

# ASX ANNOUNCEMENT

29 January 2015



**STRANDLINE**  
resources limited

## Company Facts

Strandline Resources (ASX: STA) - Exposure to major 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia and emerging country-wide exploration play in Tanzania, within a major mineral sands producing corridor

### Key projects:

- Coburn Heavy Mineral Sands Project, WA (100%)
- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Mt Gunson Copper Exploration Project, SA (100%)
- Mt Gunson MG14/Windabout Copper-Cobalt-Silver Development Project, SA (100%)
- Fowlers Bay Nickel Project, SA (100%) – Western Areas Earning In

## Corporate Structure

Shares on issue      615.5m  
Unlisted Options      15.6m

## Company Directors

### Michael Folwell

Non-Executive Chairman

### Richard Hill

Managing Director

### Bill Bloking

Non-Executive Director

### Didier Murcia

Non-Executive Director

## Investor Enquiries

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## SUCCESSFUL TEST-WORK CONTINUES AT MT GUNSON COPPER PROJECT

### Highlights

- Metallurgical studies **significantly de-risk** Mt Gunson copper production project
- **Game-changing** 'Proof of Concept' metallurgical test-work (using conventional technology) indicate:
  - ✓ Copper recoveries of up to 90% are achievable
  - ✓ High value cobalt recoveries of + 80% are achievable
- Improved metallurgical results have potential to vastly improve potential economics
- Combined Indicated Resources total **+200,000 tonnes contained copper**
- Pre-Feasibility Studies continuing **at no cost to Strandline** with planned completion by mid-year
- Bankable Feasibility Study completion targeted by mid-2016

### Overview

Strandline Resources Limited ("Strandline", ASX: STA) provides an update on Pre-Feasibility Studies being conducted into the mining and processing of its **MG14** and **Windabout copper-cobalt-silver resources** ("the Mining Projects") in South Australia.

The Mining Projects are contained within Strandline's 100% owned **Mt Gunson Copper Project**, a large (825km<sup>2</sup>) tenement package (Table 3) centrally located in the world-class Olympic Dam copper-gold province and situated 130km north of Port Augusta, with roads and power to site (see Figures 1 & 2).

Mt Gunson is the third-largest copper producing district in South Australia, with historical production estimated at over 170,000 tonnes. The Windabout and MG14 deposits are shallow, flat-lying black-shale hosted copper-cobalt-silver sulphide deposits with a combined Indicated Resource estimate totalling 20.3 million tonnes averaging 1.03% copper, 0.05% cobalt and 10.32 g/t silver for **210,000t contained copper** (Tables 1 & 2).

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Originally, the Mining Projects were considered challenging because earlier conventional sulphide flotation tests resulted in a copper recovery range of only 54% to 68%. Recent metallurgical test-work by joint venture partner Torrens Mining Limited ("Torrens"), which included sodium cyanide leach tests, demonstrated copper recoveries of 80% to 85%, with an upside of 90+% copper and sodium cyanide regeneration greater than 80%.

## Metallurgical Test-work Update

As part of a Pre-Feasibility being funded by Torrens Mining Limited ("Torrens") (see ASX announcement dated 11 December 2013), a series of bench-top metallurgical tests to examine the viability of sodium cyanide leaching of the copper in these deposits have been completed.

Successful preliminary test-work completed in the first half of 2014 was followed up with more detailed test-work which was completed in the December Quarter 2014. This program included sodium cyanide leach tests, leach-tailings flotation and sodium cyanide regeneration tests on 55 available Windabout drill samples.

The results demonstrated that, while variable, about 70 to 75% of the copper in the Windabout deposit and 85 to 90% of that in the MG14 deposit was readily leached by cyanide into solution.

In addition, a preliminary program of float test-work on the residues from the leach has shown that a significant proportion of the remaining copper can be floated into a concentrate.

This is a critical development for the potential economics of the development of the deposits, as **overall copper recoveries of more than 90% may be achievable by the combined leach-float process.**

The copper recoveries represent a dramatic improvement from previous test-work which applied a conventional sulphide flotation test and achieved recoveries of 54% to 68%.

These tests also showed more than 80% of the cobalt and 50% of the silver reporting into this concentrate. Significantly, cobalt is currently about twice the value of nickel and five times the value of copper so this will also have a potentially positive impact on project economics.

The test-work also demonstrated that copper is readily precipitated from the pregnant leach solution as potentially saleable chalcocite (copper sulphide  $Cu_2S$ ) and that sodium cyanide regeneration, a key cost driver of the cyanide leach process, could be achieved at a level in excess of 80% by the CSIRO-developed SART (Sulphidisation, Acidification, Recovery, Thickening) process which is in commercial use at a number of mining operations.

Torrens can earn a 51% interest in the Mining Projects by undertaking, at its sole cost (up to \$2.5M), all tests and studies necessary to determine the viability of a mining and processing operation at Mt Gunson, and deliver a Bankable Feasibility Study by mid-2016.

Torrens is expecting to complete its Pre-Feasibility Studies over the coming months with a seamless transition into a Bankable Feasibility Study by mid-year.

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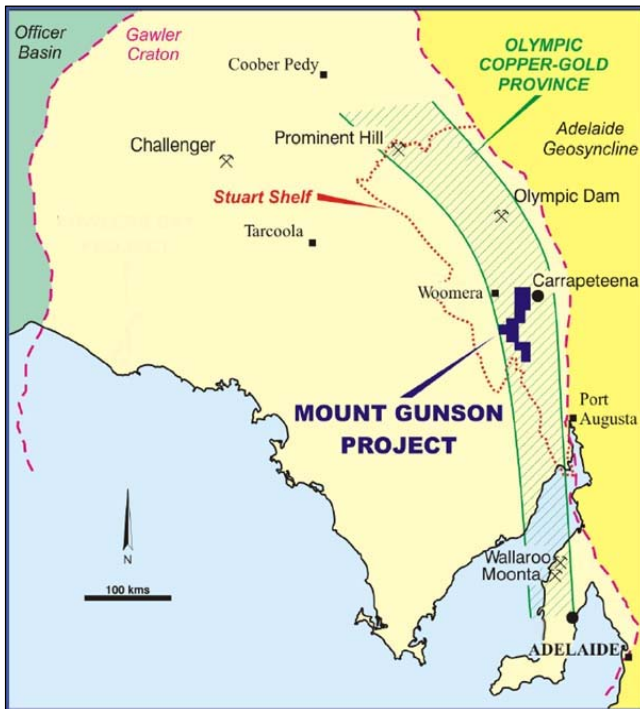


Figure 1: Mt Gunson Copper Project in South Australia

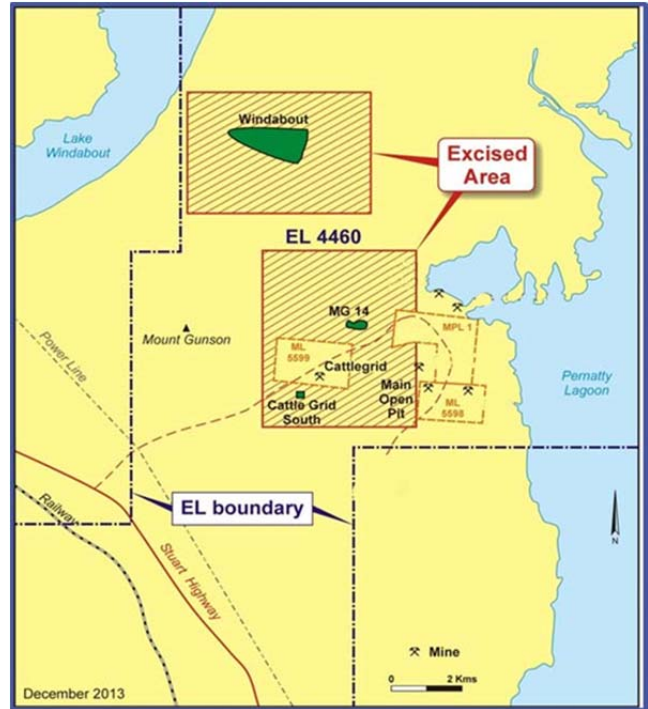


Figure 2: Location of Windabout and MG14 deposits (green) within the Mt Gunson Copper Project

## Appointment of Study Manager

Mining engineering and metallurgical specialist, Mining & Process Solutions Pty Ltd was recently appointed as Study Manager to advise Torrens on metallurgical issues and be responsible for the completion and independent reporting of the Mt Gunson feasibility studies, through to completion of a Bankable Feasibility Study.

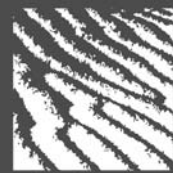
## Upcoming Scope of Works

The upcoming scope of feasibility works at the Project for the first half of 2015 includes:

- **Mineral Resources** – Drilling campaign planned to provide more samples to complete metallurgical test-work and assist with JORC 2012 mineral resource updates and preliminary planning of the mining operations.
- **Metallurgy** – Ongoing leaching, flotation and hydro-classification test-work to refine and optimise the mineral processing flowsheet.
- **Mining Studies** – mine design for the Windabout pit by independent mining engineers familiar with the use of Bucketwheel Excavator mining systems. The engineers will produce more accurate data on mine operational and capital costs. The engineers will also undertake 3D modelling of the mineral deposits, including geostatistical analyses to metallurgical metal recovery data with exploration grade analytical data.
- **Approvals and Licenses** – commencement of the mining approvals process with the South Australian Department of State Development.

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## About MG14 and Windabout Mineral Resources

The MG14 Resource has a footprint of 1000m by 250m below about 25m of cover. Discovered in 1973, the deposit has been tested by a total of 117 drill holes and remains open to the north-west.

A JORC 2012 compliant Mineral Resource was estimated by T. Callaghan in June 2013, with a Cut-off Grade of 0.5% Cu and an average SG of 2.5. (see ASX announcement 6 June 2013):

Classification	Tonnes (millions)	Cu %	Co (ppm)	Ag (g/t)	Contained Copper (tonnes)
Inferred	0.43	0.7	274	10	
Indicated	1.62	1.4	397	14	
<b>TOTAL</b>	<b>2.05</b>	<b>1.3</b>	<b>3.71</b>	<b>14</b>	<b>26,650</b>

**Table 1. MG14 Mineral Resource Summary**

The Windabout deposit, located about 6km north of MG14 and is approximately 2km by 1km in area. The deposit is also flat-lying at about 70m below surface. Also discovered about 1973, the deposit has been extensively tested by 195 drill holes.

The larger Windabout deposit has a pre-2000 JORC Indicated Resource estimate<sup>1</sup> of 18.7 million tonnes averaging 1% copper, 500 ppm cobalt and 10 g/t silver at 0.5% copper cut off.

Classification	Tonnes (millions)	Cu %	Co (ppm)	Ag (g/t)	Contained Copper (tonnes)
<b>Indicated</b>	<b>18.7</b>	<b>1.0</b>	<b>0.05</b>	<b>10</b>	<b>187,000</b>

**Table 2. Windabout Mineral Resource Summary**

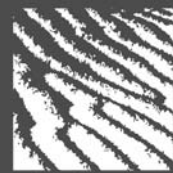
## Regional Exploration Upside

Outside the Excised Areas containing the Windabout and MG14 deposits (Figure 2), Strandline's 100% owned Mt Gunson exploration ground (Table 3) has previously been the subject of joint venture exploration with several major mining groups. This work generated a number of high priority copper-gold and copper-cobalt-silver targets requiring further drill testing.

<sup>1</sup> The JORC compliant Mineral Resource was estimated by F. J. Hughes in 1997. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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Much of the exploration focus in recent years has been on the search for Olympic Dam-style mineralisation with BHP Billiton's world class copper-gold-uranium mine only 100kms to the north. During this work, Strandline's 100% owned Emmie Bluff copper-cobalt-silver resource was discovered while drilling through the Cover Sequence. With a pre-2000 JORC Inferred Resource estimate<sup>2</sup> of 24Mt averaging 1.3% Cu, 600ppm Co and 10g/t Ag, Emmie Bluff is similar in size, shape and composition to Windabout. However, it is located at approximately 450m depth from surface and could be a source of additional resource if Windabout and MG14 can be brought to production.

The Company is currently compiling all exploration data with a view to determine its next steps to test these potentially very large targets within the Olympic Dam copper-gold province.

## Tenure

At Mt Gunson, Strandline holds 3 exploration licences:

Tenement	Name	Area (sq km)	Start Date	Expiry Date
EL4460 <sup>#</sup>	Mt Gunson	463	25/03/2010	24/03/2015
EL5333*	Yeltacowie	291	07/10/2013	06/10/2015
EL5108	Mt Moseley	71	29/10/2012	28/10/2017

**Table 3. Mt Gunson Project Tenements** (amalgamated expenditure arrangement agreed with South Australian Government)

<sup>#</sup>EL4460 is currently under application for renewal as ELA2014/00274

\*includes the Emmie Bluff resource

For further enquiries, please contact:

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## COMPETENT PERSON STATEMENT

The details contained in the document that pertains to exploration results, ore and mineralisation is based upon information compiled by Mr Brendan Cummins, a part-time employee of Strandline. Mr Cummins is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "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 it appears.

<sup>2</sup> The JORC compliant Mineral Resource was estimated by H. L. Paterson in 1998. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.