



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

7 April 2021

Dear Shareholder

Notice to Ineligible Shareholders - Non-Renounceable Entitlement Offer

On 29 March 2021, Strandline Resources Limited (ACN 090 603 642) (**Strandline** or the **Company**) announced a fully underwritten institutional placement (**Placement**) and an accelerated non-renounceable entitlement offer to raise up to approximately A\$122 million (before costs).

The accelerated non-renounceable pro rata entitlement offer will be on the basis of one new fully paid ordinary share (**New Share**) for every 1.3 fully paid ordinary shares in the Company (**Share**) held by eligible shareholders as at 7.00pm (Sydney time) on 31 March 2021 (**Record Date**) at an issue price of A\$0.205 per New Share to raise up to approximately A\$83 million (before costs) (**Entitlement Offer**).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. You should read this letter carefully to understand what this means for you.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

Entitlement Offer

The Entitlement Offer is fully underwritten and comprises of an offer to eligible institutional shareholders which was conducted on an accelerated basis (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) (**Retail Entitlement Offer**). The Institutional Entitlement Offer raised approximately A\$35 million (including the Institutional Entitlement Offer shortfall), and the Retail Entitlement Offer is expected to raise approximately A\$47 million. A total of approximately 402 million New Shares will be issued (subject to rounding) under the institutional and retail components of the Entitlement Offer.

Shaw and Partners Limited (**Shaws**) and Morgans Corporate Limited (**Morgans**) (together, the **Joint Lead Managers**) have agreed to underwrite and joint lead manage the Entitlement Offer.

An institutional bookbuild process was conducted by the Joint Lead Managers on behalf of the Company during the offer period for the Institutional Entitlement Offer under which New Shares not taken up through the Institutional Entitlement Offer, and New Shares that would have been offered to ineligible shareholders, if they had been eligible to participate in the Entitlement Offer, were offered to institutional investors (**Institutional Shortfall Bookbuild**).

The proceeds of the Entitlement Offer and Placement will be used to enable Strandline to commence development of its Coburn Mineral Sands Project, with construction expected to ramp-up immediately after a Final Investment Decision anticipated in April 2021.



The Retail Entitlement Offer is being made by way of an offer document in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) (Offer Document), meaning that no prospectus needs to be prepared.

The Institutional Entitlement Offer and Institutional Shortfall Bookbuild were conducted between 29 March 2021 and 30 March 2021.

The Entitlement Offer is non-renounceable which means that entitlements to participate in the Entitlement Offer cannot be sold or transferred.

The Offer Document in relation to the Retail Entitlement Offer was lodged with ASX on 7 April 2021 and is expected to be despatched to eligible retail shareholders on the same date.

Eligibility criteria

Institutional Entitlement Offer

The Institutional Entitlement Offer has already closed and the results were announced on ASX on 31 March 2021.

Shareholders who were eligible to participate in the Institutional Entitlement Offer (**Eligible Institutional Shareholders**) were those to whom the Joint Lead Managers made an offer on behalf of the Company under the Institutional Entitlement Offer:

Retail Entitlement Offer

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those who:

- are registered as a holder of shares in the Company as at 7.00pm (Sydney time) on the Record Date;
- have a registered address in Australia or New Zealand or are Institutional Investors in Hong Kong, Netherlands or Singapore;
- are not in the United States and are not acting for the account or benefit of persons in the United States (to the extent such persons hold Securities and are acting for the account or benefit of a person in the United States);
- did not receive an offer to participate (other than as nominee in respect of certain underlying holdings) in the Institutional Entitlement Offer and were not treated as an ineligible institutional shareholder in the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

For the purpose of the above, **Institutional Investor** means:

- in Hong Kong, a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- in the Netherlands, a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union);
- in Singapore, an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA")).

In accordance with section 9A(3) of the *Corporations Act 2001* (Cth) and ASX Listing Rule 7.7.1(a), the Company has determined that it would be unreasonable to make offers under the Retail Entitlement Offer to shareholders of the Company in countries other than Australia and New Zealand and, in respect of the Institutional Entitlement Offer, certain additional countries, due to the legal limitations and potential cost of complying with regulatory requirements in those countries.

Notwithstanding the above, the Company may (in its absolute discretion) agree to extend the Retail Entitlement Offer to certain institutional shareholders in foreign jurisdictions who did not participate in the Institutional



Entitlement Offer, subject to compliance with applicable laws.

General

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in certain countries, the relatively small number of shareholders in certain countries, the small number of shares that are shown on the register as being held by shareholders in certain countries, the relatively low value of New Shares to which shareholders would otherwise be entitled in certain countries and the potential cost of complying with regulatory requirements in certain countries.

Shareholders who were not Eligible Institutional Shareholders and are not Eligible Retail Shareholders are ineligible to participate in the Entitlement Offer (**Ineligible Shareholders**). According to our records, you did not satisfy the eligibility criteria for an Eligible Institutional Shareholder and do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above.

Accordingly, the Company will not be sending you any documents relating to the Entitlement Offer, as the Company is unable to extend to you the opportunity to participate in the Entitlement Offer. You should not seek to obtain a copy of the documents relating to the Entitlement Offer by other means, as no offer is being made to you to subscribe for securities in the Company.

Sale Nominee

Shaws has been appointed under section 615 of the Corporations Act to act as the sale nominee in connection with the Entitlement Offer (**Sale Nominee**). The role of the Sale Nominee is to sell the New Shares under the Entitlement Offer that would have been issued to Ineligible Shareholders and remit any net proceeds of the sale to those shareholders.

Ineligible Shares

New Shares (**Ineligible Shares**) that would have been offered under the Entitlement Offer to:

- (a) those institutional Strandline shareholders determined by the Company and the Joint Lead Managers to be ineligible to participate in the Institutional Entitlement Offer (**Ineligible Institutional Shareholders**) had they been entitled to participate in the Institutional Entitlement Offer; and
- (b) those shareholders determined by the Company and the Joint Lead Managers to be ineligible to participate in the Retail Entitlement Offer (**Ineligible Retail Shareholder**) had they been entitled to participate in the Retail Entitlement Offer,

were in each case offered for sale by the Sale Nominee on behalf of Strandline to institutional investors (which may have included Eligible Institutional Shareholders) under the Institutional Shortfall Bookbuild. The Institutional Shortfall Bookbuild was completed on 30 March 2021. The Ineligible Shares are expected to be issued on 9 April 2021. The price at which Ineligible Shares will be issued under the Institutional Shortfall Bookbuild and/or the underwriting arrangements will be the same as the issue price under the Entitlement Offer (A\$0.205 per Share). Accordingly, there will be no net proceeds of that issue in excess of the issue price under the Entitlement Offer and Ineligible Institutional Shareholders and Ineligible Retail Shareholders will not receive any payment or value in connection with the Ineligible Shares.

Offer Document

The Company will lodge the Offer Document with ASX on 7 April 2021, and it is available on the ASX website at www.asx.com.au and also on the Company's website at www.strandline.com.au. The Company expects to dispatch the Offer Document to shareholders of the Company on or about 7 April 2021. The Offer Document will provide further details of the Entitlement Offer in detail.

If you have any queries in relation to the Entitlement Offer or the Shortfall Offer, please do not hesitate to contact the Shareholder Information Line on 1300 723 670 (within Australia) or +61 3 9946 4435 (outside Australia).



Yours faithfully,

Didier Murcia

Independent Non-Executive Chair

STRANDLINE RESOURCES LIMITED

IMPORTANT NOTICE AND DISCLAIMER

The Entitlement Offer is being made by Strandline in accordance with section 708AA of the Corporations Act as modified by the Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73, meaning that no prospectus or other disclosure document needs to be prepared.

Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Strandline and the Joint Lead Managers. Each of Strandline and the Joint Lead Managers and each of their respective related bodies corporate (as defined in the Corporations Act) and affiliates and each of their respective directors, officers, employees, partners, consultants, contractors, agents and advisers disclaim any duty or liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

This letter is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the new Shares in any jurisdiction outside Australia and New Zealand. This letter is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any new Shares in Strandline.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional adviser.

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