



Strandline Resources - Quarterly Activities Report

2,979 words

25 April 2018

ENP Newswire

ENPNEW

English

(c) 2018, Electronic News Publishing. All Rights Reserved.

Release date - 23042018

Strandline Resources (ASX: STA) is pleased to report on another successful quarter during which substantial progress was achieved on each of its 100%-owned heavy mineral sands projects in Australia and Tanzania.

Fungoni Project poised for development - Binding Take-or-Pay Off-take Agreement Signed

China's Hainan Wensheng High-Tech Materials Company has agreed to purchase 100% of the zircon and monazite product for the Life-of-Mine, expected to generate over 62% of forecast project revenue

Off-take negotiations for Fungoni's remaining revenue are well advanced (chloride-grade ilmenite representing 28% and rutile 10% of projected revenue)

Execution planning and project funding activities continued while the Company awaits approval of its Mining Licence Application by the Tanzanian Mining Commission

Tanga South Tajiri mineral sands Resource grows to 147Mt - a 'game changer' for Strandline

Tajiri Mineral Resource Estimate more than doubles to 147Mt at 3.1% Total Heavy Minerals (THM), up from 59Mt at 3.7% THM - all deposits start from surface and are JORC 2012 classified as Indicated

Contained Heavy Mineral (HM) content has increased from 2.2Mt to 4.6Mt, comprising mostly a highvalue titanium-dominated mineral assemblage

Substantial opportunity to grow Tajiri Resources further with a number of Resources remaining open and a range of higher grade target areas in close proximity to current Resources

Scoping Study underway as part of Strandline's strategy to make Tajiri its second Tanzanian mineral sands project behind Fungoni - a potential step-change project

Strong drilling results highlight growing potential of Bagamoyo mineral sands project

Bagamoyo emerging as a significant new Tanzanian mineral sands province following strong assays from maiden auger drilling program

Auger holes completed over soil, radiometric and topographic anomalies confirm a series of higher grade zones from surface that remain open at depth - subsequent AC reconnaissance drilling completed

Previously-released testwork shows the BG-2 to BG-5 anomalies contain a high unit value assemblage, comprising 9.1% zircon, 4.2% rutile, 0.8% leucoxene and 60.4% ilmenite

Significant new mineral sands intersections discovered at the Sudi project

Assays reveal thick intervals of heavy mineral sands along the 8km anomaly defined at Sudi in Southern Tanzania, which is in joint venture with Rio Tinto

Mineral assemblage testwork from composite samples confirms a high unit value assemblage averaging 11.5% zircon, 4.7% rutile and 64.4% ilmenite; one composite contained 17.8% zircon

Joint Venture is now planning its next phase of drilling across priority targets at Sudi and other areas of interest in Southern Tanzania

Coburn Project in Australia - ideally positioned to capitalise on the strengthening HMS market

Implementation of the Coburn funding and development strategy continued, aimed at bringing the large-scale, zircon-rich Coburn mineral sands project into production

Current focus is on re-defining and enhancing the project, taking advantage of the improving mineral sands market dynamics, recent technology advances and alternative contracting strategies

Corporate

Cash reserves of A\$2.62 million and no debt at 31 March 2018

A number of major shareholders elected to exercise options early, contributing A\$2.02 million cash (the majority of which has been received subsequent to the quarter). This leaves the Company in a strong financial position from which it can continue to execute its multi-pronged exploration and development strategy

EXPLORATION AND DEVELOPMENT UPDATE

Strandline Resources Limited (ASX: STA) is an emerging heavy mineral sands developer with a growing portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in South East Africa.

Strandline's strategy is to develop and operate quality, high margin, expandable mining assets with market differentiation and global relevance. Strandline's project portfolio comprises development optionality, geographic diversity and scalability.

This includes two zircon-rich, 'development-ready' projects, the Fungoni Project in Tanzania and the large Coburn Project in Western Australia, as well as a series of titanium dominated exploration targets spread along 350km of highly prospective Tanzanian coastline, including the advanced Tanga South Tajiri Project and highly prospective Bagamoyo and the Sudi projects.

Fungoni is Poised for a Development Decision - Binding Off-take Agreement Signed

Following the release of the Fungoni Definitive Feasibility Study in Q4-2017, in January the Company announced it had secured a binding off-take agreement (Agreement) for 100% of the zircon-monzonite product which will be produced at its Fungoni mineral sands project in Tanzania (Fungoni). The Agreement is with China's highly-respected, industry-leading zircon sand and rare earth consumer, Hainan Wensheng High-Tech Materials Company Limited (Wensheng).

Based on the pricing formulae contained in the Agreement and otherwise using the assumptions contained in the Fungoni DFS (announced to the market on 6 October 2017), the zircon and monazite production is expected to generate over 62% of Fungoni's total revenue. The remaining project revenue is expected to be from chloride ilmenite (28%) and rutile (10%), for which off-take agreements are well advanced. Fungoni's high unit value orebody assemblage and low costs underpin outstanding financial returns for Strandline, with a fast payback period of 2.7 years from the start of construction and a first quartile revenue-to-cost ratio of 2.7.

The Company has submitted its mining licence application (MLA) for Fungoni to the Ministry of Minerals Tanzania and is awaiting approval by the Mining Commission. Critical to a final investment decision to execute the project, the Company also progressed pre-execution planning, major contract negotiation and funding activities.

Tajiri Mineral Sands Resource Significantly Increased - Scoping Study Commenced

In mid-February the Company announced an updated Mineral Resource estimate for its 100%-owned Tanga South Tajiri mineral sands project in Northern Tanzania, more than doubling the contained Heavy Mineral (HM) content to 4.6 million tonnes.

Air-core infill and extension drilling across the priority Tajiri T1-T4 targets resulted in Tajiri's Indicated Mineral Resource inventory increasing to 147Mt at 3.1% THM, up from 59Mt at 3.7% THM (refer ASX announcement 12 December 2017).

The outstanding result means Tajiri is now a large-scale project and well on track to become Strandline's second Tanzanian mineral sands project behind its advanced Fungoni project. The Tajiri resource shows a rutile-enriched, ilmenite-dominant mineral assemblage with zones of elevated zircon-rich mineralisation within some of the mineralogical domains. The mineralisation also shows strong geological and grade continuity along and across strike which bodes well for future mine planning.

Importantly, multiple mineral resources remain open and recent drilling also discovered new, high grade target areas along the Tajiri HMS corridor that should continue to expand mineral resources over time. This includes a thick channel-style deposit located parallel to the adjacent T3 and T4 zones. In light of the positive result, Strandline has commenced a Scoping Study on the Tajiri Project.

Strong Drilling Results Highlight Growing Potential of Bagamoyo Mineral Sands Project

In mid-March the Company announced that its maiden auger drilling program at the Bagamoyo mineral sands project in Tanzania had returned strong results. Assay results showed that mineralisation continues below the extensive soil anomaly outlined by the Company in 2017.

The 100%-owned Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development in Tanzania. The Bagamoyo project adds to Company's mineral sands portfolio of growth projects and represents a significant new mineral sands province in Tanzania.

The wide-spaced auger drilling was completed over the BG-2, BG-3, BG-4 and BG-5 soil, radiometric and topographic anomalies and was designed to rapidly evaluate the potential thickness of mineralisation across the previously discovered higher grade zones at Bagamoyo (refer announcement 4 October 2017).

The auger drilling confirmed the presence of higher grade mineralisation at surface while also identifying down-hole THM grade at depth, emphasising the overall grade and scale potential of the Bagamoyo project. Previously released mineralogy testwork using SEM/EDX shows the BG-2 to BG-5 anomalies contain a high unit value mineral sands assemblage, comprising an average of 9.1% zircon, 4.2% rutile, 0.8% leucoxene and 60.4% ilmenite.

Following the success of this auger activity, Strandline fast tracked a modest air core drill program over several higher grade zones - results from the program are pending.

Significant New Mineral Sands Intersections at the Sudi Project

In mid-March the Company announced that it had discovered promising mineral sands intersections at its Sudi Project, which forms part of the joint venture (JV) area with Rio Tinto Mining & Exploration Limited (Rio Tinto) in Southern Tanzania.

Drilling of the Sudi tenements formed part of the JV's regional screening programme across four project areas along 200km of coast extending north from the Tanzania-Mozambique border (comprising the Miteja, Kiswere, Mtwara and Sudi prospects). The regional programme comprised 366 AC drill holes totalling 6134m. The JV is now planning its next phase of drilling across priority targets at Sudi and other areas of interest in Southern Tanzania.

Coburn Project, WA - Ideally Positioned to Capitalise on the Strengthening HMS Market

The Company continued its strategic review and planning activities aimed at bringing its large-scale Coburn mineral sands project in WA into production. The project has been subject to advanced engineering work over the past years, with a number of Definitive Feasibility Studies completed (some A\$30 million has been invested on the project to date).

Strandline believes the current favourable market dynamics and technological advances relating to process equipment and non-process infrastructure solutions provide significant opportunities for the Company to enhance Coburn, improving financial returns and delivery certainty.

Coburn is one of very few large-scale zircon-rich mineral sands projects world-wide at this level of development readiness and is leveraged to the forecast rise in mineral sands prices (particularly zircon). The salient points of Coburn are as follows:

Large-scale project delivering strong economics, with +19 year mine life at 23.4Mtpa mining rate;

High quality product suite covering zircon (+66% ZrO₂), chloride grade ilmenite (62% TiO₂) and HiTi90 (90% TiO₂);

Project approvals in place (environmental, native title, heritage and mining) and development-ready;

Access to existing infrastructure (roads, port and gas pipeline);

Relatively low strip ratio and very low slimes content - simple and efficient mining and tails handling;

Conventional dry mining and mineral extraction techniques, and proven rehabilitation processes and Attractive revenue to operating cost ratio (RC ratio) with opportunity to improve through implementing value improvement initiatives

CORPORATE

At 31 March 2018 the Company had cash reserves of \$2.62 million and no debt.

Strandline Well-Funded to Deliver on its Multi-pronged Growth Strategy

On 28 March the Company announced that a number of its major shareholders, including three institutional investors and one Director, had elected to exercise options in the Company early.

Tembo Capital, Westoria Resource Investments, Artemis Corporate and Non-executive Director Tom Eadie all participated in the early exercise of the options, which were not due to expire until 30 June 2018. As a result, Strandline received funds for, and commitments to exercise, a significant number of its 12 cent options, worth A\$2.02 million. This leaves the Company in a strong financial position from which it can continue to execute its multi-pronged exploration and development strategy.

KEY ACTIVITIES PLANNED FOR JUNE 2018 QUARTER

During the June 2018 Quarter, the Company intends to prudently advance exploration and development activities across its portfolio of mineral sands projects in Australia and Tanzania.

Key planned activities include:

Continue Fungoni project execution preparation and stakeholder engagement activities, finalise ilmenite product off-take in order to achieve final project approvals and funding;

Ramp-up Tanga South Tajiri Scoping Study and plan next drill program with a view to further expanding the Mineral Resource inventory;

Evaluate exploration results from recent Tanzanian drill programs and undertake planning in readiness for the next drill season in northern and southern Tanzania and Perform further definition and optimisation work on the Coburn project, while also engaging with strategic implementation partners relating to product offtake, major contract packages and funding options.

The results of these programmes, along with work undertaken by Western Areas on the Fowlers Bay Project, will be released to the market as they become available.

TANZANIA MINERAL SANDS COMPETENT PERSON'S STATEMENTS

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Brendan Cummins, Chief Geologist and employee of Strandline. Mr Cummins is a member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which they appear. Mr Cummins is a shareholder of Strandline Resources.

The information in this report that relates to Mineral Resources for Fungoni is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline, and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the mineral resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for Tanga South Tajiri is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline, and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC)

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to the Fungoni Ore Reserves is based on information compiled under the direction of Mr Adrian Jones, an employee of AMC Consultants. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Jones used non-mining modifying factors for the Ore Reserve estimate drawn from contributions provided by various sources. Mr Jones consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

The information in this ASX announcement relating to estimates of Coburn Ore Reserves and Mineral Resources has been extracted from the ASX announcement dated 7 January 2010. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Ore Reserves and Mineral Resources, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

Contact:

Tel: +61 8 9226 3130

[Editorial queries for this story should be sent to newswire@enpublishing.co.uk]

Document ENPNEW0020180425ee4p00048