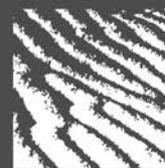


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STRANDLINE
resources limited
ABN 32 090 603 642

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

Company Facts

Strandline Resources (ASX: STA) - Control of emerging country-wide mineral sands play in Tanzania, within one of the world's major producing corridors

Key projects:

- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Coburn Heavy Mineral Sands Project, WA (100%)
- Fowlers Bay Base Metal-Gold Project, SA (100%) – Western Areas Earning In

Company Directors

Michael Folwell

Non-Executive Chairman

Tom Eadie

Managing Director

Didier Murcia

Non-Executive Director

Asimwe Kabunga

Non-Executive Director

Mark Hanlon

Non-Executive Director

Richard Hill

Non-Executive Director

Investor Enquiries

Andrew Rowell

Cannings Purple

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Highlights

- **Heavy Mineral Sands Exploration - Tanzania**
 - Maiden Aircore drilling programs completed at Tanga South Project (*Tajiri* and *Tajiri North* Prospects).
 - *Tajiri* - high grade mineralisation observed from surface based on panning of drill samples.
 - *Tajiri North* - drilling reveals a broad 3km long mineralised zone.
 - Mineral assemblage testwork for *Tajiri* and *Tajiri North* expected to be completed in the March quarter with resource estimates following.
 - Aircore drilling commenced at *Madimba* Project - due for completion in February 2016.
- **Fowlers Bay Gold-Base Metal Project (SA)**
 - RC Drilling commenced by Western Areas (ASX: WSA) on the Fowlers Bay Project in South Australia – due for completion in the March quarter.
 - 'First mover' play in a Belt identified as having geological affinity to the Albany-Fraser Belt.
 - Western Areas completes earn-in of neighbouring ground, reinforcing the prospectivity for nickel and copper sulphide mineralisation along the Belt.
- **Mount Gunson Copper Production Project (SA)**
 - Acceptance of binding offer to sell the Mt Gunson Copper Project in South Australia to Torrens Mining Limited ("Torrens").
- **Corporate**
 - Acquisition of Jacana Resources (Tanzania) formally completed.
 - \$1.9M placement completed at \$0.007 per share.
 - Appointment of Tom Eadie as Managing Director and Mark Hanlon as Non-Executive Director.

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TANZANIAN HEAVY MINERAL SANDS PROJECTS (100% Strandline)

Following the completion of the acquisition of Jacana Resources (Tanzania) Ltd and a successful \$1.9 million capital raising, Strandline commenced several aircore drill programs in Tanzania during the quarter. The programs have been designed to evaluate the potential for heavy mineral sands (HMS) Resources within and along strike from high grade HMS mineralisation at the Tanga South and Madimba prospects located in the north and south regions of Tanzania respectively (Figure 1).

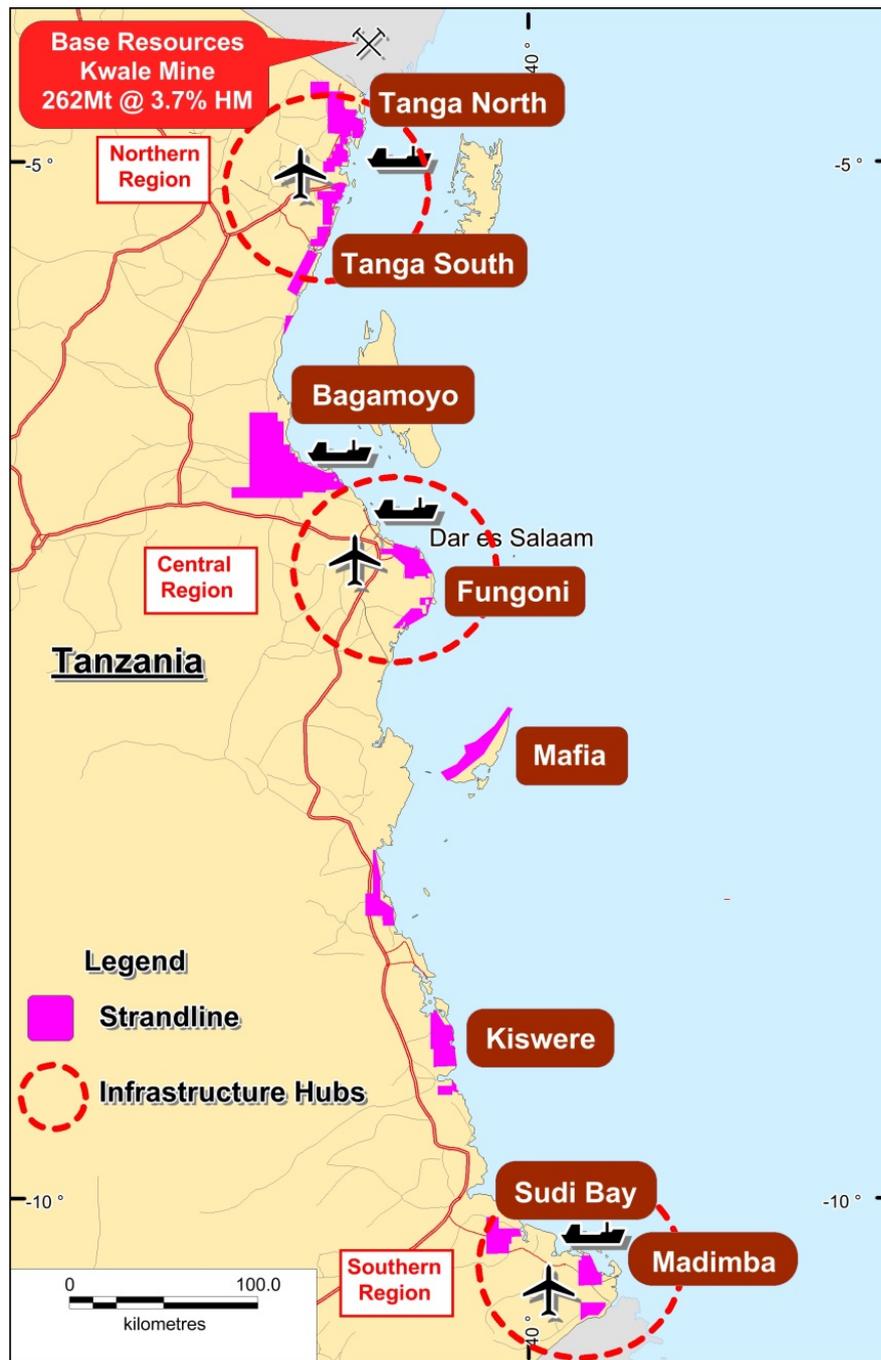


Figure 1. Project Location Map showing Strandline's dominant HMS position along the Tanzanian coast



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Northern Region - Tanga South Project

Drilling has now been completed at the 100% owned Tanga South project that includes the Tajiri and Tajiri North prospects. The Tanga South project is located approximately 120km south of the operating Kwale Mine and 50km south of the Tanga Port (see Figure 2.). A total of 160 holes for 1,786m of aircore drilling were completed across the prospects.



Figure 2. Location of Tanga South project in Northern Tanzania

Tajiri Prospect

Visual logs of the samples panned at Tajiri have defined a consistent zone of mineralisation forming an extensive halo of heavy sands with a coherent high grade core (see Figure 3). The high grade zone is currently 400m to 600m wide and over 2,000m long, but remains undrilled and open to the north and south. Mineralisation in most cases starts at surface and forms a slight topographic high, which will be conducive to low strip ratios. Final assay results are expected over the next few weeks.

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The area 2,500m to the north and 4,000m to the south of the Tajiri prospect remains undrilled with aircore and therefore mineralisation remains open making it potentially a +10km long zone. Previous exploration within the Tajiri prospect area suggested shallow cover to basement; however the aircore program has demonstrated that the depth to basement is actually deeper than expected. This outcome is highly encouraging for delineating an even larger tonnage resource in the area with further exploration drilling.

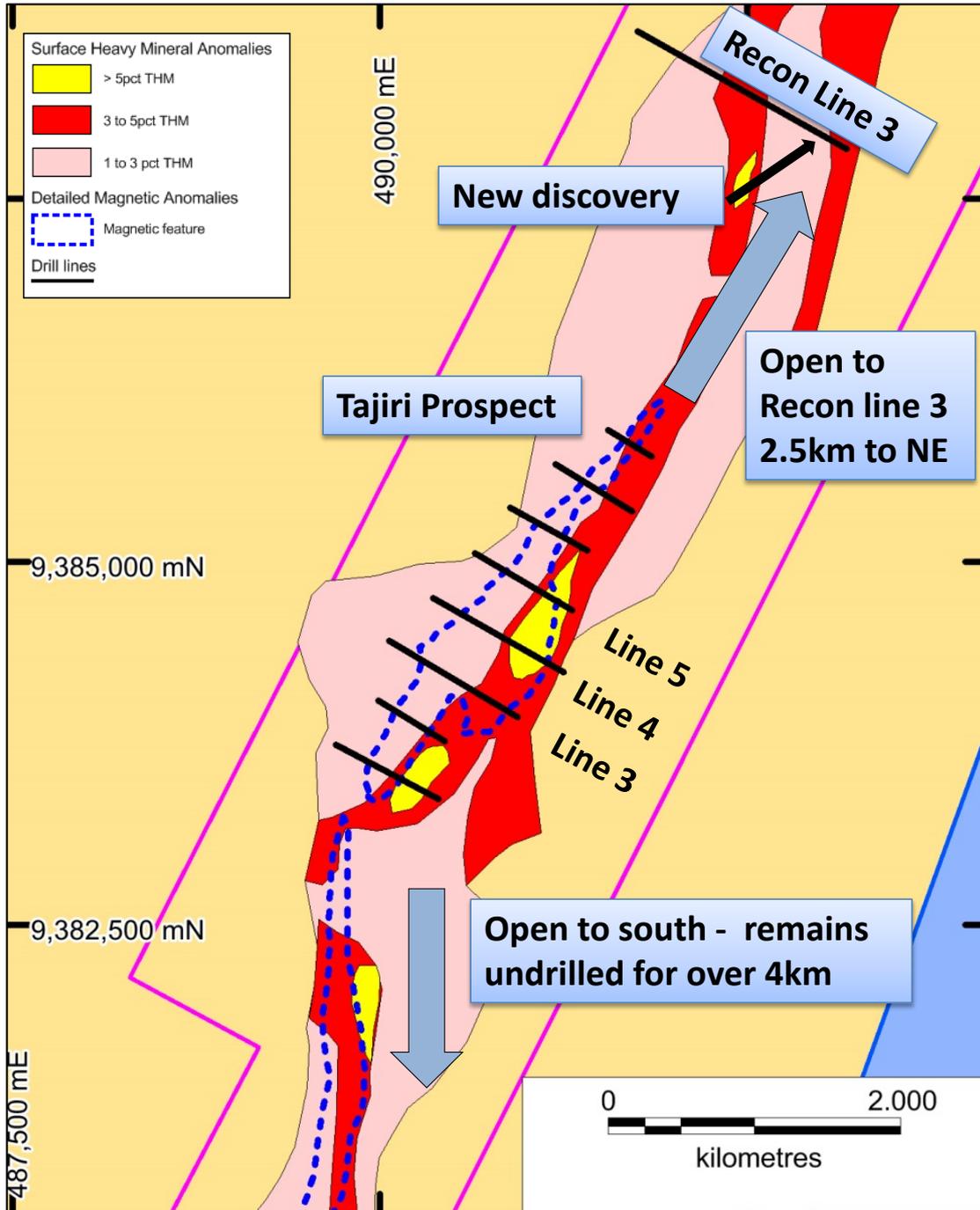
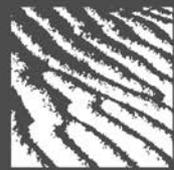


Figure 3. Plan of Tajiri Prospect showing location of drilling and mineralisation from visuals

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Reconnaissance Line 3

A new zone of mineralisation was discovered on Reconnaissance Line 3 approximately 2,500m north east of Tajiri. The holes achieved depths over 20m with intervals of mineralisation observed in panned samples up to 12m thick with visual grades between 3 and 5.5% THM. Garnet has also been observed in these drill holes in association with ilmenite and other valuable heavy minerals. Mineral assemblage characterisation testwork will be completed to understand the value of this discovery. A total of 23 holes for 216m of drilling was completed on 3 reconnaissance drill lines between Tajiri North and Tajiri.

Tajiri North Prospect

At Tajiri North, a total of 52 holes for 460m of aircore drilling was completed and was drilled on 400m spaced lines and 200m centres. The drill pattern covered an area 2.5km long and approximately 1.8km wide. Higher visually estimated grades of over 5% THM were observed on the western flank of the broader zone of anomalism, which typically comprises visual estimates of 2% - 3% THM.

Samples from the Tanga South (Tajiri and Tajiri North) aircore drill program have been exported to Australia for mineral assemblage testwork analysis in Perth at the Diamantina Laboratory. It is anticipated the results will be available in the first quarter of 2016.

A resource estimate for Tajiri and possibly Tajiri North is anticipated to be completed in the second quarter of 2016.

Southern Region - Madimba Project

Line clearing for the Madimba aircore drill program was recently completed and drilling commenced in January 2016. The Madimba East prospect will be drilled using a 200m to 400m line spacing with holes 100m to 200m apart on each drill line. The Madimba prospect will be tested with a single drill traverse. The drill program is expected to be completed in February 2016.

The recent heavy rain at Madimba highlighted zones of high grade heavy mineral sand mineralisation with an example shown in Figures 4 and 5. The extensive washes of mineral are located 400m to the east-northeast of three consecutive auger holes that returned 6m @ 3.42% THM, 7m @ 4.10% THM and 7m @ 7.06% THM from holes MTPA065, 066 and 068 respectively¹. This has confirmed an easterly strike direction for the mineralisation with the anomaly now over 1000m long. A number of drill holes are planned for this area that will test grade, width and depth potential of this discovery.

¹ Refer to ASX Announcements dated 5 February, 3 March and 10 March 2015 for further details of the exploration results for the Madimba Project

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Figure 4. Field photo of high grade heavy mineral at Madimba East.

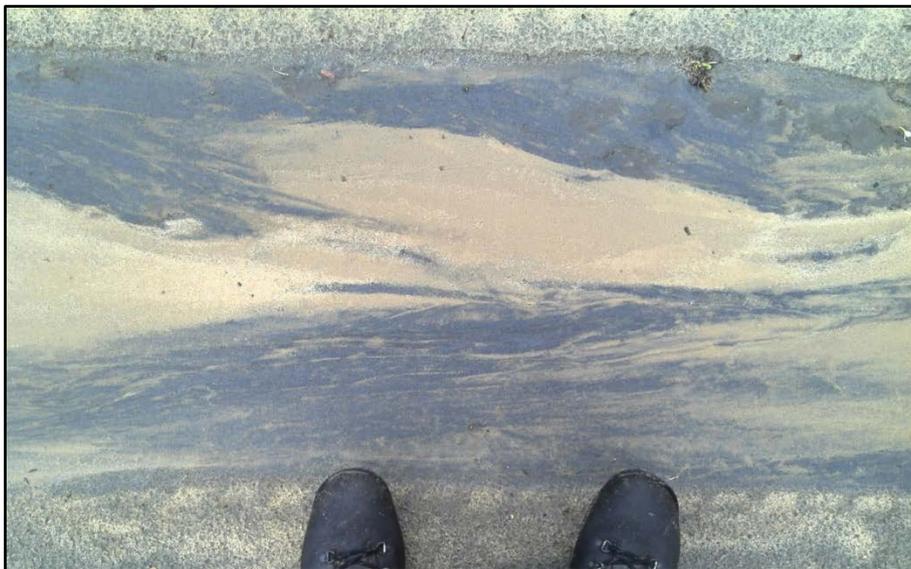


Figure 5. Close up field photo of the surficial high grade heavy mineralisation at Madimba East.

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The drilling program will generate significant volume of material that can be composited and submitted for more detailed mineral assemblage, chemistry and potential product quality analysis. Should sufficient grade and geological continuity be encountered, then resource estimation studies will also be completed.

COBURN HEAVY MINERAL SANDS DEVELOPMENT PROJECT (100% Strandline), Western Australia

During the December quarter, Strandline continued to maintain the currency of this fully permitted, operationally ready zircon rich HMS project in Western Australia through low cost strategies. The Company continues to seek and discuss Coburn with significant strategic and well-funded parties with a view to realising value for this advanced asset.

OTHER PROJECTS (NON-MINERAL SANDS)

FOWLERS BAY GOLD-BASE METAL PROJECT (100%) – JV with Western Areas (earning 90%)

Highlights

- Western Areas completes earn-in on neighbouring ground following completion of a 65 hole (5,789m) RC drilling program immediately to the north of Strandline's ground; and
- 25-30 RC drilling hole program commenced on JV ground in November 2015.

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX:WSA "Western Areas"), continued over Strandline's 100% owned, 700km² Fowlers Bay Project (see Figure 6), which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the December quarter, Western Areas announced the completion of their earn-in to 90% of the neighbouring ground held by Monax Mining Limited, immediately to the north of Strandline's ground. The completion of the farm-in demonstrates Western Areas' belief in the prospectivity of the Western Gawler region of South Australia for intrusive related nickel and copper mineralisation.

During the quarter, Western Areas commenced an RC drilling programme of 25-30 Reverse Circulation (**RC**) holes on Strandline's ground, targeting specific magnetic features that may represent prospective mafic-ultramafic intrusions (Figure 7). The program is expected to be completed in the March quarter. Any positive results will be followed up with further drilling and geophysics.

The RC drill programme follows up a previous detailed magnetic survey completed over the prospective Belt by Western Areas in January 2015 (see WSA March Quarterly dated 15 April, 2015). Interpretation of the magnetic data, combined with a detailed review of the historical core and previous exploration activity **revealed numerous features that are indicative of mafic/ultramafic intrusions, many of which are clustered in potential 'camps'**. These features have been ranked and prioritised based on a number of key criteria and will be tested in the current drilling program.

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Background to Fowlers Bay Project and Joint Venture

The Fowlers Bay Project comprises a 700 km² exploration licence located approximately 150km west of Ceduna in the Western Gawler region of South Australia, close to existing infrastructure including road and port (see Figure 6).

The tenement package covers an interpreted prospective craton margin containing deep seated structures, with a complex and long lived structural and Proterozoic intrusive history. The area is tectonically related to the Albany-Fraser (Nova/Bollinger) and Musgrave Orogens (Nebo/Babel and Succoth) and has the potential to host mafic-ultramafic intrusive related deposits. These styles of deposits are typically large and multi-commodity (nickel, copper and +/-PGEs).

On 9 October 2014, Strandline announced a Joint Venture with Western Areas, whereby WSA is to earn in to the Fowlers Bay Project as a priority target area for its **Western Gawler** regional exploration strategy. Under the Joint Venture, Western Areas will sole fund up to \$1.2 million of exploration to earn up to 90%.

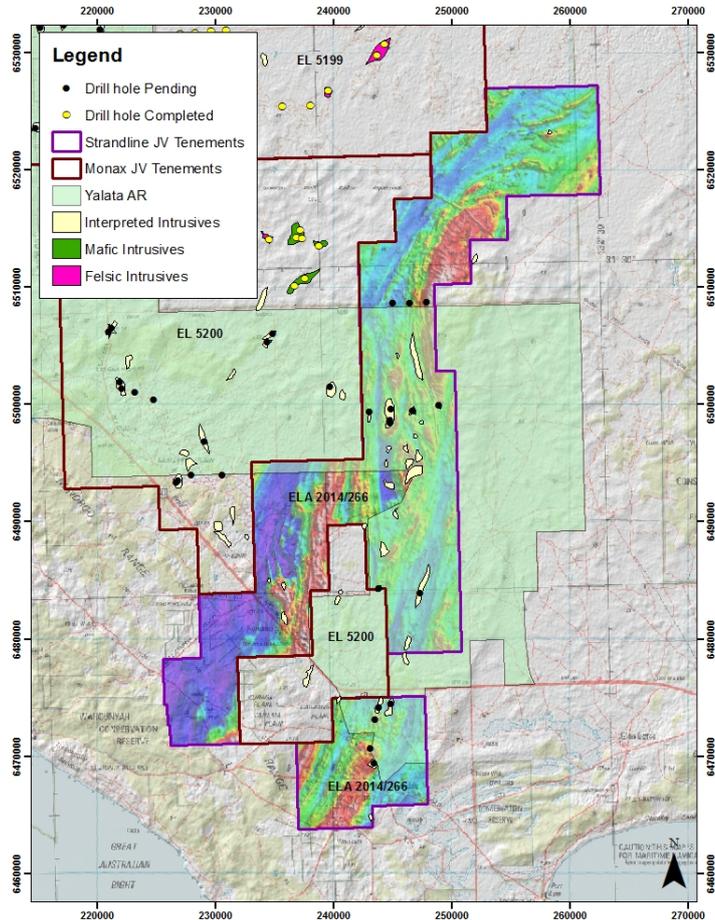
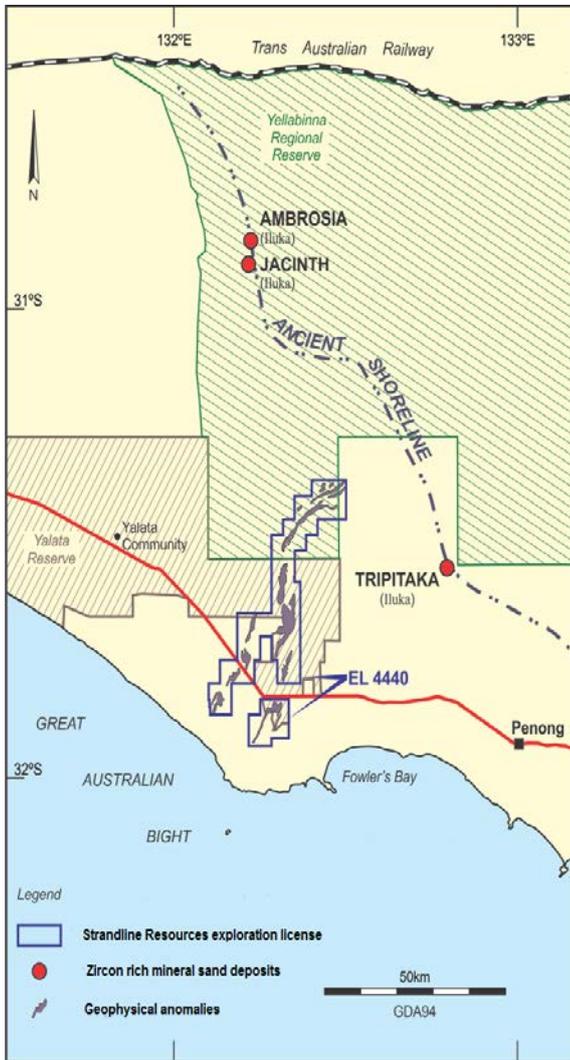
Drilling completed by WSA on ground held by Monax Mining Ltd adjacent to Fowlers Bay has successfully identified the presence of magmatic nickel/copper and copper sulphides within highly prospective olivine gabbro-norite and hornblende proxenite/hornblendite intrusive rocks. These olivine rich rocks are well known to host nickel-copper sulphide orebodies in western and central Australia that include Nova and Nebo-Babel. The results confirm the abundance of these prospective rock-types in the region, sulphur saturation has been achieved and the system is fertile for nickel and copper mineralisation.

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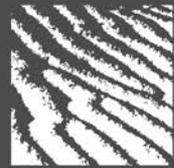


Western Gawler Project - Drilling status overlaying Magnetics (RTP)
Coord System: GDA1994 MGA Zone 53S

Figure 6. Location of Fowlers Bay Project, South Australia

Figure 7. Detailed magnetic image of Fowlers Bay Project showing strongly magnetic features (red) interpreted to represent large ultramafic intrusions and Western Areas target areas for the upcoming drill program

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MOUNT GUNSON COPPER EXPLORATION PROJECT (100%), South Australia

During the quarter, Strandline announced that it had entered into binding arrangements to sell its 100% interest in the Mt Gunson Copper Project ("Project") to Torrens Mining Limited ("Torrens").

Torrens is a privately-funded unlisted entity, which is currently earning a 51% interest in the *MG14* and *Windabout* copper-cobalt-silver deposits located within the Mt Gunson Project. Torrens is managed by experienced mining specialists. As announced by the Company over the past 18 months, Torrens, through its 'game changing' metallurgical and mining studies, has demonstrated the potential for significantly improved economics on the Mt Gunson deposits.

The Mt Gunson Project comprises exploration licences 5636, 5108, 5333 (the Licences), which include the *MG14* and *Windabout* copper-cobalt deposits as well as several regional exploration prospects (see Figures 8 & 9).

Upon Completion of the sale of the Project, Strandline will receive a cash payment of \$200,000 and 4,000,000 Ordinary Torrens shares (having a value of a further \$200,000), as well as becoming eligible to receive a further deferred cash payment of \$1,000,000 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).

The sale of the Project is only conditional upon Strandline receiving Ministerial consent to the transfer of the Licences within 3 months from the South Australian Minister for State Development. Strandline estimates that Ministerial consent should be forthcoming during the March quarter.

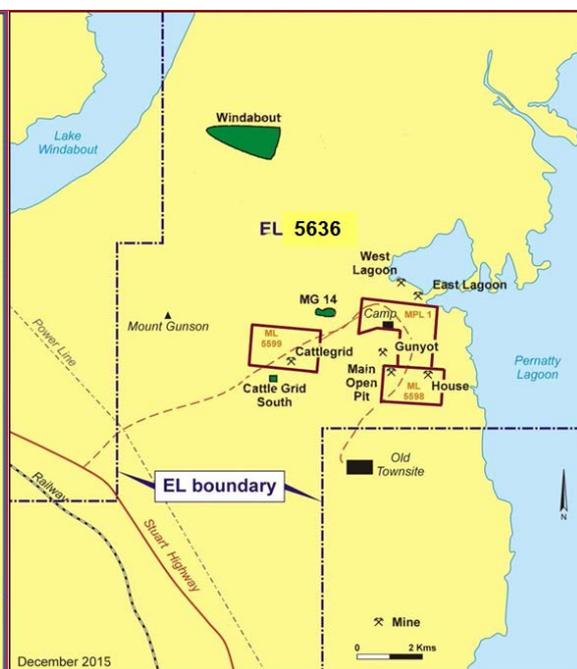
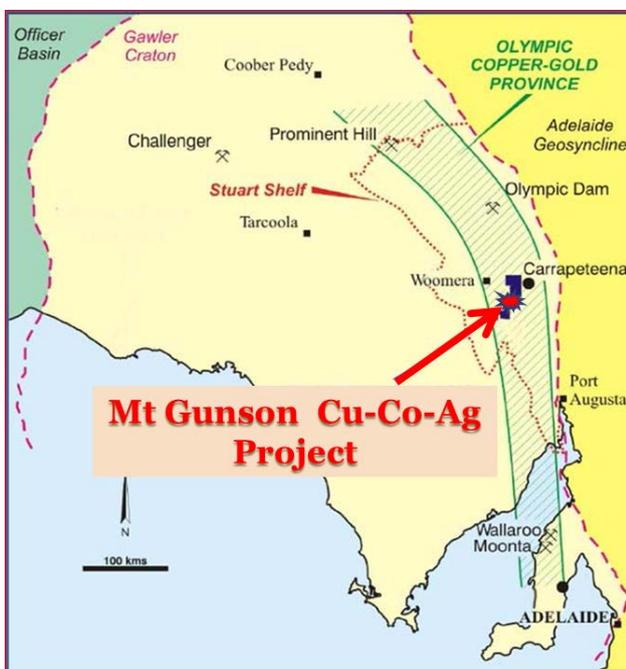


Figure 8: Location of Mt Gunson Copper Project, Sth Australia

Figure 9: Location of Windabout and MG14 deposits

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CORPORATE AND FINANCIAL

Completion of Acquisition of Jacana Resources (Tanzania)

As announced to the ASX on 9 October 2015, Strandline Resources Limited (ASX: STA) ("Strandline" or "Company") completed the acquisition by the Company of Jacana Resources (Tanzania) Limited ("JRT").

As part of the completion of the JRT acquisition, Strandline appointed Jacana directors Mr Tom Eadie and Mark Hanlon as Non-Executive Directors to the Board, both of whom are exceptionally qualified, experienced and with excellent mining and exploration pedigrees.

\$1.9M Capital Raising

In parallel with the completion of the acquisition of JRT, Strandline commenced a capital raising in order to raise funds to resume exploration activities at its Tanzanian projects and to strengthen the Company's balance sheet. The capital raising consisted of a placement at an issue price of 0.7 cents per share, with participants in the placement receiving one attaching option exercisable at 1.5 cents on or before 12 October 2018 for every two shares subscribed for in the placement. The placement was strongly supported by Strandline's directors and other major shareholders. The placement was completed in early January 2016 raising a total of \$1.9M.

Annual General Meeting

The Company's Annual General Meeting was held on 27 November 2015 and all resolutions were unanimously passed on a show of hands.

Appointment of Managing Director

During the quarter, the Company announced the appointment of Mr Tom Eadie, formerly Non-Executive Director, as Managing Director of the Company effective from the 1st of January, 2016. Mr Eadie replaced Mr Richard Hill who will remain on the Board as a Non-Executive Director.

Subsequent to the end of the quarter, the Company finalised the remuneration package for Mr Eadie. The remuneration package has been formalised on the basis of minimising the cash cost to the Company. The key terms of his employment include:

- Term – appointed for 6 month term, subject to termination by either party.
- Fixed remuneration - \$171,000 per annum (inclusive of superannuation) working a minimum of 3 days per week. Additional days worked to be remunerated at \$1,000 per day plus superannuation.
- Entitled to pro-rata leave entitlements.
- Employment may be terminated at any time by either party on the provision of 2 months' notice.

Cash Position

As at the end of the quarter, the Company held cash reserves of \$240,000, however subsequent to the end of the quarter, Strandline received an additional \$534,000 from a share placement as part of finalising the \$1.9M capital raising.

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TANZANIA MINERAL SANDS

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertains to exploration results, ore and mineralisation is based upon information compiled by Dr Mark Alvin, a consultant to Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

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.