

ASX ANNOUNCEMENT

Fungoni Project - Nedbank Project Finance Facility



17 June 2019

STRANDLINE
resources limited

Strandline secures Credit Approval for US\$26m Project Finance Facility for Fungoni development

Following an extensive due diligence process, Nedbank CIB has obtained credit approval to underwrite Fungoni's debt funding

HIGHLIGHTS

- **Nedbank CIB has signed a Credit-Approved Term Sheet to underwrite a US\$26 million Project Finance Facility (the "Facility") to part fund the development of the Fungoni Project in Tanzania**
- **Fungoni has an estimated capital cost of US\$35 million (excluding financing costs), meaning the Facility will meet most of the project's capital requirement**
- **The Facility contains standard commercial terms which the Company considers favourable**
- **Fungoni is a highly robust project that is projected to generate strong financial returns for Strandline based on low capital and operating costs and a high-value product suite**
- **Nedbank CIB has extensive experience in mining project financing in Africa**

Strandline Resources (**ASX: STA**) is pleased to announce that it has achieved another key milestone towards the development of the Fungoni mineral sands project in Tanzania, with Nedbank CIB obtaining credit approval to underwrite a five-year, US\$26 million project finance facility for Fungoni.

Nedbank's decision follows detailed due diligence of technical, financial, market, legal, environmental and social fundamentals.

The Facility accounts for the majority of Fungoni's total estimated capital cost of US\$35 million including taxes, levies and excluding financing costs - see ASX release dated 01 November 2018 and 03 January 2019.

Key terms for the Facility are described in Schedule 1. All parties are now working towards completion of Facility documentation and satisfaction of customary conditions precedent to Financial Close and first draw down.

With key mining and environment licences in place, the DFS completed, 100% of Fungoni's product pre-sold via offtake, major construction contracts executed, finance due diligence concluded and credit approval now received, Strandline is well on track to develop its first project in Tanzania and capitalise on the growing mineral sands market.

Furthermore, the Government of Tanzania continues to show its full support for the commercialisation of Fungoni, recently granting approval for the Nedbank Facility under the amended legislation, as well as other key secondary level development approvals, including Fungoni's product logistics and export plan.

The Fungoni project, as confirmed in the DFS, 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 value appreciation of Strandline's other mineral sands projects, including the large-scale Tajiri project in Tanzania and Coburn in Western Australia.

Fungoni Project –Nedbank CIB approves Fungoni Project Finance Facility

Strandline Managing Director Luke Graham said securing the facility with Nedbank CIB, a tier-one African mining finance institution, was a strong endorsement of Fungoni’s technical and financial strength.

“Nedbank obtained credit approval of the loan facility after studying all aspects of the project,” Mr Graham said. “Given Nedbank’s extensive experience in mining project finance and competitive terms, Strandline aims to build a strong and enduring partnership with Nedbank on a potential succession of mineral sands projects.

“The parties are now focusing on finalising facility documentation and conditions precedent to Financial Close and commencement of construction”.

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

Mandated Lead Arranger:	Nedbank Limited - acting through its Nedbank Corporate and Investment Banking division (“Nedbank CIB”).
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 facility documentation and evidence of equity raised for the balance of project development capital.
Repayment Schedule	Quarterly capital repayments are to be made from the date falling 21 months after Financial Close plus additional sweep of available cashflow under certain circumstances.

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.

The Credit-Approved Term Sheet was prepared with the assistance of Azure Capital.

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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 Tajiri Project and emerging 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.

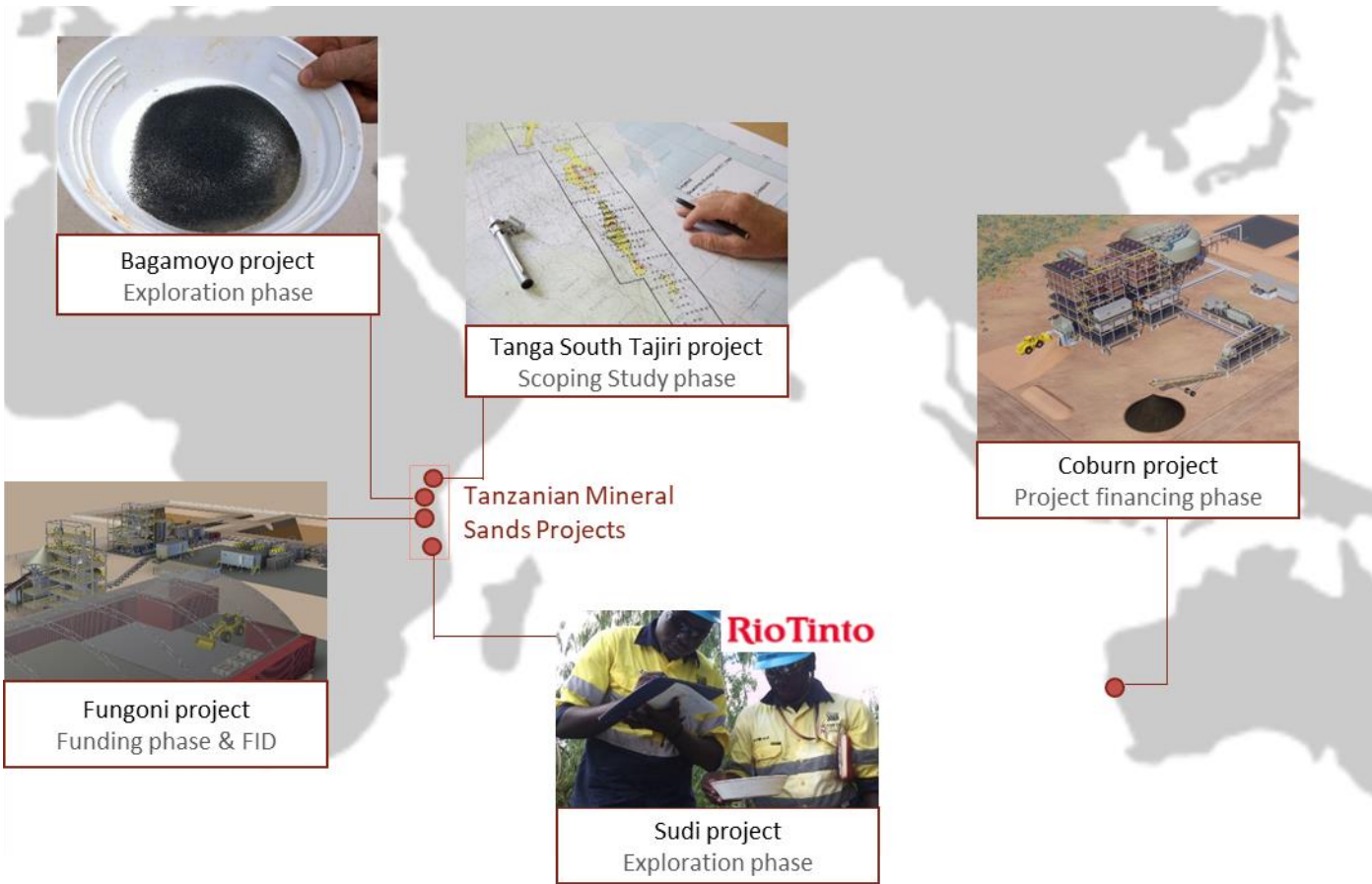


Figure 1 Strandline’s world-wide mineral sands exploration & development projects

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.