



Rio Tinto Earn-in and Joint Venture Agreement Signed

HIGHLIGHTS:

- Earn-in and Joint Venture Agreement (**Agreement**) worth up to **US\$10.75 million (~A\$14.5 million)** signed with Rio Tinto Mining and Exploration Limited (**Rio Tinto**), a member of the Rio Tinto group
- Rio Tinto will have the option to spend up to US\$9 million (~A\$12 million) on project expenditure to earn up to a 75% interest in Strandline's **southern Tanzanian tenement portfolio**, plus cash payments to Strandline totalling up to US\$1.75 million (~A\$2.5 million)
- Two-stage earn-in contemplates the option to spend US\$5 million within 3.5 years to earn a 51% interest in the joint venture (Stage 1), with a subsequent option to spend an additional US\$4 million within 2 years to earn an aggregate 75% interest (Stage 2)
- Exploration activities to commence as soon as practicable to take advantage of the current exploration season, with Strandline acting as the Manager until Rio Tinto has earned a 51% Participating Interest (i.e. until Stage 1 completed)
- The joint venture with Rio Tinto is separate from Strandline's other HMS assets in Tanzania, including the advanced Fungoni Project (in respect of which a Feasibility Study is currently being prepared), and the Bagamoyo, Mafia and Tanga prospects, which remain 100% owned by the Company

Strandline Resources Limited (**Strandline** or **the Company**) is pleased to announce that it has entered into an Earn-in and Joint Venture Agreement with Rio Tinto in connection with the Company's suite of heavy mineral sands (**HMS**) tenements located in the southern region of Tanzania (which include the Miteja, Kiswere, Sudi and Mtwara prospects), plus a surrounding "area of interest" (**Project Area**).

Rio Tinto group is one of the world's largest HMS producers with major HMS operations in nearby South Africa and Madagascar.

The joint venture established under the Agreement (**JV**) applies to only a portion of Strandline's dominant and highly prospective 100% owned tenement portfolio which extends along 350km of Tanzanian coastline.

The JV allows Strandline to accelerate exploration activities on the Project Area, with Rio Tinto contributing expertise and funding, whilst enabling the Company to concurrently progress its exciting northern projects and to pursue additional strategic exploration and development initiatives.

COMMENTARY:

Strandline's Managing Director and CEO, Luke Graham welcomed the involvement of Rio Tinto as confirmation of the excellent potential of the Company's suite of southern Tanzanian tenements, stating:

"The Company is delighted by the merits of this strategic partnership with Rio Tinto, one of the world's largest and most respected exploration and mining companies."



“This transaction delivers a strong source of funding and regional mineral sands expertise to significantly enhance the development potential of the Company’s southern ground in Tanzania, with a view to ultimately developing one or more economic mineral sands mines.

“Execution of this JV follows keen interest from several global mining houses and investors, reinforcing the prospectivity and investment potential of Strandline’s Tanzanian mineral sands assets.

“Along with the Company’s current development programmes at Fungoni and Tanga further to the north, this JV positions the Company strongly to unlock the value of its entire land holding in Tanzania.

“Rio Tinto has undertaken technical reviews and site inspection of the Project Area and this Agreement contemplates mobilisation of exploration activity led by Strandline as soon as practicable to take advantage of the current field season.”

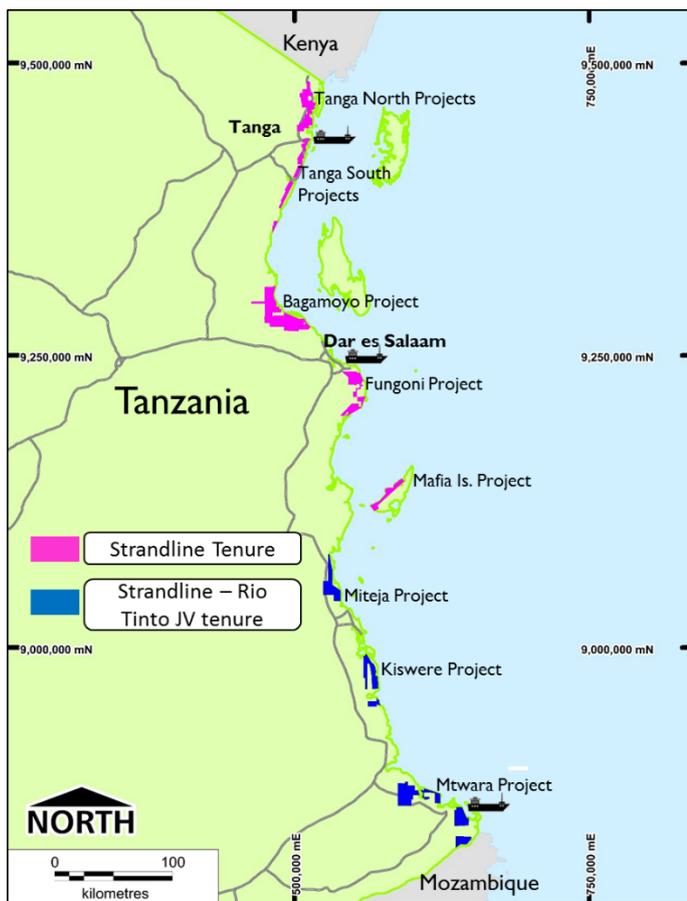


Figure 1 - Strandline holds a strategic tenement package located along 350 km of the Tanzanian coastline

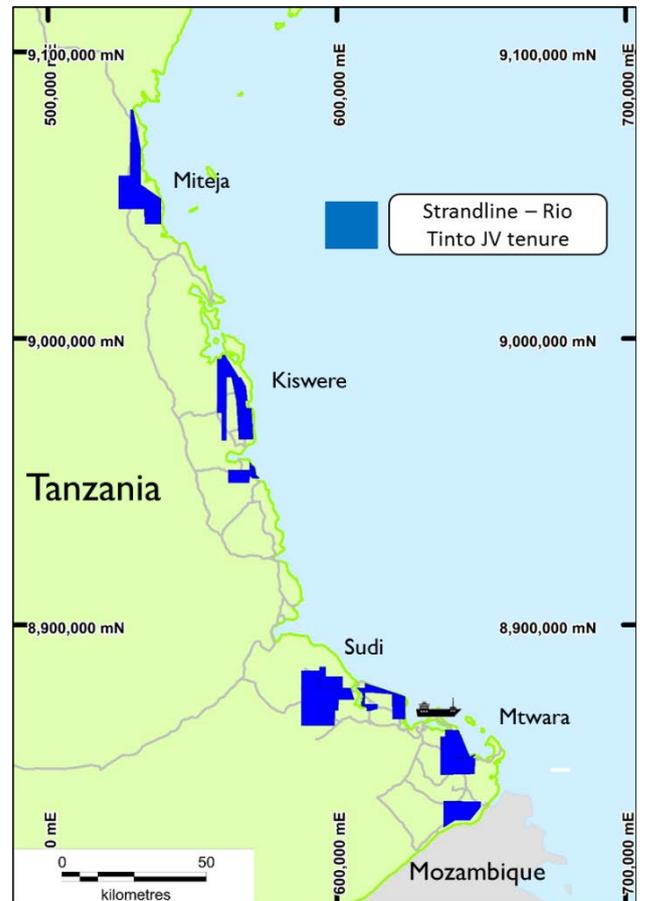


Figure 2 – Rio Tinto JV encompasses some of the Company’s southern tenements including the Miteja, Kiswera, Sudi and Mtwara prospects

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KEY TERMS OF THE EARN-IN AND JOINT VENTURE AGREEMENT:

The Agreement encompasses Strandline's existing southern tenement package, plus an area of interest (AOI) around their perimeter, within which the parties have agreed to form an (initially unincorporated) joint venture to explore, evaluate and, if feasible, develop one or more HMS mines.

Significant terms of the Agreement are summarised below:

- Rio Tinto has the option to sole fund a two-stage earn-in totalling up to US\$9 million (~A\$12 million), as follows:
 - **Stage 1** US\$5 million expenditure within 3.5 years to earn a 51% Participating Interest in the JV, including a mandatory "JV Minimum Commitment" of US\$2 million within 18 months;
 - **Stage 2** involves a further US\$4 million expenditure within 2 years to earn an aggregated 75% interest.
- Cash payments to Strandline totalling up to US\$1.75 million (~A\$2.5 million), as follows:
 - US\$500,000, payable 30 days after the JV Effective Date;
 - US\$250,000, payable 30 days after the JV Minimum Commitment is expended by Rio Tinto;
 - US\$700,000, payable 30 days after Rio Tinto gives notice to proceed with Stage 2; and
 - US\$300,000, payable 30 days after Rio Tinto has earned its 75% (Stage 2) interest.
- Agreement conditional on due diligence to be completed within 2 months, with Rio Tinto to advance US\$340,000 on an "at-risk" basis to enable an initial soil sampling fieldwork campaign to commence immediately;
- Unless otherwise agreed, Strandline to be JV Manager until Rio Tinto has earned a 51% Participating Interest (i.e. until Stage 1 completed);
- A Management Committee made up of two members from each Party will oversee key project-related decisions, including approving work programmes and budgets submitted by the Manager;
- Upon completion of Rio Tinto's sole funding period, the Management Committee will determine which HMS projects within the AOI may be considered viable for the JV to further pursue, with Strandline free to pursue any residual projects within the AOI on its own account and independently of the JV (in which case straight-line dilution will apply to Rio Tinto's participating interest in those projects);
- Once the earn-in is completed, the parties will be responsible for contributing to project expenditure in proportion of their Participating Interest or face straight-line dilution. If a party's interest falls below 10%, it can elect to convert that interest to a 2% net smelter royalty, capped at US\$25 million per producing mine; and
- Rio Tinto (or an affiliate) to have exclusive marketing rights in relation to HMS mines producing from the Project Area for so long as it holds 75% interest of the parties' aggregated Participating Interest, with an arm's length commission applying.

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ABOUT STRANDLINE RESOURCES

Strandline Resources Limited (**ASX: STA**) is a Tanzanian-focused mineral sands developer positioned within the world's major zircon and titanium producing corridor in South East Africa. Strandline has a dominant mineral sands position with a series of 100% owned projects spread along 350km of the Tanzanian coastline.

Strandline's strategy is to develop and operate quality, low cost, expandable mining assets with market differentiation. Leveraging off the exploration success in recent years, the Company's focus is to continue its aggressive exploration and development strategy to progress economically attractive projects based on high unit value titanium and zircon products.