

ASX ANNOUNCEMENT

Chairman's Address – 2020 AGM



STRANDLINE
resources limited

10 November 2020

2020 Annual General Meeting Chairman's Address

Ladies and Gentlemen, good morning and welcome to the 2020 Annual General Meeting of Strandline Resources Limited. I'm Didier Murcia, the Chairman of your Company.

I am pleased to report on the significant progress the Company has made during the past year towards our goals of becoming a global mineral sands producer.

As we entered the 2019-2020 financial year, the Federal Government's Northern Australia Infrastructure Facility (NAIF) had just agreed to undertake a strategic assessment of Strandline's Coburn Mineral Sands Project in Western Australia. As a Commonwealth Government agency, NAIF provides debt funding for projects with the aim of growing the economies and populations of northern Australia and encouraging and complementing private sector investment.

As we look back on the past year, it is fair to say that NAIF's agreement to assess Coburn marked the start of a new chapter for your Company as we sought to accelerate what we saw as a potentially world-class mineral sands operation in a Tier-1 location.

NAIF moved quickly from an initial assessment to the detailed due diligence phase of its assessment process. This was a rigorous investigation into the key aspects of Coburn, spanning the resource, the proposed mining and processing methods and the market for its products. NAIF also used specialist technical experts to assist with its study.

This detailed assessment took almost a year and culminated in NAIF announcing in June 2020 that it would provide debt finance of up to A\$150 million towards the Coburn Project.

This was a major milestone for Coburn because the NAIF facility accounts for a significant portion of Coburn's total estimated capital cost of A\$260 million (excluding finance and corporate costs) and is expected to stand alongside a commercial lending tranche.

The decision was also critical to Strandline as it supports our view that Coburn is a strategic long-life asset with high Australian content and Indigenous engagement, creating significant employment and enterprise opportunities for regional communities.

During the year under review, we completed an updated Definitive Feasibility Study which resulted in significant increases in Coburn's forecast financial returns, with the project pre-tax NPV⁸ rising from A\$551 million to A\$705 million. Coburn's forecast pre-tax internal rate of return rose from 32 per cent to 37 per cent, the forecast average annual EBITDA increased from A\$86 million to A\$104 million and the project payback period from first production is just 2.1 years.

The Coburn mine life runs until 2045, with the potential to be extended to 2060 by converting existing resources to Reserves and the forecast financial returns are extremely strong.

The rapid progress made at Coburn during the past year was also highlighted by Strandline's success in securing binding offtake agreements for the products. These contracts mean that more than 72 per cent of the project's forecast revenue for the first five years is now secured. These agreements have a combined forecast value of around US\$475m over five years, based on the pricing structures contained in the agreements and commodity price assumptions contained in the DFS.



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More recently, the Company announced contract awards at Coburn to leading civil and mining contractor Macmahon to construct road access and bulk earthworks and mining and equipment specialist Piacentini & Son to supply in-pit dozer mining units. In addition, we announced Primero Group, operating in strategic partnership with Mineral Technologies, as preferred contractor to build the processing facilities.

In parallel with the strong progress at Coburn, we also advanced our portfolio of Tanzanian mineral sands projects. While the pace of activity was at times limited by the impact of COVID-19, we still succeeded in signing a US\$26 million Project Finance Facility Agreement with Nedbank CIB for development of the Fungoni project.

This facility accounts for most of Fungoni's total estimated capital cost of US\$35 million (excluding Financial costs). All parties are now working towards satisfaction of conditions precedent to financial close and first draw down.

Your Company enters the new financial year in a very strong position, with two mineral sands projects on the cusp of development. The quality of these projects means Strandline is well placed to capitalise on the supply shortfalls beginning to emerge in the markets for its key zircon and titanium products.

Our recent \$18.5 million capital raising ensures we have sufficient cash to continuing advancing these projects towards construction as rapidly as possible.

The past financial year was clearly a pivotal period for your Company. We are now set up for the next chapter, where we plan to make the transition from mineral sands explorer to production and cashflow.

On behalf of the Board, I would like to thank our management and staff for their hard work and commitment in helping us to make such huge progress over the past year.

I also thank our shareholders for their support during this time and I look forward to bringing you further updates as we continue to implement our growth strategy.

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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.

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 10 June 2020 for 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.

For more information on the Fungoni mineral sands project, refer to the ASX Announcement dated 06 October 2017 (Original DFS) and subsequent update on 01 November 2018 (Updated DFS) for 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.

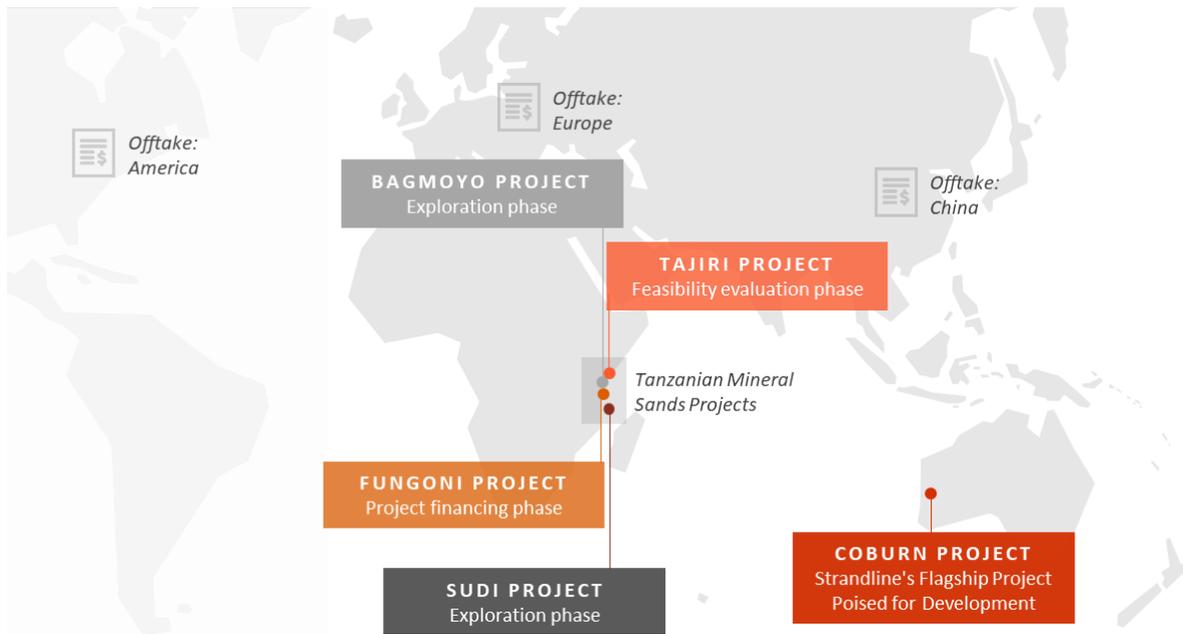


Figure 1 Strandline’s global mineral sands exploration and development projects

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.