



STRANDLINE
resources limited

Strandline Resources Limited
ABN 32 090 603 642

Annual Report
For the year ended 30 June 2016

CORPORATE DIRECTORY

Board of Directors

Didier Murcia	Non-Executive Chairman
Luke Graham	Managing Director
Richard Hill	Executive Director
Asimwe Kabunga	Non-Executive Director
Tom Eadie	Non-Executive Director
John Hodder	Non-Executive Director

Company Secretary

Geoff James

Registered and Principal Office

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West Perth, Western Australia 6005

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Postal Address

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West Perth, Western Australia 6872

Website

Website: www.strandline.com.au

Country of Incorporation

Strandline Resources Limited is domiciled and incorporated in Australia

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth, Western Australia 6000
Tel: (61 8) 9323 2000
Fax: (61 8) 9323 2033

Home Stock Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth, Western Australia 6000

ASX Code: STA

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DIRECTORS' REPORT

The Directors of Strandline Resources Limited ("Strandline" or "the Company") submit the Annual Report on the Consolidated Entity ("Group") consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, for the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Names of Directors

The names of the Directors of the Company during or since the end of the year are:

Mr Didier Murcia (appointed 23 October 2014)
Mr Luke Graham (appointed 19 September 2016)
Mr Richard Hill (appointed 23 October 2014)
Mr Asimwe Kabunga (appointed 18 June 2015)
Mr Tom Eadie (appointed 9 October 2015)
Mr John Hodder (appointed 8 June 2016)
Mr Keith (Mike) Folwell (resigned 1 March 2016)
Mr Mark Hanlon (resigned 1 March 2016)

Information about the Directors and Officers

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Didier Murcia, age 54, Non-Executive Chairman

AM, B.Juris, LL.B

Independent Non-Executive Chairman appointed 1 March 2016. Previously Non-Executive Director from 23 October 2014 to 29 February 2016. Lawyer with over 25 years' legal and corporate experience in the mining industry. Awarded Order of Australia for services to the international community through support for the provision of medical and educational resources in Tanzania. He is currently Honorary Australian Consul for the United Republic of Tanzania. He is Chairman and founding director of Perth-based legal group MPH Lawyers. Has held directorships in the following ASX listed companies over the past three years:

- Alicanto Minerals Limited (appointed Chairman May 2012)
- Centaurus Metals Limited (appointed April 2009, Chairman since January 2010)
- Cradle Resources Limited (resigned May 2016)
- Gryphon Minerals Limited (appointed July 2006)

Luke Graham, age 41, Managing Director and Chief Executive Officer

A.Dip (Hons) (Elec Eng), MAICD

Managing Director appointed 19 September 2016. Engineer with over 20 years' experience in the resources sector. Former Regional Manager of global minerals engineering and project delivery company Sedgman Pty Limited (a member of the CIMIC Group). Extensive experience in major project development and delivery including mineral sands projects, and successfully managing multi-functional operations. Has not held any other directorships in ASX listed companies over the past three years.

Richard Hill, age 48, Executive Director

B.Juris, LL.B, B.Sc (Hons), FFin

Executive Director appointed 1 January 2016. Previously Managing Director from 23 October 2014 to 31 December 2015. Geologist and solicitor with 20 years' experience in the resources industry. Has performed roles as legal counsel, geologist and commercial manager for several major and mid cap Australian mining companies and as founding director for a series of successful ASX-listed companies. Has practical geological experience as a mine based and exploration geologist in a range of commodities. Has held directorships in the following ASX listed companies over the past three years:

- Centaurus Metals Limited (resigned July 2014)
- Genesis Minerals Limited (appointed Chairman February 2013)

DIRECTORS' REPORT

Asimwe Kabunga, age 43, Non-Executive Director

B.Sc

Independent Non-Executive Director appointed 18 June 2015. Tanzanian-born Australian entrepreneur with over 18 years' experience in the mining industry, logistics, land access, tenure negotiation & acquisitions. Was instrumental in establishing the Tanzania Community of Western Australia Inc., and served as its first President. Was a founding member of Rafiki Surgical Missions and Safina Foundation Tanzania. Has not held any other directorships in ASX listed companies over the past three years.

Tom Eadie, age 62, Non-Executive Director

B.Sc (Hons), M.Sc., F.AusIMM, SA Fin

Non-Executive Director appointed 19 September 2016. Previously Managing Director from 1 January 2016 to 18 September 2016. Previously Non-Executive Director from 9 October 2015 to 31 December 2015. Geologist and mining executive with over 20 years' experience in the resources industry with many significant mineral discoveries to his name. Former Executive Chairman of Copper Strike, former founding Chairman of Syrah Resources and previously Executive General Manager – Exploration and Technology at Pasminco. Past board member of the Australasian Institute of Mining and Metallurgy and the Australian Mineral Industry Research Association. Has held directorships in the following ASX listed companies over the past three years:

- Copper Strike Limited (resigned September 2016)
- Syrah Resources Limited (resigned October 2014)

John Hodder, age 53, Non-Executive Director

B.Sc, B.Com, MBA

Non-Executive Director appointed 8 June 2016. Geologist, director and fund manager with over 20 years' experience in the Resources Industry. Principal of mining focused Tembo Resource Fund. He has served as a director of a number of junior mining companies and has significant experience of operating and investing in Africa. Previously established the Commonwealth Development Corporation (CDC) mining, oil and gas investment in 1995 and was responsible for its activities for eight years. Has held directorships in the following ASX listed companies over the past three years:

- Regal Resources Limited (appointed March 2016)

Geoff James, age 50, Chief Financial Officer and Company Secretary

B.Bus, CA, AGIA

Appointed 2 December 2014. Experienced finance professional with over 20 years' experience in senior management roles. He was formerly Chief Financial Officer and Company Secretary of iron ore developer Centaurus Metals Limited and prior to this held senior finance roles with the Clough Engineering group.

Former Directors of the Company

Mike Folwell, age 61, former Non-Executive Chairman

B.Bus, MAICD

Held position of Non-Executive Chairman until his resignation on 1 March 2016. Extensive experience in a range of mining and industrial companies at MD and CEO level. Former Managing Director of Iluka Resources Limited. Managed a number of businesses on a global basis for companies including Pivot Ltd, Pioneer International, BOC Gases and Shell. Has not held any other directorships in ASX listed companies over the past three years.

Mark Hanlon, age 56, former Non-Executive Director

B.Bus, MBA

Held position of Non-Executive Director from 9 October 2015 until his resignation on 1 March 2016. Broad range of senior executive experience in mining, banking, electricity distribution, electronics manufacturing, packaging and insurance. Previously Finance Director of mining company ENK Plc. Has held directorships in the following ASX listed companies over the past three years:

- Copper Strike Limited (appointed June 2014)
- Red River Resources Limited (appointed October 2015)

DIRECTORS' REPORT

Directors' shareholdings

The following table sets out each Director's relevant interest in shares and rights or options in shares of the Company as at the date of this Report:

Directors	Fully paid ordinary shares Number	Share options Number	Performance rights Number
Didier Murcia	-	-	-
Luke Graham ⁽¹⁾	-	-	-
Richard Hill	14,724,047	7,050,876	1,700,000
Asimwe Kabunga	67,862,850	26,192,380	-
Tom Eadie ⁽²⁾	61,484,994	26,209,284	-
John Hodder ⁽³⁾	-	-	-

⁽¹⁾ Appointed 19 September 2016.

⁽²⁾ Appointed 9 October 2015.

⁽³⁾ Appointed 8 June 2016.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report of this Directors' Report, on pages 10 to 17 of this Annual Report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Share options and performance rights granted to Directors and other key management personnel

During and since the end of the financial year, no share options or performance rights were granted to Directors and other key management personnel, except for 6,800,000 performance rights granted to Mr Richard Hill, which were approved by shareholders at the Company's General Meeting held on 10 July 2015 (2015: nil).

Principal activities

The principal activity of the Company during the course of the financial year was mineral exploration and evaluation in Australia and Tanzania, with a focus on mineral sands.

Operating and financial review

Review of operations

Highlights of the Group's activities during the financial year were as follows:

- **Acquisition of Jacana**

The Company acquired 100% of the shares in Jacana Resources (Tanzania) Limited ("JRT") in an all-scrip transaction. Shareholder approval for the transaction was received at a General Meeting of shareholders held on 10 July 2015 and the transaction was formally completed on 9 October 2015.

JRT's assets included 100% working interests in 16 granted exploration tenements, covering more than 1,700 square kilometres in Tanzania.

The Company issued 461.97 million ordinary shares to JRT's shareholder, Jacana Minerals Limited ("Jacana"). The majority of the shares issued were distributed in-specie to Jacana's shareholders. The consideration payable was valued at \$4.619 million.

In parallel with completion of the acquisition, the Company commenced a capital raising in the form of a share placement and issued in total 267.6 million shares to sophisticated and professional investors at an issue price of 0.7 cents per share raising \$1.9 million (before costs). The share placement included a 1 for 2 free attaching option, exercisable at 1.5 cents per option on or before 12 October 2018. The final tranche of the capital raising was completed in January 2016.

Following the completion of the acquisition, Messrs Tom Eadie and Mark Hanlon were appointed to the Board.

DIRECTORS' REPORT

• **Strategic Relationship with Tembo Capital**

On 24 May 2016, Strandline announced the execution of a Strategic Relationship and Subscription Agreement (“SRSA”) with Ndovu Capital VII B.V., a company which is part of the Tembo Capital private equity fund group (collectively “Tembo”) that specialises in mining focused investment into developing countries and has a strong track record of identifying and supporting emerging resource companies.

Under the SRSA, Tembo agreed to cornerstone a \$6.6M funding package consisting of an up-front investment and a fully underwritten pro-rata renounceable rights issue to advance the Group’s key Tanzanian mineral sands projects.

The strategic, long term relationship with Tembo includes:

- The right for Tembo to appoint one director to the Company’s Board for so long as it holds 12.5% or more (subject to the provisions of the Corporations Act, ASX Listing Rules and the Company’s Constitution);
- Establishment of a strategic relationship committee, comprising representatives of both parties, to provide non-binding advice and guidance to the Board on major work programmes proposed by Strandline;
- Access to Tembo’s strategic & financing networks within Emerging Markets; and
- Potential access to future development funding of up to a further \$US15m over the medium to longer term.

Pursuant to the SRSA, Strandline completed a share placement to Tembo in June 2016 of 332,943,363 new Ordinary Strandline shares at 0.7c each (being a 17% premium to the last market price of 0.6c prior to the announcement of the SRSA), resulting in the receipt by the Company of approximately \$2.3 million in equity funding (“Placement”).

Following the Placement, Strandline successfully completed in July 2016 a fully underwritten pro-rata renounceable 1 for 2 rights issue at 0.5c per share (“Rights Issue”) raising approximately \$4.3 million. The Rights Issue was fully sub-underwritten by Tembo. For every 2 new shares taken up under the Rights Issue, eligible shareholders received 1 option exercisable at 1 cent on or before 30 June 2018 and 1 option exercisable at 1.5 cents on or before 30 June 2019.

There was a very good take-up of the Rights Issue by existing shareholders. Existing shareholders were issued 604,727,756 new shares and Tembo was allocated 252,398,138 new shares under the sub-underwriting commitment.

Under the terms of the Rights Issue, a total of 857,125,894 new shares were issued together with a corresponding number of free attaching unlisted options. Following the issue of the securities on 15 July 2016, Tembo holds a 29.24% interest in Strandline.

Consistent with Tembo’s desire to provide strategic and financial support to the Company, Tembo representative John Hodder, experienced geologist, resources company director and financier was appointed to the Board as a Non-Executive Director.

• **Tanzanian Heavy Mineral Sands Projects (100%) - Tanzania**

Northern Region - Tanga Project

Following the acquisition of Jacana Resources (Tanzania) Limited, the Group completed a maiden aircore (AC) drilling programme at the Tanga South Project (Tajiri and Tajiri North Prospects). Refer to the ASX announcements dated 17 December 2015 and 9 February 2016 for full details of the exploration results received from this programme. Subsequently the Group reported a maiden rutile-rich Indicated Mineral Resource of 59 million tonnes @ 3.7% Total Heavy Minerals (“THM”) for the Tajiri Prospects. Refer to the Mineral Resources and Ore Reserves Information on page 55 of this Annual Report for the Mineral Resource Summary for the Tajiri Prospects. Also refer to the ASX announcement dated 4 April 2016 for further details of the Mineral Resources for the Tajiri Prospects.

On 15 June 2016 the Group announced to the ASX the commencement of a major exploration campaign and details of an Exploration Target estimate of the exploration potential for the remainder of the undrilled portion of the 20km long mineralised corridor at Tajiri.

DIRECTORS' REPORT

The Group has defined an Exploration Target of 100 to 270Mt at 3% to 5% THM, not including the current Indicated Resources of 59Mt @ 3.7% THM already identified in this corridor. The Exploration Target is based on auger and AC drilling results, geochemical sampling and aeromagnetic data – refer to the ASX release on 15 June 2016 for further details. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Central Region - Fungoni Project

The Group completed an independent scoping study on the zircon-rich Fungoni Project with the results announced to the ASX on 23 February 2016. Following the positive results of the scoping study, the Group commenced work on the Environmental Impact Assessment (EIA) Report. A preliminary EIA Report was lodged with the Tanzanian environmental regulatory authorities in July 2016. Subsequent to the end of the financial year, the Group completed an infill and extensional aircore drilling programme, with the results from this drilling still pending.

Southern Region – Madimba Project

A maiden aircore drilling programme was completed at the Madimba Project in February 2016. The results from the programme were very positive with additional drilling required to the south of the Madimba East prospect to target an additional 3km of strike which has not been drill tested. Refer to the ASX announcement dated 27 April 2016 for full details of the exploration results received from the drilling programme.

- **Coburn Heavy Mineral Sands Project (100%) - Western Australia**

The Group continued to seek a strategic partner to take an interest in the Project and is actively targeting potential investors.

- **Fowlers Bay Gold-Base Metal Project (100%) – South Australia**

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX:WSA) (Western Areas), continued over Strandline's 100% owned, 700km² Fowlers Bay Project, which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the year, Western Areas continued to work towards the completion of the Stage 1 earn-in on Strandline's ground. The Western Gawler region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the primary objective of the exploration activities. The results from the initial phase of exploration were very encouraging, with the identification of olivine gabbro-norite intrusive rocks and geochemical anomalism in a number of areas. The results confirm the initial observations regarding the prospectivity of the Western Gawler region for intrusive related nickel, copper and gold mineralisation.

Towards the end of the year, Western Areas commenced a detailed surface gravity survey, with the aim of generating new targets, and adding to the current project wide-geophysical datasets. Limited test work by Western Areas has shown that, in conjunction with detailed magnetics, the gravity surveys can help delineate features that may represent mafic-ultramafic intrusions. The current survey has been designed to cover key areas known to host prospective intrusions, and to extend the geological interpretation into unexplored areas. A number of features have already been identified and ranked for follow-up, and these will be tested, along with a number of other targets, in a planned up-coming drilling programme.

- **Mount Gunson Copper Exploration Project (100%) - South Australia**

The Group announced to the ASX on 15 December 2015 the sale of the Mount Gunson Project to Torrens Mining Limited ("Torrens"). The sale of the Project was completed on 22 March 2016 with the Group receiving a cash payment of \$181,818 (exclusive of GST) and 4,000,000 ordinary Torrens shares (having a value of a further \$200,000), as well as becoming eligible to receive a further deferred cash payment of \$1 million once Torrens makes a formal decision to mine in connection with the Project. If, prior to a decision to mine, the Project assets become listed on the Australian Securities Exchange (whether via an IPO of Torrens or a sale into a listed vehicle), or the Project assets are otherwise sold to a third party, then \$250,000 of the deferred cash consideration will become payable within 60 days and the remaining amount of the deferred cash consideration will convert to a 2% net smelter royalty (capped at \$1.25M).

DIRECTORS' REPORT

Competent Person's Statement

The information in this report that relates to Exploration Results and Exploration Target is based on, and fairly represents, information and supporting documentation prepared by Dr Mark Alvin, a consultant to Strandline and Mr Brendan Cummins, an employee of Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and they both have 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin and Mr Cummins consent to the inclusion in this release of the matters based on the information in the form and context in which they appear. Both Mr Alvin and Mr Cummins are shareholders of Strandline Resources.

Results of operations

The Group incurred a loss after tax for the year of \$1,873,695 (2015: \$21,941,682). The significant decrease in the loss compared to the previous year is due to a reduction of the impairment expense of \$552,156 (2015: \$20,664,698). The impairment expense in 2015 included an amount of \$20,543,157 for the Coburn Project. The Group's main focus is exploring for mineral sands in Tanzania. The Group is seeking to secure a strategic partner to realise value for the Coburn Project.

Financial position of the Company

The Group had \$1,621,442 in cash at 30 June 2016, up from \$167,759 at 30 June 2015. Several share placements were completed during the year raising \$4.18 million (before costs). The cash raised was used to fund corporate, exploration and evaluation activities.

The Group has higher current assets at 30 June 2016 of \$1,674,201 (30 June 2015: \$336,044) reflecting an improved cash position. Non-current assets at 30 June 2016 were higher at \$15,507,991 (30 June 2015: \$9,713,255), reflecting the acquisition and expenditure on mineral sands projects in Tanzania.

Total liabilities were higher at 30 June 2016 at \$713,674 (30 June 2015: \$342,131) reflecting higher levels of payables for capital raising costs accrued at year end.

Net assets increased to \$16,468,518 as at 30 June 2016 (30 June 2015: \$9,707,168) as result of raising \$4.18 million in equity and the \$4.619 million acquisition of Jacana Resources (Tanzania) Limited.

Strategy

The Group continued its strategy during the year to focus on exploration and evaluation of mineral sands projects in Tanzania. This was reflected by the acquisition of Jacana Resources (Tanzania) Limited. Strandline now holds a dominant mineral sands exploration position in Tanzania, the last underexplored piece of the East African mineral sands producing corridor. Strandline has entered into a strategic relationship with Tembo Capital to further develop the Group's mineral sands projects in Tanzania.

The Group is continuing with its strategy to secure a strategic investor to realise value for the Coburn Heavy Mineral Sands Project.

DIRECTORS' REPORT

Factors and Business Risks Affecting Future Business Performance

The following factors and business risks could have a material impact on the Group's success in delivering its strategy of discovering an economic mineral sands deposit in Tanzania:

Access to Funding

The Group's ability to successfully explore and discover mineral sands projects is contingent on the ability to fund those projects from realising value from existing assets or to raise additional capital.

Exploration and Development

The business of exploration, project development and ultimately production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continued success of these activities is dependent on many factors such as:

- (i) discovery of economically recoverable ore reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to interests;
- (v) obtaining necessary consents and approvals;
- (vi) access to competent operational management and appropriately skilled personnel;
- (vii) mining risks;
- (viii) operating risks;
- (ix) environmental risks; and
- (x) financial risks.

Commodity Prices and Exchange Rates

Commodity prices for mineral sands products fluctuate according to changes in demand and supply. The Company is exposed to changes in commodity prices, which could affect the profitability of the Company's projects. Significant adverse movements in commodity prices could also affect the ability to raise capital (debt and equity) to fund exploration and development of projects. The Group will be exposed to changes in the US Dollar. Sales of mineral sands commodities will be denominated in US Dollars.

Significant Changes in the State of Affairs

In the opinion of the Directors, other than as outlined in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Subsequent events

On 13 July 2016, Strandline announced the completion of a fully underwritten pro-rata renounceable 1 for 2 rights issue at 0.5c per share raising approximately \$4.3 million. A total of 857,125,894 new shares were issued together with a corresponding number of free attaching unlisted options. For the free attaching unlisted options 428,562,947 are exercisable at 1 cent and expire on 30 June 2018 and 428,562,947 are exercisable at 1.5 cents and expire on 30 June 2019.

On 19 September 2016, Strandline announced the appointment of Mr Luke Graham as Managing Director and Chief Executive Officer. Mr Graham took over from Mr Eadie who remains on the Board as Non-Executive Director.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' REPORT

Future developments

All information regarding likely developments is contained in the "Operating and Financial Review" and subsequent events sections in this report.

Environmental regulations

The Company's environmental obligations are regulated under both State and Federal legislation, in Australia and Tanzania. Performance with respect to environmental obligations is monitored by the Board of Directors and subjected from time to time to government agency audits and site inspections. During the year there were no non-compliance incidents.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. In respect of the financial year ended 30 June 2016, the Directors have assessed that there are no current reporting requirements.

Dividends

No dividends were paid or declared and the Directors have not recommended the payment of a dividend.

Unissued share options and performance rights

Details of unissued ordinary shares of the Company under option as at the date of this Report are:

Options

Expiry date of options	Exercise price of option	Vested options	Unvested options	Total number of shares under option
3 November 2017	3 cents	10,000,000	-	10,000,000
12 October 2018	1.5 cents	136,366,924	-	136,366,924
30 June 2018	1 cent	428,549,645	-	428,549,645
30 June 2019	1.5 cents	428,549,645	-	428,549,645
		<u>1,003,466,214</u>	<u>-</u>	<u>1,003,466,214</u>

Performance Rights

Expiry date of rights	Exercise price of rights	Vested rights	Unvested rights	Total number of shares under rights
31 December 2016	nil	-	4,782,000	4,782,000
		<u>-</u>	<u>4,782,000</u>	<u>4,782,000</u>

The holders of these options and performance rights do not have the right to participate in any share issue of the Company or of any other body corporate or registered scheme. The share options and performance rights are unlisted securities, carrying no rights to dividends and no voting rights.

Shares issued on the exercise of options and performance rights

9,601,604 shares were issued during or since the end of the financial year as a result of the exercise of options and performance rights (2015: nil).

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

DIRECTORS' REPORT

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such as an officer or auditor. The Company has made an agreement to provide access, indemnity and insurance for all its Directors and executive officers for any breach of duty as a Director or executive officer by the Company, for which they may be held personally liable.

The agreement provides for the Company to pay insurance premiums and legal costs where:

- a) the liability does not arise out of conduct involving a lack of good faith; or
- b) the liability is for costs and expenses incurred by the Director or executive officer in defending proceedings in which judgment is given in their favour or in which they are acquitted.

Directors' meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director).

Directors	Board of Directors	
	Eligible to attend	Attended
Didier Murcia	12	12
Luke Graham ⁽¹⁾	-	-
Richard Hill	12	12
Asimwe Kabunga	12	9
Tom Eadie ⁽²⁾	9	9
John Hodder ⁽³⁾	-	-
Mike Folwell ⁽⁴⁾	7	7
Mark Hanlon ⁽⁵⁾	4	3

⁽¹⁾ Appointed 19 September 2016.

⁽²⁾ Appointed 9 October 2015.

⁽³⁾ Appointed 8 June 2016.

⁽⁴⁾ Resigned 1 March 2016.

⁽⁵⁾ Appointed 9 October 2015, Resigned 1 March 2016.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the Annual Report.

Remuneration Report (Audited)

This audited Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Strandline Resources Limited's key management personnel for the financial year ended 30 June 2016. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel;
- remuneration policy;
- relationship between the remuneration policy and Company performance;
- remuneration of key management personnel;
- bonuses and share-based payments granted as compensation for the current financial year;
- key management personnel equity holdings;
- key terms of employment contracts;
- loans and other transactions;
- voting of shareholders at last year's annual general meeting; and
- reliance on external remuneration consultants.

DIRECTORS' REPORT

Key management personnel

The Directors and other key management personnel of the Company during or since the end of the financial year were:

- Didier Murcia (Non-Executive Chairman appointed 1 March 2016, former Non-Executive Director from 23 October 2014 to 29 February 2016)
- Luke Graham (Managing Director appointed 19 September 2016)
- Richard Hill (Executive Director appointed 1 January 2016, former Managing Director from 23 October 2014 to 31 December 2015)
- Asimwe Kabunga (Non-Executive Director appointed 18 June 2015)
- Tom Eadie (Non-Executive Director appointed 19 September 2016, former Managing Director from 1 January 2016 to 18 September 2016, former Non-Executive Director from 9 October to 31 December 2015)
- John Hodder (Non-Executive Director appointed 8 June 2016)
- Mike Folwell (Non-Executive Chairman resigned 1 March 2016)
- Mark Hanlon (Non-Executive Director appointed 9 October 2015 and resigned 1 March 2016)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

Remuneration policy

No directors received retirement benefits from the Company, including superannuation guarantee contributions.

The Company's Non-Executive Directors receive only fees for their services and the reimbursement of reasonable expenses. The total aggregate fee pool to be paid to Directors, excluding Executive Directors, is set at \$400,000 per year, in accordance with the Company's constitution and as approved by the shareholders of the Company.

The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of these Directors. They do not receive any retirement benefits, other than compulsory superannuation. The Chairman normally receives an annual salary of \$54,750 inclusive of superannuation and Non-Executive Directors normally receive an annual salary of \$38,325 inclusive of superannuation.

From 1 June 2015 the Directors agreed to defer payment of their fees until such time as the Company had secured further funding. Normal payment resumed in June 2016.

At times, some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options would vest across the life of the option and would be primarily designed to provide an incentive to Non-Executive Directors to remain with the Company. However, no share options have been issued to date.

The Board is responsible for determining and reviewing compensation arrangements for the Directors and the other key management personnel. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Relationship between the remuneration policy and Company performance

The Board considers that, at this time, evaluation of the Company's financial performance using generally accepted measures such as profitability, total shareholder return or peer company comparison is not relevant as the Company's assets have not yet been developed to the point where they can generate revenue.

DIRECTORS' REPORT

The Company does however; grant share-based payments in the form of options and performance rights to align the interests of executives, employees and consultants with those of shareholders. During the year nil (2015: nil) options were granted and 6,800,000 (2015: 12,370,000) performance rights were issued.

Due to the stage of the Company's development, no link between remuneration and financial performance currently exists. However, performance rights are issued and which will only vest if the performance conditions are satisfied before the expiry date. The performance conditions are set to align with the Company's key strategies to develop its mineral sands projects.

The table below sets out summary information about the Company's earnings and movement in share price for the five years to 30 June 2016:

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Revenue	4,777	21,479	20,299	79,088	232,812
Loss before tax	(1,873,695)	(21,941,682)	(1,025,058)	(7,947,238)	(1,204,86)
Loss after tax	(1,873,695)	(21,941,682)	(1,025,058)	(7,947,238)	(818,170)
Share price at start of year	0.8 cents	1.2 cents	2.0 cents	11 cents	18 cents
Share price at end of year	0.5 cents	0.8 cents	1.2 cents	2.0 cents	11 cents
Basic and diluted loss per share	(0.16) cents	(4.24) cents	(0.39) cents	(3.31) cents	(0.38) cents

DIRECTORS' REPORT

Remuneration of key management personnel – 2016

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Unpaid salary & fees*	Other	Super-annuation		Options and Performance Rights	
	\$	\$	\$	\$	\$	\$	\$
Directors							
D Murcia ^{*(1)}	43,800	-	-	-	-	-	43,800
T Eadie ⁽²⁾	94,167	-	-	-	-	-	94,167
R Hill ^{*(3)}	169,303	56,434	-	-	-	52,244	277,981
A Kabunga*	15,969	22,356	-	-	-	-	38,325
J Hodder ⁽⁴⁾	3,194	-	-	-	-	-	3,194
M Folwell ⁽⁵⁾	36,647	-	-	-	-	-	36,647
M Hanlon ⁽⁶⁾	15,100	-	-	-	-	-	15,100
	378,180	78,790	-	-	-	52,244	509,214

* The Company resumed payment of previous deferred salary and fees in June 2016.

⁽¹⁾ Non-Executive Director from 23 October 2014 to 29 February 2016. Non-Executive Chairman from 1 March 2016.

⁽²⁾ Appointed 9 October 2015. Non-Executive Director from 9 October 2015 to 31 December 2015. Managing Director from 1 January 2016. Subsequent to 30 June 2016 returned to Non-Executive role.

⁽³⁾ Managing Director from 23 October 2014 to 31 December 2015. Executive Director from 1 January 2016.

⁽⁴⁾ Appointed 8 June 2016.

⁽⁵⁾ Resigned 1 March 2016.

⁽⁶⁾ Appointed 9 October 2015, resigned 1 March 2016.

Remuneration of key management personnel - 2015

	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment	Total
	Salary & fees	Unpaid salary & fees	Other	Super-annuation		Options and Performance Rights ⁽⁵⁾	
	\$	\$	\$	\$	\$	\$	\$
Directors							
M Folwell ^{*(1)}	30,513	4,562	-	2,899	-	-	37,974
R Hill ^{*(1)}	131,471	42,634	-	-	-	10,594	184,699
D Murcia ^{*(1)}	23,388	3,194	-	-	-	-	26,582
A Kabunga ^{*(2)}	-	1,278	-	-	-	-	1,278
D Craig ⁽³⁾	21,224	-	-	2,016	-	-	23,240
B Bloking ⁽⁴⁾	108,763	-	-	1,198	-	(2,298)	107,663
G Dixon ⁽³⁾	13,266	-	-	1,260	-	-	14,526
	328,625	51,668	-	7,373	-	8,296	395,962

* From 1 June 2015 payment of salary and fees were deferred. The unpaid fees will be paid when further funding is secured. Salary and fees for Mr Hill were paid up to 30 April 2015 and his fee for May 2015 was paid subsequent to the end of the financial year.

⁽¹⁾ Appointed 23 October 2014.

⁽²⁾ Appointed 18 June 2015.

⁽³⁾ Resigned 23 October 2014.

⁽⁴⁾ Managing Director from 1 July 2014 to 23 October 2014. Non-Executive Director from 23 October 2014 to date of resignation on 1 March 2015.

⁽⁵⁾ The performance rights held by Mr Hill were issued after the end of the financial year and the valuation was performed as at 5 May 2015 as this was when the key terms and conditions were agreed.

DIRECTORS' REPORT

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Key management personnel	Fixed remuneration		At risk - STI		At risk - LTI	
	2016	2015	2016	2015	2016	2015
D Murcia	100%	100%	-	-	-	-
T Eadie ⁽¹⁾	100%	-	-	-	-	-
R Hill	81%	94%	-	-	19%	6%
A Kabunga	100%	100%	-	-	-	-
J Hodder ⁽²⁾	100%	-	-	-	-	-
M Folwell ⁽³⁾	100%	100%	-	-	-	-
M Hanlon ⁽⁴⁾	100%	-	-	-	-	-
D Craig	-	100%	-	-	-	-
B Bloking	-	100%	-	-	-	-
G Dixon	-	100%	-	-	-	-

⁽¹⁾ Appointed 9 October 2015.

⁽²⁾ Appointed 8 June 2016.

⁽³⁾ Resigned 1 March 2016.

⁽⁴⁾ Appointed 9 October 2015, Resigned 1 March 2016.

Bonuses and share-based payments granted as compensation for the current financial year

Bonuses

No bonuses were paid to key management personnel during the financial year (2015: \$nil).

Incentive share-based payment arrangements

During the year no share options were granted to key management personnel (2015: nil) and no share options were exercised during the year (2015: nil). During the year 6,800,000 performance rights were granted to key management personnel (2015: nil). The performance rights were issued to Mr Hill. The performance rights will only vest if the performance conditions are satisfied before the expiry date. The fair value of the performance rights is \$0.01 per right. This was initially recognised and expensed from 5 May 2015 when the key terms and conditions were agreed. These were subsequently granted when approved by shareholders at the Company's General Meeting held on 10 July 2015. The key terms and conditions of Mr Hill's performance rights granted during the year are as follows:

Tranche	Service Period Start Date	Expiry Date	Number of Rights Granted During 2016	Number of Rights Vested During 2016	Number of Rights Forfeited During 2016	Number of Rights Remaining at 30 June 2016	% Vested During 2016	% Forfeited During 2016
Tranche 1	5/05/2015	30/06/2016	680,000	-	680,000	-	-	100%
Tranche 2	5/05/2015	30/06/2016	680,000	-	680,000	-	-	100%
Tranche 3	5/05/2015	30/06/2016	1,360,000	1,360,000	-	-	100%	-
Tranche 4	5/05/2015	31/12/2016	1,020,000	-	-	1,020,000	-	-
Tranche 5	5/05/2015	31/12/2016	680,000	-	-	680,000	-	-
Tranche 6	5/05/2015	31/12/2016	1,020,000	1,020,000	-	-	100%	-
Tranche 7	5/05/2015	31/12/2016	680,000	680,000	-	-	100%	-
Tranche 8	5/05/2015	30/06/2017	680,000	680,000	-	-	100%	-
TOTAL			6,800,000	3,740,000	1,360,000	1,700,000		

Details of the performance conditions are as follows:

Tranche 1: VWAP remaining at or above \$0.025 per share for a period of at least 20 trading days.

Tranche 2: VWAP remaining at or above \$0.04 per share for a period of at least 20 trading days.

Tranche 3: Announcement of a JORC Inferred Mineral Resource >50Mt of >3%HM in relation to any existing or new projects of the Company.

Tranche 4: Announcement of a JORC Inferred Mineral Resource >100Mt of >3%HM in relation to any existing or new projects of the Company.

Tranche 5: Announcement of a JORC Inferred Mineral Resource >150Mt of >3%HM in relation to any existing or new projects of the Company or announcement of a JORC Inferred Mineral Resource >50Mt of >3%HM for a second project.

DIRECTORS' REPORT

- Tranche 6: Completion of a scoping or pre-feasibility study on a project with a positive economic outcome, resulting in the Board making a decision to move to a full feasibility study.
- Tranche 7: Introduction and securing of a new project that becomes a priority project for the Company and is likely to add significant value to the market capitalisation of the Company.
- Tranche 8: Completion of a material transaction or transactions that lead to financing of the expected capital development cost of any existing or new project of the Company or the divestment of a project to an external third party or parties (not associated with the Company) as approved by the Board.

Fair value of share options and performance rights granted in the year

The fair value of services received in return for share options granted is based on the fair value of the share options granted, independently determined using the Black-Scholes option pricing model. For performance rights with market conditions, the fair value of services received is measured using a binomial pricing model. For performance rights with non-market conditions, fair value is measured using the closing share price at grant date.

Key management personnel equity holdings in Strandline Resources Limited

Fully paid ordinary shares

	Balance at 1 July No.	Acquired No.	Net other change No.	Number held on appointment/ resignation No.	Balance at 30 June No.
2016					
D Murcia	-	-	-	-	-
T Eadie ⁽¹⁾	-	14,428,572	26,561,424	-	40,989,996
R Hill ⁽²⁾	900,000	5,176,031	3,740,000	-	9,816,031
A Kabunga	35,404,809	9,837,091	-	-	45,241,900
J Hodder ⁽³⁾	-	-	-	-	-
M Folwell ⁽⁴⁾	17,862,179	3,571,430	-	21,433,609	-
M Hanlon ⁽⁵⁾	-	7,857,150	14,211,390	22,068,540	-

⁽¹⁾ Appointed 9 October 2015. Other change represents in-specie distribution of shares pursuant to Strandline's acquisition of Jacana Resources (Tanzania) Limited.

⁽²⁾ Other change represents vesting of performance rights.

⁽³⁾ Appointed 8 June 2016.

⁽⁴⁾ Resigned 1 March 2016.

⁽⁵⁾ Appointed 9 October 2015 and resigned 1 March 2016. Other change represents in-specie distribution of shares pursuant to Strandline's acquisition of Jacana Resources (Tanzania) Limited.

Share options

	Balance at 1 July No.	Acquired No. ⁽⁵⁾	Net other change No.	Number held on appointment/ resignation No.	Balance at 30 June No.	Vested and exercisable No.	Unvested and exercisable No.
2016							
D Murcia	-	-	-	-	-	-	-
T Eadie ⁽¹⁾	-	5,714,286	-	-	5,714,286	5,714,286	-
R Hill	-	2,142,860	-	-	2,142,860	2,142,860	-
A Kabunga	-	3,571,430	-	-	3,571,430	3,571,430	-
J Hodder ⁽²⁾	-	-	-	-	-	-	-
M Folwell ⁽³⁾	-	1,785,715	-	1,785,715	-	-	-
M Hanlon ⁽⁴⁾	-	3,928,575	-	3,928,575	-	-	-

⁽¹⁾ Appointed 9 October 2015.

⁽²⁾ Appointed 8 June 2016.

⁽³⁾ Resigned 1 March 2016.

⁽⁴⁾ Appointed 9 October 2015 and resigned 1 March 2016.

⁽⁵⁾ The options acquired were free attaching unlisted options that were issued pursuant to a share placement as approved by shareholders at the Annual General Meeting held on 27 November 2015.

DIRECTORS' REPORT

Performance rights

	Balance at 1 July No.	Granted as compensation No.	Vested No.	Forfeited No.	Balance at 30 June No.
2016					
D Murcia	-	-	-	-	-
T Eadie ⁽¹⁾	-	-	-	-	-
R Hill	-	6,800,000	(3,740,000)	(1,360,000)	1,700,000
A Kabunga	-	-	-	-	-
J Hodder ⁽²⁾	-	-	-	-	-
M Folwell ⁽³⁾	-	-	-	-	-
M Hanlon ⁽⁴⁾	-	-	-	-	-

⁽¹⁾ Appointed 9 October 2015.

⁽²⁾ Appointed 8 June 2016.

⁽³⁾ Resigned 1 March 2016.

⁽⁴⁾ Appointed 9 October 2015 and resigned 1 March 2016.

Key terms of employment contracts

On 1 January 2016 Tom Eadie was appointed Managing Director, he held this role until 19 September 2016. His remuneration and other terms of appointment were formalised in a service agreement, the key terms and conditions of which are:

- Term of agreement – 6 months with option to extend by mutual agreement.
- Minimum cost to the Company of \$170,820 per annum, working 3 days per week, with additional days worked to be remunerated at \$1,095 per day.
- Either party may terminate the agreement by providing two months' notice. The Company may terminate the agreement immediately for gross misconduct and other specified events.

On 1 January 2016 Richard Hill, former Managing Director, was appointed Executive Director, and his remuneration and other terms of appointment were formalised in a service agreement, the key terms and conditions of which are:

- Term of agreement – 12 months with option to extend by mutual agreement.
- Minimum cost to the Company of \$180,000 per annum, working 3 days per week, with additional days worked to be remunerated at \$1,200 per day.
- Either party may terminate the agreement by providing two months' notice. The Company may terminate the agreement immediately for gross misconduct and other specified events.

On 19 September 2016 Luke Graham was appointed Managing Director and Chief Executive Officer, and his remuneration and other terms of appointment were formalised in a service agreement, the key terms and conditions of which are:

- Term of agreement – permanent basis commencing 19 September 2016.
- Fixed Annual Remuneration of \$330,000 per annum, to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 50% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan ("LTIP") to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
 - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks' notice;
 - By either party following the probation period on giving 3 months' notice; or
 - By the Company without notice upon serious misconduct or gross neglect of duty.

DIRECTORS' REPORT

Loans and other transactions

No loans have been made by the Company to key management personnel during the year (2015: nil).

Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling \$225,051 were paid to Murcia Pestell Hillard for work completed on a number of legal matters including the acquisition of Jacana Resources (Tanzania) Limited, the strategic relationship with Tembo Capital, the renounceable rights issue prospectus and general legal services (2015: \$150,081).

No other transactions occurred between the Company and key management personnel during the year, aside from that disclosed in the remuneration of key management personnel above (2015: nil).

Voting of shareholders at last year's annual general meeting

The Company received more than 94% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the 2015 annual general meeting or throughout the year on its remuneration policies.

Reliance on external remuneration consultants

During the year the Board did not engage the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors or other key management personnel.

This is the end of the audited Remuneration Report

Non-Audit Services

No non-audit services were provided during the year by BDO Audit (WA) Pty Ltd ("BDO"), the Company's auditor. In regards to the previous financial year, the details of the amounts paid to the auditor of the Company, BDO, and its related practices for non-audit services provided are set out below.

Other Services

BDO Corporate Finance (WA) Pty Ltd – Independent Expert's Report

2016	2015
\$	\$
-	20,400

Corporate Governance

A copy of Strandline's full 2016 Corporate Governance Statement, which provides detailed information about governance, and a copy of Strandline's Appendix 4G which sets out the Company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations is available on the corporate governance section of the Company's website at www.strandline.com.au/corporategovernance

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors



Tom Eadie
Director

29 September 2016
Perth, Western Australia

DECLARATION OF INDEPENDENCE BY PHIL MURDOCH TO THE DIRECTORS OF STRANDLINE
RESOURCES LIMITED

As lead auditor of Strandline Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Strandline Resources Limited and the entities it controlled during the period.



Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 29 September 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016 \$	2015 \$
Revenue from continuing operations	6	4,777	19,569
Other income	7	-	1,910
Gain on sale of Mount Gunson Project	8	381,818	-
Employee benefits expense	10	(439,143)	(413,468)
Depreciation expense	10, 14	(28,555)	(5,543)
Share based payment expense		(163,591)	(11,290)
Impairment of exploration and evaluation expenditure	10, 15	(552,156)	(20,664,698)
Exploration costs for Coburn and Mount Gunson Projects	15	(524,370)	-
Other expenses		(552,475)	(868,162)
Loss before income tax		(1,873,695)	(21,941,682)
Income tax benefit	9	-	-
Loss after income tax for the year		(1,873,695)	(21,941,682)
Other comprehensive income			
Items that may be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		(70,024)	395,423
Other comprehensive income for the year, net of income tax		(70,024)	395,423
Total comprehensive loss for the year		(1,943,719)	(21,546,259)
Loss attributable to:			
Owners of Strandline Resources Limited		(1,943,719)	(21,546,259)
		Cents per share	Cents per share
Loss per share			
Basic and diluted loss per share (cents per share)	11	(0.16)	(4.24)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	23	1,621,442	167,759
Other receivable	12	52,759	31,823
Other current assets	13	-	136,462
Total current assets		1,674,201	336,044
Non-current assets			
Property, plant and equipment	14	45,575	4,911
Exploration and evaluation expenditure	15	15,252,416	9,708,344
Financial assets	16	210,000	-
Total non-current assets		15,507,991	9,713,255
Total assets		17,182,192	10,049,299
Current liabilities			
Trade and other payables	17	652,183	278,652
Provisions	18	61,491	63,479
Total current liabilities		713,674	342,131
Total liabilities		713,674	342,131
Net assets		16,468,518	9,707,168
Equity			
Contributed equity	19	54,981,301	46,344,073
Reserves	20	2,076,863	2,079,046
Accumulated losses		(40,589,646)	(38,715,951)
Total equity		16,468,518	9,707,168

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital \$	Share based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2014	41,676,538	1,604,553	-	(16,774,269)	26,506,822
Comprehensive income for the year					
Loss for the year	-	-	-	(21,941,682)	(21,941,682)
Foreign currency translation difference for foreign operation	-	-	395,423	-	395,423
Total comprehensive loss for the year	-	-	395,423	(21,941,682)	(21,546,259)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	5,019,291	-	-	-	5,019,291
Share issue costs	(351,756)	-	-	-	(351,756)
Recognition of share-based payments (refer to Note 25)	-	79,070	-	-	79,070
Balance at 30 June 2015	46,344,073	1,683,623	395,423	(38,715,951)	9,707,168
Balance at 1 July 2015	46,344,073	1,683,623	395,423	(38,715,951)	9,707,168
Comprehensive income for the year					
Loss for the year	-	-	-	(1,873,695)	(1,873,695)
Foreign currency translation difference for foreign operation	-	-	(70,024)	-	(70,024)
Total comprehensive loss for the year	-	-	(70,024)	(1,873,695)	(1,943,719)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	9,014,738	-	-	-	9,014,738
Share issue costs	(377,510)	-	-	-	(377,510)
Recognition of share-based payments (refer to Note 25)	-	163,591	-	-	163,591
Performance rights vested into shares	-	(95,750)	-	-	(95,750)
Balance at 30 June 2016	54,981,301	1,751,464	325,399	(40,589,646)	16,468,518

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Payments for exploration and evaluation (Coburn and Mount Gunson Projects)		(487,569)	-
Payments to suppliers and employees		(808,112)	(1,268,098)
Interest received		4,777	21,441
Net cash (used in) operating activities	23	(1,290,904)	(1,246,657)
Cash flows from investing activities			
Payments for exploration and evaluation		(1,725,209)	(1,600,737)
Cash acquired from acquisition of subsidiary	29	15,123	2,201
Advance of loan funds from Jacana Minerals Limited prior to completion of acquisition of Jacana Resources (Tanzania) Limited		250,000	-
Refund of rental deposit		-	17,313
Research and development tax refund received		19,744	357,971
Proceeds from sale of Mount Gunson Project		181,818	-
Payments for property, plant and equipment		(961)	-
Payments for available for sale financial assets		(10,000)	-
Net cash (used in) investing activities		(1,269,485)	(1,223,252)
Cash flows from financing activities			
Proceeds from issues of shares		4,184,690	2,363,011
Payment for share issue costs		(170,760)	(282,363)
Net cash inflow provided by financing activities		4,013,930	2,080,647
Net (decrease)/increase in cash and cash equivalents		1,453,541	(389,262)
Cash and cash equivalents at the beginning of the year		167,759	557,021
Effects of foreign exchange movement on opening cash balance		142	-
Cash and cash equivalents at the end of the year	23	1,621,442	167,759

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

Strandline Resources Limited ('Company' or 'Strandline') is a limited company incorporated in Australia. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the exploration and development of mineral sands, and also has interests in other base metal resources.

2. New Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the AASB Standards and Interpretations listed below were in issue but not yet effective and are most relevant to the Group:

<i>Standard Interpretation</i>	<i>Nature of Change</i>	<i>Application date for the Company</i>	<i>Impact on the Company financial statements</i>
AASB 2014-9 (issued December 2014) Amendment to Australian Accounting Standards – Equity Method in Separate Financial Statements	Currently, investments in subsidiaries, associates and joint ventures are accounted for in separate financial statements at cost or at fair value under AASB 139/AASB 9. These amendments provide an additional option to account for these investments using the equity method as described in AASB 128 <i>Investments in Associates and Joint Ventures</i> .	1 July 2016	It is not anticipated that the changes will have any material impact on the Group's financial statements.
AASB 2014-4 (issued August 2014) Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	Clarifies that use of revenue-based methods for calculating depreciation and amortisation is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits embodied in the asset. This assumption is rebuttable for intangible assets and can be overcome in limited circumstances, for example, where revenue is established as the predominant limiting factor in the contract, such as a concession to explore and extract from a gold mine that expires when total cumulative revenue from extraction of gold reaches a certain dollar threshold.	1 July 2016	The Standard will not have an impact on the Group's financial statements as it does not use any revenue-based methods for calculating depreciation and amortisation.
AASB 2014-10 (issued December 2014) Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Removes the inconsistency between AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> in accounting for transactions where a parent loses control over a subsidiary that is not a business under AASB 3 <i>Business Combinations</i> , by selling part of its interest to an associate or joint venture, or by selling down part of its interest so that the remaining investment becomes an associate or joint venture. Requires that: <ul style="list-style-type: none"> Gain or loss from measuring the retained interest in the former subsidiary at fair value, as well as gains or losses to be reclassified from other comprehensive income to profit or loss, only be recognised to the extent of the unrelated investor's interest in that associate or joint venture, and Remaining gains or losses to be eliminated against the investment in associate or joint venture. 	1 July 2016	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to sales or contributions of assets occurring after the application date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

<p>AASB 9 (issued December 2014) Financial Instruments</p>	<p>AASB 9 amends the classification and measurement of financial assets:</p> <ul style="list-style-type: none"> • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss. <p>The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model.</p> <p>A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses.</p> <p>A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months.</p> <p>For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.</p>	<p>1 July 2018</p>	<p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.</p>
<p>AASB 16 (issued February 2016) Leases</p>	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	<p>1 July 2019</p>	<p>Adoption of AASB 16 is only mandatory for the year ending 30 June 2020. The entity has not yet made an assessment of the impact of these amendments.</p>

3. Significant accounting policies

3.1. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, AASB Standards and Interpretations, and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Group financial statements and notes comply with International Financial Reporting Standards (IFRS).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2015. The adoption of these standards and interpretations did not have a material impact on the Group financial report.

The financial statements were approved by the Board of Directors on 29 September 2016.

3.2. Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for financial assets and financial liabilities that are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2016, the Group had working capital of \$960,527 (current assets less current liabilities) with cash on hand of \$1,621,442 and trade and other payables of \$652,183. The Group also has ongoing exploration expenditure commitments.

Subsequent to 30 June 2016, the Group successfully completed a non-renounceable rights issue raising approximately \$4.3 million. As a result the Group has sufficient cash to progress its budgeted Board approved exploration program.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Joint venture management fees

Revenue is recognised on the completion of the services provided under the contractual arrangement.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Investment income earned on the temporary investment of specific borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the current provision for employee benefits and in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the current provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments transactions of the Company

The Group may provide benefits to employees and consultants (including Directors) in the form of share-based payments, whereby employees and consultants render services in exchange for options or rights over shares ("equity settled transactions").

Equity-settled share based payments to employees and consultants are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. For options, the fair value is determined using a Black-Scholes model. For performance rights with market conditions, the fair value is measured using a binomial pricing model. For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Taxation

The income tax expense or benefit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, and to unused tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The carrying value is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Depreciation

Items of plant and equipment are depreciated using either the straight line or diminishing value method over their estimated useful lives to the Company. The depreciation rates used for each class of asset for the current period are as follows:

- Plant and equipment 7% - 40%

Assets are depreciated from the date the asset is ready for use. Depreciation costs are capitalised to exploration and evaluation expenditure where the assets are used exclusively for such activities.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest, and reduced by any research and development tax offset receivable related to this expenditure. This net expenditure is only carried forward to the extent that it is expected to be recouped through the successful development or sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against the profit or loss in the year in which the decision to abandon the area is made.

Upon commencement of production, the Group amortises the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable quantities of reserves. Estimates of recoverable reserve quantities include judgemental assumptions regarding commodity prices, exchange rates, discount rates, and production and transportation costs for future cash flows. It also requires interpretation of the quality of reserves, and their anticipated mining recovery. The economic, geological and technical factors used to estimate reserves may change from period to period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. When it is determined that it is no longer appropriate to continue the capitalisation of costs in relation to an area of interest they are expensed in profit or loss.

Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell, and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the expense item; or
- for receivables and payables which are recognised inclusive of GST.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority is classified as an operating cash flow.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposits at call which are readily convertible to cash and used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

Trade and other payables

Liabilities for trade creditors and other amounts represent the consideration to be paid in the future for goods and services received, whether or not billed to the Group. These amounts are initially recognised at fair value and subsequently measured at amortised costs using the effective interest rate method.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted using a current pre-tax rate that reflects the risks specific to the liability.

Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

Loss per share

Basic loss per share is determined by dividing the loss for the year attributable to owners of the Group, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers - identified as being the Board of Strandline. Operating segments that meet the quantitative criteria as described by AASB 8 *Operating Segments* are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

3.3. Functional and presentation currency

These consolidated financial statements are presented in Australian Dollars, which is the Company's functional currency. The functional currency of the Tanzanian subsidiary is the United States Dollar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Asset acquisition

The Group has determined that the acquisition of Jacana Resources (Tanzania) Limited is not deemed a business acquisition, the transaction has been accounted for as an asset acquisition. In assessing the requirements of IFRS 3 Business Combinations, the Group has determined that the assets acquired do not constitute a business. The principal assets acquired consist of granted mineral sands exploration tenements in Tanzania. When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition are included in the capitalised cost of the asset.

Capitalisation of exploration and evaluation expenditure

Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Company may capitalise exploration and evaluation expenditure as incurred provided that certain conditions are satisfied. The Company's policy is outlined in note 3.

Taxation

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

Impairment of exploration and evaluation expenditure

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. The Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

The method applied to calculate the recoverable value (being the fair value less costs of disposal) is the Market approach using comparable resource transactions and based on current market conditions. The recoverable value is a Level 3 measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Share-based payment transactions

The Company measures the cost of equity-settled transactions with Directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. For options, the fair value is determined using the Black Scholes model. For performance rights with market conditions, the fair value is measured using a binomial pricing model. For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date.

Tax losses

The deferred tax liability in relation to temporary differences arising from exploration and evaluation expenditure has not been recognised as the Company expects to have sufficient carried forward tax losses to offset this balance. The future recovery of these losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities and passing the required Continuity of Ownership and Same Business Test rules at the time the losses are expected to be utilised.

5. Segment information

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately. Strandline Resources Limited has therefore decided to aggregate all its operating segments into one reportable operating segment.

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income.

The Group has exploration and evaluation assets in Australia and Tanzania and geographical segment information is shown below:

Geographical Segment Information

	2016 Revenue \$	2016 Non-Current Assets \$	2015 Revenue \$	2015 Non-Current Assets \$
Australia	-	6,214,182	-	6,004,911
Tanzania	-	9,293,809	-	3,708,344
Total	-	15,507,991	-	9,713,255

6. Revenue from continuing operations

Interest revenue

	2016 \$	2015 \$
Interest revenue	4,777	19,569

7. Other income

Joint venture management fees

Joint venture management fees	-	1,910
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8. Gain on sale of Mount Gunson Project

Gain on sale of project tenements to Torrens Mining Limited

Gain on sale of project tenements to Torrens Mining Limited	381,818	-
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During the year the Group sold its 100% interest in the Mount Gunson Project to Torrens Mining Limited. The consideration received for the sale included a cash payment of \$181,818 (exclusive of GST) and 4,000,000 ordinary Torrens shares (having a value of a further \$200,000), as well as becoming eligible to receive a further deferred cash payment of \$1 million once Torrens makes a formal decision to mine in connection with the Project. If, prior to a decision to mine, the Project assets become listed on the Australian Securities Exchange (whether via an IPO of Torrens or a sale into a listed vehicle), or the Project assets are otherwise sold to a third party, then \$250,000 of the deferred cash consideration will become payable within 60 days and the remaining amount of the deferred cash consideration will convert to a 2% net smelter royalty (capped at \$1.25M).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9. Income taxes

Income tax recognised in the profit or loss

Tax benefit comprises:

	2016 \$	2015 \$
Current tax benefit	-	-
Total tax benefit relating to continuing operations	-	-

The benefit for the year can be reconciled to the accounting loss as follows:

	2016 \$	2015 \$
Loss before tax	(1,873,695)	(21,941,682)
Income tax expense calculated at 30%	(562,109)	(6,582,505)
Effect of expenses that are not deductible in determining taxable loss	161,233	6,155,711
Effect of unused tax losses not recognised as deferred tax assets	558,187	650,584
Effect of deductible capitalised expenditure	(157,311)	(223,790)
Income tax benefit recognised in the statement of profit or loss and other comprehensive income	-	-

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets/(liabilities)

Tax losses (revenue)	11,055,627	10,450,516
Capital raising costs recognised directly in equity	166,207	106,870
Temporary differences	324,226	227,780
Temporary differences arising from exploration and evaluation expenditure	(1,800,000)	(1,654,597)
Net unrecognised deferred tax asset	9,746,060	9,130,569

Tax losses

Unused tax losses have not been recognised as a deferred tax asset as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities. The amount of unrecognised carry forward tax losses is based on management's assessment of their ability to meet the same business or the modified continuity of ownership test. The benefits of these deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

10. Loss for the year

Loss for the year has been arrived at after charging the following items of expenses:

Employee benefit expense		
Directors' fees	184,148	119,741
Wages and salaries	217,406	245,502
Superannuation expenses	22,305	19,841
Increase in provision for annual leave	14,522	26,088
Increase in provision for long service leave	762	2,296
Total employee benefit expense	439,143	413,468
Depreciation expense	28,555	5,543
Impairment of exploration and evaluation expenditure	552,156	20,664,698
Occupancy expenses	61,671	67,601
Share-based payments	163,591	11,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

11. Loss per share

	2016 Cents per share	2015 Cents per share
Basic and diluted loss per share	(0.16)	(4.24)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2016 \$	2015 \$
Loss for the year	(1,873,695)	(21,941,682)

	2016 No.	2015 No.
Weighted average number of ordinary shares for the purposes of the basic loss per share	1,158,155,351	517,585,584

Diluted loss per share

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of calculating the diluted loss per share.

	2016 No.	2015 No.
Unlisted options exercisable at 5 cents on or before 8 November 2015	-	1,500,000
Unlisted options exercisable at 6 cents on or before 8 November 2015	-	1,000,000
Unlisted options exercisable at 3 cents on or before 3 November 2017	10,000,000	10,000,000
Unlisted options exercisable at 1.5 cents on or before 12 October 2018	136,366,924	-
Total unlisted options	146,366,924	12,500,000

12. Other receivable

	2016 \$	2015 \$
Goods and services tax recoverable	52,759	31,823

13. Other current assets

	2016 \$	2015 \$
Asset acquisition costs - Jacana Resources (Tanzania) Limited (note 1)	-	116,718
Research and development tax offset	-	19,744
	-	136,462

Note 1: Costs incurred in the process of acquiring an exploration asset and subsequently treated as acquired exploration and evaluation upon completion of the acquisition during the 2016 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14. Property, plant and equipment

	\$
At 1 July 2014	
Cost or gross carrying amount	96,460
Accumulated depreciation	(86,006)
Net book value	10,454
Year ended 30 June 2015	
Opening net book value	10,454
Depreciation charge	(5,543)
Closing net book value	4,911
At 30 June 2015	
Cost or gross carrying amount	96,460
Accumulated depreciation	(91,549)
Net book value	4,911
Year ended 30 June 2016	
Opening net book value	4,911
Additions	961
Acquisition of subsidiary - cost	159,885
Acquisition of subsidiary – accumulated depreciation	(90,973)
Depreciation charge	(28,555)
Foreign exchange movement	(654)
Closing net book value	45,575
At 30 June 2016	
Cost or gross carrying amount	254,613
Accumulated depreciation	(209,038)
Net book value	45,575

15. Exploration and evaluation expenditure

	2016 \$	2015 \$
Carried forward exploration and evaluation expenditure	9,708,344	26,311,147
Capitalised during the year	1,376,055	1,271,346
Acquisition of Tanzanian tenements	4,766,300	2,776,645
Research and development tax offset	-	(377,715)
Foreign exchange movement	(46,127)	391,619
Impairment of exploration and evaluation expenditure (i)	(552,156)	(20,664,698)
	15,252,416	9,708,344

The carrying value of exploration and evaluation expenditure for the Coburn Heavy Mineral Sands Project as at 30 June 2016 was \$6,000,000 (2015: \$6,000,000) which is based upon an independent technical valuation prepared by CSA Global dated 30 April 2015. The Company continues to seek a suitable strategic partner who will take a significant equity interest in the Coburn Project and may also be able to assist the Company in obtaining debt and equity financing.

Expenditure of \$524,370 (2015: nil) was recognised directly in profit or loss as it was incurred on the Coburn and Mount Gunson areas of interest which are not expected to be recouped through the successful development or sale.

(i) An impairment of \$552,156 relating to non-mineral sands projects has been recognised for the year ended 30 June 2016. For the year ended 30 June 2015, an impairment of \$20,664,698 relating to the Coburn Heavy Mineral Sands Project, Mount Gunson Copper, Fowler's Bay Nickel and Tennant Creek Gold-Copper Projects had been recognised. Of this amount in 2015, \$20,543,157 related to the Coburn Project and the impairment was due to weak mineral sands prices resulting in an inability of the Group to finance the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The method applied to calculate the recoverable value (being the fair value less costs of disposal) was the Market approach using comparable resource transactions and based on current market conditions. The recoverable value is a Level 3 measurement with the main unobservable input being the total resource. It is not expected that the resource would change.

16. Financial assets

Available-for-sale financial assets

	2016 \$	2015 \$
Available-for-sale financial assets	210,000	-

Other investments consist of 4,200,000 unlisted ordinary shares in Torrens Mining Limited ("Torrens"). Torrens is an unlisted public company. The investment consist of 4,000,000 shares received on the sale of the Mount Gunson Project to Torrens at a value of \$200,000 and an additional 200,000 shares subscribed for at a cost of \$10,000. The cost of the investment is deemed fair value based on recent share transactions.

17. Current trade and other payables

Trade payables
Accrued director fees
Other creditors and accruals

	2016 \$	2015 \$
Trade payables	143,427	110,322
Accrued director fees	86,547	51,668
Other creditors and accruals	422,209	116,662
	652,183	278,652

Accounts payable are all payable in Australian dollars, are non-interest bearing and normally settled on 30 day terms. Refer to note 24 for details of the Company's exposure to liquidity risks on financial liabilities.

18. Current provisions

Provision for annual leave
Provision for long service leave

	2016 \$	2015 \$
Provision for annual leave	36,562	39,312
Provision for long service leave	24,929	24,167
	61,491	63,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. Issued capital

1,714,253,726 fully paid ordinary shares (2015: 628,526,794 shares)

54,981,301	46,344,073
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The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares

	2016		2015	
	No.	\$	No.	\$
Balance at beginning of year	628,526,794	46,344,073	291,551,793	41,676,538
Acquisition of Jacana Resources (Tanzania) Limited, shares issued at 1.0 cent per share on 9 October 2015	461,974,721	4,619,747	-	-
Share issue at 0.7 cents per share for payment of corporate services rendered on 9 October 2015	8,500,000	59,500	-	-
Share issue at 0.7 cents per share on 9 October 2015 as part of a share placement	105,671,460	739,700	-	-
Share issue at 0.7 cents per share on 20 October 2015 as part of a share placement	40,507,010	283,549	-	-
Share issue at 0.7 cents per share on 23 December 2015 as part of a share placement	49,428,592	346,000	-	-
Share issue at 1.0 cent per share upon vesting of performance rights on 23 December 2015	1,082,000	10,820	-	-
Share issue at 0.7 cents per share on 11 January 2016 as part of a share placement	72,000,000	504,000	-	-
Share issue at 0.7 cents per share for payment of corporate services rendered on 11 January 2016	5,126,786	35,888	-	-
Share issue at 1.0 cent per share upon vesting of performance rights on 10 May 2016	8,493,000	84,930	-	-
Share issue at 0.7 cents per share on 7 June 2016	332,943,363	2,330,604	-	-
Share issue at 2.4 cents per share on 19 August 2014	-	-	2,000,000	48,000
Acquisition of Strandline Resources Pty Ltd, shares issued at 1.5 cents per share on 23 October 2014	-	-	166,666,667	2,500,000
Share placement issued at 1.5 cents per share on 24 October 2014	-	-	146,666,668	2,200,000
Share purchase plan at 1.5 cents per share on 27 November 2014	-	-	8,600,000	129,000
Share issue at 1.0 cent per share on 21 January 2015	-	-	7,000,000	70,000
Share purchase plan shortfall issue at 1.5 cents per share on 29 January 2015	-	-	2,375,000	35,625
Share issue at 1.0 cent per share on 25 March 2015	-	-	3,666,666	36,666
Share issue costs	-	(377,510)	-	(351,756)
Balance at end of year	1,714,253,726	54,981,301	628,526,794	46,344,073

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. Issued capital (cont'd)

Share options and performance rights on issue

Share options and performance rights issued by the Company carry no rights to dividends and no voting rights.

As at 30 June 2016, the Company has 146,366,924 share options on issue (2015: 12,500,000) exercisable on a 1:1 basis for 146,366,924 shares (2015: 12,500,000) at various exercise prices. During the year 136,366,924 options were granted (2015: 10,000,000), no options were converted into shares (2015: nil) and 2,500,000 options expired (2015: 7,100,000). Further details regarding the options are contained in note 25 to the financial statements.

As at 30 June 2016, the Company has 4,782,000 performance rights on issue (2015: 12,370,000) exercisable on a 1:1 basis for 4,782,000 shares (2015: 12,370,000). During the year 6,800,000 performance rights were granted (2015: 12,370,000), 9,575,000 performance rights were converted into shares (2015: nil) and 4,813,000 performance rights expired (2015: nil). The Company has made an assessment that it is probable the performance conditions will be met for the performance rights on issue. Further details regarding the performance rights are contained in note 25 to the financial statements.

	2016 \$	2015 \$
20. Reserves		
Share-based payments reserve	1,751,464	1,683,623
Foreign currency translation reserve	325,399	395,423
	<u>2,076,863</u>	<u>2,079,046</u>
Share-based payments reserve		
Balance at beginning of year	1,683,623	1,604,553
Recognition of share-based payments	163,591	79,070
Performance rights vested into shares	(95,750)	-
Balance at end of year	<u>1,751,464</u>	<u>1,683,623</u>

The share-based payments reserve arises on the grant of share options and performance rights to executives, employees, consultants and advisors. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments is contained in note 25 to the financial statements.

	2016 \$	2015 \$
Foreign currency translation reserve		
Balance at beginning of year	395,423	-
Foreign currency translation difference for foreign operation	(70,024)	395,423
Balance at end of year	<u>325,399</u>	<u>395,423</u>

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

21. Commitments for expenditure

Leasing commitments

	2016 \$	2015 \$
Leasing arrangements for the rental of office space		
Not longer than 1 year	4,209	30,833
Longer than 1 year and not longer than 5 years	-	-
	<u>4,209</u>	<u>30,833</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

22. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2016 (2015: \$nil).

23. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposits at call which are readily convertible into cash and used in the cash management function on a day to day basis, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2016 \$	2015 \$
Cash and bank balances	1,621,442	167,759

Reconciliation of loss for the year to net cash outflow used by operating activities

Loss for the year	(1,873,695)	(21,941,682)
Non-cash items		
Depreciation	28,555	5,543
Impairment of exploration expenditure	552,156	20,664,698
Share-based payments	163,591	11,290
Gain on sale of Mount Gunson Project	(381,818)	-
Movements in working capital		
Decrease in trade and other receivables	(20,937)	4,081
Increase/(decrease) in trade and other payables	258,355	74,501
Increase/(decrease) in provisions	(1,988)	(62,887)
Cash acquired on acquisition of subsidiary	(15,123)	(2,201)
Net cash outflow used in operating activities	(1,290,904)	(1,246,657)

Non-cash financing activities

During the year the Company completed the acquisition of Jacana Resources (Tanzania) Limited through the issue of 461.97 million shares.

24. Financial instruments

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital management requires the maintenance of a strong cash balance to support ongoing exploration and evaluation activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Categories of financial instruments

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	1,621,442	167,759
Other investments	210,000	-
	1,831,442	167,759
Financial liabilities		
Trade and other payables	652,183	278,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24. Financial instruments (cont'd)

Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. These risks include market risk, interest rate risk, credit risk and liquidity risk. The Group's objectives, policies and processes for measuring and managing those risks are disclosed below.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk management

As the Group is still in the exploration and evaluation phase and does not sell a commodity, market risk, which is the risk that changes in market prices will affect the Group's income, does not currently apply. However, it is recognised that if production was to commence on one of the Group's mineral sands projects, the prices of heavy mineral sand products, in particular zircon, will affect the Group.

Currency Risk

The Group is exposed to currency risk on purchases that are denominated in currency other than the respective functional currencies of the Group entities, primarily the Australian dollar (AUD) and the United States Dollar (USD). The currencies in which these transactions primarily are denominated are AUD and USD. The Group investment in its Tanzanian subsidiary is denominated in AUD and is not hedged as those currency positions are considered to be long term in nature.

Interest rate risk management

The Group's exposure to interest rate risk is shown in the table below:

	\$	Weighted average interest rate
2016		
Financial assets		
Cash and cash equivalents	1,621,442	1.83%
	<u>1,621,442</u>	
2015		
Financial assets		
Cash and cash equivalents	167,759	2.74%
	<u>167,759</u>	

Interest rate sensitivity analysis

A change of 100 basis points in interests rates (all other variables remaining constant) would have changed the Group's loss after tax for the year by \$2,616 (2015: \$7,146). Where interest rates decrease, there would be an equal and opposite impact on the loss after tax for the year.

Fair value of financial assets and liabilities

The Group's financial assets and financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of the financial assets and financial liabilities as at 30 June 2016 and 30 June 2015 approximates their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24. Financial instruments (cont'd)

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The Group's financial assets measured at fair value are set out in the table below:

	2016 \$	2015 \$
Level 3 Assets		
Equity investments – shares in Torrens Mining Limited	210,000	-
	<u>210,000</u>	<u>-</u>

As set out in note 16 to the financial statements, other investments consist of 4,200,000 unlisted ordinary shares in Torrens Mining Limited ("Torrens"). Torrens is an unlisted public company. The cost of the investment is deemed fair value based on equity issued by Torrens Mining Limited.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's receivables. There were no trade and other receivables in arrears.

The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral/security bonds where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit rating of the Group's bank is AA.

At risk amounts are as follows:

	2016 \$	2015 \$
Financial assets		
Cash and cash equivalents	1,621,442	167,759
	<u>1,621,442</u>	<u>167,759</u>

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, identifying when further capital raising or other initiatives are required.

Liquidity risk table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

24. Financial instruments (cont'd)

	Contractual cash flows					Total contractual cash flows
	Carrying amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	
	\$	\$	\$	\$	\$	\$
2016						
Financial liabilities						
Trade and other payables	652,183	(229,974)	(422,209)	-	-	(652,183)
2015						
Financial liabilities						
Trade and other payables	278,652	(106,058)	(114,745)	(57,849)	-	(278,652)

25. Share-based payments

Share-based payments including options and performance rights are granted at the discretion of the Board to align the interests of executives, employees and consultants with those of shareholders.

Each option issued converts into one ordinary share of Strandline Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry by paying the exercise price.

Performance rights are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones and remaining in employment during the vesting period. Performance rights are granted under the Group's Long Term Incentive Plan for no consideration and are granted for a period not exceeding 5 years.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Options

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				\$	\$
(1) Issued 1 Dec 2010 (i)	4,000,000	1 Dec 2010	30 Nov 2014	0.27	0.11
(2) Issued 23 June 2011(ii)	1,600,000	23 Jun 2011	22 Jun 2015	0.29	0.12
(3) Issued 8 November 2013 (iii)	1,500,000	8 Nov 2013	8 Nov 2015	0.05	0.01
(4) Issued 8 November 2013 (iv)	1,000,000	8 Nov 2013	8 Nov 2015	0.06	0.01
(5) Issued 8 November 2013 (v)	1,500,000	8 Nov 2013	1 Mar 2015	0.08	0.01
(6) Issued 3 November 2014 (vi)	10,000,000	3 Nov 2014	3 Nov 2017	0.03	0.0068

(i) In accordance with the terms of the share-based arrangement, 2 million options vested on 1 December 2011 and 2 million options vested on 1 December 2012.

(ii) In accordance with the terms of the share-based arrangement, all options issued were vested to the recipients

(iii) In accordance with the terms of the share-based arrangement, the options vested on 8 May 2014.

(iv) In accordance with the terms of the share-based arrangement, the options vested on 8 November 2014.

(v) In accordance with the terms of the share-based arrangement, the options expired on 1 March 2015 upon resignation of the recipient.

(vi) In accordance with the terms of the share-based arrangement, the options were vested on 3 November 2014.

Fair value of share options granted in the year

The fair value of services received in return for share options granted is based on the fair value of the share options granted, independently determined using the Black-Scholes option pricing model.

136,366,924 options were granted during the year (2015: 10,000,000). The options granted during the year were free-attaching options as part of a share placement. The options were issued on a 1 for 2 basis with an exercise price of \$0.015 per option. The expiry date of the options is 12 October 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25. Share-based payments (cont'd)

Movements in share options during the period

The following reconciles the share options outstanding at the beginning and end of the year:

	2016		2015	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the year	12,500,000	0.03	9,600,000	0.19
Granted during the year	136,366,924	0.015	10,000,000	0.03
Forfeited during the year	-	-	(1,500,000)	0.08
Exercised during the year	-	-	-	-
Expired during the year	(2,500,000)	0.054	(5,600,000)	0.27
Balance at end of the year	146,366,924	0.016	12,500,000	0.03
Exercisable at end of the year	146,366,924	0.016	12,500,000	0.03

Share options exercised during the year

No share options were exercised during the financial year (2015: nil).

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of 1.6 cents (2015: 3 cents) and a weighted average remaining contractual life of 811 days (2015: 712 days).

Performance Rights

Fair value of performance rights granted in the year

For performance rights with market conditions, the fair value of services received is measured using a binomial pricing model. For performance rights with non-market conditions, fair value is measured using the closing share price at grant date. Vesting is based on the performance conditions being met which are listed below.

6,800,000 performance rights were granted during the year to Richard Hill. In the previous year 12,370,000 performance rights were granted to employees. The details are as follows:

Number granted during 2015	Number granted during 2016	Total number granted	Grant date	Expiry date	Fair value at grant date \$ per right	Vesting conditions
1,639,000	680,000	2,319,000	5 May 2015	30 June 2016	0.01	Tranche 1
1,639,000	680,000	2,319,500	5 May 2015	30 June 2016	0.01	Tranche 2
2,288,500	1,360,000	3,648,500	5 May 2015	30 June 2016	0.01	Tranche 3
1,453,500	1,020,000	2,473,500	5 May 2015	31 December 2016	0.01	Tranche 4
1,453,500	680,000	2,133,500	5 May 2015	31 December 2016	0.01	Tranche 5
3,092,500	1,020,000	4,112,500	5 May 2015	31 December 2016	0.01	Tranche 6
402,000	680,000	1,082,000	5 May 2015	31 December 2016	0.01	Tranche 7
402,000	680,000	1,082,000	5 May 2015	30 June 2017	0.01	Tranche 8
12,370,000	6,800,000	19,170,000				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

25. Share-based payments (cont'd)

The performance condition of each tranche is set out as follows:

- Tranche 1: VWAP remaining at or above \$0.025 per share for a period of at least 20 trading days
- Tranche 2: VWAP remaining at or above \$0.04 per share for a period of at least 20 trading days
- Tranche 3: Announcement of a JORC Inferred Mineral Resource >50Mt of >3%HM in relation to any existing or new projects of the Company
- Tranche 4: Announcement of a JORC Inferred Mineral Resource >100Mt of >3%HM in relation to any existing or new projects of the Company
- Tranche 5: Announcement of a JORC Inferred Mineral Resource >150Mt of >3%HM in relation to any existing or new projects of the Company or announcement of a JORC Inferred Mineral Resource >50Mt of >3%HM for a second project
- Tranche 6: Completion of a scoping or pre-feasibility study on a project with a positive economic outcome, resulting in the Board making a decision to move to a full feasibility study
- Tranche 7: Introduction and securing of a new project that becomes a priority project for the Company and is likely to add significant value to the market capitalisation of the Company
- Tranche 8: Completion of a material transaction or transactions that lead to financing of the expected capital development cost of any existing or new project of the Company or the divestment of a project to an external third party or parties (not associated with the Company) as approved by the Board

Movements in performance rights during the period

The following reconciles the performance rights outstanding at the beginning and end of the year:

	2016 Number	2015 Number
Balance at beginning of the year	12,370,000	-
Granted during the year	6,800,000	12,370,000
Exercised during the year	(9,575,000)	-
Expired during the year	(4,813,000)	-
Balance at end of the year	4,782,000	12,370,000

Recognition of share-based transactions

	2016 \$	2015 \$
Share options	-	(2,298)
Performance rights	163,591	13,588
Total expense recognised	163,591	11,290
Add – options granted to Hartleys recognised as a share issue cost	-	67,780
Total share-based payments recognised in reserves	163,591	79,070

26. Key management personnel compensation

The Directors and other members of key management personnel of the Company during the year were:

Didier Murcia (Non-Executive Chairman appointed 1 March 2016. Previously Non-Executive Director from 23 October 2014 to 29 February 2016)

Tom Eadie (Managing Director appointed 1 January 2016. Previously Non-Executive Director from 9 October 2015 to 31 December 2015)

Richard Hill (Executive Director appointed 1 January 2016. Previously Managing Director from 23 October 2014 to 31 December 2015)

Asimwe Kabunga (Non-Executive Director, appointed 18 June 2015)

John Hodder (Non-Executive Director, appointed 8 June 2016)

Mike Folwell (former Non-Executive Chairman, resigned 1 March 2016)

Mark Hanlon (former Non-Executive Director from 9 October 2015 to 1 March 2016)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

26. Key management personnel compensation (cont'd)

Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below:

	2016 \$	2015 \$
Short-term employee benefits	456,970	380,293
Post-employment benefits	-	7,373
Share-based payments	52,244	8,296
	509,214	395,962

The short-term employee benefits are recognised in both the statement of profit or loss and other comprehensive income as an expense, and the statement of financial position as an exploration and evaluation asset, depending upon the work activity undertaken.

The compensation of each member of the key management personnel of the Group is set out in the Remuneration Report on page 13 of this Annual Report.

The remuneration of Directors and key executives is determined by the Board having regard to the performance of individuals and market trends.

27. Remuneration of auditors

	2016 \$	2015 \$
Auditor of the Company		
Audit and review of the financial statements	34,726	41,863
Other Services		
BDO Corporate Finance (WA) Pty Ltd – Independent Expert's Report	-	20,400

The Company's auditor is BDO Audit (WA) Pty Ltd.

28. Related party transactions

Transactions with key management personnel

Compensation

Details of key management personnel compensation are disclosed in note 26 to the financial statements.

Equity holdings

Disclosure of key management personnel equity holdings is set out in the Remuneration Report on pages 15 to 16 of this Annual Report.

Loans

No loans have been made by the Company to key management personnel during the year (2015: nil).

Other transactions

Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling \$225,051 were paid to Murcia Pestell Hillard for work completed on various legal matters including the acquisition of Jacana Resources (Tanzania) Limited, the strategic relationship with Tembo Capital, the renounceable rights issue prospectus and general legal services (2015:\$150,081).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29. Asset Acquisition

On 9 October 2015, the Company acquired 100% of the shares in Jacana Resources (Tanzania) Limited (“JRT”) in an all-scrip transaction. The Company issued 461.97 million ordinary shares to JRT shareholders. With a deemed price of 1.0 cent for each share issued based on the fair value of the assets, the consideration payable was \$4.619 million. Acquisition costs of \$230,588 were also incurred resulting in total costs of \$4,850,335.

Details of the fair value of the assets acquired as at 9 October 2015 (in Australian dollars) as at the date of purchase are as follows:

	9 October 2015 \$
Purchase Consideration	
Shares issued	4,619,747
Acquisition costs	230,588
Total	4,850,335
Net Assets Acquired	
Cash	15,123
Property, plant and equipment	68,912
Deferred exploration and evaluation (mineral sands leases)	4,766,300
Total	4,850,335

30. Group entities

	Country of Incorporation	Ownership Interest	
		2016	2015
Parent Entity			
Strandline Resources Limited			
Subsidiaries			
Active Resources (T) Limited	Tanzania	100%	100%
Jacana Resources (Tanzania) Limited	Tanzania	100%	-%
Strandline Australia Pty Ltd	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

31. Parent entity disclosures

As at and throughout the financial year, the parent of the Group was Strandline Resources Limited.

	Company	
	2016 \$	2015 \$
Results of the Parent Entity		
Loss for the period	(1,488,817)	(21,948,408)
Other comprehensive income	-	-
Total comprehensive income for the period	(1,488,817)	(21,948,408)

	Company	
	2016 \$	2015 \$
Financial Position of the Parent Entity at Year End		
Current assets	1,631,414	183,490
Non-current assets	15,604,849	9,433,554
Total assets	17,236,263	9,617,044
Current liabilities	715,024	312,058
Total liabilities	715,024	312,058
Net assets	16,521,239	9,304,986
Contributed equity	54,981,301	46,344,073
Reserves	1,751,464	1,683,622
Accumulated losses	(40,211,526)	(38,722,709)
Total equity	16,521,239	9,304,986

Parent Entity Contingencies

The parent entity had no contingent liabilities as at 30 June 2016 (2015: nil).

Parent Entity Expenditure Commitments

	2016 \$	2015 \$
Leasing commitments		
Leasing arrangements for the rental of office space		
Not longer than 1 year	-	30,833
Longer than 1 year and not longer than 5 years	-	-
	-	30,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

32. Events after the reporting period

On 13 July 2016, Strandline announced the completion of a fully underwritten pro-rata renounceable 1 for 2 rights issue at 0.5c per share raising approximately \$4.3 million. A total of 857,125,894 new shares were issued together with a corresponding number of free attaching unlisted options. For the free attaching unlisted options 428,562,947 are exercisable at 1 cent and expire on 30 June 2018 and 428,562,947 are exercisable at 1.5 cents and expire on 30 June 2019.

On 19 September 2016, Strandline announced the appointment of Mr Luke Graham as Managing Director and Chief Executive Officer. Mr Graham took over from Mr Eadie who remains on the Board as Non-Executive Director.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

33. Approval of financial statements

The financial statements were approved by the Board of Directors on 29 September 2016.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- (c) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated Group;
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001; and
- (e) the remuneration disclosures included in the Directors' Report on pages 10 to 17 of this Annual Report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with s.300A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



Tom Eadie
Director

Perth, 29 September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Strandline Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Strandline Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3.1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Strandline Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Strandline Resources Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Strandline Resources Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

BDO Audit (WA) Pty Ltd

BDO



Phillip Murdoch

Director

Perth, 29 September 2016

SHAREHOLDING INFORMATION as at 28 September 2016

1 Number of Shareholders and Unmarketable Parcels

There were 5,663 shareholders, including 4,732 with an unmarketable parcel valued at less than \$500.

2 Distribution of Equity Securities

The distribution of numbers of equity security holders by size of holding is shown in the table below:

	Class of Equity Security		
	Ordinary Shares	Options	Performance Rights
1 - 1,000	951	171	-
1,001 - 5,000	1,601	162	-
5,001 - 10,000	668	63	-
10,001 - 100,000	1,632	208	1
100,001 and over	811	169	6
	5,663	773	7
Number of securities	2,571,406,224	1,003,466,214	4,782,000

3 Twenty Largest Ordinary Shareholdings

Name	Ordinary Shares	
	Number Held	Percentage of Issued Shares (%)
1. NDOVU CAPITAL VII BV	751,813,183	29.24
2. GASMERE PTY LTD	226,000,000	8.79
3. ARTEMIS CORPORATE LIMITED	71,435,704	2.78
4. KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C>	67,862,850	2.64
5. WESTORIA RESOURCE INVESTMENTS LTD	48,374,628	1.88
6. MR HARALAMBOS HATZIKYRIAZIS	44,161,265	1.72
7. GASMERE PTY LIMITED	42,397,040	1.65
8. MR HARRY HATCH	41,497,040	1.61
9. MR ERNEST THOMAS EADIE	38,915,575	1.51
10. JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	32,000,000	1.24
11. MR PAUL LESLIE DUNCAN + MRS DARANEE DUNCAN + MR PAUL KENNEDY DUNCAN <POCHANA SUPER FUND A/C>	29,100,000	1.13
12. T&C LANDRIGAN PTY LTD <T&C LANDRIGAN SUPER A/C>	28,000,000	1.09
13. SISU INTERNATIONAL PTY LTD	26,911,434	1.05
14. ANKEV INVESTMENTS PTY LTD	25,180,848	0.98
15. JOJO ENTERPRISES PTY LTD <SFI FAMILY A/C>	22,689,939	0.88
16. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,002,632	0.82
17. GREY WILLOW PTY LTD	20,998,638	0.82
18. MR JONATHAN ROSENTHAL	20,643,125	0.80
19. COPPER STRIKE LIMITED	20,384,356	0.79
20. SUNZONE PTY LTD	20,000,000	0.78
TOTAL TOP 20 SHAREHOLDERS	1,599,368,257	62.20
REMAINING SHAREHOLDERS	972,037,967	37.80
TOTAL NUMBER OF ISSUED SHARES	2,571,406,224	100.00

SHAREHOLDING INFORMATION as at 28 September 2016

4 Substantial Shareholdings (over 5%)

Name	Ordinary Shares	
	Number Held	Percentage of Issued Shares (%)
NDOVU CAPITAL VII BV	751,813,183	29.24
GASMERE PTY LTD	226,000,000	8.79

5 Voting Rights

At a general meeting of the Company shareholders are entitled:

- On a show of hands, each person who is a member or sole proxy has one vote.
- On a poll, each shareholder is entitled to one vote for each fully paid share.

Holders of options and performance rights have no voting rights. Voting rights will be attached to the unissued ordinary shares when the options or performance rights have been exercised.

6 Restricted Securities

Pursuant to the acquisition of Jacana Resources (Tanzania) Limited, a total of 78,014,396 shares were placed in escrow for 12 months. The escrow period will expire on 14 October 2016.

7 On-Market Buy Back

There is no current on-market buy back.

8 Securities Approved Not Issued

None.

TENEMENT INFORMATION

TENEMENT SCHEDULE AS AT 30 JUNE 2016

COBURN MINERAL SANDS PROJECT, WESTERN AUSTRALIA (100% STRANDLINE)

Tenement	Area (sq km)	Grant/ Application Date	Notes
EL 09/939	107.5	18 June 1999	1
EL 09/940	63.8	18 June 1999	1
ELA 09/942	196.0	12 May 1998	2
ELA 09/943	61.6	12 May 1998	2
ELA 09/944	176.4	15 May 1998	2
ELA 09/957	196.0	21 July 1998	2
M 09/102	9.98	25 October 2004	
M 09/103	9.99	25 October 2004	
M 09/104	9.99	25 October 2004	
M 09/105	10.0	25 October 2004	
M 09/106	10.0	25 October 2004	
M 09/111	9.99	19 July 2005	
M 09/112	9.90	19 July 2005	
L 09/21	9.5	8 January 2007	
L 09/43	0.7	17 January 2013	

FOWLER'S BAY GOLD-BASE METAL PROJECT, SOUTH AUSTRALIA (100% STRANDLINE)

Tenement	Area (sq km)	Date Granted
EL 4440	700	9 March 2013

Note

1. No mining (exploration) conditions on portions overlapping the Shark Bay World Heritage Property.
2. Tenement Application (ELA).

TENEMENT INFORMATION

TENEMENT SCHEDULE AS AT 30 JUNE 2016 (cont'd)

TANZANIAN MINERAL SANDS PROJECTS (100% STRANDLINE)

Tenement	Name	Area (sq km)	Date Granted
PL 7321/2011	Tajiri	68.70	17/11/2011
PL 7499/2011	Fungoni	16.46	22/12/2011
PL 7588/2012	Kitambula	34.16	3/02/2012
PL 7666/2012	Pangani	32.01	23/02/2012
PL 7752/2012	Bagamoyo	158.61	19/03/2012
PL 7753/2012	Bagamoyo	93.41	4/04/2012
PL 7754/2012	Fungoni	99.74	4/04/2012
PL 7940/2012	Kiswere North	95.30	30/04/2012
PL 7960/2012	Tongoni	116.43	4/06/2012
PL 8008/2012	Tanga North	142.15	4/06/2012
PL 8123/2012	Tongoni North	38.06	19/07/2012
PL 8134/2012	Bagamoyo West	158.82	7/08/2012
PL 8196/2012	Bagamoyo West	139.36	22/08/2012
PL 8185/2012	Bagamoyo West	96.15	22/08/2012
PL 8197/2012	Mafia	263.66	22/08/2012
PL 9427/2013	Kitambula	15.23	18/10/2013
PL 9951/2014	Fungoni South	101.90	10/07/2014
PL 9976/2014	Tanga	50.43	22/07/2014
PL 9971/2014	Bagamoyo West	80.70	22/07/2014
PL 9972/2014	Miteja	226.91	22/07/2014
PL 9977/2014	Songa	92.29	22/07/2014
PL 9980/2014	Kiswere South	43.55	22/07/2014
PL 9969/2014	Sud	218.39	22/07/2014
PL 9970/2014	Madimba	69.19	22/07/2014
PL 9978/2014	Mahuranga	81.97	22/07/2014
PL 10265/2014	Bagamoyo	63.39	25/09/2014
PL 10429/2014	Mkwaja	19.37	24/11/2014
PL 10424/2014	Ziwani	76.41	2/12/2014
PL 10425/2014	Tanga North	44.03	2/12/2014

MINERAL RESOURCES AND ORE RESERVES INFORMATION

MINERAL RESOURCE INVENTORY

The Company's mineral resource inventory and ore reserves are summarised in the tables below:

COBURN MINERAL SANDS PROJECT, WESTERN AUSTRALIA

Ore Reserves

Prospect	Category	Mineralisation Type	Cut-Off Grade (%HM)	Reserve (Million Tonnes)	HM (%)	Contained HM (Million Tonnes)
Amy Pit A	Proven	Dune/strand	0.8%	53	1.3	0.7
Amy Pits B-E	Probable	Dune/strand	0.8%	255	1.2	3.1
TOTAL			0.8%	308	1.2	3.8

Mineral Resources (inclusive of Ore Reserves)

Prospect	Category	Mineralisation Type	Cut-Off Grade (%HM)	Resource (Million Tonnes)	HM (%)	Contained HM (Million Tonnes)
Amy South	Measured	Dune/strand	0.8%	119	1.3	1.5
Amy Central	Indicated	Dune/strand	0.8%	599	1.2	7.2
Amy North	Inferred	Dune/strand	0.8%	261	1.4	3.6
TOTAL			0.8%	979	1.26	12.3

FUNGONI MINERAL SANDS PROJECT, TANZANIA

Mineral Resources

Summary ⁽¹⁾					THM Assemblage ⁽²⁾					
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Fungoni	Indicated	11	0.34	3.1	44	4	22	-	27	9
Fungoni	Inferred	3	0.05	1.7	44	4	22	-	24	9
	Total⁽³⁾	14	0.4	2.8	44	4	22	-	27	9

(1) Mineral Resources reported at a cut-off grade of 1.0% THM

(2) Mineral Assemblage is reported as a percentage of in situ THM content

(3) Appropriate rounding applied

TANGA SOUTH (TAJIRI) MINERAL SANDS PROJECT, TANZANIA

Mineral Resources

Summary ⁽¹⁾					THM Assemblage ⁽²⁾					
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Tajiri	Indicated	19	1.0	5.1	65	12	6	6	34	3
Tajiri North	Indicated	40	1.2	3.0	70	7	5	2	52	3
	Total⁽³⁾	59	2.2	3.7	68	10	5	4	46	3

(1) Mineral Resources reported at a cut-off grade of 1.7% THM

(2) Mineral Assemblage is reported as a percentage of in situ THM content

(3) Appropriate rounding applied

MINERAL RESOURCES AND ORE RESERVES INFORMATION

MINERAL RESOURCES

The figures in the Mineral Resource Inventory were compiled by the persons named below, who are corporate members of the Australasian Institute of Mining and Metallurgy, each of whom has had at least five years' experience in the fields of activity concerned and accurately reflects the information compiled by those persons. The estimates of Mineral Resources and Ore Reserves for the Coburn Project are reported in accordance with the JORC Code 2004 edition, and have not been updated to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported. The estimates of Mineral Resources for the Fungoni and Tanga South Projects are reported in accordance with the JORC Code 2012 edition.

Coburn – Resources	Measured & Indicated:	D Speijers of McDonald Speijers Resource Consultants Pty Ltd (2008)
	Inferred:	P Leandri (2007)
Coburn - Reserves		P Leandri and T Colton (2008)
Fungoni - Resources	Inferred & Indicated	Rod Webster, Tracie Burrows and Kathy Zunica of AMC Consultants Pty Ltd (2014)
Tanga South (Tajiri) - Resources	Indicated	Greg Jones (Principal with GNJ Consulting) and Brendan Cummins (Employee of Strandline) (2016)

MINERAL RESOURCES AND ORE RESERVES ANNUAL STATEMENT AND REVIEW

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition and the ASX Listing Rules. The review was carried out as at 30 June 2016.

There has been no additional work or change to the Coburn Ore Reserve and Mineral Resource estimates during the year.

The Company acquired the Fungoni and Tanga South Mineral Sands Projects pursuant to the acquisition of Jacana Resources (Tanzania) Limited during the year. There was no change to the Mineral Resource estimate for Fungoni following the acquisition.

For the Tanga South Project (Tajiri and Tajiri North Prospects), the Group completed an aircore drilling programme and reported a maiden rutile-rich Indicated Mineral Resource of 59 million tonnes @ 3.7% Total Heavy Minerals (“THM”) for the Tajiri Prospects.

The Company is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

ESTIMATION GOVERNANCE STATEMENT

The Company ensures that all Mineral Resource and Ore Reserve calculations are subject to appropriate levels of governance and internal controls. Exploration Results are collected and managed by competent qualified geologists and overseen by the Company's Chief Geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserve estimates are prepared by qualified independent Competent Persons and further verified by the Company's technical staff. If there is a material change in the estimate of a Mineral Resource, the modifying factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

MINERAL RESOURCES AND ORE RESERVES INFORMATION

APPROVAL OF MINERAL RESOURCES AND ORE RESERVE STATEMENT

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the JORC Code 2012 Edition.

The Ore Reserves and Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by competent and qualified independent external professionals and reviewed by the Company's technical staff. The Ore Reserves and Mineral Resources Statement has been approved by Brendan Cummins, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cummins is an employee of Strandline Resources Limited. Mr Cummins has consented to the inclusion of the Statement in the form and context in which it appears in this Annual Report.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to mineral resources for Fungoni is based upon information compiled by Mr Tom Eadie, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Eadie, who is Managing Director of Strandline Resources, has sufficient experience which is relevant to the style of mineralisation and type of deposit 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 Eadie consents to the inclusion in this release of the matters based on the information in the form and context in which they appear.

The information in this report that relates to mineral resources for the Tanga South (Tajiri) Project is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Principal with GNJ Consulting) 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.