

ASX ANNOUNCEMENT

Coburn Project – NAIF Funding Review



STRANDLINE
resources limited

9 October 2019

Strandline takes key step towards securing funding from Commonwealth agency for Coburn Mineral Sands Project

The Northern Australia Infrastructure Facility progresses Coburn to due diligence stage after completing initial assessment

HIGHLIGHTS

- **The Commonwealth Government's Northern Australia Infrastructure Facility (NAIF) has completed its Strategic Assessment of Strandline's Coburn Mineral Sands Project in WA**
- **NAIF has advised Strandline that Coburn will now proceed to the detailed due diligence phase of the NAIF assessment process**
- **NAIF's Investment Mandate includes providing debt finance to infrastructure projects that support growth in the economies and populations of northern Australia**
- **Funding from NAIF would significantly boost Coburn's ability to attract the remaining project funding on competitive terms**
- **In parallel with the NAIF assessment, Strandline is advancing discussions for product offtake, key construction and operations contracts, senior debt financing and strategic equity investment**
- **With DFS completed and key project approvals already in place (environmental, native title and mining), Coburn is construction-ready pending finalisation of project financing**

Strandline Resources (**ASX: STA**) is pleased to announce that the Federal Government's Northern Australia Infrastructure Facility (NAIF) has completed its strategic assessment of Strandline's 100%-owned Coburn Mineral Sands Project in WA and confirmed that Coburn has proceeded to the detailed due diligence phase of the NAIF assessment process.

NAIF provides access to up to \$5 billion of debt finance, which may be lent on concessional terms to support infrastructure development that generates public benefit for northern Australia. It also seeks to encourage and complement private sector investment to further that objective.

Coburn is one of the largest, most advanced and capital-efficient undeveloped mineral sands projects in the world, with an exceptional zircon-titanium product suite and low costs. It is situated in the Tier-1 mining jurisdiction of Western Australia, close to key infrastructure and the dominant mineral sands market of Asia.

The Company recently completed a DFS on Coburn, showing the Project will generate strong financial returns with a pre-tax NPV of A\$551m (USD:AUD 0.72, 8% discount rate), an IRR of 32%, Life of Mine (LOM) revenue of A\$3.9b, LOM EBITDA of A\$1.9b (average annual EBITDA of A\$86 million) and an attractive revenue-to-operating cost ratio of 2.2, based on TZMI's commodity price forecast.

Coburn's JORC-compliant Ore Reserves underpin an initial 22.5-year mine life, with a further 15 years of potential production targets identified, makes Coburn a generational project that will provide significant

regional benefits. Coburn has been under consideration by NAIF for possible financial assistance and has progressed through the inquiry, preliminary assessment and strategic assessment stages and has now moved to the detailed due diligence phase.

Strandline will now progress the financing process and commercial discussions in order to firm-up investment proposals. At this stage, NAIF has not made any decision to offer finance or made any commitment to provide any financing and there is no certainty that an agreement will be reached between the parties.

Strandline Managing Director Luke Graham said: “We welcome NAIF’s decision to progress Coburn to the next phase of its debt funding process. While this due diligence process takes place, we will advance discussions with private lenders. We will also continue negotiations on project development contracts, product offtake and strategic partner arrangements. The project has the potential to provide significant benefits to regional Western Australia and project stakeholders.”

For more information on the Coburn Mineral Sand Project and the DFS, refer to the ASX Announcement dated 16 April 2019 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.



Figure 1 Coburn Preliminary 3-D Engineering Model of Wet Concentration Plant (WCP) and Mineral Separation Plant (MSP) Infrastructure

ABOUT NAIF

NAIF was established on 1 July 2016 by the Northern Australia Infrastructure Facility Act 2016 (NAIF Act) and is a corporate Commonwealth entity. The objective of the NAIF Act is to provide financial assistance to the States of Queensland, Western Australia and the Northern Territory for the construction of infrastructure to benefit northern Australia. Further information on the NAIF is available on the NAIF website www.naif.gov.au.

ABOUT STRANDLINE

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 contains high quality assets which offer a range of development options and timelines, geographic diversity and scalability. They include two zircon-titanium rich, ‘development ready’ projects, being 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 and large scale Tajiri Project in northern Tanzania.

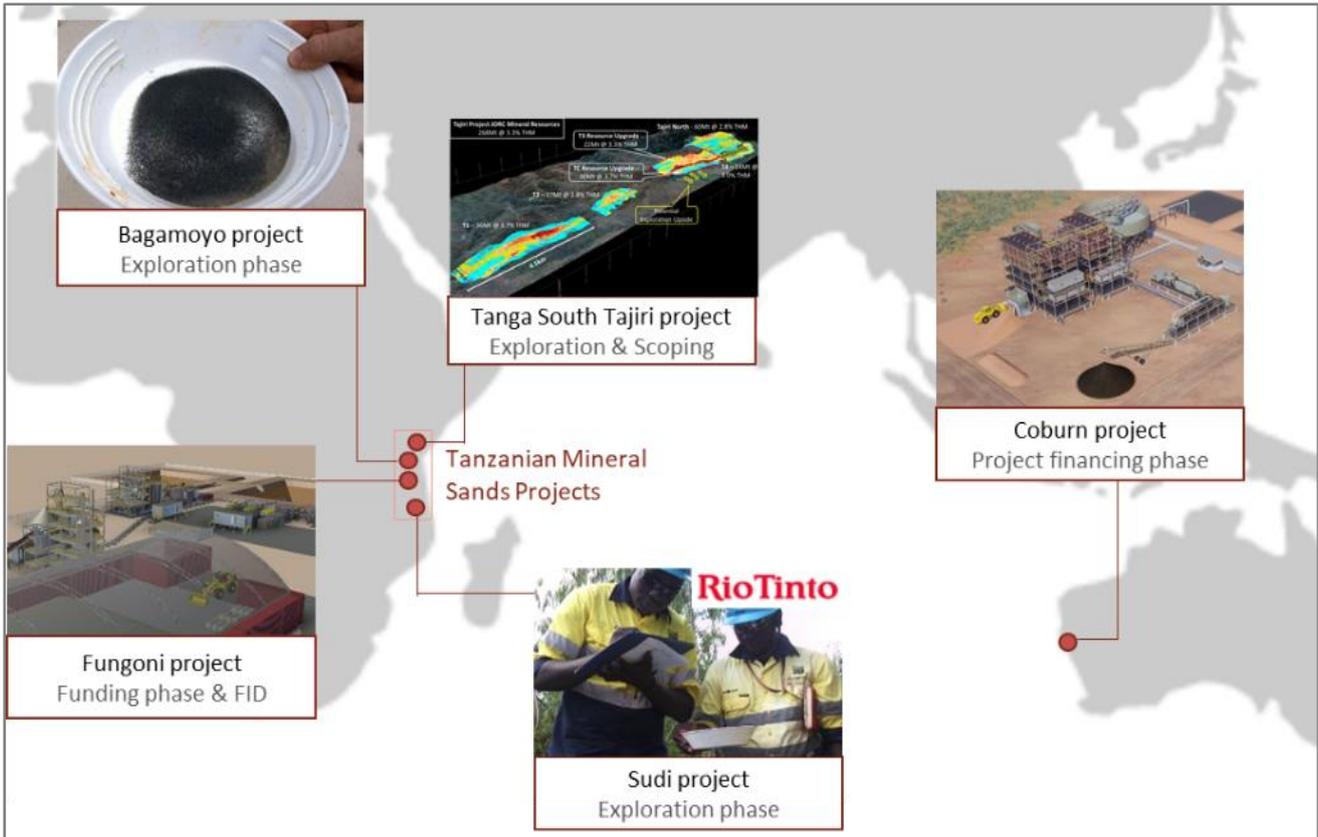


Figure 2 Strandline’s world-wide mineral sands exploration & development projects

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COBURN MINERAL SANDS COMPETENT PERSON’S STATEMENTS

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 Competent Persons 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.

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.



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.