



2 October 2018

Strong support from Tanzanian Government facilitates Strandline to advance funding for Fungoni mineral sands project

HIGHLIGHTS

- **Highly successful meetings held between senior representatives of the Tanzanian Mining Commission, the Ministry of Minerals and Strandline**
- **The Tanzanian officials confirmed their strong support for the near-term development of the Fungoni project**
- **As part of this support, the officials undertook to provide further clarity on the banking and investment provisions in the new Mining Act; This will enable Strandline to advance project funding**

Strandline Resources (**ASX: STA**) is pleased to advise that it is making strong progress on its plan to finalise funding for its flagship Fungoni mineral sands project in Tanzania, with a series of successful meetings held with Government officials in recent days.

Senior representatives of Strandline, including Chairman Didier Murcia, attended a joint meeting of the Tanzanian Mining Commission and the Ministry for Minerals to discuss the proposed development plan for Fungoni and financing aspects of the project.

The meeting was attended by the Chairman of the Mining Commission, Professor Idris Kikula, the Executive Secretary of the Mining Commission, Professor Shukuruni Manyu, Deputy Minister of Minerals, Honourable Stanslaus Nyongo, and Acting Commissioner of Minerals, Mr Joseph Ngulumwa.

During the meeting, the Government:

- Confirmed Tanzania's commitment to facilitate mining investment in Tanzania following the granting of new Mining Licences;
- Acknowledged the importance of ensuring banking and investment provisions are structured to allow financing of projects;
- Advised that a meeting of all relevant Tanzanian Ministries, as well as the Governor of the Bank of Tanzania and the Attorney General, is to take place as soon as possible to provide extra clarity on the banking provisions under the Mining Act; and
- Stated its ongoing support for the development of the Fungoni mineral sands project and the Company's portfolio of mineral sands assets over time.

Mr Murcia said: "On behalf of Strandline, I wish to thank the Mining Commission and the Ministry of Minerals for their ongoing support of the Fungoni Project, the development of which will bring significant value and benefits to all stakeholders."

Mr Murcia also conducted several positive meetings with local community stakeholders and Government officials associated with the Fungoni Project, including village executives, District Commissioner Honourable Sarah Msafiri, Municipal Mayor Maabadi S Khola, and Deputy Minister of Lands Honourable Angeline Mabula.

Discussions focused on Fungoni's near-term development plan, land access and a range of socio-economic opportunities expected from the project.

Strandline received approval of the Fungoni Mining Licence on 31 August 2018 and subsequently appointed Azure Capital (a Corporate Advisor specialising in project financing) to advance funding for the project.



Figure 1 Strandline's Chairman Didier Murcia engaging with community stakeholders at the Fungoni Project

FUNGONI PROJECT SNAPSHOT

The Fungoni project is favourably located ~25km from the Dar es Salaam port in Tanzania. The DFS¹, 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;
- 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 2 Preliminary 3D image of Fungoni Project (Feasibility level design)

¹ 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.

For further enquiries, please contact:

Luke Graham

CEO and Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: enquiries@strandline.com.au

For media and broker enquiries:

Paul Armstrong and Nicholas Read

Read Corporate

T: +61 8 9388 1474

E: nicholas@readcorporate.com.au

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.

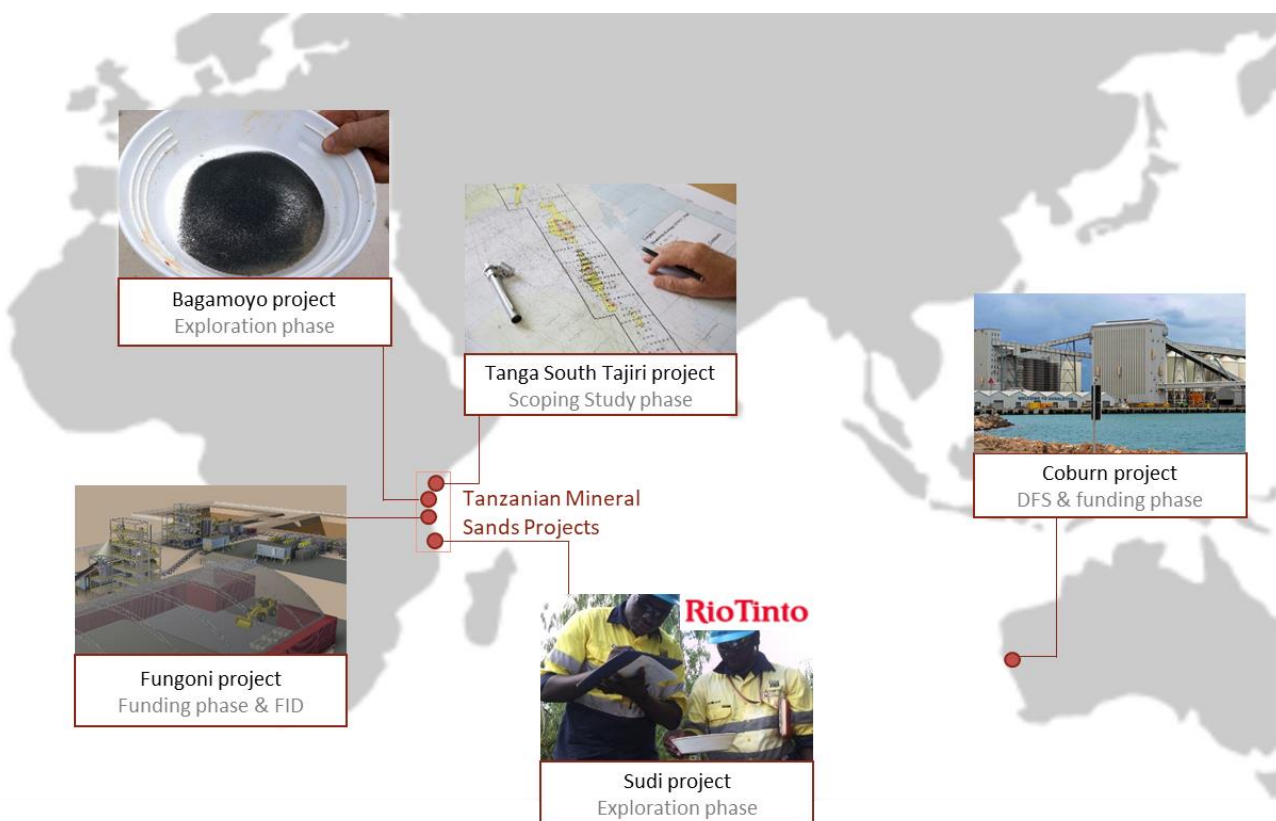


Figure 3 Strandline's world-wide mineral sands exploration & development projects