

ASX ANNOUNCEMENT

Coburn Mineral Sands Project

Product Offtake Agreements

20 April 2020



STRANDLINE
resources limited

Strandline signs three major sales contracts for Coburn mineral sands project in WA

Two-thirds of Coburn's revenue now covered by binding long-term offtake agreements, paving the way for project funding

HIGHLIGHTS

- Strandline underpins development outlook for the Coburn mineral sands project by signing three binding product offtake agreements
- Strandline now has ~66% of Coburn's forecast revenue secured via offtake contracts
- The agreements cover 100% of ilmenite, 100% of zircon concentrate and the substantial portion of the premium finished zircon product to be produced at Coburn for the first five years
- The agreements are with some of the world's leading consumers in their respective industries and provide geographical spread across Europe, America and China
- The agreements have a forecast combined value of circa US\$400m (A\$615m at USD: AUD 0.65) over five years, based on the pricing structures contained in the agreements and TZMI's commodity price forecast assumptions contained in the Coburn DFS
- Offtake negotiations for Coburn's remaining revenue streams are advancing well, including 24,000 tonnes per year of rutile and the rest of the premium finished zircon

Strandline Resources (**ASX: STA**) is pleased to announce that it has strengthened the development outlook for its Coburn mineral sands project (**Coburn** or the **Project**) by securing three long-term binding offtake agreements, representing ~66% of Coburn's forecast revenue for the first five years of production.

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.

Details of the three agreements are contained in separate ASX announcements lodged today.

Strandline Managing Director Luke Graham said the sales contracts marked a pivotal point in the strategy to bring Coburn into production.

"These contracts, with three leading global consumers, are huge endorsements of Coburn and underpin our plan to secure project funding," Mr Graham said.

"With two-thirds of the project's revenue now underwritten by offtake agreements and the remaining agreements well advanced, Strandline is advancing strongly towards development of this world-class project."

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 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.

- 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

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.

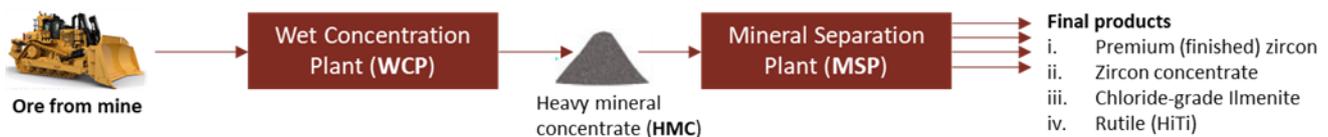


Figure 1 Coburn Project's Basic WCP-MSP Block Diagram



Figure 2 Image of proposed Wet Concentration Plant (WCP)



Figure 3 Image of propose Mineral separation plant (MSP)

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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