



EXISTING BONDHOLDERS PROVIDE ADDITIONAL A\$20M LOAN FACILITY

Strandline Resources Limited (ASX: STA) (“Strandline” or the “Company”) advises that a group of the Company’s existing Nordic Bondholders have agreed to provide an additional debt facility of up to A\$20 million, with drawdowns subject to certain conditions.

KEY POINTS

- **Super senior finance facility agreed for up to A\$20M.**
- **A\$10M of the new facility drawn 8 March 2024.**
- **Two A\$5M tranches which may be drawn down subject to certain conditions.**
- **In addition to the new facility, Strandline has agreed with its financiers (NAIF, National Australia Bank and Nordic Bondholders) to extend the standstill arrangement on certain interest payments and near-term repayments and covenant waivers, subject to certain conditions.**

Strandline is pleased to announce additional interim liquidity support through a super senior finance facility for up to A\$20M that is being provided by certain holders of the Nordic Bonds. These funds will be used to fund working capital and towards the objective of achieving nameplate capacity for the production of heavy mineral concentrate at the wet concentrator plant.

Strandline Managing Director Jozsef Patarica said, “We are making solid progress delivering our strategy to improve the operational and financial results at our Coburn mineral sands project in WA.

To continue this progress we need additional liquidity in the Company and we are pleased to have the ongoing support of the lender group to establish this super senior finance facility (which is provided by certain of our Nordic Bondholders) for up to A\$20 million. Of this A\$20 million, A\$10 million has now been received, and two further tranches of A\$5 million each are able to be drawn down in the future subject to certain conditions (refer to annexure A).

On behalf of the Board, I wish to acknowledge our appreciation for the hard work undertaken by the Strandline team to improve our operating performance at Coburn. The ongoing support of our lenders in advancing further funding is reflective of the significant progress made by the Strandline team. We thank the lenders for their support.”

Standstill and Deferral

The standstill and deferral arrangement agreed between the Company and its financiers in December 2023 remains in place and is part of the additional interim funding that is being agreed with certain holders of the Nordic Bonds. The near-term interest payment obligations and principal repayment obligations have been extended until 30 June 2024. Financial covenant relief has also been provided for a further 12 months (in relation to the Debt Service Cover Ratio, Loan Life Cover Ratio and Reserve Tail Ratio, subject to the Company and its subsidiaries complying with new minimum liquidity, minimum monthly product sales and minimum average monthly product pricing financial covenants during the 12 month period).



The Company is working with its financiers and other key stakeholders towards agreeing a holistic recapitalisation of the Company in the quarter ending June 2024.

Amendment to Managing Director's remuneration

Recognising that the retention of critical executives is crucial to achieving the Company's ongoing business improvement objectives, and in recognition of achievements to date, the Board has negotiated certain retention arrangements with key executives including its Managing Director, Jozsef Patarica. The importance of such retention arrangements for critical executives was recognised within the terms of the new A\$20m loan facility.

Under these arrangements, Mr Patarica will receive retention payments of \$65,000 per month for a duration of 6 months, commencing from 1 February 2024, with clawback arrangements in place if Mr Patarica leaves employment within 6 months. In addition, Mr Patarica will upon full repayment of the Super Senior Facility amounts (including interest and fees) to NAIF and the Bondholders, receive a cash bonus of \$750,000 subject to clawback provisions if Mr Patarica resigns within 12 months of the payment. These payments are in lieu of Mr Patarica's STIP and LTIP arrangements included in his original employment contract.

Operational and funding requirements being reviewed

Work is continuing on the review of the operations and corresponding funding requirements. Given discussions with lenders in relation to the impact these changes may have on the Company are ongoing, the Board believes it is in the best interests of shareholders that the Company's shares remain suspended at this time. The Company will keep shareholders informed as material information comes to hand.

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

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ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging producer of heavy mineral sands with a portfolio of 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 and the exciting Tanzanian growth projects including Fungoni and Tajiri.

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 are only predictions and are subject to risks, uncertainties and assumptions which are outside of the control of Strandline. 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. These risks, uncertainties and assumptions include (without limitation) 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. 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. Forward looking statements involve inherent risks and uncertainties, both general and specific and many of which are outside the control of Strandline, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. 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.

ANNEXURE A - KEY TERMS OF SUPER SENIOR SECURED FACILITY

Borrower	Coburn Resources Pty Ltd
Guarantors	Strandline Resources Limited and Strandline UK Limited
Facility Amount	\$20 million drawn in three tranches of Facility A of \$10 million (already drawn) and two further tranches of \$5 million
Term	Up to 12 months from financial close of 8 March 2024 with compulsory paydown on certain events including equity raising and asset sales
Amortisation	Full repayment at the end of the 12 month term subject to any mandatory repayment events
Warrants	Lenders to be issued with warrants, quantity to be determined as per below
Key Conditions to Draw- Facility B	<ul style="list-style-type: none"> - Cash liquidity level is less than \$5 million and weekly cashflow forecast is tracking against forecasts - Satisfactory progress towards equity raise or asset sales - Lenders being satisfied with production volumes and quality - No Material Adverse Events - Other customary conditions
Key Conditions to Draw – Facility C	<ul style="list-style-type: none"> - Cash liquidity level is less than \$5 million and weekly cashflow forecast is tracking against forecasts - Satisfactory progress towards equity raise or asset sales - Minimum production volumes, sales volumes and product quality are met including that total receipts of shipments from 1 March 2024 to 31 May 2024 is no less than \$25 million - NAIF agreeing to advance its remaining \$5m tranche - Not to be drawn prior to 31 May 2024 - No Material Adverse Events - Other customary conditions
Financial Covenants	<ul style="list-style-type: none"> - Minimum cash liquidity - Minimum production volumes - Minimum average price for product sales
Security	Super senior to current secured debt and unsecured debt and pari passu with NAIF's \$15 million facility C2

Warrant Key Terms

Number of Warrants	<p>The number of warrants is to be determined based on a Black-Scholes valuation of the warrants at the price at which Strandline undertakes an equity raising in the future with the aggregate warrants reference amount being \$1.3 million. Namely, the number of warrants to be issued in aggregate will be \$1.3 million divided by the Black-Scholes valuation referred to above. The first tranche of warrants will be such number as may legally be permitted to be issued (including under the Listing Rules). The second tranche of warrants will be subject to shareholder approval and no objection from the Foreign Investment Review Board (if required).</p> <p><u>The following are some example scenarios showing the number of warrants that would be issued depending on the price at which Strandline raises equity:</u></p> <p>Scenario 1: Using a price of 9.5 cents (being closing price of Company's shares at suspension), a maximum of 27,996,668 warrants would be issued (which would amount to approximately 1.4% of the company's issued capital post-equity raise).</p> <p>Scenario 2: Using a price of 4.75 cents (being 50% of the closing price of Company's shares at suspension), a maximum of 55,993,336 warrants would be issued (which would amount to approximately 2.2% of the company's issued capital post-equity raise).</p> <p>Note: As the Company is currently suspended from official quotation, the price at which Strandline undertakes an equity raising in the future is unknown. There is a risk that the price at which Strandline undertakes an equity raising in the future could change significantly from the two scenarios outlined above.</p>
Conversion	<p>Each warrant may be converted into one ordinary share in the capital of Strandline. The Company must apply for quotation of each share issued upon conversion of a warrant.</p>
Exercise Price	<p>The warrant exercise price will be the same as the price at which Strandline raises equity in the future. The warrants may also be exercised using a cashless exercise facility.</p>
Term	<p>The warrant exercise period is 5 years from the relevant issue date.</p>
Adjustments	<p>The warrant exercise price may be adjusted in certain circumstances as permitted under the Listing Rules such as bonus issues and rights issues. The warrants do not carry an entitlement to participate in new issues of securities however the Company must give the warrant holder notice of the new issue. If there is a reorganisation of the share capital of Strandline, then the warrants will be varied in accordance with the ASX Listing Rules.</p>
Shareholder approval	<p>The Company must use its best endeavours to obtain shareholder approval for the issue of tranche two of the warrants as soon as practicable.</p>