



**STRANDLINE**  
resources limited

23 June 2016

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ACN 090 603 642

Dear Shareholder

### **Notice to Ineligible Shareholders of Pro-Rata Renounceable Rights Issue**

On 9 June 2016, Strandline Resources Limited (ACN 090 603 642) (**Strandline** or the **Company**) announced that the Company would be conducting a pro-rata renounceable entitlement offer (**Rights Offer**) of up to 857,126,863 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of one New Share for every 2 Shares held at 5.00pm (WST) on 27 June 2016 (**Record Date**) at an issue price of \$0.005 per New Share, together with one New Option for each 2 New Shares subscribed for exercisable at \$0.01 on or before 30 June 2018, and one New Option for each 2 New Shares subscribed for exercisable at \$0.015 on or before 30 June 2019, to raise up to approximately \$4,300,000 (before issue costs) (**Entitlements**).

The Rights Offer is fully underwritten by Euroz Securities Limited (**Euroz**) and fully sub-underwritten by Ndovu Capital VII B.V. The Company will pay an underwriting commission to the Underwriter and the Sub-underwriter.

The Company has sought approval from ASIC to appoint Euroz as nominee for the purposes of section 615 of the Corporations Act 2001 (*Commonwealth*). Euroz will not be paid a fee in respect of its role as nominee.

The Rights Offer is being made pursuant to a prospectus which was lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange (**ASX**) on 22 June 2016 (**Prospectus**). The Prospectus is available on the websites of the Company and the ASX.

In accordance with ASX Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act 2001 (*Commonwealth*), the Company has considered the number of shareholders with registered addresses outside of Australia and New Zealand and the size and value of the shareholdings held by those shareholders. Taking into consideration the costs of complying with the legal requirements and the requirements of the regulatory authorities with respect to offers of securities in foreign jurisdictions, the Company has formed the view that it is unreasonable to extend the Rights Offer to shareholders with registered addresses *outside of Australia, New Zealand, Greece and the Netherlands*. Shareholders with registered addresses outside of those countries are **Ineligible Shareholders** for the purposes of the Rights Offer.

According to our records you are an Ineligible Shareholder and the Company will not be offering Entitlements to you pursuant to the Rights Offer. The Company will therefore not be sending you a copy of the Prospectus. However, because the Rights Issue is renounceable, you may receive value for the Entitlements you would have been offered if you had been eligible to participate in the Rights Offer.

During the period from 24 June 2016 to 1 July 2016, Euroz, in its capacity as nominee, will undertake the sale of Entitlements which would otherwise have been offered to Ineligible Shareholders. Ineligible Shareholders will receive their share of the proceeds of any Entitlements sold by Euroz, calculated at the average price of the Entitlements sold less Euroz's transaction costs associated with those sales.

Any amounts payable to Ineligible Shareholders will be distributed to Ineligible Shareholders as soon as practicable after the sale of the Entitlements. Strandline will pay any net sale proceeds to Ineligible Shareholders by cheque in Australian dollars and drawn on an Australian bank. However, if a surplus of sale proceeds over the expenses of sale cannot be obtained for the Entitlements that would have been offered to the Ineligible Shareholder then no amounts will be distributed to Ineligible Shareholders.

To the extent any Ineligible Shareholders' Entitlements remain unsold on 1 July 2016, being the date trading in Entitlements ends, Ineligible Shareholders will no longer hold any rights to those Entitlements.

You do not have to take any action in relation to the Rights Offer. Should you have any queries please contact the Company Secretary on +61 8 9226 3130.

Yours faithfully,

**STRANDLINE RESOURCES LIMITED**

A handwritten signature in black ink that reads "G.A. James". The signature is written in a cursive, flowing style.

**Geoff James**  
**Company Secretary**