

ASX ANNOUNCEMENT

Coburn Mineral Sands Project

Binding Offtake Agreement

02 July 2020



STRANDLINE
resources limited

Strandline signs another binding sales contract for Coburn mineral sands project in WA

Agreement with European zircon consumer means Strandline has now secured more than 70% of the project's forecast revenue for the first five years of production

HIGHLIGHTS

- Strandline secures binding offtake agreement for premium zircon product for a five-year term
- The agreement is with Chilches Materials S.A., a world-leader in providing products for the ceramics, glass, refractory and investment casting industries
- Sale price for the zircon references the prevailing US-dollar market price for premium "ceramic grade" zircon
- With the existing sales agreements, Strandline now has ~72% of Coburn's forecast revenue secured
- Agreement follows last week's investment decision by the Northern Australia Infrastructure Facility (NAIF) to provide a A\$150m loan facility for the development of Coburn
- Offtake negotiations for Coburn's remaining revenue streams are advancing well, including 24,000 tonnes pa of rutile and the balance of premium finished zircon

Strandline Resources (ASX: STA) is pleased to announce that it has taken another important step towards bringing its Coburn mineral sands project into production, securing a binding offtake agreement (**Agreement**) for ~7,000 tonnes per annum of the premium (finished) zircon product for the first five years of production.

The Agreement is with European-based Chilches Materials S.A. (**Chilches**), a world-leader in providing products for the ceramics, glass, refractory and investment casting markets.

The zircon sales covered by the Agreement are expected to generate approximately 6-8 per cent of Coburn's forecast total revenue. The Agreement is subject to conditions precedent regarding the development of the Project.

With the previously announced agreements (see ASX releases dated 20 April 2020), Strandline now has ~72 per cent of Coburn's forecast revenue secured via binding offtake contracts.

The existing agreements have a forecast combined value of circa US\$475m (A\$680m at USD: AUD 0.70) over five years, based on the pricing structures contained in the agreements and commodity price forecast assumptions contained in the Coburn updated DFS (see ASX release dated 4 June 2020).

The remaining Project revenue is expected to be from the balance of premium finished zircon and rutile product (representing ~28% of forecast revenue). Offtake agreements for these remaining products are advancing well.

Coburn’s forecast average annual production of premium finished zircon is 34,000 tonnes. The zircon quality has been confirmed as a ceramic-grade specification (containing +66% ZrO₂, good whiteness properties with low impurities) and will be used by Chilches in the production of high quality ceramic opacifiers and in premium refractory applications.

This announcement follows the recent investment decision by the Northern Australia Infrastructure Facility (NAIF) to provide a A\$150 million loan facility for the development of the Coburn project (see ASX release dated 22 June 2020).

The NAIF facility accounts for a major share of Coburn’s capital requirement of A\$260 million (excluding financing costs). The Company is now moving to finalise the balance of Coburn’s funding requirement.

Strandline Managing Director Luke Graham said the signing of another long-term offtake agreement with an industry leader provides further endorsement of Coburn and the high quality of its mineral sands products.

“With over 70 per cent of the project’s revenue now underwritten by binding sales contracts with major customers and a significant portion of the development funding secured via the NAIF loan, Strandline is advancing strongly towards development of this world-class project,” Mr Graham said.

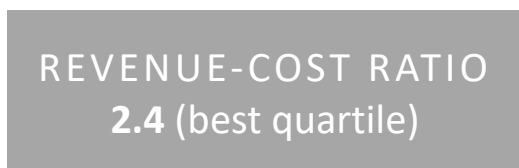
ABOUT THE COBURN PROJECT

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.

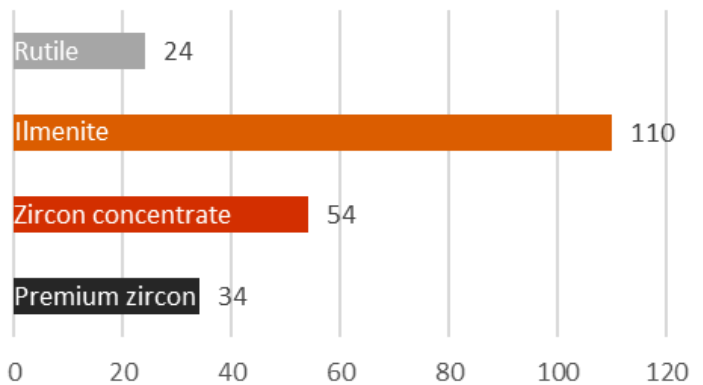
Strandline recently completed an updated Definitive Feasibility Study (DFS) on Coburn (see release dated 4 June 2020), confirming the project will generate strong financial returns over a long life. High margin long-term cash flows are the result of low operating costs and an exceptional, high-value zircon and titanium product suite.

The Coburn DFS key financial metrics are shown below:

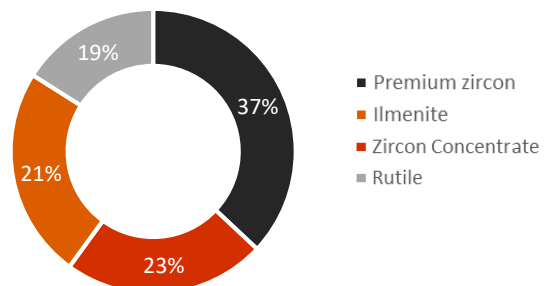
UPDATED DFS FINANCIAL SUMMARY



PRODUCTION BY PRODUCT (KTPA)



REVENUE BY PRODUCT (%)



OTHER SALIENT POINTS

- Coburn to provide **significant socio-economic benefits, indigenous and local content 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 Ti chloride feedstock market
- **Binding offtakes signed** with major global consumers for ~72% of revenue for the first 5-7 years
- **Capital-efficient** development compared with industry peers; A\$260m capital expenditure which includes MSP infrastructure (excludes financing costs)
- **Large homogenous JORC-compliant Reserve** of 523Mt @ 1.11% THM underpins an initial 22.5-year LOM
- **Conventional** open pit dry mining in free-dig sand with progressive backfill and **full rehabilitation**
- **Low strip ratio** averaging 0.7; extremely **low slimes** and oversize; **coarse mineral particle size**
- Proven processing technology capable of **high mineral recoveries**
- **First production of HMC within 18 months** from project commencement
- 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
- Construction contracts being awarded; **final development decision as soon as possible during 2020**

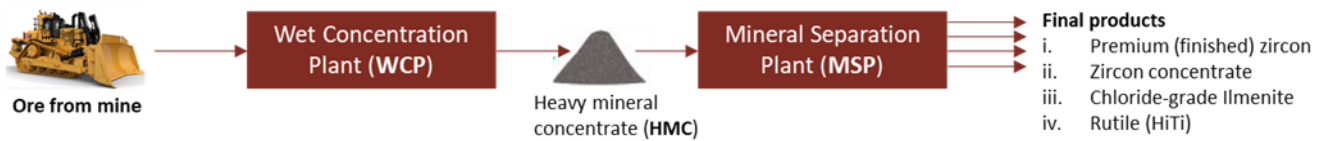


Figure 1 Coburn Project’s Basic WCP-MSP Block Diagram



Figure 2 Image of proposed Wet Concentration Plant (WCP)



Figure 3 Image of propose Mineral separation plant (MSP)

For more information on the Coburn mineral sands project refer to the ASX Announcement dated 4 June 2020 (**updated DFS**), which includes details of the material assumptions underpinning the production target and financial results.

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 Board of Directors of Strandline Resources Limited.

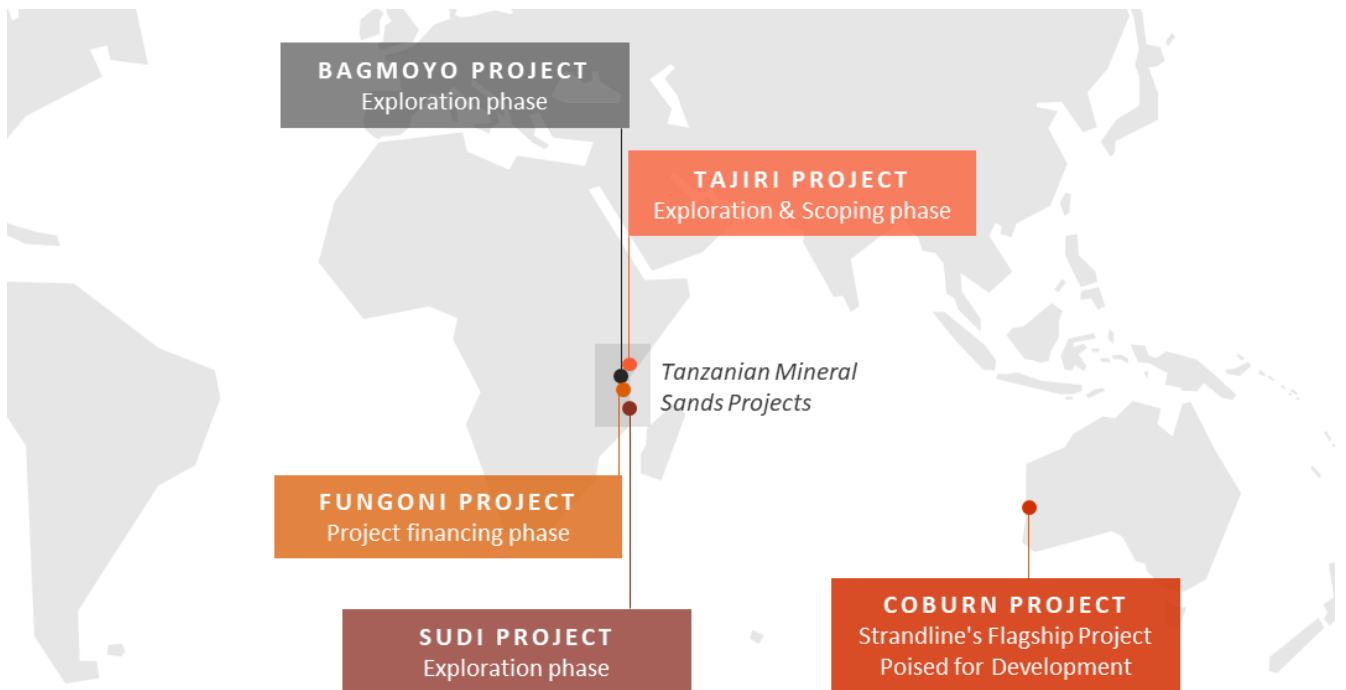


ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging heavy mineral sands developer 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.

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 large Coburn Project in Western Australia and the Fungoni Project in central Tanzania, as well as a series of titanium dominated exploration projects spread along the highly prospective Tanzanian coastline, including the advanced and large scale Tajiri Project in northern Tanzania.



GLOBALLY SIGNIFICANT JORC RESOURCES CONTAINING 29MT OF HEAVY MINERAL: 5MT OF CONTAINED ZIRCON, 3MT RUTILE-LEUCOXENE, 15MT ILMENITE, PLUS OTHER VALUABLES OF MONAZITE CONTAINING RARE EARTHS AND ALMANDINE GARNET

Authorised for release by:

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FORWARD LOOKING STATEMENTS

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