



COBURN WET CONCENTRATOR ALMOST BUILT, PRODUCTION TO COMMENCE NEXT QUARTER

WCP and power station substantially complete; Priority now shifting to piping and electrical fit-out in preparation for commissioning

HIGHLIGHTS

- **Rapid construction of Wet Concentration Plant (WCP) and supporting infrastructure ensures Coburn remains on track for production of Heavy Mineral Concentrate (HMC) in Q4 2022**
- **Commissioning of WCP to commence later this month; Operations readiness activities also advancing rapidly including preparations for HMC shipment**
- **Coburn's mineral sands product pricing running ~35% above feasibility study assumptions**
- **Mining pre-strip of open pits now underway with all dozer mining units ready to be moved to first mining position**

Strandline Resources Limited (ASX: STA) is pleased to advise that it is set to achieve first production and cashflow from its Coburn mineral sands project in Western Australia in the December quarter following rapid progress in the construction of the WCP and supporting infrastructure.

Structural and mechanical construction of the WCP and power station is substantially complete, with priorities now shifting to installation of in-plant piping, electrical equipment and bore headworks in preparation for commencement of commissioning.

Final construction of other critical supporting infrastructure, including water services, electrical reticulation, communications interconnections, and site offices and buildings, is also underway.

Coburn WCP is designed to beneficiate heavy minerals (ilmenite, rutile, zircon and monazite) and reject the non-valuable, lighter minerals through multiple stages of high-capacity gravity separation and classification.

Several shipments of the rich HMC produced from the WCP will be sold to market while construction of Mineral Separation Plant (MSP) is finalised.

This strategy will accelerate project cashflow and further de-risk the overall project ramp-up.

Once the MSP is ready, HMC will then be transported to the MSP for further processing to produce Coburn's premium-quality final products, including chloride ilmenite, rutile, premium zircon and zircon concentrate.

Pre-stripping of open mining pits has commenced ahead of schedule and is planned to ramp up over the coming months. Three dozer mining units are assembled and ready to be moved into position and commissioned for mining first ore.

Operations planning continues to accelerate, with key focus on assembling a highly skilled and diverse workforce and to finalise the development of operations and maintenance procedures and training packs.

Strandline Managing Director Luke Graham said the company is on the cusp of production and cashflow.

"Coburn construction continues to progress rapidly and safely," Mr Graham said.



“This week the project achieved over 500,000 hours free from serious injury and harm, with zero lost time injury and medical treatment injury reported to date.

“All of Coburn’s initial production is covered by binding sales contracts with some of the world’s largest consumers, with ~80% (in terms of revenue) being sold into the US and Europe and ~20% to Asia.

“There is a supply shortage of Strandline’s critical minerals through a lack of investment in recent years, mine closures, and declining grades of existing mines. Combine this with strong underlying demand and the sector is experiencing a very tight market.

“We can see this in the recent market prices of our products, which are running about ~35 per cent higher than the pricing assumptions used in the Coburn DFS two years ago.

“And Strandline is already studying plans to potentially expand Coburn and increase its production rate by up to 50 per cent.

“The production increase would be aimed at enabling Coburn to capitalise further on its world-class resource, long mine life, higher mineral sands prices and strong demand for offtake.

“Any expansion is expected to be funded out of future Coburn cashflow and leverage significantly off Coburn’s infrastructure, especially the inherent design capacity within the processing plant.”

With Coburn construction reaching peak activity and personnel numbers on site, the Company continues to focus on managing the various risk factors associated with development of the project. This includes HSE risks, potential impacts of COVID-19, inclement weather, contractor performance and contractual claims. The capital expenditure (Capex) forecast to complete the project, including an assessment of contractual claims received to date, is regularly evaluated by the Company’s technical, financial and legal experts. The project forecast remains in line with the overall Capex budget.



Figure 1 Construction of Coburn’s Wet Concentration Plant progressing rapidly



Figure 2 Development of Coburn's open pit mine has commenced. Dozer Mining Units ready to be moved into position



Figure 3 Construction of hybrid power station, MSP and supporting infrastructure advancing strongly in parallel with WCP

ABOUT COBURN MINERAL SANDS PROJECT

In May 2021 Strandline made a Final Investment Decision (FID) to proceed with the full development of its world-scale Coburn mineral sands project, located in the Gascoyne region of Western Australia. The construction schedule has first production of HMC planned for the December quarter of 2022.

The Coburn project is set to capitalise on its robust margins, the buoyant minerals sands commodity pricing outlook, its tier-1 location, and the growing demand for critical minerals.

The Coburn mine life currently sees mining continue until 2045 (based on mining the initial 22.5-year JORC 2012 compliant Ore Reserves), with the potential to extend to 2060 (total 37.5 years mine life) by converting Mineral Resources which exist immediately north and along strike of existing Ore Reserves.

The FID was supported by the updated Definitive Feasibility Study (**DFS**), released in mid-2020, which confirmed robust economics for the project over an initial 22.5-year life, including:

- Pre-tax NPV of A\$705m (AUD: USD 0.70, 8% DCF discount rate)
- High margin revenue-to-operating cost (C1) ratio of 2.4
- Projected revenue for the initial 22.5 years of Ore Reserves of A\$4.4b
- Average annual EBITDA of A\$104m and +50% EBITDA margin
- Fully funded to production and cash flow by a combination of 15-year A\$150m NAIF¹ loan alongside a 5-year US\$60m Bond Issue, and equity proceeds
- Binding offtakes secured for 100% of Coburn’s initial production with a diverse group of top-tier customers

Table 1 Coburn updated DFS and Scoping Study Extension Case Financial Evaluation

Category	Updated DFS – Final Product Case (Jun-20)	Scoping Study Extension Case integrated with updated DFS (Jun-20)
Mine Life	22.5yrs	37.5yrs
Tonnes Mined	523Mt	876.8Mt
Throughput	23.4Mtpa	23.4Mtpa
Capital Expenditure (Pre-production)	A\$260M	A\$260M
Revenue	A\$4.37B	A\$7.94B
Total Opex (C1)	A\$1.80B	A\$3.00B
Total All-in Sustaining Costs (AISC)	A\$2.08B	A\$3.50B
Revenue-to-operating cost (C1) ratio (RC)	2.4	2.6
NPV (pre-tax, real, no debt, 8% DCF discount Rate)	A\$705M	A\$825M
EBITDA	A\$2.35B	A\$4.54B
Avg. annual EBITDA	A\$104M	A\$121M

Strandline is committed to building a highly efficient and sustainable mining operation. The project provides significant public benefit including job creation, high Australian industry participation in the supply chain, new local business and indigenous engagement opportunities, as well as capital inflows for Australia.

Refer to the ASX Announcement dated 10 June 2020 for more information on the Coburn mineral sands project and 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 material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies, continue to apply and have not materially changed.

This announcement is authorised for release by the Strandline Resources Board of Directors.

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¹ The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government lending facility to finance projects to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment. (<http://www.naif.gov.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.

ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging producer of heavy mineral sands with a portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in East Africa.

Strandline's strategy is to develop and operate high margin, expandable mining assets with market differentiation and global relevance in the sector.

Strandline's project portfolio contains high quality assets which offer a range of development options and timelines, geographic diversity and scalability. They include the world-scale Coburn Project in WA, currently under construction, and the exciting Tanzanian growth projects Fungoni and Tajiri.



Figure 4 Strandline's Global Mineral Sands Exploration and Development Projects