

ASX ANNOUNCEMENT

Fungoni Mining Licence Approved



31 August 2018

STRANDLINE
resources limited

Tanzanian Government approves development of Fungoni mineral sands project

Awarding of Mining Licence paves way for Strandline to progress its strategy to develop a multi-project mineral sands business in Tanzania

HIGHLIGHTS

- **Tanzanian Government grants Mining Licence for the Fungoni Project**
- **Fungoni is ideally positioned to capitalise on the growing mineral sands market and the emerging supply deficit**
- **Binding sales contracts in place covering 90% of forecast revenue for the life of mine**
- **The Tanzanian Government's decision also paves the way for Strandline to advance its other Tanzanian mineral sands projects, which are globally-significant in scale and valuable mineral**
- **Strandline Managing Director Luke Graham said: "Securing the green light to develop Fungoni is a major milestone which sets up Strandline to develop an extensive mineral sands business with outstanding projects in Tanzania and Australia."**

Strandline Resources (**ASX: STA**) is pleased to advise that the Tanzanian Ministry of Minerals Mining Commission has granted the Mining Licence for the Company's Fungoni Heavy Mineral Sands Project.

The grant of the Mining Licence is a major milestone allowing Strandline to finalise development plans, including completion of funding and pre-construction activities. The Company is required to formally accept the grant and pay a preparation fee within 28 days.

The Fungoni Definitive Feasibility Study (**DFS**), completed in October-2017, confirmed the project will be capital efficient, delivering strong financial returns and producing premium-quality zircon and titanium products that are in high demand.

The Fungoni project holds significant strategic relevance, as the first development within the Company's portfolio of mineral sands assets in Tanzania.

Strandline Managing Director Luke Graham said securing the Mining Licence for Fungoni was a crucial step in Strandline's strategy to build a significant, low-cost mineral sands business in Tanzania.

"We thank the Tanzanian authorities for their endorsement of the Fungoni project, the development of which will bring significant value and benefits to all stakeholders," Mr Graham said.

"Strandline is now a huge step closer to making the transition from explorer to developer and ultimately producer of mineral sands products for decades to come."

FUNGONI PROJECT SNAPSHOT

The Fungoni project is favourably located ~25km from the Dar es Salaam port in Tanzania. The DFS, 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.

The 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.

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;
- 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 (note, pricing has strengthened since the DFS was released);
- 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.

With the award of the Fungoni Mining Licence, the Company is progressing project funding and preparing for project implementation.

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ABOUT STRANDLINE - THE BROADER STRATEGY

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.

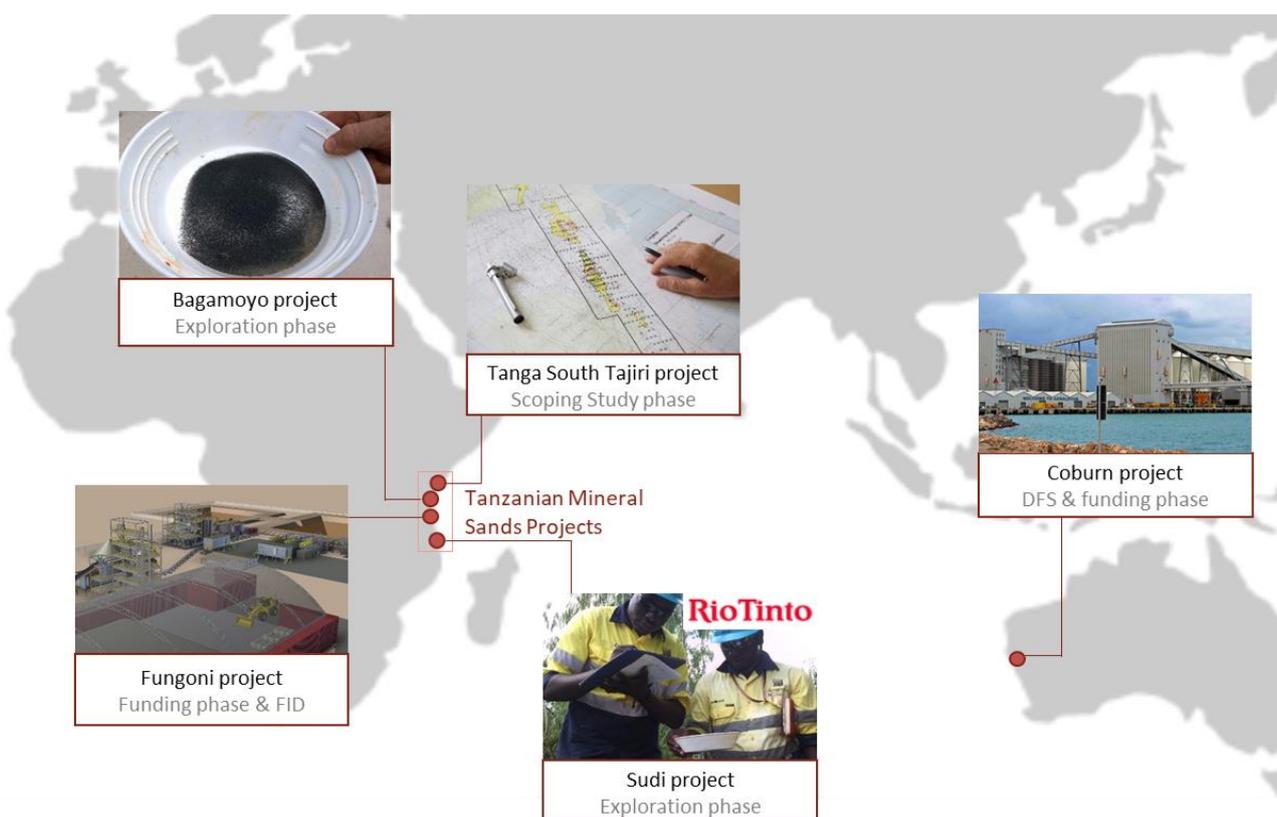


Figure 1 Strandline's world-wide mineral sands exploration & development projects