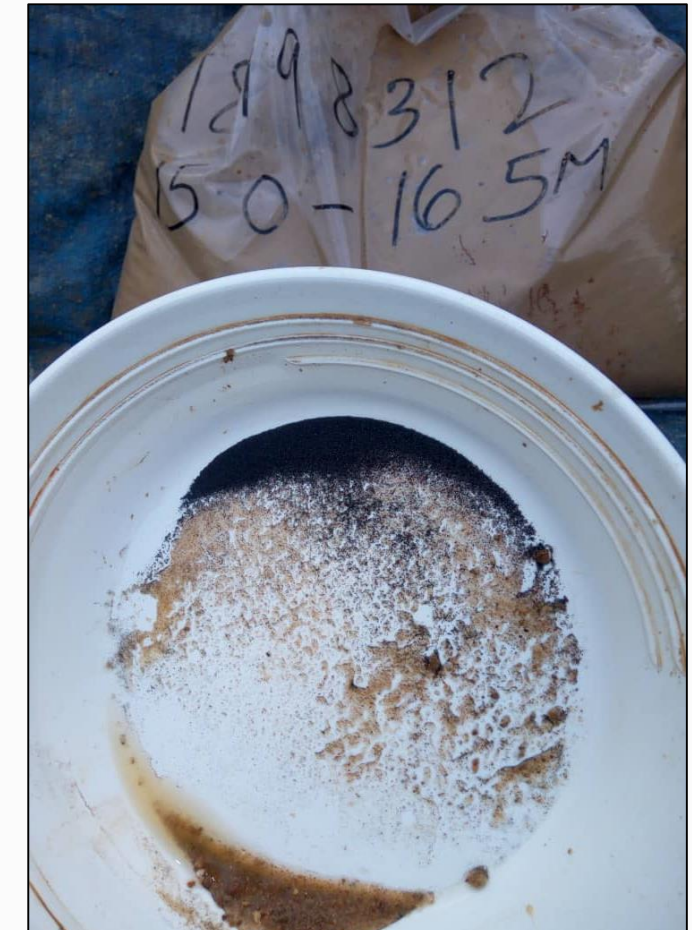


Image: Strandline's Mineral Sands Exploration Drill Sample from Tajiri Project in Northern Tanzania (15-16.5m deep)

# Appendix C Cont.: Tajiri Mineral Resources



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



Image: Selection of Tanzanian Photos



**Notes:**

Refer to the ASX announcement dated 09 July 2019 for full details of the JORC-2012 Mineral Resource Estimate for the Tanga South (Tajiri) Project.



Image: Strandline's Geologist Jeremy Aldworth showing visits an impressive Tajiri surface mineralisation (pan sample)

# Appendix D: Rio Tinto Exploration JV Southern Tanzania



STRANDLINE  
resources limited

The Joint Venture has enabled Strandline to accelerate exploration activities on the Project Area, with Rio Tinto contributing expertise and funding

## RioTinto

- Earn-in and JV Agreement<sup>1</sup> worth US\$10.75M (~A\$14.5m) for Strandline’s southern Tanzania tenement package
- Aimed to explore, evaluate and, if feasible, develop one or more HMS mines
- Two Staged earn-in US\$9m on project expenditure and US\$1.75M in cash payments:
  - Stage 1 US\$5m expenditure within 3.5 years to earn a 51% interest (“Minimum JV Commitment US\$2m in 18 months)
  - Stage 2 additional US\$4m expenditure within 2 years to earn an aggregated 75% interest
- Strandline appointed as Manager until Rio has earned 51%
- Enables STA to accelerate exploration activities in the south of Tanzania
- JV is separate from Strandline’s core assets to the north of the country

**Notes:**

<sup>1</sup>Refer ASX Announcement 26 June 2017 and 26 April 2017 for information on Rio Tinto Earn-in and Joint Venture Agreement.

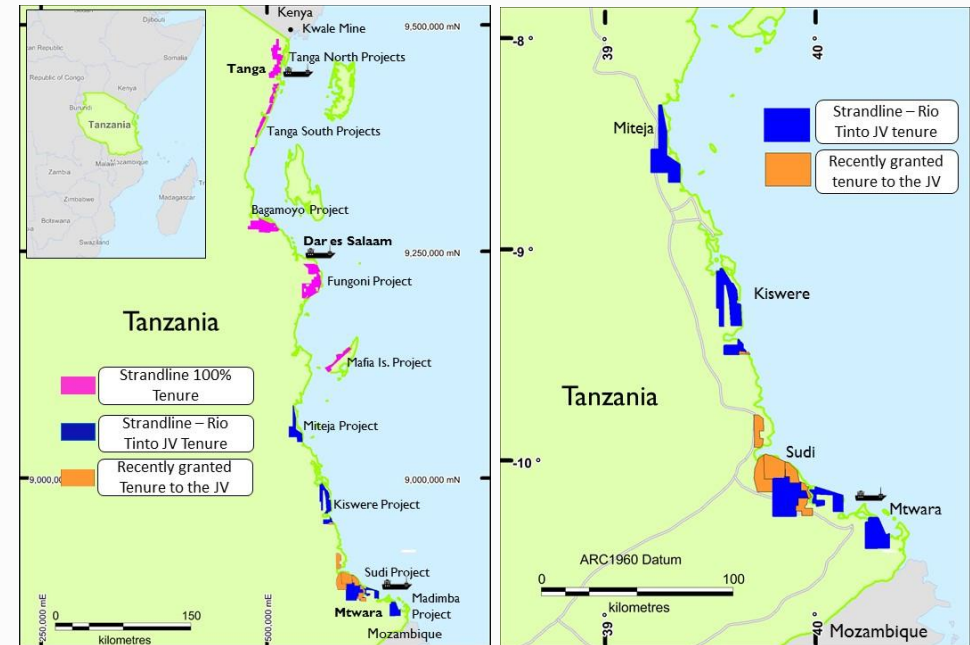


Image: Strandline holds a strategic tenement package located along 350 km of the Tanzanian coastline

Image: Rio Tinto JV encompasses some of the Company’s southern tenements



Image: Surface mineralization from Rushungi tenement southern Tanzania



Image: Surface mineralization from Sudi Project southern Tanzania