ANNUAL REPORT 2020

STRANDLINE
resources limited

ABN 32 090 603 642

CORPORATE DIRECTORY

STRANDLINE
resources limited

Board of Directors

Didier Murcia	Independent Non-Executive Chairman
Luke Edward Graham	Managing Director and CEO
Peter Richard Watson	Executive Director
John Russell Hodder	Non-Executive Director
Ernest Thomas Eadie	Independent Non-Executive Director
Mark David Hancock	Independent Non-Executive Director

Company Secretary

Mr Flavio Lino Garofalo

Registered and Principal Office

Level 9, 216 St Georges Terrace
Perth, Western Australia 6000

Tel: (61 8) 9226 3130
Fax: (61 8) 9485 2070
Email: enquiries@strandline.com.au

PO Box 7127
West Perth, Western Australia 6872

www.strandline.com.au

Country of Incorporation

Strandline Resources Limited is domiciled and incorporated in Australia

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street
Subiaco, Western Australia 6008

Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St George's Terrace
Perth, Western Australia 6000

Tel: (61 8) 9323 2000
Fax: (61 8) 9323 2033

Home Stock Exchange

Australian Securities Exchange Limited

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

ASX Code: STA

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EMERGING PROJECT DEVELOPER WITH A FOCUS ON SUPPLYING PREMIUM TITANIUM, ZIRCON AND RARE EARTH MINERAL SANDS PRODUCTS

CHAIRMAN'S REPORT

Dear Shareholders

Welcome to the 2020 Annual Report for Strandline Resources.

I am delighted to bring you an Annual Report which demonstrates the enormous progress your Company has made.

As we entered the 2019-2020 financial year, the Federal Government's Northern Australia Infrastructure Facility (NAIF) had just agreed to undertake a strategic assessment of Strandline's Coburn Mineral Sands Project in WA.

As a Commonwealth Government agency, NAIF provides debt funding for projects with the aim of growing the economies and populations of northern Australia and encouraging and complementing private sector investment.

As we look back on the past year, it is fair to say that NAIF's agreement to assess Coburn marked the start of a new chapter for your Company as we sought to accelerate what we saw as a potentially world-class mineral sands operation in a Tier-1 location.

NAIF moved quickly from an initial assessment to the detailed due diligence phase of its assessment process. This was a rigorous investigation into the key aspects of Coburn, spanning the resource, the proposed mining and processing methods and the market for its products. NAIF also used specialist technical experts to assist with its study.

This detailed assessment took almost a year and culminated in NAIF announcing in June 2020 that it would provide debt finance of up to A$150 million.

This was a major milestone for Coburn because the NAIF facility accounts for a significant portion of Coburn's total estimated capital cost of A$260 million and is expected to stand alongside a commercial lending tranche.

The decision was also critical to Strandline because it supports our view that Coburn is a strategic long-life asset with high Australian content and Indigenous engagement, creating significant employment and enterprise opportunities for regional communities.

During the year under review, we completed an updated DFS which resulted in significant increases in Coburn's forecast financial returns, with the project NPV rising from A$551 million to A$705 million. Coburn's forecast pre-tax internal rate of return rose from 32 per cent to 37 per cent, the forecast average annual EBITDA increased from A$86 million to A$104 million and the project payback period from first production is just 2.1 years.

The Coburn mine life extends until 2045, with the potential to expand to 2060 by converting existing resources to Reserves and the forecast financial returns are extremely strong.

The rapid progress made at Coburn during the past year was also highlighted by Strandline's success in securing binding offtake agreements for the products. These contracts mean that more than 72 per cent of the project's forecast revenue for the first five years is now secured.

COBURN IS A WORLD-CLASS MINERAL SANDS PROJECT

These agreements have a combined forecast value of around US$475m over five years, based on the pricing structures contained in the agreements and commodity price assumptions contained in the DFS.

In parallel with the strong progress at Coburn, we also advanced our portfolio of Tanzanian mineral sands projects. While the pace of activity was at times limited by the impact of COVID-19, we still succeeded in signing a US$26 million Project Finance Facility Agreement with Nedbank CIB for development of the Fungoni project.

This facility accounts for most of Fungoni's total estimated capital cost of US$35 million (excluding Financial costs). All parties are now working towards satisfaction of conditions precedent to financial close and first draw down.

Your Company enters the new financial year in a very strong position, with two mineral sands projects on the cusp of development. The quality of these projects means Strandline is well placed to capitalise on the supply shortfalls beginning to emerge in the markets for its key zircon and titanium products.

Our recent $18.5 million capital raising ensures we have sufficient cash to continuing advancing these projects towards construction as rapidly as possible.

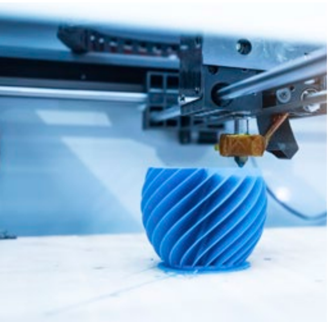
The past financial year was clearly a pivotal period for your Company. We are now set up for the next chapter, where we plan to make the transition from mineral sands explorer to production and cashflow.

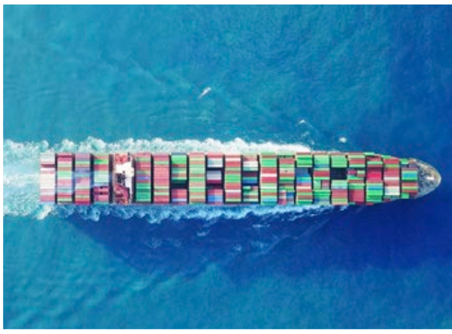
On behalf of the Board, I would like to thank our staff and contractors for their skill and hard work in helping us to make such huge progress over the past year.

I also thank our shareholders for their support during this time and I look forward to bringing you further updates as we continue to implement our growth strategy.

Didier Murcia
INDEPENDENT NON-EXECUTIVE CHAIR
23 September 2020

OUR VISION: ENRICHING EVERYDAY LIFE



The Directors of Strandline Resources Limited ("**Strandline**" or "the **Company**") submit the Annual Report on the Consolidated Entity ("the **Group**") consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Didier Murcia AM, Independent Non-Executive Chair
B.Juris, LL.B, appointed 1 March 2016

Mr Murcia is a lawyer with over 30 years' legal and corporate experience in the mining industry and was previously a Non-Executive Director from 23 October 2014 to 29 February 2016. He is Honorary Consul for the United Republic of Tanzania, a position that he has held for over 20 years and was appointed a Member of the Order of Australia for services to the international community in 2014.

Mr Murcia is Chair and founding director of Perth-based legal group MPH Lawyers and has held directorships in the following ASX listed companies over the past three years:

- Alicanto Minerals Limited – Non-Executive Director (appointed on 30 May 2012)
- Centaurus Metals Limited - Non-Executive Chair (appointed Non-Executive Director on 16 April 2009 and Non-Executive Chair since 28 January 2010)

Mr Murcia is also Chair of the Remuneration Committee.

Luke Edward Graham, Managing Director and Chief Executive Officer
A.Dip (Hons) (Elec Eng), MAICD, appointed 19 September 2016

Mr Graham brings a diverse and extensive skill set to the development of Strandline Resources as an emerging mineral sands producer, formerly senior manager of global minerals engineering and mine operations company Sedgman Pty Limited (a member of the CIMIC Group). An engineer by profession, he has extensive experience in major mine and port project development, design, construction and operations within the resources sector including mineral sands, coal, iron, copper and gold projects, and successfully managing multi-functional operational teams. Mr Graham has held directorships in the following ASX listed companies over the past three years:

- Primero Group Ltd - Non-Executive Director (appointed on 21 May 2018; resigned on 25 March 2020)

Peter Richard Watson, Executive Director
BEng (Hons) (Chem), GAICD, FIEAust, Dip (Acct), appointed 10 September 2018

Mr Watson is a chemical engineer with over 35 years' experience in the resources sector, both in Australia and overseas. He has held technical and executive roles with a number of companies throughout his career, culminating in his appointment as the Managing Director & Chief Executive Officer of Sedgman Limited, a market leading engineering and mining services firm. Initially joining Sedgman as Chief Operating Officer of the Metals Division in 2010, Mr Watson successfully led and supported the development and execution of EPC and Operations Contracts in excess of A$2 Billion as he progressed through roles as Executive General Manager (2011 – 2012) and Global Executive Director (2012 – 2014), before being made MD & CEO (2014 – 2016). During this time at Sedgman, Peter provided leadership and guidance across a suite of over 10 large scale Mine Operations contracts and over 30 EPC contracts across a broad spectrum of commodities.

Has held directorships in the following ASX listed companies over the past three years:

- Resource Generation Limited - Non-Executive Director (appointed on 22 November 2017 and resigned on 1 November 2018)
- New Century Resources Limited - Non-Executive Director (appointed on 19 January 2018)
- Paladin Energy Limited – Non-Executive Director (appointed on 10 December 2019)

John Russell Hodder, Non-Executive Director
B.Sc, B.Com, appointed 8 June 2016

Mr Hodder, is a geologist and co-founder of Tembo Capital with 30 years' of experience in the mining, oil & gas industry. Prior to establishing Tembo, he was a resource focused equity Fund Manager for Solaris, an Australian equity investment house. Previously, he founded and was a Director of CDC's Minerals, Oil & Gas investment division (from 1995) where he generated and arranged private equity and debt deals with a focus on the mining sector within emerging markets. Mr Hodder has held directorships in the following ASX listed companies over the past three years:

- Paladin Energy Limited (appointed Non-Executive Director on 14 February 2018, resigned as Non-Executive on 11 December 2019)

Mr Hodder is also a member of the Remuneration Committee and the Audit & Risk Committee.

Ernest Thomas Eadie, Independent Non-Executive Director
B.Sc (Hons), M.Sc., F.AusIMM. appointed 19 September 2016

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

- Alderan Resources Limited (appointed Non-Executive Director on 23 January 2017 and Non-Executive Chair on 21 August 2019)
- New Century Resources Limited (appointed Non-Executive Director on 13 July 2017 and resigned on 28 March 2019)
- Pure Alumina Ltd (appointed Non-Executive Chair on 3 July 2018)

Mr Eadie is also a member of the Audit & Risk Committee.

Mark David Hancock, Independent Non-Executive Director
B.Bus, CA, FFin. appointed 11 August 2020

Mr Hancock, who holds a Bachelor of Business (B.Bus) degree, is a Chartered Accountant (CA) and a Fellow of the Financial Services Institute of Australia (F FIN), has over 30 years' experience in key financial, commercial and marketing roles across a variety of industries with a strong focus on natural resources. During 13 years at Atlas Iron, Mr Hancock served in numerous roles including CCO, CFO, Executive Director and Company Secretary. He also has strong board-level experience, particularity on matters covering governance, financial reporting, offtake marketing, mergers and acquisitions, risk management and strategy. Mr Hancock has served as a director on a number of ASX-listed entities and has held directorships in the following ASX listed companies over the past three years:

- Fe Limited (appointed Executive Director on 2 September 2019)
- Centaurus Resources Limited (appointed Non-Executive Director on 23 September 2011)
- Cape Lambert Resources Limited (appointed Non-executive Director on 11 February 2020 and resigned on 3 August 2020)

Mr Hancock is also the Chair of the Audit & Risk Committee.

COMPANY SECRETARY

Flavio Lino Garofalo, Company Secretary and Chief Financial Officer

B.Bus, CPA, appointed 5 June 2018

Mr Garofalo is a finance and corporate executive with over 20 years’ experience in the mining industry. He has held several other senior executive roles for ASX-listed mining companies, including General Manager of Finance, CFO and Company Secretary. Mr Garofalo has extensive experience in project financing, capital raisings and investor relations for listed resources companies which have transitioned from exploration and development to production. He is a member of CPA Australia with operational experience in both major and junior mining companies working in various jurisdictions including Africa, China and Australia.

INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS OF THE COMPANY

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

Director	Shares	Performance Rights	Options
D Murcia	1,200,000	-	4,500,000
L Graham	10,192,973	5,767,442	-
P Watson	1,789,502	1,563,049	-
T Eadie	6,000,000	-	3,000,000
J Hodder	-	-	-
M Hancock	-	-	-

PRINCIPAL ACTIVITIES

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

CORPORATE STRUCTURE

Strandline is a company limited by shares that is incorporated and domiciled in Australia.

REVIEW OF OPERATIONS

Strandline is an emerging heavy mineral sands developer with a portfolio of 100%-owned projects in Australia and Tanzania. The portfolio comprises several high quality zircon-titanium rich assets, providing project development optionality, geographic diversity, and scalability. This includes the development-ready Coburn project in Western Australia and advanced Fungoni and Tajiri projects in Tanzania.

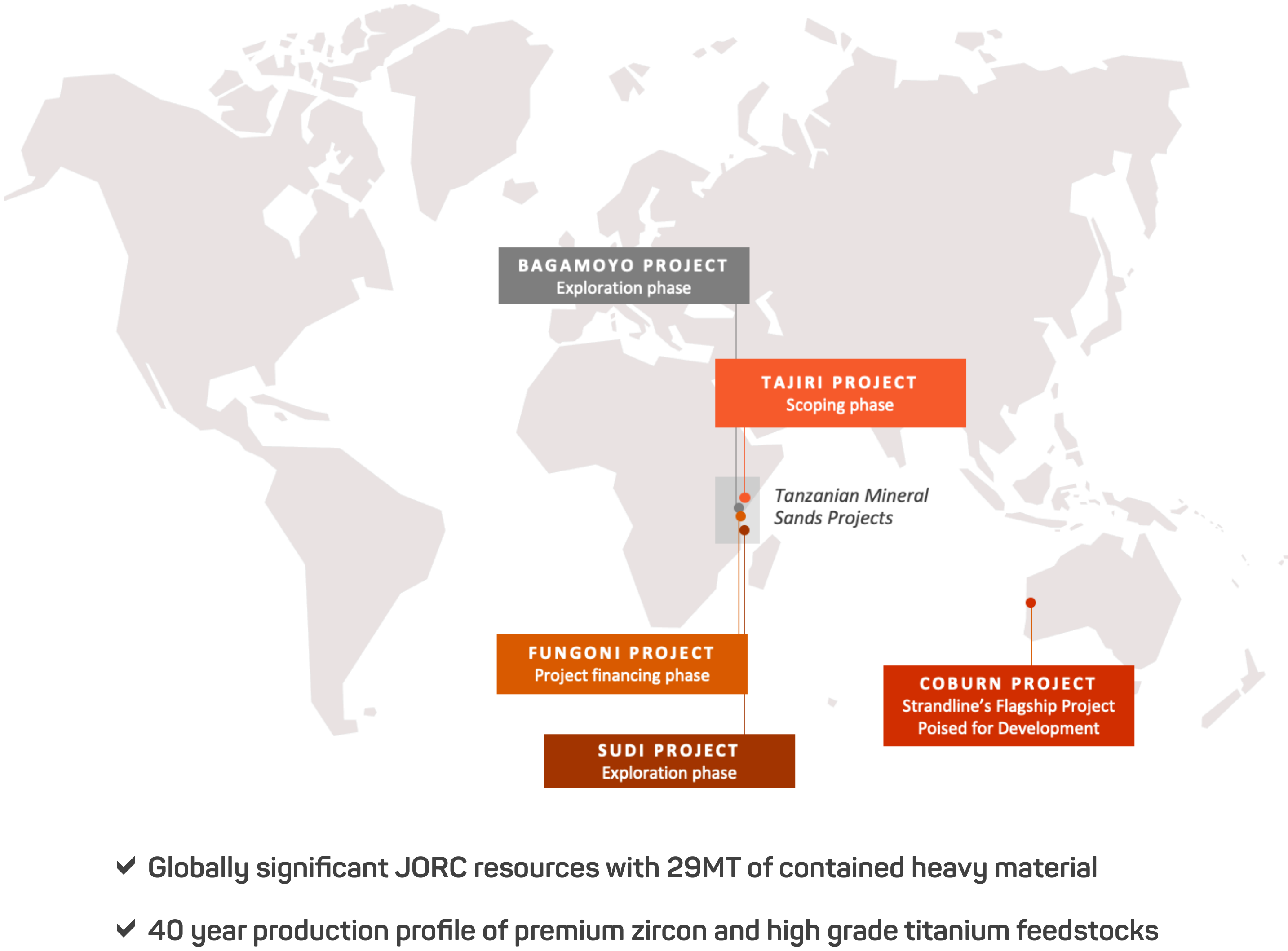


Figure 1 Strandline Resources Ltd - Project portfolio

The Company's projects benefit from their proximity to established port, road and services infrastructure and are defined to provide a host of socio-economic benefits over their lifetime, including opportunities for significant employment, job diversity, knowledge transfer, infrastructure improvements and local businesses.

STRANDLINE OWNS A PORTFOLIO OF HIGH QUALITY MINERAL SANDS ASSETS WITH NEAR-TERM DEVELOPMENT OPTIONS, GEOGRAPHIC DIVERSITY AND SCALABILITY

STRANDLINE
resources limited

FY20 HIGHLIGHTS

During the financial year, the Company achieved several key milestones towards its strategy to bring the Coburn and Fungoni projects into development, as summarised below:

COBURN PROJECT – Western Australia

- Updated Definitive Feasibility Study (DFS) resulting in significant increases in forecast financial returns:
  - Project **pre-tax NPV[8] of A$705m** (AUD: USD 0.70, 8% discount rate)
  - Project **pre-tax IRR of 37%** and **EBITDA of A$2.3b** over the first 22.5 years of Reserves
  - Scoping Study **"Extension Case"** shows a potential **mine life expansion to 37.5 years**, increasing NPV[8] to A$825m, through conversion of Resources immediately north of current Reserves
- Four binding offtakes signed with some of the world's leading consumers across Europe, America and China, resulting in **~72% of Coburn's revenue being secured for the first five years of production**
- As part of finalising project funding, independent technical and economic due-diligence assessments confirm Coburn's robust fundamentals, with no development fatal flaws or residual high risks
- The **Northern Australian Infrastructure Facility (NAIF)** approved a **A$150m loan facility** for the development of Coburn, comprising two tranches and based on a **15.5-year term**
  - First tranche of up to A$130m towards construction of Coburn's core mine infrastructure
  - Second tranche of up to A$20m to fund a potential future northern access road linking the project more directly to the Denham community in Shark Bay
- Major implementation contracts awarded in preparation for development, with a focus on early works design and construction packages and long lead procurement activities
- Advanced definitive finance documentation and conditions precedent for the NAIF loan facility and discussions on the commercial debt tranche which is expected to stand alongside

FUNGONI PROJECT – Central Tanzania

- With the Fungoni DFS completed, Strandline and **Nedbank CIB signed a US$26m Project Finance Facility Agreement**,
- The Nedbank facility accounts for most of Fungoni's US$35m capital requirement (excl. financing costs) and remains subject to finalisation of remaining finance documents and conditions precedent to first draw down
- Fungoni is set to deliver strong financial returns, including EBITDA of US$115 million, from production of premium-quality zircon and titanium products
- Mining Licence granted by the new Tanzanian Mining Commission
- Product offtake contracts secured for 100% of forecast revenue underpinning product sales for project life
- Awarded key construction contracts including process plant EPC contract, power station and civil bulk earthworks
- Fungoni is expected to pave the way for succession of major mineral sands project in Tanzania, including Strandline's larger scale Tajiri project in northern Tanzania

TAJIRI PROJECT – Northern Tanzania

- **Tajiri confirmed as a world-scale mineral sands deposit with 80% Mineral Resource increase to 268Mt @ 3.3% THM**, underpinning Strandline's long-term production outlook in Tanzania
  - All Tajiri resources start from surface, with no overburden and contain large coherent high-grade domains comprising mostly high-value titanium-dominated mineral assemblage
  - Contained heavy mineral (HM) content of 8.8Mt, with in-situ rutile 580,000t, zircon 335,000t, ilmenite 5,206,000t and almandine garnet 1,477,000t
  - Tajiri project is likely to continue to grow over time with high grade resources remaining open and nearby exploration targets, including the Sakura deposit situated some 10km south of Tajiri
- In light of the substantial Tajiri Resource, Strandline initiated an Engineering Scoping Study on Tajiri to evaluate project economics and development options; results are expected to be released 2H-2020

Mineral Sands Projects – Australia

Coburn Project

The Coburn project is one of largest and most advanced undeveloped mineral sands projects in the world with an attractive high-value product suite, conventional design and low-cost operation. Coburn is situated in the Tier-1 mining jurisdiction of Western Australia, close to key port, road and services infrastructure and the dominant mineral sands market of Asia.

During the financial year, Strandline released an updated Coburn DFS (refer to ASX announcement dated 4 June 2020). The DFS was updated to include the optimisation of equipment settings, attritioning of the feed material and updated pricing resulting from the offtake agreements.

The DFS shows Coburn will generate strong financial returns with a **pre-tax NPV[8] of A$705 million** (USD:AUD 0.70, real, no debt) and an **IRR% of 37%**. Forecast project revenue for the initial 22.5 years of Reserves is A$4.4 billion based on offtake agreements signed and TZMI's February-2020 commodity price forecast, with a LOM operating cost (C1) of A$1.80 billion and All-in-Sustaining-Cost (AISC) of A$2.08 billion. The project has an attractive revenue-to-opex ratio of 2.4.

To underpin project revenue, the Company signed four major sales contracts with some of the world's leading consumers across Europe, America and China, resulting in ~72% of Coburn's revenue being secured for the first five years of production (see ASX releases dated 20 April 2020 and 02 July 2020).

The agreements cover 100% of ilmenite, 100% of zircon concentrate and the substantial portion of the premium finished zircon product to be produced at Coburn for the first five years.

The agreements have a forecast combined value of circa US$475m (A$680m at USD: AUD 0.70) over five years, based on the pricing structures contained in the agreements and commodity price forecast assumptions contained in the Coburn updated DFS.

The remaining Project revenue is expected to be from the balance of premium finished zircon and rutile product (representing ~28% of forecast revenue). Offtake agreements for these remaining products are advancing and are expected to be in place prior to first production.

The dashboard below summarises the financial metrics of the Coburn Project updated DFS (Jun-2020).

COBURN - DFS FINANCIAL SUMMARY

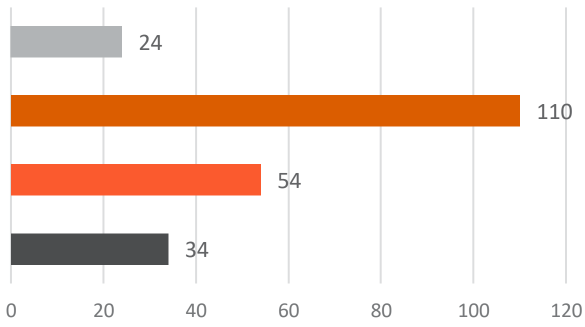
NPV[8] A$705 million | **IRR** 37%

EBITDA OVER 22.5 YEARS of A$2.3 billion

AVERAGE ANNUAL EBITDA of A$104 million

RC_1 RATIO 2.4 (best quartile)

PRODUCTION BY PRODUCT (KTPA)



REVENUE BY PRODUCT (%)

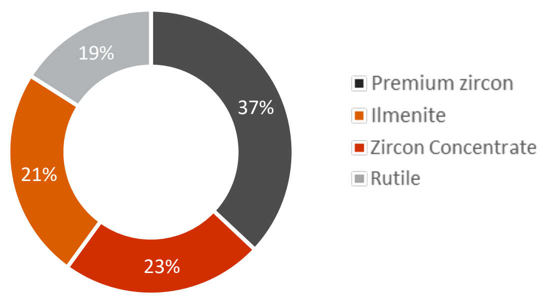


Figure 2 Coburn Project Dashboard

During the financial year, Strandline announced a key step towards the development of Coburn, with the Board of NAIF reaching an investment decision to provide debt finance of up to A$150 million. The NAIF facility accounts for a significant portion of Coburn's total estimated capital cost of A$260 million (excluding financing costs) and is expected to stand alongside a commercial lending tranche. All parties are now working towards completion of all facility documentation and satisfaction of customary NAIF conditions precedent to draw down.

Facility Amount:	Up to A$150 million, over two tranches: • First NAIF Loan Tranche: Up to A$130 million towards the construction of Coburn's core mine process and non-process infrastructure • Second NAIF Loan Tranche: Up to A$20 million for a potential future northern access road linking the project more directly to the Denham community in Shark Bay (subject to feasibility assessment, permitting and approvals)
Tenor:	Up to 15.5 years
Security:	Comprehensive senior security package over assets and rights of Coburn project, pari passu with a commercial lending tranche
Conditions Precedent: to Financial Close:	The NAIF loan facility is subject to facility documents being entered into between the parties and satisfaction of customary conditions precedent to drawdown. These include, but are not limited to: • Conclusion of the Federal Minister's consideration period as outlined in the NAIF Act 2016; • Finalisation of the State's consideration of the Project and its agreement for the approved funds to be advanced; and • Evidence of the balance of development funding being secured.

Table 1 Key Terms of NAIF's Project Finance Facility

Category	Update DFS (Jun-2020)	Extension Case only	Extension Case Integrated
Mine Life	**22.5yrs**	15yrs	37.5yrs
Mine plan	**1-22.5yrs**	22.5-37.5yrs	1-37.5yrs
Tonnes Mined	**523Mt**	353Mt	876Mt
Throughput	**23.4Mtpa**	23.4Mtpa	23.4Mtpa
Capex	**A$260M**	Nil	A$260M
Revenue	**A$4.37B**	A$3.57B	A$7.94B
Total Opex (C1)	**A$1.80B**	A$1.20B	A$3.00B
Total AISC	**A$2.08B**	A$1.41B	A$3.49B
Avg. annual C1 Cost	**A$361/t**	A$302/t	A$334/t
Avg. annual AISC ("A")	**A$418/t**	A$347/t	A$389/t
Avg. annual Basket Price ("B")	**A$877/t**	A$892/t	A$884/t
Avg. Cash Margin (B-A)	**A$459/t**	A$545/t	A$495/t
EBITDA	**A$2.35B**	A$2.19B	A$4.54B
Avg. annual EBITDA	**A$104M**	A$140M	A$120M

Table 2 Coburn June 2020 DFS Financial Summary

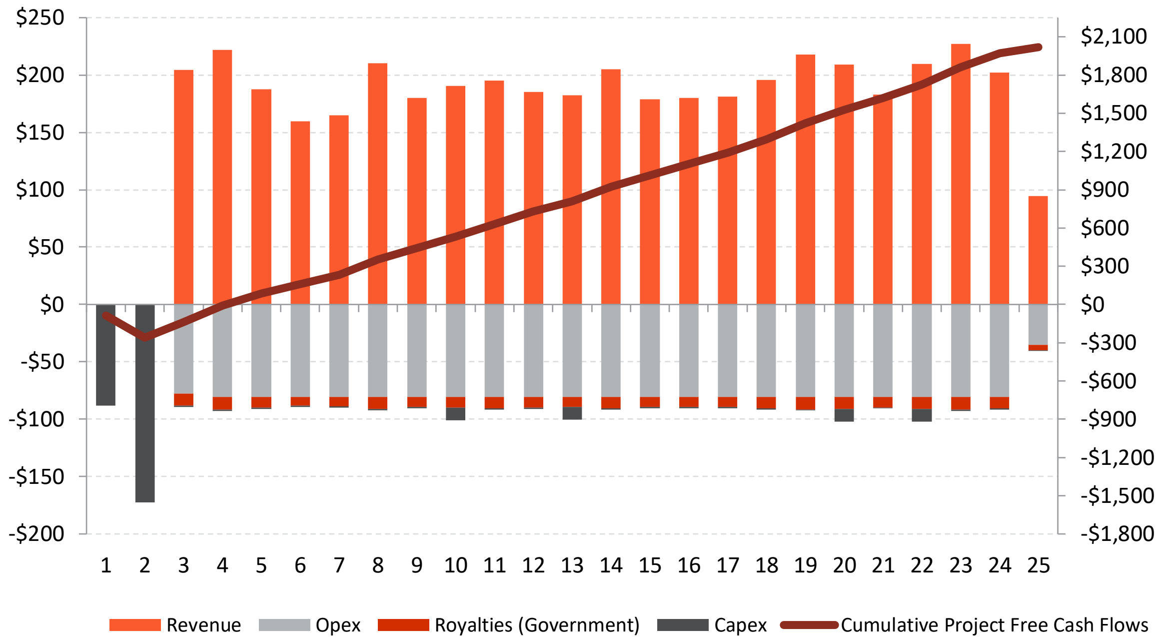


Figure 3 Coburn Net Operating Cash Flow (excluding Corporate Overheads) (AUD$m)

Strong potential exists to further increase Coburn project reserves, mine life and returns, through further economic evaluation of resources extending north and along strike of the DFS Ore Reserves. A Scoping Study "Extension Case" assessment of Amy South Indicated and Inferred material was undertaken concurrently with the DFS

The Extension Case confirms the potential to add 15 years of Production Targets to the mine life (total 37.5 life of mine) and generate an additional A$3.57 billion of project revenue. The Extension Case, when integrated with the DFS Final Products Case, shows a pre-tax NPV[8] of A$825 million and total project EBITDA of A$4.54 billion.

As part of finalising project funding, independent expert due-diligence reports on the Coburn project were completed during the financial year. The reports confirmed no fatal flaws or residual high risks for the development of the project.

The reports included an independent review by SRK Consulting (Australasia) Pty Ltd (SRK) on the engineering designs and planning associated with geology, hydrology, mining, processing, infrastructure, logistics, implementation strategies, cost estimates and environmental, social and permitting aspects of the project.

An independent economic cost-benefit analysis was also completed (as required by NAIF), confirming Coburn will provide a host of important socio-economic benefits over its forecast mine life of up to 37.5 years.

The report was prepared by Deloitte Access Economics and highlighted that as well as providing economic benefits, Coburn aligned strongly with Commonwealth and WA Government policies and strategic objectives including, Australia's critical minerals strategy, Australia's infrastructure plan, the Shark Bay Shire's economic prospectus and strategic community plan and WA's state planning strategy 2050.

TZ Mineral International (TZMI) completed an independent report on product quality and marketing which highlighted the high-quality specifications and saleability of Coburn's zircon and titanium products.

Figure 4 Coburn Project mine is situation 240km north of the established minerals export port of Geraldton

In conjunction with financing activities, Strandline engaged with a range engineering and contracting firms on the major engineering design, procurement, and construction packages. Procurement activities resulted in shortlisting of preferred contractors and several awarded contracts, including the civil bulk earthworks construction package to Macmahon (refer ASX announcement 03 August 2020) and the supply of in-pit dozer mining units awarded to Piacentini & Son (refer ASX announcement 14 September 2020).

Strandline plan to continue to accelerate early works development activities on Coburn, while finalising the balance of project funding. This includes advancing front end detailed design, long lead procurement and early works construction aimed at protecting the project schedule and further de-risking implementation.

Full details on the Coburn mineral sands project are included in the DFS ASX Announcement dated 16 April 2019 and updated DFS ASX Announcement 4 June 2020. The Company confirms that all the material assumptions continue to apply and have not materially changed.

STRANDLINE ARE ACCELERATING EARLY WORKS DEVELOPMENT ACTIVITIES ON COBURN WHILE FINALISING THE BALANCE OF PROJECT FUNDING

Fowlers Bay Nickel-Gold Project

During the year exploration activities were being funded by Western Areas Limited (ASX: WSA) (Western Areas), which covers Strandline's 700km^2 Fowlers Bay Project in the Western Gawler region of South Australia. Western Areas have now earnt 90% of the project and under the terms of the agreement entered between Strandline and Western Areas, the remaining 10% held by Strandline has been converted into a 1% net smelter royalty on any potential mining operation that commence on the tenements. As at the reporting date no royalty is claimable.

Mineral Sands Projects - Tanzania

Fungoni Mineral Sands Project

Fungoni is Strandline's 100%-owned, high-margin "starter" project in Tanzania, situated 25km from the port of Dar es Salaam. The Fungoni project is based on conventional open pit dry mining and processsing beneficiation to produce premium quality zircon sand, chloride ilmenite, rutile and monazite containing rare earths. Fungoni's JORC-compliant ore body is exceptionally rich and starts from surface with no overburden, with progressive backfill and rehabilitation of the mining void.

The modular relocatable mine infrastructure has been designed by international EPC contractor, GR Engineering Services, and is based on proven implementation strategies to deliver first production within 12-month from commencement of construction. Development of Fungoni is expected to pave the way for a succession of major mineral sands projects along the coastline of Tanzania, including the large-scale Tajiri project in northern Tanzania.

The Company has secured three major offtake contracts covering 100% of forecast revenue for the life of the Fungoni project. During the financial year, the Company achieved an important step towards the development of Fungoni by signing a US$26 million Project Finance Facility Agreement (Facility) with Nedbank CIB (refer ASX release dated 6 April 2020). Fungoni has an estimated capital cost of US$35 million (excluding financing costs), meaning the Facility would meet most of the project's capital requirement once financial close is achieved Key terms for the Facility are described in Table 3.

The facility remains subject to finalisation of conditions precedent to financial close and first draw down. This includes finalising the additional finance documents with Nedbank, obtaining the remaining government related approvals (including completing documentation for the Tanzanian Government's 16% free-carried interest in the project company, compensation and resettlement agreements in relation to project site access), as well as satisfying the equity shortfall. As part of the equity process, Strandline is in discussions with international finance institutions about strategic equity investment in Fungoni and/or Strandline.

In preparation for development, the Company awarded several key construction contracts, including the supply of a purpose-built power solution for the project (by Aggreko) and the civil bulk earthworks construction contract to Milembe Construction Co Ltd (Tanzania).




In the prior financial year, the DFS was released which defined strong financial metrics including project pre-tax NPV[10] of US$48.7m (real, no debt), an IRR of 61% and LOM EBITDA of US$115m (avg annual US$18.5m), based on TZMI price forecast. The mining licence and environmental certificate have been granted by the Tanzanian authorities and there are a host of socio-economic benefits, including capital inflows to Tanzania, high local content, jobs, knowledge transfer and community engagement programs.

With key mining and environment licences in place, the DFS completed, offtake contracts secured for 100% of forecast product revenue, major construction contracts executed and the Nedbank debt Facility Agreement now signed, Strandline remains on track to develop its first project in Tanzania and capitalise on the forecasted strong mineral sands market.

Table 3 - Key Terms of Nedbank CIB's Project Finance Facility

Mandated Lead Arranger:	Nedbank Limited - acting through its Nedbank Corporate and Investment Banking division
Facility Amount:	US$26 million
Tenor:	Five years
Security:	Comprehensive security package over assets and rights of Fungoni project
Conditions Precedent: to Financial Close:	As are customary for a facility of this nature, including but not limited to completion of Facility documentation and evidence of equity raised for the balance of capex
Repayment Schedule	Quarterly capital repayments are to be made from the date falling 21 months after Financial Close plus additional sweep of available cashflow under certain circumstances.

Full details on the Fungoni mineral sands project are included in the ASX Announcement dated 6 October 2017 (Original DFS) and subsequent update on 01 November 2018 (Updated DFS). The Company confirms that all the material assumptions continue to apply and have not materially changed.

STRANDLINE REMAINS ON TRACK TO DEVELOP ITS FIRST PROJECT IN TANZANIA AND CAPITALISE ON THE FORECASTED STRONG MINERAL SANDS MARKET




STRANDLINE
resources limited

The key financial results and underlying assumptions used are outlined in the following tables:

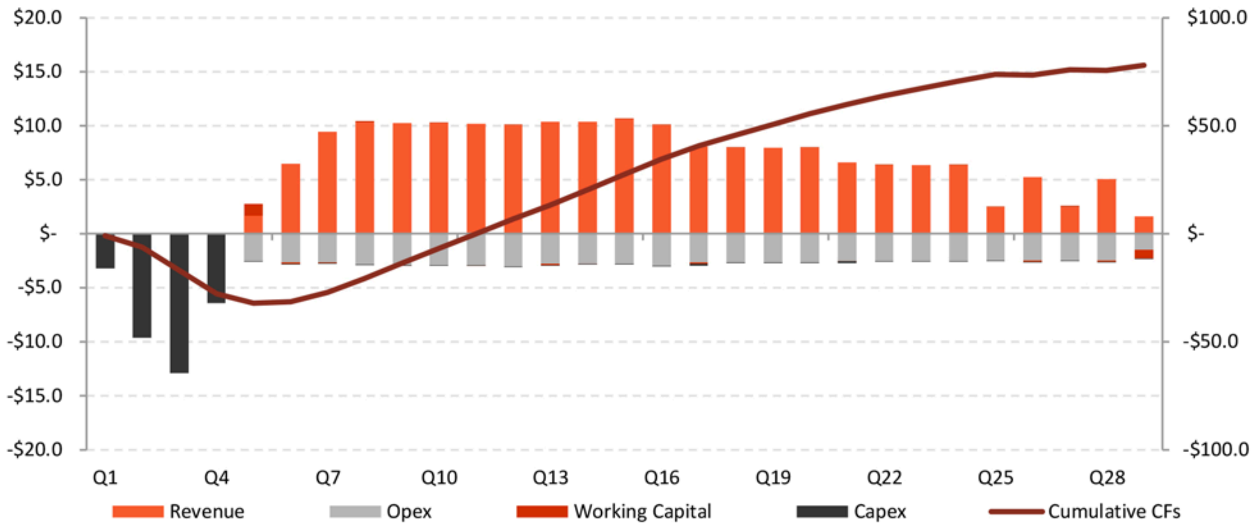


Figure 5 – DFS Quarterly Net Operating Cashflow US$M

Description	Updated DFS Result (Oct-18)
NPV (10% WACC, Real, Pre Tax, no debt)	US$48.7m
IRR	61.1%
NPV (10% WACC, Real, Post Tax, no debt)	US$30.8m
IRR	42.1%
NPV (8% WACC, Real, Post Tax, no debt)	US$34.8m
Operational Cashflow Payback Period of Initial Capital	2.67 years
LOM Revenue	US$184.2m
LOM EBITDA	US$114.8m
LOM OPEX C1 Costs inc transport	US$66.1m
LOM All-in Sustaining Costs (AISC)	US$74.9m
Revenue to C1 Cost Ratio	2.8
Annual Average Operating Margin	US$391/t
LOM Project Cash Flow	US$81.7m

Table 4 DFS Key Financial Metrics

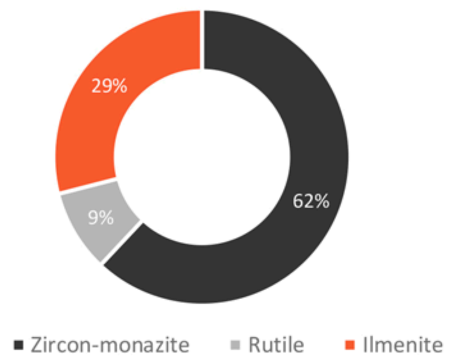


Figure 6 Fungoni Production by Product (tonnes)

Description	Updated DFS Result (Oct-18)
Annual Production Rate (Steady State)	2.0Mt
LOM Production	12.3Mt
Mine Life (Initial)	6.2 Years
Exchange Rate (A$/US$)	0.75
Capital Expenditure (Pre-production)	US$32.1m
Product Price Zircon (FOB) Avg. LOM	US$1,229/t
Product Price Rutile (FOB) Avg. LOM	US$1,129/t
Product Price Ilmenite (FOB) Avg. LOM	US$266/t
Product Price Monazite (FOB) Avg. LOM	US$1,804/t

Table 5 DFS Key Assumptions

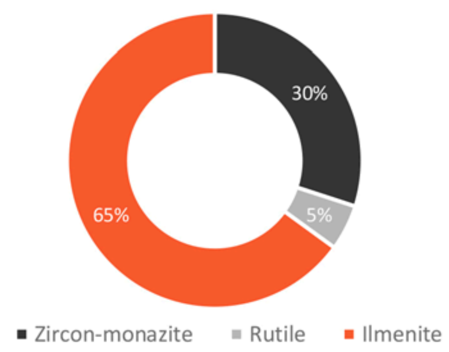


Figure 7 Fungoni Revenue y Product US$m)

Tanga South - Tajiri Project

The Tajiri project, located in northern Tanzania continues to emerge as a game-changer for Strandline in Tanzania, representing a substantial increase in scale from Fungoni and offering a potentially multi-decade production outlook. Tajiri comprises a series of higher-grade mineral sands deposits stretching along 30kms of Tanzanian coastline. The northern tip of the Tajiri Mineral Resource is situated just 35km south of the established Tanga port facilities.

During the year the Company announced an 80% increase in the JORC compliant Mineral Resource to 268Mt at 3.3% THM (from 147Mt @ 3.1%THM), with contained Heavy Mineral of 8.8Mt, which includes in-situ rutile (580,000t), zircon (335,000t), ilmenite (5,206,000t) and almandine garnet (1,477,000t) (refer to ASX announcement dated 9 July 2019).

All Tajiri resources start from surface, with no overburden and contain large coherent higher-grade domains comprising mostly high-value titanium-dominated mineral assemblage, with elevated zones of zircon and almandine garnet. In light of the substantial Tajiri Resource, Strandline initiated an Engineering Scoping Study to evaluate project economics and development options; results are expected to be released 2H-2020.

The Scoping Study includes reviews of the following key aspects of the project; environmental and social baseline and impact assessment, mining study, process plant design, hydrology, geotechnical and tailings management, product quality and marketing, capital and operating cost, permitting and approvals, execution strategies, risks and opportunities as well as investigations across key infrastructure of water, power, road, logistics and port facilities.

The Tajiri project is likely to continue to grow over time with several high grade resources remaining open and nearby exploration targets, including the Sakura deposit situated some 10km south of Tajiri (see announcement 25 September 2019).

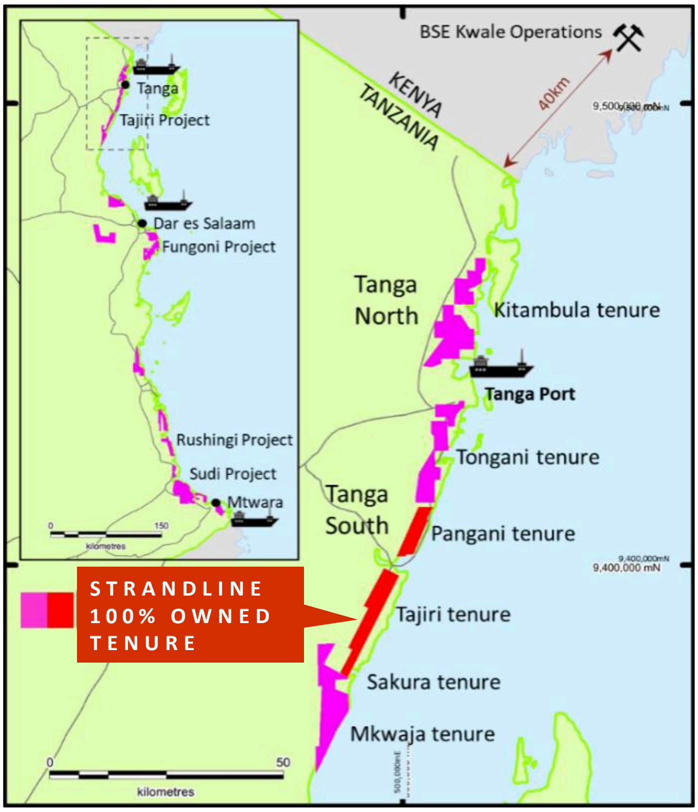


Figure 8 Strandline suite of tenements in Tanzania, including Tajiri, situated in proximity to Tanga infrastructure (plan view)

Bagamoyo Project

The Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development. Outstanding assays received from air core and auger drilling programme from the last phase of drilling confirmed the Bagamoyo project as a major mineral sand's discovery.

Extensive high-grade zircon-titanium mineralisation was delineated from surface, with thickness of 3m to 10.5m. Mineral assemblage test work from composite samples confirm a high unit-value assemblage for the upper zone of BG-2, averaging 8.2% zircon, 5.7% rutile, 0.5% leucoxene and 67% Ilmenite.

The Company has estimated a maiden Exploration Target at Bagamoyo comprising **78 to 156Mt at 3% to 4.5% THM** (refer to ASX release dated 17 September 2018). Minor field activity was performed during the year and a further drill programme and analysis is required to test the veracity of the Exploration Target.

Strandline would caution the reader that the potential quantity and grade of the combined Exploration Target is conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource. It is also uncertain if further exploration and resource development work will result in the determination of a Mineral Resource.

Sudi project

Exploration activities on the Sudi Project have been carried out by Rio Tinto Mining and Exploration Limited (Rio Tinto) since April 2017.The project formed part of the Earn-in and Joint Venture Agreement (JV) with Rio Tinto across the Company's suite of HMS tenements located in the southern region of Tanzania. The JV has enabled Strandline to accelerate exploration activities on the Project Area, with Rio Tinto contributing expertise and funding.

Work completed during the JV period resulted in a number of notable discoveries, including several exciting mineral sands intersections at the Sudi and Rushungi projects areas, near the Mtwara port city (see ASX announcements 14 March 2018 and 7 November 2018).

During the financial year, the minimum expenditure commitment of US$2 million was achieved by Rio Tinto. Strandline received notification from Rio Tinto in the March 2020 Quarter that it will forgo its options to continue to sole fund exploration under the JV (see ASX announcement 27 April 2020), which means Strandline retains 100% interest in the project. The discoveries identified to date will be defined further over time by Strandline and are expected to complement its more advanced mineral sands projects to the north.

Global Mineral Sands Market

Strandline's exploration and development focuses primarily on discovering and evaluating ore bodies that show an abundance of higher value minerals, nominally zircon, rutile and leucoxene, with ilmenite, garnet and monazite as a co-product to the product suite.

Mineral sands products are used in everyday life and demand continues to grow, largely driven by urbanisation, global growth and an extensive array of applications. With global supply progressively reducing due to mine closures, declining grades and depleting stockpiles, new capital projects are required to meet ongoing demand. The advanced nature of Strandline's projects positions it well to capitalise on the forecasted emerging supply deficit.

The mineral sands industry generally is orientated towards the supply of two main raw products, zircon and titanium dioxide (TiO_2) ores.

The TiO_2 ores include rutile, leucoxene, chloride grade and sulphate grade ilmenite. Ilmenite, in some cases, can be upgraded to higher grade titanium dioxide feedstocks, including synthetic rutile and titanium slag. The global TiO_2 pigment market, which is used in paint, paper, plastics, textiles and ink applications, accounts for approximately 90% of all titanium feedstock demand, and therefore is a key titanium product offtake driver. High-grade TiO_2 minerals including those from the upgrading of higher-grade chloride ilmenite can also be used to produce titanium metal applications including those in the aerospace, defence, medical devices and jewellery industries.

For zircon, ceramic applications are the dominant end-use application, accounting for approximately 50% of global zircon demand. As well as the dominant ceramic application zircon's properties of heat and wear resistance, high opacity and strength make it suitable for other applications including refractories, foundries and a number of specialised uses.

Some mineral sands deposits host garnet and the rare earth containing mineral, monazite. Monazite is often sought after for the extraction of those rare earth oxides including amongst others Cerium, Lanthanum, Neodymium and Praseodymium. The rare earths are used in a multitude of modern applications, such as, flat screen television glass, rare earth magnets, silicon wafer polishing pastes (computer chip production), batteries, electronics, electric cars and catalytic converters. Garnet is typically used in abrasive applications.

TAJIRI CONTINUES TO EMERGE AS A GAME-CHANGE FOR STRANDLINE IN TANZANIA

STRANDLINE'S RESPONSE TO COVID-19 PANDEMIC

Strandline remains focussed on generating long term shareholder value and continues to evaluate potential impacts of the COVID-19 pandemic and implement proactive measures in response. The safety and well-being of Strandline's people, our business partners and stakeholders is always the Company's highest priority.

Strandline has followed guidance from health authorities and implemented a range of health, safety, and operational measures. During March, the Company repatriated all its employees safely from their international assignments and still to this time, none are known to have contracted COVID-19.

During the reporting period, the transition to working remotely, social distancing and restricted travel was implemented smoothly, including interactions with consultants, contractors, investors, and stakeholders. Strandline has, to date, maintained continuity across all its operational and strategic workstreams and will continue to evaluate the potential impact of the pandemic on markets and project fundamentals.

Financial

Financial Results

The Group incurred a loss after tax for the financial year of $8.14 million (2019: $7.00 million) which includes project exploration and evaluation costs and corporate expenses expensed during the year. As the Group is still in the exploration and evaluation stage, revenue streams mainly consist of interest from investing surplus funds from capital raising and research and development rebates received from the Australian government.

Funds received for the financial year included interest received of $0.05 million and exploration and evaluation expenditure for the year was $4.86 million (2019: $4.60 million), which primarily includes costs for the Coburn and Fungoni DFS and financing activities

Financial Position

The Group's net asset position as at 30 June 2020 was $12.66 million and consolidated cash on hand as at 30 June 2020 was $5.24 million (2019: $6.06 million). Total contributed equity as at 30 June 2020 was $81.86 million (2019: $75.02 million) and summarised in the table below:

Share Capital	Date	Number of Shares
Opening Balance	1 July 2019	366,695,721
Performance Rights and Bonuses @13.77 cents	15 August 2019	5,457,651
Performance Rights and Bonuses @13.77 cents	5 December 2019	667,449
Share issue @ 12 cents	4 March 2020	16,666,667
Rights issue @ 12 cents	25 March 2020	37,281,650
TOTAL	**30 June 2020**	**426,769,138**

The Company has the following unlisted options and performance rights on issue as at 30 June 2020 as follows.

Performance Rights	Number
Performance Rights Expiring 15/08/2020	9,535,105
Performance Rights Expiring 15/08/2021	5,462,567
Performance Rights Expiring 15/08/2022	3,941,124

Unlisted Options	Number
Options Expiring 15/08/2021 – exercisable at 18 cents or 40% of 60 day VWAP	3,500,000
Options Expiring 15/08/2022 – exercisable at 22 cents or 40% of 60 day VWAP	3,500,000
Options Expiring 15/08/2023 – exercisable at 26 cents or 40% of 60 day VWAP	3,500,000

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the Company's state of affairs, other than that referred to in the financial statements or notes thereto.

DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments occurring in this financial year have been covered in the Review of Operations section of the Directors' Report. The Group will continue to invest in the mineral sands projects to advance activities in the exploration, evaluation, and development of projects, with the objective of developing a profitable and sustainable mining operation.

Any significant information will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they come to hand.

DIVIDENDS

No dividends were paid or declared during the financial year and the Directors have not recommended the payment of a dividend (2019: Nil).

DIRECTORS' MEETINGS

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

	Board of Directors		Audit & Risk Committee		Remuneration Committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Didier Murcia	12	12	-	-	2	2
Luke Graham	12	12	-	-	-	-
Peter Watson	12	12	-	-	-	-
John Hodder	12	12	2	2	2	2
Tom Eadie	12	12	2	2	-	-
M Hancock	-	-	-	-	-	-

OPTIONS

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

Date	Details	Number of Options	Total Options
01/07/2019	Opening Balance	0	0
05/12/2019	Issue of unlisted options – expiring 15/08/2021	3,500,000	3,500,00
05/12/2019	Issue of unlisted options – expiring 15/08/2022	3,500,000	7,000,00
05/12/2019	Issue of unlisted options – expiring 15/08/2023	3,500,000	10,500,00

No option holder has any right under the option to participate in any share issue of the Company or any other entity. The share options are unlisted securities, carrying no rights to dividends and no voting rights. No options were granted to key management personnel of the Company since the end of the financial year.

PERFORMANCE RIGHTS

Details of performance rights over unissued ordinary shares of the Company as at the date of this Report are:

Expiry date of rights	Exercise price of rights	Vested rights	Unvested rights	Total number of shares under rights
15 August 2021	nil	-	5,462,567	5,462,567
15 August 2022	nil	-	3,941,124	9,403,691

Date	Details	Number of Rights	Total
01/07/2019	Opening Balance		16,899,702
15/08/2019	Performance Rights expiring 15/08/2019 vested	(3,975,230)	12,924,472
15/08/2019	Performance Rights issued	6,014,324	18,938,796
15/8/2020	Performance Rights expiring 15/08/2020 vested	(9,535,105)	9,403,691

The performance rights do not include the right to participate in any other share issue of the Company or any or any other entity. The performance rights are unlisted securities, carrying no rights to dividends and no voting rights. Of the Performance Rights issued as part of the Company's Long-Term Incentive Plan a total 3,100,775 were issued to Mr Luke Graham and 840,349 were issued to Mr P Watson. The performance rights issued to Mr Graham and Mr Watson were in accordance with shareholder approval received at the 2018 and 2019 Annual General Meeting of the Company.

A total of 7,791,667 Performance Rights vested to Mr Luke Graham and 861,400 to Peter Watson are in accordance with the vesting criteria contained in the terms and conditions pursuant to shareholder approval at the 2017 and 2018 Annual General Meeting of the Company.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

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

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

ENVIRONMENTAL MATTERS

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

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. In respect of the financial year ended 30 June 2020, the Directors have assessed that there are no current reporting requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration is set out separately in this Annual Report.

REMUNERATION REPORT (AUDITED)

This audited Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Strandline Resources Limited's key management personnel for the financial year ended 30 June 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The prescribed details for each person covered by this report are detailed below under the following headings:

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

a) Key management personnel

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

- Didier Murcia (Non-Executive Chairman)
- Luke Edward Graham (Managing Director)
- Peter Richard Watson (Executive Director)
- John Russell Hodder (Non-Executive Director)
- Ernest Thomas Eadie (Non-Executive Director)
- Mark D Hancock (Non-Executive Director)
- Flavio Garofalo (CFO & Company Secretary)

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

b) Remuneration policy

The Remuneration Committee, established on 25 October 2016, is responsible for reviewing compensation arrangements for the Directors and the other key management personnel and making recommendations to the Board. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

No directors received retirement benefits from the Company. The Company's Non-Executive Directors receive only fees for their services and the reimbursement of reasonable expenses. The total aggregate fee pool to be paid to Directors, excluding Executive Directors, is set at $400,000 per year, in accordance with the Company's Constitution and as approved by the shareholders of the Company.

The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of these Directors. They do not receive any retirement benefits, other than compulsory superannuation. The Chairman normally receives an annual salary of $100,000 inclusive of superannuation and Non-Executive Directors normally receive an annual salary of $54,750 inclusive of superannuation. At times, some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options would vest across the life of the option and would be primarily designed to provide an incentive to Non-Executive Directors to remain with the Company.

c) Relationship between the remuneration policy and Company performance

The Company's pay and reward framework is designed to ensure reward structures are aligned with shareholders' interest by being market competitive to attract and retain high calibre individuals, rewarding high individual, performance, recognising the contribution of each key management personnel to the contributed growth and success of the Company and ensuring that long term incentives are linked to shareholder value.

To achieve these objectives, the remuneration of key management personnel comprise a fixed salary component and an 'at risk' variable component linked to performance of the individual and the Company as a whole. Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. 'At risk' variable remuneration comprises both short term and long term incentives.

The Strandline Resources Ltd Short Term Incentive Scheme applies to executives in the Company and is designed to link any STI payment with the achievement by each Key Management Personnel of specified key performance indicators ('KPI's') which are in turn linked to the Company's strategic objectives and targets.

The KPI's are established at the start of each financial year and any STI is paid at the end of the financial year and will be determined by the extent to which KPI's have been achieved. A maximum of up to 50% of the fixed remuneration can be payable under the STI and the Board has the discretion to reduce or suspend any bonus payments where Company circumstances render it appropriate.

The shareholders approved a short-term incentive plan at the Company's General Meeting on 28 November 2019 and a long-term incentive plan at the Company's Annual General Meeting on 28 November 2017 to assist in the recruitment, reward, retention and motivation of executive-level employees of the Company and encourage achievement of short term strategic business objectives and ownership of shares in the Company by those employees.

The Company does however grant share-based payments in the form of options and performance rights to align the interests of executives, employees and consultants with those of shareholders. During the year 10,500,000 (2019: nil) options were granted and 6,014,324 (2019: 4,618,534) performance rights were issued. Performance rights are issued and which will only vest if the performance conditions are satisfied before the expiry date. The performance conditions are set to align with the Company's key strategies to develop its mineral sands projects. The STI's are measured again KPI's including but not limited to Safety, Project Development and Commercial factors. LTI's are measured against section (e) of the remuneration report.

The table below sets out summary information about the Company's earnings and movement in share price for the five years to 30 June 2020:

Details	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Revenue	**122,020**	701,403	491,760	700,125	4,777
Loss before tax	**(8,135,978)**	(7,013,704)	(4,713,703)	(5,105,882)	(3,256,600)
Loss after tax	**(8,135,978)**	(7,013,704)	(4,713,703)	(5,105,882)	(3,256,600)
Share price at start of year	**13.5 cents**	12 cents	0.5 cents	0.5 cents	0.8 cents
Share price at end of year	**26.0 cents**	13.5 cents	12 cents*	0.6 cents	0.5 cents
Basic and diluted loss per share	**(2.10) cents**	(2.36) cents	(1.73) cents	(0.20) cents	(0.28) cents

* The Company completed a 12:1 consolidation of its share capital structure during the financial year

d) Remuneration of key management personnel – 2020

Name	Post- employment benefits Salary & fees $	Bonus $	Superannuation $	Other long-term employee benefits $	Share-based payment Options and Performance Rights $	Total $
Directors						
D Murcia	100,000	-	-	-	143,850	**243,850**
L Graham [1]	379,703	150,000 [1]	20,297 [3]	-	356,187	**906,187**
P Watson	165,000	47,427[1]	15,675	-	62,538	**290,640**
J Hodder	54,750	-	-	-	-	**54,750**
T Eadie	50,000	-	4,750	-	95,900	**150,650**
M Hancock [2]	-	-	-	-	-	-
Total	749,453	197,427	40,722	-	658,475	**1,646,077**
Executive						
F Garofalo	273,083	77,608[1]	22,567[3]	-	127,725	**500,983**
Total	1,022,536	275,035	63,289	-	786,200	**2,147,060**

[1] The STI vested during FY19 for L Graham and F Garofalo were 75% awarded of which 67% was paid in shares and 33% Cash. Peter Watson were 75% awarded paid in 100% shares.
[2] Appointed 11 August 2020
[3] Super Contribution Cap of $25,000 was reached based on the cash paid. Amount reflected is the total super accrued to be paid in the FY20 year.

Remuneration of key management personnel – 2019

Name	Short-term employee benefits Salary & fees $	Bonus $	Other $	Post-employment benefits Super-annuation $	Other long-term employee benefits $	Share-based payment Options and Performance Rights $	Total $
Directors							
D Murcia	115,533	-	-	-	-	-	**115,533**
L Graham	365,297	82,500[3]	82,514[3]	34,703	-	317,724	**882,738**
P Watson [1]	156,099	-	-	14,829	-	64,955	**235,883**
J Hodder	49,275	-	-	-	-	-	**49,275**
T Eadie	45,000	-	-	4,275	-	-	**49,275**
A Kabunga [2]	9,581	-	-	-	-	-	**9,581**
Total	740,785	82,500	82,514	53,807	-	382,679	**1,342,285**
Executive							
F Garofalo	270,000	-	-	25,650	-	90,297	**385,947**
Total	1,010,785	82,500	82,514	79,457	-	472,976	**1,728,232**

[1] Appointed 10 September 2018.
[2] Resigned 8 October 2018.
[3] The LTI vested during FY19 for L Graham were 100% awarded of which 50% was paid in shares and 50% Cash.

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

Name	Fixed remuneration 2020	Fixed remuneration 2019	At risk - STI 2020	At risk - STI 2019	At risk - LTI 2020	At risk - LTI 2019
Directors						
D Murcia	**41%**	100%	**-**	-	**59%**	-
L Graham	**44%**	45%	**17%**	19%	**39%**	36%
T Eadie	**36%**	100%	**-**	-	**64%**	-
P Watson	**62%**	72%	**16%**	-	**22%**	28%
J Hodder	**100%**	100%	**-**	-	**-**	-
D Hancock	**-**	-	**-**	-	**-**	-
Executive						
F Garofalo	**60%**	77%	**15%**	-	**25%**	23%

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

Bonuses

During the period, 729,847 Fully Paid Ordinary Shares were issued to Mr L Graham for his participation in the Company's Short-Term Incentive Plan pursuant to shareholder approval given on 28 November 2019. Shares were issued lieu of an equivalent cash payment.

Incentive share-based payment arrangements

During the year, 10,500,000 options were granted (2019: nil) of which 7,500,000 options are currently held by director and no share options were exercised during the year (2019: nil). During the year 6,014,324 performance rights were granted to key management personnel (2019: 4,618,534).

The performance rights were issued to Mr L Graham, Mr P Watson and Mr F Garofalo (2019: Mr L Graham, Mr P Watson and Mr F Garofalo). The performance rights will only vest if the performance conditions are satisfied before the expiry date and performance rights issued to directors were approved by shareholders at the Company's General Meeting held on 28 November 2017.

The key terms and conditions of the performance rights granted during the year are as follows:

Tranche	Service Period Start Date	Expiry Date	Number of Rights Granted During FY20	Number of Rights Vested During 2020	Number of Rights Expired During 2020	Number of Rights Remaining at 30 June 2020	% Vested During 2020	% Expired During 2020	Fair Value $
L Graham									
Tranche 5	30/11/2019	15/08/2022	3,100,775	-	-	3,100,775	-	-	0.086
P Watson									
Tranche 5	30/11/2019	15/08/2022	840,349	-	-	840,349	-	-	0.086
F Garofalo									
Tranche 4	13/08/2019	15/08/2022	985,500	-	-	985,500	-	-	0.082

Details of the performance conditions are as follows:

The performance rights will only vest if certain performance conditions are met. At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR) against a peer group of other companies as determined by the Board.

The peer group may be varied from time to time by the Board in its absolute discretion. The percentage of performance rights in each respective tranche that will vest will depend upon the Company's TSR performance relative to the companies in the peer group, which will constitute Category A, B or C TSR performance, as set out:

(a) **Category A TSR performance:** If the Company's TSR is at/or below the 45th percentile of the peer group of companies' TSR, no PRs will vest.

(b) **Category B TSR performance:** If the Company's TSR ranks between the 46th and 50th percentile (inclusive) of the peer group of companies' TSR, for each percentile over the 45th percentile, 10% of the PRs will vest (up to a maximum of 50% for this Category).

(c) **Category C TSR performance:** For each 1% ranking at or above the 51st percentile of the peer group of companies TSR, an additional 2% of the PRs will vest (up to a maximum of 100%, which vest at or above the 75th percentile).

The Options granted and vested during the year were subject to some key terms and conditions outlined below;

Grant/Vesting date	28 November 2019
Option terms	3,500,000 exercisable at $0.18 or 40% VWAP share price at grant date, whichever is higher with an expiry date of 28 November 2021
Performance Criteria	N/A
Other Criteria	N/A

Grant/Vesting date	28 November 2019
Option terms	3,500,000 exercisable at $0.22 or 40% VWAP share price at grant date, whichever is higher with an expiry date of 28 November 2022
Performance Criteria	N/A
Other Criteria	N/A

Grant/Vesting date	28 November 2019
Option terms	3,500,000 exercisable at $0.26 or 40% VWAP share price at grant date, whichever is higher with an expiry date of 28 November 2023
Performance Criteria	N/A
Other Criteria	N/A

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

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

For performance rights with non-market conditions, fair value is measured using the closing share price at grant date.

Black-Scholes Pricing Model	Tranche 1	Tranche 2	Tranche 3
Grant Date	28 Nov 2019	28 Nov 2019	28 Nov 2019
Date of Expiry	28 Nov 2021	28 Nov 2022	28 Nov 2023
Exercise price	$0.18	$0.22	$0.26
Number of Options Granted	3,500,000	3,500,000	3,500,000
Fair value per option	$0.027	$0.032	$0.037

f) Key management personnel equity holdings in Strandline Resources Limited

Fully paid ordinary shares

Name	Balance at 1 July No.	Acquired No.	Net other change No.	Held on appointment/ resignation No.	Balance at 30 June No.
2020					
Directors					
D Murcia	897,500	302,500	-	-	1,200,000
L Graham	4,544,208	3,139,727	-	-	7,683,935
P Watson	395,708	707,019	-	-	1,102,727
J Hodder	-	-	-	-	-
T Eadie	5,977,711	22,289	-	-	6,000,000
M Hancock (1)	-	-	-	-	-
Executive					
F Garofalo	-	377,614	-	-	377,614

Share options

Name	Balance at 1 July No.	Acquired No.	Net other change No.	Held on appointment/resignation No.	Balance at 30 June No.	Vested and exercisable No.	Unvested and exercisable No.
2020							
Directors							
D Murcia	-	4,500,000	-	-	4,500,000	-	-
L Graham	-	-	-	-	-	-	-
P Watson	-	-	-	-	-	-	-
J Hodder	-	-	-	-	-	-	-
T Eadie	-	3,000,000	-	-	3,000,000	-	-
M Hancock (1)	-	-	-	-	-	-	-
Executive							
F Garofalo	-	-	-	-	-	-	-

Performance rights

Name	Balance at 1 July No.	Granted as compensation No.	Vested No.	Forfeited No.	Balance at 30 June No.	Maximum Value yet to Vest (2) $
2020						
Directors						
D Murcia	-	-	-	-	-	-
L Graham	10,458,334	3,100,775	(2,291,667)	-	11,267,442	$1,029,500
P Watson	1,584,100	840,349	(323,025)	-	2,101,424	$195,797
J Hodder	-	-	-	-	-	-
T Eadie	-	-	-	-	-	-
M Hancock (1)	-	-	-	-	-	-
Executive						
F Garofalo	1,229,167	985,500	-	-	2,214,667	$278,707

(1) Appointed 11 August 2020

(2) The value at the exercise date of the Performance rights granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at the date.

g) Key terms of employment contracts

Remuneration and other terms of employment for executives are formalised in employment contracts. The service agreements specify the components of remuneration , benefits and notice periods as set out below.

Mr Luke Edward Graham (Managing Director and Chief Executive Officer):

- Term of agreement – permanent basis commencing 19 September 2016.
- Fixed Annual Remuneration of $400,000 per annum (including superannuation), to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 50% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan ("LTIP") to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
  - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks' notice;
  - By either party following the probation period on giving 3 months' notice; or
  - By the Company without notice upon serious misconduct or gross neglect of duty.

Mr Peter Richard Watson (Executive Director Strategy and Development):

- Terms of agreement – permanent basis commencing 10 September 2018
- Fixed Annual Remuneration of $165,000 per annum (including superannuation), to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 35% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan ("LTIP") to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
  - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks' notice;
  - By either party following the probation period on giving 1 months' notice; or
  - By the Company without notice upon serious misconduct or gross neglect of duty.

Mr Flavio Lino Garofalo (Company Secretary & Chief Financial Officer):

- Term of agreement – permanent basis commencing 5 June 2018.
- Fixed Annual Remuneration of $295,650 per annum (including superannuation), to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 35% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan ("LTIP") to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
    - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks' notice;
    - By either party following the probation period on giving 2 months' notice; or
    - By the Company without notice upon serious misconduct or gross neglect of duty.

h) Loans and other transactions

No loans have been made by the Company to key management personnel during the year (2019: nil). Mr. Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $93,667 were paid to Murcia Pestell Hillard for work completed on various legal matters (2019: $124,482). All transactions related to the services were based on normal commercial terms.

Mr. Didier Murcia is also Chairman of Artemis Management Tanzania, a provider of corporate, administration, logistics, tenement management and evaluation and environment management services in Tanzania. Fees totalling $31,027 were paid to Artemis Management Tanzania for corporate and administration services (2019: $52,816). All transactions related to the services were based on normal commercial terms. No other transactions occurred between the Company and key management personnel during the year, aside from that disclosed in the remuneration of key management personnel above (2019: nil).

i) Voting of shareholders at last year's annual general meeting

The Company received more than 99% of "yes" votes on its remuneration report for the 2020 financial year (2019: 99%).

j) Reliance on external remuneration consultants

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

This is the end of the audited Remuneration Report

NON-AUDIT SERVICES

Non audit services included tax compliance services performed by BDO Corporate Tax (WA) Pty Ltd during the year of $21,630 (2019: $9,945).

SUBSEQUENT EVENTS

Subsequent to the year end, the Company completed the following:

- On 12 August 2020, the Company completed a capital raising of $18.5 million through the issue of 85,858,950 fully paid ordinary shares at 21.5 cents per share.
- On 11 August 2020, Mr Mark Hancock was appointed as a Non-Executive Director of the Company.
- On the 14 September 2020, the Company awarded a contract to supply in-pit dozer mining units for the Coburn Mineral Sands project in WA with Piacentini & Son.

The impact of COVID-19 pandemic is ongoing and while it has not significantly impacted the group up to 30 June 2020, it is not practicable to estimate the potential positive or negative impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

CORPORATE GOVERNANCE

The Company's corporate governance statement can be found at the following website:

www.strandline.com.au/corporategovernance

This Directors' Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors

Luke Graham
MANAGING DIRECTOR

23 September 2019
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF STRANDLINE RESOURCES LIMITED

As lead auditor of Strandline Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

Dean Just

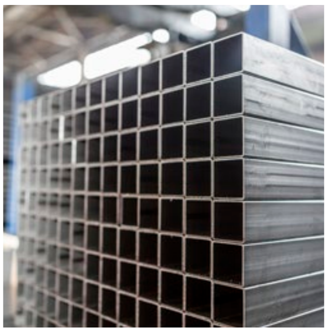
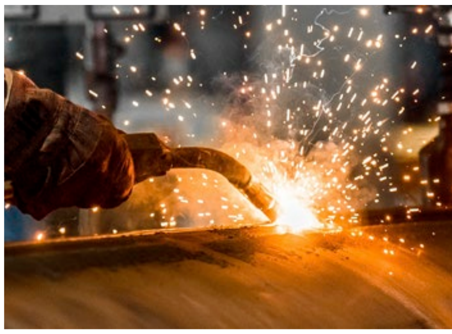
Director

BDO Audit (WA) Pty Ltd

Perth, 23 September 2020

FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 $	2019 $
Revenue from continuing operations	5	**55,507**	58,719
Other income	6	**66,513**	450,055
Research and development grant	6	**-**	192,629
Employee benefits expense	8	**(1,317,622)**	(1,161,572)
Depreciation expense	8	**(11,275)**	(11,207)
Share based payment expense	8	**(1,341,515)**	(947,351)
Exploration and evaluation expenditure		**(4,864,925)**	(4,625,684)
Other expenses		**(722,661)**	(969,293)
Loss before income tax		**(8,135,978)**	(7,013,704)
Income tax benefit	7	**-**	-
Loss after income tax for the year		**(8,135,978)**	(7,013,704)
Other comprehensive income			
Items that may be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		**150,095**	206,322
Other comprehensive income for the year, net of income tax		**150,095**	206,322
Total comprehensive loss for the year		**(7,985,883)**	(6,807,382)
Loss attributable to:			
Owners of Strandline Resources Limited		**(7,985,883)**	(6,807,382)
		Cents per share	Cents per share
Loss per share			
Basic and diluted loss per share (cents per share)	9	**(2.10)**	(2.36)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

STRANDLINE resources limited

	Notes	2020 $	2019 $
Current assets			
Cash and cash equivalents	**20**	**5,241,516**	6,065,323
Other receivables	**10**	**241,296**	136,705
Total current assets		**5,482,812**	6,202,028
Non-current assets			
Prepayments	**11**	**6,484**	2,777
Property, plant and equipment	**12**	**25,228**	25,535
Exploration and evaluation expenditure	**13**	**7,555,665**	7,460,770
Financial assets	**14**	**210,000**	210,000
Total non-current assets		**7,797,377**	7,699,082
Total assets		**13,280,189**	13,901,110
Current liabilities			
Trade and other payables	**15**	**472,856**	646,391
Provisions	**16**	**142,387**	117,569
Total current liabilities		**615,243**	763,960
Total liabilities		**615,243**	763,960
Net assets		**12,664,946**	13,137,150
Equity			
Contributed equity	**17**	**81,862,239**	75,020,276
Reserves	**18**	**4,372,799**	3,550,988
Accumulated losses		**(73,570,092)**	(65,434,114)
Total equity		**12,664,946**	13,137,150

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital $	Share based payments and Options reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	66,448,477	2,184,641	607,023	(58,420,410)	10,819,731
Comprehensive income for the year	-	-	-		
Loss for the year	-	-	-	(7,013,704)	(7,013,704)
Foreign currency translation difference for foreign operation	-	-	206,322	-	206,322
Total comprehensive loss for the year	-	-	206,322	(7,013,704)	(6,807,382)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	8,521,185	-	-	-	8,521,185
Share issue costs	(343,735)		-	-	(343,735)
Recognition of share-based payments (refer to Note 22)	256,849	690,502	-	-	947,351
Performance rights vested into shares	137,500	(137,500)	-	-	-
Balance at 30 June 2019	75,020,276	2,737,643	813,345	(65,434,114)	13,137,150
Balance at 1 July 2019	**75,020,276**	**2,737,643**	**813,345**	**(65,434,114)**	**13,137,150**
Comprehensive income for the year					
Loss for the year				**(8,135,978)**	**(8,135,978)**
Foreign currency translation difference for foreign operation			**150,095**		**150,095**
Total comprehensive loss for the year			**150,095**	**(8,135,978)**	**(7,985,883)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares	**6,473,858**				**6,473,858**
Share issue costs	**(301,695)**				**(301,695)**
Option issue		**335,285**			**335,285**
Recognition of share-based payments (refer to Note 22)	**296,038**	**710,193**			**1,006,231**
Performance rights vested into shares	**373,762**	**(373,762)**			**-**
Balance at 30 June 2020	**81,862,239**	**3,409,359**	**963,440**	**(73,570,092)**	**12,664,946**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

STRANDLINE
resources limited

	Notes	2020 $	2019 $
Cash flows from operating activities			
Payments for exploration and evaluation		**(4,938,761)**	(5,138,457)
Joint Venture contributions less payments for exploration		**-**	146,722
Payments to suppliers and employees		**(2,161,585)**	(2,249,042)
R&D received		**-**	192,629
Interest received		**45,596**	62,885
Other income		**66,512**	450,055
Net cash (used in) operating activities	**20**	**(6,988,238)**	(6,535,208)
Cash flows from investing activities			
Payments for property, plant and equipment		**(10,242)**	(11,750)
Net cash (used in) investing activities		**(10,242)**	(11,750)
Cash flows from financing activities			
Proceeds from issues of shares		**6,473,858**	8,641,208
Payment for share issue costs		**(301,695)**	(346,145)
Net cash inflow provided by financing activities		**6,172,163**	8,295,063
Net increase in cash and cash equivalents		**(826,317)**	1,748,105
Cash and cash equivalents at the beginning of the year		**6,065,323**	4,290,986
Effects of foreign exchange movement on opening cash balance		**2,510**	26,232
Cash and cash equivalents at the end of the year	**20**	**5,241,516**	6,065,323

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

1. General information

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

2. New Standards and Interpretations

All standards are up to date.

3. Significant accounting policies

3.1. Statement of compliance

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

For the purposes of preparing the financial statements, the Group is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Group financial statements and notes comply with International Financial Reporting Standards (IFRS).

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2019 The adoption of these standards and interpretations did not have a material impact on the Group financial report.

3.2. Basis of preparation

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

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

a) Going concern basis

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

b) Revenue recognition

Revenue is recognised and measured when then performance obligation is generally considered to be satisfied when the goods are physically transferred to the buyer.

Interest revenue

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

Joint venture management fees

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

c) Employee benefits

Wages and salaries, annual leave and sick leave

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

Long service leave

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

d) Share-based payments transactions of the Company

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

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

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

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

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

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

e) Taxation

The income tax expense or benefit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, and to unused tax losses. Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

f) Exploration and evaluation expenditure

Exploration and evaluation expenditure is expensed as incurred other than those incurred for the acquisition of mineral property licences or rights to explore which continue to be capitalised in respect of each identifiable area of interest. The expenditure is only carried forward to the extent that it is expected to be recouped through the successful development or sale of the area of interest, or where activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

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

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

g) Impairment

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

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

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

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

h) Provisions

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

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

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

i) Goods and services tax

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

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

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

j) Trade and other receivables

Trade and other receivables are recognised initially at fair value less an allowance for expected credit losses

k) Cash and cash equivalents

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

l) Trade and other payables

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

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

m) Share capital

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

n) Loss per share

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

o) Segment reporting

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

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

p) Investments and other financial assets

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss);
- Those to be measured at amortised cost.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding ('the SPPI criterion').

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

q) Foreign Currency Translation

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional presentation currency. The functional currency of the Tanzanian subsidiaries is the United States Dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss. However, foreign currency differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

r) Critical accounting judgements and key sources of estimation uncertainty

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

<u>Critical judgements in applying accounting policies</u>

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

Capitalisation of exploration and evaluation expenditure

Under AASB 6 'Exploration for and Evaluation of Mineral Resources', the Company may capitalise exploration and evaluation expenditure purchase costs as incurred provided that certain conditions are satisfied. All other exploration expenditure is expenses when its incurred. The Group capitalises acquisition expenditure relating to exploration and evaluation where it is considered likely to be recouped through the successful development or sale of the area of interest or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. The Group's policy is outlined in note 3.

Taxation

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

Key sources of estimation uncertainty

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

Impairment of exploration and evaluation expenditure

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

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Share-based payment transactions

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

Tax losses

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

COVID-19

Judgement has been exercised in considering the impact that the COVID-19 pandemic has had or may have on the group based on the known information. This consideration extends to the nature of the business in which the group operates. There does not currently appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

s) Adoption of new and revised Accounting Standards

(i) New and amended standards

A new standards has became applicable for the current reporting period and Strandline Resources Limited have reviewed its accounting policies in light of this standard:

- AASB 16 Leases

AASB 16 has had no impact on adoption on these financial statements.

The Group has amended its accounting policies following the adoption of AASB 16, the details of which have been disclosed below

Adoption of AASB 16
AASB 16 replaces existing leases guidance, including AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease. The new standard contains a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees. It applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the lessee.

AASB 16 removes the distinction between operating and finance leases for lessees. Instead, all leases other than short term and low value asset leases are recognised on the balance sheet as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. For leases recognised as operating leases under AASB 117, the lease expense will be replaced by the amortisation of the right of use asset and interest expense on the lease liability.

Transition to AASB 16
The company after an in-depth review of its contracts and obligations has found that no lease liability under the new standard is triggered. This has resulted in no required modifications to the prior year's financials being recorded. The Group has amended its accounting policies following the adoption of AASB 16, the details of which there is no impact for FY2019 and FY2020.

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

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income. The Group has exploration and evaluation assets in Australia and Tanzania and geographical segment information is shown below:

Geographical Segment Information	**2020 Revenue $**	**2020 Non-Current Assets $**	2019 Revenue $	2019 Non-Current Assets $
Australia	**66,513**	**240,102**	450,055	937,912
Tanzania	**-**	**7,557,275**	-	6,761,170
	66,513	**7,797,377**	450,055	7,699,082

	2020 $	**2019 $**
5. Revenue from continuing operations		
Interest revenue	**55,507**	58,719

6. Other income

	2020 $	2019 $
Research & Development tax credit	-	192,629
Earn-in revenue (a)	-	357,398
Government Subsidy	50,000	-
JV Management Fees	16,513	92,657
	66,513	642,684

(a) Earn-in revenue recognised during the prior year relates to the JV Minimum Commitment owing to the Company with respect to the Joint Venture Agreement with Rio Tinto Mining and Exploration Limited.

7. Income taxes

	2020 $	2019 $
Income tax recognised in the profit or loss		
Tax benefit comprises:		
Current tax benefit	-	-
Total tax benefit relating to continuing operations	-	-
The benefit for the year can be reconciled to the accounting loss as follows:		
Loss before tax	(8,135,978)	(7,013,704)
Income tax expense calculated at 30%	(2,440,793)	(2,104,111)
Effect of expenses that are not deductible in determining taxable loss	490,765	193,539
Effect of unused tax losses not recognised as deferred tax assets	2,122,549	2,083,093
Effect of deductible capitalised expenditure	(172,521)	(172,521)
Income tax benefit recognised in the statement of profit or loss and other	-	-

The tax rate used for the 2020 and 2019 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax assets/(liabilities)	2020 $	2019 $
Tax losses (revenue)	15,117,010	13,750,599
Capital raising costs recognised directly in equity	315,993	279,789
Temporary differences	215,210	266,151
Net unrecognised deferred tax asset	15,648,213	14,296,539

7. Income taxes (con't)

Tax losses

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

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

8. Loss for the year

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

	2020 **$**	2019 $
Employee benefit expense		
Directors' fees	**201,040**	193,023
Wages and salaries	**930,212**	885,226
Superannuation expenses	**175,325**	71,485
Increase in provision for annual leave	**-**	-
Increase in provision for long service leave	**1,480**	(4,581)
Staff recruitment	**9,565**	16,419
Total employee benefit expense	**1,317,622**	1,161,572
Depreciation expense	**11,275**	(11,207)
Occupancy expenses	**80,179**	88,015
Share-based payments	**1,341,515**	947,351

9. Loss per share

	2020 Cents per share	2019 Cents per share
Basic and diluted loss per share	**(2.10)**	(2.36)

Basic & Diluted loss per share

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

	2020 **$**	2019 $
Loss for the year	**(8,135,978)**	(7,013,704)

	2020 **No.**	2019 No.
Weighted average number of ordinary shares for the purposes of the basic loss per share	**387,113,581**	296,867,490

10. Other receivables

	2020 $	2019 $
Goods and services tax recoverable	**229,552**	134,837
Accrued interest	**11,744**	1,832
Other income	**-**	36
	241,296	136,705

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. No impairments have been identified.

11. Prepayments

	2020 $	2019 $
Office rent and Expatriate Accommodation	**2,265**	2,778
Insurance	**4,219**	-
	6,484	2,778

12. Property, Plant & Equipment

	2020	2019
Plant & Equipment		
Gross Carrying value at cost	**309,144**	294,638
Accumulated deprecation	**(283,916)**	(269,103)
Net book amount	**25,228**	25,535
Plant & Equipment		
Opening net book amount - 1 July	**25,535**	24,185
Additions	**10,242**	11,750
Disposals	**-**	-
Depreciation charge	**(11,275)**	(11,207)
Foreign exchange movement	**726**	807
Closing net book value – 30 June	**25,228**	25,535

13. Exploration and evaluation expenditure

	2020 $	2019 $
Carried forward exploration and evaluation expenditure	**7,460,770**	7,239,022
Foreign exchange movement	**94,895**	221,748
	7,555,665	7,460,770

In accordance with applicable accounting standards, the Group has assessed whether or not there are any indicators that would require the group to undertake an impairment assessment as at the reporting date.

Following this assessment, including the potential impact of the recent changes to the legal framework governing the natural resources sector in Tanzania, the Group has determined there are no indicators of impairment however acknowledge the recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

14. Financial assets

	2020 $	2019 $
Financial Assets held at Fair Value through Other Comprehensive Income	**210,000**	210,000

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

The cost of the investment is deemed fair value based on Torrens securing additional funding to continue operations.

In addition, the Company is eligible to receive a further deferred cash payment of $1 million once Torrens makes a formal decision to mine in connection with the Project. If, prior to a decision to mine, the Project assets become listed on the Australian Securities Exchange (whether via an IPO of Torrens or a sale into a listed vehicle), or the Project assets are otherwise sold to a third party, then $250,000 of the deferred cash consideration will become payable within 60 days and the remaining amount of the deferred cash consideration will convert to a 2% net smelter royalty (capped at $1.25M).

15. Current trade and other payables

	2020 $	2019 $
Trade payables	**397,548**	172,486
Accrued director fees	**5,019**	8,333
Other creditors and accruals	**70,290**	305,313
Unearned joint venture revenue	**-**	160,258
	472,857	646,390

Accounts payable are all payable in Australian dollars, are non-interest bearing and normally settled on 30 day terms. Refer to note 22 for details of the Company's exposure to liquidity risks on financial liabilities.

16. Current provisions

	2020 $	2019 $
Provision for annual leave	**141,779**	113,597
Provision for long service leave	**608**	3,972
	142,387	117,569

17. Issued capital

	2020 $	2019 $
426,769,138 fully paid ordinary shares (2019: 366,965,721 shares)	**81,862,239**	75,020,276

The Company does not have a limited amount of authorized capital and issued shares do not have a par value.

17. Issued capital (con't)

Fully paid ordinary shares	**2020 No.**	**2020 $**	2019 No.	2019 $
Balance at beginning of year	**366,695,721**	**75,020,276**	289,315,617	66,448,477
Performance Rights - expiring 15/8/18 vested- Luke Graham			2,291,667	137,500
Issue of Shares to Luke Graham (50% of STI bonus taken as shares)			581,082	82,514
Issue of Shares to MF, PW, BC, JA (100% of STI bonus taken as shares)			1,227,713	174,335
Share Placement			27,272,726	3,000,000
Exercise of unlisted options - expiring 30/6/19 @ $0.18			1,126	203
Share Placement			46,000,000	5,520,000
Exercise of unlisted options - expiring 30/6/19 @ $0.18			5,790	982
Issue of Shares to employees (100% of STI bonus taken as shares) Peter Watson (iv)	**344,424**	**47,427**		
Issue of Shares to employees (50% of STI bonus taken as shares) Luke Graham (ii)	**729,847**	**100,500**		
Issue of Shares to employees (50% of STI bonus taken as shares) - Employees	**1,075,599**	**148,110**		
Performance Rights - expiring 15/8/18 vested – Employees	**1,360,538**	**168,707**		
Performance Rights - expiring 15/8/18 vested – Luke Graham (i)	**2,291,667**	**165,000**		
Performance Rights - expiring 15/8/18 vested – Peter Watson (iii)	**323,025**	**40,055**		
Share Issue	**16,666,667**	**2,000,000**		
Rights Issue	**37,281,650**	**4,473,798**		
Share issue Costs	**-**	**(301,635)**	-	(343,735)
Balance at end of year	**426,769,138**	**81,862,238**	366,695,721	75,020,276

(i) 2,291,667 shares issued to Mr Luke Graham pursuant to the Company's Long Term Incentive Plan, as approved by shareholders on 28 November 2017.

(ii) 729,847 shares issued to Mr Luke Graham pursuant to the Company's Short-term Incentive Plan, as approved by shareholders on 24 November 2016. The shares were issued in lieu of an equivalent cash payment.

(iii) 323,025 shares issued to Mr Peter Watson pursuant to the company's Long term incentive plan, as approved by shareholders on the 28 November 2017.

(iv) 344,424 shares issued to Mr Peter Watson pursuant to the Company's Short-term Incentive Plan, as approved by shareholders on 28 November 2019. The shares were issued in lieu of an equivalent cash payment.

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

Share options and performance rights on issue

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

As at 30 June 2020, the Company has 10,500,000 share options on issue (2019: Nil).

During the year 10,500,000 options were granted (2019: Nil), nil options were converted into shares (2019: 6,916) and nil options expired (2019: 47,062,674). Further details regarding the options are contained in note 22 to the financial statements.

As at 30 June 2020, the Company has 18,938,796 performance rights on issue (2019: 16,899,702) exercisable on a 1:1 basis for 18,938,796 shares (2019: 16,899,702). During the year 6,014,324 performance rights were granted (2019: 4,618,534), 3,975,230 performance rights were converted into shares (2019: 2,291,667) and 180,675 performance rights expired (2019: Nil). The Company has made an assessment that it is probable the performance conditions will be met for the performance rights on issue. Further details regarding the performance rights are contained in note 22 to the financial statements.

18. Reserves	**2020** **$**	2019 $
Share-based payments reserve	**3,074,073**	2,737,643
Options Reserve	**335,286**	-
Foreign currency translation reserve	**963,440**	813,345
	4,372,799	3,550,988
Share-based payments reserve		
Balance at beginning of year	**2,737,642**	2,184,640
Recognition of share-based payments (i)	**336,431**	553,002
Balance at end of year	**3,074,073**	2,737,642

The share-based payments reserve arises on the grant of share options and performance rights to executives, employees, consultants, and advisors. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments is contained in note 22 to the financial statements.

(i) Total expenses arising from share-based payment transactions recognized during the year ended 30 June 2020 as part of employee benefit expense was $336,431 (2019: $553,002). The amount recognized in the current period includes an adjustment for reversal of previously recognized expenses due to performance rights that did not ultimately vest of $945 (2019: $nil).

Foreign currency translation reserve	**2020** **$**	2019 $
Balance at beginning of year	**813,345**	607,023
Foreign currency translation difference for foreign operations	**150,094**	206,222
Balance at end of year	**963,439**	813,345

19. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2020 (2019: $nil).

20. Cash and cash equivalents

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

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020 $	2019 $
Cash at bank	**241,516**	705,065
Cash in joint venture – restricted cash	**-**	160,258
Cash on deposit	**5,000,000**	5,200,000
Cash and bank balances	**5,241,516**	6,065,323

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

	2020 $	2019 $
Loss for the year	**(8,135,978)**	(7,013,704)
Non-cash items		
Depreciation	**11,275**	11,207
Share-based payments	**1,341,515**	947,351
Gain on sale of fixed assets	**-**	-
Movements in working capital		
Increase in trade and other receivables	**(104,591)**	(101,172)
Increase in prepayments	**(3,708)**	34,425
Increase in trade and other payables	**(173,533)**	(386,225)
Increase in provisions	**24,817**	15,376
Movements in Foreign currency translation reserve excluding Capitalised E&E and Property, plant and equipment	**51,966**	(42,465)
Net cash outflow used in operating activities	**(6,988,237)**	(6,535,208)

Non-cash financing activities

There were no non-cash financing activities during the year (2019: Nil).

21. Financial instruments

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equity. The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital management requires the maintenance of a strong cash balance to support ongoing exploration and evaluation activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

21. Financial instruments (Con't)

Categories of financial instruments

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	**5,241,516**	6,065,322
Other investments	**210,000**	210,000
	5,451,516	6,275,322
Financial liabilities		
Trade and other payables	**472,857**	646,390

Financial risk management objectives

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

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

Currency Risk

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

Interest rate risk management

The consolidated entity's exposure to the market risk for change in interest rate arises from holding cash and deposits. Funds held in operating accounts and term deposits earned a variable interest rate ranging from 0% to 1.81% (2019 0% to 2.7%) based on the type of account and cash balance. The consolidated entity did not have any loans or borrowings.

The interest-bearing financial instruments held are:

	2020 $	2019 $
Cash and cash equivalents	**5,241,516**	6,065,322
	5,241,516	6,065,322

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profits and loss and equity of $18,072 (2019: $34,560) assuming all other variable are constant.

Fair value of financial assets and liabilities

The Group's financial assets and financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of the financial assets and financial liabilities as at 30 June 2020 and 30 June 2019 approximates their carrying amounts.

21. Financial instruments (Con't)

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

	2020 **$**	2019 $
Level 3 Assets		
Equity investments – shares in Torrens Mining Limited	**210,000**	210,000
	210,000	210,000

As set out in note 14 to the financial statements, other investments consist of 4,200,000 unlisted ordinary shares in Torrens Mining Limited ("Torrens"). Torrens is an unlisted public company. The cost of the investment is deemed fair value based on equity issued by Torrens Mining Limited.

Credit risk management

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

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

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

At risk amounts are as follows:

	2020 **$**	2019 $
Financial assets		
Cash and cash equivalents	**5,241,516**	6,065,322
	5,241,516	6,065,322

Liquidity risk management

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

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

21. Financial instruments (Cont'd)

Liquidity risk table

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

		Contractual cash flows				
	Carrying amount $	Less than 1 month $	1-3 months $	3-12 months $	1 year to 5 years $	Total contractual cash flows $
2020						
Financial liabilities						
Trade and other payables	**472,857**	**(472,857)**	**-**	**-**	**-**	**(472,857)**
2019						
Financial liabilities						
Trade and other payables	646,390	(646,390)	-	-	-	(646,390)

22. Share-based payments

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

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

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

Fair value of share options granted in the year

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

Performance Rights

Fair value of performance rights granted in the year

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

A total of 6,014,324 performance rights were granted during the year to KMP's.

The details are as follows:

22. Share-based payments (Cont'd)

Number granted during 2020	Number granted during 2019	Number granted during 2018	Total number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
3,941,124	-	-	3,941,124	29/11/2019	15/08/2022	0.086	Tranche 5
2,073,200	-	-	2,073,200	15/08/2019	15/08/2021	0.082	Tranche 4
-	3,389,367	-	3,389,367	30/11/2018	15/08/2021	0.086	Tranche 3
-	1,229,167	-	1,229,167	15/08/2018	15/08/2020	0.161	Tranche 3
-	-	5,500,000	5,500,000	15/12/2017	15/08/2020	0.072	Tranche 3
-	-	1,683,563	1,683,563	20/02/2018	15/08/2019	0.124	Tranche 2
-	-	2,805,938	2,805,938	20/02/2018	15/08/2020	0.114	Tranche 3
6,014,324	**4,618,534**	**9,989,501**	**20,622,359**				

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

Tranches 1 – 3: The performance rights will only vest if certain performance conditions are met. At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR) against a peer group of other companies as determined by the Board. The percentage of performance rights in each respective tranche that will vest will depend upon the Company's TSR performance relative to the companies in the peer group, which will constitute Category A, B or C TSR performance, as set out below:

(a) **Category A TSR performance:** If the Company's TSR is at/or below the 45th percentile of the peer group of companies' TSR, no PRs will vest.

(b) **Category B TSR performance:** If the Company's TSR ranks between the 46th and 50th percentile (inclusive) of the peer group of companies' TSR, for each percentile over the 45th percentile, 10% of the PRs will vest (up to a maximum of 50% for this Category).

(c) **Category C TSR performance:** For each 1% ranking at or above the 51st percentile of the peer group of companies TSR, an additional 2% of the PRs will vest (up to a maximum of 100%, which vest at or above the 75th percentile).

Tranche 1 Period: 1 July 2016 – 30 June 2018
Tranche 2 Period: 1 July 2017 – 30 June 2019
Tranche 3 Period: 1 July 2018 – 30 June 2020
Tranche 4 Period: 1 July 2019 – 30 June 2021
Tranche 5 Period: 1 July 2020 – 30 June 2022

Movements in performance rights during the period
The following reconciles the performance rights outstanding at the beginning and end of the year:

	2020 No.	2019 No.
Balance at beginning of the year	**16,899,702**	14,572,835
Granted during the year	**6,014,324**	4,618,534
Exercised during the year	**(3,975,230)**	(2,291,667)
Expired during the year	**-**	-
Balance at end of the year	**18,938,796**	16,899,702

22. Share-based payments (Cont'd)
Recognition of share-based transactions

	2020	2019
	$	$
Share options	**335,285**	-
Performance rights	**336,430**	553,001
Total share-based payments recognised in reserves	**671,715**	553,001

23. Other unlisted options

The following refers to unlisted options issued by the Company, other than those issued as a share based payment transaction. 10,500,000 options were granted during the year (2019: nil). 3,500,000 exercisable on a 1:1 basis for $0.18 or 40% 60 day VWAP on the 28 November 2021, 3,500,000 exercisable on a 1:1 basis for $0.22 or 40% 60 day VWAP on the 28 November 2022, 3,500,000 exercisable on a 1:1 basis for $0.246 or 40% 60 day VWAP on the 28 November 2023. Nil options were converted to shares during the year.

Movements in share options during the period

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

	2020		**2019**	
	Number of options	**Number of options**	**Number of options**	**Weighted average exercise price $**
Balance at beginning of the year	-	-	47,069,590	0.108
Granted during the year	10,500,000	10,500,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(6,916)	(0.12)
Expired during the year	-	-	(47,062,674)	(0.12)
Balance at end of the year	10,500,000	10,500,000	-	0.12
Exercisable at end of the year	**10,500,000**	**10,500,000**	**-**	**0.12**

Share options exercised during the year

A total of nil share options was exercised during the financial year (2019: 6,916)

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of 22 cents (2019: 0 cents) and a weighted average remaining contractual life of 881 days (2019: 0 days).

24. Key management personnel compensation

The Directors and other members of Key Management Personnel of the Company during the year were:

- Didier Murcia (Non-Executive Chairman, appointed 1 March 2016, former Non-Executive Director from 23 October 2014 to 29 February 2016)
- Luke Edward Graham (Managing Director, appointed 19 September 2016)
- Peter Richard Watson (Executive Director, appointed 10 September 2018)
- John Russell Hodder (Non-Executive Director, appointed 8 June 2016)
- Ernest Thomas Eadie (Non-Executive Director, appointed 19 September 2016, former Managing Director from 1 January 2016 to 18 September 2016, former Non-Executive Director from 9 October 2015 to 31 December 2015)

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

	2020 $	2019 $
Short- term employee benefits	**1,360,861**	1,255,256
Share-based payments	**659,498**	472,976
	2,020,359	1,728,232

The short-term employee benefits are recognized in both the statement of profit or loss and other comprehensive income as an expense, and the statement of financial position as an exploration and evaluation asset, depending upon the work activity undertaken. The compensation of each member of the key management personnel of the Group is set out in the Remuneration Report contained within the Director's Report section of the Annual Report. The remuneration of Directors and key executives is determined by the Board having regard to the performance of individuals and market trends.

25. Remuneration of auditors

	2020 $	2019 $
Audit Services		
BDO Audit (WA) Pty Ltd		
Audit and review of the financial statements	**41,176**	**40,480**
Total remuneration for audit services	**41,176**	**40,480**

	2020 $	2019 $
Non Audit Services		
BDO Corporate Tax (WA) Pty Ltd		
Tax compliance services	**21,630**	9,945
Total remuneration for non-audit services	**21,630**	9,945

26. Related party transactions

Transactions with key management personnel

Compensation

Details of key management personnel compensation are disclosed in the Directors' Report section contained within the Annual Report.

Equity holdings

Disclosure of key management personnel equity holdings is set out in the Remuneration Report contained within the Director's Report section of the Annual Report.

Loans

No loans have been made by the Company to key management personnel during the year (2019: nil).

Other transactions

Mr. Didier Murcia, Non-Executive Chairman, is a chairman of the legal firm, Murcia Pestell Hillard. Fees totalling $85,151 were paid to Murcia Pestell Hillard for work completed on various legal matters (2019: $125,482). All transactions related to the services were based on normal commercial terms.

Mr. Didier Murcia, is also Non-executive Chairman of Artemis Management Tanzania, a provider of corporate, administration, logistics, tenement management and evaluation and environment management services in Tanzania. Fees totalling $31,027 were paid to Artemis Management Tanzania for corporate and administration services (2019: $52,816). All transactions related to the services were based on normal commercial terms.

27. Group entities

	Country of Incorporation	Ownership Interest 2020	2019
Parent Entity			
Strandline Resources Limited			
Subsidiaries			
Active Resources (Tanzania) Limited	Tanzania	**100%**	100%
Jacana Resources (Tanzania) Limited	Tanzania	**100%**	100%
Tanzanian Graphite Limited	Tanzania	**100%**	100%
Coburn Resources Pty Ltd [1]	Australia	**100%**	100%

[1] formerly Strandline Resources Australia Pty Ltd

28. Parent entity disclosures

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

	Company 2020 $	2019 $
Results of the Parent Entity		
Loss for the period	**(6,593,210)**	(2,218,149)
Other comprehensive income	-	-
Total comprehensive loss for the period	**(6,593,210)**	(2,218,149)

	2020 $	2019 $
Financial Position of the Parent Entity at Year End		
Current assets	**5,206,224**	3,302,479
Non-current assets	**21,906,221**	19,618,245
Total assets	**27,112,445**	22,920,724
Current liabilities	**974,196**	963,602
Total liabilities	**974,196**	963,602
Net assets	**26,138,249**	21,957,122
Contributed equity	**81,862,239**	69,365,092
Reserves	**3,409,359**	2,256,758
Accumulated losses	**(59,133,349)**	(49,664,728)
Total equity	**26,138,249**	21,957,122

Parent Entity Contingencies

The parent entity had no contingent liabilities as at 30 June 2020 (2019: nil).

29. Events after the reporting period

Subsequent to the year end, the Company completed the following:

- On 12 August 2020, the Company completed a capital raising of $18.5 million through the issue of 85,858,950 fully paid ordinary shares at 21.5 cents per share.
- On 11 August 2020, Mr Mark Hancock was appointed as a Non-Executive Director of the Company.
- On the 14 September 2020, the Company awarded a contract to supply in-pit dozer mining units for the Coburn Mineral Sands project in WA with Piacentini & Son.

The impact of COVID-19 pandemic is ongoing and while it has not significantly impacted the group up to 30 June 2020, it is not practicable to estimate the potential positive or negative impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

30. Approval of financial statements

The financial statements were approved by the Board of Directors on 23 September 2020.

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;

(c) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated Group;

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001; and

(e) the remuneration disclosures included in the Directors' Report on pages 22 to 29 of this Annual Report (as part of the audited Remuneration Report), for the year ended 30 June 2020, comply with s.300A of the Corporations Act 2001.

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

On behalf of the Directors

Luke Graham
Managing Director

Perth, 23 September 2020

STRANDLINE
resources limited

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INDEPENDENT AUDITOR'S REPORT

To the members of Strandline Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strandline Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Valuation of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 13 to the financial report, the carrying value of exploration and evaluation asset represents a significant asset of the Group. Refer to Notes 3.2(f) and 13 of the financial report for a description of the accounting policy and significant judgements applied to exploration and evaluation assets. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* (AASB 6), the recoverability of exploration and evaluation expenditure required significant judgement by management in determining whether there are any facts or circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 3.2(f) and Note 13 to the financial report.

BDO

Accounting for share-based payments

Key audit matter	*How the matter was addressed in our audit*
During the financial year ended 30 June 2020, the Group issued performance rights, options and shares to employees and key management personnel, which have been accounted for as share-based payments, as disclosed in Note 22 of the financial report. Refer to Notes 3.2(d) of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.	Our procedures included, but were not limited to the following: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Holding discussions with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs in respect to the market based conditions attached to certain share-based payments; • Assessing the allocation of the share-based payment expense over the relevant vesting period; and • Assessing the adequacy of the related disclosures in Notes 3.2(d) and 22 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 29 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Strandline Resources Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 23 September 2020

SHAREHOLDING INFORMATION

AS AT 22 SEPTEMBER 2020

STRANDLINE resources limited

1 Number of Shareholders and Unmarketable Parcels

There were 2,381 shareholders, including 536 with an unmarketable parcel valued at less than $500.

2 Distribution of Equity Securities

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

	Class of Equity Security		
	Ordinary Shares	Options	Performance Rights
1 - 1,000	414	-	-
1,001 - 5,000	342	-	-
5,001 - 10,000	406	-	-
10,001 - 100,000	1,137	-	-
100,001 and over	398	3	6
	2,697	3	6
Number of securities	522,895,557	10,500,000	9,403,691

3 Top 20 Largest Ordinary Shareholdings

No.	Name	Number held	% Share Holding
1	NDOVU CAPITAL VII BV	160,422,196	30.68
2	NATIONAL NOMINEES LIMITED	45,027,313	8.61
3	MR HARRY HATCH	21,037,838	4.02
4	C&H INTERNATIONAL INVESTMENT LIMITED	13,599,509	2.60
5	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	13,324,641	2.55
6	MRS WENJUAN WU	13,021,875	2.49
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,354,891	2.36
8	MR LUKE GRAHAM	10,192,973	1.95
9	CITICORP NOMINEES PTY LIMITED	9,475,966	1.81
10	PERTH SELECT SEAFOODS PTY LTD	7,500,000	1.43
11	ARTEMIS CORPORATE LIMITED	7,111,806	1.36
12	UBS NOMINEES PTY LTD	6,101,764	1.17
13	MR TOM EADIE	6,000,000	1.15
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,110,422	0.79
15	SOUTHERN CROSS CAPITAL PTY LTD	4,000,000	0.76
16	WESTORIA RESOURCE INVESTMENTS LTD	3,200,000	0.61
17	MUTUAL TRUST PTY LTD	3,106,727	0.59
18	T&C LANDRIGAN PTY LTD <T&C LANDRIGAN SUPER A/C>	3,000,000	0.57
19	ICON CUSTODIANS PTY LTD <CUMMINS FAMILY A/C>	2,844,603	0.54
20	BNP PARIBUS NOMS PTY LTD <DRP>	2,705,268	0.52
	TOTAL TOP 20 SHAREHOLDERS	**348,137,792**	**66.56**
	REMAINING SHAREHOLDERS	174,757,765	33.44
	TOTAL NUMBER OF ISSUED SHARES	**522,895,557**	**100.00**

4 Substantial Shareholdings (over 5%)

	Ordinary Shares	
Name	Number Held	Percentage of Issued Shares (%)
NDOVU CAPITAL VII BV	160,422,196	30.68

5 Unlisted Share Options

No. of Holders	Exercise Price	Expiry Date	No. of Options
3	$0.18 each or 40% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2021	3,500,000
3	$0.22 each or 60% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2022	3,500,000
3	$0.26 each or 80% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2022	3,500,000
			10,500,000

Holders above 20%

No.	Name	No. of Options	% Options held
1	Mr Didier Murcia	4,500,000	42.86
2	Mr Tom Eadie’s	3,000,000	28.57
3	Ndovu Capital VII BV	3,000,000	28.57
	TOTAL OPTIONS HLDERS	10,500,000	

6 Unlisted Performance Rights

No. of Holders	Expiry Date	No. of Performance Rights
6	15 August 2021	5,462,567
2	15 August 2022	3,941,124
	TOTAL PERFORMANCE RIGHT HOLDERS	**9,403,691**

Holders above 20%

No.	Name	No. of Performance Rights	% Performance Rights held
1	Mr Luke Graham	5,767,442	61.33

7 Voting Rights

At a general meeting of the Company shareholders are entitled:

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

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

8 Restricted Securities

There were no restricted securities.

9 On-Market Buy Back

There is no current on-market buy back.

10 Securities Approved Not Issued

None.

TENEMENT INFORMATION

STRANDLINE
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TENEMENT SCHEDULE AS AT 30 JUNE 2020

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

Tenement	Area (sq km)	Grant / Application Date	Notes
EL 09/939	33.79	18 June 1999	
ELA 09/942	196.00	12 May 1998	2
ELA 09/943	61.60	12 May 1998	2
ELA 09/944	176.40	12 May 1998	2
ELA 09/957	196.00	21 July 1998	2
M 09/102	9.96	25 October 2004	
M 09/103	9.97	25 October 2004	
M 09/104	9.98	25 October 2004	
M 09/105	9.99	25 October 2004	
M 09/106	9.98	25 October 2004	
M 09/111	9.98	19 July 2005	
M 09/112	9.88	19 July 2005	
L 09/21	9.50	8 January 2007	
L 09/43	0.70	17 January 2013	
R 09/2	8.62	15 June 2017	
R 09/3	17.11	15 June 2017	
R09/4	14.42	4 June 2019	2
E09/2355	55.30	26 March 2017	2

FOWLER'S BAY GOLD-BASE METAL PROJECT, SOUTH AUSTRALIA (1% NSR STRANDLINE)

Tenement	Area (sq km)	Grant / Application Date
EL 5880	700.00	9 March 2013

Note

1 No mining (exploration) conditions on portions overlapping the Shark Bay World Heritage Property and Retention Licenses have been applied for prior to the Anniversary Period

2 Tenement Application (ELA).

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TENEMENT SCHEDULE AS AT 30 JUNE 2020 (cont'd)

TANZANIAN MINERAL SANDS PROJECTS (100% STRANDLINE)

Tenement	Name	License Area (km2)	Date Granted
PL 9427/2013	Kitambula	7.06	18-Oct-13
PL9976/2014	Tanga	20.56	22-Jul-14
PL9969/2014	Sudi	104.28	22-Jul-14
PL9970/2014	Madimba	31.47	22-Jul-14
PL10425/2014	Tanga North	19.10	2-Dec-21
ML7321/2011	Tajiri	68.70	17-Nov-11
Pl10265/2014	Bagomoyo	30.43	25-Sep-21
ML580/2018	Fungoni	4.45	4-Oct-18
PL7754/2012	Fungoni	99.74	4-Apr-12
PL9951/2014	Fungoni South	46.11	5-Nov-12
PL7960/2012	Tongoni	56.22	4-Jun-12
PL11030/2017	Fungoni West	6.22	13-Mar-17
PL10978/2016	Fungoni South	37.62	5-Dec-16
PL11076/2017	Bagamoyo	158.49	30-Mar-17
PL11131/2017	Sudi Central	39.99	21-Apr-17
PL11270/2019	Kitunda	117.24	9-May-19
PL11267/2019	Rushungi South	6.81	10-Oct-17
PL11266/2019	Sudi East	59.70	22-Sep-17
PL11374/2019	Mzenga	151.51	8-Nov-19
P11375/2019	Kola	188.66	8-Nov-19
P11376/2019	Sakaura	74.59	8-Nov-19

The Tanzanian tenements are held in the Company's wholly owned subsidiaries as detailed in Note 27.

MINERAL RESOURCES AND ORE RESERVES INFORMATION

MINERAL RESOURCES – The Company's mineral resource estimates and ore reserves are summarised in the tables below.

Table A Mineral Resource Statement for Fungoni at May 2017

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT										
Summary of Mineral Resources[1]					VHM assemblage[2]					
Deposit	Mineral Resource Category	Tonnage	In situ HM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	8.77	0.4	4.3	43.3	4.3	18.3	1.0	19	7.0
FUNGONI	Indicated	12.97	0.2	1.8	36.7	4.3	14.6	1.4	24	7.0
	Total[3]	21.74	0.6	2.8	40.7	4.3	16.9	1.2	22	7.0

Notes:
1. Mineral Resources reported at a cut-off grade of 1.0% THM
2. Valuable Mineral assemblage is reported as a percentage of in situ THM content
3. Appropriate rounding applied

Refer ASX announcement 2 May 2017 for full details of the Fungoni Mineral Resource Estimate. Mineral Resources were converted to Ore Reserves in accordance with the JORC Code 2012 Edition based on the pit designs, recognising the level of confidence in the Mineral Resource Estimation, and reflecting modifying factors. Refer ASX announcement 6 October 2017 for full details of the Fungoni Ore Reserve statement.

Table B Ore Reserve Statement for Fungoni Project at October 2017

ORE RESERVES SUMMARY FOR FUNGONI PROJECT						
Deposit	Reserve Category	Ore	Slimes		Heavy Mineral	
		(Mt)	(Mt)	(%)	In Situ HM (kt)	THM (%)
FUNGONI	Proved	6.9	1.2	18	341	4.9
FUNGONI	Probable	5.4	1.0	19	138	2.6
	Total*	**12.3**	**2.3**	**19**	**480**	**3.9**

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

Table C Tanga South (Tajiri) Project Mineral Resource Estimate (July 2019)

Summary of Mineral Resources (1)								THM Assemblage (2)				
Deposit	THM % cut-off	Mineral Resource Category	Tonnage	Insitu HM	THM	SLIMES	OS	Ilmenite	Zircon	Rutile	Leucoxene	Garnet
			(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
T3	1.70%	Measured	19	0.6	3.4	37	6	64	4	7	0	5
TC	1.70%	Measured	55	1.9	3.5	23	10	42	2	5	0	38
		Total	**74**	**2.5**	**3.4**	**27**	**9**	**48**	**3**	**5**	**0**	**30**
Tajiri T1	1.50%	Indicated	36	1.3	3.7	34	4	71	6	10	0	3
Tajiri North	1.70%	Indicated	60	1.7	2.8	47	4	75	4	6	1	1
T2	1.70%	Indicated	17	0.5	2.8	32	11	58	4	7	0	18
T3	1.70%	Indicated	3	0.1	2.8	39	4	66	5	8	1	4
T4	1.70%	Indicated	14	0.4	3.0	24	6	61	4	8	0	12
TC	1.70%	Indicated	35	1.4	4.1	27	9	46	3	6	0	36
		Total	**165**	**5.4**	**3.3**	**36**	**6**	**64**	**4**	**7**	**0**	**13**
Vumbi	1.70%	Inferred	29	0.9	3.0	30	12	64	4	7	1	2
		Total	**29**	**0.9**	3.0	**30**	**12**	**64**	**4**	**7**	**1**	**2**
		Grand Total	**268**	**8.8**	**3.3**	**33**	**7**	**59**	**4**	**7**	**0**	**17**

Notes:
[1] Mineral Resources reported at various THM cut-offs
[2] Mineral Assemblage is reported as a percentage of insitu THM content
[3] Appropriate rounding applied

Refer to the ASX announcement dated 09 July 2019 for full details of the Mineral Resource estimate for the Tajiri Project.

Table D Coburn Project JORC 2012 Global Mineral Resources – Amy South and Amy North

	Ore (1)			Valuable HM Grade (In-Situ) (2)					
Resource Category	Material (Mt)	In situ THM (Mt)	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Slimes (%)	Oversize (%)
Measured	119	1.5	1.3	45	5	24	6	3	6
Indicated	607	7.7	1.3	48	7	22	5	3	3
Inferred	880	10.4	1.2	49	7	21	4	3	1
Total	**1606**	**19.6**	**1.2**	**48**	**7**	**22**	**5**	**3**	**2**

Notes:
1. Mineral Resources reported at a cut-off grade of 0.8% THM
2. Valuable Mineral assemblage is reported as a percentage of in situ THM content
3. Appropriate rounding applied

Table E Coburn Project JORC 2012 Ore Reserve Statement April 2019

ORE RESERVES SUMMARY FOR COBURN PROJECT				
Deposit	Reserve Category	Ore	Heavy Mineral	
		(Mt)	In Situ HM (Mt)	THM (%)
Coburn - Amy South	Proved	106	1.16	1.10
Coburn - Amy South	Probable	417	4.66	1.12
	Total[1]	**523**	**5.83**	**1.11**

Notes:
1. Total may deviate from the arithmetic sum due to rounding

Refer to the ASX announcement dated 16 April 2019 for full details of the Ore Reserve and Mineral Resource estimates for the Coburn Project.

MINERAL SANDS COMPETENT PERSON'S STATEMENTS

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

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

interpretation and completed the site inspection. Mr Jones is the Competent Person for the resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

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

Fungoni Ore Reserves
The information in this report that relates to the Fungoni Ore Reserves are based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to this report are identified in Table 5 (ASX 6/10/2017) together with their area of contribution.

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

Coburn Ore Reserves
The information in this report that relates to the Coburn Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to this report are identified in Table 5 (ASX announcement 16/04/2019) together with their area of contribution.

Scoping Study Production Targets (No ore reserves declared)
The information in this report that relates to the Mine Extension Case Scoping Study is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code. Non-mining modifying factors for the production targets are drawn from contributions provided by various sources as stated in the Coburn Ore Reserve announcement dated 16 April 2019.

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FORWARD LOOKING STATEMENTS

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

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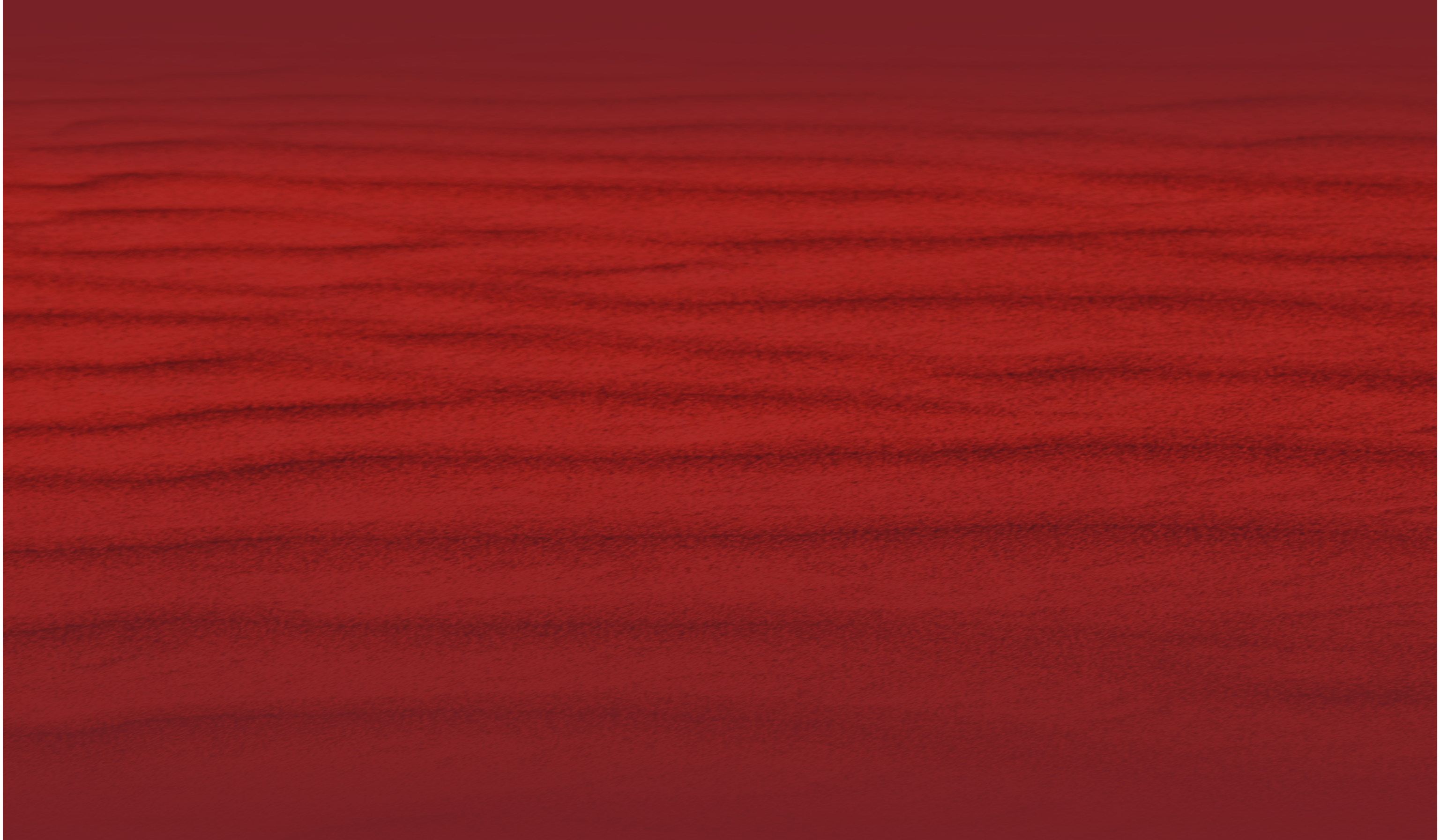

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