

ASX ANNOUNCEMENT

Coburn Mineral Sands Project

Strandline Secures US\$60m Bond Financing



STRANDLINE
resources limited

17 March 2021

Strandline completes debt funding for Coburn with US\$60m Bond Issue

Highly successful senior secured Bond Issue, combined with the already-approved A\$150m loan facility from NAIF, puts Strandline on cusp of final investment decision

HIGHLIGHTS

- Strandline has secured US\$60m (~A\$80m at AUD: USD 0.75) in debt funding for its flagship Coburn mineral sands project via a Senior Secured Bond Issue
- The Bond will stand alongside the approved up to A\$150m loan facility from the Northern Australia Infrastructure Facility (NAIF), jointly securing Coburn's full debt requirement
- The Bond, together with the NAIF loan facility, will account for a significant portion of Coburn's estimated capital cost of A\$260m (excluding financing costs)
- The Bond has a 5-year tenor with scheduled amortisation starting from March 2024
- The Bond was heavily supported by global institutional credit investors, reflecting the robust financial outlook for Coburn
- Coburn is moving rapidly into development with all key development approvals and product offtake agreements in place, as well as preferred major construction contractors appointed

Strandline Resources (**ASX: STA**) is pleased to announce it has successfully completed an oversubscribed US\$60 million Senior Secured Bond Issue for the development of its world-scale Coburn mineral sands project in Western Australia.

The combination of the Bond and the previously announced 15-year A\$150m NAIF loan facility means Strandline has secured all the required debt funding for Coburn.

The Bond is based on a 5-year tenor, will be senior secured and rank equally with the NAIF loan facility.

Together, the NAIF and Bond financing will account for a significant portion of Coburn's total development capital cost of A\$260 million excluding financing costs (see ASX announcement dated 4 Jun-2020).

Strandline Managing Director Luke Graham said completion of the Bond was another pivotal milestone in the Company's strategy to become a world-scale mineral sands producer at Coburn.

"This highly successful debt raising is another strong endorsement of Coburn's outstanding financial returns and technical merit," Mr Graham said.

"The US\$60 million bond, combined with the NAIF A\$150 million loan facility, will complete Coburn's debt requirements and account for a significant portion of Coburn's overall development capital.

"In parallel with the funding process, Strandline continues to advance front-end engineering design, award of construction contracts, long lead procurement and site early works."

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The Bond was completed following an extensive due diligence process of technical, financial, market, legal, environmental and social fundamentals.

Financial settlement of the Bond is expected by the end of March 2021 and is subject to customary closing conditions.

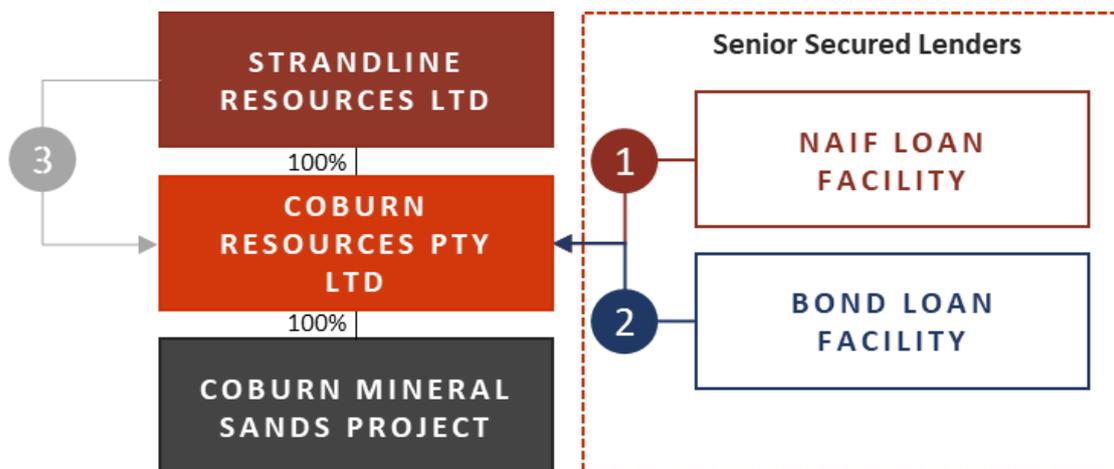
First drawdown of the Bond proceeds will coincide with the NAIF drawdown regime on a pro-rata basis and will be subject to customary conditions precedent. Key terms for the Bond and NAIF loan facilities are outlined in Schedule 1 and 2 respectively.

With key development approvals in place, +90% product pre-sold to highly reputable customers via long term offtake contracts, major construction contractors appointed, and debt financing completed, Strandline is moving rapidly into development of Coburn.

The Coburn mine life currently contemplates mining 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) through converting Mineral Resources which exist immediately north and along strike of existing Ore Reserves.

The Coburn Definitive Feasibility Study (DFS) has a pre-tax NPV of A\$705 million (AUD: USD 0.70, 8% discount rate), pre-tax IRR of 37% 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\$4.4 billion, with an average annual EBITDA of A\$104 million.

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



- 1 Up to A\$150m Senior Secured Loan from NAIF
- 2 US\$60m Senior Secured Bond Issue
- 3 Project Equity Proceeds (total amount to be confirmed)



Figure 1 - Coburn Mineral Sands Project – Proposed Financing Structure

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 4 June 2020 & 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.

SCHEDULE 1 – KEY TERMS OF THE SENIOR SECURED BOND

Issuer:	Coburn Resources Pty Ltd, a wholly owned subsidiary of Strandline Resource Limited
Guarantor:	Strandline Resources Limited, to be released on the date of Project Completion
Issue Amount:	US\$60 million
Issue Price:	100% of the Nominal Amount
Tenor:	5 years with Maturity Date to be 20 March 2026
Security:	Comprehensive senior security package over assets and rights of Coburn project, pari passu with the NAIF loan facility
Amortisation:	No amortisation until March 2024, then quarterly amortisation of USD 4.25 million from 20 March 2024 to 20 June 2025, then amortisation of USD 2.25 million at 20 September 2025 and 20 December 2025. 50% bullet at the Maturity Date
Call Options:	Strandline may buy back the debt on-market at any time or redeem the bonds early (subject to make whole payments and call premia depending on the time of the prepayment)
Conditions Precedent to drawdown:	As are customary for a loan facility of this nature, aligning with the NAIF loan facility, including but not limited to, completion of security documentation, Strandline contributing project equity and satisfaction of cost to complete test for each draw down
Financial Covenants	As are customary for a loan facility of this nature, aligning with the NAIF loan facility, comprising a Debt Service Cover Ratio, Loan Life Cover Ratio, Reserve Tail Ratio and minimum unrestricted cash balance requirement
Listing:	To be listed on Oslo Børs, or other regulated markets within 12 months
Governing Law	Norwegian law for Bond terms and Australian law for security package

The Bond Issue was arranged by ABG Sundal Collier and Pareto Securities, leading European investment banks, with local support from BurnVair Corporate Finance.

SCHEDULE 2 – KEY TERMS OF NAIF’S SENIOR SECURED LOAN FACILITY

As reported in June 2020, the Northern Australia Infrastructure Facility (**NAIF**) has made an investment decision to provide a 15-year loan facility up to A\$150 million towards the development of Coburn (refer ASX announcement 22 June 2020). Since then, NAIF and Strandline have made substantial progress towards completion of facility documentation and satisfaction of customary conditions precedent to drawdown.

Facility Amount:	Up to A\$150 million, over two tranches: <ul style="list-style-type: none"> • First NAIF Loan Tranche: Up to A\$130 million towards the construction of Coburn’s core mine process and non-process infrastructure • Second NAIF Loan Tranche: Up to A\$20 million for a potential future northern access road linking the project more directly to the Denham community in Shark Bay (subject to feasibility assessment, permitting and approvals)
Tenor:	Up to 15 years
Amortisation:	No principal repayments are scheduled until the earlier of March 2028 or 3 months after the Bond or any Bond refinancing is repaid. Thereafter, quarterly principal repayments continue for a period



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	of 7 years and 9 months. Additional sweep of a portion of available excess cashflow will also apply under certain circumstances.
Security:	Comprehensive senior security package over assets and rights of Coburn project, pari passu with the Bond financing
Conditions Precedent to Financial Close:	<p>The NAIF loan facility is subject to facility documents being entered into between the parties and satisfaction of customary conditions precedent to drawdown. These include, but are not limited to:</p> <ul style="list-style-type: none"> • Finalisation of the State’s consideration of the Coburn project and its agreement for the approved funds to be advanced; and • Evidence of the balance of development funding being secured.

ABOUT NAIF

The Northern Australia Infrastructure Facility is a Commonwealth Government A\$5 billion lending facility to finance projects to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment.

Projects supported by NAIF are diversified across sectors including ports, airports, tourism, education, agriculture, resources and renewable energy.

Every NAIF project will support important Indigenous engagement with many projects committing to Indigenous employment or procurement targets. More information is available at <http://www.naif.gov.au/>.

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.

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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