

ASX ANNOUNCEMENT

Coburn Mineral Sands Project Binding Zircon Offtake Contract



STRANDLINE
resources limited

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Strandline signs binding zircon offtake contract for Coburn; 100% of production now covered

Construction ramping up as the market for Coburn's critical minerals continues to strengthen; Coburn is set to deliver strong margins over a multi-decade mine life

HIGHLIGHTS

- Strandline secures binding offtake contract for premium zircon product with Mario Pilato BLAT S.A., a leading European raw material supplier to the ceramics, glass and refractory industries
- Under the agreement, the sale price for zircon references the prevailing US-dollar market price for premium zircon, with sales forecast to generate ~8-9% of Coburn's annual revenue
- Strandline now has 100% of Coburn's forecast revenue secured under binding sales contracts, estimated to average ~US\$140m per annum (~A\$200m at AUD: USD 0.70)
- Offtake contracts are with some of the world's largest mineral sands consumers, with ~80% of production pre-sold to major American and European customers with the balance sold into Asia
- Coburn is fully-funded through to production and cashflow with first production of Heavy Mineral Concentrate (HMC) scheduled for the December quarter 2022

Strandline Resources Limited (ASX: STA) is pleased to announce that it continues to de-risk implementation of its flagship Coburn mineral sands project in WA, securing another strategic binding offtake agreement.

The Agreement, for nominally 10,000 tonnes per annum of finished premium zircon product for an initial two-year period, has been signed with European-based Mario Pilato BLAT S.A. (**Pilato**), a leader in providing raw material products for the ceramics, glass, refractory and investment casting markets.

Coburn's premium zircon quality has been confirmed as a ceramic-grade specification (containing +66% ZrO₂, good whiteness properties with low impurities, including low U+Th) and will be used by Pilato to produce zircon flour or zirconium silicate for downstream ceramics opacifiers and in premium refractory applications.

The zircon sales covered by the Pilato contract are expected to generate approximately 8-9 per cent of Coburn's total annual revenue during the first two-years of production. The Agreement is subject to conditions precedent regarding Coburn development.

Strandline Managing Director Luke Graham said the signing of an offtake agreement with Pilato, an industry leader in the ceramics industry, is further endorsement of the quality of Coburn's mineral sands products.

"Importantly, the agreement ensures that 100% of Coburn's initial production has been underwritten by binding offtake contracts with some of the world's largest mineral sands consumers, de-risking the project, providing certainty in revenue streams and maximising returns to shareholders," Mr Graham said

"The Coburn project is set to capitalise on its robust margins, supportive market tailwinds, its tier-1 location, its high-calibre contracting partners and the growing demand for critical minerals."



Coburn Project – Binding Offtake Contract Signed for Premium Zircon Product

Strandline has secured six major binding offtake contracts covering 100% of Coburn's forecast mineral sands production, estimated at ~US\$140m per annum (A\$200m at AUD: USD 0.70), 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 offtake contracts are with some of the world's largest titanium dioxide pigment producers and ceramic zircon consumers, with ~80% of production contracted to major American and European customers with the balance sold into Asia.

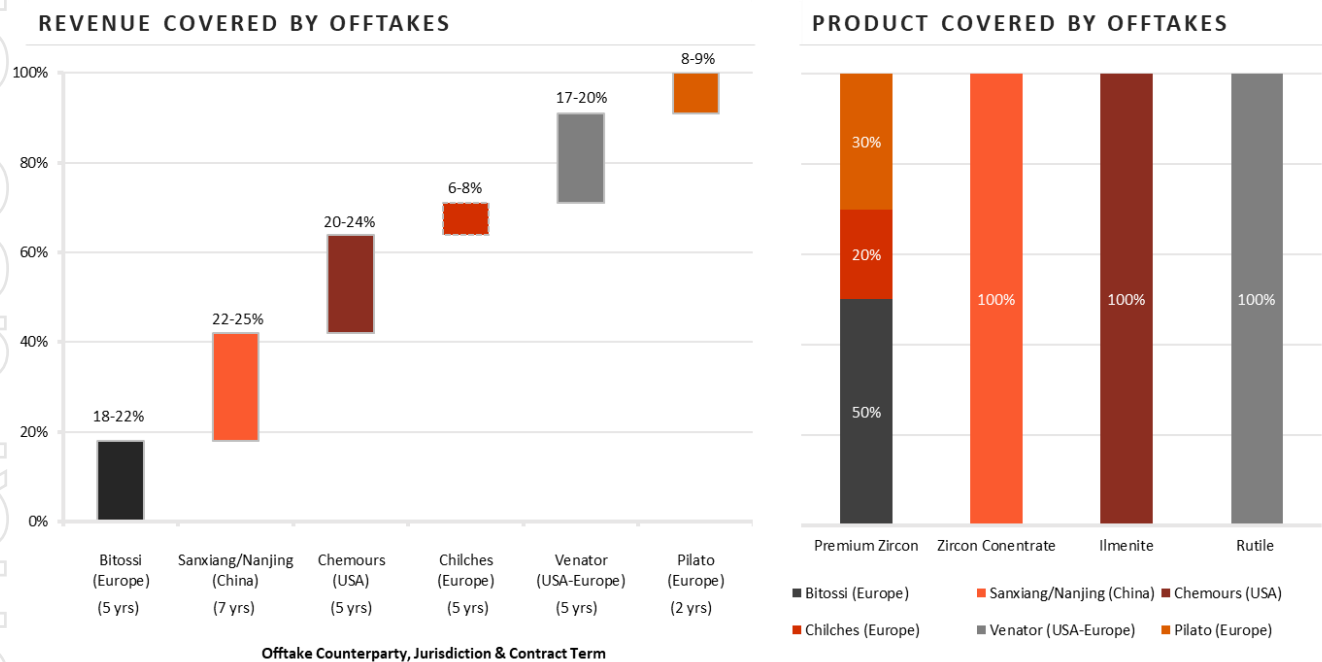


Figure 1 Six pivotal sales contracts signed, covering 100% of Coburn's forecast revenue for the initial years of production

Coburn's development capital of A\$338m is fully-funded through to production and cashflow and construction is underway following a successful Final Investment Decision (FID) earlier this month. First production of HMC is scheduled for the December quarter 2022.

Coburn is 100%-owned by Strandline. The 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. Coburn's projected revenue for the initial 22.5 years of Ore Reserves is A\$4.4b, with an average annual EBITDA of A\$104m.

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.

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 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.

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.



Figure 2 Strandline's global mineral sands exploration and development projects