STRANDLINE resources limited

STRANDLINE RESOURCES LTD

ABN 32 090 603 642

2018
Annual Report

For the year ended 30 June 2018

CORPORATE DIRECTORY

Board of Directors

Didier Murcia	Non-Executive Chairman
Luke Edward Graham	Managing Director
Peter Richard Watson	Executive Director
Asimwe Matungwa Herman Kabunga	Non-Executive Director
Ernest Thomas Eadie	Non-Executive Director
John Russell Hodder	Non-Executive Director

Company Secretary

Mr Flavio Lino Garofalo

Registered and Principal Office

35 Richardson Street
West Perth, Western Australia 6005

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

Postal Address

PO Box 1217
West Perth, Western Australia 6872

Website

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

CONTENTS

DIRECTORS' REPORT

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 2018.

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. Where applicable, all current and former directorships in listed public companies over the last three years have been detailed below. Directors were in office for the entire period unless otherwise stated.

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

Mr Murcia was previously Non-Executive Director from 23 October 2014 to 29 February 2016 and is a lawyer with over 30 years' legal and corporate experience in the mining industry. Appointed a Member of the Order of Australia for services to the international community through support for the provision of medical and educational resources in Tanzania. He is currently Honorary Australian Consul for the United Republic of Tanzania, a position that he has held for over 20 years. He is Chairman and founding director of Perth-based legal group MPH Lawyers. Has held directorships in the following ASX listed companies over the past three years:

- Alicanto Minerals Limited (appointed Chairman May 2012)
- Centaurus Metals Limited (appointed April 2009, Chairman since January 2010)
- Cradle Resources Limited (resigned May 2016)
- Gryphon Minerals Limited (delisted from ASX October 2016)

Mr Murcia is also Chairman of the Remuneration Committee.

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

Mr Graham is an Engineer with over 24 years' experience in the resources sector. Former Regional Manager of global minerals engineering and project delivery company Sedgman Pty Limited (a member of the CIMIC Group). Extensive experience in major project development, design, construction and operations within the resources sector (mine and port) including mineral sands projects, and successfully managing multi-functional operations. Has held directorships in the following ASX listed companies over the past three years:

- Primero Group Ltd (appointed 21 May 2018) - Non-Executive Director

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

Mr Watson is a chemical engineer with over 30 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 (appointed 22 November 2017) - Non-Executive Director
- New Century Resources (appointed 19 January 2018) - Non-Executive Director
- Sedgman Limited (resigned 7 October 2016) - Managing Director

Asimwe Matungwa Herman Kabunga, Non-Executive Director
Independent Non-Executive Director, B.Sc, appointed 18 June 2015

Mr Kabunga is a Tanzanian born Australian entrepreneur who holds a Bachelor of Science, Mathematics and Physics and has over 20 years technical and commercial experience in Tanzania, the United States and Australia. Mr. Kabunga has extensive experience in the mining industry, logistics, land access, tenure negotiation and acquisition, as well as a developer of technology businesses. He has been instrumental in establishing the Tanzania Community of Western Australia Inc.,and served as its first President. Mr Kabunga has held directorships in the following ASX listed companies over the past three years:

- Lindian Resources Limited (appointed June 2017)
- Volt Resources Limited (appointed Chairman April 2017)

Ernest Thomas Eadie, Non-Executive Director
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)
- Copper Strike Limited (resigned as Non-Executive Director on 6 September 2016)
- New Century Resources Limited (appointed Non-Executive Director on 13 July 2017)
- Hill End Gold Ltd (appointed Non-Executive Chairman on 3 July 2018)

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

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

Mr Hodder is a geologist, director and fund manager with over 20 years' experience in the Resources Industry. Principal of mining focused Tembo Resource Fund. He has served as a director of a number of junior mining companies and has significant experience of operating and investing in Africa. Previously established the Commonwealth Development Corporation (CDC), a mining, oil and gas investment vehicle in 1995 and was responsible for its activities for eight years. Has held directorships in the following ASX listed companies over the past three years:

- Paladin Energy Ltd (appointed 14 February 2018)
- Nzuri Copper Limited - formerly Regal Resources Limited (resigned as Non-Executive Director on 7 Dec 2016)

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

Richard Hill, Non-Executive Director
Non- Executive Director, B.Juris, LL.B, B.Sc (Hons), FFin, appointed 2 June 2017 and resigned on 1 November 2017.

Mr Hill was previously Managing Director from 23 October 2014 to 31 December 2015 and Executive Director from 1 January 2016 to 1 June 2017. Geologist and solicitor with 20 years' experience in the resources industry. Has performed roles as legal counsel, geologist and commercial manager for several major and mid cap Australian mining companies and as founding director for a series of successful ASX-listed companies. Has practical geological experience as a mine based and exploration geologist in a range of commodities. Has held directorships in the following ASX listed companies over the past three years:

- Centaurus Metals Limited (resigned July 2014)
- Genesis Minerals Limited (appointed Chairman February 2013)

DIRECTORS' REPORT

COMPANY SECRETARY

Flavio Lino Garofalo, Company Secretary

B.Bus, CPA, appointed 5 June 2018

Mr Garofalo is the Company Secretary and Chief Financial Officer for the Company and 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.

Geoff James, Company Secretary

B.Bus, CA, AGIA, appointed 2 December 2014 and resigned on 5 June 2018

Mr James is an experienced finance professional with over 20 years' experience in senior management roles. He was formerly Chief Financial Officer and Company Secretary of iron ore developer Centaurus Metals Limited and prior to this held senior finance roles with the Clough Engineering group.

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:

Directors	Fully Paid Ordinary Shares Number	Share Options Number	Performance Rights Number
D Murcia	-	-	-
L E Graham	4,545,111	-	7,791,667
A M H Kabunga	5,655,238	1,240,160	-
E T Eadie	5,977,711	1,330,151	-
J R Hodder	-	-	-
P R Watson	292,608	-	861,400

PRINCIPAL ACTIVITIES

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

CORPORATE STRUCTURE

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

REVIEW OF OPERATIONS

The Company made strong progress on its Heavy Mineral Sands (HMS) exploration and development strategy during the year across its entire project portfolio in the two largest HMS producing jurisdictions - Africa and Australia.

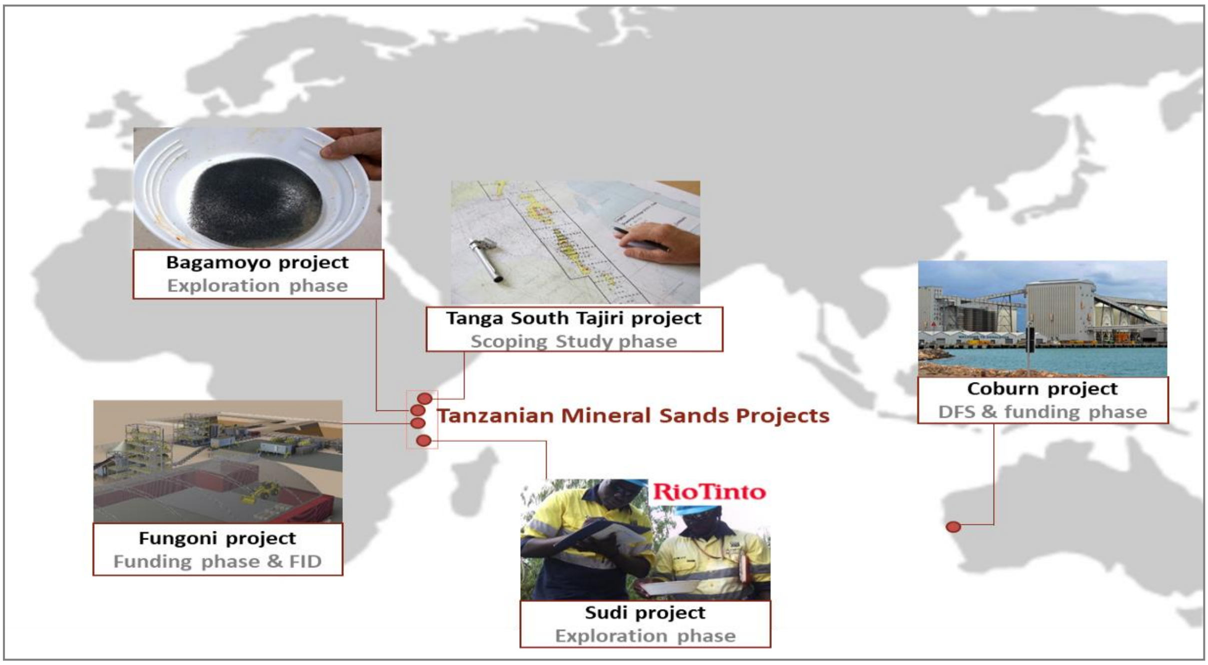
There has been a significant upturn in the mineral sands market along with improving industry dynamics. An emerging structural supply gap in the mineral sands sector means that new capital projects are required to meet forecast demand. Strandline's mineral sand projects are well positioned to meet this demand.

Mineral Sands Project - Tanzania

Fungoni HMS Project

During the financial year, the Company released the findings of the Definitive Feasibility Study (DFS) on the Fungoni Project. The study confirms the Project will deliver strong financial returns, has a high unit value product suite, is capital-efficient, and demonstrates the strategic potential of the Company's portfolio of mineral sands assets in Tanzania. Full details are provided on the ASX release dated 6 October 2017.

Figure 1 Strandline Resources Ltd - Projects



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

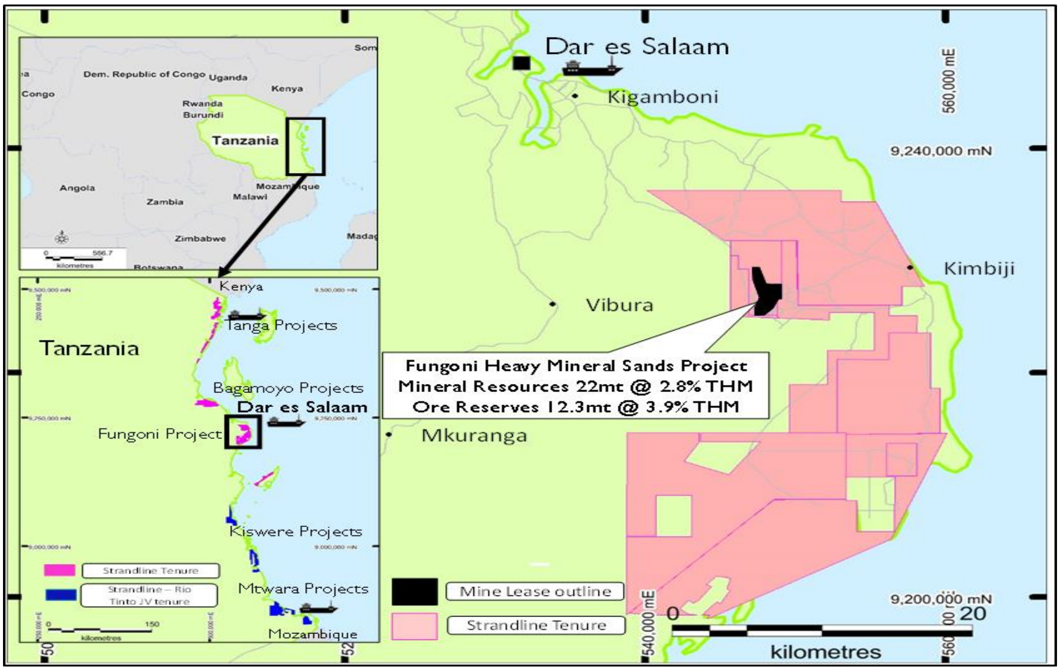
- Low development capital cost of US$30 million, outstanding Internal Rate of Return (IRR) of 56% and revenue-to-operating cost ratio of 2.7 (first quartile)
- Project Pre-Tax NPV of US$42.9 million (A$57.2 million at USD:AUD 0.75, 10% discount rate)
- Maiden ore reserve of 12.3 Mt @ 3.9% Total Heavy Mineral (THM)
- Environmental Certificate granted and Mining Licence Application submitted (subsequently granted on 31 August 2018)
- Fungoni paves the way for multiple project development options across Strandline's strategic portfolio of mineral sands assets.

The Project is based on mining ore at 2Mt/a , processing onsite using multiple stages of beneficiation and mineral separation equipment to produce saleable, low impurity, premium quality industrial mineral products.

A Mineral Resource Estimate of 22Mt @ 2.8% total heavy mineral (THM), classified 41% Measured and 59% Indicated, provides the geological foundation for the Project, with a maiden Ore Reserve inventory of 12.3Mt @ 3.9% THM.

The Project is favourably located ~25km from the Dar es Salaam port in a growing commercial/industrial district and will benefit from the close proximity to existing infrastructure, including an established road network and services industry. Project economics are based on known current ore reserves for an initial 6.2 year LOM.

Figure 2 Fungoni Location Map



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

Table 1 Fungoni DFS Financial Results

FUNGONI PROJECT – DFS SUMMARY			
NPV^{10} (Project Pre-Tax Real)	**US$42.9M**	Annual Mining Production Rate	**2.0 Mt**
IRR	**56.2%**	Life (LOM) of Mine Production	**12.3 Mt**
Payback period of initial capital	**2.72 years**	Mine Life (Initial)	**6.2 years**
Life of Mine (LOM) Revenue	**US$168.1M**	Exchange Rate ($A/$US)	**0.75**
Life of Mine (LOM) EBITDA	**US$97.8M**	Discount Rate	**10%**
Life of Mine (LOM) OPEX – C1 Costs (incl. Transport)	**US$63.1M**	CAPEX (Pre-Production)	**US$30.0M**
Life of Mine (LOM) All-in Sustaining Costs (AISC)	**US$71.2M**	Product Price - Zircon (FOB) Average LOM	**US$1,134/t**
Revenue to C1 Cost Ratio	**2.7**	Product Price – Rutile (FOB) Average LOM	**US$1,072/t**
Annual Average Operating Margin	**US$348/t**	Product Price Ilmentite (FOB) Average LOM	**US$232/t**
Life of Mine (LOM) Free Cash Flow (FCF)	**US$71.5M**	Product Price – Monazite (FOB) Average LOM	**US$1,722/t**

Table 2 Fungoni Project Development Capital a& Operating Expenditure

FUNGONI CAPITAL COSTS	US$	FINGONI OPERATING COSTS	
Site establishment, bulk earthworks & roads	**$0.71M**	Mining (incl. Tailings & MFU)	**$80.10/t**
Process infrastructure	**$14.84M**	Processing (incl. WCP, MSP, Laboratory, Power, etc)	**$65.53/t**
Non-Process infrastructure – Mine	**$4.57M**	Administration	**$28.03/t**
Non-Process Infrastructure – Port	**$0.47M**	Transportation (to ship)	**$34.99/t**
Pre-production Mine Development	**$0.42M**	C1 Cost	**$208.65/t**
Owners Costs (incl. land access, insurance, project team expenses)	**$4.03M**	Royalty	**$23.92/t**
Working Capital, Spares & First Fills	**$2.19M**	Sustaining Capital	**$3.14/t**
Contingency (10%)	**$2.72M**	All in Sustaining Cost	**$235.71/t**
Total Project Development Capital	**US$29.95M**	Product Basket Price (saleable	**$556.28/t**
		Operating C1 Cost Margin	**$347.63/t**
		All-in Sustaining Cost Martin	**$320.58/t**

During the financial year, the Company announced it had secured two binding off-take agreements for the Fungoni Project with total binding sales contracts covering 90% of forecast revenue (refer ASX release dated 22 January 2018 and 2 May 2018). The following agreements were executed during the financial year:

- Binding Off-take Agreement for 100% of the zircon-monazite product which will be produced at its Fungoni Project (see ASX release dated 22 January 2018). The Agreement is with China's highly-respected, industry-leading zircon sand and rare earth consumer, Hainan Wensheng High-Tech Materials Company Limited (Wensheng).
- Binding Off-take Agreement for 100% of the ilmenite product which will be produced at its Fungoni project (see ASX release dated 2 May 2018). The Agreement was executed with China's Maoming Ubridge Group Mineral Industry Company.

Tanga South Tajiri Project

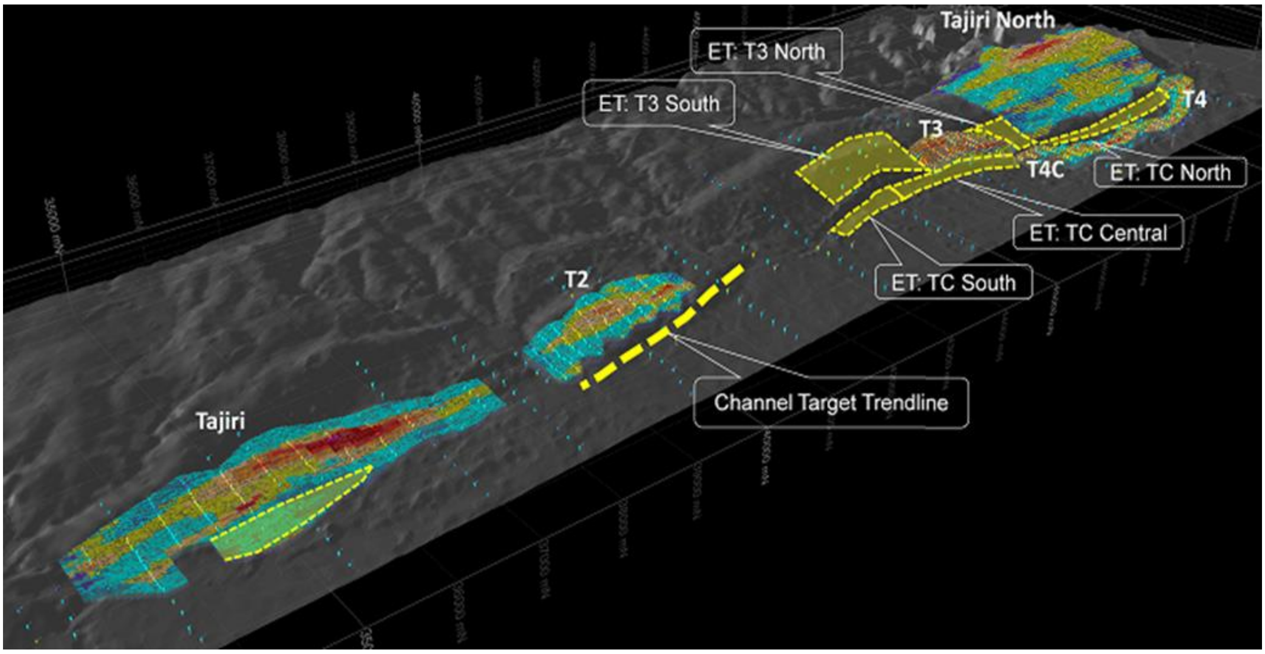
During the financial year, the Company announced an updated Mineral Resource estimate for the Tanga South Tajiri mineral sands project in Northern Tanzania, more than doubling the contained Heavy Mineral content to 4.6 million tonnes (see ASX release dated 26 June 2018). Air-core infill and extension drilling across the priority Tajiri T1-T4 targets resulted in Tajiri's Indicated Mineral Resource inventory increasing to 147Mt at 3.1% THM, up from 59Mt at 3.7% THM.

The outstanding result means Tajiri is now a large-scale project and well on track to become Strandline's second Tanzanian mineral sands project behind Fungoni. The Tajiri resource shows a rutile-enriched, ilmenite-dominant mineral assemblage with zones of elevated zircon-rich mineralisation within some of the mineralogical domains.

The mineralisation also shows strong geological and grade continuity along and across strike which bodes well for future mine planning. Importantly, multiple mineral resources remain open and recent drilling also discovered new, high grade target areas along the Tajiri corridor that should continue to expand mineral resources over time.

In light of the positive result, Strandline commenced a Scoping Study on the Tajiri Project and highlight the strong potential to extend the existing Tajiri T4C Channel Mineral Resource at Tajiri to the north and south along the 7.5km strike length.

Figure 3 Tajiri Mineral Resources - 3D Image (showing Exploration Target (ET) areas for future exploration and potential to convert mineral resources)



With the completion of the AC drilling program along the channel, the Company has been able to update an Exploration Target estimate for the remainder of the undrilled portion of the 7.5km long mineralised channel and other areas within the tenement areas. The Exploration Target (see ASX release dated 26 June 2018) is an estimate of potential heavy mineral sands tonnage where there has been insufficient exploration for Mineral Resource Estimation.

The Company has now defined an **Exploration Target** of **73 to 133Mt at 2.8% to 4.4%** THM. This is in addition to the current Indicated Resources of 147Mt @ 3.1% HM already delineated.

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.

The Exploration Target has been determined based on the Company's:

1. Extensive AC drill database for width, depth and grade ranges at a number of localities along and adjacent to the channel target;
2. Topographic features using a detailed digital terrain model generated from the detailed (100m flight line and 30m sensor height) aeromagnetic survey; and
3. Geological model with the recent drilling showing grade and geological continuity

The following assumptions have been used to estimate the Exploration Target:

1. Bulk density value of 1.7g/cm³ has been used for the Exploration Target;
2. The width of mineralisation is based on detailed drilling across the T4C resource area and is considered conservative with exploration drilling indicating the mineralisation is potentially open to the east towards the T4 mineral resource;
3. Grade ranges used for the Exploration Target are based on the actual resource grades estimated for the Indicated Resources currently defined at Tajiri that range from 2.8% THM (Tajiri North and T2) to 4.4% THM (T3). The existing resource grade for the T4C mineral resource hosted in channel material is 3.4% THM. The resource grade ranges have been estimated for the mineralisation of the Tajiri region and are considered appropriate to use for this Exploration Target; and

4. Thickness ranges used for the Exploration Target are based on downhole thickness that are thought to represent true thickness of the mineral envelopes showing reasonable geological and grade continuity.

Bagamoyo Project

During the financial year, the Company completed its maiden auger drilling program at the Bagamoyo mineral sands project in Tanzania. Assay results showed that mineralisation continues below the extensive soil anomaly outlined by the Company in 2017 (see ASX announcement dated 12 March 2018).

The 100%-owned Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development in Tanzania. The Bagomoyo project adds to Company's mineral sands portfolio of growth projects and represents a significant new mineral sands province in Tanzania.

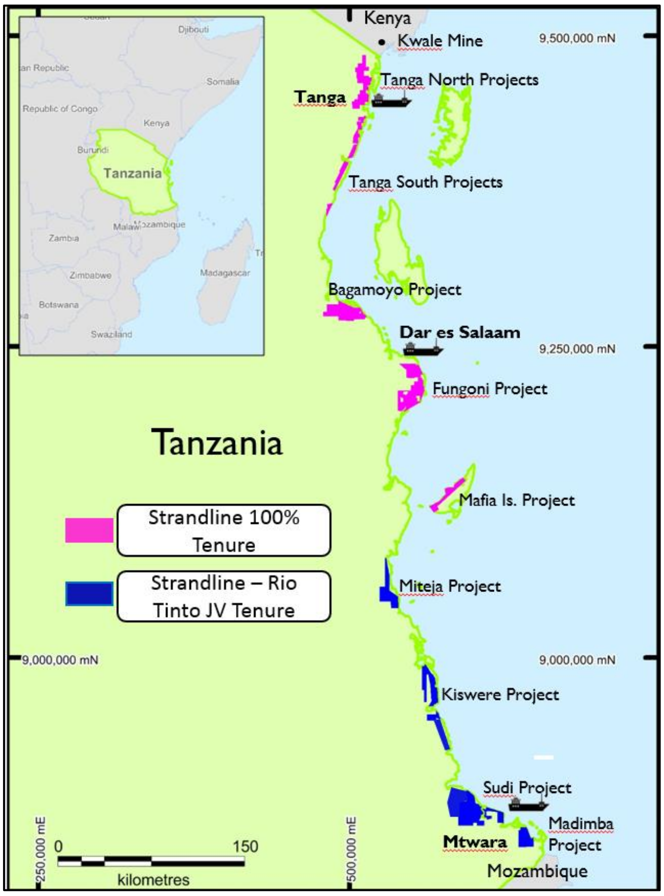
The wide-spaced auger drilling was completed over the BG-2, BG-3, BG-4 and BG-5 soil, radiometric and topographic anomalies and was designed to rapidly evaluate the potential thickness of mineralisation across the previously discovered higher grade zones at Bagamoyo (refer announcement 4 October 2017). The auger drilling confirmed the presence of higher grade mineralisation at surface while also identifying down-hole THM grade at depth, emphasising the overall grade and scale potential of the Bagamoyo project.

Previously released mineralogy testwork using SEM/EDX shows the BG-2 to BG-5 anomalies contain a high unit value mineral sands assemblage, comprising an average of 9.1% zircon, 4.2% rutile, 0.8% leucoxene and 60.4% ilmenite.

Following the completion of the drilling program during the year, the Company has been able to estimate a maiden Exploration Target for the anomalies at Bagamoyo. The Exploration Target is an estimate of potential heavy mineral sands tonnage where there has been insufficient exploration for Mineral Resource Estimation.

The Company has estimated an **Exploration Target comprising 78 to 156Mt at 3% to 4.5% THM.** A further drill program is required to test the veracity of the Exploration Target.

Figure 3 Strandline tenement package



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.

The Exploration Target has been determined based on the following:

1. AC and auger drill database for width, depth and grade ranges at a number of localities along and adjacent to the main anomalies;
2. Topographic features using a detailed digital terrain model generated from the detailed (100m flight line and 30m sensor height) aeromagnetic survey; and
3. Geological model with the recent drilling showing grade and geological continuity

The following assumptions have been used to estimate the Exploration Target:

1. Bulk density value of 1.8g/cm³ has been used for the Exploration Target;
2. The width of mineralisation is based on drilling across the BG-2 and BG-4 anomalies and is

considered conservative with exploration drilling indicating the mineralisation has not been closed off;

3. Grade ranges used for the Exploration Target are based on the averaged grades achieved using a lower and upper cut-off grade across the datasets, which is considered appropriate at this level of exploration; and
4. Thickness ranges used for the Exploration Target are based on downhole thickness that are thought to represent true thickness of the various grade mineral envelopes showing reasonable geological and grade continuity.

Sudi Project

In the previous financial year, the Company entered into and uincorporated joint venture agreement with Rio Tinto Mining and Exploration Limited (Rio) covering a suite of exploration tenements owned by the Group, located in the Southern region of Tanzania.

The Agreement with Rio 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 has now commenced 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. Stage 2 involves a further US$4 million expenditure within 2 years to earn an aggregated 75% interest. Until such time that the Stage 1 funding requirement is satisfied, Strandline remains the 100% owner and operator of the tenements. Rio must incur a minimum of US$2 million in funding within 18 months of the commencement of the Agreement.

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

Reconnaissance air core drilling progressed during the year across a number of priority target areas at Sudi, Kiswere, Miteja and Madimba tenements. During the year the Company announced that it had discovered promising mineral sands intersections at its Sudi Project, which forms part of the JV. Assays from the first phase of air core drilling at Sudi outlined mineral sands anomalies with indications of high-value assemblage along 8km of strike, averaging 16.2% combined zircon and rutile (11.5% and 4.7% respectively) and 64.4% ilmenite (Refer ASX announcement 14 March 2018).

Mineral Sands Projects – Australia

Coburn Project

Coburn is located approximately 45km west of the North West Coastal Highway in Western Australia, linking the port of Geraldton some 250km to the south with coastal towns in the Gascoyne, Pilbara and Kimberley region. The project has key project approvals already in place, including mining and environmental licenses, and is well positioned to capitalise on the growing strength of the mineral sands market.

During the financial year, the Company commenced a revised DFS on the Coburn HMS Project after receiving positive results from its internal project reviews and market engagement activities, which were undertaken in response to the significant upturn in the mineral sands market and improving industry dynamics.

In June 2018, the Company announced the appointment of leading specialist consultants and contractors to undertake key technical work as part of the DFS and include:

- GR Engineering Services - Process and non-process infrastructure design, DFS compilation, and development of overall definitive-level capital and operating cost estimates
- AMC Consultants - Mine study and pit optimisation development
- IHC Robbins - Geology and Mineral Resource review
- TZMI's Allied Mineral Laboratories - Bulk metallurgical test work and marketing analysis
- AECOM Australia – environmental monitoring, project permitting and stakeholder engagement
- Qube Bulk - mine-to-ship logistics study for bulk mineral sands exports

Coburn has a large JORC Mineral Resource of 979Mt at 1.26% HM and Ore Reserve of 308Mt at 1.2% HM, a projected +19 year mine life and high-value product suite of zircon and high titanium minerals.

An air core drilling campaign was completed during the quarter to produce bulk samples which can be used to confirm process optimisation parameters and test modern processing technology which is expected to improve plant performance and product marketability (and ultimately, offtake negotiations).

Figure 4 Coburn Project – Location Map

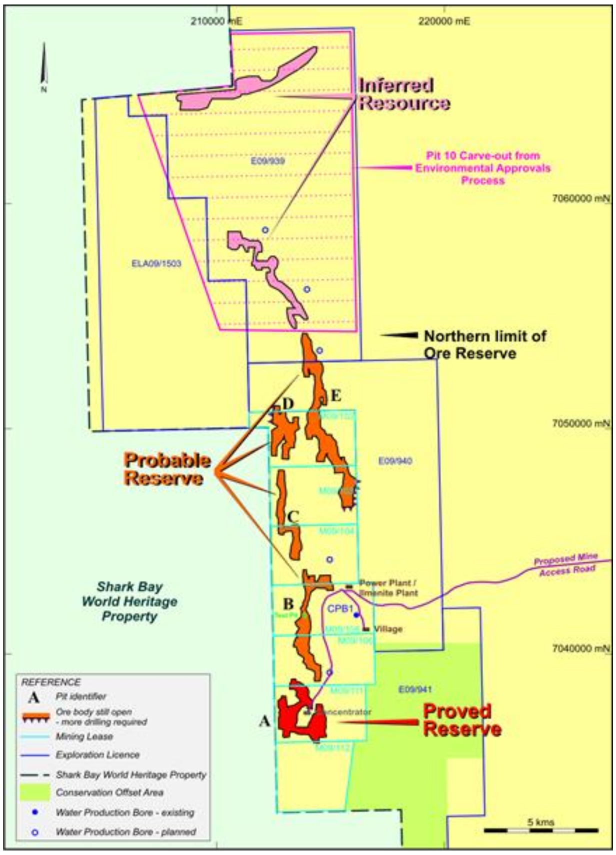


Figure 5 Coburn Project – Image of Amy Pit Ore Reserves A-E

The most recent cost review of the project was completed in 2015 with a pre-tax NPV_8 of A$306 million and an IRR of 26% generating A$2.9 billion of sales revenue over a projected 19-year life, mining at a rate of 23.4Mtpa (see ASX announcement dated 9 February 2015).

Fowlers Bay Nickel-Gold Project

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX: WSA), continued over Strandline's 700km^2 Fowlers Bay Project in the Western Gawler region of South Australia.

During the financial year a drilling program was completed as part of a stratigraphic drilling programme within the Yalata Aboriginal Reserve. Assays received highlighted anomalous geochemical zones, including anomalous copper values, demonstrating the broader prospectivity of the Western Gawler Project. Following the receipt of environmental and landholder approvals, a further air core drilling program to test a number of interpreted geophysical targets and prospective geological trends was completed. Assay results received to date have identified regionally anomalous geochemical zones (including gold) which will be evaluated within the broader context of the Western Gawler Project.

Future work programs include the completion of a heliborne EM survey over the northern extents of lease as part of a broader regional survey.

Financial

Financial Results

The Group incurred a loss after tax for the financial year of $4.71 million (2017: $5.11 million) which includes exploration 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 earned on investing surplus funds from capital raising and research and development rebates received from the Australian government.

Funds received from the Revenue for the year included interest received of $0.06 million and a research and development rebate of $0.27 million received from the Australian Government for mine infrastructure and advanced processing design for the Fungoni Mineral Sands Project.

Exploration and evaluation expenditure for the year was $3.20 million (2017: $4.52 million) which included the completion of the Fungoni Definitive Feasibility Study.

Financial Position

The Group's net asset position as at 30 June 2018 was $10.82 million and consolidated cash on hand as at 30 June 2018 was $4.29 million (2017: $3.27 million).

Following approval received at the Annual General Meeting on 28 November 2017, the Company completed a consolidation of its share capital structure (12:1) and a total of 3,239,113,341 shares were consolidated into 269,926,769 shares.

Total contributed equity as at 30 June 2018 was 289,315,617 and summarised in the table below:

Share Capital	Date	Number of Shares
Opening Balance	1 July 2017	3,012,697,074
Share issue @ 0.8 cents	10 July 2017	209,916,267
Share issue @ 0.5 cents	25 August 2018	16,500,000
Share consolidation	6 December 2017	(2,969,186,572)
Option conversions	27 March 2018	19,388,848
TOTAL	**30 June 2018**	**289,315,617**

The Company has the following unlisted options and performance rights on issue as at 30 June 2018 as follows.

Options	**Number**	**Exercise Price**
Unlisted options expiring 12/10/18	11,363,922	$0.18
Unlisted options expiring 30/06/19	35,705,668	$0.18

Performance Rights	**Number**
Unlisted performance rights expiring 15/08/18	2,291,667
Unlisted performance rights expiring 15/08/19	3,975,230
Unlisted performance rights expiring 15/08/20	8,305,938

STRANDLINE resources limited

Executive Changes

Mr Peter Watson was appointed as Strategy and Development Manager on 13 December 2017 and then Executive Director on 10 September 2018. Mr Flavio Garofalo appointed as Chief Financial Officer and Company Secretary on 5 June 2018 and Mr Richard Hill resigned as Non-Executive Director on 31 October 2017.

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 or data 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 (2017: 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	10	10	-	-	2	2
Luke Graham	10	10	-	-	-	-
Richard Hill [1]	5	5	-	-	-	-
Asimwe Kabunga	10	10	-	-	-	-
Tom Eadie	10	10	2	2	-	-
John Hodder	10	10	2	2	2	2

[1] Resigned 1 November 2017.

OPTIONS

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

Expiry date of options	Exercise price of option	Vested options	Unvested options	Total number of shares under option
12 October 2018	18 cents	11,363,922	-	11,363,922
30 June 2019	18 cents	35,705,668	-	35,705,668
		47,069,590	-	47,069,590

Date	Details	Number of Options	Total Options
1/07/2017	Opening Balance		1,003,425,364
3/11/2017	Expiry of unlisted options @ $0.03	(10,000,000)	993,425,364
4/12/2017	Consolidation of Capital 12:1	(910,639,247)	82,786,117
26/03/2018	Exercise of options - expiring 30/6/18 @ $0.12	(19,383,947)	63,402,170
26/03/2018	Exercise of options - expiring 30/6/19 @ $0.18	(4,901)	63,397,269
29/06/2018	Expiry of options - expiring 30/6/18 @ $0.12	(16,327,679)	47,069,590

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 2019	nil	-	3,975,230	3,975,230
15 August 2020	nil	-	9,535,105	9,535,105
		-	13,510,335	13,510,335

Date	Details	Number of Rights	Total
1/07/2017	Opening Balance		55,000,000
4/12/2017	Adjustment for 12:1 Consolidation of Capital	(50,416,666)	4,583,334
15/12/2017	Performance Rights issued	5,500,000	10,083,334
20/02/2017	Performance Rights issued	4,489,501	14,572,835
15/08/2018	Performance Rights Issued	1,229,167	15,802,002
15/08/2018	Performance Rights - expiring 15/8/18 vested	(2,291,667)	13,510,335

No performance rights holder has any 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 5,500,000 were issued to Mr Luke Graham in accordance with shareholder approval received at the 2017 Annual General Meeting of the Company.

The 2,291,667 Performance Rights vested to Mr Luke Graham in accordance with the vesting criteria contained in the terms and conditions pursuant to shareholder approval at the 2016 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 2018, 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)

Remuneration Report

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 2018. 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) – Appointed 10 September 2018
- Ernest Thomas Eadie (Non-Executive Director)
- Richard Hill (Non-Executive Director) – Resigned 1 November 2017
- Asimwe Matungwa Herman Kabunga (Non-Executive Director)
- John Russell Hodder (Non-Executive Director)
- Flavio Garofalo (CFO & Company Secretary)
- Tony Brazier (CFO) – Resigned 2 July 2018

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 $87,600 inclusive of superannuation and Non-Executive Directors normally receive an annual salary of $38,325 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. However, no share options have been issued to date.

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 24 November 2016 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 nil (2017: nil) options were granted and 9,989,501 (2017: 4,583,333) 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 table below sets out summary information about the Company's earnings and movement in share price for the five years to 30 June 2018:

Details	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014
Revenue	**491,760**	700,125	4,777	21,479	20,299
Loss before tax	**(4,713,703)**	(5,105,882)	(3,256,600)	(21,941,682)	(1,025,058)
Loss after tax	**(4,713,703)**	(5,105,882)	(3,256,600)	(21,941,682)	(1,025,058)
Share price at start of year	**0.5 cents**	0.5 cents	0.8 cents	1.2 cents	2.0 cents
Share price at end of year*	**12 cents**	0.6 cents	0.5 cents	0.8 cents	1.2 cents
Basic and diluted loss per share	**(1.73) cents**	(0.20) cents	(0.28) cents	(4.24) cents	(0.39) cents

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

d) Remuneration of key management personnel – 2018

Name	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment Options and Performance Rights	Total
	Salary & fees $	Bonus $	Other $	Super-annuation $	$	$	$
Directors							
D Murcia	70,086	-	-	-	-	-	70,086
L Graham	305,000	82,500	82,500 (4)	25,000	-	250,185(5)	745,185
T Eadie	35,000	-	-	3,325	-	-	38,325
R Hill (1)	12,775	-	-	-	-	-	12,775
A Kabunga	38,325	-	-	-	-	-	38,325
J Hodder	38,325	-	-	-	-	-	38,325
	499,511	**82,500**	**-**	**28,325**	**-**	**250,185**	**943,021**
Executive							
F Garofalo (2)	31,379	-	-	2,981	-	-	34,360
T Brazier (3)	185,128	-	-	17,587	-	-	202,715
	216,507	**-**	**-**	**20,568**	**-**	**-**	**237,075**

(1) Resigned 1 November 2017.

(2) Appointed 5 June 2018.

(3) Appointed 11 July 2017, resigned 2 July 2018.

(4) During the period, 1,375,000 Fully Paid Ordinary Shares (post 12:1 consolidation of share capital) were issued to the Mr L Graham for his participation in the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. Shares were issued lieu of an equivalent cash payment.

(5) For performance rights with market conditions, the fair value of services received is measured using a binomial pricing model

Remuneration of key management personnel – 2017

Name	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits	Share-based payment Options and Performance Rights	Total
	Salary & fees $	Bonus $	Other $	Super-annuation $	$	$	$
Directors							
D Murcia	54,750	-	-	-	-	-	54,750
L Graham [(1)]	236,073	-	-	22,427	-	107,323	365,823
T Eadie [(2)]	46,634	-	-	20,398	-	-	67,032
R Hill [(3)]	163,166	-	-	-	-	5,162	168,328
A Kabunga	38,325	-	-	-	-	-	38,325
J Hodder	38,325	-	-	-	-	-	38,325
	577,273	**-**	**-**	**42,825**	**-**	**112,485**	**732,583**

[(1)] CEO/Managing Director from 19 September 2016.

[(2)] Managing Director from 1 July 2016 to 18 September 2016. Non-Executive Director from 19 Sept. 2016 to 30 June 2017.

[(3)] Executive Director from 1 July 2016 to 1 June 2017. Non-Executive Director from 2 June 2017 to 30 June 2017.

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		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
Directors						
D Murcia	100%	100%	-	-	-	-
L Graham	44%	71%	22%	-	34%	29%
T Eadie	100%	100%	-	-	-	-
R Hill [(1)]	-	97%	-	-	-	3%
A Kabunga	100%	100%	-	-	-	-
J Hodder	100%	100%	-	-	-	-
Executive						
F Garofalo [(2)]	100%	-	-	-	-	-
T Brazier [(3)]	100%	-	-	-	-	-

[(1)] Resigned 1 November 2017.

[(2)] Appointed 5 June 2018.

[(3)] Appointed 11 July 2017, resigned 2 July 2018.

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

Bonuses

During the period, 1,375,000 Fully Paid Ordinary Shares (post 12:1 consolidation of share capital) were issued to the Mr L Graham for his participation in the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. Shares were issued lieu of an equivalent cash payment.

Incentive share-based payment arrangements

During the year no share options were granted to key management personnel (2017: nil) and no share options were exercised during the year (2017: nil).

During the year 5,500,000 performance rights were granted to key management personnel (2017: 4,583,333, post 12:1 share consolidation).

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

The key terms and conditions of Mr. Graham's performance rights granted during the year are as follows:

Tranche	Service Period Start Date	Expiry Date	Number of Rights Granted During 2018	Number of Rights Vested During 2018	Number of Rights Expired During 2018	Number of Rights Remaining at 30 June 2018	% Vested During 2018	% Expired During 2018	Fair Value $
L Graham									
Tranche 3	19/09/2016	15/08/2020	5,500,000	-	-	5,500,000	-	-	0.097

Details of the performance conditions for Mr. Graham 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 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).

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.

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.
2018[2]					
Directors					
D Murcia	-	-	-	-	-
L Graham	296,459	1,375,000	-	-	1,671,459
T Eadie	5,123,751	853,960		-	5,977,711
R Hill[1]	1,393,671	-	-	(1,393,671)	-
A Kabunga	5,655,238	-	-	-	5,655,238
J Hodder	-	-	-	-	-
Executive					
F Garofalo [3]	-	-	-	-	-
T Brazier [4]	-	-	-	-	-

[1] Resigned 1 November 2017
[2] Opening Balance has been adjusted for the 12:1 share consolidation
[3] Appointed 5 June 2018.
[4] Appointed 11 July 2017, resigned 2 July 2018.

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.
2018[2]							
Directors							
D Murcia	-	-	-	-	-	-	-
L Graham	-	-	-	-	-	-	-
T Eadie	2,184,111	-	(853,960)	-	1,330,151	1,330,151	-
R Hill [1]	587,573	-	-	(587,573)	-	-	-
A Kabunga	2,182,700	-	(942,540)	-	1,240,160	1,240,160	-
J Hodder	-	-	-	-	-	-	-
Executive							
F Garofalo [3]	-	-	-	-	-	-	-
T Brazier [4]	-	-	-	-	-	-	-

[1] Resigned 1 November 2017
[2] Opening Balance has been adjusted for the 12:1 share consolidation
[3] Appointed 5 June 2018.
[4] Appointed 11 July 2017, resigned 2 July 2018.

Performance rights

Name	Balance at 1 July No.	Granted as compensation No.	Vested No.	Forfeited No.	Expired No.	Balance at 30 June No.
2018[2]						
Directors						
D. Murcia	-	-	-	-	-	-
L Graham	4,583,334	5,500,000	-	-	-	10,083,334
T. Eadie	-	-	-	-	-	-
R. Hill [1]	-	-	-	-	-	-
A. Kabunga	-	-	-	-	-	-
J. Hodder	-	-	-	-	-	-
Executive						
F Garofalo [3]	-	-	-	-	-	-
T Brazier [4]	-	-	-	-	-	-

[1] Resigned 1 November 2017
[2] Opening Balance has been adjusted for the 12:1 share consolidation
[3] Appointed 5 June 2018.
[4] Appointed 11 July 2017, resigned 2 July 2018.

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 Graham (Managing Director and Chief Executive Officer):

- Term of agreement – permanent basis commencing 19 September 2016.
- Fixed Annual Remuneration of $330,000 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. Flavio 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 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 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 (2017: nil). Mr. Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $97,677 were paid to Murcia Pestell Hillard for work completed on various legal matters (2017: $157,418). 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 $37,520 were paid to Artemis Management Tanzania for corporate and administration services (2017: $64,517). 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 (2017: 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 2017 financial year (2017: 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 $10,404 (2017: nil).

SUBSEQUENT EVENTS
On 6 July 2018, 16,327,609 unlisted options at an exercise price of 12 cents each expired. On 31 August 2018, the Mining Licence for the Fungoni Project was granted by the Tanzanian Government. On 10 September 2018, Mr Peter Richard Watson was appointed as an Executive Director for the Company. On 18 September 2018, the Company appointed Azure Capital to assist with project finance and debt advisory.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial 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

26 September 2018
Perth, Western Australia

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF STRANDLINE RESOURCES LIMITED

As lead auditor of Strandline Resources Limited for the year ended 30 June 2018, 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 year.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

STRANDLINE resources limited

	Notes	2018 $	2017 $
Revenue from continuing operations	5	**64,750**	50,099
Other income	6	**159,338**	650,532
Research and development grant	6	**267,672**	-
Employee benefits expense	8	**(969,598)**	(692,388)
Depreciation expense	8	**(11,825)**	(28,829)
Share based payment expense	8	**(443,404)**	(72,273)
Exploration and evaluation expenditure		**(3,200,310)**	(4,524,499)
Other expenses		**(580,326)**	(488,524)
Loss before income tax		**(4,713,703)**	(5,105,882)
Income tax benefit	7	**-**	-
Loss after income tax for the year		**(4,713,703)**	(5,105,882)
Other comprehensive income			
Items that may be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		**450,282**	(147,574)
Other comprehensive income for the year, net of income tax		**450,282**	(147,574)
Total comprehensive loss for the year		**(4,263,421)**	(5,253,456)
Loss attributable to:			
Owners of Strandline Resources Limited		**(4,263,384)**	(5,253,456)
		Cents per share	**Cents per share**
Loss per share			
Basic and diluted loss per share (cents per share)	9	(1.73)	(1.99)

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 2018

STRANDLINE resources limited

	Notes	2018 $	2017 $
Current assets			
Cash and cash equivalents	21	**4,290,985**	3,274,836
Other receivable	10	**155,557**	755,879
Total current assets		**4,466,542**	4,030,715
Non-current assets			
Prepayments	11	**37,202**	5,662
Property, plant and equipment	12	**24,185**	24,011
Exploration and evaluation expenditure	13	**7,239,023**	7,078,032
Financial assets	14	**210,000**	210,000
Total non-current assets		**7,510,410**	7,317,705
Total assets		**11,956,952**	11,348,420
Current liabilities			
Trade and other payables	15	**1,034,997**	600,382
Provisions	16	**102,194**	94,533
Total current liabilities		**1,137,191**	694,915
Total liabilities		**1,137,191**	694,915
Net assets		**10,819,761**	10,653,505
Equity			
Contributed equity	17	**66,448,477**	62,379,704
Reserves	18	**2,791,664**	1,980,478
Accumulated losses		**(58,420,380)**	(53,706,677)
Total equity		**10,819,761**	10,653,505

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 2018

	Issued Capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2016	54,981,301	1,751,464	304,315	(48,600,795)	8,436,285
Comprehensive income for the year					
Loss for the year	-	-	-	(5,105,882)	(5,105,882)
Foreign currency translation difference for foreign operation	-	-	(147,574)	-	(147,574)
Total comprehensive loss for the year	-	-	(147,574)	(5,105,882)	(5,253,456)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	7,816,371	-	-	-	7,816,371
Share issue costs	(417,968)	-	-	-	(417,968)
Recognition of share-based payments (refer to Note 23)	-	121,843	-	-	121,843
Performance rights vested into shares	-	(49,570)	-	-	(49,570)
Balance at 30 June 2017	62,379,704	1,823,737	156,741	(53,706,677)	10,653,505
Balance at 1 July 2017	62,379,704	1,823,737	156,741	(53,706,677)	**10,653,505**
Comprehensive income for the year					
Loss for the year	-	-	-	(4,713,703)	**(4,713,703)**
Foreign currency translation difference for foreign operation	-	-	450,282	-	**450,282**
Total comprehensive loss for the year	-	-	450,282	(4,713,703)	**(4,263,421)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares	4,006,420	-	-	-	**4,006,420**
Share issue costs	(20,145)	-	-	-	**(20,145)**
Recognition of share-based payments (refer to Note 23)	82,500	360,904	-	-	**443,404**
Performance rights vested into shares	-	-	-	-	**-**
Balance at 30 June 2018	66,448,477	2,184,641	607,023	(58,420,380)	**10,819,761**

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 2018

	Notes	2018 $	2017 $
Cash flows from operating activities			
Payments for exploration and evaluation		**(2,669,884)**	(4,183,348)
Joint Venture contributions less payments for exploration		**638,572**	-
Payments to suppliers and employees		**(1,410,430)**	(1,456,572)
R&D received		**267,672**	-
Interest received		**61,655**	47,196
Other income		**159,338**	-
Net cash (used in) operating activities	21	**(2,953,077)**	(5,592,724)
Cash flows from investing activities			
Payments for property, plant and equipment		**(11,409)**	(9,662)
Proceeds from sale of fixed assets		**-**	1,916
Net cash (used in) investing activities		**(11,409)**	(7,746)
Cash flows from financing activities			
Proceeds from issues of shares		**4,006,420**	7,816,371
Payment for share issue costs		**(25,986)**	(561,036)
Net cash inflow provided by financing activities		**3,980,434**	7,255,335
Net increase in cash and cash equivalents		**1,015,948**	1,654,862
Cash and cash equivalents at the beginning of the year		**3,274,836**	1,621,442
Effects of foreign exchange movement on opening cash balance		**202**	(1,471)
Cash and cash equivalents at the end of the year	21	**4,290,986**	3,274,836

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 in issue not yet adopted

At the date of authorisation of the financial statements, the AASB Standards and Interpretations listed below were in issue but not yet effective and are most relevant to the Group:

Standard Interpretation	Nature of Change	Application date for the Company	Impact on the Company financial statements
AASB 9 Financial Instruments	AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB9, including the embedded derivative separation rules and the criteria for using the FVO.	1 January 2018	This standard is not expected to have a material impact on the Group's financial statements and disclosures

Standard Interpretation	Nature of Change	Application date for the Company	Impact on the Company financial statements
	The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.		
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	1 January 2018	This standard is not expected to have a material impact on the Group's financial statements and disclosures.
AASB 16 Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	1 January 2019	The Group is still assessing the potential impact of the adoption of this standard.

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 2016. 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 measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

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) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

d) 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.

e) 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.

f) 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.

g) 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, and reduced by any research and development tax offset receivable related to this expenditure. 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.

h) 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.

i) 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.

j) 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.

k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

r) 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 good will 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.

s) 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.

Critical judgements in applying accounting policies
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 as incurred provided that certain conditions are satisfied. The Group capitalises 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.

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:

4. Segment information (Cont'd)

Geographical Segment Information	2018 Revenue $	2018 Non-Current Assets $	2017 Revenue $	2017 Non-Current Assets $
Australia	**159,338**	**261,293**	650,026	219,499
Tanzania	**-**	**7,249,117**	-	7,098,206
	159,338	**7,510,410**	650,026	7,317,705

5. Revenue from continuing operations

	2018 $	2017 $
Interest revenue	**64,750**	50,099

6. Other income

	2018 $	2017 $
Research & Development tax credit	**267,672**	-
Earn-in revenue (a)	**-**	650,026
JV Management Fees	**159,338**	
Profit on sale of fixed assets	**-**	506
	427,010	650,532

(a) Earn-in revenue recognised during the previous year relates to the initial amount owing to the Company with respect to the Joint Venture Agreement with Rio Tinto Mining and Exploration Limited.

7. Income taxes

	2018 $	2017 $
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	**(4,713,703)**	(5,105,882)
Income tax expense calculated at 30%	**(1,414,111)**	(1,531,765)
Effect of expenses that are not deductible in determining taxable loss	**53,297**	(56,022)
Effect of unused tax losses not recognised as deferred tax assets	**1,533,335**	1,699,824
Effect of deductible capitalised expenditure	**(172,521)**	(112,037)
Income tax benefit recognised in the statement of profit or loss and other comprehensive income	**-**	-

7. Income taxes (Cont'd)

The tax rate used for the 2018 and 2017 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)

Tax losses (revenue)	**12,707,176**	12,197,265
Capital raising costs recognised directly in equity	**217,917**	291,598
Temporary differences	**260,037**	212,418
Net unrecognised deferred tax asset	**13,185,130**	12,701,280

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:

	2018 $	**2017 $**
Employee benefit expense		
Directors' fees	**185,303**	317,121
Wages and salaries	**539,135**	239,781
Superannuation expenses	**57,965**	30,672
Increase in provision for annual leave	**126,998**	63,285
Increase in provision for long service leave	**1,726**	1,529
Staff recruitment	**58,470**	40,000
Total employee benefit expense	**969,597**	692,388
Depreciation expense	**11,825**	28,829
Occupancy expenses	**68,945**	61,311
Share-based payments	**443,404**	72,273

9. Loss per share

	2018 Cents per share	**2017 Cents per share**
Basic and diluted loss per share	**(1.73)**	(1.99)

9. Loss per share (Cont'd)

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:

	2018 $	**2017 $**
Loss for the year	**(4,713,703)**	(5,105,882)

	2018 No.	**2017 No.**
Weighted average number of ordinary shares for the purposes of the basic loss per share	**272,844,242**	256,098,777

10. Other receivable	**2018 $**	**2017 $**
Goods and services tax recoverable	**149,559**	102,950
Accrued interest	**5,998**	2,903
Other income	**-**	650,026
	155,557	**755,879**

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	**2018 $**	**2017 $**
Insurance & tenement rent	**37,202**	5,662

12. Property, Plant & Equipment

Plant & Equipment		
Gross Carrying value at cost	**274,491**	256,902
Accumulated deprecation	**(250,305)**	(232,891)
Net book amount	**24,185**	24,011

Plant & Equipment		
Opening net book amount - 1 July		
Additions		
Disposals	**24,011**	45,575
Depreciation charge	**11,407**	9,662
Foreign exchange movement	**-**	(1,917)
	(11,825)	(28,321)
	592	(988)
Closing net book value – 30 June	**24,185**	**24,011**

13. Exploration and evaluation expenditure	2018 $	2017 $
Carried forward exploration and evaluation expenditure	**7,078,032**	7,220,183
Foreign exchange movement	**160,991**	(142,151)
	7,239,023	7,078,032

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	2018 $	2017 $
Available-for-sale financial assets	**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	2018 $	2017 $
Trade payables	**146,464**	458,906
Accrued director fees	**13,054**	12,150
Other creditors and accruals	**236,907**	129,326
Unearned joint venture revenue	**638,572**	-
	1,034,997	600,382

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	2018 $	2017 $
Provision for annual leave	**93,641**	87,706
Provision for long service leave	**8,553**	6,827
	102,194	94,533

	2018 $	2017 $
17. Issued capital		
289,315,617 fully paid ordinary shares (2017: 3,021,697,074 shares)	**66,448,478**	62,379,704

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

Fully paid ordinary shares	**2018**		**2017**	
	No.	**$**	**No.**	**$**
Balance at beginning of year	**3,012,697,074**	**62,379,704**	1,714,253,726	54,981,301
Share issue at 0.8 cents per share on 10 July 2017 pursuant to a Share Placement	**209,916,267**	**1,679,328**	-	-
Share issue at 0.5 cent per share in lieu of payment for a bonus to Luke Graham upon achievement of performance hurdles (i)	**16,500,000**	**82,500**	-	-
Share consolidation pursuant to shareholder approval at the 2017 Annual General Meeting	**(2,969,186,572)**	**-**	-	-
Share issue at 12 cents per share on 26 March 2018 upon exercise of options	**2,858,521**	**343,023**	-	-
Share issue at 18 cents per share on 26 March 2018 upon exercise of options	**4,800**	**864**	-	-
Share issue at 12 cents per share on 16 April 2018 upon exercise of options	**14,020,362**	**1,682,443**	-	-
Share issue at 18 cents per share on 16 April 2018 upon exercise of options	**75**	**14**	-	-
Share issue at 12 cents per share on 12 June 2018 upon exercise of options	**442,324**	**53,079**	-	-
Share issue at 18 cents per share on 12 June 2018 upon exercise of options	**26**	**5**	-	-
Share issue at 12 cents per share on 29 June 2018 upon exercise of options	**2,060,509**	**247,261**	-	-
Share issue at 18 cents per share on 29 June 2018 upon exercise of options	**2,231**	**401**	-	-
Share issue at 0.5 cents per share on 15 July 2016 pursuant to renounceable Rights Issue	**-**	**-**	857,125,894	4,285,629
Share issue at 1.0 cent per share on 27 September 2016 upon exercise of options	**-**	**-**	13,302	133
Share issue at 1.5 cents per share on 27 September 2016 upon exercise of options	**-**	**-**	13,302	200
Share issue at 1.0 cent per share on 21 December 2016 upon exercise of options	**-**	**-**	40,850	409
Share issue at 0.8 cents per share on 24 May 2017 pursuant to a Share Placement	**-**	**-**	441,250,000	3,530,000
Share issue costs	**-**	**(20,145)**	-	(417,968)
Balance at end of year	**289,315,617**	**66,448,477**	3,012,697,074	62,379,704

(i) 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.

17. Issued capital (Cont'd)

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 2018, the Company has 47,069,590 share options on issue (2017: 1,003,425,364) exercisable on a 1:1 basis for 47,069,590 shares (2017: 1,003,425,364) at various exercise prices.

During the year Nil options were granted (2017: 857,125,894), 19,388,848 options were converted into shares (2017: 67,454) and 16,627,679 options expired (2017: Nil). During the year, options reduced by 910,639,247 following a share consolidation of 12:1. Further details regarding the options are contained in note 23 to the financial statements.

As at 30 June 2018, the Company has 14,572,835 performance rights on issue (2017: 55,000,000) exercisable on a 1:1 basis for 11,572,835 shares (2017: 55,000,000). During the year 9,989,501 performance rights were granted (2017: 55,000,000), no performance rights were converted into shares (2017: Nil) and nil performance rights expired (2017: 4,782,000). The Company has made an assessment that it is probable the performance conditions will be met for the performance rights on issue. During the year, performance rights reduced by 50,416,666 following a share consolidation of 12:1. Further details regarding the performance rights are contained in note 23 to the financial statements.

	2018 $	2017 $
18. Reserves		
Share-based payments reserve	**2,184,641**	1,823,737
Foreign currency translation reserve	**607,023**	156,741
	2,791,664	1,980,478
Share-based payments reserve		
Balance at beginning of year	**1,823,737**	1,751,464
Recognition of share-based payments (i)	**360,904**	72,273
Balance at end of year	**2,184,642**	1,823,737

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 23 to the financial statements.

(i) Total expenses arising from share-based payment transactions recognised during the year ended 30 June 2018 as part of employee benefit expense was $443,404 (2017: $72,273), of which $82,500 (1,375,000 Fully Paid Ordinary Shares (post 12:1 consolidation of share capital)) were issued to the Mr L Graham for his participation in the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. Shares were issued lieu of an equivalent cash payment. The amount recognised in the current period includes an adjustment for reversal of previously recognised expenses due to performance rights that did not ultimately vest of nil (2017: $49,570).

18. Reserves (Cont'd)

	2018 $	2017 $
Foreign currency translation reserve		
Balance at beginning of year	**156,741**	304,315
Change in accounting policy	**-**	-
Foreign currency translation difference for foreign operations	**450,282**	(147,574)
Balance at end of year	**607,023**	156,741

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

19. Commitments for expenditure

	2018 $	2017 $
Leasing commitments		
Leasing arrangements for office space and office equipment		
Not longer than 1 year	2,184	2,184
Longer than 1 year and not longer than 5 years	819	3,003
	3,003	5,187

20. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2018 (2017: $nil).

21. 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:

	2018 $	2017 $
Cash at bank	**352,413**	524,836
Cash in joint venture [1] – restricted cash	**638,572**	-
Cash on deposit	**3,300,000**	2,750,000
Cash and bank balances	**4,290,985**	3,274,836

[1] *Earn In and Unincorporated Joint Venture Agreement*

The Group is party to an earn in and unincorporated joint venture agreement ('Agreement') with Rio Tinto Mining and Exploration Limited ('Rio Tinto') covering a suite of exploration tenements owned by the Group, located in the Southern region of Tanzania, East Africa ('Tenements') which commenced on 21 June 2017. Rio Tinto can earn an interest of 51% in the Tenements by funding USD 5 million (Stage 1) in exploration expenditure and can extend that interest to 75% by funding a further USD 4 million (Stage 2). Until such time that the Stage 1 funding requirement is satisfied, Strandline remains the 100% owner and operator of the tenements.

21. Cash and cash equivalents (Cont'd)

Rio Tinto must incur a minimum of USD 2 million in funding within 18 months of the commencement of the Agreement ('Minimum Commitment').

The Group recognises any joint venture cash balance at each reporting date (up to the Minimum Commitment) in its consolidated financial statements as restricted cash, with the corresponding credit recognised in the Statement of Financial Position as funds to be spent in line with the Agreement. To date no exploration expenditure in relation to this Agreement has been recognised as these are offset against the contributions by Rio Tinto under the Agreement.

As at 30 June 2018 contributions totaled AUD 2,464,874 and payments for exploration of the tenements totaled AUD 1,826,302, leaving a restricted cash total of AUD 638,572.

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

Loss for the year	**(4,713,703)**	(5,105,882)
Non-cash items		
Depreciation	**11,825**	28,829
Share-based payments	**443,404**	72,273
Gain on sale of fixed assets	**-**	(506)
Movements in working capital		
Increase in trade and other receivables	**600,322**	(703,119)
Increase in prepayments	**(31,540)**	(5,662)
Increase in trade and other payables	**440,456**	91,265
Increase in provisions	**7,661**	33,043
Movements in Foreign currency translation reserve excluding Capitalised E&E and Property, plant and equipment	**288,498**	(2,965)
Net cash outflow used in operating activities	**(2,953,077)**	(5,592,724)

Non-cash financing activities

There were no non-cash financing activities during the year (2017: Nil).

22. Financial instruments

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The Board's policy is to maintain a strong capital base so as 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.

Categories of financial instruments

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**4,290,985**	3,274,836
Other investments	**210,000**	210,000
	4,500,985	3,484,836
Financial liabilities		
Trade and other payables	**1,034,997**	600,382

22. Financial instruments (Cont'd)

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 Group's exposure to interest rate risk is shown in the table below:

	$	**Weighted average interest rate**
2018		
Financial assets		
Cash and cash equivalents	**4,290,986**	**1.20%**
	4,290,986	
2017		
Financial assets		
Cash and cash equivalents	3,274,836	0.92%
	3,274,836	

Interest rate sensitivity analysis

A change of 100 basis points in interest rates (all other variables remaining constant) would have changed the Group's loss after tax for the year by $41,749 (2017: $54,601). Where interest rates decrease, there would be an equal and opposite impact on the loss after tax for the year.

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 2018 and 30 June 2017 approximates their carrying amounts.

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:

22. Financial instruments (cont'd)

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:

	2018 $	2017 $
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:

	2018 $	2017 $
Financial assets		
Cash and cash equivalents	**4,290,985**	3,274,836
	4,290,985	3,274,836

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.

22. 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 $
2018						
Financial liabilities						
Trade and other payables	**1,034,997**	**(396,425)**	**(638,572)**	**-**	**-**	**(1,034,997)**
2017						
Financial liabilities						
Trade and other payables	600,382	(471,056)	(129,326)	-	-	(600,382)

23. 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.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Options

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Issued 3 November 2014 (i)	10,000,000	3 Nov 2014	3 Nov 2017	0.03	0.0068

(i) In accordance with the terms of the share-based arrangement, the options were vested on 3 November 2014

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.

23. Share-based payments (Cont'd)

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 5,500,000 performance rights were granted during the year to Mr. Luke Graham, a director of the Company. The details are as follows:

Number granted during 2018	Number granted during 2017	Total number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
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
-	2,291,667	2,291,667	21/12/2016	15/08/2018	0.06	Tranche 1
-	2,291,667	2,291,667	21/12/2016	15/08/2019	0.072	Tranche 2
9,989,501	**4,583,334**	**14,572,835**				

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

23. Share-based payments (Cont'd)

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

	2018 No.	2017 No.
Balance at beginning of the year	**4,583,333**	398,500
Granted during the year	**9,989,502**	4,583,333
Exercised during the year	**-**	-
Expired during the year		(398,500)
Balance at end of the year	**14,572,835**	**4,583,333**

Recognition of share-based transactions

	2018 $	2017 $
Share options	-	-
Part of bonus taken in shares for L. Graham	**82,500**	-
Performance rights	**360,904**	72,273
Total share-based payments recognised in reserves	**443,404**	72,273

24. Other unlisted options

The following refers to unlisted options issued by the Company, other than those issued as a share based payment transaction. No options were granted during the year (2017: 71,427,158, adjusted 12:1 following a consolidation of the Company's share capital). The options in the prior year were granted as a free-attaching option as part of a renounceable Rights Issue. Shareholders who participated in the Rights Issue, for every 2 new shares taken up, receive 1 option exercisable at 12 cent on or before 30 June 2018 and 1 option exercisable at 18 cents on or before 30 June 2019.

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

	2018		2017	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	83,618,781	0.108	12,197,244	0.192
Granted during the year	-	-	71,427,158	0.096
Forfeited during the year	-	-	-	-
Exercised during the year	(19,388,249)	(0.12)	(5,621)	0.048
Expired during the year	(17,160,942)	(0.12)	-	-
Balance at end of the year	47,069,590	0.12	83,618,781	0.108
Exercisable at end of the year	**47,069,590**	**0.12**	**83,618,781**	**0.108**

Share options exercised during the year
A total of 19,388,249 share options were exercised during the financial year (2017: 67,454)

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 12 cents (2017: 10.8 cents) and a weighted average remaining contractual life of 302 days (2017: 533 days).

25. 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 Graham (Managing Director appointed 19 September 2016)
- Asimwe Kabunga (Non-Executive Director appointed 18 June 2015)
- Tom 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 to 31 December 2015)
- John Hodder (Non-Executive Director appointed 8 June 2016)
- Richard Hill* (Non-Executive Director appointed 2 June 2017, former Executive Director from 1 January 2016 to 1 June 2017, former Managing Director from 23 October 2014 to 31 December 2015) – Resigned 1 November 2017
- Flavio Garofalo (Company Secretary & Chief Financial Officer appoint ed 5 June 2018)

Key management personnel compensation

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

	2018 $	**2017 $**
Short- term employee benefits	**610,336**	620,098
Share-based payments	**250,185**	112,485
	860,521	732,583

The short-term employee benefits are recognised 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.

26. Remuneration of auditors

	2018 $	**2017 $**
1. Audit Services		
BDO Audit (WA) Pty Ltd		
Audit and review of the financial statements	**42,219**	38,848
Total remuneration for audit services	**42,219**	38,848

	2018 $	**2017 $**
2. Non Audit Services		
BDO Corporate Tax (WA) Pty Ltd		
Tax compliance services	**10,404**	-
Total remuneration for non-audit services	**10,404**	**-**

27. 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 (2017: nil).

Other transactions
Mr. Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $97,677 were paid to Murcia Pestell Hillard for work completed on various legal matters (2017:$157,418). 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 $37,520 were paid to Artemis Management Tanzania for corporate and administration services (2017: $64,517). All transactions related to the services were based on normal commercial terms.

28. Group entities

	Country of Incorporation	Ownership Interest 2018	2017
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%
Strandline Australia Pty Limited	Australia	**100%**	100%

29. Parent entity disclosures

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

	Company 2018 $	2017 $
Results of the Parent Entity		
Loss for the period	**(3,066,825)**	(3,672,602)
Other comprehensive income	**-**	-
Total comprehensive loss for the period	**(3,066,825)**	(3,672,602)

29. Parent Entity disclosures (Cont'd)	2018 $	2017 $
Financial Position of the Parent Entity at Year End		
Current assets	**3,615,835**	4,365,948
Non-current assets	**18,417,623**	16,492,503
Total assets	**22,033,458**	20,858,451
Current liabilities	**846,983**	1,034,762
Total liabilities	**846,983**	1,034,762
Net assets	**21,186,475**	19,823,689
Contributed equity	**66,448,412**	62,379,704
Reserves	**2,184,641**	1,823,737
Accumulated losses	**(47,446,577)**	(44,379,752)
Total equity	**21,186,475**	19,823,689

Parent Entity Contingencies

The parent entity had no contingent liabilities as at 30 June 2018 (2017: nil).

Expenditure Commitments

	2018 $	2017 $
<u>**Leasing commitments**</u>		
Leasing arrangements for office space and office equipment		
Not longer than 1 year	**2,184**	2,184
Longer than 1 year and not longer than 5 years	**819**	3,003
	3,003	5,187

30. Events after the reporting period

On 6 July 2018, 16,327,609 unlisted options at an exercise price of 12 cents each expired. On 31 August 2018, the Mining Licence for the Fungoni Project was granted by the Tanzanian Government. On 10 September 2018, Mr Peter Richard Watson was appointed as an Executive Director for the Company. On 18 September 2018, the Company appointed Azure Capital to assist with project finance and debt advisory.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial 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.

31. Approval of financial statements

The financial statements were approved by the Board of Directors on 26 September 2018.

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 16 to 23 of this Annual Report (as part of the audited Remuneration Report), for the year ended 30 June 2018, 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, 26 September 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2018, 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 2018 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.

Valuation of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2018, we note that the carrying value of the capitalised exploration and evaluation asset is significant to the financial statements, as disclosed in Note 13. The company is required to assess for indicators of impairment at each reporting period. As the carrying value of exploration and evaluation expenditure represents a significant asset of the Group, we consider it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, the capitalised exploration and evaluation expenditure were required to be assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. This required critical analysis of the key estimates and judgements used in the assessment of impairment indicators.	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 director's minutes; • Considering whether any facts or circumstances existed to suggest impairment testing was required, which included the recent legislative changes to the Tanzanian Mining Act 2010; and • Assessing the adequacy of the related disclosures in Note 3.2(g) and Note 13 to the Financial Statements.

Accounting for share-based payments

Key audit matter	How the matter was addressed in our audit
During the financial year ended 30 June 2018, the Group issued performance rights, options and shares to employees, consultants and key management personnel, which have been accounted for as share-based payments, as disclosed in Note 23 of the financial report. Refer to Notes 3.2(e) 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(e) and 23 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 2018, 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 at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.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 16 to 23 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Strandline Resources Limited, for the year ended 30 June 2018, 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

Phillip Murdoch

Director

Perth, 26 September 2018

SHAREHOLDING INFORMATION
as at 20 September 2018

1 Number of Shareholders and Unmarketable Parcels

There were 1,707 shareholders, including 579 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	442	409	-
1,001	-	5,000	191	153	-
5,001	-	10,000	305	41	-
10,001	-	100,000	570	131	-
100,001	and over		206	28	6
			1,714	762	6
Number of securities			293,416,079	35,705,668	17,502,002

3 Top 20 Largest Ordinary Shareholdings as of 20/09/2018

#	Name	Number held	% Share Holding
1	NDOVU CAPITAL VII BV	98,150,953	33.45%
2	C&H INTERNATIONAL INVESTMENT LIMITED	31,250,000	10.65%
3	GASMERE PTY LTD	12,541,334	4.27%
4	ARTEMIS CORPORATE LIMITED	7,111,806	2.42%
5	KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C>	5,655,238	1.93%
6	THEA MANAGEMENT PTY LTD <THEA FAMILY A/C>	4,272,436	1.46%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,126,218	1.41%
8	WESTORIA RESOURCE INVESTMENTS LTD	4,000,000	1.36%
9	T&C LANDRIGAN PTY LTD <T&C LANDRIGAN SUPER A/C>	3,816,417	1.3%
10	MR HARALAMBOS HATZIKYRIAZIS	3,680,106	1.25%
11	BNP PARIBAS NOMINEES PTY LTD <PEEL HUNT CLTS ASSET DRP>	3,311,785	1.13%
12	PERTH SELECT SEAFOODS PTY LTD	3,200,000	1.09%
13	GASMERE PTY LIMITED	3,191,420	1.09%
14	MR HARRY HATCH	3,027,053	1.03%
15	MRS JAYNE ELIZABETH GRAHAM	2,872,749	0.98%
16	MR PAUL LESLIE DUNCAN + MRS DARANEE DUNCAN + MR PAUL KENNEDY DUNCAN <POCHANA SUPER FUND A/C>	2,425,000	0.83%
17	ANKEV INVESTMENTS PTY LTD	2,098,404	0.72%
18	SOUTHERN CROSS CAPITAL PTY LTD	2,000,000	0.68%
19	COPPER STRIKE LIMITED	1,981,814	0.68%
20	JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	1,800,000	0.61%
	TOTAL TOP 20 SHAREHOLDERS	**200,512,733**	**68.34%**
	REMAINING SHAREHOLDERS	**92,903,346**	**31.66%**
	TOTAL NUMBER OF ISSUED SHARES	**293,416,079**	**100%**

SHAREHOLDING INFORMATION
as at 20 September 2018

4 Substantial Shareholdings (over 5%)

Name	Ordinary Shares Number Held	Ordinary Shares Percentage of Issued Shares (%)
NDOVU CAPITAL VII BV	98,150,953	33.45
C&H INTERNATIONAL INVESTMENT LIMITED	31,250,000	10.65

5 Top 20 Largest Option Holders as of 20/09/2018

#	Name	Number held	% Option Holding
1	NDOVU CAPITAL VII BV	17,452,910	48.88%
2	GASMERE PTY LTD	3,416,667	9.57%
3	ARTEMIS CORPORATE LIMITED	1,158,830	3.25%
4	KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C>	942,540	2.64%
5	MR HARALAMBOS HATZIKYRIAZIS	891,129	2.5%
6	GASMERE PTY LIMITED	866,626	2.43%
7	MR HARRY HATCH	854,126	2.39%
8	MR ERNEST THOMAS EADIE	540,495	1.51%
9	JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	526,389	1.47%
10	MR MATTHEW BURFORD	503,963	1.41%
11	SISU INTERNATIONAL PTY LTD	373,770	1.05%
12	HSBC CUSTODY NOMINEES	364,107	1.02%
13	T&C LANDRIGAN PTY LTD <T&C LANDRIGAN SUPER A/C>	354,167	0.99%
14	ANKEV INVESTMENTS PTY LTD	349,734	0.98%
15	WESTORIA RESOURCE INVESTMENTS LTD	343,750	0.96%
16	COPPER STRIKE LIMITED	283,117	0.79%
17	ACN 167 523 659 PTY LTD <THOMAS EADIE SUPER A/C>	238,096	0.67%
18	BUPRESTID PTY LIMITED <HANLON FAMILY SUPER FUND A/C>	202,814	0.57%
19	CITICORP NOMINEES PTY LIMITED	178,413	0.5%
20	MR KEVIN MCCROHAN	173,261	0.49%
	TOTAL TOP 20 OPTION HOLDERS	**30,014,904**	**84.06%**
	REMAINING OPTION HOLDERS	**5,690,764**	**15.94%**
	TOTAL NUMBER OF OPTIONS ISSUED	**35,705,668**	**100%**

6 Performance Right Holders as of 20/09/2018

#	Name	Number held	% Performance Right Holding
1	MR LUKE EDWARD GRAHAM	10,083,334	57.61%
2	MS KERRYN JEAN FERRARO	2,080,501	11.89%
3	SILVERPEAK NOMINEES PTY LTD	1,700,000	9.71%
4	ICON CUSTODIANS PTY LTD <CUMMINS FAMILY A/C>	1,547,600	8.84%
5	DONATELLA GAROFALO	1,229,167	7.02%
6	MR PETER WATSON	861,400	4.92%
	TOTAL PERFORMANCE RIGHT HOLDERS	**17,502,002**	**100%**

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 options and 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.

11 Issue of Shares under Short-Term Incentive Plan

On 15 August 2018, 581,985 Fully Paid Ordinary Shares issued to the Mr Luke Graham, Managing Director/CEO for his participation on the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. Shares were issued lieu of an equivalent cash payment. A total of 1,227,713 Fully Paid Ordinary Shares issued to employees of the Company for their participation on the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. Shares were issued lieu of an equivalent cash payment. A total of 2,291,667 Fully Paid Ordinary Shares issued to the Mr Luke Graham, Managing Director/CEO for Performance Rights vested upon satisfaction of the performance and time based vesting criteria contained in the terms and conditions pursuant to shareholder approval given on 24 November 2016.

TENEMENT INFORMATION

TENEMENT SCHEDULE AS AT 30 JUNE 2018

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

Tenement	Area (sq km)	Grant / Application Date	Notes
EL 09/939	107.50	18 June 1999	1
EL 09/940	63.80	18 June 1999	1
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	9.98	25 October 2004	
M 09/103	9.99	25 October 2004	
M 09/104	9.99	25 October 2004	
M 09/105	10.00	25 October 2004	
M 09/106	10.00	25 October 2004	
M 09/111	9.99	19 July 2005	
M 09/112	9.90	19 July 2005	
L 09/21	9.50	8 January 2007	
L 09/43	0.70	17 January 2013	
R 09/2	8.74	15 June 2017	
R 09/3	17.11	15 June 2017	

FOWLER'S BAY GOLD-BASE METAL PROJECT, SOUTH AUSTRALIA (100% 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).

TENEMENT SCHEDULE AS AT 30 JUNE 2018 (cont'd)

TANZANIAN MINERAL SANDS PROJECTS (100% STRANDLINE)

Tenement	Name	License Area (km2)	Date Granted
PL 7588/2012	Kitambula	34.16	3-Feb-12
PL 9427/2013	Kitambula	15.23	18-Oct-13
PL 9976/2014	Tanga	50.43	22-Jul-14
PL 9972/2014	Miteja	226.91	22-Jul-14
PL 9977/2014	Songa	92.29	22-Jul-14
PL 7940/2012	Kiswere North	95.30	30-Apr-12
PL 9980/2014	Kiswere South	43.55	22-Jul-14
PL 9969/2014	Sudi	218.39	22-Jul-14
PL 9970/2014	Madimba	69.19	22-Jul-14
PL 10425/2014	Tanga North	44.03	2-Dec-14
PL 10424/2014	Ziwani	76.41	2-Dec-14
PL 10429/2014	Mkwaja	19.37	24-Nov-14
PL 7321/2011	Tajiri	68.70	17-Nov-11
PL 10265/2014	Bagamoyo	63.39	25-Sep-14
PL 7499/2011	Fungoni	16.46	22-Dec-11
PL 7754/2012	Fungoni	99.74	4-Apr-12
PL 7753/2012	Bagamoyo	93.41	4-Apr-12
PL 9951/2014	Fungoni South	101.90	10-Jul-14
PL 7666/2012	Pangani	32.01	23-Feb-12
PL 8008/2012	Tanga North	142.15	4-Jun-12
PL 7960/2012	Tongoni	56.22	4-Jun-12
PL 8123/2012	Tongoni North	18.39	19-Jul-12
PL 11025/2017	Naumbu	68.42	13-Mar-17
PL 11029/2017	Buyuni	5.97	13-Mar-17
PL 11030/2017	Fungoni West	6.22	13-Mar-17
PL 10978/2016	Fungoni South	37.62	5-Dec-16
PL 11076/2017	Bagamoyo	158.49	30-Mar-17
PL11131/2017	Sudi Central	39.99	21-Apr-17
	Total area held	1,994.34	

The Tanzanian tenements are held in the Company's wholly owned subsidiaries as detailed in Note 28.

MINERAL RESOURCES AND ORE RESERVES INFORMATION

STRANDLINE resources limited

MINERAL RESOURCE INVENTORY

The Company's mineral resource estimates and ore reserves are summarised in the tables below:

COBURN MINERAL SANDS PROJECT, WESTERN AUSTRALIA

Ore Reserves

Prospect	Category	Mineralisation Type	Cut-Off Grade (%HM)	Reserve (Million Tonnes)	HM (%)	Contained HM (Million Tonnes)
Amy Pit A	Proved	Dune/strand	0.8	53	1.3	0.7
Amy Pits B-E	Probable	Dune/strand	0.8	255	1.2	3.1
TOTAL			**0.8**	**308**	**1.2**	**3.8**

Mineral Resources (inclusive of Ore Reserves)

Prospect	Category	Mineralisation Type	Cut-Off Grade (%HM)	Resource (Million Tonnes)	HM (%)	Contained HM (Million Tonnes)
Amy South	Measured	Dune/strand	0.8	119	1.3	1.5
Amy Central	Indicated	Dune/strand	0.8	599	1.2	7.2
Amy North	Inferred	Dune/strand	0.8	261	1.4	3.6
TOTAL			**0.8**	**979**	**1.26**	**12.3**

FUNGONI MINERAL SANDS PROJECT, TANZANIA

Ore Reserves

Deposit	Reserve Category	Ore	Slimes		Heavy Mineral	
		(Mt)	(Mt)	(%)	(kt)	(%)
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**

NB nominal cut-off grade of 1.5% THM

Mineral Resources

Summary(1)					**THM Assemblage**(2)					
Deposit	**Mineral Resource Category**	**Tonnage**	**In situ THM**	**THM**	**Ilmenite**	**Rutile**	**Zircon**	**Leucoxene**	**Slimes**	**Oversize**
		(Mt)	**(Mt)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Fungoni	Measured	8.77	0.37	4.26	43.3	4.3	18.3	1.0	18.5	6.8
Fungoni	Indicated	12.97	0.24	1.84	36.7	4.3	14.6	1.4	24.4	7.3
	Total(3)	**21.74**	**0.61**	**2.82**	**40.7**	**4.3**	**16.9**	**1.2**	**22.0**	**7.0**
(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										

TANGA SOUTH (TAJIRI) MINERAL SANDS PROJECT, TANZANIA

Mineral Resources

MINERAL RESOURCE SUMMARY FOR THE TAJIRI PROJECT												
Summary of Mineral Resources (1)						**THM Assemblage (2)**						
Deposit	**THM % cut-off**	**Mineral Resource Category**	**Tonnage**	**In situ HM**	**THM**	**SLIMES**	**OS**	**Ilmenite**	**Rutile**	**Zircon**	**Leucoxene**	**Garnet**
			(Mt)	**(Mt)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**
Tajiri	1.5	Indicated	36	1.3	3.7	34	4	71	10	6	0	3
Tajiri North	1.7	Indicated	61	1.7	2.8	48	4	75	6	4	1	1
T2	1.7	Indicated	17	0.5	2.8	32	11	57	7	4	0	19
T3	1.7	Indicated	8	0.4	4.4	33	7	68	6	5	1	5
T4	1.7	Indicated	15	0.4	2.9	22	6	61	8	4	0	12
T4C	1.7	Indicated	10	0.3	3.4	20	11	44	5	2	0	31
		Total	**147**	**4.6**	**3.1**	**37**	**6**	**68**	**7**	**4**	**0**	**7**
(1) Mineral Resources reported at various THM cut-offs												
(2) Mineral Assemblage is reported as a percentage of in situ THM content												
(3) Appropriate rounding applied												

MINERAL RESOURCES

The figures in the Mineral Resource Estimates were compiled by the persons named below, who are members of the Australasian Institute of Mining and Metallurgy or the Australian Institute of Geoscientists, each of whom has had at least five years' experience in the fields of activity concerned and accurately reflects the information compiled by those persons. The estimates of Mineral Resources and Ore Reserves for the Coburn Project are reported in accordance with JORC 2004, and have not been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was last reported. The estimates of Mineral Resources for the Fungoni and Tanga South Projects are reported in accordance with JORC 2012.

Coburn – Resources	Measured & Indicated:	D Speijers of McDonald Speijers Resource Consultants Pty Ltd (2008)
	Inferred:	P Leandri (2007)
Coburn - Reserves	Proved and Probable	P Leandri and T Colton (2008)
Fungoni - Resources	Measured & Indicated	Greg Jones (Geological Services Manager for IHC Robbins) and Brendan Cummins (Employee of Strandline) (2017)
Fungoni - Reserves	Proved and Probable	Adrian Jones (Principal Mining Engineer for AMC Consultants)
Tanga South (Tajiri) - Resources	Indicated	Greg Jones (Geological Services Manager for IHC Robbins) and Brendan Cummins (Employee of Strandline) (2016)

MINERAL RESOURCES AND ORE RESERVES ANNUAL STATEMENT AND REVIEW

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition and the ASX Listing Rules. The review was carried out as at 30 June 2017.

There has been no additional work or change to the Coburn Ore Reserve and Mineral Resource estimates during the year. By year end 2018 the Company intends to issue JORC 2012 updated Mineral Resources and Ore Reserves for Coburn.

During the year there was no additional resource drilling at Fungoni carried out so the Mineral Resource remains unchanged and totals Measured and Indicated of 22 million tonnes @ 2.8% Total Heavy Minerals ("THM").

For the Tanga South Project (Tajiri, Tajiri North, T2, T3, T4 and T4C Prospects), the Company completed additional aircore drilling that increased the previous Indicated Mineral Resource of 59 million tonnes @ 3.7% Total Heavy Minerals ("THM") to 147 million tonnes @ 3.1% Total Heavy Minerals ("THM"). Further drilling is planned to in the coming year that may further increase the mineral resources at this project.

The Company is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

ESTIMATION GOVERNANCE STATEMENT

The Company ensures that all Mineral Resource Estimates and Ore Reserve calculations are subject to appropriate levels of governance and internal controls. Exploration Results are collected and managed by competent qualified geologists and overseen by the Company's Chief Geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserve estimates are prepared with the assistance of qualified independent Competent Persons and further verified by the Company's technical staff. If there is a material change in the estimate of a Mineral Resource, the modifying factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

Strandline confirms that it is not aware of any new information or data that materially affects the information included in this Report and that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies continues to apply and have not materially changed

APPROVAL OF MINERAL RESOURCES AND ORE RESERVE STATEMENT

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the JORC 2012 Edition.

The Ore Reserves and Mineral Resources Statement for Coburn is based on and fairly represents information and supporting documentation prepared by competent and qualified independent external professionals and reviewed by the Company's technical staff. The Ore Reserves and Mineral Resources Statement has been reviewed for accuracy by Brendan Cummins, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Cummins is an employee of Strandline Resources Limited. Mr. Cummins has consented to the inclusion of the Statement in the form and context in which it appears in this Annual Report.

ORE RESERVES

The information in this report that relates to the Fungoni Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the JORC Code.

Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources. Significant contributors to the Fungoni Ore Reserves are identified in the following table together with their area of contribution.

List of Experts for the Fungoni Project Ore Reserves

Modifying Factors	Responsible Group	Responsible Person/s
Land access and community	ERC Consultants	Dr Mike Yhdego
Environmental	Kiv Five Consultants	Jones Mushi
Geology & Mineral Resource	IHC Robbins	Greg Jones
Geotechnical, tailings and water management	Knight Piésold	Brett Stevenson
Mining and Ore Reserve	AMC Consultants	Adrian Jones
Metallurgy	GR Engineering Services	Bill Gosling
Process plant & mine infrastructure	GR Engineering Services	Bill Gosling
Product transportation infrastructure	GR Engineering Services	Bill Gosling
Marketing/product sales/financial analysis	Strandline Resources	CFO

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Mineral Resources at Tanga South and 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 Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.