

# ASX ANNOUNCEMENT



Quarterly Report  
For The Period Ending 31 March 2017

**STRANDLINE**  
resources limited

28 April 2017

## HIGHLIGHTS – March 2017 Quarter

Strandline continues to ramp up exploration and project development activities in Tanzania and deliver on its growth strategy.

### EXPLORATION AND DEVELOPMENT

Strong progress made on Tanzanian heavy mineral sands (**HMS**) exploration, resource building and engineering feasibility activities across priority projects:

#### Advancement of Fungoni HMS Project to Achieve Near Term Cashflow

- 45% increase to Fungoni Mineral Resource Estimate to 16Mt @ 3.1% Total Heavy Mineral (**THM**), improved JORC classification ready for mine design and confirmed the high value assemblage characteristics of the orebody favourably positioned at surface.
- Acceleration of Fungoni definitive-level Feasibility Study targeting project Final Investment Decision (**FID**) in third quarter this year.
- Discovery of new zone of mineralisation to the immediate North West of Fungoni (titled **Fungoni NW**) with potential to materially extend global Mineral Resource.

#### New HMS Discoveries and Extensions in Tanga Region

- **Tanga South** air core (**AC**) drill results confirm discovery of multiple new higher grade deposits at Tajiri and Pangani-Tongoni tenements and shows potential to significantly extend the existing Tajiri Mineral Resources (59mt @ 3.7% THM).
- **Tanga North** geophysical and geochemical analysis from a series of radiometric anomalies at Kitambula confirms coherent mineralised zones with strong potential to grow the Mineral Resource inventory in the Tanga Region – AC drilling planned in mid-2017.

### RIO TINTO EARN-IN AND JOINT VENTURE AGREEMENT SIGNED

- Earn-in and Joint Venture Agreement (**Agreement**) worth up to **US\$10.75 million (~A\$14.5 million)** signed with Rio Tinto Mining and Exploration Limited (**Rio Tinto**), a member of the Rio Tinto group.
- Rio Tinto will have the option to spend up to US\$9 million (~A\$12 million) on project expenditure to earn up to a 75% interest in Strandline's **southern Tanzanian tenement portfolio**, plus cash payments to Strandline totalling up to US\$1.75 million (~A\$2.5 million).
- Two-stage earn-in contemplates the option to spend US\$5 million within 3.5 years to earn a 51% interest in the joint venture (Stage 1), with a subsequent option to spend an additional US\$4 million within 2 years to earn an aggregate 75% interest (Stage 2).
- Exploration activities to commence as soon as practicable to take advantage of the current exploration season, with Strandline acting as the Manager until Rio Tinto has earned a 51% Participating Interest (i.e. until Stage 1 completed).
- The **joint venture with Rio Tinto is separate from Strandline's other HMS assets in Tanzania**, including the advanced Fungoni Project (in respect of which a Feasibility Study is currently being prepared), and the Bagamoyo, Mafia and Tanga prospects, which remain 100% owned by the Company.

## CORPORATE

- Zero Debt and \$1.4m cash in hand as at 31 March 2017.
- Improving HMS market trend with the TiO<sub>2</sub> pigment industry in recovery phase.

Strandline's Managing Director and CEO, Luke Graham commented, *"The Company is pleased with the progress made during the quarter on our priority mineral sands assets in Tanzania (the Fungoni Project and Tanga South Project in the north of the country).*

*"The recently announced earn-in and joint venture agreement with Rio Tinto group, one of the world's largest mineral sands producers, was an excellent transaction of strategic importance. The JV allows the Company to accelerate its exploration and development plans across its suite of southern tenements in Tanzania, with Rio Tinto providing valuable funds and expertise.*

*"The JV enhances the development potential of the Company's southern ground and positions Strandline strongly to unlock the value of its entire land holding in Tanzania."*

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## Exploration and Development

The Company progressed its strategic exploration and development activities in Tanzania through the March quarter. The operational activities were aimed at building known Mineral Resources and discovering new HMS mineralisation zones across priority targets, while in parallel, ramping up engineering feasibility work on the Fungoni HMS Project, near Dar es Salaam.

### FUNGONI HMS PROJECT - Resource Extension and Feasibility Study

The Company continued to advance development on its low cost zircon-rich Fungoni Mineral Sands Project located near the port infrastructure of Dar es Salaam (see Figure 1).

As announced on 16 January 2017, Strandline released details of a JORC-2012 Mineral Resource update and classification upgrade for the main orebody area (not including Fungoni NW) from an aircore infill (**AC**) and extension drill programme completed in late 2016. The highlights of the update included:

- **Significant 45% increase** in Mineral Resource to **16Mt @ 3.1% THM** compared to previous estimate of 11Mt @ 3.1% THM;
- Upgraded JORC 2012 classification of Mineral Resource to **60% Measured** and **40% Indicated**, up from 100% Indicated previously;
- **42% increase** in contained HM to **480,000t** without decreasing THM grade - previous equivalent 340,000t HM;
- Confirmed the high unit value assemblage characteristics including Zircon 22%, Ilmenite 40%, Rutile 4% and Leucosene 1%;
- Validated the very high grade zone of the mineralisation is favourably positioned **at surface** presenting a potential simple cost effective mining operation with no overburden, minor vegetation and unconsolidated sand; and
- Confirmed that the mineralisation remains open in the north-west (**Fungoni NW**) where a continuous linear radiometric anomaly extends for approximately 2km (see Figure 2).

The infill and extension drilling results confirmed a very high grade zircon-rich core within the Mineral Resource (continuous domains). The mineralisation shows strong geological and grade continuity along and across strike, which bodes well for mine planning and scheduling.

An initial AC drilling programme of the immediate North West extension zone was completed in December 2016. The results from this programme are expected to be released in May-2017.

Based on the positive drill results and strong geological definition, the Company ramped up its engineering feasibility work targeting completion of the Feasibility Study in the third quarter this year.

A status of the key work packages is summarized below:

#### **Regulatory Approvals:**

- Project Approvals are progressing well with **positive support from Tanzanian authorities**. The Company is now in a position to issue an updated Environmental Impact Assessment to the National Environment Management Council, based on a **larger scale HMS operation**;
- Preparation for the Mining Licence application has commenced in **close collaboration with the Ministry of Energy and Minerals**, providing the opportunity for Strandline to emphasise commitment to responsible and sustainable development, value generation and full compliance to Tanzania regulation.

#### **Metallurgy and Process Design:**

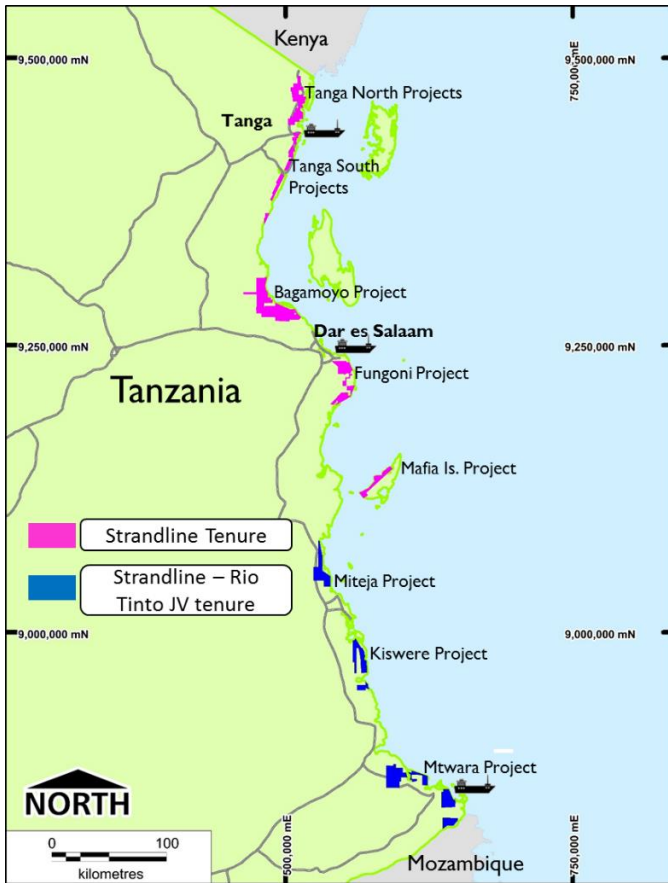
- Bulk metallurgical testwork undertaken at TZMI's Allied Mineral Laboratories **confirms a simple and practical process flowsheet** for the wet concentrator and mineral separation plants, incorporating embedded design flexibility and robustness to tailor the final product suite to maximise product value, marketability and project returns;
- Preliminary flowsheets incorporate proven mineral process beneficiation and separation technology achieving **excellent process performance metrics**, including high recoveries for preferred products;
- **High quality final product suite** to be produced suitable for the global HMS markets, including ilmenite quality favourable for the production of TiO<sub>2</sub> pigment via the Chloride Process and high purity zircon containing very low contaminants potentially suitable for the ceramic's industry;
- GR Engineering Services Limited is managing the overall Feasibility Study packages to develop the most economical process plant and infrastructure solutions for the Project;
- Project logistics, port infrastructure and transport options are being investigated with logistics providers in order to further refine the most practical mine-to-market supply chain.

#### **Product Off-take and Financing:**

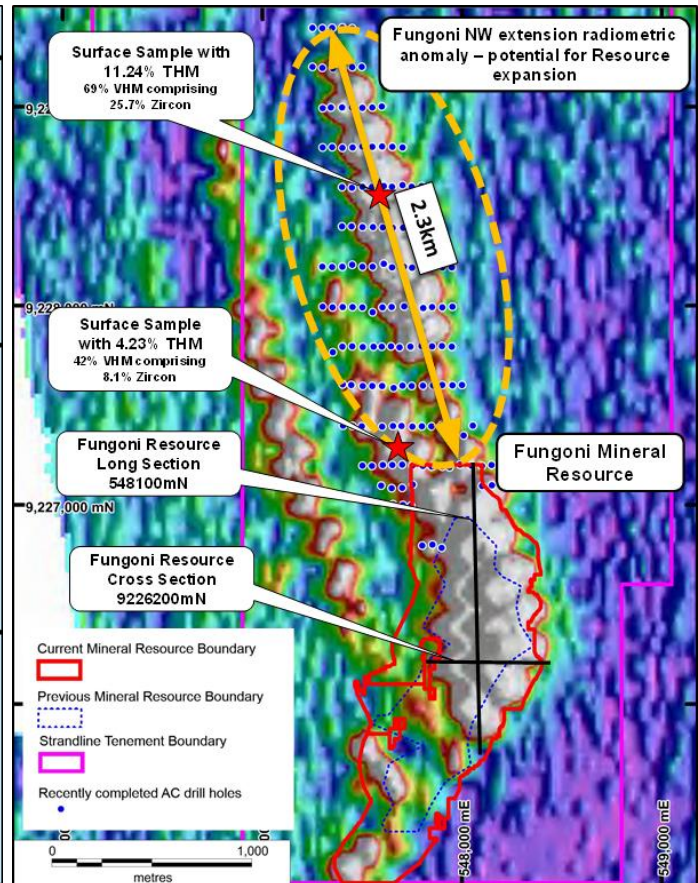
- **Product off-take discussions** and market testing has commenced with a high level of market interest from major end-users in an improving heavy mineral sands market;
- The Company has begun early considerations with a range of parties to provide financing support including senior debt, equity, and offtake financing. Strandline continues to have the **strong support of its largest shareholder, Tembo Capital**.

#### **Mining and Auxiliary Services:**

- The **Mine study** being undertaken by AMC Consultants Pty Ltd is continuing, aimed at producing an optimal high grade ore reserve, mine plan and efficient mining method. The study is targeting a **significant improvement to the previous Fungoni study** in terms of the mining rate and tonnes of recovered valuable heavy mineral; and
- Auxiliary engineering packages relating to hydrogeology, hydrology, geotechnics and tails storage facility design have been commenced by **Knight Piésold Consulting**.



**Figure 1 -** Strandline holds a large tenement package strategically located along the Tanzanian Coastline



**Figure 2 -** Location Map of the Fungoni Mineral Resource and contiguous NW Radiometric Anomaly (titled Fungoni NW)

Table 1 below displays the Mineral Resources estimated for the Fungoni Project main orebody area (not including Fungoni NW area).

**Table 1 -** Mineral Resource Statement for Fungoni at January 2017 (not including Fungoni NW)

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT											
Summary of Mineral Resources <sup>(1)</sup>				VHM assemblage <sup>(2)</sup>							
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Altered Ilmenite	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	9	0.36	4.2	25	15	4	24	1	19	7
FUNGONI	Indicated	7	0.12	1.7	23	12	4	16	1	28	9
	Total <sup>(3)</sup>	16	0.48	3.1	25	15	4	22	1	23	8

(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  
 (4) The Total Mineral Resource contains approximately 19% combined kyanite and sillimanite within the trash component of the THM

Using a higher cut-off grade of 1.5% THM, the Mineral Resource represents a higher-grade contiguous portion of the orebody with **10Mt @ 4.3% THM** for **410,000** contained tonnes of HM.

Refer to the ASX announcement dated 16 January 2017 for full details of the Fungoni Mineral Resource Estimate.

## TANGA REGIONAL EXPLORATION – DELINEATION OF MINERAL RESOURCES

As announced on 6 February 2017, the Company received assay results from its next phase of exploration drilling across the Tanga South tenements at **Tajiri** and **Pangani-Tongoni**, located near the port infrastructure of Tanga in north-east Tanzania (refer Figure 3).

Exploration has been very successful in identifying at least two new promising discoveries at Tajiri and the Pangani-Tongoni tenements and confirming a significant higher grade HMS mineralisation extension zone south of the current Tajiri Indicated Mineral Resource (19mt @ 5.1% THM). With some additional infill drilling in the next campaign from Q2 2017, the Company is confident of increasing its high grade Mineral Resources inventory in this highly mineralised coastal corridor (refer Figure 4).

Further, the Company has qualified the HMS prospectivity of the **Tanga North** area through geophysics and reconnaissance and will prioritise drilling multiple higher grade targets in the next campaign.

In parallel with exploration, the Company will progress an internal desk-top evaluation of project development options and strategies. This includes consideration of a hub style operation in the Tanga Region based on mining a series of ‘economic grade’ HMS deposits along the 100% owned tenement package.

### TANGA SOUTH TAJIRI – DELINEATION OF MINERAL RESOURCES

A total of 302 holes for 3,006m were drilled along the 25km Tajiri mineralised corridor during the AC campaign in the December quarter. All sample intervals were submitted for THM analysis and the results are summarised as follows:

#### Tajiri T1 HMS Resource Extension

The mineralisation from the Tajiri Mineral Resource has been extended some 1600m further to the south with a 200 - 600m wide zone of lower grade mineralisation flanking a 200 - 300m wide zone of higher grade with good continuity across and along strike. The mineralisation begins at surface with thicknesses ranging from 6 - 12m. Infill drilling and a Mineral Resource upgrade of the extended Tajiri Resource (currently 19mt @ 5.1% THM) is planned for next season’s drill campaign from May-2017.

#### Tajiri T4 HMS Discovery

The Tajiri T4 prospect is defined over 3,200m of strike forming a narrow arcuate radiometric and topographic high some 200 to 400m wide. The drill results have delineated a higher grade core that has shown solid intervals of mineralisation from individual holes some 200m apart with a number of mineralised holes open to the west. The mineralisation begins at surface and has thicknesses between 6 and 9m down hole.

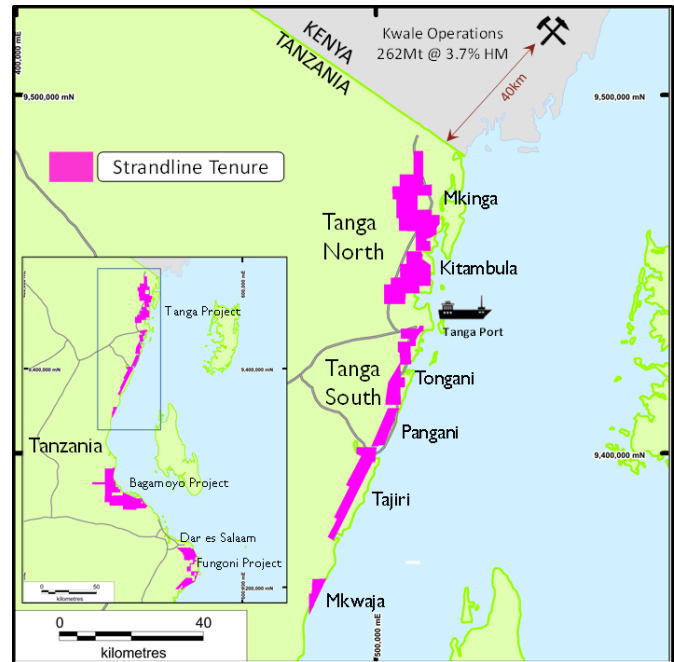


Figure 3 Strandline’s significant HMS tenure position in the Tanga region, located along the northern coastline of Tanzania

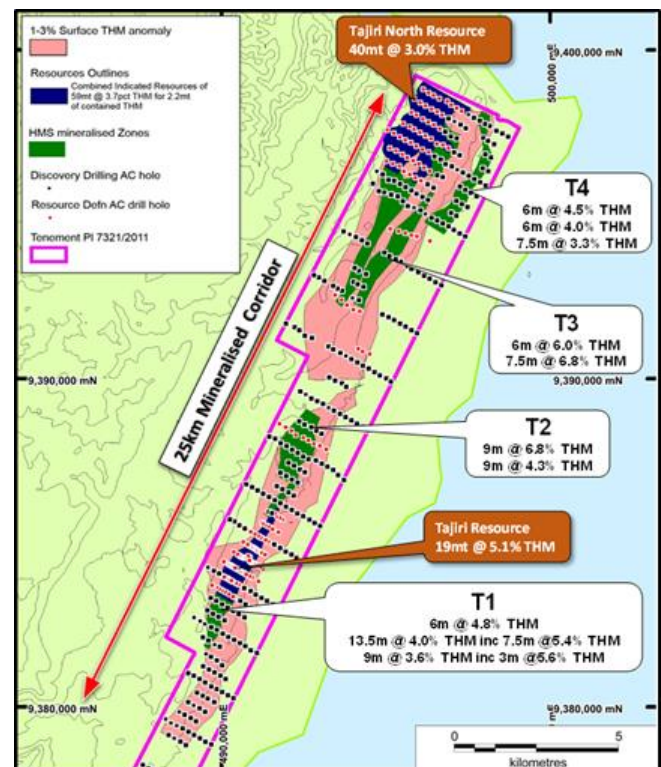


Figure 4 Tanga South Tajiri HMS Extensions Zones plus New Mineralisation Zones

This new discovery has strong potential to add additional Mineral Resources to the Tanga South area with further infill drilling definition. Significant results are presented in Table 2 below.

### Tajiri T2 HMS Mineralised Zone

The Tajiri T2 prospect is located to the north of the Tajiri Mineral Resource and is characterised by a broad zone 200m long and 800m wide mineralisation overlapping a topographic, radiometric and surface geochemical anomaly. The mineralised trend starts at surface and is dissected to the north and south by more recent erosional drainage. The continuity of the broader lower-grade mineralised halo is strong while the individual higher grade core requires additional AC drilling to determine the width and strike potential of the strandline.

### Tajiri T3 HMS Mineralised Zone

The central Tajiri T3 prospect is currently less defined comprising wide spaced drilling with holes spaced 200m along lines 600 to 1,200m apart. The potential of this new drill prospect will be further understood with additional AC drilling to assist in delineating more consistent mineralisation or the discovery of smaller high grade zones within the overall strandline.

**Table 2 - Tanga South (Tajiri) Significant Results**

HOLE_ID	Prospect	UTM E (WGS84)	UTM N (WGS84)	DIP	AZIMUTH	EOH	FROM	TO	INTERVAL (m)	DH AVERAGE THM (%)	DH AVERAGE SLIME (%)	Comments
16TJAC495	T1	489596	9382053	-90	360	9	0	6.0	6	4.8	28.9	
16TJAC500	T1	489683	9382460	-90	360	15	0	13.5	13.5	4.0	37.7	Including 7.5m @ 5.4% THM from 4.5m
16TJAC514	T1	489830	9383258	-90	360	15	0	9.0	9	3.6	29.8	including 3m @ 5.6% THM from 4.5m
16TJAC515	T1	490004	9383150	-90	360	15	0	7.5	7.5	2.8	27.9	
16TJAC564	T2	491962	9387063	-90	360	9	0	6.0	6	3.8	31.1	
16TJAC566	T2	492309	9386861	-90	360	10.5	0	9.0	9	4.3	32.0	Including 6m @ 5.7% THM from 3m
16TJAC587	T2	492728	9388544	-90	360	13.5	0	9.0	9	6.8	25.4	Open 800m to the north
16TNAC650	T3	494947	9393861	-90	360	7.5	0	6.0	6	6.0	10.0	
16TNAC651	T3	495110	9393754	-90	360	9	0	7.5	7.5	6.8	11.1	
16TNAC691	T4	497305	9395347	-90	360	15	0	9.0	9	6.7	25.4	
16TNAC695	T4	497405	9395780	-90	360	15	0	6.0	6	3.5	23.8	
16TNAC708	T4	497686	9396106	-90	360	15	0	6.0	6	3.4	18.9	
16TNAC711	T4	497940	9396433	-90	360	15	0	6.0	6	4.0	21.4	Open 800m to the west
16TNAC714	T4	498020	9396862	-90	360	15	0	6.0	6	4.5	21.6	Open 800m to the west
16TNAC731	T4	498016	9397781	-90	360	15	0	7.5	7.5	3.3	22.8	

Generally, the Tajiri mineralised corridor is known for its high value, titanium dominated mineral assemblage (refer ASX release 4 April, 2016) reported from the combined Tajiri Indicated Mineral Resource estimation (59Mt @ 3.7% THM). The Valuable Heavy Mineral (VHM) assemblage of 87.7% has low trash and contaminants and nominally includes an Ilmenite content of 68%, Rutile 10%, leucoxene 4% and Zircon 5%.

It is anticipated that the newly discovered HMS zones along the Tajiri corridor will have a similar suite of high unit value minerals such as zircon, rutile and leucoxene.

### TANGA SOUTH PANGANI-TONGONI DISCOVERY DRILLING

The Company completed its first phase of AC exploration drilling along the Pangani-Tongoni tenement during the fourth quarter 2016. The drill programme comprised 3,003m from 375 drill holes, with 921 samples submitted for THM analysis. The campaign has been successful in defining a number of large coherent mineralised zones identified as:

## Vumbi HMS Discovery

The Vumbi HMS discovery, north of the Pangani township is characterised by mineralisation some 4km long and up to 200m to 600m wide with several holes along strike of each other ending in mineralisation at 18m depth. The mineralisation occurs at the base of a prominent limestone ridge where the higher grade zone appears to be controlled by a deeper channel within the limestone basement. The Vumbi mineralisation remains open to the north with the northern most hole 16PAAC807 encountering 7.5m @ 6.4% THM. The area was drilled to test a radiometric anomaly and subtle topographic ridge with limited historic surface geochemistry.

Considering the potential scale of the discovery, the Company will prioritise a phase of infill drilling with the view to further delineate the higher-grade domain and Mineral Resource.

### Kilale Prospectivity

Broad low grade heavy sand mineralisation has been encountered over potentially 3 zones at Kilale. The drill spacing is wide utilising a 1600m x 200m grid with shallow mineralisation defined along strike over 4.8km and width of 2 to 3km. The anomalies are of sufficient grade and size at this early stage to warrant additional follow up investigation. Drill sample logging of the sand in this area also identified an increase in garnet with potentially 10 to 20% of the THM comprising trash within the 3 main anomalies.

Additional mineral assemblage work is underway to understand the value of the new prospects identified along the Pangani-Tongoni mineralised corridor.

### TANGA NORTH EARLY EXPLORATION – KITAMBULA

During the quarter, the Company completed initial exploration activities of its Tanga North tenements, favourably located within 15-20km to the existing Tanga port infrastructure. The Company, through recently flown geophysical data and ground-truthing, has successfully identified a series of radiometric thorium anomalies extending over a promising 9km section of the Kitambula tenement with ground-reconnaissance sampling work verifying high grade HMS mineralisation at surface.

The mineral assemblage and mineral chemistry data for Kitambula shows a VHM percentage averaging 85% with the higher value minerals of rutile and zircon ranging between 10 and 15% combined. The TiO<sub>2</sub> deportment is generally dominated by ilmenite with the TiO<sub>2</sub> content more suitable to the larger sulphate ilmenite market, which is consistent with other operations in the region.

The Company is currently planning its maiden drill campaign for the Tanga North targets to be conducted mid-2017.

### COBURN ZIRCON PROJECT

During the quarter, Strandline continued to maintain the currency of its fully permitted 100% owned large scale zircon-rich HMS project in Western Australia through low cost strategies. The Coburn Zircon Project has a high value assemblage composition of 23% Zircon, 48% Ilmenite, 7% Rutile and 5% Leucoxene.

The HMS market trend shows signs of improvement with the TiO<sub>2</sub> pigment industry in recovery phase, which is encouraging for the sector in general. The Coburn Zircon Project is leveraged to an improving

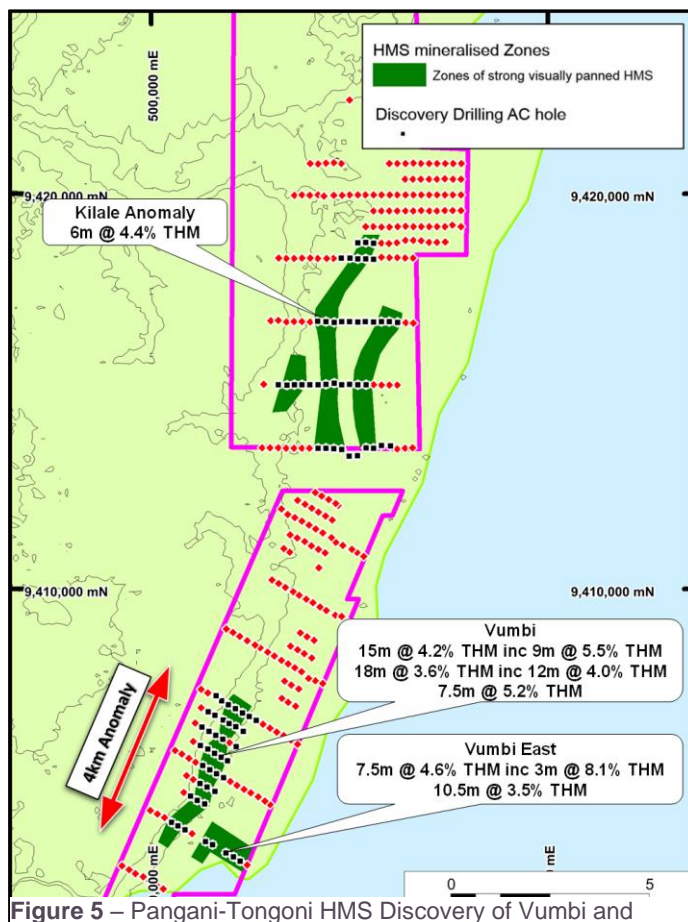


Figure 5 – Pangani-Tongoni HMS Discovery of Vumbi and Kilale

HMS commodity market and the Company continued to evaluate and solicit external interest in the Project with a view to realising value for this advanced asset over the longer term.

## FOWLERS BAY NICKEL-GOLD PROJECT

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX: WSA) (**Western Areas**), continued over Strandline's 700km<sup>2</sup> Fowlers Bay Project, which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the quarter, Western Areas and Strandline agreed to extend the Stage 1 earn-in period by 6 months to 30 September 2017 following delays incurred in obtaining access to conduct exploration activities on the project area. Stratigraphic drilling is planned to be carried out within the Yalata Aboriginal Reserve during Q2 2017.

The Western Gawler region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the initial objective of the exploration activities. The results from the early phase of exploration are very encouraging, with the identification of olivine gabbro-norite intrusive rocks and geochemical anomalism in a number of areas. The results confirm the initial observations regarding the prospectivity of the Western Gawler region for intrusive related nickel, copper and gold mineralisation. These types of mafic intrusives are well known for hosting significant nickel and copper orebodies in western and central Australia, including Nova-Bollinger and Nebo-Babel.

## Rio Tinto Earn-in and Joint Venture Agreement

As announced on 26 April (subsequent to the quarter), Strandline entered into an Earn-in and Joint Venture Agreement with Rio Tinto in connection with the Company's suite of HMS tenements located in the **southern region of Tanzania** (which include the Miteja, Kiswere, Sudi and Mtwara prospects), plus a surrounding "area of interest" (**Project Area**).

Rio Tinto group is one of the world's largest HMS producers with major HMS operations in nearby South Africa and Madagascar.

The joint venture established under the Agreement (**JV**) applies to only a portion of Strandline's dominant and highly prospective 100% owned tenement portfolio which extends along 350km of Tanzanian coastline.

The JV allows 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 and to pursue additional strategic exploration and development initiatives.

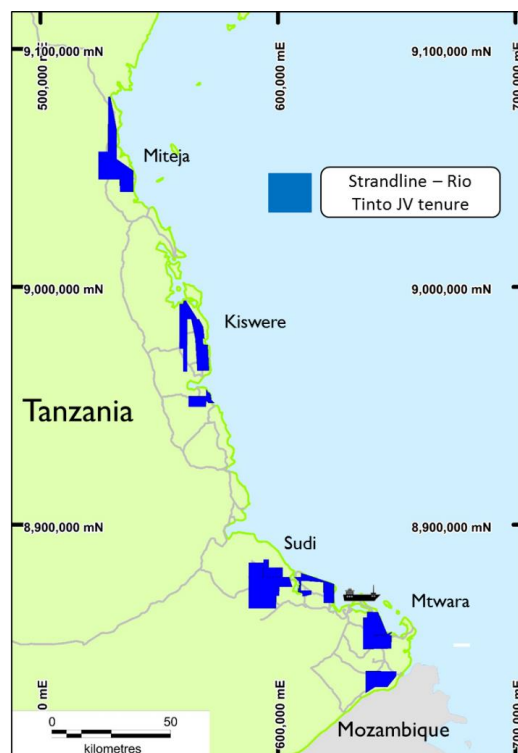
The parties have agreed to form an (initially unincorporated) joint venture to explore, evaluate and, if feasible, develop one or more HMS mines.

Significant terms of the Agreement are summarised below:

- Rio Tinto has the option to sole fund a two-stage earn-in totalling up to US\$9 million (~A\$12 million), as follows:
  - **Stage 1** US\$5 million expenditure within 3.5 years to earn a 51% Participating Interest in the JV, including a mandatory "**JV Minimum Commitment**" of US\$2 million within 18 months;



- **Stage 2** involves a further US\$4 million expenditure within 2 years to earn an aggregated 75% interest.
- Cash payments to Strandline totalling up to US\$1.75 million (~A\$2.5 million), as follows:
  - US\$500,000, payable 30 days after the JV Effective Date;
  - US\$250,000, payable 30 days after the JV Minimum Commitment is expended by Rio Tinto;
  - US\$700,000, payable 30 days after Rio Tinto gives notice to proceed with Stage 2; and
  - US\$300,000, payable 30 days after Rio Tinto has earned its 75% (Stage 2) interest.
- Agreement conditional on due diligence to be completed within 2 months, with Rio Tinto to advance US\$340,000 on an “at-risk” basis to enable an initial soil sampling fieldwork campaign to commence immediately;
- Unless otherwise agreed, Strandline to be JV Manager until Rio Tinto has earned a 51% Participating Interest (i.e. until Stage 1 completed);
- A Management Committee made up of two members from each Party will oversee key project-related decisions, including approving work programmes and budgets submitted by the Manager;
- Upon completion of Rio Tinto’s sole funding period, the Management Committee will determine which HMS projects within the AOI may be considered viable for the JV to further pursue, with Strandline free to pursue any residual projects within the AOI on its own account and independently of the JV (in which case straight-line dilution will apply to Rio Tinto’s participating interest in those projects); and
- Once the earn-in is completed, the parties will be responsible for contributing to project expenditure in proportion of their Participating Interest or face straight-line dilution. If a party’s interest falls below 10%, it can elect to convert that interest to a 2% net smelter royalty, capped at US\$25 million per producing mine.



**Figure 6** – Strandline-Rio Tinto JV Project Area in the southern region of Tanzania

## Corporate

As at 31 March, the Company has zero debt and held cash reserves of A\$1.4 million with 2,571,447,074 fully paid ordinary shares on issue.

Ndovu Capital VII B.V (**Ndovu**) (part of the Tembo Capital private equity fund group) increased its shareholding in Strandline during the quarter. Ndovu now holds 32.24% of the issued shares in the Company following the completion of the Unmarketable Parcel Share Sale Facility and purchasing additional shares on-market.

Gindalbie Metals Ltd (**Gindalbie**) announced on 17 March 2017 that Terrace Mining Pty Ltd (Terrace), a wholly owned subsidiary of Torrens Mining Ltd (**Torrens**) has executed a farm-in and joint venture agreement with Gindalbie for the Mount Gunson Copper-Cobalt Project, located 135km north of Port Augusta in South Australia (Project) (the Farm-out).

Strandline is a substantial shareholder in Torrens (8.6%) following the sale of the Project to Torrens in 2016 (the **Contract**). Pursuant to the Contract, Strandline is eligible to receive a deferred cash payment of \$1,000,000 once a formal decision to mine in connection with the Project is made. 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).

## Key Activities Planned for the June Quarter

During the June quarter, Strandline intends to continue to exploit its dominant land position in Tanzania and progress the following key exploration and development activities:

- Definitive level engineering feasibility work on the Fungoni HMS Project including progressing the mining study, water study, process plant design, regulatory approvals and mine-to-market logistics reviews;
- Update the Fungoni Mineral Resources estimate incorporating the results from the Fungoni NW extension zones;
- Additional infill drilling at Tanga South including Tajiri and Pangani-Tongoni tenements;
- Maiden drill campaign for the Tanga North targets;
- Progress internal desk-top level evaluation of the potential for a Tanga Hub Operation;
- Commencement of exploration and development activities relating to the Strandline-Rio Tinto JV Project Area (southern Tanzania tenements), including a comprehensive soil sampling campaign followed by air core drilling of priority targets; and
- Stratigraphic drilling at the Fowlers Bay Project by Western Areas.

The results of these programmes, along with work undertaken by Western Areas on the Fowlers Bay Project, will be released to the market as they become available.

For further enquiries, please contact:

**Luke Graham**

CEO and Managing Director  
 Strandline Resources Limited  
 T: +61 8 9226 3130  
 E: enquiries@strandline.com.au

For media and broker enquiries:

**Andrew Rowell**

Investor Relations Advisor  
 Cannings Purple  
 T: +61 8 6314 6314  
 E: arowell@canningspurple.com.au

## About Strandline

Strandline Resources Limited (ASX: STA) is a Tanzanian-focused mineral sands developer positioned within the world's major zircon and titanium producing corridor in South East Africa. Strandline has a dominant mineral sands position with a series of 100% owned projects spread along 350km of the Tanzanian coastline.

Strandline's strategy is to own and operate quality, low cost, expandable mining assets with market differentiation. Leveraging off the exploration success in recent years, the Company's focus is to continue its aggressive exploration and development strategy to progress economically attractive projects based on high unit value titanium and zircon products.

## Mineral Resource Estimate Data

Table 3 Tanga South Project Mineral Resource Estimate (April 2016)

MINERAL RESOURCE SUMMARY FOR TANGA SOUTH PROJECT										
Summary of Mineral Resources <sup>(1)</sup>					THM assemblage <sup>(2)</sup>					
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Tajiri	Indicated	19	1.0	5.1	65	12	6	6	34	3
Tajiri North	Indicated	40	1.2	3.0	70	7	5	2	52	3
	<b>Total<sup>(3)</sup></b>	<b>59</b>	<b>2.2</b>	<b>3.7</b>	<b>68</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>46</b>	<b>3</b>
(1) Mineral Resources reported at a cut-off grade of 1.7% THM										
(2) Mineral assemblage is reported as a percentage of in situ THM content										
(3) Appropriate rounding applied										

Refer to the ASX announcement dated 4 April 2016 for full details of the Mineral Resource estimate for the Tanga South Project.

**Table 4** Coburn Zircon Project Ore Reserve Estimate (January 2010)

<b>ORE RESERVES SUMMARY FOR COBURN ZIRCON PROJECT</b>								
<b>Summary of Ore Resources<sup>(1)</sup></b>					<b>HM assemblage<sup>(2)</sup></b>			
<b>Deposit</b>	<b>Reserve Category</b>	<b>Tonnage</b>	<b>Contained HM</b>	<b>HM Grade</b>	<b>Zircon</b>	<b>Ilmenite</b>	<b>Rutile</b>	<b>Leucoxene</b>
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)
Amy Pit A	Proven	53	0.7	1.3	24	46	5	6
Amy Pits B-E	Probable	255	3.1	1.2	23	48	7	4
	<b>Total<sup>(3)</sup></b>	<b>308</b>	<b>3.8</b>	<b>1.2</b>	23	48	7	5
(1) Cut-off grade applied is 0.8% HM								
(2) Mineral assemblage is reported as a percentage of total HM content. Slimes average 2.7% of the ore and oversize 3.3%.								
(3) Appropriate rounding applied								

**Table 5** Coburn Zircon Project Mineral Resource Estimate (January 2010)

<b>MINERAL RESOURCE SUMMARY FOR COBURN ZIRCON PROJECT<sup>(1)</sup></b>				
<b>Deposit</b>	<b>Mineral Resource Category</b>	<b>Tonnage<sup>(2)</sup></b>	<b>Contained HM</b>	<b>HM Grade</b>
		(Mt)	(Mt)	(%)
Amy South	Measured	119	1.5	1.3
Amy Central	Indicated	599	7.2	1.2
Amy North	Inferred	261	3.6	1.4
	<b>Total<sup>(3)</sup></b>	<b>979</b>	<b>12.3</b>	<b>1.26</b>
(1) Cut-off grade applied is 0.8% HM				
(2) Inclusive of Ore Reserves				
(3) Appropriate rounding applied				

Refer to the ASX announcement dated 7 January 2010 for full details of the Ore Reserve and Mineral Resource estimates for the Coburn Zircon Project. These estimates have not been updated to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported.

## Competent Person's Statements

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Mark Alvin, Exploration Manager and a full time employee of Strandline and Mr Brendan Cummins, Chief Geologist and a part-time employee of Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and they both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin and Mr Cummins consent to the inclusion in this release of the matters based on the information in the form and context in which they appear. Both Mr Alvin and Mr Cummins are shareholders of Strandline Resources.

The information in this report that relates to Mineral Resources for Fungoni is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline and Mr Brendan Cummins (Chief Geologist and part-time 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 mineral resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for Tanga South is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Principal with GNJ Consulting) 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.

## Forward Looking Statements

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