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STRANDLINE FINALISES KEY MINING SERVICES CONTRACT FOR COBURN OPERATIONS IN WA

Highly competitive terms and conditions in line with DFS assumptions

HIGHLIGHTS

- **Mining services contract executed with experienced mineral sands mining contractor Mine Site Construction Services (MSCS)**
- **MSCS will provide and operate the mining fleet associated with ore mining, overburden removal, pit backfill and land recontouring**
- **The agreement is primarily based on standard fixed-unit rates and is in line with the technical and pricing assumptions contained in the DFS published in June 2020**
- **"This agreement, when combined with the previously announced operating contracts, including for the supply of electricity, LNG and fuel on site, means Strandline has already locked-in over half of its operating costs in line or better than the assumptions contained in the Coburn DFS". – Strandline MD Luke Graham**

Strandline Resources Limited (**ASX: STA**) is pleased to announce another important step in its preparations for production at the Coburn mineral sands project in Western Australia, executing a long-term Mining Services Agreement (**MSA**) with Mine Site Construction Services (**MSCS**).

MSCS's experience in bulk materials handling and mining, including large dozer push operations in mining sands applications, means it is well credentialled to meet Coburn's mining requirements.

The terms of the mining contract are in accordance with the mine plan, methodologies, pricing and overall operating cost assumptions contained in the Coburn DFS, released in June 2020.

The scope of the mining services agreement includes conventional open pit dry mining of ore at a rate of 23.4Mtpa, overburden removal, pit backfill and land recontouring and general mining-related earthworks. The contract mining term is expected to cover the first seven years of production and provides a safe, reliable and efficient mining solution for Coburn.

The mining contract incorporates provisions to maximise environmental and social governance (ESG), including implementing strong indigenous engagement, local content and emissions reduction initiatives.

MSCS is now preparing to mobilise to site to conduct mine establishment and pre-strip activities. Strandline remains on track to achieve first production of heavy mineral concentrate in the December quarter, 2022.

Strandline Managing Director Luke Graham said the execution of the mining services contract marked another key step in the Company's strategy to become a leading high-margin producer of critical minerals.

"We are delighted to establish this important long-term relationship with MSCS, a highly experienced WA-based mining contractor," Mr Graham said.

"This agreement, when combined with the previously announced operating contracts, including for the supply of electricity, LNG and fuel on site, means Strandline has already locked-in over half of its operating costs in line



or better than the assumptions contained in the Coburn DFS".

ABOUT MINE SITE CONSTRUCTION SERVICES

Mine Site Construction Services Pty Ltd (MSCS) is a leading Western Australian, privately owned contracting firm with over 40 years of combined industry experience; specialising in mining services, civil engineering, earthmoving, infrastructure and quarrying services.

MSCS is built on three generations of family ownership and has accumulated significant mineral sands civil and mining experience, including large dozer push mining, tailings management and rehabilitation services. MSCS's primary goal is to exceed client expectations, deliver outstanding results and enhance their industry leading safety record. Website www.mine-site.com.au



Figure 1 (above) and 2 (below) *MSCS have significant mining experience in mineral sands (images supplied by MSCS)*



ABOUT COBURN MINERAL SANDS PROJECT

In May-2021 Strandline made a Final Investment Decision (**FID**) to proceed with the full development of its world-scale Coburn mineral sands project, located in the Gascoyne region of Western Australia. The construction schedule has first production planned for the December quarter of 2022.

The Coburn project is set to capitalise on its robust margins, the strengthening minerals sands commodity pricing outlook, its tier-1 location, and the growing demand for critical minerals.

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.

The FID was supported by the updated Definitive Feasibility Study (**DFS**), released in mid-2020, which confirmed robust economics for the project over an initial 22.5-year life, including:

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- Pre-tax NPV of A$705m (AUD:USD 0.70, 8% DCF discount rate)
- High margin revenue-to-operating cost (C1) ratio of 2.4
- Projected revenue for the initial 22.5 years of Ore Reserves of A$4.4b
- Average annual EBITDA of A$104m and +50% EBITDA margin
- Fully-funded to production and cash flow by a combination of 15-year A$150m NAIF[1] loan alongside a 5-year US$60m Bond Issue, and equity proceeds
- Binding offtakes secured for 100% of Coburn's initial production with top-tier customers
- Detailed planning and proven delivery strategies underpins a robust development plan

Table 1 *Coburn updated DFS and Scoping Study Extension Case Financial Evaluation*

Category	Updated DFS – Final Product Case (Jun-20)	Scoping Study Extension Case integrated with updated DFS (Jun-20)
Mine Life	22.5yrs	37.5yrs
Tonnes Mined	523Mt	876.8Mt
Throughput	23.4Mtpa	23.4Mtpa
Capital Expenditure (Pre-production)	A$260M	A$260M
Revenue	A$4.37B	A$7.94B
Total Opex (C1)	A$1.80B	A$3.00B
Total All-in Sustaining Costs (AISC)	A$2.08B	A$3.50B
Revenue-to-operating cost (C1) ratio (RC)	2.4	2.6
NPV (pre-tax, real, no debt, 8% DCF discount Rate)	A$705M	A$825M
EBITDA	A$2.35B	A$4.54B
Avg. annual EBITDA	A$104M	A$121M

Strandline is 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.

Refer to the ASX Announcement dated 10 June 2020 for more information on the Coburn mineral sands project and 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.

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

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[1] *The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government lending facility to finance projects to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment. (http://www.naif.gov.au)*

ABOUT STRANDLINE

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



Figure 3 *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.

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