



STRANDLINE AGREES TO SELL TANZANIAN MINERAL SANDS ASSETS

Proceeds will reduce debt and boost liquidity

HIGHLIGHTS

- **Strandline has agreed to sell its Tanzanian mineral sands projects (ownership: Strandline 84%, Government of Tanzania 16%) (Tanzanian Projects) to a subsidiary of Shenghe Resources Holding Co., Ltd (Shenghe). Shenghe is:**
 - a leading rare earths and mineral sands developer, miner and processor
 - listed on the Shanghai Stock Exchange; and
 - invested in multiple projects globally, including in the US, Europe and Australia.
- **Strandline will receive total consideration of ~A\$43 million split between:**
 - ~A\$27.2 million for the sale of its shares in the Tanzanian Projects; and
 - ~A\$15.8 million for the assignment of the inter-company loans Strandline has provided to fund its Tanzanian Projects
- **The completion of the sale of the Tanzanian Projects is subject to numerous conditions precedent including:**
 - obtaining all necessary regulatory and government approvals, including Tanzanian and Chinese government approvals (see Annexure 1 for further information); and
 - there being no material adverse change, including (but not limited to) a material breach of a warranty provided by Strandline or the licences for its Tanzanian projects being revoked. .
- **Consideration received will be applied to repay existing super senior indebtedness and for working capital**
- **Strandline notes it is in active discussions with its financiers to ensure maximum liquidity is retained within Strandline**



Strandline Managing Director Jozsef Patarica said: *“This sale agreement is a very positive outcome for all parties and I would like to thank everyone involved for their hard work in getting the transaction to this point.*

“Strandline believes this will be a real win for Shenghe and Tanzania given Shenghe’s intention to fast-track the development of the Tanzanian Projects. It will also provide important liquidity to Strandline as it continues to ramp up its flagship Coburn project in Western Australia.

“We would also like to thank the Government of Tanzania which continues to provide extensive support for Strandline and Shenghe as all parties work toward completion of the sale and the accelerated development of the Tanzanian Projects”.

Subject to satisfying the conditions summarised in Annexure 1, according to the Share Purchase Agreement executed by the parties, Shenghe will pay Strandline a total transaction consideration of A\$43 million, of which A\$27.2 million will be for the sale of Strandline’s shares in the Tanzanian Projects and A\$15.8 million will be for the assignment to Shenghe of Strandline’s various inter-company loans to the Tanzanian Projects.

Background on Shenghe

The purchaser (Ganzhou Chenguang Rare Earths New Material Co, Ltd) is a subsidiary of Shenghe, a company incorporated in the People’s Republic of China and listed on the Shanghai Stock Exchange (market cap of ~US\$2.5bn as at the date of this announcement), and a leading rare earths and mineral sands developer, miner and processor.

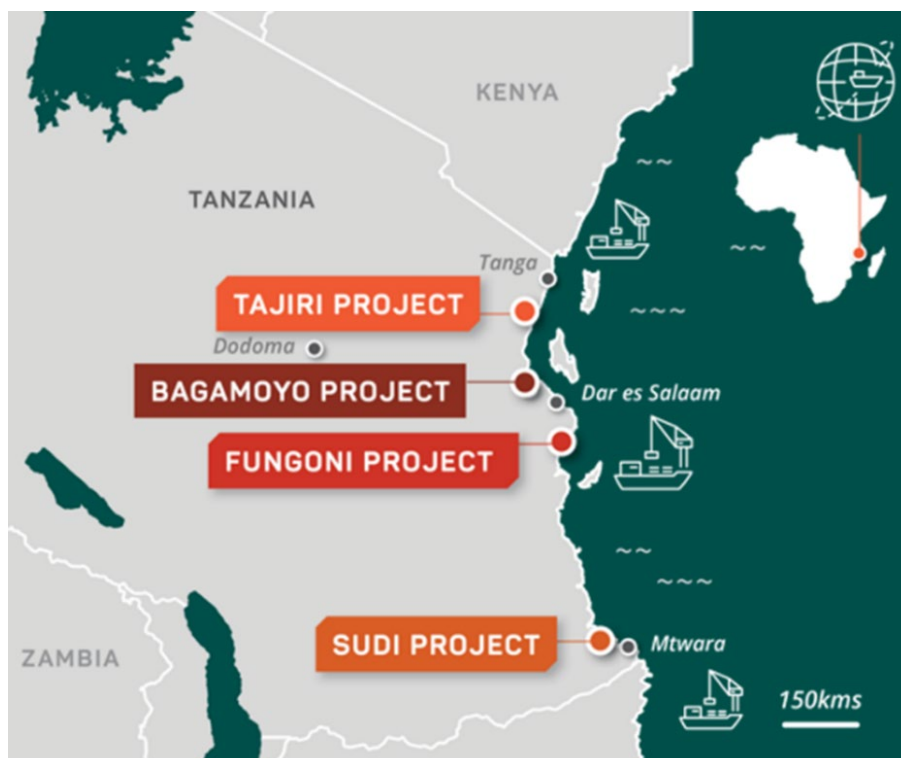


Figure 1: Strandline Tanzanian mineral sands projects’ location map

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“A\$” in this announcement means Australian dollars, the lawful currency of Australia

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements and comments about future events, including statements about Strandline’s expectations about the financial and operating performance of its business. Forward looking statements can generally be identified by the use of forward looking words including (without limitation) words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved.

A number of important factors could cause Strandline’s actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including (without limitation) the Australian and global economic environment and capital market conditions, with many of these factors being beyond Strandline’s control. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Forward looking statements involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Strandline. The forward-looking statements are based on information available to the Company as at the date of this announcement. Circumstances may change and the contents of this announcement may become out-dated as a result. As such, you are cautioned not to place any reliance on any forward looking statement.

ABOUT STRANDLINE

Strandline Resources Limited (ASX: STA) is an emerging producer of critical minerals with a portfolio of 100%-owned development assets located in Western Australia.

ANNEXURE 1

Conditions Precedent to the Sale of the Tanzanian Projects

- No breach of warranties
- No material adverse change, including (but not limited to) a material breach of a warranty provided by Strandline or the licences for its Tanzanian projects being revoked
- Regulatory approvals in China
- Approval from the Tanzanian Fair Competition Commission (FCC)
- Confirmation from the Government of Tanzania that the Fungoni Project remains valid
- Discharge of security by Strandline's secured lenders in respect of the assets to be sold

If any condition precedent (other than the FCC approval) to the Share Purchase Agreement is not fulfilled (or waived) by 30 June 2024 (which can be extended by mutual agreement for 3 months) either party must notify the other, and if alternative methods for the transaction cannot be agreed upon within the following 20 business days, the parties may terminate the Share Purchase Agreement. If the only condition precedent that has not been fulfilled (or waived) by 30 June 2024 is the FCC approval, the parties will have until 30 September 2024 for it to be fulfilled.