



STRANDLINE
resources limited

23 June 2016

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ACN 090 603 642

Dear Shareholder

Notice to Shareholders of Pro-Rata Renounceable Rights Issue

On 9 June 2016, Strandline Resources Limited (ACN 090 603 642) (**Strandline** or the **Company**) announced that the Company would be conducting a pro-rata renounceable entitlement offer of up to 857,126,863 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of one 1 New Share for every 2 Shares held at 5.00pm (WST) on 27 June 2016 (**Record Date**) at an issue price of \$0.005 per New Share, together with one New Option for each 2 New Shares subscribed for exercisable at \$0.01 on or before 30 June 2018, and one New Option for each 2 New Shares subscribed for exercisable at \$0.015 on or before 30 June 2019, to raise up to approximately \$4,300,000 (before issue costs) (**Rights Offer**).

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

The Offer is fully underwritten by Euroz Securities Limited (**Underwriter**) and fully sub-underwritten by Ndovu Capital VII B.V. The Company must pay the Underwriter the fees set out in the Prospectus.

The Rights Offer is open to shareholders who hold Shares as at 5pm (WST) on the Record Date and have a registered address in Australia, New Zealand, Greece or the Netherlands (**Eligible Shareholders**). All other shareholders are not eligible to participate in the Offer and will be notified by the Company separately (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to subscribe for New Shares or New Options under the Rights Offer.

Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number of New Shares and New Options. Eligible Shareholders may also apply for additional New Shares and New Options in excess of their entitlement on the terms set out in the Prospectus. However, the Company does not represent that Eligible Shareholders who apply for additional New Shares and New Options in excess of their entitlement will be allotted all, or any, of such New Shares and New Options. Further details of how the Company intends to deal with applications for additional New Shares and New Options are set out in the Prospectus.

Any entitlement not taken up pursuant to the Rights Offer will first be available to other Eligible Shareholders to satisfy applications for additional New Shares and New Options. Any New Shares and New Options still available after that will form part of the shortfall, and the Sub-underwriter will apply for those securities in accordance with the underwriting agreement and the sub-underwriting agreement.

The Company will adhere to the policy stated in the Prospectus with respect to the allocation and issuing of additional New Shares and New Options but otherwise reserves the right to allocate additional New Shares and New Options to Eligible Shareholders in its absolute discretion.

The New Shares will rank equally with the existing ordinary Shares from the date of issue.

The Company currently has 146,366,924 unquoted vested options with varying exercise prices and expiry dates on issue. Holders of these vested options may participate in the Rights Offer if they exercise their options and are registered as the holder of the Shares issued upon exercise of those options prior to 5pm (WST) on the Record Date. The Company sent a notice to optionholders on 22 June 2016 notifying them of their right to participate in the Rights Offer upon exercise of their options.

Following completion of the Rights Offer (assuming that all Eligible Shareholders take up their entitlements in full and all of the vested options are exercised), the Company will have issued up to 930,310,325 New Shares and up to 930,310,325 New Options, resulting in total Shares on issue of up to 2,790,930,975 and total options to acquire Shares on issue of up to 930,310,325.

The Company currently has 9,595,000 performance rights on issue with various performance hurdles and expiry dates. Those performance rights do not entitle performance right holders to participate in the Rights Offer. The number of performance rights on issue will remain unchanged as a result of the Rights Offer.

The Rights Offer is renounceable. This means the entitlement of Eligible Shareholders to subscribe for New Shares and New Options is transferable on the terms set out in the Prospectus.

No shareholder approval for the Rights Offer is required.

The indicative timetable for the Offer is as follows:

Lodgement of the Prospectus with ASX and ASIC	22 June 2016
Notice of Rights Issue sent to Optionholders	22 June 2016
Notice of Rights Issue sent to Shareholders	23 June 2016
Ex-date for Rights Issue and commencement of rights trading	24 June 2016
Record Date	27 June 2016
Prospectus despatched to Shareholders	29 June 2016
Rights trading ends	1 July 2016
Shares quoted on a deferred settlement basis	4 July 2016
Closing date	8 July 2016
Notify ASX of shortfall	13 July 2016
Issue date – deferred settlement trading ends	15 July 2016
Commencement of trading of New Shares	18 July 2016

The above timetable is indicative only and is subject to change. The Company reserves the right consistent with the *Corporations Act 2001* (Cth) and the ASX Listing Rules to amend this indicative timetable.

Before making a decision whether to apply for New Shares and New Options, please read the Prospectus carefully in its entirety. The Rights Offer is scheduled to close at 5:00pm (WST) on 8 July 2016.

Should you have any queries please contact the Company Secretary on +61 8 9226 3130.

Yours faithfully,

STRANDLINE RESOURCES LIMITED



Geoff James
Company Secretary