

# ASX ANNOUNCEMENT

Coburn Mineral Sands Project  
Contract Mining ECI Agreement



**STRANDLINE**  
resources limited

30 April 2020

## Macmahon appointed preferred mining contractor for the Coburn mineral sands project in WA

Strandline advancing major execution contracts as part of  
project financing and in readiness for construction

### HIGHLIGHTS

- Early contractor involvement (ECI) agreement executed with Macmahon Holdings relating to mining services contract for Coburn project
- Under the mining services contract, Macmahon will provide and operate the large mining fleet associated with ore mining, overburden removal, pit backfill and land recontouring
- Macmahon is a well-established leading mining contractor, with significant experience in the Australian resources sector, including in mineral sands
- ECI agreement contains a detailed term sheet for an alliancing-style commercial framework with gain-and-pain share metrics linked to cost and performance targets
- Terms of the ECI agreement are based on the mine plan, methodology and productivity pricing assumptions contained in the Coburn DFS
- This agreement follows the completion of major binding offtake contracts with some of the world's leading consumers across Europe, America and China (see ASX releases 20 April 2020)
- With the DFS completed and key development approvals already in place, Coburn is development-ready pending finalisation of project financing

Strandline Resources (**ASX: STA**) is pleased to announce that it has taken another key step towards development of its Coburn mineral sands project in Western Australia by selecting Macmahon Holdings (**ASX: MAH**) as the preferred contractor to provide mining services for the Project.

The parties have signed an early contractor involvement agreement (**ECI Agreement**) for early works associated with contract mining services. Under the ECI Agreement, the parties will work exclusively over the coming months to further optimise the mining solution and conclude contract documentation.

The scope of the mining services contract will include mining of ore at a rate of 23.4Mtpa, overburden removal, pit backfill and land recontouring, transfer of concentrate from the Wet Concentrator Plant (**WCP**) to the Mineral Separation Plant (**MSP**) and general mining-related earthworks. The contract mining term is expected to cover the first five years of Coburn's production.

Coburn is a world-class long-life mineral sands deposit hosting exceptional zircon and titanium mineral sands products. The mining method is conventional open pit dry mining in free-dig sand with in-pit tailings deposition, progressive backfill and rehabilitation.

## Coburn Project – Macmahon appointed as Preferred Mining Contractor

Macmahon’s experience in large bulk materials handling and mining, including dozer push operations, means it is well credentialled to meet Coburn’s mining requirements.

Macmahon’s solution provides Strandline with a long-term safe, reliable and highly efficient mining solution for Coburn. The financial terms of the mining contract will utilise an alliancing-style commercial framework based on the mine plan, methodologies and productivity estimate assumptions contained in the Coburn Definitive Feasibility Study (DFS), released Apr-2019.

The Coburn DFS shows the Project will generate strong financial returns with a pre-tax NPV of A\$551m (USD:AUD 0.72, 8% discount rate), an IRR of 32%, Life of Mine EBITDA of A\$1.9b over the initial 22.5 years (average annual EBITDA of A\$86 million) and an attractive revenue-to-operating cost ratio of 2.2, based on TZMI’s commodity price forecast.

Strandline Managing Director Luke Graham said the agreement with a highly reputable mining contractor in Macmahon forms a key part of Strandline’s strategy to prepare for near-term development.

“We are pleased to establish this relationship with Macmahon and look forward to further optimising the mining solution and contract documentation in readiness for development,” Mr Graham said.

“Coburn has a world-scale inventory, it is in a Tier-1 location, we have binding offtake agreements in place with top-shelf customers, reputable contractors on board developing solutions and project funding discussions progressing strongly.”

### ABOUT MACMAHON

Macmahon’s surface mining business has more than 50 years’ experience in bulk and selective mining operations. Headquartered in Perth, with offices in Brisbane, Adelaide and Jakarta, Macmahon provides services throughout Australia and to large mines in Indonesia and South Africa across a range of commodities.

With a commitment to providing end to end services, Macmahon has built a reputation for successful project delivery and along the way has achieved award winning results in safety, indigenous engagement, employment and training. The company won the 2019 WA Mentally Healthy Award for *its Strong Minds, Strong Mines* program, and has been recognised for its commitment to indigenous training and employment. Refer website [www.macmahon.com.au](http://www.macmahon.com.au).



Figure 1 Conventional Dozer Push Mining Method



Figure 2 Image of Coburn Project Landscape

## 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.

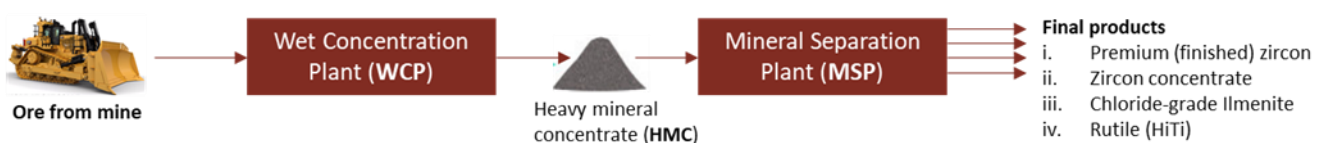
The DFS financial evaluation shows Coburn generates A\$1.9 billion of earnings (EBITDA) over the first 22.5 years (of the potential 38-year mine life), with a rapid payback of 2.2 years from the start of production.

- Coburn DFS Pre-Tax NPV<sub>8</sub> 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
- Two-thirds of Coburn’s revenue secured under binding offtake agreements for the first 5-7 years of production, to some of the world’s largest consumers (see ASX release dated 20 April 2020)
- 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
- 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:

**Luke Graham**

CEO and Managing Director

Strandline Resources Limited

ABN 32 090 603 642

T: +61 8 9226 3130

E: [enquiries@strandline.com.au](mailto:enquiries@strandline.com.au)

For media and broker enquiries:

**Paul Armstrong**

Read Corporate

T: +61 8 9388 1474

E: [paul@readcorporate.com.au](mailto:paul@readcorporate.com.au)

## FORWARD LOOKING STATEMENTS

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.