

ASX ANNOUNCEMENT

Coburn Mineral Sands Project



20 April 2020

STRANDLINE
resources limited

Strandline signs premium zircon sales contract for Coburn mineral sands project in WA

Binding contract with leading global zircon consumer underpins ~18% of forecast revenue for five years, putting Strandline well on the way to securing funding

HIGHLIGHTS

- **Strandline secures binding offtake agreement for premium zircon product**
- **The agreement is with one of the world's largest zircon consumers and covers the substantial portion of the premium finished zircon product to be produced at Coburn for the first five years**
- **Zircon sales under the agreement are expected to generate ~18% of Coburn's forecast revenue**
- **Sale price for the zircon references the prevailing US-dollar market price for premium "ceramic grade" zircon**
- **With the zircon concentrate and ilmenite sales agreements also announced today (see separate releases), Strandline now has ~66% of Coburn's forecast revenue secured via offtake contracts**
- **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 into production, securing a binding offtake agreement (**Agreement**) for the substantial portion of the premium (finished) zircon product for the first five years of production.

The Agreement is with Industrie Bitossi s.p.a (**Bitossi**), one of the world's largest zircon consumers, based primarily in the high-quality European ceramics market.

The zircon sales covered by the Agreement are expected to generate approximately 18 per cent of Coburn's forecast 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 ilmenite sales agreements also announced today (see separate releases), Strandline now has ~66 per cent 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 premium finished zircon is 34,000 tonnes (refer ASX announcement 14 Jan-2020). The zircon quality has been confirmed as a ceramic-grade specification (containing +66% ZrO₂, good whiteness properties with low impurities) and will be used in the production of micronized zirconium silicate and downstream products, primarily used in ceramic applications.

Coburn Mineral Sands Project – Binding Offtake Signed for Premium (Finished) Zircon

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 signing of another long-term offtake agreement with an industry leader provides further endorsement of Coburn and the high quality of its mineral sands products.

“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.” Mr Graham said.

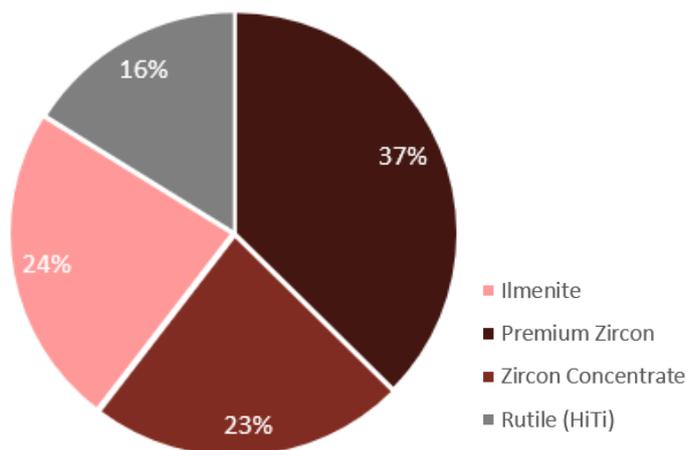


Figure 1 Coburn DFS-2019 Average Revenue Per Final Product (%)

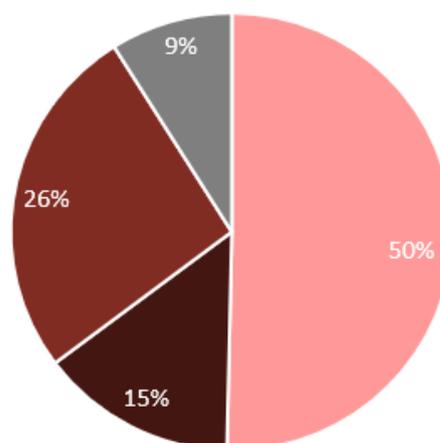


Figure 2 Coburn DFS-2019 Average Production Per Final Product (%)

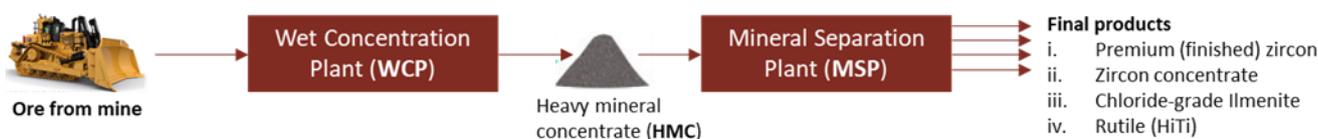


Figure 3 Coburn Project’s Basic WCP-MSP Block Diagram

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 a potential 38-year mine life), with a rapid payback of 2.2 years from the start of production.

- 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



Coburn Mineral Sands Project – Binding Offtake Signed for Premium (Finished) Zircon

- 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

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.



Figure 4 Image of proposed Wet Concentration Plant (WCP)



Figure 5 Image of propose Mineral separation plant (MSP)

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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