

## **Pivotal quarter sets up Strandline to be a global mineral sands producer**

**Fungoni debt funding secured, Coburn DFS completed and Tajiri JORC Mineral Resource increased by 80% to 268Mt**

### **Fungoni Project, Tanzania**

- Fungoni is set for development with Credit-Approved Term Sheet executed by Nedbank CIB to underwrite a US\$26 million Project Finance Facility (the “Facility”)
- Fungoni has a low capital cost of development, US\$35 million (excluding financing costs), meaning the Facility will underwrite the majority of the project’s capital requirement
- With key mining and environment licences in place, 100% production pre-sold via offtake and major construction contracts executed, Strandline is on track to commercialise its first project in Tanzania

### **Tajiri Project, Tanzania**

- Tajiri JORC-compliant Mineral Resource Estimate increases to 268Mt @ 3.3% Total Heavy Minerals (THM), up +80% from the previous 147Mt at 3.1% THM
- Contained Heavy Mineral (HM) content rises to 8.8Mt, up 91% from 4.6Mt, with in-situ rutile (580,000t), zircon (335,000t), ilmenite (5,206,000t) and almandine garnet (1,477,000t)
- Outstanding result confirms Tajiri as a world-scale deposit which will underpin Strandline’s strong production outlook in Tanzania for many years

### **Coburn Project, Western Australia**

- Strategic offtake and financing discussions have commenced following the completion of the Coburn Definitive Feasibility Study (DFS) which delivered a Pre-Tax NPV<sup>8</sup> of A\$551m and IRR of 32%
- 70% increase in Ore Reserves to 523Mt @ 1.11% THM underpins initial 22.5 year life of mine (LOM)
- LOM revenue of A\$3.9b and LOM EBITDA of A\$1.9b, with a revenue-to-operating cost ratio of 2.2
- Key project approvals are in place (environmental, native title, heritage and mining), making Coburn construction-ready pending finalisation of project financing

### **Corporate**

- Capital raising of A\$5.5 million completed through an oversubscribed placement; Cash on hand of A\$6.07m and no debt as at 30 June 2019



## EXPLORATION AND DEVELOPMENT UPDATE

Strandline Resources (ASX: STA) (**Strandline**, or the **Company**) is pleased to report on a highly successful quarter, during which it made strong progress across its three key heavy mineral sands projects in Australia and Tanzania.

The key focus was on advancing the Company’s two zircon-titanium rich, ‘development-ready’ projects: the Fungoni Project in Tanzania and the large Tier 1 Coburn Project in Western Australia. In parallel, Strandline progressed exploration and evaluation activities across a series of high-grade targets spread along 350km of highly prospective Tanzanian coastline, including the large-scale Tanga South Tajiri Project and highly prospective Bagamoyo and Sudi projects.

### 1 Fungoni Project, Tanzania



21.7Mt Resource @ 2.8% THM  
12.3Mt Reserve @ 3.9% THM

*Fungoni debt funding secured with documentation and satisfaction of Conditions Precedent underway*

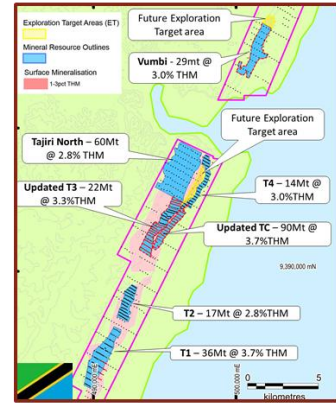
### 2 Coburn Project, Australia



1.6Bt Resource @ 1.2% HM  
523Mt Reserve @ 1.1% HM

*Coburn DFS completed Apr-2019; Advancing financing scenarios to facilitate development*

### 3 Tajiri Project, Tanzania



268Mt Resource @ 3.3% THM  
with exploration upside

*Tajiri project hosts 8.8Mt of contained heavy mineral, underpinning Strandline’s outstanding long-term production outlook*

Figure 1 Strandline’s world-wide mineral sands exploration & development projects

## Fungoni Project

Fungoni is Strandline’s 100%-owned high-margin “starter” project situated 25km from port of Dar es Salaam in Tanzania. The project is based on a capital efficient and proven execution strategy, with a fixed price EPC contract signed with GR Engineering Services that underpins a 12 month build phase to first production.

The DFS defines strong financial metrics including project pre-tax **NPV<sup>10</sup> 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’s Aug-2018 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 share and community engagement programs.

With key development approvals and permits in place, 100 per cent of the product pre-sold via offtake, strong government support, major implementation contracts signed and project financing underway, Strandline is well positioned to commercialise its first project in Tanzania and capitalise on the growing mineral sands market.

During the Quarter the Company achieved another key milestone towards the development of Fungoni, with Nedbank CIB obtaining credit approval to underwrite a five-year, US\$26 million project finance facility for the project. Nedbank’s decision follows detailed due diligence of technical, financial, market, legal, environmental and social fundamentals.

## Quarterly Report for the period ending 30 June 2019

The Facility accounts for the majority of Fungoni’s total estimated capital cost of US\$35 million including taxes, levies and excluding financing costs (refer ASX release dated 01 November 2018 and 03 January 2019).

All parties are now working towards completion of Facility documentation and satisfaction of customary conditions precedent to Financial Close and first draw down. Key terms for the Facility are described in Table 1

<b>Mandated Lead Arranger:</b>	Nedbank Limited - acting through its Nedbank Corporate and Investment Banking division (“Nedbank CIB”).
<b>Facility Amount:</b>	US\$26 million
<b>Tenor:</b>	5 years
<b>Security:</b>	Comprehensive security package over assets and rights of Fungoni project
<b>Conditions Precedent: to Financial Close:</b>	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 project development capital.
<b>Repayment Schedule</b>	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.

**Table 1** Key Terms of Nedbank CIB’s Project Finance Facility

For more information on the Fungoni mineral sands project, refer to the ASX Announcement dated 06 October 2017 (Original DFS) and subsequent update on 01 November 2018 (Updated DFS) for details of the material assumptions underpinning the production target and financial results. The Company confirms that all the material assumptions continue to apply and have not materially changed.

### Tanga South - Tajiri Project

The Tajiri project located in northern Tanzania continues to emerge as a game-changer for Strandline, representing a substantial increase in scale from Fungoni and offering significant growth potential as the project advances behind Fungoni. Tajiri comprises a series of higher-grade mineral sands deposits stretching along 30kms of Tanzanian coastline.

During the Quarter, 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 HM of 8.8Mt (up from 4.6Mt, see ASX announcement dated 09 July 2019). It confirms Tajiri as a world-scale deposit which will underpin Strandline’s strong production outlook in Tanzania for many years.

The resource update also means that Tajiri now has the geological critical mass, robustness and market appeal to advance project feasibility, development approvals/permitting and partnering activities.

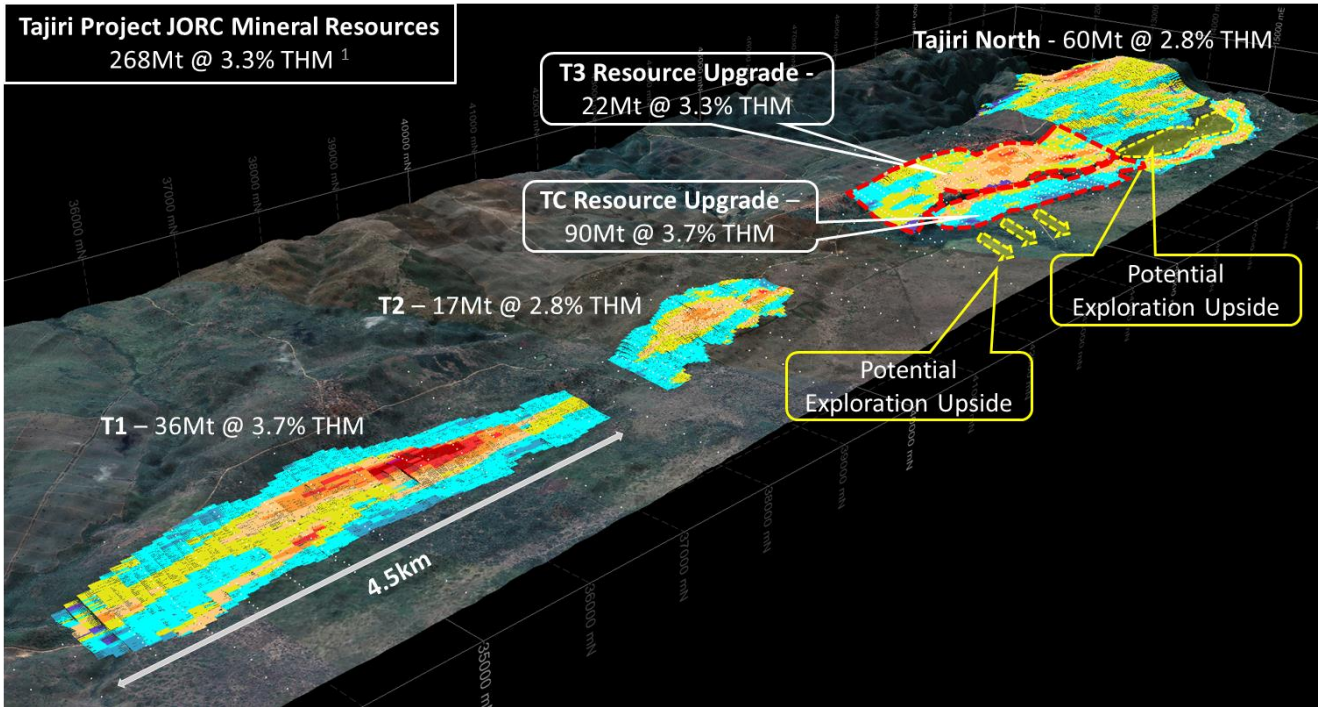
The northern tip of the Tajiri Mineral Resource is situated just 35km south of the established Tanga port facilities - refer Figures 3 and 4. The Tajiri resources have been defined through a series of air core drilling campaigns.

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. Furthermore, several resources remain open along or across strike providing significant opportunities to grow resources further over time.

Tajiri’s scale and economical potential significantly enhances the strategic value of Strandline’s mineral sands portfolio, with Tajiri advancing strongly behind the Company’s construction ready projects – the Fungoni project in Tanzania and Coburn project in Western Australia.

In light of this outstanding result, Strandline has initiated strategic project reviews and partnering discussions in order to advance feasibility evaluation and project permitting activities.





Notes:

<sup>1</sup> The Vumbi deposit of 29 Mt @ 3.0% THM is not shown, but is included in the Tajiri Project Global MRE of 268Mt @ 3.3% THM

Figure 2 Tajiri Project Mineral Resources (excluding Vumbi Deposit) - 3D Image showing target areas for future exploration

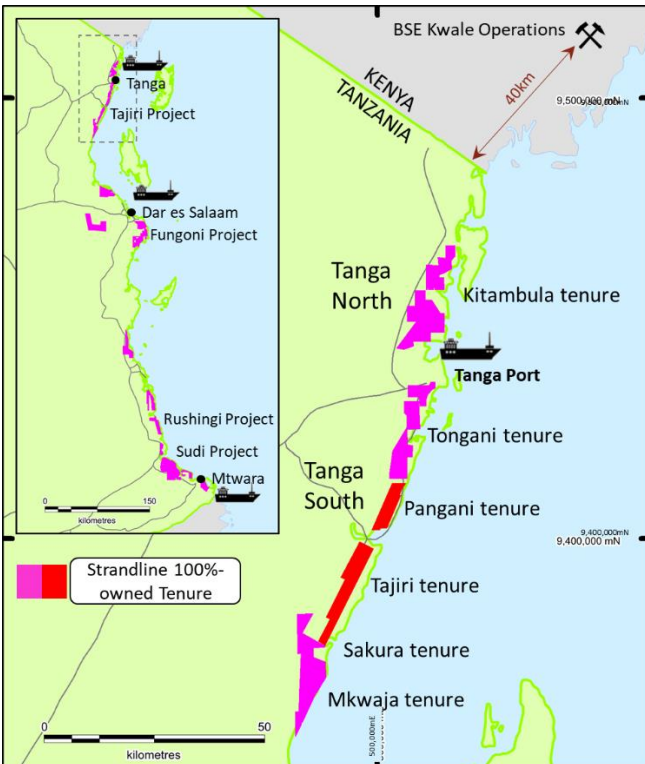


Figure 3 Strandline suite of tenements in Tanzania, with the northern projects, including Tajiri, situated in proximity to Tanga infrastructure (plan view)

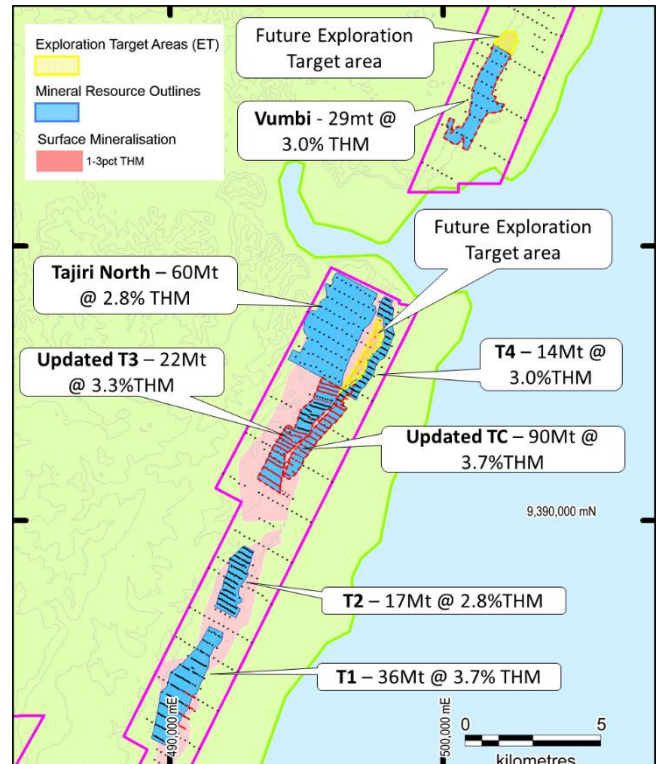


Figure 4 Tajiri Project Mineral Resources, showing a series of high value deposits from surface (plan view)

## Coburn Project – Western Australia

The Company announced the updated Definitive Feasibility Study (DFS)<sup>1</sup> on the Coburn Mineral Sands Project on 16 April 2019. Coburn is in the Tier-1 mining jurisdiction of Western Australia, close to key infrastructure and the dominant mineral sands market of Asia.

The DFS shows Coburn will generate strong financial returns with a **pre-tax NPV<sup>8</sup> of A\$551 million** (USD:AUD 0.72, real, no debt) and an **IRR% of 32.3%**. Forecast project revenue for the initial 22.5 year mine life is A\$3.91 billion based on TZMI’s February-2019 commodity price forecast, with a LOM operating cost (C1) of A\$1.78b and All-in-Sustaining-Cost (AISC) of A\$1.97b. The project has an attractive revenue-to-cost (C1) ratio of 2.2.

The DFS design shows Coburn can deliver both a high-value Heavy Mineral Concentrate product (**HMC Case**) or can be refined further to final products (**Final Products Case**).

Total pre-production capital expenditure is estimated to be \$207m for the HMC Case, with an additional A\$50m required for the Final Products Case which includes MSP infrastructure. The project execution plan identifies a nominal 18-month design and construct duration to achieve first ore delivered to process facilities.

The Coburn DFS represents a significant milestone in Strandline’s strategy to become a low-cost, high-margin mineral sands producer of relevance to key customers around the world. The Coburn project is one of largest and most advanced undeveloped mineral sands projects in the world with an attractive high-value product suite and low-cost operation with the ability to generate strong financial returns.

As part of the DFS, the Company announced a **70 per cent increase in JORC-2012 compliant Ore Reserves** with an updated Reserve estimated of 523Mt grading 1.11% THM (see ASX Announcement 16 April 2019). This is an increase of 215Mt of ore compared with the previous Reserve, which was announced in 2010.

Significant opportunities exist to grow project Reserves and mine life through evaluation of resources extending north and along strike of the current Reserves (titled **Mine Life “Extension Case” Scoping Study<sup>1</sup>**). Scoping Study results confirmed the potential to significantly increase the mine life and project returns in the order of an additional 15 years to total 37.5 years with an overall project EBITDA of A\$3.7b.

The Company is now focusing on advancing project financing and pre-execution activities, including evaluation of project funding, offtake and strategic partner arrangements.

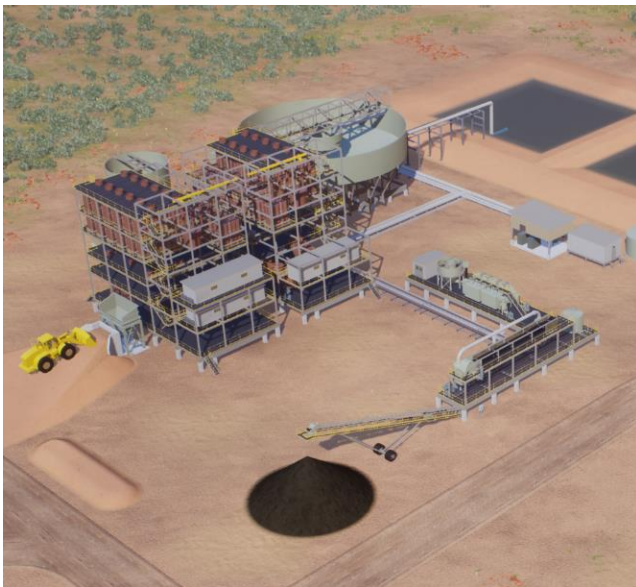


Figure 5 Coburn Preliminary 3-D Model of WCP Infrastructure



Figure 6 Coburn Preliminary 3-D Model of MSP Infrastructure

<sup>1</sup> Refer to ASX Announcement dated 16 April 2019 for details of the material assumptions underpinning the production target and financial results for the Coburn Project DFS, Ore Reserve and Mine Life Extension Case Scoping Study. The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.

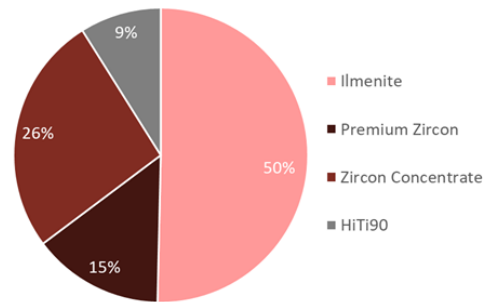


## Quarterly Report for the period ending 30 June 2019

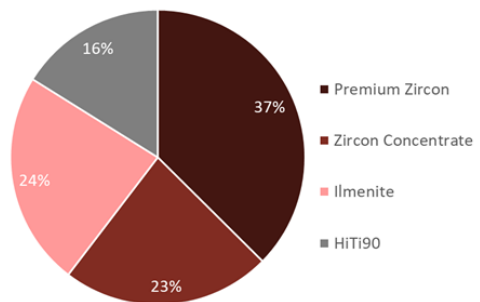
The DFS metrics are summarised below.

	DFS - Final Products Case	DFS – HMC Case
Mine Life	22.5yrs	22.5yrs
Ore Tonnes Mined	523Mt	523Mt
Ore Throughput	23.4Mtpa	23.4Mtpa
Capex	A\$257M	A\$207M
LOM Revenue	A\$3.91B	A\$3.42B
LOM Opex (C1)	A\$1.78B	A\$1.62B
LOM AISC	A\$1.97B	A\$1.79B
Avg. C1 Cost per Product Tonne	A\$346/t	A\$316/t
Avg. AISC per Product Tonne ("A")	A\$397/t	A\$361/t
Avg. Basket Price ("B")	A\$760/t	A\$665/t
Avg. Cash Margin (B-A)	A\$363/t	A\$304/t
LOM EBITDA	A\$1.93B	A\$1.62B
Avg. EBITDA	A\$86M	A\$69M
NPV <sup>8</sup> (pre-tax, real, no debt)	A\$551M	A\$481M
IRR (pre-tax, real, no debt)	32.3%	36.4%

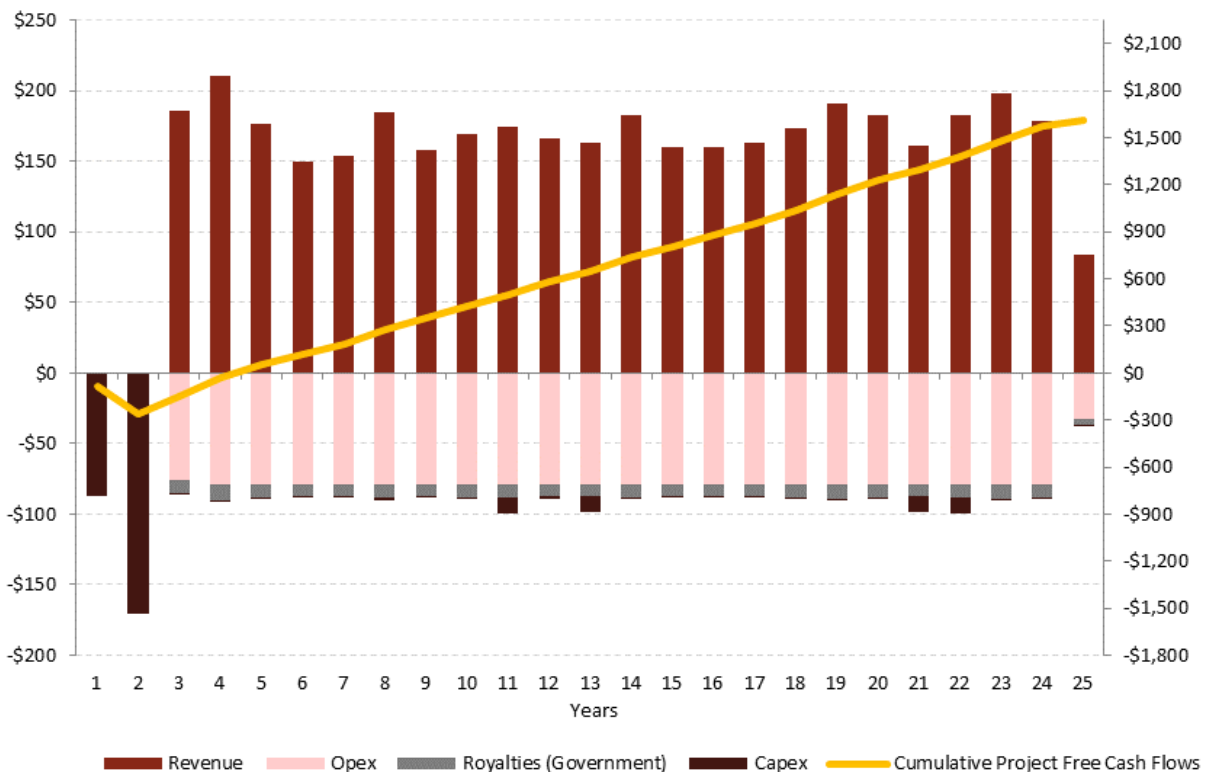
### Production by Product (tonnes)



### Revenue by Product (US\$m)



**Table 2** DFS Key Financial Metrics and Assumptions



**Figure 7** DFS Project Free Cash Flows A\$M, pre-tax, Real, pre-finance, Capex includes upfront and sustaining Capex

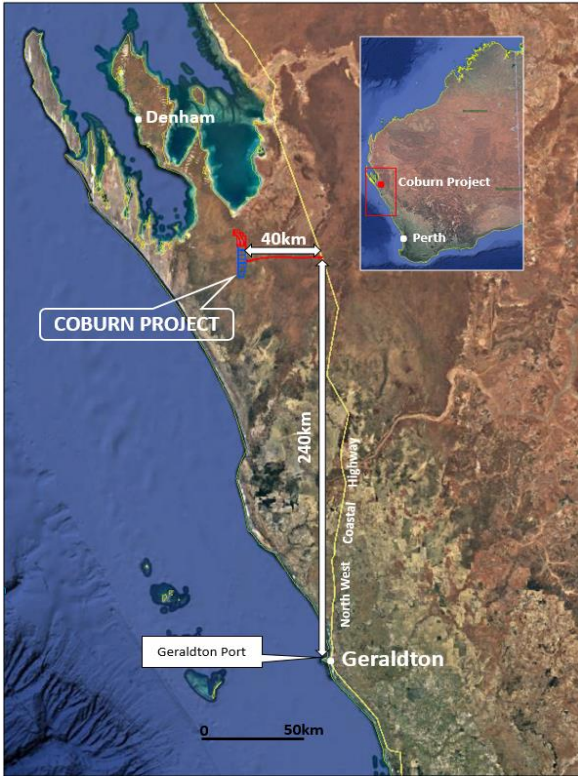


Figure 8 Coburn Project Location Map

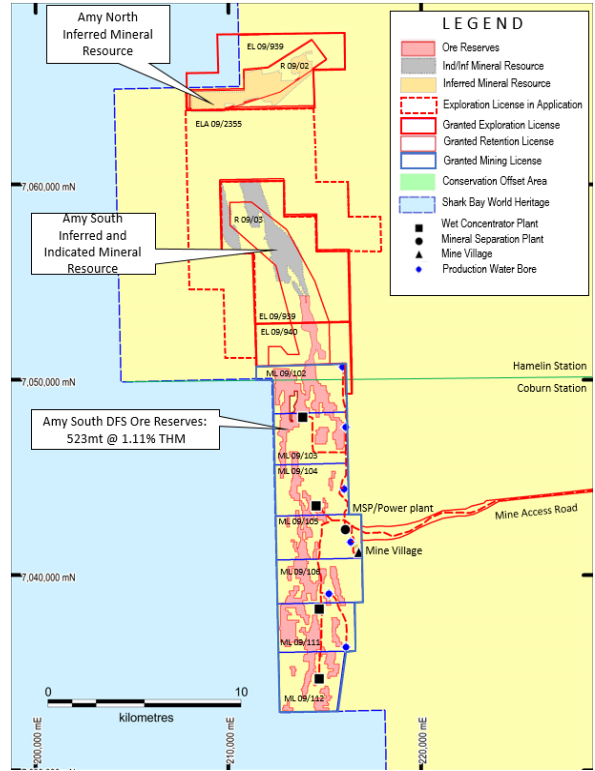


Figure 9 Coburn Tenement and Ore Reserve Outline

### Bagamoyo Project

The Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development in Tanzania. Outstanding assays received from the maiden drilling program during the September-2018 Quarter confirm Bagamoyo as a major mineral sands discovery. The Company has estimated a maiden **Exploration Target at Bagamoyo comprising 78 to 156Mt at 3% to 4.5% THM** (see ASX release dated 17 September 2018). Minor field activity was performed during the quarter and a further drill program 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 – in Joint Venture Project with Rio Tinto

The Sudi Project forms part of the Earn-in and Joint Venture Agreement with Rio Tinto Mining & Exploration Limited (Rio Tinto) across the Company’s suite of HMS tenements located in the southern region of Tanzania. The Joint Venture has enabled Strandline to accelerate exploration

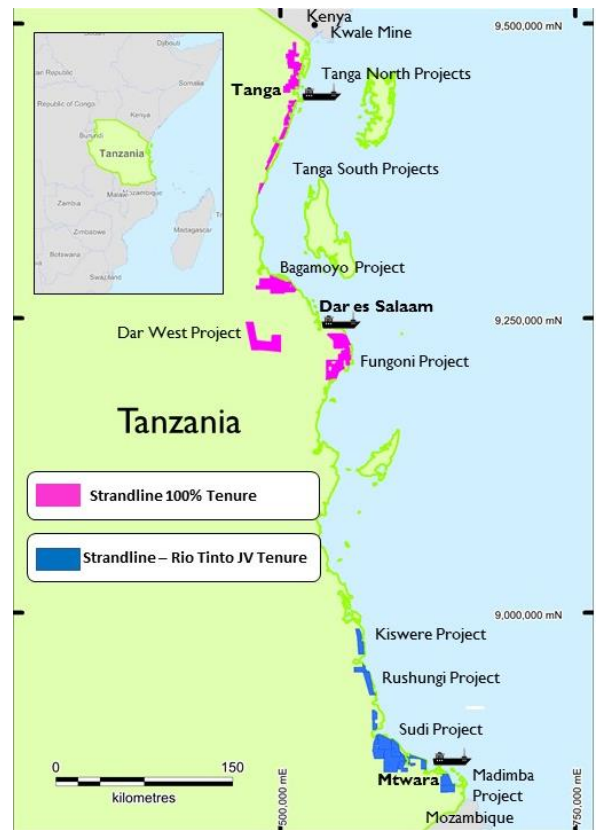


Figure 10 - Strandline holds a strategic tenement package located along 350 km of the Tanzanian coastline

activities on the Project Area, with Rio Tinto contributing expertise and funding.

The Agreement with Rio Tinto is worth up to US\$10.75 million (~A\$14.5 million) consisting of a two-stage earn-in plus cash payments. The Stage 1 earn-in commenced in June 2017 with Rio Tinto having the option to sole fund US\$5 million of exploration within 3.5 years to earn a 51% interest in the joint venture, including a minimum JV commitment of US\$2 million by the 21 August 2019.

Stage 2 involves an option to incur a further US\$4 million expenditure within 2 years to earn an aggregated 75% interest (see ASX announcement 26 June 2017 and 26 April 2017).

During the Quarter, the minimum expenditure commitment of US\$2 million was met resulting in a cash payment to Strandline of US\$250,000. Exploration results from the latest phase of drilling, which was completed in March 2019 quarter, are progressively being received and are under review by the Joint Venture.

### Fowlers Bay Nickel-Gold Project

Exploration activities are being funded by Western Areas Limited (ASX: WSA) (Western Areas), which covers Strandline's 700km<sup>2</sup> Fowlers Bay Project in the Western Gawler region of South Australia.

During the quarter, Western Areas earned a 90% interest in the Stand-line Farm-in and Joint Venture Project after meeting the Stage 2 earn-in and expenditure requirement of \$1,200,000. Exploration activities during the quarter focused on the interpretation of EM datasets and drilling results received in the previous quarter.

## CORPORATE

### Cash

Consolidated cash on hand was A\$6.07 million as at 30 June 2019. During the Quarter, the Company raised A\$5.52 million via a share placement to institutional and sophisticated investors (refer ASX Announcement 3 June 2019).

The proceeds will help fund ongoing exploration and development activities on the Company's pipeline of projects in Tanzania, including finalising project funding for Fungoni plus advance the Coburn mineral sands project in Western Australia through the engagement with strategic partners relating to product offtake, major contract packages and funding options.

### Equity

During the Quarter the Company issued 46,000,000 fully paid ordinary shares at \$0.12 per share and 5,760 fully paid ordinary shares were issued following the conversion of 5,790 unlisted options at \$0.18 each. A total of 35,698,752 unlisted options at \$0.18 each expired unexercised in accordance with their terms and conditions.

Class of securities	Number
Fully paid ordinary shares	366,695,721
Unlisted performance rights expiring 15/08/19	3,975,230
Unlisted performance rights expiring 15/08/20	9,535,105
Unlisted performance rights expiring 15/08/21	3,389,367

**Table 3** Strandline Capital structure

### Research and Development Rebate

During the Quarter, the Company received a research and development rebate of \$0.19 million from the Australian Government in relation to the 2017-18 financial year. The rebate relates to mine infrastructure and advanced processing design for the Fungoni Mineral Sands Project and the Coburn Mineral Sands Project.



### KEY ACTIVITIES PLANNED FOR SEPTEMBER 2019 QUARTER

During the September 2019 Quarter, the Company plans to advance exploration and development activities across its portfolio of mineral sands projects in Australia and Tanzania. Key planned activities include:

- Coburn project: advance project financing and pre-execution activities, including evaluation of project funding, offtake and strategic partner arrangements;
  - Fungoni project: advance Project Finance Facility documentation with Nedbank CIB and activities relating to satisfaction of conditions precedent to Financial Close and commencement of construction;
  - Tajiri project: progress strategic project reviews and partnering discussions in order to advance feasibility evaluation and project permitting activities; and
  - Southern Tanzania projects in JV with Rio Tinto: progress exploration and geological evaluation activities.
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## ABOUT STRANDLINE

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

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

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

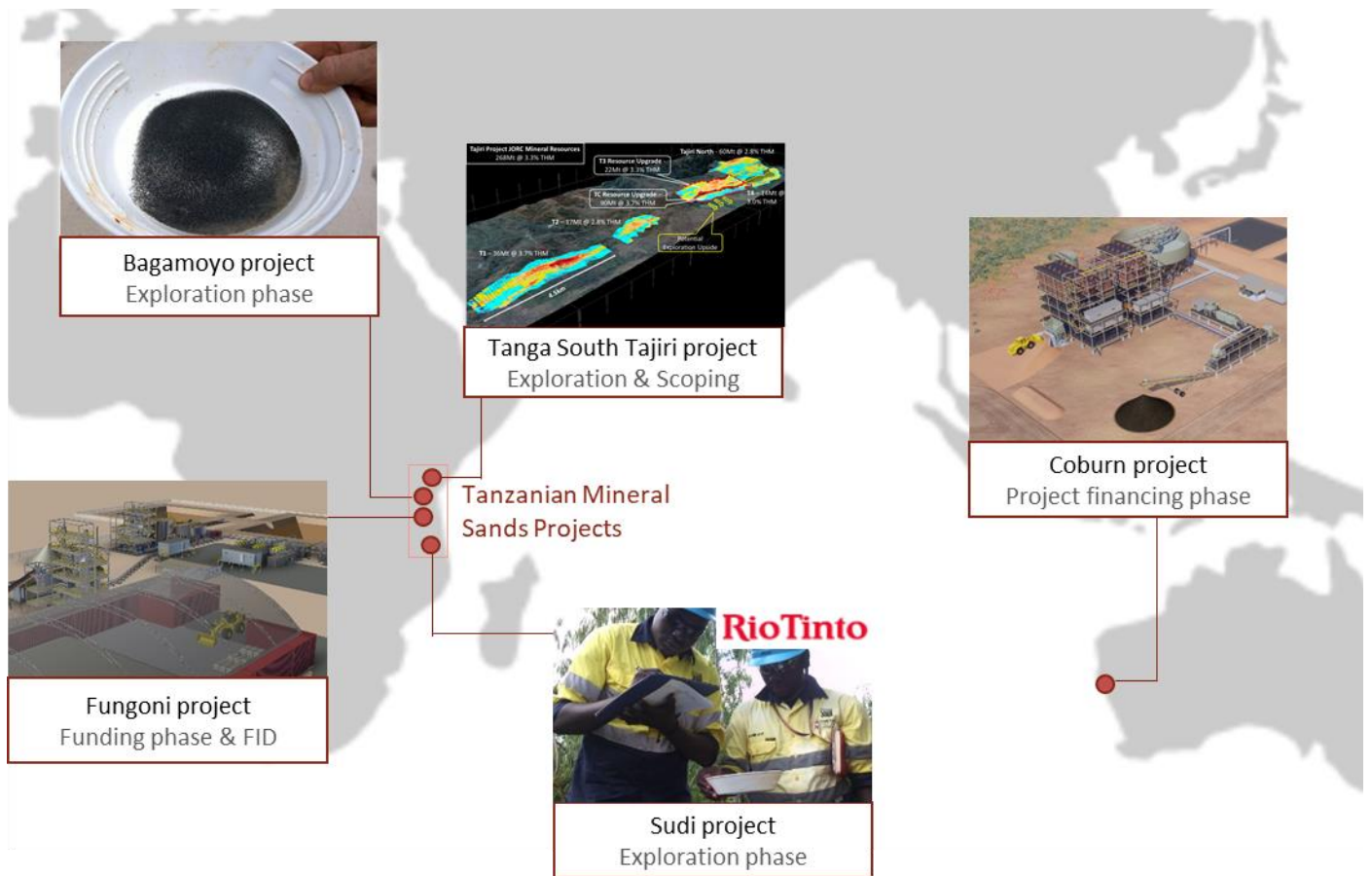


Figure 11 Strandline's world-wide mineral sands exploration & development projects

## ANNEXURE A – MINERAL RESOURCE DATA

**Table 1** Mineral Resource Statement for Fungoni at May 2017

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

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 2** 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 (%)
<b>FUNGONI</b>	Proved	6.9	1.2	18	341	4.9
<b>FUNGONI</b>	Probable	5.4	1.0	19	138	2.6
	<b>Total*</b>	<b>12.3</b>	<b>2.3</b>	<b>19</b>	<b>480</b>	<b>3.9</b>

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

**Table 3** 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	In situ HM	THM	SLIMES	OS	Ilmenite	Zircon	Rutile	Leucoxene	Garnet
			(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
T3	1.7%	Measured	19	0.6	3.4	37	6	64	4	7	0	5
TC	1.7%	Measured	55	1.9	3.5	23	10	42	2	5	0	38
		<b>Total</b>	<b>74</b>	<b>2.5</b>	<b>3.4</b>	<b>27</b>	<b>9</b>	<b>48</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>30</b>
Tajiri T1	1.5%	Indicated	36	1.3	3.7	34	4	71	6	10	0	3
Tajiri North	1.7%	Indicated	60	1.7	2.8	47	4	75	4	6	1	1
T2	1.7%	Indicated	17	0.5	2.8	32	11	58	4	7	0	18
T3	1.7%	Indicated	3	0.1	2.8	39	4	66	5	8	1	4
T4	1.7%	Indicated	14	0.4	3.0	24	6	61	4	8	0	12
TC	1.7%	Indicated	35	1.4	4.1	27	9	46	3	6	0	36
		<b>Total</b>	<b>165</b>	<b>5.4</b>	<b>3.3</b>	<b>36</b>	<b>6</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>13</b>
Vumbi	1.7%	Inferred	29	0.9	3.0	30	12	64	4	7	1	2
		<b>Total</b>	<b>29</b>	<b>0.9</b>	<b>3.0</b>	<b>30</b>	<b>12</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>2</b>
		<b>Grand Total</b>	<b>268</b>	<b>8.8</b>	<b>3.3</b>	<b>33</b>	<b>7</b>	<b>59</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>17</b>

Notes:

- <sup>1</sup> Mineral Resources reported at various THM cut-offs
- <sup>2</sup> Mineral Assemblage is reported as a percentage of in situ THM content
- <sup>3</sup> Appropriate rounding applied

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



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**Table 4** Coburn Project JORC 2012 Global Mineral Resources – Amy South and Amy North

Resource Category	Ore <sup>(1)</sup>			Valuable HM Grade (In-Situ) <sup>(2)</sup>					
	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
<b>Total</b>	<b>1606</b>	<b>19.6</b>	<b>1.2</b>	<b>48</b>	<b>7</b>	<b>22</b>	<b>5</b>	<b>3</b>	<b>2</b>

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 5** 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 (%)
<b>Coburn - Amy South</b>	Proved	106	1.16	1.10
<b>Coburn - Amy South</b>	Probable	417	4.66	1.12
	<b>Total<sup>1</sup></b>	<b>523</b>	<b>5.83</b>	<b>1.11</b>

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.

## **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.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Strandline Resources Limited

### ABN

32 090 603 642

### Quarter ended ("current quarter")

30 June 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,579)	(5,367)
(b) development	-	-
(c) production	-	-
(d) staff costs (net of exploration and evaluation allocations)	(298)	(1,162)
(e) administration and corporate costs	(219)	(1,087)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	63
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	193	193
1.8 Other (Rio Tinto receipts/JV contributions)	548	825
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,337)</b>	<b>(6,535)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(12)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>(12)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	5,521	8,641
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(260)	(346)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>5,261</b>	<b>8,295</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,152	4,291
4.2 Net cash from / (used in) operating activities (item 1.10 above)	(1,337)	(6,535)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2)	(12)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,261	8,295
4.5 Effect of movement in exchange rates on cash held	(9)	26
<b>4.6 Cash and cash equivalents at end of period</b>	<b>6,065</b>	<b>6,065</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	718	299
5.3 Call deposits	5,200	1,400
5.4 Bank overdrafts	-	-
5.5 Other <sup>1</sup> (provide details)	147	453
<b>5.6 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,065</b>	<b>2,152</b>

<sup>1</sup> Cash bank balance from Earn-in and Joint Venture Agreement with Rio Tinto.

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	243
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	32
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Fees paid to MPH Lawyers and Artemis Management Tanzania, being director related entities	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	
9.1	Exploration and evaluation	705
9.2	Development	-
9.3	Production	-
9.4	Staff costs (net of exploration and evaluation allocations)	290
9.5	Administration and corporate costs	212
9.6	Other (Rio Tinto receipts/JV contributions)	(215)
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>992</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL 8008/2012 – Tanzania PL 7753/2012 – Tanzania	Lapsed Lapsed	100% 100%	0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			



### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:  
(Company Secretary)

Date: 29 July 2019

Print name: Flavio Garofalo

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

**Additional Information Required by LR 5.3.3**

**Tenement Schedule**

<b>Tenement Number</b>	<b>Name/Location</b>	<b>Interest</b>
<b>Tanzania</b>		
<b>Mineral Sands Projects</b>		
PL 9427/2013	Kitambula	100%
PL 9976/2014	Tanga	100%
PL 9980/2014	Kiswera South JV*	100%
PL 9969/2014	Sudi JV*	100%*
PL 9970/2014	Madimba JV*	100%*
PL 10425/2014	Tanga North	100%*
PL 10424/2014	Ziwani JV*	100%*
PL 10429/2014	Mkwaja	100%
PL 7321/2011	Tajiri	100%
PL 10265/2014	Bagamoyo	100%
ML 580/2018	Fungoni	100%
PL 7754/2012	Fungoni	100%
PL 9951/2014	Fungoni South	100%
PL 7666/2012	Pangani	100%
PL 7960/2012	Tongoni	100%
PL 8123/2012	Tongoni North	100%
PL 11025/2017 (formerly PL 11277/2016)	Naumbu JV*	100%
PL 11029/2017 (formerly PL 11400/2016)	Buyuni	100%
PL 11030/2017 (formerly PL 11401/2016)	Fungoni West	100%
PL 10978/2016	Fungoni South	100%
PL 11076/2017 (formerly PL 11282/2016 & PL7752/2012)	Bagamoyo	100%
PL 11131/2017 (formerly PL 11402/2016)	Sudi Central JV*	100%
PL 11265/2019 (Formerly PL/12070/2017)	Nachunyu RIO JV*	100%
PL 11269/2019 (Formerly PL/12770/2018)	Lindi North RIO JV*	100%
PL 11270/2019 (Formerly PL/13031/2018)	Kitunda RIO JV*	100%
PL 11267/2019 (Formerly PL/12280/2017)	Rushungi South	100%*
PL 11268/2019 (Formerly PL/12769/2018)	Sudi West RIO JV*	100%*
PL 11266/2019 (Formerly PL/12080/2017)	Sudi East RIO JV*	100%*
PL/12018/2017	Mfunza	100%
PL/12025/2017	Kimbije	100%*
PL/13032/2018	Rushungi Rio JV*	100%*
PL 13172/2018	Mzenga	100%
* Subject to Earn-in and Joint Venture Agreement with Rio Tinto		
<b>Australia</b>		
<b>Coburn Mineral Sands Project</b>		
E09/939	Shark Bay District, Western Australia	100%
L09/21	Shark Bay District, Western Australia	100%
M09/102	Shark Bay District, Western Australia	100%
M09/103	Shark Bay District, Western Australia	100%
M09/104	Shark Bay District, Western Australia	100%
M09/105	Shark Bay District, Western Australia	100%
M09/106	Shark Bay District, Western Australia	100%
M09/111	Shark Bay District, Western Australia	100%
M09/112	Shark Bay District, Western Australia	100%
E09/939	Shark Bay District, Western Australia	100%
L09/21	Shark Bay District, Western Australia	100%
M09/102	Shark Bay District, Western Australia	100%
<b>Fowlers Bay Gold-Base Metal Project**</b>		
EL 5880	Ceduna District, South Australia	100%**
** Western Areas earning 90%		