

ASX ANNOUNCEMENT

Notification under Section 708AA(2)(f) of the
Corporations Act 2001



STRANDLINE
resources limited

29 March 2021

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Not for release to US wire services or distribution in the United States

Strandline Resources Limited (**Strandline**)(ASX:STA) gives this notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) as notionally modified by *Australian Securities and Investment Commission Corporations (Non-Traditional Rights Issues) Instrument 2016-84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73* (**Legislative Instruments**). Where applicable, references in this notice to sections of the Act are to those sections as modified by the Legislative Instruments.

Strandline has today announced that it is undertaking an underwritten institutional placement (**Placement**) and an accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) to raise up to approximately A\$122 million before associated costs (in aggregate).

The Entitlement Offer will comprise an accelerated institutional component and a retail component.

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1 new fully paid ordinary share in the Company (**New Share**) for every 1.3 existing fully paid ordinary shares in the Company held as at the Record Date, 7.00pm (Sydney time) on Wednesday 31 March 2021, at an issue price of \$0.205 per New Share, to raise approximately A\$83 million (before associated costs). The Placement will raise approximately A\$39 million (before associated costs) at a price of A\$0.205 per fully paid ordinary share in the Company.

The Placement and Entitlement Offer is fully underwritten by Shaw and Partners Limited and Morgans Corporate Limited (**Underwriters**) subject to the terms of an underwriting agreement between the Underwriters and Strandline. The Underwriters are also Joint Lead Managers and Bookrunners to the Placement and Entitlement Offer.

Further details regarding the Placement and the Entitlement Offer are set out in the ASX announcement and Investor Presentation released earlier today (29 March 2021).

The Company hereby notifies ASX under paragraph 708AA(2)(f) of the Act, as modified by the Legislative Instruments that:

1. The Company will offer the New Shares under the Entitlement Offer without disclosure to investors under Part 6D.2 of the Act.
2. This notice is being given under section 708AA(2)(f) of the Act.
3. As at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (b) section 674 of the Act.

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4. As at the date of this notice, there is no excluded information as defined in sections 708AA(8) and 708AA(9) of the Act which is required to be disclosed by the Company.
5. The potential effect that the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including investor demand and existing shareholdings. However, given the Entitlement Offer is a fully underwritten pro rata offer, Strandline does not expect that the issue of New Shares under the Entitlement Offer will have a material effect on the control of Strandline. Some further commentary about that follows:
 - (a) If all eligible shareholders take up all of their entitlements under the Entitlement Offer, then the Entitlement Offer will have no material effect on the control of Strandline.
 - (b) To the extent an eligible shareholder does not take up their entitlements under the Entitlement Offer, that eligible shareholder's percentage holding in Strandline shares will be diluted by the issue of the New Shares under the Entitlement Offer.
 - (c) Strandline's major shareholder, Ndovu Capital VII B.V. part of the Tembo mining fund (**Tembo**), has given a commitment to Strandline to participate in the Entitlement Offer by partially taking up its entitlements for 70 million New Shares (being approximately \$14.4 million). As Tembo will only be partially taking up its entitlements under the Entitlement Offer and will not participating in the Placement or the institutional shortfall bookbuild or retail shortfall facility under the Entitlement Offer, Tembo's percentage holding in the Company will be diluted as a result of the completion of the Entitlement Offer and Placement.
 - (d) Although the issue of New Shares (in respect of entitlements that are not taken up by eligible shareholders under the Entitlement Offer) may increase the voting power in Strandline of the Underwriters, or of eligible investors who may be allocated New Shares via the institutional bookbuild process to be conducted by the Underwriters or through sub-underwriting arrangements with the Underwriters, it is not expected to have a material effect on the control of Strandline.

This announcement is authorised for release by the Board of Directors of Strandline Resources Limited.

Yours sincerely



Flavio Garofalo
COMPANY SECRETARY