

ASX ANNOUNCEMENT

Coburn Mineral Sands Project Independent Expert Reports

18 May 2020



STRANDLINE
resources limited

Independent expert reports reaffirm Coburn's robust fundamentals

Technical and economic due-diligence assessments, combined with recently announced offtake contracts, are expected to support finalisation of project funding

HIGHLIGHTS

- Reports by independent technical experts confirm no fatal flaws or residual high risks for the development of Strandline's flagship Coburn mineral sands project
- The reports cover key aspects of the project including technical, environment and social, permitting and approvals and product quality and marketing
- The findings form part of the due-diligence and approvals process of potential lenders and are therefore expected to support completion of debt and equity funding
- An economic cost-benefit analysis, completed on behalf of Northern Australian Infrastructure Facility, confirms Coburn will generate a host of important socio-economic benefits
- The technical and economic reports follow Strandline's announcement of signing several major sales contracts covering two-thirds of the project's forecast revenue
- Coburn is poised for development, underpinned by conventional designs, Tier-1 jurisdiction, exceptional products, top-shelf customers and high-margin returns over a long mine life

Strandline Resources (**ASX: STA**) is pleased to advise that independent expert reports have reaffirmed the technical robustness of the Coburn mineral sands project in WA.

The reports form part of the due-diligence and approvals process of potential lenders, including the Northern Australian Infrastructure Facility (**NAIF**), and are expected to pave the way for Strandline to complete debt and equity funding arrangements for the project.

The reports include an independent review by SRK Consulting (Australasia) Pty Ltd (**SRK**) of engineering designs and planning associated with geology, hydrology, mining, processing, infrastructure, logistics, implementation strategies, cost estimates and environmental, social and permitting aspects of the project.

Importantly, no fatal flaws or residual high risks have been identified for the development of the Coburn project.

In parallel, an independent report on product quality and marketing, undertaken by TZ Minerals International (**TZMI**), highlighted the high-quality specifications and saleability of Coburn's zircon and titanium products.

This report follows the signing of three pivotal sales contracts covering 66% of Coburn's forecast revenue for the first five years of production (see ASX announcement 20 Apr-2020). The take-or-pay agreements deliver revenue certainty and are with some of the world's leading consumers across Europe, America and China.

An independent economic cost-benefit analysis has also been completed as required by NAIF, confirming Coburn will provide a host of important socio-economic benefits over its forecast mine life of up to 38 years.

This report, prepared by Deloitte Access Economics, highlights that as well as providing economic benefits, Coburn aligns strongly with Commonwealth and WA Government policies and strategic objectives including, Australia’s critical minerals strategy, Australia’s infrastructure plan, the Shark Bay Shire’s economic prospectus and strategic community plan and WA’s state planning strategy 2050.

Strandline Managing Director Luke Graham said completion of the reports keep Coburn firmly on the path to funding and development.

“These independent reports validate Coburn’s very strong fundamentals, its development readiness and support finalising debt and equity financing for the project,” Mr Graham said.

“With the key development approvals in place and binding offtake contracts signed with major customers, Coburn is moving rapidly towards development.”

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 industry with increasing global 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 Definitive Feasibility Study (DFS) (released Apr-2019) 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.

DFS FINANCIAL SUMMARY (APR-19)

LONG MINE LIFE +22.5 year Ore Reserve	FIRST ORE within 18 months
NPV⁸ A\$551 million	IRR 32%
EFFICIENT CAPEX A\$257 million	RC₁ RATIO 2.2 (best quartile)
FAST PAY BACK 2.2 years from first ore	
EBITDA 22.5 years A\$1.9 BILLION	EBITDA MARGIN of 98%

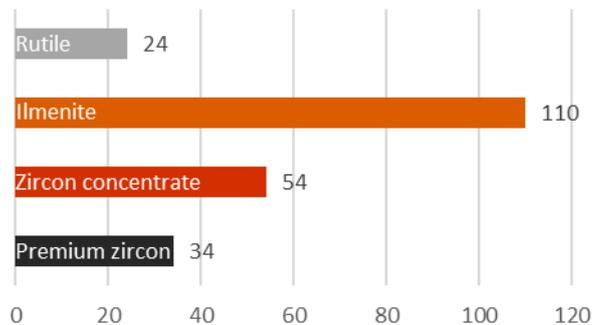
SCOPING STUDY “EXTENSION CASE” (APR-19)

SCOPING STUDY CONFIRMS POTENTIAL MINE LIFE EXTENSION BY 15 YEARS ALONG STRIKE, TO 38 YEAR LOM
NPV⁸ of A\$710 million and EBITDA of A\$3.7 billion

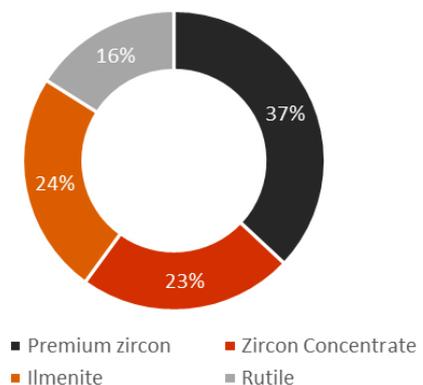
OTHER SALIENT POINTS

- Coburn to provide significant socio-economic benefits, indigenous and local content opportunities

PRODUCTION BY PRODUCT (KTPA)



REVENUE BY PRODUCT (%)



- **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
- **Binding offtakes signed** with major global consumers for 66% of revenue for the first 5-7 years
- **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
- **Conventional** open pit dry mining in free-dig sand with progressive backfill and **full rehabilitation**
- **Low strip ratio** averaging 0.7; extremely **low slimes** and oversize; **coarse mineral particle size**
- Proven processing technology capable of **high mineral recoveries**
- **First production of HMC within 18 months** from project commencement
- Construction contracts being awarded; **final development decision as soon as possible during 2020**

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.

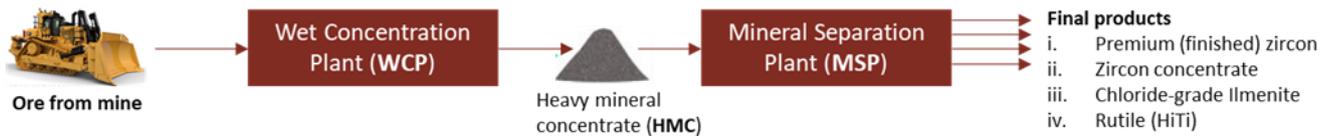


Figure 1 Coburn Project’s Basic WCP-MSP Block Diagram



Figure 2 Image of proposed Wet Concentration Plant (WCP)



Figure 3 Image of propose Mineral separation plant (MSP)

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

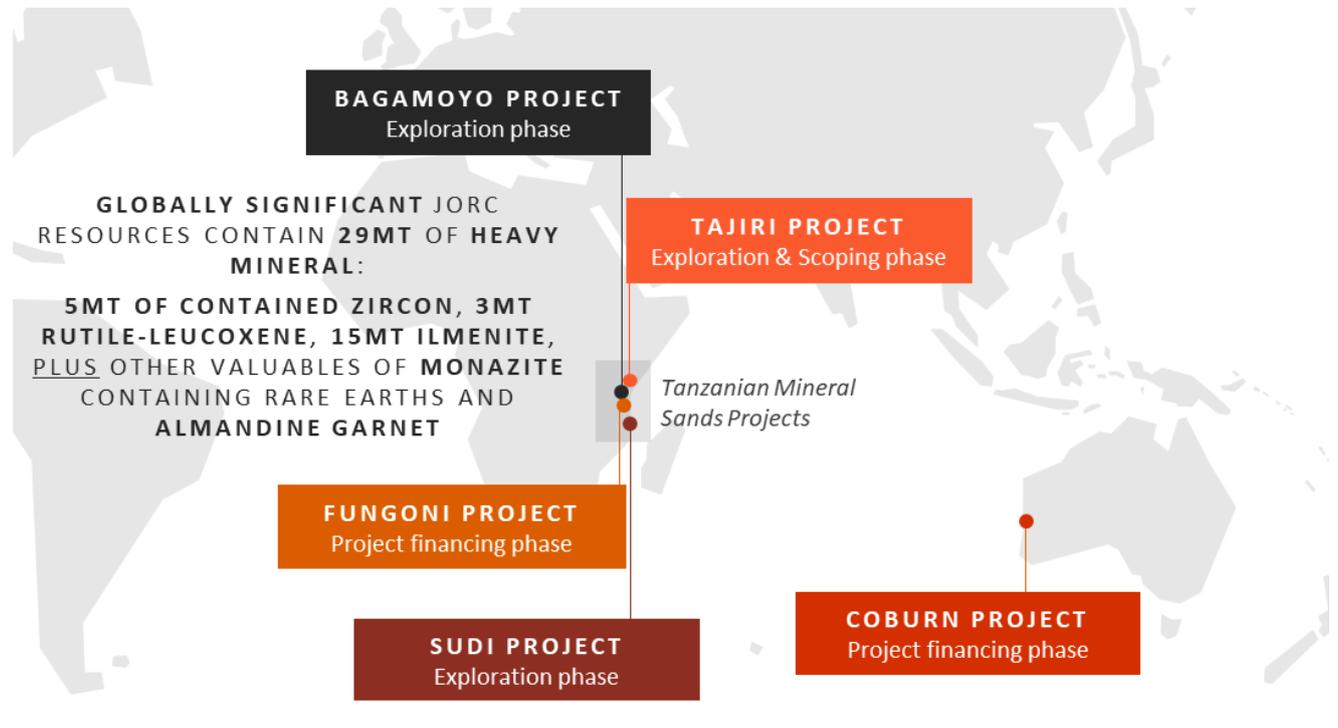
ABOUT STRANDLINE

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.



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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.