



## September 2017 Quarterly Report

# Strandline advances its pipeline of global mineral sands assets

Strandline Resources (ASX: STA) is pleased to report on a successful September quarter in which it continued to make strong progress on each of its mineral sands projects, including completion of the Fungoni Project Definitive Feasibility Study and drilling programmes at its Tanga South (Tajiri) project.

## **HIGHLIGHTS**

### **EXPLORATION AND DEVELOPMENT**

Strong progress made on Tanzanian heavy mineral sands (**HMS**) exploration, resource growth and engineering feasibility activities:

#### **Fungoni HMS Project – positive DFS completed**

- Positive DFS on Strandline's 100%-owned Fungoni heavy mineral sands project in Tanzania completed
- Low development capital cost of US\$30 million, outstanding Internal Rate of Return (**IRR**) of 56% and revenue-to-operating cost ratio of 2.7 (first quartile)
- Project Pre-Tax NPV of US\$42.9 million (A\$57.2 million at USD:AUD 0.75, 10% discount rate)
- Maiden ore reserve of 12.3 Mt @ 3.9% Total Heavy Mineral (**THM**)
- Environmental Certificate granted and Mining Licence Application submitted
- Fungoni paves the way for multiple project development options across Strandline's strategic portfolio of mineral sands assets

#### **Northern Tanzania Projects - new discoveries with significant HMS scale potential**

- Resource drilling completed at Tanga South (Tajiri) project in northern Tanzania and maiden drilling completed of Tanga North prospects
- Large heavy mineral sands discoveries at Bagamoyo tenement 40km north of Dar es Salaam

#### **Southern Tanzania Projects - exploration underway in JV with Rio Tinto**

- Reconnaissance air core (AC) drilling programme underway at Strandline's southern Tanzanian tenement portfolio, including Mtwara, Sudi, Kiswere and Miteja project areas
- The JV with Rio Tinto is separate from Strandline's other HMS assets in Tanzania, including the advanced Fungoni Project and the Bagamoyo and Tanga projects, which remain 100% owned by the Company

#### **Coburn HMS Project in Western Australia**

- Internal desktop review commenced of previously completed Coburn DFS work in consideration of strategic development options in light of the improving mineral sands market and other industry drivers

### **CORPORATE**

- Raised A\$5.2 million through a strategic share placement comprising 651.2 million shares at an issue price of AUD0.8 cents per share, which was a premium to the market price and other industry drivers

- No debt and A\$4.7m cash in hand as at 30 September 2017
- Improving HMS market with the TiO<sub>2</sub> pigment and zircon industry in recovery phase

Strandline Managing Director Luke Graham said: *“Strandline made strong progress on all fronts during the quarter in line with the Company’s strategy of advancing each of our priority projects in parallel. This ranged from completion of the Fungoni DFS, which confirmed that Fungoni is an outstanding project which will generate strong financial returns for Strandline shareholders and deliver significant social and economic benefits for the people of Tanzania, through to resource drilling at Tanga South and the discoveries at Bagamoyo. At the same time, aircore reconnaissance drilling ramped-up at our joint venture with Rio Tinto.”*

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## EXPLORATION AND DEVELOPMENT

The Company progressed its strategic exploration and development activities in Tanzania through the September quarter. The operational activities were aimed at building known Mineral Resources and discovering new HMS mineralisation zones across priority targets, while in parallel, progressing definitive engineering feasibility work on the Fungoni HMS Project, near Dar es Salaam.

### FUNGONI HMS PROJECT

The Company continued to advance development on its high margin zircon-rich Fungoni Project located near the port infrastructure of Dar es Salaam (see Figure 2).

#### Definitive Feasibility Study Completed

As announced on 6 October 2017, Strandline released the findings of the Definitive Feasibility Study (DFS) on the Fungoni Project. The study confirms the Project will deliver strong financial returns, has a high unit value product suite, is capital-efficient, and demonstrates the strategic potential of the Company’s portfolio of mineral sands assets in Tanzania.

The DFS represents a significant milestone in Strandline’s strategy to become a high-margin mineral sands producer of relevance to key customers around the world. The DFS defines a realistic and proven project delivery plan and rapid pathway to commercial production; confirming the ability to complete construction and commissioning in a nominal 12 month period.

The Project is based on mining ore at 2Mt/a<sup>1</sup>, processing onsite using multiple stages of beneficiation and mineral separation equipment to produce saleable, low impurity, premium quality industrial mineral products. A Mineral Resource Estimate of 22Mt @ 2.8% total heavy mineral (THM), classified 41% Measured and 59% Indicated, provides the geological foundation for the Project, with a maiden Ore Reserve inventory of 12.3Mt @ 3.9% THM.

The high-grade orebody is exposed at surface with the mineralisation showing strong geological continuity along strike and at depth. The mining study confirms conventional mining of the higher grade optimised domains from surface and averaging 12 metres thick, with a maximum thickness of 22 metres. There is real potential to extend the Fungoni Project LOM by further optimising the mine pits as product pricing improves thus expanding mineral resource that can be mined profitably.

Advanced beneficiation and separation of minerals will take place in Tanzania with high local content maximising value generation and capital inflows to Tanzania. The DFS confirms a very favourable product suite and high mineral recoveries.

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<sup>1</sup> Refer to the ASX Announcement dated 06 October 2017 for full details of the material assumptions underpinning the production target for the Fungoni Project. The Company confirms that all the material assumptions underpinning the production target continue to apply and have not materially changed.

**Table 1** Fungoni Life of Mine Product Recoveries and Tonnages

Product	Pit-t-Product Recovery (%)	LOM Saleable tonnes (kt)
Ilmenite	94.5	197.1
Rutile	70.7	15.6
Zircon *	94.8	82.5
Monazite *	97.3	7.1
<b>Total</b>		<b>302.3</b>

Note\* Zircon and monazite minerals are combined in a zircon-monazite rich product

The Project is favourably located ~25km from the Dar es Salaam port in a growing commercial/industrial district and will benefit from the close proximity to existing infrastructure, including an established road network and services industry.

Project economics are based on known current ore reserves for an initial 6.2 year LOM. The key financial results and underlying assumptions used are outlined in the following tables:

**Table 2** DFS Financial Results

Description	Result
NPV (10% DR, Real, Pre Tax, no debt)	\$42.9M
IRR	56.2%
Payback Period of Initial Capital	2.72 years
LOM Revenue	\$168.1M
LOM EBITDA	\$97.8M
LOM OPEX C1 Costs inc transport	\$63.1M
LOM All-in Sustaining Costs (AISC)	\$71.2M
Revenue to C1 Cost Ratio	2.7
Annual Average Operating Margin	\$348/t
LOM Free Cash Flow (FCF)	\$71.5M

**Table 3** DFS Key Assumptions

Description	Result
Annual Production Rate (Steady State)	2.0Mt
LOM Production	12.3Mt
Mine Life (Initial)	6.2 Years
Exchange Rate (A\$/US\$)	0.75
Discount Rate	10%
Capital Expenditure (Pre-production)	US\$30.0M
Product Price Zircon (FOB) Average LOM	US\$1,134/t
Product Price Rutile (FOB) Average LOM	US\$1072/t
Product Price Ilmenite (FOB) Average LOM	US\$232/t
Product Price Monazite (FOB) Average LOM	US\$1722/t

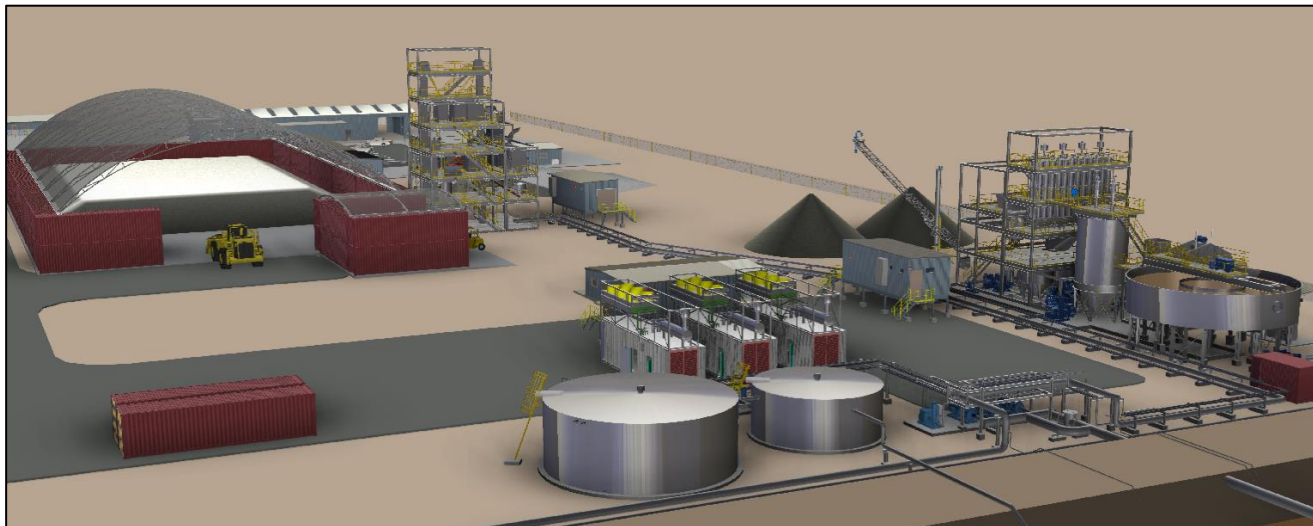
Capital and operating cost estimates used in the DFS are supported by first principle estimates and quotations from suppliers and contractors, providing a high degree of confidence in the financial projections, with an overall accuracy level of ±10-15% as appropriate for a DFS of this nature.

**Table 4** DFS Project Development Capital

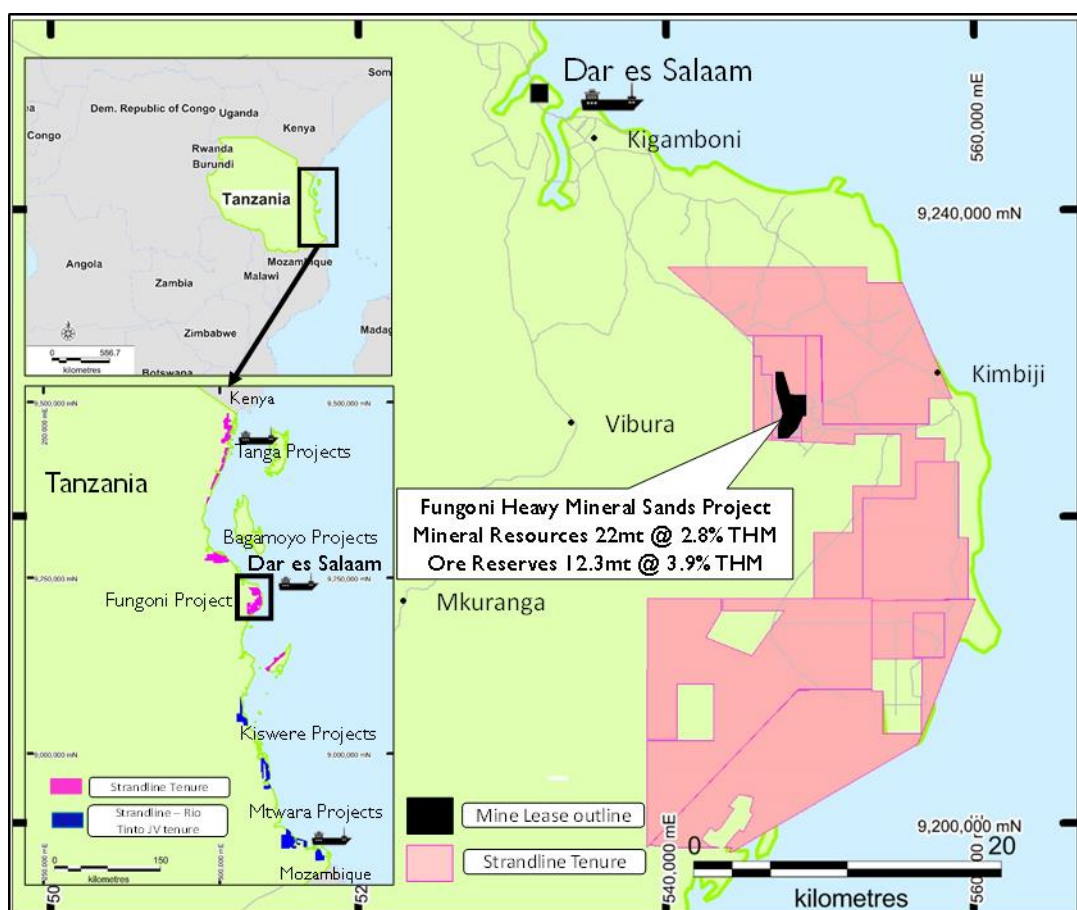
Capital Cost Item	Amount (US\$)
Site establishment, bulk earthworks & roads	\$0.71M
Process Infrastructure	\$14.84M
Non-Process Infrastructure – Mine	\$4.57M
Non-Process Infrastructure - Port	\$0.47M
Pre-production Mine Development	\$0.42M
Owners Costs inc land access, insurance, project team/expenses	\$4.03M
Working Capital, Spares & First Fills	\$2.19M
Contingency (10%)	\$2.72M
<b>Project Development Capital Total</b>	<b>\$29.95M</b>

**Table 5** DFS Operating Expenditure

Operating Cost Item	LOM (US\$/Saleable t)
Mining inc Tailings and MFU	\$80.10/t
Processing inc WCP, MSP, Laboratory, Power, etc	\$65.53/t
Administration	\$28.03/t
Transportation (to ship)	\$34.99/t
<b>C1 Cost</b>	<b>\$208.65/t</b>
Royalty	\$23.92/t
Sustaining Capital	\$3.14/t
<b>All in Sustaining Cost</b>	<b>\$235.71/t</b>
<b>Product Basket Price (saleable)</b>	<b>\$556.28/t</b>
<b>Operating C1 Cost Margin</b>	<b>\$347.63/t</b>
<b>All-in Sustaining Cost Margin</b>	<b>\$320.58/t</b>



**Figure 1** Preliminary 3D image of Fungoni HMS Project (Feasibility level design)



**Figure 2** The Fungoni Project is favourably located close to Dar es Salaam Port Infrastructure and supporting industries

Table 6 below displays the Mineral Resources estimated for the Fungoni Project. Refer ASX announcement 02 May 2017 for full details of the Fungoni Mineral Resource Estimate.

**Table 6** Mineral Resource Statement for Fungoni at May 2017

<b>MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT</b>										
<b>Summary of Mineral Resources<sup>(1)</sup></b>					<b>VHM assemblage<sup>(2)</sup></b>					
<b>Deposit</b>	<b>Mineral Resource Category</b>	<b>Tonnage</b>	<b>In situ THM</b>	<b>THM</b>	<b>Ilmenite</b>	<b>Rutile</b>	<b>Zircon</b>	<b>Leucoxene</b>	<b>Slimes</b>	<b>Oversize</b>
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>FUNGONI</b>	Measured	8.77	0.37	4.26	43.3	4.3	18.3	1.0	18.5	6.8
<b>FUNGONI</b>	Indicated	12.97	0.24	1.84	36.7	4.3	14.6	1.4	24.4	7.3
	<b>Total<sup>(3)</sup></b>	<b>21.74</b>	<b>0.61</b>	<b>2.82</b>	<b>40.7</b>	<b>4.3</b>	<b>16.9</b>	<b>1.2</b>	<b>22.0</b>	<b>7.0</b>
(1) Mineral Resources reported at a cut-off grade of 1.0% THM										
(2) Valuable Mineral assemblage is reported as a percentage of in situ THM content										
(3) Appropriate rounding applied										

Mineral Resources were converted to Ore Reserves in accordance with the JORC Code 2012 Edition based on the pit designs, recognising the level of confidence in the Mineral Resource estimation, and reflecting modifying factors.

Refer ASX announcement 06 October 2017 for full details of the Fungoni Ore Reserve statement.

**Table 7** Ore Reserve Statement for Fungoni Project at October 2017

<b>ORE RESERVES SUMMARY FOR FUNGONI PROJECT</b>						
<b>Deposit</b>	<b>Reserve Category</b>	<b>Ore</b>	<b>Slimes</b>		<b>Heavy Mineral</b>	
		(Mt)	(Mt)	(%)	(kt)	(%)
<b>FUNGONI</b>	Proved	6.9	1.2	18	341	4.9
<b>FUNGONI</b>	Probable	5.4	1.0	19	138	2.6
	<b>Total</b>	<b>12.3</b>	<b>2.3</b>	<b>19</b>	<b>480</b>	<b>3.9</b>

\*Note totals may deviate from the arithmetic sum due to rounding.

### Environmental Certificate Received

As announced on 26 July 2017, Strandline secured the Environmental Certificate for the Fungoni Project. The grant of the Environmental Certificate represents the completion of another major milestone in the Project's approval process. The Environmental Certificate is a key pre-requisite for the granting of a mining licence and will remain valid for the life of the project.

### Submission of Mining Licence Application

As announced on 28 September 2017, Strandline submitted the mining licence application for the Fungoni Project to the Ministry of Energy and Minerals of Tanzania.

### Mineral Sands Commodity Market Continues to Improve

Mineral sands supply and demand fundamentals have tightened in recent times and prices have started to increase from the low base experienced during 2013 to 2016. This recovery has been led by the titanium minerals and now zircon, as evidenced by Iluka Resources' (ASX: ILU) recent announcement (see Iluka's ASX release dated 12 September 2017) referring to a zircon reference price increase of US\$130/t to US\$1230/t, effective from 01 October 2017 for a six-month period.

The Fungoni Project is positioned well to benefit from an improving mineral sands commodity outlook and in particular, the emerging zircon structural supply gap forecasted for the market from 2018.

### Forward Plan

With project feasibility activities now complete, Strandline seeks to broaden its customer base and general awareness of the Project prior to mine establishment and progress negotiation of major construction contracts.

Key milestones to achieve a decision to mine are to secure the Mining Licence approval from the Ministry of Energy and Minerals Tanzania and finalise land access agreements. Strandline has commenced its project financing activities to ensure sufficient funding through to receipt of first revenue.

## CONTINUATION OF RAPID COUNTRY-WIDE EXPLORATION

During the quarter Strandline continued its rapid, large scale exploration campaign across its strategic tenement holding in the north and south of Tanzania, including Tanga South, Tanga North, Bagamoyo and the southern project areas that are under joint venture with Rio Tinto.

### Northern Tanzania Projects – Tanga and Bagamoyo

The Company completed the next phase of aircore drilling in the Tanga South and Tanga North project areas, aimed at building mineral resources and discovering new mineralisation zones. In addition Strandline made several large, higher grade mineral sands discoveries at its Bagamoyo tenements.

As announced on 23 August 2017, Strandline received visual panned THM estimates of drill samples taken from a successfully completed 4750m air-core resource drilling programme across the priority T1-T4 targets at the Tajiri tenements within its Tanga Project. The THM estimates have identified high-grade results, showing good continuity of grade and mineralisation along strike.

In light of these results, Strandline is now confident of increasing the existing Mineral Resources across the highly prospective Tajiri tenement; Tajiri's already significant existing Indicated Resource of 59Mt at 3.7 % THM (refer ASX announcement 06 February 2017).

The Company is now progressing laboratory THM analysis, geological interpretation and mineral assemblage/chemistry test work and expects formal results to be announced later this year.

Tajiri's existing Resources comprise a high unit value assemblage of 87% valuable mineral, which includes 68% Ilmenite, 10% Rutile, 5% Zircon and 4% Leucosene.

Strandline has recently completed a maiden drilling programme across multiple HMS prospects in the north of Tanga. These prospects are at an early stage having been generated from the detailed geophysical survey, follow-up soil surveys and mineral assemblage characterisation conducted earlier this year. No results have been received to date from this drilling programme.

As announced on 04 October 2017, Strandline received the soil sampling results from its first exploration programme over the eastern Bagamoyo tenements. The programme was designed to demonstrate sufficient scale, grade, continuity and mineral assemblage and focussing on the mapped radiometric anomalies associated with topographic ridges (20 and 30 metres above sea level).

The exploration results have exceeded the Company's expectation with the identification of significant zones of anomalism with surface footprints showing both size and grade potential. The Company believes the area is highly prospective and represents a major new mineral sands target in the Bagamoyo province.

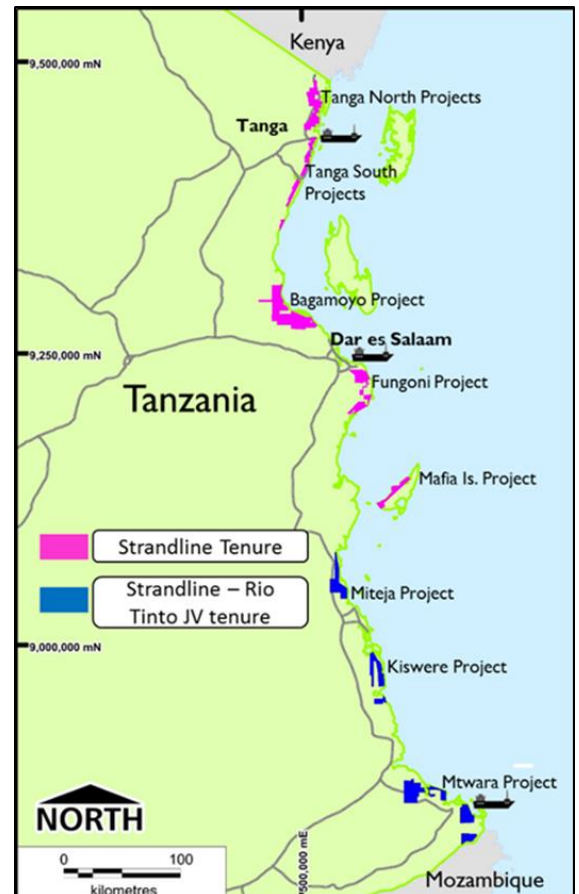


Figure 3 Strandline holds a strategic tenement package located along 350 km of the Tanzanian coastline

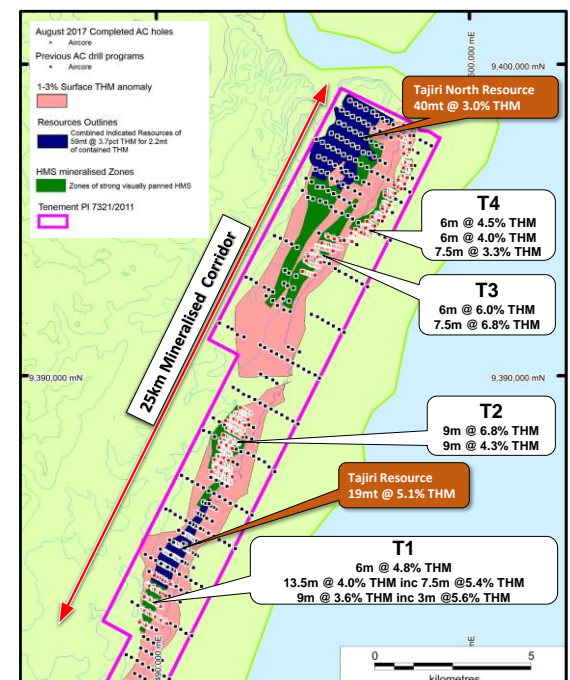


Figure 4 Tanga South Tajiri Tenement with T1-T4 target zones identified

The Company is now undertaking additional mapping and shallow auger drilling ahead of planning a future aircore (AC) drill programme at Bagamoyo.

The drilling completed to date shows mineralisation open at depths of up to 11m, with depth of drilling only limited by ground conditions and the manual auger drilling constraints. Significantly, the field results have not encountered any limestone basement nor identified limestone outcrops in the anomalous areas. The visual panned estimates have identified consistent zones of enriched heavy mineral through the hole, essentially reflecting the range and grades of the surface soil HM grades.

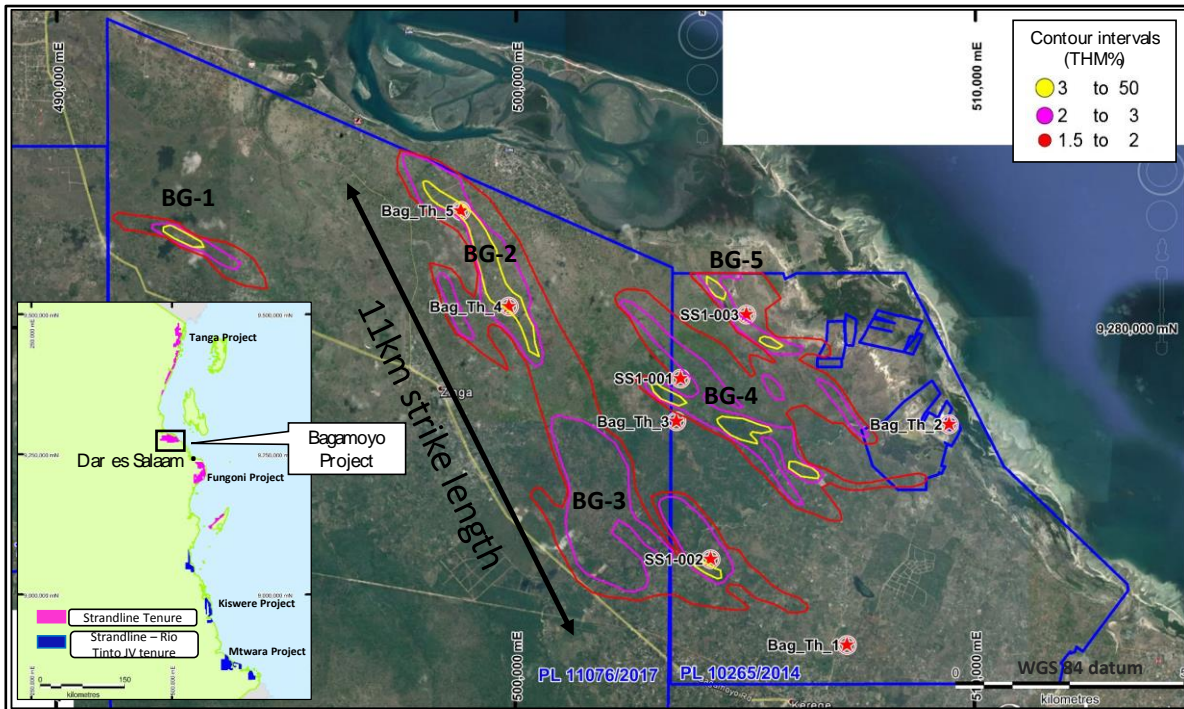


Figure 5 Bagamoyo east soil sample contours and mineral assemblage locations.

### Southern Tanzania exploration accelerated in JV with Rio Tinto

As announced on 26 April and 26 June 2017, Strandline entered into an Earn-in and Joint Venture (JV) Agreement with Rio Tinto in connection with the Company's suite of HMS tenements located in the southern region of Tanzania, plus a surrounding "area of interest" (refer Figure 6). Reconnaissance air core drilling is underway at a number of priority target areas at Sudi, Kiswera, Miteja and Madimba tenements.

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

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

Initial findings from the first phase programme is expected to be announced later in this year.

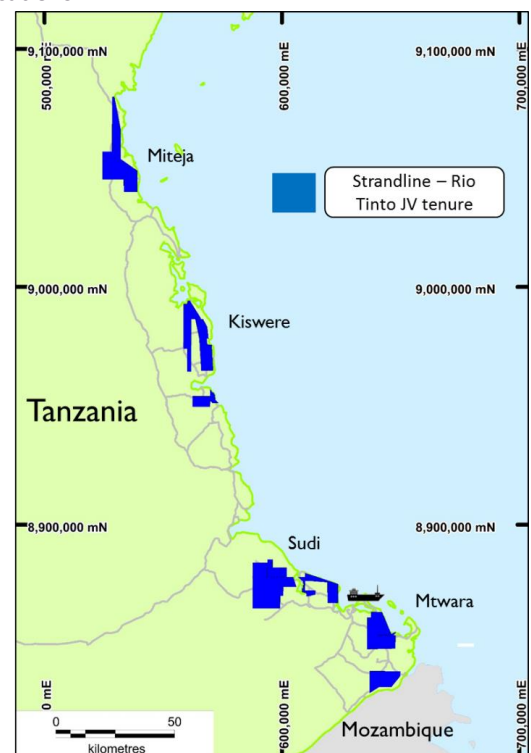


Figure 6 Strandline-Rio Tinto JV Project Area in the southern region of Tanzania

## **COBURN ZIRCON PROJECT**

During the quarter, Strandline continued to maintain the currency of its fully permitted 100% owned large scale zircon-rich HMS project in Western Australia through low cost strategies.

In light of the favourable market dynamics (including improvements in commodity prices) and the advancement of technology, Strandline commenced an internal review of project fundamentals and strategic development options.

The Coburn Project is defined by a large deposit with a global JORC 2004 Resource estimate of 979Mt @ 1.26% HM and a proved and probable Ore Reserve estimate of 308Mt @ 1.2% HM (Refer to Table 9). The Project has a high value assemblage composition of 23% Zircon, 48% Ilmenite, 7% Rutile and 5% Leucoxene and highly marketable product suite.

The Project has been subject to advanced engineering work over the past years with completion of several definitive feasibility studies (some A\$30 million invested on the project to date). Coburn is one of a very few large-scale zircon-rich mineral sands projects world-wide at this level of development readiness and is highly leveraged to the forecast rise in mineral sands prices (particularly zircon).

## **FOWLERS BAY NICKEL-GOLD PROJECT**

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX: WSA) (**Western Areas**), continued over Strandline's 700km<sup>2</sup> Fowlers Bay Project, which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the quarter, Western Areas completed a stratigraphic drilling programme within the Yalata Aboriginal Reserve and results are expected in the December quarter.

The Western Gawler region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the initial objective of the exploration activities. The results from the early phase of exploration are 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. These types of mafic intrusives are well known for hosting significant nickel and copper orebodies in western and central Australia, including Nova-Bollinger and Nebo-Babel.

## **CORPORATE**

### **STRANDLINE WELL FUNDED AFTER COMPLETING A\$5.2M CAPITAL RAISING AT PREMIUM TO MARKET**

As at 30 September, the Company has zero debt and held cash reserves of \$4.7 million, with proceeds received from Tranche Two of the share placement (\$1.68 million) announced on 06 July 2017 with 3,239,113,341 shares on issue at the end of the quarter.

The two stage placement was performed at 0.8c per share, a significant premium to the market at the time and comprised the issue of 441.25 million shares to strategic investors in Tranche One for \$3.53 million (refer ASX release dated 17 May 2017), and 209.9 million shares in Tranche Two to cornerstone investor Tembo Capital for \$1.68 million (refer ASX release dated 06 July 2017).

### **STRANDLINE CONTINUES TO BUILD STRATEGIC MOMENTUM AND DEVELOPMENT OPTIONALITY**

Strandline continues to build momentum on its multi-tiered and staged growth strategy with strong progress through the quarter on its more advanced Tanzania projects Fungoni and Tanga, and achieving important early milestones on its generative projects Bagamoyo and the tenement portfolio in the south of Tanzania.

Strandline's vision is to develop and operate quality, high margin, expandable mineral sands mining assets and there is growing evidence that Fungoni has production potential at a time of rising prices for mineral sands products, further strengthening the project's free cashflow.



## KEY ACTIVITIES PLANNED FOR DECEMBER QUARTER, 2017

During the December quarter, Strandline intends to progress Fungoni funding activities and final project approvals whilst in parallel, advancing its country-wide Tanzania exploration activities and evaluation of Coburn development options. Key activities include:

- Fungoni project execution planning activities and tendering of major contracts;
- Ramp-up stakeholder engagement to raise awareness of the Fungoni Project and support Mining Licence application process and land access agreements;
- Progress geological evaluations of northern Tanzania drill data including finalising mineral resource update relating to Tanga South (Tajiri) Project;
- Complete first phase of reconnaissance drilling programme of southern Tanzania tenements in JV with Rio Tinto; and
- Finalise internal technical and commercial review of the Coburn Project and define development strategy as deemed appropriate.

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

For further enquiries, please contact:

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## ABOUT STRANDLINE

Strandline Resources Limited (**ASX: STA**) is an emerging heavy mineral sands (**HMS**) developer with a growing portfolio of 100%-owned development assets located in Western Australia and within the world's major zircon and titanium producing corridor in South East Africa. Strandline's strategy is to develop and operate quality, high margin, expandable mining assets with market differentiation and global relevance.

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

The Company's focus is to continue its aggressive exploration and development strategy and execute its multi-tiered and staged growth strategy to maximise shareholder value.

## MINERAL RESOURCE DATA

**Table 8** Tanga South (Tajiri) Project Mineral Resource Estimate (April 2016)

MINERAL RESOURCE SUMMARY FOR TANGA SOUTH (TAJIRI) PROJECT										
Summary of Mineral Resources <sup>(1)</sup>					THM assemblage <sup>(2)</sup>					
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
	<b>Total<sup>(3)</sup></b>	<b>59</b>	<b>2.2</b>	<b>3.7</b>	<b>68</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>46</b>	<b>3</b>
(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										

Refer to the ASX announcement dated 4 April 2016 for full details of the Mineral Resource estimate for the Tanga South Project.

**Table 9** Coburn HMS Project, Western Australia, Ore Reserve Estimate (January 2010)

ORE RESERVES SUMMARY FOR COBURN HMS PROJECT								
Summary of Ore Resources <sup>(1)</sup>					HM assemblage <sup>(2)</sup>			
Deposit	Reserve Category	Tonnage	Contained HM	HM Grade	Zircon	Ilmenite	Rutile	Leucoxene
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)
Amy Pit A	Proven	53	0.7	1.3	24	46	5	6
Amy Pits B-E	Probable	255	3.1	1.2	23	48	7	4
	<b>Total<sup>(3)</sup></b>	<b>308</b>	<b>3.8</b>	<b>1.2</b>	23	48	7	5
(1) Cut-off grade applied is 0.8% HM								
(2) Mineral assemblage is reported as a percentage of total HM content. Slimes average 2.7% of the ore and oversize 3.3%.								
(3) Appropriate rounding applied								

**Table 10** Coburn Zircon Project Mineral Resource Estimate (January 2010)

MINERAL RESOURCE SUMMARY FOR COBURN HMS PROJECT <sup>(1)</sup>				
Deposit	Mineral Resource Category	Tonnage <sup>(2)</sup>	Contained HM	HM Grade
		(Mt)	(Mt)	(%)
Amy South	Measured	119	1.5	1.3
Amy Central	Indicated	599	7.2	1.2
Amy North	Inferred	261	3.6	1.4
	<b>Total<sup>(3)</sup></b>	<b>979</b>	<b>12.3</b>	<b>1.26</b>
(1) Cut-off grade applied is 0.8% HM				
(2) Inclusive of Ore Reserves				
(3) Appropriate rounding applied				

Refer to the ASX announcement dated 7 January 2010 for full details of the Ore Reserve and Mineral Resource estimates for the Coburn Zircon Project. These estimates have not been updated to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported.

## Competent Person's Statements

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

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

The information in this report that relates to Mineral Resources for Tanga South 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.

The information in this report that relates to the Fungoni Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources.

## **Forward Looking Statements**

This report contains certain forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside of the control of Strandline. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay, approvals and cost estimates. Actual values, results or events may be materially different to those contained in this announcement. Given these uncertainties, readers are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement reflect the views of Strandline only at the date of this announcement. Subject to any continuing obligations under applicable laws and ASX Listing Rules, Strandline does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement to reflect changes in events, conditions or circumstances on which any forward looking statements is based.