

ASX ANNOUNCEMENT

Coburn Mineral Sands Project
Final Investment Decision Approved



STRANDLINE
resources limited

04 May 2021

Full go-ahead for new A\$338m Australian critical minerals project in WA

Strandline makes Final Investment Decision for the world-scale Coburn mineral sands project, paving the way for 300 jobs and strong financial returns

HIGHLIGHTS

- **Strandline makes Final Investment Decision (FID) to proceed with the full development of its 100%-owned Coburn mineral sands project in WA**
- **Coburn will produce a host of critical minerals including premium-quality zircon, titanium feedstock and monazite containing rare earths**
- **Coburn is fully-funded through to production and cashflow by a combination of debt provided by NAIF and the Bond issue, and equity provided by the Company's recent capital raising**
- **Construction to commence immediately, creating ~300 direct jobs at the peak and 150 jobs once in production**
- **The project is forecast to generate strong free cashflow based on robust margins and low costs; Ore Reserves underpin an initial 22.5-year mine life with potential to extend to +37 years**
- **Coburn's forecast pre-tax IRR is 37% and annual average EBITDA is A\$104m**
- **Mineral sands market continues to strengthen on the back of falling supply due to recent under-investment in the sector and increasing demand**
- **Coburn's future is underpinned by binding offtake contracts covering 95% of its production for the first five years with some of the world's largest consumers in America, Europe and Asia**

Strandline Resources Limited (**ASX: STA**) is pleased to announce its Final Investment Decision (**FID**) to develop the A\$338 million Coburn mineral sands project in the Gascoyne region of Western Australia.

Construction will commence immediately, with first production scheduled for the second half of CY 2022.

Coburn is 100%-owned by Strandline. The Coburn updated Definitive Feasibility Study (**DFS**), released in mid-2020, confirmed robust economics over an initial 22.5-year life, with a pre-tax NPV of A\$705m (AUD: USD 0.70, 8% discount rate) and high margin revenue-to-operating cost (C1) ratio of 2.4. The projected revenue for the initial 22.5 years of Ore Reserves is A\$4.4b, with an average annual EBITDA of A\$104m.

Coburn's development capital of A\$338m is fully-funded through to production and cashflow by a combination of debt provided by the Northern Australian Infrastructure Facility (**NAIF**) and the recent Bond issue and equity provided by Company's recent capital raising.

Coburn is set to capitalise on increasing global demand for critical minerals including zircon, titanium and monazite containing rare earths - products used in everyday life.



Coburn Project – Strandline Approves FID for World-scale Coburn Project in WA

The Company has five major binding offtake contracts in place for ~95% of Coburn’s forecast mineral sands production, estimated at ~US\$600m (A\$850m at AUD: USD 0.70) over the first five years of operation. The offtake contracts are with some of the world’s largest mineral sands consumers, with more than 80% of production to be sold to major American and European customers with the balance sold into Asia. Negotiation on the remaining premium zircon product is advancing well.

Strandline Managing Director Luke Graham said the Company’s decision to develop Coburn was fantastic news for Strandline, Western Australia and the mineral sands sector.

“The project capitalises on its robust technical and commercial fundamentals, and Western Australia’s strong position to support growing demand for critical minerals such as zircon, titanium and rare earths,” Mr Graham said.

“The project is set to benefit from increasing demand and falling supply of its critical minerals following years of under-investment in new projects.

“Coburn is a world-scale project in a tier-1 location, and achieving FID is consistent with Strandline’s strategy to develop and operate high margin, expandable mining assets with market differentiation and relevance in the sector.

“The work completed by the Strandline team has allowed the FID to be taken based on strong project definition, providing confidence in schedule and cost estimates.

“Coburn will also provide significant public benefit, employment and new business opportunities as well as export income for the nation.

“Coburn is expected to generate 300 direct jobs during the construction phase and secure 150 jobs during operations over a multi-decade mine life.”

The Coburn mine life currently sees mining continue until 2045 (based on mining the initial 22.5-year JORC 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.

Coburn is predicated on conventional mining and rehabilitation methods combined with state-of-the-art processing and power generation technology (including renewable energy) to effectively recovery high-quality mineral sands products.

In preparation for execution, the Company has recently awarded a series of major contracts to high-calibre contractors covering approximately 80% of the construction scope, with procurement advancing for the remaining project activities in accordance with the development plan.

Strandline and its contractors are committed to building a highly efficient and sustainable mining operation. The project is set to generate significant public benefit including job creation, high Australian industry participation, new local business and indigenous engagement opportunities, as well as capital inflows for Australia.

For more information on the Coburn project refer to the ASX Announcement dated 10 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.



Figure 1 Coburn project location map in WA

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

ABOUT STRANDLINE

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

For further information contact:

Luke Graham

CEO and Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: enquiries@strandline.com.au

Media and broker enquiries:

Paul Armstrong

Read Corporate

T: +61 8 9388 1474

E: paul@readcorporate.com.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.