

ASX ANNOUNCEMENT

Coburn Mineral Sands Project



STRANDLINE
resources limited

20 April 2020

Strandline signs ilmenite sales contract for Coburn mineral sands project in WA

Fixed-price contract with US titanium dioxide major underpins between 20-24% of forecast revenue for five years, helping pave way for project funding

HIGHLIGHTS

- **Strandline secures binding ilmenite offtake agreement**
- **The agreement is with America's The Chemours Company FC, LLC (Chemours) and covers 100% of the chloride ilmenite (a titanium feedstock) to be produced at Coburn for the first five years**
- **The ilmenite sales are expected to generate between 20-24% of Coburn's forecast revenue**
- **The pricing is based on a fixed price (effective hedge price) with annual Producer Price Index (PPI) adjustments, providing a strong basis for project financing and certainty in cashflows**
- **Favourable per-shipment payment via supplier finance arrangement will ensure regular and timely cashflow to Strandline**
- **With the premium zircon and zircon concentrate sales agreements also announced today (see separate releases), Strandline now has ~66% of Coburn's forecast revenue secured via offtake**
- **Offtake negotiations for Coburn's remaining revenue streams are advancing well, including 24,000 tonnes pa of rutile and the balance of premium finished zircon**

Strandline Resources (**ASX: STA**) is pleased to announce that it has taken another significant step towards bringing its Coburn mineral sands project (**Coburn** or the **Project**) into production, securing a binding offtake agreement (**Agreement**) for 100% of the chloride ilmenite product for the first five years of production.

The Agreement is with The Chemours Company FC, LLC, USA (**Chemours**), the world's largest producer of high-quality titanium dioxide (TiO₂).

The ilmenite sales are expected to generate between 20-24 per cent of Coburn's total revenue, based on the pricing structure contained in the Agreement. The Agreement is subject to conditions precedent regarding the development of the Project.

With the zircon concentrate and premium finished zircon sales agreements also announced today (see separate releases), Strandline now has ~66% of Coburn's forecast revenue secured via binding offtake contracts.

The remaining Project revenue is expected to be from the balance of premium finished zircon and rutile product (representing ~34% of forecast revenue). Offtake agreements for these remaining products are advancing well.

Coburn's forecast average annual production of ilmenite is 110,000 tonnes (refer ASX announcement 14 Jan-2020). The ilmenite is chloride-grade specification (containing +62% TiO₂) and will be used by Chemours for

production of high-quality titanium dioxide TiO₂, primarily used in pigments for paint, paper, ink and plastic applications.

As outlined in the Definitive Feasibility Study (DFS) (released Apr-2019), Coburn’s high unit value orebody assemblage, long life and low costs underpin strong financial returns for Strandline, with a rapid payback period of 2.2 years from the start of production and a first quartile revenue-to-cost ratio of 2.2.

Strandline Managing Director Luke Graham said the five-year sales agreement with a leading global titanium consumer in Chemours is another positive endorsement of Coburn and provides a strong basis for project financing and certainty in project cashflows.

“A key attribute of the Coburn project is its rich mineral assemblage and ability to produce chloride-grade titanium feedstocks as well as ceramic-grade zircon products, which are currently scarce in the world and forecast to have strong long-term market demand,” Mr Graham said.

“With two-thirds of the project’s revenue now underwritten by binding sales contracts, we are well on the way to securing funding and development of this world-class project.”

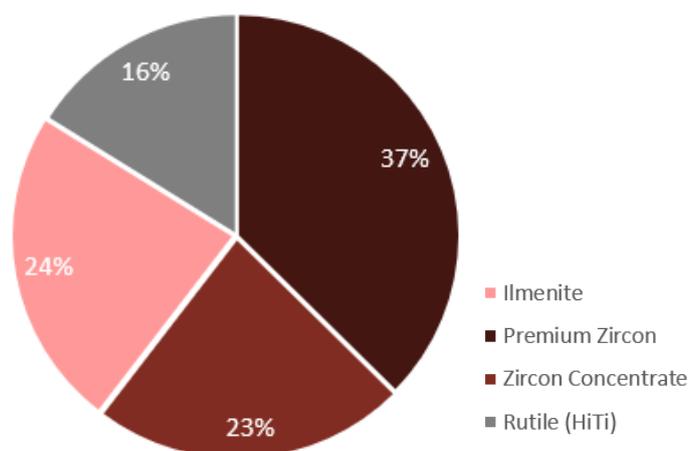


Figure 1 Coburn DFS-2019 Average Revenue Per Final Product (%)

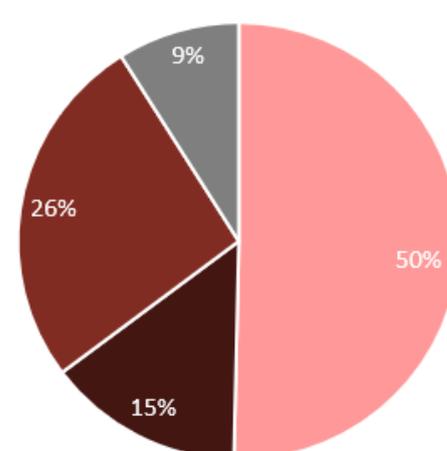


Figure 2 Coburn DFS-2019 Average Production Per Final Product (%)

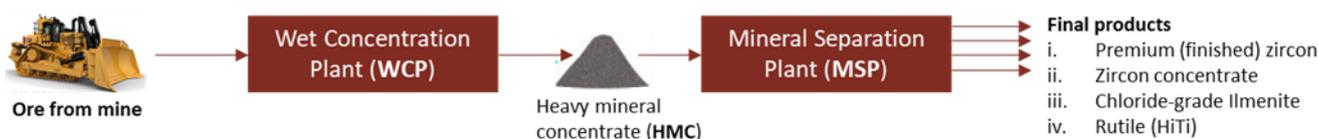


Figure 3 Coburn Project’s Basic WCP-MSP Block Diagram

COBURN PROJECT SNAPSHOT

Strandline is advancing towards a development decision for its 100%-owned Coburn mineral sands project in Western Australia.

Mineral Sands is a mature global industrial mineral market with increasing demand driven by urbanisation, rising living standards, global growth and extensive array of applications. New development projects are required to satisfy the emerging supply deficit.

The Coburn DFS and subsequent technical and commercial optimisation work demonstrates a compelling project development option. High margins and strong, long-term cash flows are the result of low operating costs and an exceptional, high-value zircon and titanium product suite.

The DFS financial evaluation shows Coburn generates A\$1.9 billion of earnings (EBITDA) over the first 22.5 years (of the potential 38-year mine life), with a rapid payback of 2.2 years from the start of production.

Coburn Mineral Sands Project – Binding Offtake Signed for Ilmenite with Chemours

- Coburn DFS Pre-Tax NPV₈ of A\$551m and IRR of 32% for the first 22.5 years; Best-quartile revenue-to-opex ratio of 2.2
- Coburn to provide significant regional, community benefits and indigenous opportunities
- Construction-ready with key development approvals in place, incl mining lease, environmental approval, native title agreement and pastoral lease ownership
- Annual production of 34kt premium zircon, 54kt of zircon concentrate, 110kt chloride ilmenite and 24kt rutile; to supply ~5% of global zircon market and a strong foothold in the chloride feedstock market
- Capital-efficient development compared with industry peers; A\$257m Capex for Final Products Case which includes MSP infrastructure (excludes financing costs)
- Large homogenous JORC-compliant Reserve of 523Mt @ 1.11% THM underpins an initial 22.5 year LOM, with opportunity to grow Reserves to +38 years, through evaluation of resources extending north
- Conventional open pit dry mining in free-dig sand with in-pit tailings deposition and progressive backfill and full rehabilitation
- Low waste-to-ore strip ratio averaging 0.7; extremely low slimes and oversize; coarse mineral particle size
- Proven processing technology capable of high efficiencies and mineral recoveries
- Large global customers supportive of Coburn production and long-term offtakes agreements
- First production of HMC within 18 months from project commencement



Figure 4 Image of proposed Wet Concentration Plant (WCP)



Figure 5 Image of propose Mineral separation plant (MSP)

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 16 April 2019 on details of the material assumptions underpinning the production target and financial results for the Coburn Project DFS, Ore Reserve and Mine Life Extension Case Scoping Study.

The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.

This announcement is authorised for release by Luke Graham, Managing Director and CEO.

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 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 the highly prospective Tanzanian coastline, including the advanced and large scale Tajiri Project in northern Tanzania.

Authorised for release by:

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FORWARD LOOKING STATEMENTS

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