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STRANDLINE
resources limited

Strandline mandates Nedbank CIB for US\$26m Project Finance Facility for Fungoni development

Strandline advancing to commercialise its first mineral sands asset in Tanzania with strong support from the Tanzanian Government

HIGHLIGHTS

- **Nedbank CIB selected as lead arranger and underwriter of 100% of Fungoni’s debt requirement**
- **Non-binding Term Sheet signed for a 5-year, US\$26 million Project Finance Facility**
- **Due diligence reviews already underway, with execution of the finance agreements scheduled as soon as practicable this year**
- **Fungoni is a highly strategic and robust project that is forecasted to generate strong financial returns for Strandline based on low capital and operating costs and a high-value product suite**
- **Nedbank CIB is a major investment bank with extensive experience in mining project financing in mineral sands developments on the African continent**

Strandline Resources (**ASX: STA**) is pleased to announce that it has taken another significant step towards becoming a minerals sands producer by signing a Lead Arranger mandate with Nedbank Limited (“Nedbank CIB”) to act as a lead arranger and underwriter of a US\$26 million finance facility (“Facility”) for its Fungoni project in Tanzania.

The Facility accounts for the majority of Fungoni’s total estimated development capital cost of US\$32 million excluding taxes, levies and financing costs (see ASX release dated 01 November 2018).

Key terms for the Facility are described in Schedule 1, subject to Nedbank Credit Committee and other internal approvals.

Nedbank CIB has already commenced the detailed due-diligence process. The Facility remains conditional upon documentation and satisfactory completion of technical, financial, legal and environmental and social due diligence, which are targeted for completion by the end of the March quarter 2019 with Financial Close and first drawdown subject to customary conditions precedent.

With key mining and environment licences in place, 100% product pre-sold via offtake, strong Government support, EPC contract now executed and due-diligence underway with Nedbank CIB, Strandline is well positioned to commercialise its first project in Tanzania and capitalise on the growing mineral sands market.

The Fungoni DFS confirmed the project will deliver strong financial returns, including EBITDA of US\$115 million, from production of premium-quality zircon and titanium products.

Fungoni will also pave the way for development and capital appreciation of Strandline’s other mineral sands projects in Tanzania and Australia, including the large scale Tajiri and Coburn projects respectively.

Fungoni Project – Strandline mandates Nedbank CIB for Fungoni Project Financing

Strandline Managing Director Luke Graham said the engagement of Nedbank CIB, a tier-one African mining finance institution, is a significant step and vote of confidence in Fungoni.

“This mandate with Nedbank CIB puts Strandline well on track to develop its first mineral sands project,” Mr Graham said.

“We look forward to working with the Nedbank CIB team to complete the due diligence, credit process and legal documentation over the coming months and will continue to provide the community and our shareholders with updates throughout the process.”

The Lead Arranger mandate was prepared with the assistance of Azure Capital, Strandline’s financial adviser.

Schedule 1 Key Non-Binding Terms of Nedbank CIB’s Project Finance Facility

Mandated Lead Arranger:	Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division).
Facility Amount:	US\$26 million
Tenor:	5 years
Security:	Comprehensive security package over assets and rights of Fungoni project
Conditions Precedent: to Financial Close:	As are customary for a facility of this nature, including but not limited to completion of due diligence, final credit approval, documentation and evidence of equity raised for the balance of project development capital.
Repayment Schedule	Quarterly repayment from the date falling 21 months after Financial Close plus additional sweep of available cashflow under certain circumstances
Onshore Account Bank:	Ecobank (Tanzania) Limited - Nedbank’s Tanzanian alliance partner.

For more information on the Fungoni mineral sands project, refer to the ASX Announcement dated 06 October 2017 (Original DFS) and subsequent update on 01 November 2018 (Updated DFS) for details of the material assumptions underpinning the production target and financial results. The Company confirms that all the material assumptions continue to apply and have not materially changed.

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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.

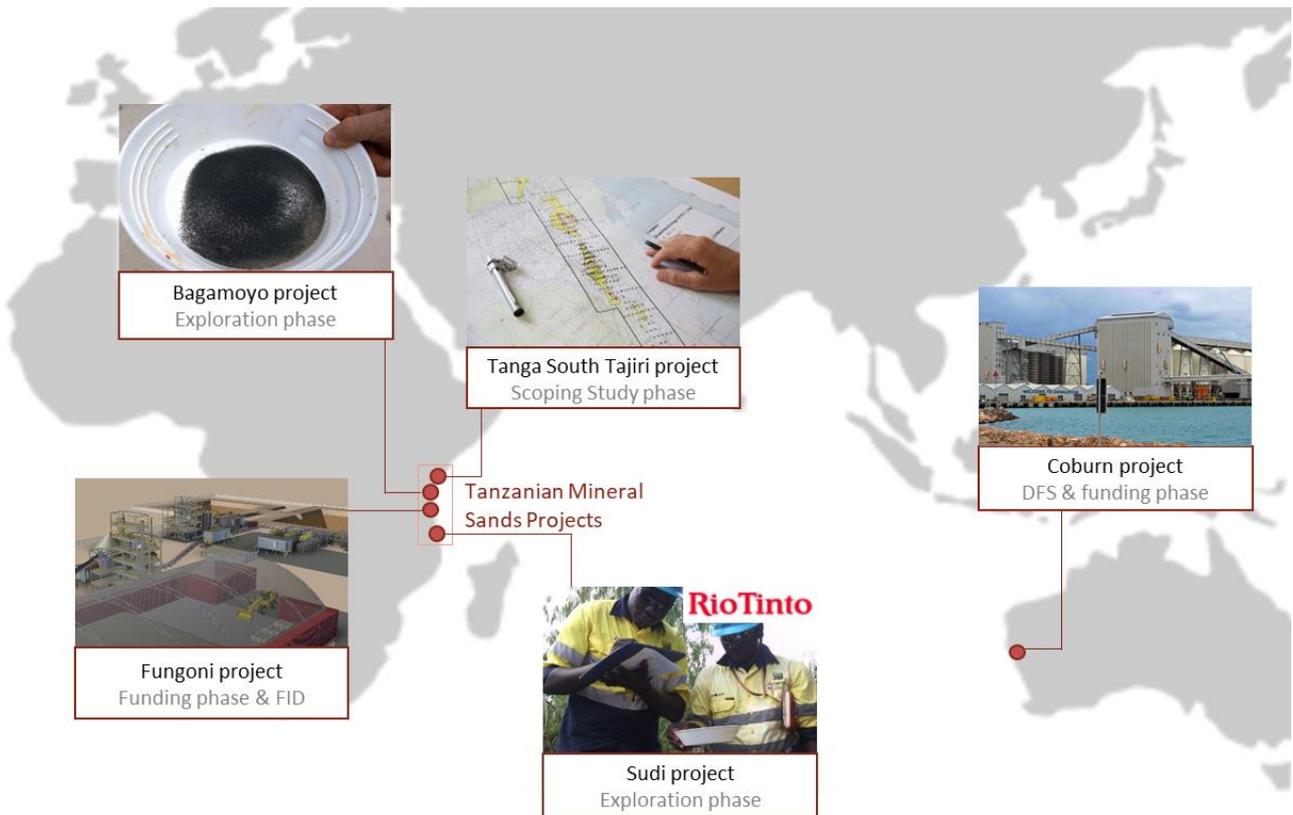


Figure 1 Strandline’s world-wide mineral sands exploration & development projects

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.