

ASX ANNOUNCEMENT

Coburn Mineral Sands Project
Updated DFS financial evaluation



STRANDLINE
resources limited

04 June 2020

Coburn's NPV increases by 28% to \$705 million, with average annual EBITDA of \$104 million

Updated DFS reflects the latest information on the project, including the terms of binding offtake agreements, key technical and commercial optimisations and updated commodity price and exchange rate forecasts

HIGHLIGHTS

- **Updated DFS results in significant increases in forecast financial returns for Strandline's flagship Coburn mineral sands project in WA**
 - Project pre-tax NPV⁸ of A\$705m (AUD: USD 0.70, 8% discount rate, up from A\$551m)
 - Project pre-tax IRR rises to 37% (up from 32%)
 - EBITDA of A\$2.3b over the first 22.5 years of Reserves
 - Average annual EBITDA of A\$104m (up from A\$86m)
 - Project payback period from first production is 2.1 years
 - Binding offtake agreements secured covering 66% of Coburn's production for first 5-7 years
 - 18-month design and construct duration to achieve first ore to process plant
 - Development capital of A\$260m excluding financing costs
 - Scoping Study "Extension Case" shows a potential mine life expansion to 37.5 years, increasing NPV⁸ to A\$825m, through conversion of Resources north of current Reserves
- **Coburn to generate significant socio-economic benefits, indigenous and enterprise opportunities**
- **Coburn is poised for development, underpinned by conventional designs, Tier-1 jurisdiction, exceptional products, strong customers and high-margin returns over a long mine life**
- **Updated DFS forms a key part of finalising project funding**

Strandline Resources (**ASX: STA**) is pleased to announce that its updated Definitive Feasibility Study (**DFS**) shows the Coburn mineral sands project in WA will generate even stronger financial returns than previously forecast.

The original DFS, announced to the ASX on 16 April 2019, has now been updated to reflect the latest information on the project, including:

- Binding offtake agreements;
- Technical optimisations, including incorporating results from confirmatory bulk metallurgical test work;
- Updated mineral sands commodity price forecast; and
- Consensus foreign exchange rate forecast.

Coburn Project – Updated Definitive Feasibility Study

Capital and operating cost estimates have also been revised with the latest supplier and contractor pricing from tendering activities and further refinement of the project execution strategy. Other material assumptions underpinning the original DFS remain unchanged.

The updates have resulted in significant increases in Coburn’s forecast financial returns, including an outstanding Internal Rate of Return (IRR) of 37% (up from 32%) and first quartile revenue-to-operating cost (C1) ratio of 2.4. The projected revenue for the initial 22.5 years of Reserves has increased to A\$4.4b (up from A\$3.9b), with an average annual EBITDA of A\$104m.

The increase is primarily driven by favourable offtake terms compared to the assumptions made in the original DFS, increased recoveries of the higher value products of rutile and premium zircon as confirmed through additional bulk test work, and updated foreign exchange rate and commodity price outlook.

Strandline Managing Director Luke Graham said the results provide further evidence that Coburn is well on track to become Australia’s next major mineral sands project.

“Coburn’s projected cashflows, low costs and robust fundamentals underpin very strong returns over a long mine life” Mr Graham said.

“Coburn is situated in the key mining state of Western Australia and benefits greatly from its access to existing port, road and services infrastructure.

“Coburn is set to continue to capitalise from the forecast supply shortages in the global zircon and TiO₂ markets.

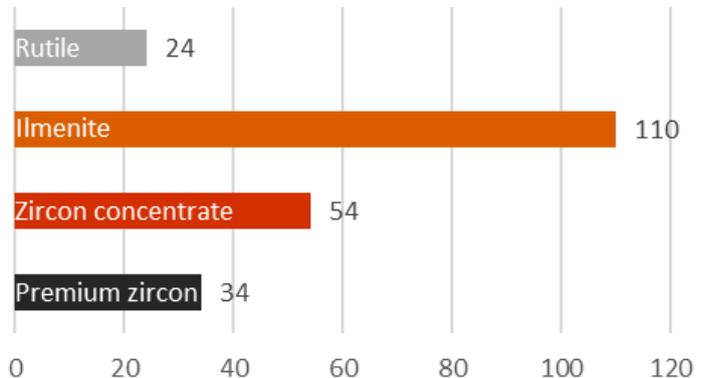
“With the key development approvals in place, binding offtake contracts signed with major customers and the funding process well underway, Coburn is moving rapidly towards development.”

The dashboard below summarises the financial metrics of the Coburn Project updated DFS (Jun-2020).

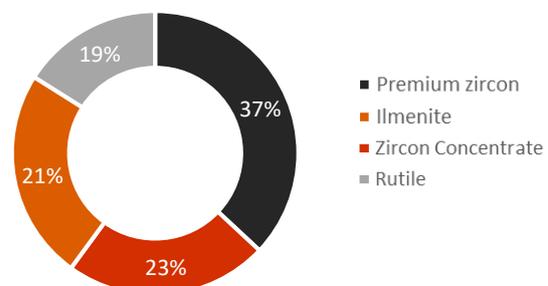
UPDATED DFS FINANCIAL SUMMARY



PRODUCTION BY PRODUCT (KTPA)



REVENUE BY PRODUCT (%)



SUMMARY OF THE UPDATED DFS

Strandline is advancing towards a development decision for its 100%-owned Coburn mineral sands project (**Coburn** or the **Project**) situated in the Gascoyne region of Western Australia. The updated DFS confirms the project will generate strong financial returns over an initial 22.5 years of Ore Reserves.

The original DFS and subsequent technical and commercial optimisation work has been completed by a range of independent and highly reputable consultant/contractor firms with experience in mineral sands and Australian project development.

Independent technical expert reports have recently been completed on behalf of potential financiers, further validating the DFS findings and robustness of the Coburn project (refer ASX announcement 18 May 2020).

SRK Consulting (Australasia) Pty Ltd completed the technical due diligence 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. Coburn is designed to produce four final products (Final Products Case), comprising a premium zircon product (66% ZrO₂), zircon concentrate product (which contains payable zircon, titanium and monazite minerals), rutile product (93% TiO₂) and a chloride-grade ilmenite product (62% TiO₂).

TZMI's market report followed the signing of three pivotal sales contracts in April 2020, covering 66% of Coburn's forecast revenue for the first five years of production. The take-or-pay agreements deliver revenue certainty for Strandline and are with some of the world's leading consumers across Europe, America and China.

The updated DFS incorporates the pricing structures contained in the offtake agreements combined with TZMI's commodity price forecast assumptions where appropriate (refer Table 4). The financial model includes sale of Coburn's heavy mineral concentrate (HMC) to be produced from the Wet Concentration Plant (WCP) during the initial ramp-up phase prior to full commissioning of the Mineral Separation Plant (MSP), which is in accordance with the offtake terms announced on 20 Apr-2020. This strategy accelerates cashflow and further de-risks project ramp-up.

At the time of releasing this report, offtake negotiations for Coburn's remaining revenue streams were advancing well, including 24,000 tonnes per year of rutile and the remaining premium finished zircon.

The updated DFS also incorporates the results from confirmatory metallurgical bulk test work, which was performed at TZMI's Allied Mineral Laboratories and utilised full scale or scalable equipment configured as per the original DFS flowsheet design, refer ASX announcement dated 14 Jan-2020.

The latest tests included optimisation of equipment settings and attritioning of the feed material. The tests demonstrated the scope to further increase recoveries and therefore production of the higher-value zircon and rutile final product streams, as shown in the Table 1 and 2 below, resulting in an overall increase to financial returns.

Table 1 Coburn Average Annual Production Per Final Product Stream

| Product | Previous Average Annual Production (Apr-2019) (tonnes) | Updated Average Annual Production (Jan-2020) (tonnes) | Offtake Counterparty (% of product revenue) |
|--------------------|--|---|---|
| Premium Zircon | 32,000 | 34,000 | Industrie Bitossi (~50%) |
| Zircon Concentrate | 58,000 | 54,000 | Sanxiang-Nanjing (100%) |
| Ilmenite | 110,000 | 110,000 | Chemours (100%) |
| Rutile (HiTi) | 20,000 | 24,000 | Under negotiation |
| Total | 220,000 | 222,000 | ~66% of revenue secured |

Table 2 Product Recoveries based on Latest Confirmatory Testwork (Jan-2020)

| Product | WCP Recovery (%) | MSP Recovery (%) ³ | | MSP Yield to saleable products (%) ⁵ | |
|----------------------------|------------------------------------|------------------------------------|---------------------------|---|---------------------------|
| | DFS-2019 Test Program ² | DFS-2019 Test Program ² | Confirmatory Test Program | DFS-2019 Test Program ² | Confirmatory Test Program |
| Ilmenite | 86.8 | 95.4 | 96.2 | 103.9 | 102.9 |
| Rutile (HiTi) ¹ | 87.7 | 70.9 | 84.7 | 77.0 | 95.2 |
| Zircon | 98.2 | 98.7 | 99.7 ⁴ | 98.8 | 99.8 |

Notes:

¹ Rutile product contains high-titanium rutile and leucoxene mineral species

² DFS-2019 Test Program: results from representative testwork program Allied Mineral Laboratories report Apr-2019 titled “Strandline Resources Coburn Bulk Ore Testwork”, conducted as part of the DFS announced Apr-2019

³ MSP Recoveries are for actual mineral species

⁴ MSP zircon recovery comprises 58.3% into premium zircon and a further 41.4% into zircon concentrate as contained zircon

⁵ Actual yields into saleable products are higher due to contributions from other minerals

Capital and operating cost expenditure, including sustaining and deferred capital, have been reviewed and revised in accordance with the latest estimates and quotations from suppliers and contractors as deemed appropriate. The DFS estimates have an overall accuracy level of $\pm 10\%$, typical for a DFS of this nature. There has been no material change to the base capital and operating cost estimates.

A revised foreign exchange rate of AUD: USD 0.70 (previously 0.72) has been applied to the updated financial evaluation. The forecast exchange rate is obtained from independent consensus price data. Coburn’s revenue from product sales is received in US dollars and most of the project’s cost expenditure is in Australian dollars.

Other material assumptions underpinning the DFS remain unchanged.

The discounted cash flow (DCF) analysis has been updated incorporating the above mentioned capital and operating cost expenditures and revenue assumptions. The project pre-tax NPV has increased to A\$705m from original A\$551m (up 28%).

The NPV has been calculated using project related costs only and does not consider Strandline’s corporate costs. The assets relating to the Coburn Project are owned 100% by Strandline and are in the process of being transferred to a newly formed, wholly owned special purpose project entity, named Coburn Resources Pty Limited. The Company has accumulated tax losses of A\$43 million, which will be used to offset against profit generated from the Project. The NPV valuation is measured from the forecast start of construction following Final Investment Decision (FID), currently assumed to be in October 2020.

As announced on 18 May-2020, an independent economic cost-benefit analysis was completed, which confirmed Coburn will provide a host of important social and economic benefits over its long mine life. 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, as well as WA’s state planning strategy 2050.

Few projects offer generational employment at the size and scale of the Coburn project. Coburn offers long term skilled jobs and educational opportunities, as well as a range of indigenous engagement and local enterprise opportunities. Peak workforce during construction is estimated to be over 300 people, with an average operational workforce during production of approximately 150 direct skilled workers.

For the communities in and around Shark Bay Shire, Coburn provides an opportunity to diversify and grow their economy. Where possible, labour and supplies will be sourced locally. For every direct job created by the project, more indirect jobs (typically up to 3 times the number of direct jobs) are created in the local economy as employees consume goods and services.

Table 3 DFS Financial Evaluation

| Category | Original DFS – Final Product Case (Apr-19) | Updated DFS – Final Product Case (Jun-20) |
|---|--|---|
| Mine Life | 22.5yrs | 22.5yrs |
| Tonnes Mined | 523Mt | 523Mt |
| Throughput | 23.4Mtpa | 23.4Mtpa |
| Capital Expenditure (Pre-production) | A\$257M | A\$260M |
| Revenue | A\$3.91B | A\$4.37B |
| Total Opex (C1) | A\$1.78B | A\$1.80B |
| Total All-in Sustaining Costs (AISC) | A\$2.04B | A\$2.08B |
| Revenue-to-operating cost (C1) ratio (RC) | 2.2 | 2.4 |
| Avg. annual C1 Cost | A\$360/t | A\$361/t |
| Avg. annual AISC (“A”) | A\$413/t | A\$418/t |
| Avg. annual Basket Price (“B”) | A\$792/t | A\$877/t |
| Avg. Cash Margin (B-A) | A\$379/t | A\$459/t |
| EBITDA | A\$1.93B | A\$2.35B |
| Avg. annual EBITDA | A\$86M | A\$104M |

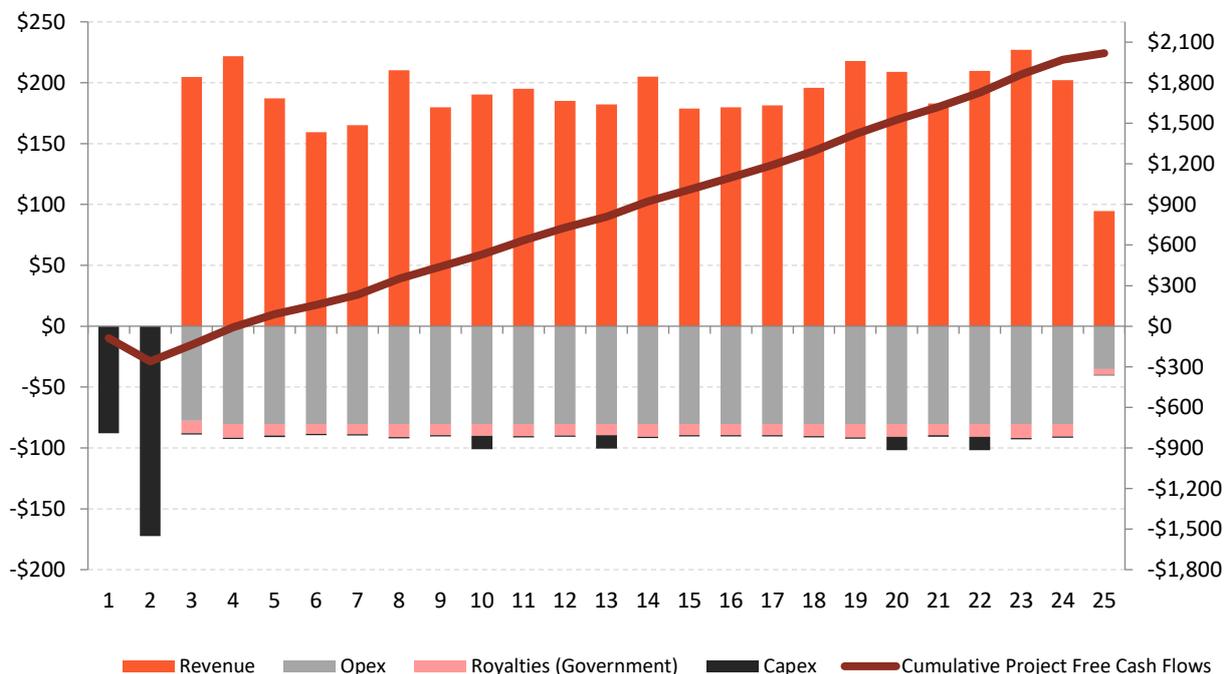


Figure 1 Coburn DFS Jun-20 Free Cash Flows (A\$ million) - Net cash flows are on a pre-tax, real, pre finance basis

The updated DFS has used TZMI’s February-2020 commodity price forecast dataset where relevant, together with the pricing structures contained in the recently announced offtake agreements, as the basis for determining the projected project revenue.

As per offtake terms, ilmenite sales are based on a fixed price per tonne for the initial five year term and revert to TZMI’s forecast chloride ilmenite price thereafter. Regarding rutile revenue, an appropriate quality adjustment, as determined by Strandline, has been applied to account for the 93% TiO₂ specification.

Table 4 Summary of TZMI’s Feb-2020 annual price forecast per product used in the Coburn Updated DFS (US\$/t FOB Real).

| Product | Unit | 2022 | 2023 | 2024 | 2025+ |
|-------------------|--------|-------|-------|-------|-------|
| Zircon | US\$/t | 1,480 | 1,540 | 1,529 | 1,495 |
| Rutile | US\$/t | 1,218 | 1,178 | 1,139 | 1,138 |
| Chloride Ilmenite | US\$/t | 260 | 280 | 283 | 274 |

MINERAL SANDS MARKET

Mineral Sands is a mature industrial mineral sector with increasing global demand driven by urbanisation, rising living standards, global growth and extensive array of applications. Supply is being restricted by mine closures, declining grades and depleting stockpiles. Demand growth is forecast to outpace supply and new projects are required to meet future demand.

Figure 2 shows TZMI’s latest forecast global zircon supply-demand balance through to 2035 (as published in Feb-2020). A structural supply gap is predicted to emerge from 2021 due to underlying demand for zircon increasing year-on-year at an average rate of 2.5-3.0% per annum and existing production decreasing at a rate of 5% year-on-year.

With a development decision looming, the Coburn project is extremely well placed to capitalise on the emerging supply deficit.

Coburn’s high-quality products of zircon, titanium and monazite containing rare earths are use in everyday life applications and classified as “Critical Minerals” that are vital to the economic well-being of the world’s major and emerging economies. Coburn’s homogeneous ore body characteristics, world-scale production volumes and longevity, means the project offers strategic relevance in a growing mineral sands sector.

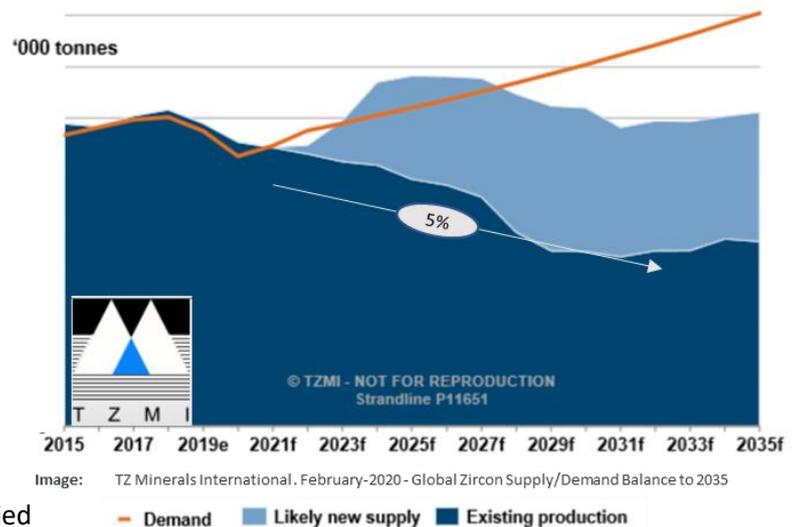


Figure 2 TZMI Feb-2020 - Global Zircon Supply/Demand Balance to 2035

| | | |
|--|--|--|
| <p>Zircon is typically sold into the European and Chinese ceramics markets where it is used in the production of ceramic items including kitchen benches, tiles and bathroom fittings. Zircon is also used in a range of production processes in refractories and foundry casting. Growing markets include zirconium chemicals used in catalytic fuel converters, and air and water purification systems.</p> | <p>Titanium minerals (ilmenite, rutile) are used in a diverse range of products. 80-90 per cent of the world titanium market involves the production of TiO₂, a white pigment used in the production of paint, ink and plastics, providing non-toxic UV protection. Smaller quantities of titanium are used in the production of titanium chemicals, titanium metal, welding rod electrodes and steelmaking.</p> | <p>Monazite minerals contains rare earth elements used in an ever-expanding range of high-tech consumer goods and low carbon technologies. Smart phones, televisions, computers, x-ray machines, cancer treatments, medical lasers, plastics, catalytic converters, fibre optics, rechargeable batteries, hybrid cars and wind turbines are just some of the products that use rare earths.</p> |
|--|--|--|

Figure 3 Salient information on heavy mineral sands products relevant to the Coburn Project

RESPONSIBLE MINING

The Coburn Project is predicated on an environmentally friendly, responsible mining operating philosophy. The shallow depth of the Coburn deposit allows it to be mined using conventional surface mining methods including bulldozers, excavators and trucks. The topsoil and subsoil (overburden) is removed and stockpiled separately to allow it to be progressively returned in correct order after the mining process. The ore is then removed from the ground. Water is added to the ore to allow it to be pumped to a processing plant where the valuable heavy minerals are separated from the sand. The sand is pumped back to the mined area, the water is removed for reuse and the sand is returned to the ground. The subsoil and topsoil are then replaced, and the land rehabilitated back to its original land use.

Rehabilitation is a critical part of the Coburn mining process. By progressively rehabilitating the mined area, the area of disturbance is minimised and the landscape is reformed generally within 2-3 years.

DFS SYNOPSIS

The main conclusions of the Coburn DFS are as follows:

- The DFS defines a realistic pathway to commercial production; confirming the ability to produce highly marketable zircon-titanium mineral products with first ore to processing plant in a nominal 18 month period
- JORC compliant Mineral Resources of 1.6Bt @ 1.2% total heavy mineral (THM), classified 119Mt (or 7%) Measured, 607Mt (or 38%) Indicated, and 880Mt Inferred (or 55%) provides the geological foundation for the project - ASX announcement 14 November 2018
- JORC compliant Ore Reserve of 523Mt grading 1.11% THM for ~5.8Mt of contained heavy mineral, underpins an initial mine life of 22.5 years at a mining rate of 23.4Mtpa - ASX announcement 16 April 2019
- Potential to further increase project Reserves and mine life by ~15 years (to 37.5 years) through conversion of resources extending north and along strike of the current Ore Reserves (refer “Extension Case” assessment)
- Mining study confirms a conventional open pit dry mining operation where free-dig unconsolidated sand is mined using heavy mobile equipment reporting material to Dozer Mining Units (DMU). The DMU prepares the ore for processing and the ore is pumped in a slurry form to the processing plant
- Bulk metallurgical testwork of representative samples, using full scale or scalable processing equipment, confirms conventional processing capable of producing high-quality products with exceptional pit-to-product recovery rates achieved within both concentrate and final product streams
- DFS confirms an efficient and modern process design capable of producing a high-grade saleable 95% HMC product from the WCP and final products through further processing by the MSP

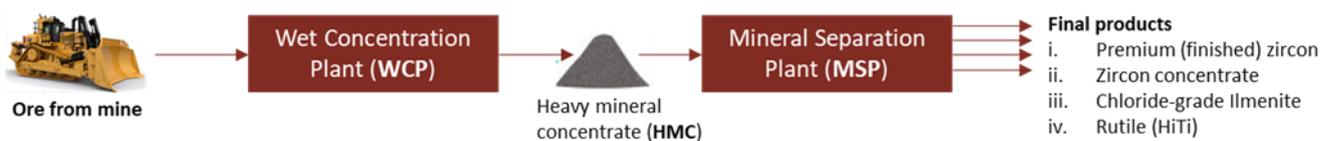


Figure 4 Coburn Project’s Basic WCP-MSP Block Diagram

- The WCP design utilises multiple stages of high-capacity gravity separation and classification to produce a HMC
- The HMC will then be processed in the MSP, using electrostatic separation, gravity and magnetic fractionation to produce four final products; comprising a **premium zircon product** (66% ZrO₂), **zircon concentrate product** (containing payable zircon, monazite and titanium minerals), **rutile product** (93% TiO₂) and a **chloride-grade ilmenite product** (62% TiO₂)



Figure 5 Image of proposed Wet Concentration Plant (WCP)



Figure 6 Image of propose Mineral separation plant (MSP)

- Average annual production of 34kt premium zircon, 54kt of zircon concentrate, 110kt chloride ilmenite and 24kt rutile; estimated to supply ~5% of global zircon market
- Engagement with leading global mineral sands consumers during the DFS confirms the saleability and strong market demand for Coburn’s products in both concentrate and final product form.
- **Binding offtake agreements have been secured** with major global consumers for 66% of revenue for the first 5-7 years, with further offtake pending
- Sand tails (including the coarse sands and slimes) from the WCP will be pumped to moveable tails stackers where the sand is separated from the lower density water and slime. The sand is deposited in the pit and the water and slime are returned for thickening and subsequent co-disposal in the pit amongst the sand
- The sand tails and slime material are then profiled and covered with stockpiled subsoils and topsoils to recreate the planned soil profile and final landform ready for **full rehabilitation**
- Products produced will be temporarily stored on site before being trucked on a continuous basis from the mine site to a dedicated staging facility located close to the Geraldton port, some 240km south
- **Product inventory will be shipped in bulk form from the existing port of Geraldton. Geraldton port is an established mineral sands export facility**, with licences already in place to handle Coburn’s suite of minerals
- Water for operations will be supplied by a combination of sources including in-pit water if present, recycled sand tailings and slimes return water and raw water top-up from a local bore field
- Power for the operation will be supplied from a purpose-built site power station operating on LNG (with diesel backup) with approximately 25% solar and battery (renewable) penetration
- Project personnel will reside in a permanent village on site, catering for a drive-in-drive-out workforce. Additional temporary accommodation will be added to account for the peak construction periods
- Other non-process infrastructure comprises product storage facilities, water treatment plant, waste management facilities, fuel storage and dispensary, water services, main 45km access road, site roads, laboratory, workshop, buildings, offices, mining compound and communications facilities
- The **project is a long life, multi decade operation and will generate a host of socio-economic benefits** including capital inflows to regional Australia, significant job creation, indigenous engagement, training and job diversity as well local business opportunities and community partnership programs
- **Key project development approvals are in place** (environmental, native title, heritage and mining licences) and the project is considered development-ready pending finalisation of project financing
- The project overlays two pastoral leases, Coburn and Hamelin. **The Coburn Pastoral lease is 100% owned by Strandline, which covers the first 20 years of Ore Reserves.** The Hamelin Pastoral Lease, to the immediate north, is managed by others

- The project is co-located across two native title claims, the Nanda Native Title Claim and the Malgana Native Title Claim. **The Company has entered into appropriate formal agreements with the Native title holders**
- The updated DFS confirms a pre-tax (real) **NPV⁸ of A\$705 million** and **IRR% of 37%**
- Total capital expenditure is estimated to be A\$260 million with first ore delivered to process facilities ~78 weeks after project development commences

MINE LIFE EXTENSION CASE – SCOPING STUDY FINDINGS

Potential exists to further increase project reserves, mine life and returns, through further economic evaluation of resources extending north and along strike of the DFS Ore Reserves. A **Scoping Study** assessment of Amy South Indicated and Inferred material, titled “**Extension Case**”, was undertaken concurrently with the DFS.

The purpose of the Scoping Study was to ascertain the financial benefits of a longer mine life by scheduling production targets from the JORC-compliant (2012) Indicated (7Mt @ 1.1% THM) and Inferred (702Mt @ 1.2% THM) Mineral Resources. The Mineral Resources lie north and directly adjacent to the current granted Mining and Retention Licences and are interpreted to represent the strike continuation of the same body of mineralisation currently defined by the DFS Ore Reserves.

Mining, processing costs, metallurgical recoveries, product pricing from the DFS Final Products Case have been applied to the Mineral Resources used as the basis for this Scoping Study. This is considered appropriate with the production targets forming an extension to the DFS Ore Reserves.

The production targets are scheduled from year 23 when the current DFS Ore Reserves are depleted and additional feed is required. The **Extension Case adds 15 years of production to the mine life** (total 37.5 LOM).

The Extension Case confirms the potential to generate an **additional A\$3.58b of project revenue**, resulting in a total project revenue when added to the DFS Final Products Case of A\$7.94b. Extension Case, when integrated with the DFS Final Products Case, shows a **pre-tax NPV⁸ of A\$825m** and total project EBITDA of A\$4.54b.

Key financial outcomes of the Extension Case Scoping Study include:

Table 5 Coburn Extension Case Scoping Study Financial Evaluation

| Description | Extension Case | Extension Case integrated with updated DFS |
|---------------------------------------|----------------|--|
| Mine Life | 15 years | 37.5 |
| Mine Plan (Year) | 22.5 to 37.5 | 1 to 37.5 |
| Production (Ore Mined) | 353.4Mt | 876.8Mt |
| Annual Production Rate (Steady State) | 23.4Mt | 23.4Mt |
| NPV (8% WACC, Real, Pre Tax, no debt) | - | A\$825m |
| IRR | - | 35.0% |
| LOM Revenue | A\$3,576M | A7,941M |
| LOM OPEX C1 Costs inc transport | A\$1,207M | A\$3,004M |
| LOM All-in Sustaining Costs (AISC) | A\$1,412M | A\$3,493M |
| LOM EBITDA | A\$2,190M | A\$4,539M |

The Extension Case Scoping Study has lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result the production target itself will be realised.

The stated production target is based on the Company’s current expectation of future results or events and should not be solely relied upon by Investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

PROJECT RISKS AND OPPORTUNITIES

As an integral part of the DFS and subsequent optimisation activities, key project risks have been assessed to understand the material risks and opportunities associated with developing the Coburn Project. This process is critical to the Company's ongoing risk management and supports strategic and operational decision making.

The risk assessment indicates that while the Project has sound fundamental characteristics across all aspects, there remain several material risks that relate specifically to mining and processing complexity and controlling operating costs and efficiencies. The assessment also confirms the rigour of management activities undertaken on the project to date.

The key risks include:

- Delays in securing project capital funding or final project construction permits
- An increase in working capital or pre-production expenditure resulting in top-up funding being required
- Negative movements in commodity prices
- Performance of delivery partners across key performance indicators of quality, schedule, cost and safety
- Process performance relating to plant throughput, recovery, grade and specification.

Treatment strategies and controls were identified and considered reasonable and effective to reduce the residual risks to an acceptable level suitable for project development. These strategies and controls have been incorporated into the final implementation and management plans for the Project.

Potential opportunities to further enhance the Project were also identified and these will be subject to review as the Project develops and throughout the operations phase.

The key opportunities include:

- Further optimising the mine pits during production as planning and technology improves, thus expanding mineral resource that can be mined profitably
- Upgrade Inferred resources (728Mt) to Measured-Indicated resources and convert to economic Ore Reserves, adding to project mine life (+15 years) and financial returns (refer Scoping Study Extension Case)
- Improve regional conservation and research activity in the Gascoyne region through effective conservation programs, sustainable practices and enhancing the projects contribution to regional benefit
- Positive movement in commodity prices above forecast
- Empowering the aboriginal and local communities to prosper from the project through career development, business improvement and partnership programs through the life of the project
- Implement semi-autonomous dozing technology and critical modelling of the cell extraction sequence to improve on DFS assumed mining productivity, fleet management and operating cost, by further optimising every dozer push and maximizing field operation time per day
- Transferring some major capital items into operating cost items, under a build-own-operate-maintain commercial model, for the DMU equipment or permanent village
- Use of existing storage infrastructure at Narngulu or the port (also eliminating staging) resulting in a reduction in Mine-to-ship logistics cost
- Refurbished second-hand plant, such as the village facilities

NEXT STEPS

Project financing and pre-execution activities to follow the DFS include:

- Finalise offtake sales contracts for the rutile product and remaining premium finished zircon
- Award major construction contracts in readiness for construction

Coburn Project – Updated Definitive Feasibility Study

- Award major operations contracts including contract mining and power supply
- Secure debt and equity funding for project development
- Progress early works activities necessary to protect the project critical path, including site establishment, stakeholder engagement and maintain project approvals ready for construction
- Achieve Final Investment Decision and commence execution of the project

For more information on the Coburn mineral sands project, including details of the material assumptions underpinning the production target and financial results for the Coburn Project original DFS, Ore Reserve and Mine Life Extension Case Scoping Study, refer to the ASX Announcement dated 16 April 2019.

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

COBURN JORC RESOURCES AND RESERVES

Coburn's JORC-compliant mineral resource estimate and ore reserves are summarised in the tables below.

Table 6 Coburn Project JORC 2012 Global Mineral Resources – Amy South and Amy North

| Resource Category | Ore ⁽¹⁾ | | | Valuable HM Grade (In-Situ) ⁽²⁾ | | | | | |
|-------------------|--------------------|------------------|------------|--|------------|------------|---------------|------------|--------------|
| | Material (Mt) | In situ THM (Mt) | THM (%) | Ilmenite (%) | Rutile (%) | Zircon (%) | Leucoxene (%) | Slimes (%) | Oversize (%) |
| Measured | 119 | 1.5 | 1.3 | 45 | 5 | 24 | 6 | 3 | 6 |
| Indicated | 607 | 7.7 | 1.3 | 48 | 7 | 22 | 5 | 3 | 3 |
| Inferred | 880 | 10.4 | 1.2 | 49 | 7 | 21 | 4 | 3 | 1 |
| Total | 1606 | 19.6 | 1.2 | 48 | 7 | 22 | 5 | 3 | 2 |

Notes:

1. Mineral Resources reported at a cut-off grade of 0.8% THM
2. Valuable Mineral assemblage is reported as a percentage of in situ THM content
3. Appropriate rounding applied

Table 7 Coburn Project JORC 2012 Ore Reserve Statement April 2019

| ORE RESERVES SUMMARY FOR COBURN PROJECT | | | | |
|---|--------------------------|------------|-----------------|-------------|
| Deposit | Reserve Category | Ore | Heavy Mineral | |
| | | (Mt) | In Situ HM (Mt) | THM (%) |
| Coburn - Amy South | Proved | 106 | 1.16 | 1.10 |
| Coburn - Amy South | Probable | 417 | 4.66 | 1.12 |
| | Total¹ | 523 | 5.83 | 1.11 |

Notes:

1. Total may deviate from the arithmetic sum due to rounding

MINERAL SANDS COMPETENT PERSON'S STATEMENTS

Coburn Mineral Resources

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the provision of the drill database, and completed the site inspection. Mr Jones is the Competent Person for the data integration and resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Coburn Ore Reserves

The information in this report that relates to the Coburn Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to this report are identified in Table 5 (ASX announcement 16 Apr-2019) together with their area of contribution.

Scoping Study Production Targets (No ore reserves declared)

The information in this report that relates to the Mine Extension Case Scoping Study is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the production targets are drawn from contributions provided by various sources as stated in the Coburn Ore Reserve announcement dated 16 Apr-2019.

FORWARD LOOKING STATEMENTS

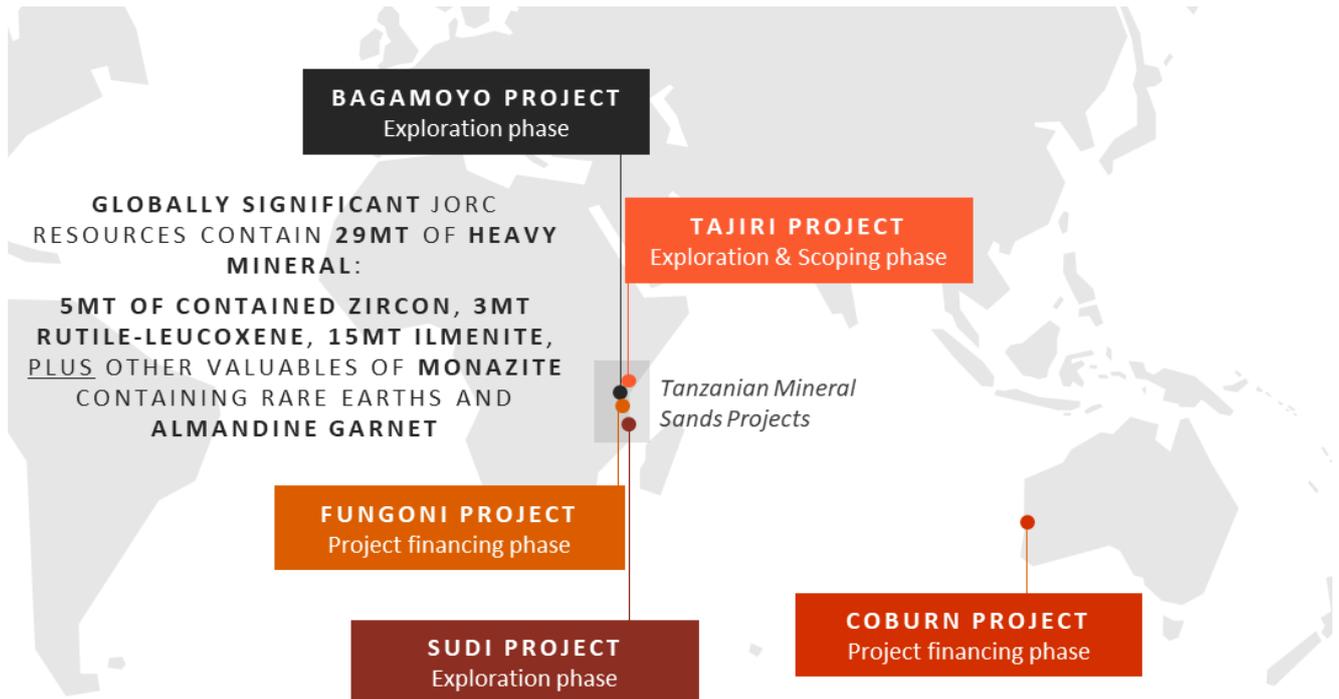
This report contains certain forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside of the control of Strandline. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, 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.

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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