

STRANDLINE
resources limited

ACN 090 603 642

PROSPECTUS

For a pro-rata renounceable issue of 1 New Share for every 2 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.005 per New Share, together with 1 New Option for each 2 New Shares subscribed for exercisable at \$0.01 on or before 30 June 2018, and 1 New Option for each 2 New Shares subscribed for exercisable at \$0.015 on or before 30 June 2019, to raise up to approximately \$4,300,000.

The Rights Issue is fully underwritten by Euroz Securities Limited and fully sub-underwritten by Ndovu Capital VII B.V.

IMPORTANT NOTICE

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

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IMPORTANT NOTICE

Prospectus

This Prospectus is dated 22 June 2016 and was lodged with ASIC on that date. No responsibility for the contents of this Prospectus is taken by ASIC nor ASX.

The New Shares and New Options issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus. No New Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

In preparing this Prospectus regard has been had to the fact the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. No person is authorised to give any information or to make any representation in connection with the Rights Offer described in this Prospectus. Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company in connection with the issue of this Prospectus.

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion and are set out in Section 5 of this Prospectus.

Electronic Prospectus

A copy of this Prospectus in electronic format may be viewed at www.strandline.com.au or the website of ASX by Australian investors only. The Rights Offer constituted by this Prospectus in electronic form is only available to Eligible Shareholders receiving this Prospectus in electronic form within Australia.

The Entitlement and Acceptance Form must not be passed to any person unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. A paper copy of this Prospectus may be obtained free of charge on request while this Prospectus remains open by contacting the Company.

Risk factors

Before deciding to invest in the Company, potential investors should read the entire Prospectus. Shareholders should be aware of the risk factors that could affect the performance of the Company. Please refer to Section 3 for further information.

Overseas Shareholders

The New Shares and New Options being offered under this Prospectus are being offered to Eligible Shareholders only.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The offer contained in this Prospectus to Eligible Shareholders with registered addresses in New

Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or New Options.

Please refer to Section 1.26 for further information.

Forward-looking statements

This Prospectus may contain forward-looking statements that have been based on current circumstances. Any forward-looking statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

Key Dates

Announce Rights Issue	9/6/16
Lodgement of the Prospectus with ASIC and ASX and lodgement of Appendix 3B with ASX	22/6/16
Notice of Rights Issue sent to Optionholders	22/6/16
Notice of Rights Issue sent to Shareholders	23/6/16
Ex Date for Rights Issue and commencement of rights trading	24/6/16
Record Date	27/6/16
Prospectus despatched to Shareholders	29/6/16
Rights trading ends	1/7/16
Shares quoted on a deferred settlement basis	4/7/16
Closing Date*	8/7/16
Notify ASX of Shortfall	13/7/16
Issue date – Deferred settlement trading ends	15/7/16
Commencement of trading of New Shares*	18/7/16

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such, the date the New Shares and New Options are expected to commence trading on ASX may vary.

LETTER FROM THE CHAIRMAN

22 June 2016

Dear Shareholder,

On behalf of the Board of Strandline, I am pleased to invite you to participate in the renounceable rights issue (Rights Issue) announced by the Company on 9 June 2016, under which eligible shareholders are entitled to subscribe for 1 new share for every 2 shares held at an issue price of 0.5 cents per share.

In addition, shareholders who take up their rights will be entitled to receive free options, each convertible into one fully-paid ordinary Strandline share, on the basis of:

- one option with an exercise price of 1 cent per share and an expiry date of 30 June 2018 ("**New 2018 Option**"); and
- one option with an exercise price of 1.5 cents and an expiry date of 30 June 2019 ("**New 2019 Option**"),

for every two shares taken up in the Offer.

The Rights Issue is fully underwritten by Euroz Securities Limited and fully sub-underwritten by Ndovu Capital VII B.V.

The Rights Issue forms part of a broader capital raising of approximately \$6.6 million by the Company to advance its key Tanzanian mineral sands projects. This includes a recent successful share placement at 0.7 cents per share to Ndovu Capital VII B.V. ("**Ndovu**"), (part of the Tembo mining fund which is focussed on resources projects in Africa and other emerging regions (**Tembo**)) which has raised approximately \$2.3 million. As a result of the placement, Ndovu has become a 19.4% shareholder in the Company and, as announced on 24 May, Tembo's involvement via Ndovu provides Strandline with access to additional strategic and financial expertise. Tembo has indicated that it has a long-term investment strategy in relation to the Company and an appetite to invest up to US\$20M in total in Strandline over the medium term (subject to the Company's funding requirements and all relevant approvals being obtained as and when required). In that regard, Ndovu has entered into arrangements with Euroz to sub-underwrite the Rights Issue.

Following completion of the Rights Issue, Strandline will have funds to progress the development of its Tanzanian mineral sands projects, as set out in section 1.2 of this Prospectus.

The last 6 months have reinforced the potential existing within Strandline's highly strategic portfolio of 100%-owned mineral sands projects within Tanzania, which are spread along 350km of coastline. Work at the most advanced Fungoni Project has culminated in a positive scoping study having been announced by the Company on 23 February 2016. Located close to established port, power and other infrastructure at Dar es Salaam, the Fungoni project comprises a JORC-compliant Indicated resource of 11mt @ 3.1% Total Heavy Minerals (THM) and an Inferred resource of 3Mt @ 1.7%HM and boasts a very high-value mineral assemblage including 22% zircon, 4% rutile and 44% ilmenite. We are working with high quality mining and engineering groups to fast track development of this high grade deposit with a view to generating a low risk cashflow for the company in the next 24 months.

Shortly after achieving a positive scoping study outcome at Fungoni, the Company announced the discovery of mineralisation and resources at Strandline's Tanga South Project in northern Tanzania and its Madimba East Project near the port town of Mtwara in southern Tanzania. At Tanga South (which includes the Tajiri and Tajiri North deposits), maiden Mineral Resources totalling 60Mt @ 3.7% THM in the Indicated category were announced on 4 April. Excitingly, these Resources remain open along strike within a much larger 20km long mineralised corridor (**Tajiri Mineralised Corridor**) that is untested by drilling. As recently announced on 15 June, the Tajiri Mineralised Corridor represents an Exploration Target of 100-270MT @ 3-5% THM (in addition to the currently defined Resource) and will be a focus of our exploration over the next 6 months. The Exploration Target quantity and grade is conceptual in nature as 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.

At Madimba East, as announced on 27 April, aircore exploration drilling intersected zircon-rich heavy mineral sands (including best results of 9.0m @ 4.1% THM and 7.5m @ 5.4% THM) and defined a continuous mineralised zone extending over 2,000m of strike, up to 250m wide and up to 9m thick. Importantly, mineralisation at each of these deposits commences at surface and consists of unconsolidated sand and is close to key infrastructure, indicating that mining costs may be very low.

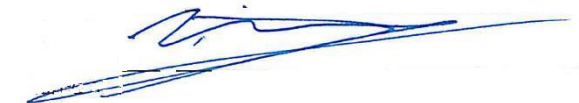
The combined effect of the above developments is that Strandline has now discovered mineralised areas right along the 1,000km Tanzanian coastline, confirming that significant potential exists within the company's Tanzanian portfolio and vindicating the Directors' belief that Tanzania hosts mineral sands deposits comparable to or better than those being mined in neighbouring Kenya or Mozambique. The challenge for the Company over the coming period is to further build on, consolidate and develop that potential towards generating a significant production base. Funding from the Rights Issue, combined with the recent placement to Ndovu, should enable substantial progress to be made in that regard.

The details of the Rights Offer are set out in this Prospectus together with your personalised Entitlement and Acceptance Form. I encourage you to read the Prospectus in its entirety before making your decision. A description of the risk factors you may wish to consider is set out in Section 3.

The Rights Offer provides you with the opportunity to participate in this capital raising on the same terms as professional and sophisticated investors (and at a significant discount to the recent Ndovu placement), enabling you to maintain your equity interest in the Company at an attractive price and participate in our future growth. All Directors of the Company who own shares as well as some of the other top 20 shareholders have indicated that they will be participating in the Rights Issue.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your continued support of the Company.

Yours sincerely



DIDIER MURCIA
Non-Executive Chairman

CORPORATE DIRECTORY

DIRECTORS	Didier Murcia, Non-Executive Chairman Tom Eadie, Managing Director Richard Hill, Executive Director Asimwe Kabunga, Non-Executive Director John Hodder, Non-Executive Director
SECRETARY	Geoff James
REGISTERED OFFICE	35 Richardson Street West Perth, WA 6005 Australia Telephone: +61 8 9226 3130 Facsimile: +61 8 9485 2070 Email: enquiries@strandline.com.au Web: www.strandline.com.au
AUDITORS*	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco, WA 6008 Australia Telephone: +61 8 6382 4600 Facsimile: +61 8 6382 4601
SOLICITORS TO THE RIGHTS ISSUE	Murcia Pestell Hillard Level 6, 580 Hay Street Perth, WA 6000 Australia Telephone: +61 8 9221 0033 Facsimile: +61 8 9221 0133
UNDERWRITER	Euroz Securities Limited Level 18 Alluvion 58 Mounts Bay Road Perth, WA 6000 Telephone: +61 8 9488 1400 Facsimile: +61 8 9488 1458
SHARE REGISTRAR	Computershare Investor Services Pty Ltd Level 11 172 St. George's Terrace Perth, WA 6000 Australia Telephone: 1300 723 670 Facsimile: +61 3 9473 2500
ASX Code	STA

*For information purposes only. This person has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

Section 1 DETAILS OF THE RIGHTS ISSUE

1.1 Rights Issue

This Prospectus invites Eligible Shareholders to participate in a pro-rata renounceable issue of 1 New Share for every 2 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.005 per New Share, together with:

- 1 free New Option for each 2 New Shares subscribed for exercisable at \$0.01 on or before 30 June 2018 (“**New 2018 Option**”) and
- 1 free New Option for each 2 New Shares subscribed for exercisable at \$0.015 on or before 30 June 2019 (“**New 2019 Option**”),

to raise up to approximately \$4,300,000 (less expenses of the Rights Issue).

As at the date of this Prospectus the Company has 1,714,253,726 Shares and 146,366,924 vested Unquoted Options.

Holders of Options will not be entitled to participate in the Rights Issue. However, holders of vested Unquoted Options may exercise their Options prior to the Record Date if they are an Eligible Shareholder and wish to participate in the Rights Issue.

As at the date of this Prospectus the Company has 9,595,000 Performance Rights on issue, none of which will vest or be exercised prior to the Record Date. Holders of these rights will be unable to participate in the Rights Issue.

If all of the vested Unquoted Options are exercised prior to the Record Date the Company's cash funds will increase by an additional amount of approximately \$2,345,504 from the exercise of the vested Unquoted Options and this Prospectus will (subject to eligibility) also offer to those Shareholders a further maximum of 73,183,462 New Shares, 36,591,731 New 2018 Options and 36,591,731 New 2019 Options to raise an additional amount of approximately \$365,917, excluding any proceeds from the exercise of the New 2018 and New 2019 Options. The vested Unquoted Options have an exercise price ranging from 1.5 to 3 cents and expiry dates ranging from 3 November 2017 to 12 October 2018. Further information on the Options is set out in Section 2.2 below.

1.2 Purpose of the Rights Issue and Use of Funds

The funds raised will be applied towards the following activities over the next 18 months:

Use of Funds	Amount \$
Cost of Rights Issue	300,000
Moving towards development at the 100% owned Fungoni Project in Tanzania	800,000
Extending high-grade, rutile-rich mineralisation at the Tajiri deposit in Tanzania	500,000
Exploration drilling across selected targets within the Company's portfolio of Tanzanian mineral sands assets, including at Tanga North, Madimba, Sudi Bay, Kiswere and Bagamoyo	1,500,000
General working capital and administrative expenses	1,200,000
Total	4,300,000

The above-proposed use of funds is a statement of present intention as at the date of this Prospectus and is subject to ongoing review and evaluation by the Company.

Any additional funds raised from the participation of Shareholders in the Rights Issue as a result of the exercise of any of the vested Unquoted Options will be applied towards the development of the

Fungoni Project.

1.3 **Opening and Closing Dates**

The Rights Offer will open on 29 June 2016 and close at 5 pm (Western Standard Time) on 8 July 2016 (except where payment is via BPAY® in which case payment must be made by such earlier cut off time as your own financial institution may implement with regard to electronic payments) or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine.

1.4 **Entitlement to Rights Issue**

Eligible Shareholders who are recorded on the Company's Share register at 5 pm (Western Standard Time) on the Record Date are eligible to participate in the Rights Issue.

Fractional entitlements will be rounded down to the nearest whole number of New Shares and New Options. An Entitlement and Acceptance Form setting out your entitlement to New Shares and New Options accompanies this Prospectus.

1.5 **Actions required**

As an Eligible Shareholder you may:

- (a) subscribe for all of your Entitlement (refer to Section 1.6);
- (b) subscribe for all of your Entitlement (refer to Section 1.6) and apply for Additional New Shares and New Options (refer to Section 1.11);
- (c) subscribe for part of your Entitlement and allow the balance to lapse (refer to Section 1.7); or
- (d) allow all of your Entitlement to lapse (refer to Section 1.7).

1.6 **To subscribe for all of your Entitlement**

If you wish to subscribe for all of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in that form. That form sets out the number of New Shares you are entitled to subscribe for.

Unless you are paying by BPAY®, the completed Entitlement and Acceptance Form must be accompanied by a cheque or bank draft made payable to "Strandline Resources Limited" and crossed "Not Negotiable" for the appropriate Application Money in Australian dollars calculated at \$0.005 per New Share and received by the Company's Share Registrar by no later than 5 pm (Western Standard Time) on 8 July 2016. The Share Registrar will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

If you are paying by BPAY®, you do not need to mail the Entitlement and Acceptance Form. Please refer to your personalised instructions on your Entitlement and Acceptance Form.

It is your responsibility to ensure your BPAY® payment is received by the Share Registrar by no later than 5 pm (Western Standard Time) on 8 July 2016. Your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take that into consideration.

1.7 **If you do not wish to take up any part of your Entitlement**

If you do not wish to take up your Entitlement under the Rights Issue, you are not required to take any action. You will receive no benefit or New Shares or New Options and your Entitlement will become available as Additional New Shares or Shortfall Shares.

If you want to take up part of your Entitlement and wish to receive a benefit, you must take action to accept part of your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

If you do not wish to take up your full Entitlement under the Rights Issue but instead wish to trade some or all of your Entitlement on the ASX, you will have to make arrangements for a participant in that market to sell them on your behalf. We recommend you contact your broker or financial adviser to arrange the sale of any of your Entitlements.

The number of securities you hold as at the Record Date and the rights attached to those securities will not be affected if you choose not to accept any of your Entitlement. However, the percentage of your shareholding in the Company will be diluted by the issue of New Shares to other shareholders pursuant to the Rights Issue.

1.8 Entitlement and Acceptance Form binding

A completed and lodged Entitlement and Acceptance Form or making a BPAY® payment constitutes a binding offer to acquire New Shares and New Options on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares and New Options. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.9 Eligible Shareholder representations and warranties

By completing and returning your Entitlement and Acceptance Form with the requisite Application Moneys or making a BPAY® payment, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given this Prospectus, does not prohibit you from being given this Prospectus and you:

- (a) agree to be bound by the terms of the Rights Offer;
- (b) declare all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares and New Options to be issued to you, including to act on instructions of the Company's Share Registrar using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare you are the current registered holder of Shares;
- (f) represent and warrant the law of your place of residence does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and New Options and you are otherwise eligible to subscribe for part or all of your Entitlement and to participate in the Rights Issue; and
- (g) acknowledge the information contained in, or accompanying this Prospectus is not investment or financial product advice or a recommendation that New Shares and New Options are suitable for you given your investment objectives, financial situation or particular needs.

1.10 Rights trading

The Rights Issue is renounceable. This means the Entitlement of Eligible Shareholders to subscribe for New Shares and New Options under this Prospectus is transferable and that rights with respect to such Entitlements will (subject to a market for those rights existing) be tradeable on ASX within the relevant period contemplated in the timetable set out on page ii of this Prospectus.

1.11 Applying for Additional New Shares & New Options

Only Eligible Shareholders, may, in addition to their Entitlement, apply for Additional New Shares regardless of the size of their present holding.

An Eligible Shareholder, that wishes to take up Additional New Shares and New Options must, in addition to completing the portion of their Entitlement and Acceptance Form which relates to their Entitlement, complete the portion of the form relating to the Additional New Shares and New Options they wish to take up.

Any Entitlements not taken up may become available as Additional New Shares and New Options, The Company intends to allocate Additional New Shares and New Options to applicants on a pro rata basis, calculated as the percentage of the Eligible Shareholder's shareholding on the Record Date. If after that allotment there are applications for Additional New Shares and New Options that haven't been satisfied then the Company will complete the allocation in its absolute discretion. It is possible that there will be few or no Additional New Shares and New Options available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that if Additional New Shares and New Options are available for issue, they will be allocated to all or any of the Eligible Shareholders, who have applied for them.

It is an express term of the Rights Offer that applicants for Additional New Shares and New Options will be bound to accept a lesser number of Additional New Shares and New Options allocated to them than applied for if so allocated. If a lesser number of Additional New Shares and New Options is allocated to them than applied for, excess Application Money will be refunded without interest.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares and New Options you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY® must ensure payment is received by no later than 5 pm (Western Standard Time) on 8 July 2016.

1.12 **Nominee**

The Company has sought approval from ASIC to appoint Euroz as nominee (**Nominee**) for the purposes of section 615 of the Corporations Act to sell Entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Rights Issue (**Nominee**). The Nominee will not be paid a fee in respect of its role although the Nominee will be paid the fees set out in section 4.7 with respect to the Underwriting of this Rights Offer.

The Company has agreed to allot to the Nominee, or its nominee company, the number of Entitlements which would otherwise have been issued to Ineligible Shareholders as if they were able to participate in the Rights Issue.

Subject to the receipt of ASIC approval pursuant to the Corporations Act, the Nominee will, during the Rights Trading Period, offer the Entitlements for sale on the market conducted by ASX as soon as is reasonably practicable following their allotment.

The sale of Entitlements will be made in the first instance in the ordinary course of trading on ASX at the prevailing market price. If there is no market for all or some of the Entitlements on ASX, the Nominee will sell all or some of the Entitlements off-market. The net proceeds of these sales, after deducting all reasonable costs associated with the sale will be provided to the Company for the benefit of the Ineligible Shareholders.

Subject to receiving the net proceeds of Entitlement sales from the Nominee (if any) the Company will distribute those funds to each Ineligible Shareholder, pro rata, in Australian currency. If all of the Entitlements of Ineligible Shareholders are sold this would result in each Ineligible Shareholder receiving the average price of the Entitlements sold on behalf of the Ineligible Shareholders during the Rights Trading Period. The amount received by each Ineligible Shareholder will be reduced to the extent that Ineligible Shareholders' Entitlements cannot be sold during the Rights Trading Period.

1.13 **Underwriting and Sub-Underwriting**

The Company has entered into the Underwriting Agreement with Euroz (**Underwriter**). The Underwriter has in turn entered into a sub-underwriting agreement with Ndovu pursuant to which Ndovu has agreed to fully sub-underwrite the Rights Offer.

Upon the close of acceptances on 8 July 2016 the Company will have received Applications for Entitlements and applications for Additional New Shares from all Eligible Shareholders.

Additional New Shares and New Options will be allotted and issued from the pool of New Shares and New Options with respect to which Eligible Shareholders have not submitted valid Applications by 5pm (Western Standard Time) on the Closing Date.

In addition, Entitlements may be taken up by non-shareholders who purchase them, either from Eligible Shareholders or the Nominee, during the Rights Trading Period. If any Entitlements are

purchased from Shareholders (or the Nominee, acting on behalf of Ineligible Shareholders) during the Rights Trading Period, the Company will issue New Shares and New Options to the purchasers of those Entitlements on the Issue Date.

On the Issue Date of 15 July 2016 (see the timetable on page ii) the Company will allot and issue to Eligible Shareholders:

- New Shares and New Options pursuant to valid Applications; and
- Additional New Shares pursuant to valid applications for Additional New Shares and New Options.

It is intended that the Sub- Underwriter will apply for those New Shares and New Options with respect to which the Company has received no valid applications by the close of the Rights Offer on 8 July 2016.

The Underwriting Agreement

The Underwriting and Sub-Underwriting Agreements provide for the underwriting and sub-underwriting of the Rights Offer as set out above. In addition, the fees payable to the Underwriter and Ndovu, as the sub-underwriter, are set out in section 4.7 of this Prospectus, on pages 25 – 26.

The Underwriter's and the sub-underwriter's obligations to subscribe for New Shares and New Options which have not been applied for in accordance with the terms of the Rights Offer by the Closing Date are conditional on:

- the Company obtaining by 7.00pm on the date prior to lodgement of the Prospectus all necessary ASIC modifications and ASX waivers, in a form and substance satisfactory to the Underwriter (acting reasonably) and the ASIC modifications and ASX waivers not being withdrawn or amended in a material respect. The Company does not consider that any modifications or waivers are necessary with respect to the Rights Offer;
- the Company lodging the Prospectus on or prior to the date for lodgement in the timetable set out in the Underwriting Agreement;
- the Company lodging the Prospectus in a form and substance satisfactory to the Underwriter acting reasonably, including disclosure of Ndovu's sub-underwriting agreement;
- the Company applying for quotation of the New Shares prior to the commencement of trading on the date of lodgement of the Prospectus;
- due diligence investigations relating to the Rights Offer being substantially completed to the reasonable satisfaction of the Underwriter, including the Underwriter receiving a copy of the due diligence report contemplated by the Company's due diligence planning memorandum in a form and substance reasonably satisfactory to the Underwriter prior to lodgement of the Prospectus;
- the Company providing a legal opinion to the Underwriter in relation to the Prospectus, the Rights Offer and the due diligence investigations which is addressed to, and expressed to be for the benefit of, the Company, its directors, the members of the due diligence committee and the Underwriter, prior to lodgement of the Prospectus, that confirms the following:
 - the Prospectus complies with the provisions of the Corporations Act and the Listing Rules;
 - an effective due diligence program has been established, implemented and completed with respect to the preparation of the Prospectus; and
 - nothing has come to the attention of the legal advisor that would cause them to conclude that the due diligence defences are not available,

and is otherwise in terms satisfactory to the Underwriter acting reasonably; and

- the Company providing a shortfall notice and closing certificate to the Underwriter by 13 July 2016.

The Underwriter may terminate the Underwriting Agreement if, prior to completion of the underwriting:

- either the All Ordinaries Index (IRESS XAO.ASX) or the S&P/ASX 200 (IRESS:XJO.ASX) as published by ASX is at any time after 22 June 2016 10% or more below its respective level as at the close of business on the Business Day prior to the date of this document;
- the Rights Offer is prevented from proceeding by reason of:
 - an order made by ASIC or ASX; or
 - there is an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company;
- the Company notifies the Underwriter that it has withdrawn the Offer;
- ASX makes any official statement to any person, or indicates to the Company or the Underwriter (whether or not by way of an official statement) that:
 - existing Shares will be suspended from quotation; or
 - the Company will be removed from the official list;
- approval for official quotation of all of the New Shares is refused or not granted on or before 13 July 2016, or if approval is granted, the approval is granted on conditions other than customary conditions or subsequently withdrawn, qualified or withheld before the issue of the underwritten New Shares;
- the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- it transpires that the Rights Offer or the Prospectus does not contain all the information required by the Corporations Act or it transpires that there is a material statement made by the Company in connection with Prospectus, that is, or becomes, misleading or deceptive or likely to mislead or deceive in a material respect;
- any event specified in the timetable in the Underwriting Agreement is delayed for more than 2 Business Days without the prior written approval of the Underwriter, unless such delay is caused by the Underwriters;
- the Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading on, or cease to be quoted on, ASX;
- the Company withdraws the Rights Offer;

The Underwriter may also terminate the Underwriting Agreement if, prior to completion of the underwriting any of the following events occur:

- a material statement in the Prospectus is misleading or deceptive;
- the Company lodges a Supplementary Prospectus without the consent of the Underwriter or fails to lodge a Supplementary Prospectus in a form reasonably acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the Company is prohibited by the Corporations Act from offering New Shares under the Prospectus;
- any information supplied by or on behalf of the Company to the Underwriter in relation to the Company or the Rights Offer as part of the due diligence program is materially misleading or deceptive or there is a material omission from the due diligence results or the due diligence results are misleading or deceptive;

- a new circumstance occurs or arises after the Prospectus and Supplementary Prospectus is lodged that would, in the reasonable opinion of the Underwriter, have been required to be included in the Prospectus and Supplementary Prospectus if it had arisen before the Prospectus and Supplementary Prospectus was lodged;
- the Company becomes insolvent;
- a judgment in an amount exceeding \$500,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 14 days;
- any of the following occurs:
 - any regulatory body commences, or intends to take, any public action against an officer of the Company or its subsidiaries in his or her capacity as an officer of that company;
 - any officer of the Company or its subsidiaries is charged with an indictable offence; or
 - any officer of the Company or its subsidiaries is disqualified from managing a corporation under the Corporations Act;
- the Company or any of its subsidiaries suspends payment of its debts generally or is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act;
- the Company alters or amends its Constitution without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- the Company or any of its subsidiaries, or Ndvu, contravenes its constitution, the Corporations Act or any of the Listing Rules, ASX, ASIC or Takeovers Panel guidance;
- except as otherwise advised to the Underwriter prior to 22 June 2016 or otherwise disclosed to ASX, the occurrence of any material adverse change in the condition, business, operations, assets, liabilities, financial position and performance, profits, losses and prospects of the Company and its subsidiaries;
- any legislature in Australia passes a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts a new policy, any of which prohibits the Rights Offer;
- the Company breaches any terms, conditions or undertakings in the Underwriting Agreement and the Company fails to rectify the breach within two Business Days of the date of written notification of the breach by the Underwriter to the Company;
- a general moratorium on commercial banking activities in Australia, the United States, the European Union or the United Kingdom is declared by the relevant central banking authority in any of those countries (or any member state of the European Union), or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading;
- any of the following occurs:
 - ASIC gives notice of an intention to hold a hearing under section 739(2) of the Corporations Act or issues an order under sections 739(1) or (3) of the Corporations Act;
 - ASIC applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus;

- any person gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any Supplementary Prospectus) or to be named in the Prospectus withdraws that consent;
- any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus; or
- the Company issues a public statement concerning the Rights Offer which has not been approved (if required) by the Underwriter under this agreement; or
- any representation or warranty in the Underwriting Agreement given or made on the part of the Company is materially not true or correct;
- the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Rights Offer; or
- there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, the United Kingdom, Tanzania, the United States of America or the People's Republic of China.

and that event:

- will give rise to a liability of the Underwriter under any law, regulation or rule, or is likely to give rise to the Underwriter contravening, or being considered to be in contravention of, any law, regulation or rule;
- has or is likely to have a material adverse effect on the marketing, settlement or outcome of the Rights Offer; or
- has resulted in or is likely to result in a material adverse change in the financial position, performance or prospects of the Group from that which existed at the date of this document.

The Sub-underwriting Agreement

Ndovu has entered into a sub-underwriting agreement with the Underwriter. Pursuant to that sub-underwriting agreement, Ndovu has agreed to:

- apply, in accordance with the instructions and documents provided by the Underwriter, for a number of the New Shares and New Options for which valid applications have not been received by 13 July 2016, such number to be determined by the Underwriter; and
- make payment for those New Shares and Options (at the price specified in the Rights Offer) in immediately available funds on the date advised by the Underwriter.

The Underwriter may terminate the sub-underwriting agreement on the same grounds set out above with respect to the Underwriting Agreement.

About Ndovu and Tembo

Ndovu is a part of the Tembo Capital private equity group and is, at the date of this Prospectus a substantial shareholder of the Company. Ndovu's shareholdings in the Company are set out in section 1.14 of the Prospectus.

Ndovu is a private limited liability company and a vehicle for strategic investments in the mining and resources sector. As a result its balance sheet is confidential. However, Ndovu has recently paid \$2.3 million for Shares in the Company, pursuant to a placement announced to the ASX on 24 May 2016 and, in addition, Ndovu has provided the Company with information that has satisfied the Company's board that Ndovu has available funds to complete the sub-underwriting of the Rights Offer. In particular, the Company's board is satisfied that Ndovu has funds available to complete a sub-underwriting based on the assumption that no other Shareholders take up their Entitlements pursuant to the Rights Offer (as set out in the table in section 1.14 of the Prospectus).

Given that a number of the Company's shareholders have indicated their intention to take up their Entitlements under the Rights Offer, the board's expectation is that a significant number of the other

Shareholder's Entitlements will not become part of the shortfall and it is therefore extremely unlikely that Ndovu will be required to sub-underwrite a shortfall that comprises *all* of the other Shareholders' Entitlements. Nevertheless, the Company's board is satisfied that Ndovu has the financial capacity to complete such an extensive sub-underwriting if required to do so.

1.14 Effect of the Rights Issue on control of the Company

Ndovu currently holds 19.42% of the Shares in the Company. As at the date of this Prospectus, Ndovu has indicated that it intends to take up its full Entitlement under the Rights Offer. Further, Ndovu has entered into binding commitments with Euroz to fully sub-underwrite the Rights Issue. If Ndovu participates in the Rights Issue in full and all other Eligible Shareholders take up their Entitlements in full, there will be no change to the percentage of Ndovu's shareholding in the Company on completion of the Rights Issue.

The table below shows Ndovu's likely Shareholding and voting power (expressed as a percentage) in the Company in circumstances where Ndovu takes up all of its Entitlement and 100%, 75%, 50% and no other Entitlements or Shortfall Shares are taken up by other Eligible Shareholders or new investors. The table assumes no Unquoted Options are exercised prior to the Record Date:

Event	% Voting power of Ndovu in the Company
Date of the Offer	22/6/16
After issue of New Shares to Ndovu, assuming 100% of Entitlements are taken up by other Shareholders	19.42%
After issue of New Shares to Ndovu, assuming 75% of Entitlements are taken up by other Shareholders	26.14%
After issue of New Shares to Ndovu, assuming 50% of Entitlements are taken up by other Eligible Shareholders	32.85%
After issue of New Shares to Ndovu, assuming no other Entitlements are taken up by other Eligible Shareholders	46.28%

It is unlikely that no Eligible Shareholders will take up their Entitlements under the Rights Issue and/or apply for Additional New Shares and New Options.

1.15 Allotment and Application Money

New Shares and New Options will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected New Shares and New Options will be issued on 15 July 2016 and normal trading of the New Shares on ASX is expected to commence on 18 July 2016.

All Application Money received before New Shares and New Options are issued will be held in a special purpose account.

1.16 Market prices of the Shares on ASX

A summary of the sale prices of the Shares on ASX during the last 3 months until the last trading day on ASX immediately prior to lodgement of this Prospectus with ASIC is set out below:

High (\$)	Low (\$)	Volume weighted average price (\$)
\$0.008	\$0.004	\$0.006

The last market sale price of Shares on 21 June 2016 (which was the last day of trading before lodgement of the Prospectus with ASIC) was \$0.006.

1.17 Minimum subscription

There is no minimum subscription amount sought to be raised by the Rights Offer. The Company will allot the New Shares and New Options irrespective of the amount raised. Given the Rights Offer is fully underwritten, the Company believes the Rights Offer will raise the full amount of the funds sought.

There is no provision for oversubscriptions. However, Eligible Shareholders may apply for Additional New Shares. Please refer to Section 1.11 for further information.

1.18 No brokerage and stamp duty payable on subscription under Entitlement

No brokerage or stamp duty will be payable by Eligible Shareholders for a subscription for New Shares and New Options pursuant to their Entitlement.

1.19 Tax implications

The Company makes no representation and provides no advice in relation to the tax consequences for any Shareholder taking up their Entitlement under the Rights Issue. Therefore, the Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders in the Rights Issue.

Shareholders and Option holders (if applicable) should seek professional taxation advice about the tax consequences of taking up their Entitlement.

1.20 ASX listing

The Company will make application to ASX within 7 days following the date of this Prospectus for official quotation of the New Shares offered under the Rights Offer pursuant to this Prospectus. If such an application is not made within those 7 days or official quotation of the New Shares is not granted by ASX within 3 months of the date of this Prospectus, then the Company will not allot or issue any New Shares or New Options and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

New Options will not be quoted on any stock exchange. This may limit the tradeability of the New Options.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the New Shares and New Options offered under this Prospectus.

1.21 Notice to custodians and nominees

Custodians and nominees that currently hold Shares should note the Rights Issue is available only to Eligible Shareholders.

The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

1.22 No issue of New Shares and New Options after 13 months

No New Shares and New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

1.23 Underwriting

The Rights Issue is fully underwritten.

1.24 Withdrawal of Rights Offer

The Company reserves the right not to proceed with the Rights Offer at any time before the issue of the New Shares and New Options to Eligible Shareholders. If the Rights Offer does not proceed, the Company will return all Application Moneys as soon as practicable after giving notice of its withdrawal, without interest.

1.25 Issue and allotment of New Shares and New Options

The New Shares will be issued fully paid. From the date of issue, the New Shares will rank equally in

all respects with the Shares currently on issue. Details of the terms of the New Shares are set out in Section 4.4 and details of the terms of the New Options are set out in Section 4.5. By returning your Entitlement and Acceptance Form, you agree to comply with the Constitution for the New Shares and New Options issued to you.

The New Shares and New Options issued pursuant to Eligible Shareholders' Entitlements and the Additional New Shares and associated New Options are expected to be issued and allotted by no later than 15 July 2016.

Until issue and allotment of the New Shares and New Options under this Prospectus, the Application Money will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Money will be for the benefit of the Company and will be retained by it irrespective of whether allotment of New Shares and New Options takes place.

1.26 **Ineligible Shareholders**

The Company is of the view it is unreasonable to make the offer under this Prospectus to Ineligible Shareholders having regard to:

- (a) the small number of Ineligible Shareholders;
- (b) the small number and value of New Shares and New Options to be offered to Ineligible Shareholders; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the various overseas jurisdictions in which Ineligible Shareholders are located.

Accordingly, the Rights Issue is not being extended to, and does not qualify for distribution or sale by, and no New Shares or New Options will be issued to Shareholders having registered addresses outside Australia, New Zealand, Greece and the Netherlands.

The New Shares being offered under this Prospectus are being offered to Eligible Shareholders only.

This Prospectus does not constitute an offer or invitation in any place outside Australia, New Zealand, Greece and the Netherlands, in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The Company has not made investigations as to the regulatory requirements that may prevail in countries outside Australia, New Zealand, Greece and the Netherlands in which the Company's Shareholders reside.

Each Shareholder taking up its Entitlement represents and warrants the law of any place does not prohibit that Shareholder from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit that Shareholder from making an application for New Shares and New Options and that Shareholder is otherwise eligible to participate in the Rights Issue. It is the responsibility of an Eligible Shareholder to ensure compliance with any laws of a country relevant to their Application.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Greece and the Netherlands, may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

Persons who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

1.27 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares and New Options.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of New Shares and New Options issued under this Prospectus, provide details of your holder identification number and give the participation

identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's Share Registrar and will contain the number of New Shares and New Options issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.28 **Privacy**

The Company collects the information about each Shareholder provided on an Entitlement and Acceptance Form for the purposes of processing the acceptance and, if the acceptance is successful, to administer that Shareholder's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Shareholder agrees the Company may use the information provided by a Shareholder on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

An applicant has an entitlement to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Requests must be made in writing to the Company's registered office.

1.29 **Enquiries regarding this Prospectus**

Enquiries regarding this Prospectus should be directed to the Company Secretary by telephone on +61 8 9226 3130.

Section 2 CAPITAL STRUCTURE & EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

2.1 Principal effects

The principal effects of the Rights Issue (assuming full subscription) are:

- (a) the Company's cash funds will increase by approximately \$4,300,000, less expenses of the Rights Issue, which are estimated to be approximately \$300,000 and
- (b) the total number of Shares on issue will increase by 857,126,863 to 2,571,380,589; and
- (c) if 100% of the vested Unquoted Options currently on issue are exercised prior to the Record Date and all Entitlements are taken up, then:

the Company's cash funds will increase by an additional amount of approximately \$2,345,504 and approximately a further \$365,917 from the take up of the Entitlements; and

the total number of Shares on issue will increase by an additional 146,366,924 from the exercise of the vested Unquoted Options and 73,183,462 from the Entitlements to 2,790,930,975.

2.2 Capital structure

As at the date of this Prospectus 1,714,253,726 Shares are on issue.

The pro-forma capital structure of the Company following the Rights Issue pursuant to this Prospectus is set out below (if 100% of Eligible Shareholders take up their Entitlements):

Shares	Number
Existing Shares	1,714,253,726
New Shares to be issued under this Prospectus	857,126,863
Shares on issue after this Rights Issue	2,571,380,589

The Company currently has the following vested Unquoted Options on issue:

Exercise price	Expiry date	No. of Options
\$0.03	03/11/17	10,000,000
\$0.015	12/10/18	136,366,924
Total		146,366,924

The Company also has 9,595,000 performance rights on issue. All performance rights are unvested.

2.3 Consolidated Statement of Financial Position

Set out below is an unaudited statement of financial position of the Company as at 31 December 2015 including the effect of the Rights Issue but excluding the exercise of any Options:

Statement of Financial Position	Reviewed as at 31/12/15	Unaudited Pro-Forma Adjustments	Unaudited Pro-Forma as at 31/12/15
	\$AUD	\$AUD	\$AUD
Current Assets			
Cash and cash equivalents	240,363	7,120,238	7,360,601
Trade and other receivables	69,551	-	69,551
Total current assets	309,914	7,120,238	7,430,152
Non-current assets			
Property, plant and equipment	60,602	-	60,602
Exploration and evaluation expenditure	14,986,040	-	14,986,040
Total non-current assets	15,046,642	-	15,046,642
Total assets	15,356,556	7,120,238	22,476,794
Current liabilities			
Trade and other payables	327,368	-	327,368
Provisions	50,085	-	50,085
Total current liabilities	377,453	-	377,453
Total liabilities	377,453	-	377,453
Net assets	14,979,103	7,120,238	22,099,341
Equity			
Contributed equity	52,323,276	7,120,238	59,443,514
Reserves	2,215,750	-	2,215,750
Accumulated losses	(39,559,923)	-	(39,559,923)
Total equity	14,979,103	7,120,238	22,099,341

The following matters make up the unaudited pro-forma adjustments:

- (a) the issue of 72,000,000 shares at \$0.007 per share on 11 January 2016 as part of the capital raising announced to the ASX on 14 October 2015;
- (b) the issue of 332,943,363 shares at \$0.007 per share on 7 June 2016 for the Placement announced on 24 May 2016; and
- (c) the completion of the Rights Issue on a fully subscribed basis.

These figures do not take into account Options that may be exercised prior to the Record Date.

Section 3 RISK FACTORS

3.1 Introduction

This Section identifies the areas the Directors regard as the main risks associated with an investment in the Company.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

The following summary, which is not exhaustive, represents some of the main risk factors, which potential investors need to be aware of.

3.2 Company and mineral sands industry specific risks

(a) Capital requirements

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity means, or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.

The Company's ability to borrow money will be subject to the availability of debt at the time the Company wishes to borrow money and the cost of borrowing.

(b) Operational risks

The operations of the Company may be affected by various operational risks and hazards, including inability to develop the Company's assets into an economic business; failure to locate or identify mineral deposits, over estimation of reserves; failure to achieve predicted grades in exploration and mining; failure to completely test the deposit, with the result that the Company does not completely understand the metallurgy of a deposit, which may affect extraction costs); technical difficulties encountered in exploration and mining; inappropriate design of mining plant, difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and potential legal liability. While the Company intends to maintain insurance with coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover such claims.

The exploration and operational costs of the Company will be based on certain assumptions with respect to the method and timing of exploration and the nature of the operating activity. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

There can be no assurance that any exploration tenement, or any other mining tenements acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The development timeframe for a project is dependent in part on obtaining various approvals. The time it requires to obtain such approvals is in many cases not certain. To the extent that these approvals and licences are issued at the discretion of the relevant regulatory authorities, there is no certainty that the Company will be able to obtain the grant of these necessary licences and approvals within any proposed timeframe, or at all.

(c) Resource and reserve estimates

Resource and reserve estimates are expressions of judgment based on knowledge, experience, industry practice and regulatory codes. Estimates that were valid when made may change significantly when new information becomes available. In addition, resource and reserve estimates

are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineral characteristics different from those predicted by past drilling, sampling and similar examinations, resource and reserve estimates may have to be adjusted and development plans may have to be altered in a way which could adversely affect the Company's operations.

(d) Competition

There is a risk that the Company will not be able to continue to compete profitably in supplying zircon, rutile, ilmenite and other mineral sands products. The potential exists for the nature and extent of the competition to change, which may impact the viability of the Company's projects or future operations.

(e) Commodity price volatility

The Company's performance and the viability of its projects will rely in part on prevailing prices for products produced from the Company's mineral sands tenements (including zircon, rutile and ilmenite), which are beyond the control of the Company. Mineral sands prices are influenced by numerous factors and events including supply and demand fluctuations, general economic conditions, forward selling activities, the level of production costs in major commodity producing regions and other macro-economic factors.

A prolonged decline in the prices of and demand for zircon, rutile and other mineral sands products may have a material adverse effect on the Company. The Company can give no assurance that fluctuations in commodity prices will not affect the timing and viability of its projects and the Company therefore gives no such assurances.

(f) Exchange rates

International prices of various commodities, including zircon and rutile, are denominated in United States dollars, whereas the income and expenditure of the Company are and will be accounted in Tanzanian and Australian currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and each of the Australian dollar and the Tanzanian Shilling as determined in international markets.

(g) Land owner and access risk

The Company may be required to pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by its mining tenements.

The Company's ability to resolve such compensation issues and compensation costs may have an impact on the future success and financial performance of the Company's mining operations.

If the Company is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of the Company. Further, in Tanzania, exploration works may only begin on an exploration tenement once agreement has been reached in relation to compensation of the relevant landowners, or in the absence of agreement, once the value of the compensation is set by a court of law.

Access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions. Access is critical for exploration and development to succeed and for satisfactory commercial arrangements to be negotiated with landowners, farmers and occupiers.

(h) Title risk

Title to a mining tenement is subject to the holder complying with the terms and conditions applicable to the tenement. There is a risk that if the holder does not comply with the terms and conditions applicable to a tenement, it may lose its rights to that tenement. In particular, all the mining tenements in Tanzania which the Company has or may, upon grant, have an interest in will be subject to expenditure and work commitments. If sufficient exploration activities have not been carried out on a mining tenement to meet the relevant Tanzanian reporting standards, the tenement may be terminated and the Company may suffer damage through loss of opportunity to develop any mineral resources on that tenement.

Further, all of the tenements in which the Company has, or will have, an interest may be subject to applications for renewal or extension from time to time. The renewal or extension of the term of each tenement is subject to the applicable legislation in the relevant jurisdiction. If a tenement is not renewed for any reason, the Company may suffer damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

(i) Sovereign risk

The Company's exploration and development activities are to be carried out predominantly in Tanzania. As a result, the Company will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties, changes to political, legal, regulatory, fiscal and exchange control systems and changes in government may also impact the Company's projects or operations.

Tanzania's legal systems are less developed than more established countries and this could result in the following risks:

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- (ii) a higher degree of discretion held by various government officials or agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and courts.

The commitment to local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

(j) Tenure and access for tenements in Tanzania

Mining and exploration tenements in Tanzania are subject to periodic renewal. Where a licensee has met the terms of the grant, renewal will not be denied. However, if development conditions are not met there is no guarantee that current or future tenements or future applications for production tenements will be approved.

Tenements in Tanzania are also subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. If there is failure to meet the commitments, this could lead to forfeiture of the tenement.

(k) Contract risks

The Company's subsidiaries may operate through contractual relationships with operators and sub-contractors. All contracts carry risks associated with counter-parties' performance of their obligations, including the timeliness and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(l) Regulatory risk

Operations by the Company may require approvals from regulatory authorities which may be delayed, not be forthcoming, or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that requisite approvals will not be forthcoming, and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Shareholders should be aware the Company cannot guarantee that requisite approvals will be obtained. A delay or failure to obtain any approvals may limit or restrict the Company's ability to acquire, develop, or operate a project, either in part or absolutely.

The regulatory environment for the Company's operations could change in ways that could substantially increase the Company's liabilities, tax liability or costs of compliance. This could materially and adversely affect the Company's financial position.

(m) Equipment risk

The operations of the Company could be adversely affected if essential equipment fails, is delayed or is unavailable.

(n) Environmental

The Company's projects are subject to various environmental laws. As with all exploration and development projects, the projects have a variety of environmental impacts. The Company will

continue to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking those activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations might materially increase the Company's cost of doing business or affect its operations in any region.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses which could have a material adverse effect on the Company's business, financial condition and results of operations.

(o) Litigation

The Company is subject to litigation risks. All industries, including the minerals exploration and mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Due to the inherent uncertainty of litigation processes, the resolution of any particular legal proceeding which may involve the Company could have a material effect on its financial position, results of operations, or the Company's activities.

(p) Taxation

Any change in laws and regulations applicable to the taxation of income, intercompany transactions, withholding taxes, levies and other transactional taxes affecting the Company in the countries it operates in or in which it is listed, or any change in the current interpretation or any disputes with tax authorities or any changes to the Company's income mix, may adversely affect its tax status and increase its tax payable, which would have a negative effect on financial results.

3.3 General risks

(a) Securities investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the Shares trade may be above or below the issue price, and may fluctuate in response to a number of factors. Further, the stock market has experienced price and volume fluctuations. There can be no guarantee trading prices will not be subject to fluctuation. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

(b) Share market conditions

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition with the Company, industrial disruption in Australia or Tanzania, and the rate of growth of gross domestic product, interest rates and the rate of inflation in those countries.

(d) Policies and legislation

Any material adverse changes in government policies or legislation of Australia, Tanzania or any other country in which the Company has economic interests may affect the viability and profitability of the Company.

(e) Investment Speculative

The above risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and New Options offered under this Prospectus. Therefore, the New Shares and New Options to be issued pursuant to this Prospectus carry no guarantee for the payment of dividends, returns of capital or their market value. Shareholders should consider investment in the Company as speculative and should consult their professional adviser before deciding whether to apply for New Shares and New Options pursuant to this Prospectus.

Section 4 ADDITIONAL INFORMATION

4.1 Continuous disclosure obligations

The Company is a "disclosing entity" under the Corporations Act and is subject to the regime of continuous disclosure and periodic reporting requirements.

Specifically as a listed company, the Company is subject to the Listing Rules, which require continuous disclosure to the market of any information possessed by the Company, which a reasonable person would expect to have a material effect on the price or value of its securities.

4.2 Applicability of Corporations Act

As a "disclosing entity", the Company has issued this Prospectus in accordance with section 713 of the Corporations Act applicable to prospectuses for an offer of securities which are quoted enhanced disclosure ("ED") securities or options to acquire such securities.

The New Shares to be issued under this Prospectus are ordinary shares, i.e. a class of shares that were continuously quoted securities at all times in the 3 months before the issue of this Prospectus. The Shares to be issued when the New Options are exercised will be in the same class of shares that have been quoted on the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus must be read in the context of, and having regard to, the Company's continuous disclosure obligations and publicly available information regarding the Company and its business.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at ASX in Perth during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, any regional office of ASIC.

4.3 Information Available to Shareholders

The Company will provide a copy of each of the following documents, free of charge, to any investor who so requests during the application period under this Prospectus. Alternatively, they can be downloaded from ASX's website at www.asx.com.au:

- (a) the Annual Report for the Company for the year ending 30 June 2015;
- (b) the Half Yearly Report for the Company for the half year ending 31 December 2015; and
- (c) the following documents used to notify ASX of information relating to the Company during the period after lodgement of the Annual Report of the Company for the year ending 30 June 2015 and before the issue of this Prospectus:

Date	Description of ASX Announcement
09/10/2015	Trading Halt
09/10/2015	Strandline Acquires Jacana Resources (Tanzania) Limited
12/10/2015	Appendix 3B
13/10/2015	Suspension from Official Quotation
14/10/2015	Strandline Raises \$1.6M to Progress Tanzanian Portfolio
14/10/2015	Reinstatement to Official Quotation
15/10/2015	Initial Director's Interest Notice - Eadie and Hanlon
19/10/2015	Change of Director's Interest Notice - Eadie and Hanlon
20/10/2015	Multiple Drill Programs To Commence
21/10/2015	Appendix 3B
27/10/2015	Notice of Annual General Meeting/Proxy Form
30/10/2015	Quarterly Activities Report
30/10/2015	Quarterly Cashflow Report
10/11/2015	WSA: Western Gawler Project Milestone Achieved

Date	Description of ASX Announcement
10/11/2015	Drilling Commences at Fowlers Bay Joint Venture Project
26/11/2015	Tanzanian Drill Campaign Underway
27/11/2015	Results of Meeting
01/12/2015	Expiry of Options
15/12/2015	Sale of Mt Gunson Copper Project
17/12/2015	Tanzanian Exploration Update
18/12/2015	Appointment of New Managing Director
22/12/2015	Change of Director's Interest Notice - Eadie
23/12/2015	Appendix 3B
24/12/2015	Change of Director's Interest Notice - Hill
30/12/2015	Change of Director's Interest Notice - Hill
30/12/2015	Change of Director's Interest Notice x 4
11/01/2016	Appendix 3B
21/01/2016	Change of Director's Interest Notice - Kabunga
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Cashflow Report
09/02/2016	High Grade Mineral Sands Drill Results in Tanzania
09/02/2016	Investor Presentation February 2016
23/02/2016	Positive Scoping Study at 100% Owned Zircon-Rich Fungoni
02/03/2016	Changes to the Board of Directors
04/03/2016	Final Director's Interest Notice - Folwell and Hanlon
15/03/2016	Half Year Accounts
22/03/2016	Completion of Sale of Mt Gunson Project
04/04/2016	Rutile-Rich Resources Defined at 100% Owned Tanga South
27/04/2016	New Zircon Rich Mineralisation Drilled at Madimba East
29/04/2016	Quarterly Activities Report
29/04/2016	Quarterly Cashflow Report
11/05/2016	Appendix 3B
13/05/2016	Change of Director's Interest Notice – Hill
24/05/2016	New Cornerstone Investor Underpins Tanzanian Strategy
27/05/2016	Change of Director's Interest Notice – Kabunga
08/06/2016	Appendix 3B and Cleansing Notice
08/06/2016	Information Required under Listing Rule 3.10.5A
08/06/2016	Becoming a Substantial Holder
09/06/2016	Completion of Placement and Update on Rights Issue
10/06/2016	Initial Director's Interest Notice - Hodder
15/06/2016	Strandline Launches Major Exploration Campaign in Tanzania
21/06/2016	Rights Issue Update

4.4 Rights Attaching to New Shares

The New Shares to be issued under the Rights Issue pursuant to this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has;

one vote for every fully paid Share held by him or her; and

a fraction of one vote for each partly paid up Share held by him or her.

A poll may be demanded by the chairman of the meeting, by at least five Shareholders entitled to vote on the particular resolution present in person or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares of all those Shareholders having the right to vote on the resolution.

(b) Dividends

The Directors may determine that Dividends are payable on Shares of the Company. New Shareholders will be entitled to dividends as a result of ownership of their New Shares in accordance with the Constitution.

(c) Further issue of securities

Subject to the Corporations Act and the Listing Rules, the Directors may allot, grant options over, or otherwise dispose of Shares in the Company at the times and on the terms the Directors think fit but the Company shall not issue any Share with a voting right more advantageous than that available to any Share previously issued by the Company. A share may otherwise be issued with a preferential or special right.

(d) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares (other than a market transfer), where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the generation of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(e) Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

(f) Liquidation rights

A liquidator may, with the authority of a special resolution of Shareholders:

distribute among the Shareholders the whole or any part of the remaining property of the Company; and

decide how to distribute the property as between the Shareholders or different classes of Shareholders.

The liquidator may vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

(g) Alteration and reduction of capital

The Company may, by resolution, alter its capital in any manner permitted by law and subject to the Corporations Act, the Company may by special resolution reduce its capital.

(h) Indemnities

Subject to the Corporations Act, the Company must indemnify each past and present officer against liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(i) Shareholder liability

As the New Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

Despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Similarly, nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

4.5 **Rights Attaching to New Options**

The New Options intended to be granted under this Prospectus will be granted under the following terms and conditions:

(a) Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of each New Option.

(b) Exercise prices and end dates

The exercise price for each New 2018 Option is \$0.01 and the end date of each New 2018 Option is 30 June 2018.

The exercise price for each New 2019 Option is \$0.015 and the end date of each New 2019 Option is 30 June 2019.

(c) Exercise period

New Options are exercisable at any time after they are issued and on or prior to their end date.

(d) Notice of exercise

New Options may be exercised by notice in writing to the Company ("Notice of Exercise") and payment of the exercise price for each New Option being exercised (which may be less than the total number of New Options held by the holder). Any Notice of Exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt.

(e) Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the Shares of the Company.

(f) Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(g) Timing of issue of Shares

After a New Option is validly exercised, the Company must, as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on

the exercise of the New Option:

issue and allot the Share; and

do all such things necessary to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Share.

(h) Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This will give the holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(i) Adjustment for bonus issues of Shares

If the Company makes a pro rata issue of Shares to existing Shareholders the Exercise Price of New Options will not change.

(j) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the New Option holders will be varied in accordance with ASX Listing Rule 7.22 (at the date of this Prospectus).

(k) No quotation of New Options

Application will not be made by the Company to ASX for quotation of the New Options.

(l) New Options not transferable without consent

New Options are not transferable other than with the prior written consent of the Company.

4.6 Interests of Directors

(a) Directors' holdings

At the date of this Prospectus the relevant interest of each of the Directors in the Shares and Options of the Company are as follows:

Directors	Shares	Options	Performance Rights
Didier Murcia	-	-	-
Tom Eadie	40,989,996	5,714,286	-
Richard Hill	9,816,031	2,142,860	3,060,000
Asimwe Kabunga	45,241,900	3,571,430	-
John Hodder	-	-	-

(b) Remuneration of Directors

Fees and payments to Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Executive Directors' fees and payments are reviewed annually by the Board. The base remuneration is currently \$171,000 per annum for the Managing Director, inclusive of superannuation, working a minimum of 3 days per week, with additional days worked remunerated at \$1,100 per day.

Non - Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by Shareholders. The maximum currently stands at \$400,000 per annum. The level of fees for Non-Executive Directors, inclusive of superannuation, is set at \$38,325 per annum and \$54,750 per annum for the Non-Executive Chairman. Details of remuneration provided to Directors and their associated entities during the past 2 financial years are as follows:

Audited - Financial year ended 30 June 2015

Directors	Fees/Salaries and Superannuation\$	Other non-monetary remuneration \$	Total \$
Didier Murcia ¹	26,582	-	26,582
Richard Hill ¹	174,105	10,594	184,699
Asimwe Kabunga ²	1,278	-	1,278
Michael Folwell ¹	37,974	-	37,974
William Bloking ³	109,961	(2,298)	107,663
David Craig ⁴	23,240	-	23,240
Garret Dixon ⁴	14,526	-	14,526

¹ Appointed 23 October 2014

² Appointed 18 June 2015

³ Resigned 1 March 2015

⁴ Resigned 23 October 2014

Unaudited – 11 Months to 31 May 2016

Directors	Fees/Salaries and Superannuation	Other non-monetary remuneration \$	Total \$
Didier Murcia	39,237	-	39,237
Tom Eadie ¹	79,932	-	79,932
Richard Hill	206,071	53,795	259,866
Asimwe Kabunga	35,131	-	35,131
John Hodder ²	-	-	-
Michael Folwell ³	41,210	-	41,210
Mark Hanlon ⁴	15,100	-	15,100

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

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any Director or to any company or firm with which a Director is associated to induce him to become, or to qualify as, a Director, or otherwise for services rendered by him or his company or any firm with which the Director is associated in connection with the formation or promotion of the Company or the Rights Issue.

4.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this

Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Rights Issue; or
- the Rights Issue.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Rights Issue.

Euroz was appointed as the Underwriter to the Rights Issue under this Prospectus pursuant to an agreement with the Company (**Underwriting Agreement**) Pursuant to the Underwriting Agreement, the Underwriter will provide services relating to the management, marketing and underwriting of the Rights Offer. The Underwriter has entered into a sub-underwriting agreement with Ndovu.

In consideration for the services provided pursuant to the Underwriting Agreement and the sub-underwriting agreement:

- the Company will pay an underwriting commission payable to the Underwriter of:
 - 1.5% of the total value of Shares offered pursuant to this Prospectus (**Underwritten Amount**); plus
 - 3% of the Underwritten Amount which is sub-underwritten by Ndovu and/or any successor, replacement or additional sub-underwriter appointed by the Underwriter (**Sub-Underwritten Amount**), provided that in the case of Ndovu or any other sub-underwriter who is also an Eligible Shareholder, the value of the New Shares issued to that Shareholder in response to any application for Entitlements under the Rights Offer will be excluded from the calculation of the Sub-Underwritten Amount, ; and
- Unless otherwise agreed between the Underwriter and the sub-underwriter, the Underwriter must pay any sub-underwriters a sub-underwriting commission of 3.0% of their applicable Sub-Underwritten Amount. This payment constitutes consideration for the sub-underwriting of the underwritten Shares by the sub-underwriter.

These fees are not payable if the Company or the Underwriter are entitled to lawfully terminate, and do terminate, the Underwriting Agreement prior to completion of the Underwriting or the Rights Issue does not proceed for any reason.

Murcia Pestell Hillard has acted as solicitors to the Company in relation to the Rights Issue. For their work on this Prospectus, the Company will pay approximately \$50,000 (excluding GST) for these professional services.

Murcia Pestell Hillard has provided other professional services to the Company during the last 2 years amounting to approximately \$400,000 (excluding GST) . Didier Murcia is a shareholder and director of Murcia Pestell Hillard.

4.8 **Expenses of the Rights Issue**

The approximate expenses of the Rights Issue are \$300,000. These expenses are payable by the Company.

4.9 **Consents**

Each of the parties referred to in this Section 4.9:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 4.9; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in

this Prospectus with the consent of that party as specified in this Section 4.9.

The Share Registrar has given and has not withdrawn, its consent to being named as share registrar in the form and context in which it is named. The Share Registrar has had no involvement in the preparation of any part of the Prospectus other than being named as share registrar to the Company. The Share Registrar has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Euroz has given, and has not withdrawn, its consent to being named as Underwriter of the Rights Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Euroz has not caused or authorised the issue of this Prospectus or the making of this Rights Issue. Euroz does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus.

Ndovu Capital VII B.V. has given, and has not withdrawn, its consent to being named as Sub - Underwriter to the Rights Offer in this Prospectus in the form and context in which it is named. Ndovu Capital VII B.V. has not caused or authorised the issue of this Prospectus or the making of this Rights Offer. Ndovu Capital VII B.V. does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus or any omissions from this Prospectus.

Murcia Pestell Hillard has consented to being named in this Prospectus as the solicitors to the Rights Issue and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

4.10 Competent Person

The information in the Letter from the Chairman on pages iii to iv of the Prospectus relating to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled and reviewed by Mr Tom Eadie who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Eadie who is Managing Director of the Company 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 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 the Letter from the Chairman of the matters based on the information in the form and context in which they appear.

4.11 Electronic Prospectus

The offer pursuant to an Electronic Prospectus is only available to Eligible Shareholders receiving an electronic version of this Prospectus within Australia, New Zealand, the Netherlands and Greece.

If you have received this Prospectus as an Electronic Prospectus please ensure you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please email the Company at enquiries@strandline.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. New Shares and New Options will not be issued except upon receipt of valid Entitlement and Acceptance forms attached to this Prospectus.

Section 5 DEFINED TERMS

\$ means Australian dollars, unless otherwise stated;

Additional New Shares means New Shares in addition to an Eligible Shareholder's Entitlement for which an Eligible Shareholder makes an Application;

Application means an application for New Shares and associated New Options pursuant to the Entitlement and Acceptance Form;

Application Money means the money received from Eligible Shareholders;

ASIC means the Australian Securities & Investments Commission;

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532;

ASX Settlement Operating Rules means the settlement operating rules of ASX Settlement as amended from time to time;

Business Day means every day other than a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day;

CHES means ASX Clearing House Electronic Sub-register System;

Closing Date means the closing date of the Rights Issue being 8 July 2016, subject to the right of the Company to vary that date (in accordance with the Listing Rules);

Company and **Strandline** means Strandline Resources Limited (ACN 090 603 642);

Constitution means the constitution of the Company;

Corporations Act means the Corporations Act 2001 (*Commonwealth*);

Directors mean the directors of the Company;

Electronic Prospectus means an electronic version of the Prospectus;

Eligible Shareholder means a Shareholder at the Record Date whose registered address is in Australia, New Zealand, the Netherlands, or Greece;

Entitlement means Shareholders' entitlement to participate in the Rights Issue. With respect to Eligible Shareholders, this Entitlement will be as shown on the Entitlement and Acceptance Form;

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Prospectus;

Euroz means Euroz Securities Limited (ABN 23 089 314 983; AFS Licence 243302);

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) at the Record Date with a registered address outside Australia, New Zealand, the Netherlands, and Greece;

Listing Rules means the Listing Rules of ASX;

New Options means the new Options offered under this Prospectus, the terms of which are set out in Section 4.5, and which comprise collectively the New 2018 Options and the New 2019 Options;

New 2018 Options means the Options to be granted on the basis of 1 New 2018 Option for each 2 New Shares subscribed for, exercisable at \$0.01 on or before 30 June 2018;

New 2019 Options means the Options to be granted on the basis of 1 New 2019 Option for each 2 New Shares subscribed for, exercisable at \$0.015 on or before 30 June 2019;

New Shares means the Shares offered under this Prospectus;

Opening Date means the opening date of the Rights Offer being 29 June 2016, subject to the right of the Company to vary that date;

Option means an option to acquire one Share;

Placement means the placement of 332,943,363 Shares to Ndovu, announced on 24 May 2016, to raise approximately \$2,300,000;

Prospectus means this prospectus dated 22 June 2016 and includes the Electronic Prospectus (where applicable);

Record Date means 5 pm (Western Standard Time), 27 June 2016;

Rights Issue means the issue pursuant to this Prospectus on a pro-rata renounceable basis of 1 New Share for every 2 Shares held on the Record Date at an issue price of \$0.005 per New Share, together with one New 2018 Option and one New 2019 Option;

Rights Trading Period means the period between the date rights trading under the Rights Issue begins, being 24 June 2016, and the date rights trading under the Rights Issue ends, being 1 July 2016, as set out in the timetable on page ii of this Prospectus

Section means a section of this Prospectus;

Share means an ordinary fully paid share in the capital of the Company;

Share Registrar means Computershare Investor Services Pty Ltd (ACN 078 279 277);

Shareholder means the holder of a Share;

Shortfall Shares means those Shares available which are not applied for by Shareholders in response to the Rights Offer described in this Prospectus and which will therefore be taken up by the underwriters;

Underwriter means Euroz;

Underwriting Agreement has the meaning given to it in Section 4.7; and

Unquoted Options means 146,366,924 Options that have an exercise price ranging from 1.5 to 3 cents and expiry dates ranging from 3 November 2017 to 12 October 2018 which are not quoted on ASX.

Section 6 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENT

The Directors state they have made all reasonable enquiries and on that basis have reasonable grounds to believe any statements made by the Directors in this Prospectus are not misleading or deceptive and for any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on have reasonable grounds to believe persons making the statement or statements were competent to make such statements, and those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Director's knowledge, before any issue of New Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 22 June 2016

A handwritten signature in dark ink, appearing to read 'Tom Eadie', is written over a horizontal line.

Tom Eadie
Managing Director

For all enquiries:

Phone:
 (within Australia) 08 9226 3130
(outside Australia) +61 8 9226 3130



STA
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (WST) on Friday, 8 July 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

ASX will quote a market for rights between 24 June 2016 and 1 July 2016. Please refer to the Prospectus for details on how to renounce your rights.

Step 1: Registration Name & Offer Details

Details of the shareholding and entitlements for this Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. If you take up your full Entitlement, you may also apply for Additional New Shares. Enter the number of New Shares you wish to apply for and the amount of payment for those New Shares.

You will receive 1 free New Option for each 2 New Shares subscribed for exercisable at \$0.01 on or before 30 June 2018 ("**New 2018 Option**") and 1 free New Option for each 2 New Shares subscribed for exercisable at \$0.015 on or before 30 June 2019 ("**New 2019 Option**").

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Prospectus dated 22 June 2016.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque or bank draft payable in Australian dollars to "**Strandline Resources Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Sale of your Entitlement rights in full by your Stockbroker/ Agent

If you wish to sell your rights entitlement in full, you should instruct your Stockbroker personally and provide details as requested, which appear overleaf.

DO NOT forward your requests for sale to Computershare Investor Services Pty Limited.

Disposal of your Entitlement rights held on the Issuer sponsored sub-register

A Standard Renunciation Form must be used for an off market transfer of Entitlement rights. These forms may be obtained from your Stockbroker or Computershare Investor Services Pty Limited.

Sale of your Entitlement rights in part by your Stockbroker/ Agent and take up the balance

If you wish to sell part of your Entitlement rights and take up the balance you should:


- Instruct your Stockbroker personally and provide details as requested, which appear overleaf, **AND**
- Send the payment slip to Computershare Investor Services Pty Limited with your cheque or bank draft payment **OR** make payment using BPAY, in order to take up the balance of your Entitlement rights.

Entitlement and Acceptance Form with Additional Shares

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I ND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Existing shares entitled to participate as at 5.00pm (WST) on 27 June 2016:

4,000

Entitlement to New Shares on a 1 for 2 basis (and New 2018 and 2019 Options):

2,000

Amount payable on full acceptance at A\$0.005 per New Share:

\$10.00

STEP 2 Make Your Payment



Billers Code: 12345
Ref No: 1234 5678 9123 4567 89

Pay by Mail:



Make your cheque or bank draft payable to "**Strandline Resources Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:

Strandline Resources Limited
C/ - Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (WST) on Friday, 8 July 2016. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Strandline Resources Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque or bank draft the payment slip below must be received by CIS by no later than 5:00pm (WST) on Friday, 8 July 2016. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Strandline Resources Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

[Detach here](#)

Strandline Resources Limited Acceptance Payment Details

Entitlement taken up:

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Number of Additional New Shares applied for:

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Amount enclosed at A\$0.005 per New Share:

A\$

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Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (WST) on Friday, 8 July 2016

Contact Details

Contact Name _____ Daytime Telephone _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14