ASX ANNOUNCEMENT

17 December 2014

STRANDLINE
resources limited

SOUTH TANZANIAN DRILLING CONFIRMS HEAVY MINERAL SANDS POTENTIAL

Highlights

- **First ever drilling at large *Madimba* Prospect confirms its significant strike and depth potential**
- **Drilling extended to the recently discovered *Madimba East* Prospect where high grades of HMS have been encountered at surface and down hole**
- **Drilling also planned for the Company's neighbouring *Ziwani* tenement to test a series of HMS surface anomalies similar to *Madimba East***
- **First assay results from Madimba due January**

Strandline Resources Limited (ASX: STA) is pleased to provide an update on the extensive activity underway at its Tanzanian mineral sands portfolio.

Visual evidence from the initial auger drill programme at the Company's 100% Madimba Tenement is confirming the strike and depth potential of mineralisation at the 6km long Madimba central Heavy Mineral Sands (**HMS**) anomaly as well as the recently discovered high grade Madimba East prospect, 2km to the east.

Once drilling is complete at Madimba East the crew will move to the Company's neighbouring Ziwani tenement where a series of surface HMS anomalies appear to be of similar style to the Madimba East Prospect (see Announcement released to the ASX on 24 November 2014).

Strandline Managing Director, Richard Hill said: "While these are only visual results from the first phase of drill testing, it confirms the HMS potential of these emerging discoveries at Madimba and Madimba East, in a region never previously drill tested.

"We are now starting to see in three dimensions the significant potential for discovery of a large area of mineralisation across our Madimba tenement and along strike on the Company's 100% held Ziwani tenement, which has a series of similar surface anomalies that have never been tested by drilling. This is very exciting as it represents a strike potential of more than 15km across the two tenements.

Company Facts

Strandline Resources (ASX: STA) - Exposure to major 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia and emerging country-wide exploration play in Tanzania, within a major mineral sands producing corridor

Key projects:

- Coburn Heavy Mineral Sands Project, WA (100%)
- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Mt Gunson Copper Exploration Project, SA (100%)
- Mt Gunson MG14/Windabout Copper-Cobalt-Silver Development Project, SA (100%)
- Fowlers Bay Nickel Project, SA (100%) – Western Areas Earning In

Corporate Structure

Shares on issue	615.5m
Unlisted Options	15.6m
52 week high	2.9 cps
52 week low	1.0 cps

Company Directors

Michael Folwell
Non-Executive Chairman

Richard Hill
Managing Director

Bill Bloking
Non-Executive Director

Didier Murcia
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"Strandline's successful application of its exclusive mineral sands database and the technical team's rapidly evolving understanding of controls on mineralisation have positive implications for ongoing discovery of mineral sands across Strandline's entire Tanzanian portfolio. We look forward to reporting a steady flow of drill results over the first Quarter of 2015."

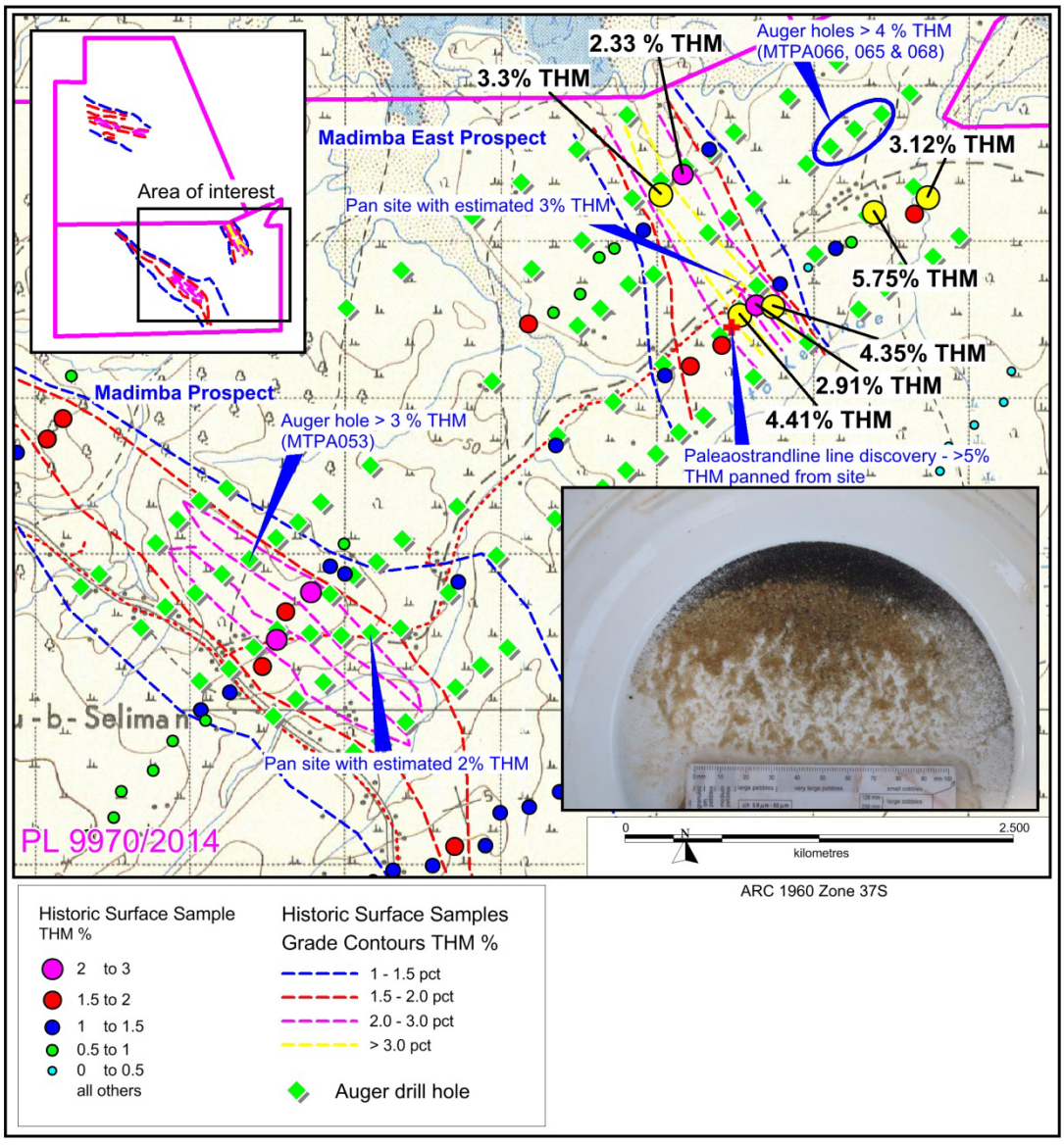

Figure 1. Madimba and Madimba East HMS anomalies showing the location of the high grade strand discovery at Madimba East, recent high grade Auger holes MTPA0065, 066 & 068, and Auger hole locations overlain on the historic THM results. Inset photo is from the high grade strand site.

Drilling at Madimba and Madimba East

Systematic auger drilling over the Madimba and Madimba East Prospects is designed to test beneath the historical Total Heavy Mineral (THM) surface anomalies generated from the Company's exclusive geochemical database and recent reconnaissance sampling (see Figure 1).

The aim of the auger drill program is to demonstrate sufficient scale, grade, continuity and assemblage potential of the HMS mineralisation (down hole and between holes) to move to aircore (AC) drilling and potential resource definition. A total of 90 holes have been drilled on a broad pattern at Madimba and Madimba East comprising a total of 509m for a total of 265 samples including field duplicates. It should be noted that hole depths have been limited to 6m and many holes end in mineralisation (>1.5% estimated THM). Therefore, in most cases, the depth potential has not been fully tested, mineralisation remains open awaiting further testing with more sophisticated methods of drilling (such as AC).

Madimba

The initial auger drill programme at Madimba targeted the central portion of the 6km long HMS anomaly at a broad spacing of 500m x 200 to 400m and down to a maximum depth of 6m. This initial drilling has confirmed a strongly mineralised corridor over a 2km strike and up to 1km width with visual estimates >1.5% THM at both the north western and south eastern ends indicating it remains open along strike. There appears to be good continuity of mineralisation downhole and between holes with initial evidence of low trash and low slimes content based on panned sample observations.

The program is ongoing but some samples from the Madimba drilling have been submitted for assay and results are expected to start flowing in late January.

Madimba East

Drilling is currently focussed on the recent Madimba East discovery and initial work has been very successful in identifying new areas of shallow high grade mineralisation with visual panned estimates of the drill spoils ranging 3 to 5% THM. Of note are three consecutive holes at Madimba East – MTPA065, 066 and 068 that define a 400m wide zone of HMS with visual panned estimate > 4% THM (refer to Figures 1 & 2).

The Company has discovered what appears to be a high grade strandline at the Madimba East prospect revealed in some shallow pits associated with a laterally extensive topographic high, 2km to the northeast of the Madimba Prospect.

The high grade portion of the strand is 0.5m thick with disseminated HMS noted in the units above and below the cross-bedded unit. A channel sample taken from within the 0.5m thick, higher grade strand, contained an estimated minimum of 5% THM with low slime contents (Figure 4). The cross-bedded unit is located within 300m of three historic surface samples that returned laboratory analysis values of 2.91%, 4.35% and 4.41% THM, and 1000m along strike from another historic surface sample of 3.3% THM to the northwest.

The identification of the mineralised cross-bedded units at Madimba East and the higher grade auger samples within a laterally extensive topographic feature confirm the overall prospectivity of the Madimba – Madimba East area which can be directly applied in targeting the anomalies to the immediate north on the Company's recently acquired Ziwani tenement.

Figure 2. Pan concentrate sample from Madimba East – MTPA068 with a visual pan estimate >4% THM. Heavy mineral is located on the top of the pan as the dark coloured or black grains. All samples are panned for estimation of THM% from a standard sized sample to ensure visual calibration is maintained.

Figure 3. Pan sample of the 0.5m thick high grade cross bedded strand at Madimba East with an estimated THM content of > 5% THM. Mineral sands are identified as the black mineral at the top of the pan. All samples are panned for estimation of THM% from a standard sized sample to ensure visual calibration is maintained.

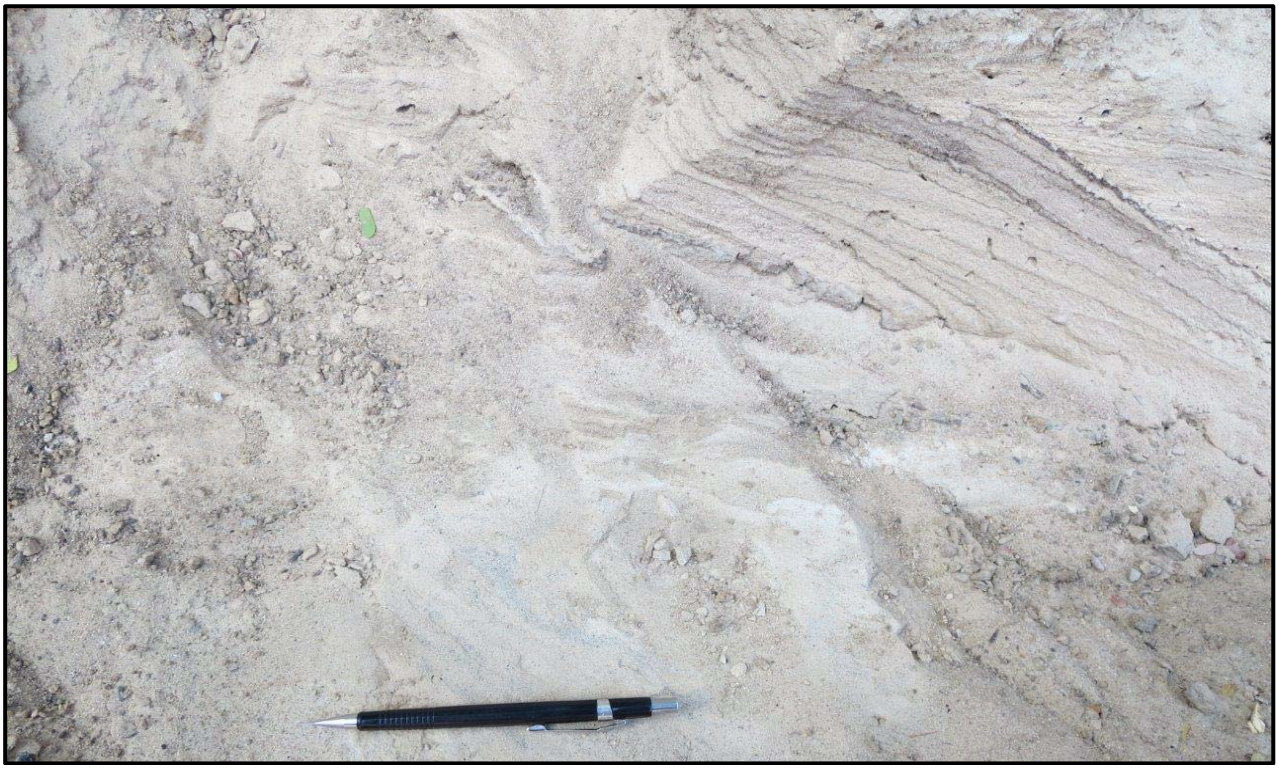

Figure 4. High grade cross-bedded strandline unit. HMS is identified by the darker bands within the lighter quartz rich units above the pen.

Sudi Bay HMS Prospect

The Sudi Bay Prospect is part of Strandline's southern project area and is located 40km north of the port town of Mtwara. An extensive (~5km x 1.5km) zone of surface HMS anomalism identified from the Company's exclusive historical sample database was recently ground truthed by the Company's geologists. The anomalous zone is characterised by sandy soils with HMS accumulating at surface and within the drainages washing from the anomalous zones. A pan sample was taken from the central part of the anomaly and estimated to contain 3% THM (see Figure 5). This represents another exciting high priority target untested by previous drilling. The Company is planning an auger drilling program to help define and understand this significant zone of HMS anomalism in the first Quarter 2015.

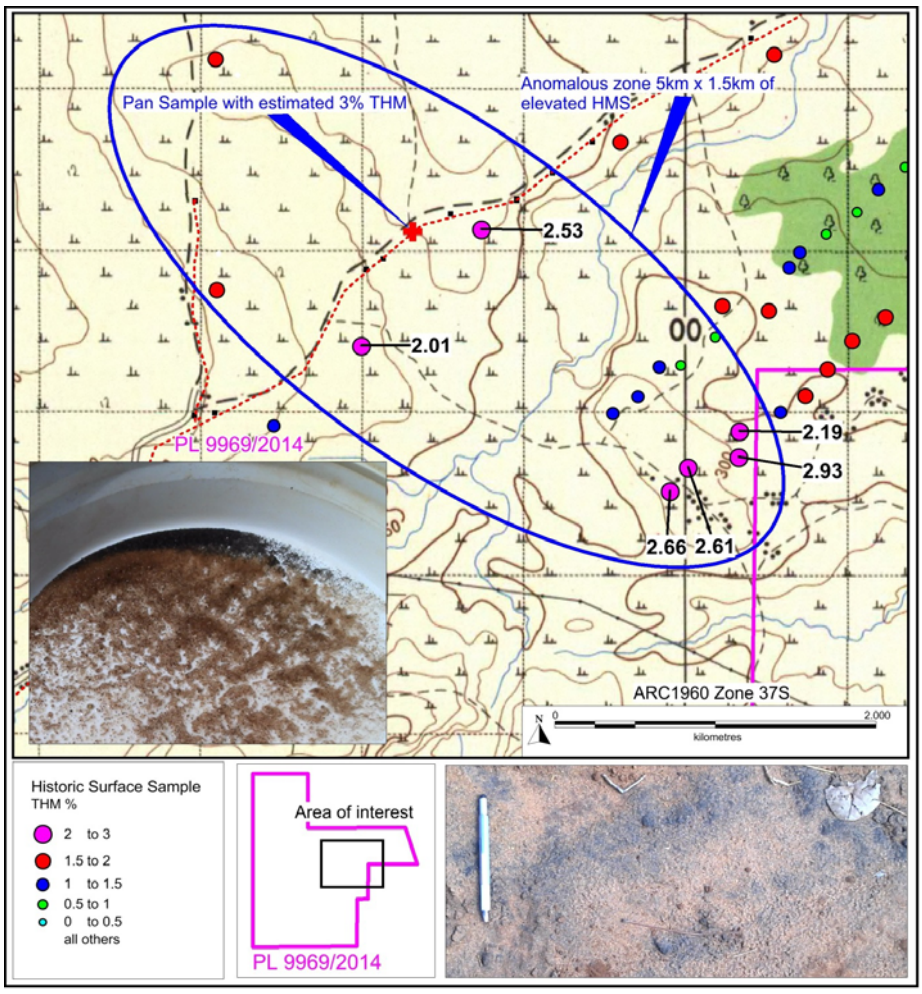

Figure 5. Sudi Bay tenement with large zone of elevated THM surface samples from the historic data base. Inset photo is the estimated 3% pan sample taken from the anomalous zone.

About Strandline's 100% owned Tanzanian Mineral Sands Projects

Strandline now controls a dominant (2000km²) mineral sands exploration position along the coast of Tanzania, within a major world class mineral sands corridor. This is the result of careful targeting over a 3 year period. These projects are surrounded by some of the world's major world-class mineral sands mines, located in neighbouring Kenya, Mozambique, Madagascar and South Africa (see Figure 6).

Prospective areas held by Strandline include five projects along the coast where tenure contiguously covers +35-50km of coastline exposure, cumulatively ~ 200 km strike, and all targets are within 20kms of the coast, close to ports and other key infrastructure (Figure 7). Given the extent and location of these target areas and the strong historical evidence, Strandline is targeting scalable, high grade, high quality, high value mineral assemblages (Ilmenite, Rutile, Zircon) close to infrastructure that have potential to be rapidly brought into production.

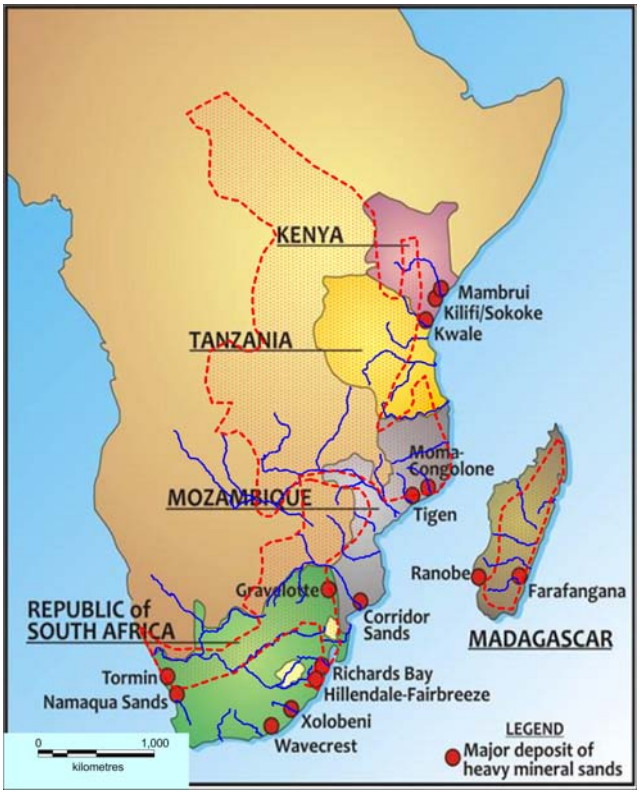

Figure 6. SE Africa – World Class mineral sands region.

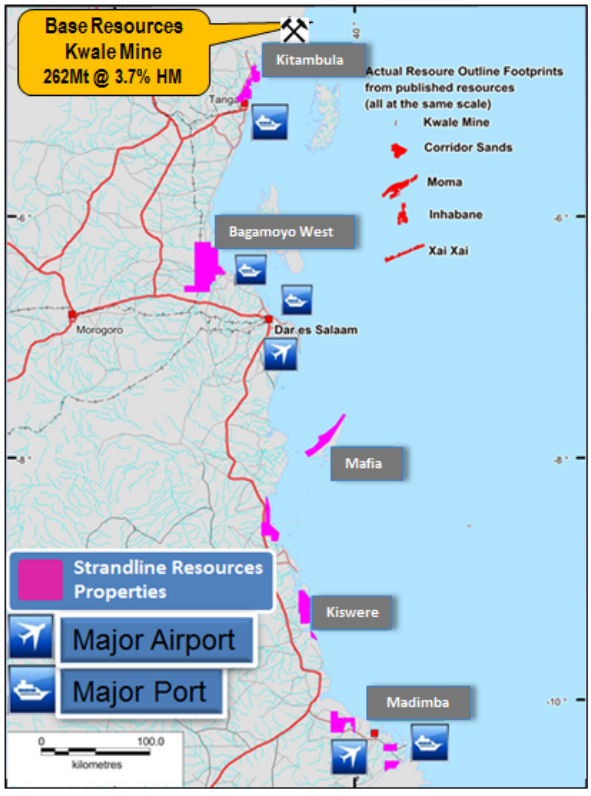

Figure 7. Tanzania coast showing key projects and infrastructure.

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Note 1: All historic data presented in this ASX release has been released in full on 11 September 2014.

Note 2: The following Table 1 of the JORC code that follows refers to the pan sampling technique used by the Company to sample and estimate THM percentages from the pan samples.

COMPETENT PERSON STATEMENT

The details contained in the document 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.

Appendix 4

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Panned samples were taken from shallow holes dug with a spade to a depth of 30cm • A small cap of sand was scooped from the side of the hole • The same cap is used for every pan sample • The standard sized cap sample is to ensure visual calibration is maintained for consistency in visual estimation • The samples are panned as reconnaissance technique to assist with identifying more prospective units and mapping of THM occurrences • The Auger drill spoil is collected as a 2m composite sample and then homogenised and split by cone-and-quarter method at the drill site to a 5kg sample and bagged • The fieldsamples are then taken back to the field camp for riffle spitting into smaller sub-sample sizes of 200 – 400gm which are then sent to the laboratory for further sample size reduction and preparation for final analysis
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Auger drilling using a mobile hydraulic system by Dormer Engineering • Drill rods are 1m long • 62mm open hole drilling technique
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Auger drilling is considered to be an early stage relatively unsophisticated technique of drilling • It is open hole and drill recoveries are estimated according to the volume of drill spoils that forms around the holes. • No significant losses of sample were observed due to the shallow depths of drilling (<6m.) • A very small volume of water is added to the hole if the soils become too sandy to aid recovery of the sample • Auger drilling is stopped when the sample return is deemed

Criteria	JORC Code explanation	Commentary
		inadequate • There is potential for contamination in open hole drilling techniques but sample bias is not likely due to the shallow drill hole depths
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The surface sample was wet panned to obtain an estimate of the THM content and slimes • The 2.0m drill intervals were logged onto paper field sheets prior to updating into an excel spreadsheet. • The auger samples were logged for lithology, colour, grainsize, rounding, sorting, visual THM, slimes and any relevant comments - hardness
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• The homogenized 2m drill spoil composites were quarter-coned onsite and then split in a field camp with a single layer riffle splitter to reduce sample size • A total of 200 to 400gm was deposited into paper geochem bags and sent to the laboratory for analysis • The sample sizes were deemed suitable based on industry experience of the geologists involved • Field duplicates of the samples were completed at a rate of 5%
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The surface pan samples was not assayed • The wet panning provided an estimate of the THM content which was sufficient for the purpose of determining approximate concentrations of THM at this early stage Auger Composites • The individual 2m auger samples were assayed by BUREAU VERITAS in Johannesburg, South Africa • The auger samples were analysed for Total Heavy Mineral (-1mm to +45micron), Slimes (-45micron), oversize (+1mm), Float (-1mm to +45micron) and a mass balance check • The laboratory used TBE – density range between 2.81 and 2.89 g/ml as the density medium

Criteria	JORC Code explanation	Commentary
		• This is an industry standard technique • Field duplicates of the samples were completed at a rate of 5% • BUREAU VERITAS completed its own internal QA/QC checks that included bulked standards and duplicates very 20 twentieth sample prior to the results being released • The density medium was checked every morning and then after every 20 samples by volumetric flask • The adopted QA/QC protocols are acceptable for this early stage exploratory testwork • No external laboratory testwork has been undertaken
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• The data has been manually updated into a master spreadsheet which is appropriate for this early stage in the exploration program
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A handheld GPS was used to identify the positions of the pan sample in the field • The handheld GPS has an accuracy of +/- 5m • The datum used is Arc1960 zone 37S • The accuracy of the locations is sufficient for this early stage exploration
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Various grid spacing was used in the Auger program ranging from 500 x 200 or 400m • The 200m spaced Auger holes are sufficient to provide a moderate degree of geological and grade continuity within the top 6m • Closer spaced drilling will be undertaken at the appropriate stage of exploration to increase confidence • These data have not been used for resource estimation
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Pan samples were taken on a regional scale so their orientation to geologic structure is unknown. • The Auger drilling was oriented perpendicular to the current coast line which approximates the potential orientation of the palaeo-strandline or dunal structures
Sample	• *The measures taken to ensure sample security.*	• No samples were submitted for geochemical analysis using the

Criteria	JORC Code explanation	Commentary
security		surface pan samples concentrates • Auger samples remained in the custody of Company representatives until they were transported to Dar Es Salaam for final packaging and securing • The samples were then sent using DHL to Johannesburg and delivered directly to the laboratory • The laboratory inspected the packages and did not report tampering of the samples.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The exploration work was completed on tenements that are 100%owned by the Company in Tanzania or are able to be acquired for 100% ownership • The tenements from which surface or auger sampling has been mentioned in this release include PL9969/2014, PL10424/2014 and PL 9970/2014 • All granted tenements had a four year term • Traditional landowners and Chiefs of the affected villages were supportive of the pan sampling program.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Historic exploration work was completed by Tanganyika Gold in 1998 and 1999 • The Company has obtained the hardcopy reports and maps in relation to this information • The historic data comprises surface sampling, limited AC drilling and mapping • The historic results are not reportable under JORC 2012
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Two types of heavy mineral sand style are possible in Tanzania 1. Thin but high grade strandlines related to paleao shorelines 2. Large but lower grade dunal deposits related to windblown sands

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>• The coastline of Tanzania is not well known for massive dunal systems such as those developed in Mozambique however some dunes are known to occur and cannot be discounted as an exploration model. Palaeo strandlines are more likely and will be related to ancient shorelines or terraces. In Tanzania three terraces have been documented and include the Mtoni terrace (1-5m ASL), Tanga (20-40m ASL) and Sakura Terrace (40 to 60m ASL). Strandline mineral sand accumulations related to massives storm events are thought to be preserved at these terraces above the current sea level.</td></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
o easting and northing of the drill hole collar
o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
o dip and azimuth of the hole
o down hole length and interception depth
o hole length.
• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td><table><tr><th>HoleId</th><th>Easting</th><th>Northing</th><th>Elevation</th><th>EOH</th><th>Datum</th></tr><tr><td>MTPA053</td><td>642398</td><td>8850980</td><td>57</td><td>6</td><td>ARC1960 Z37S</td></tr><tr><td>MTPA065</td><td>646458</td><td>8853840</td><td>24</td><td>6</td><td>ARC1960 Z37S</td></tr><tr><td>MTPA066</td><td>646284</td><td>8853743</td><td>21</td><td>6</td><td>ARC1960 Z37S</td></tr><tr><td>MTPA068</td><td>8853629</td><td>646128</td><td>28</td><td>7</td><td>ARC1960 Z37S</td></tr></table></td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.
• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• No data aggregation methods have been used because no assay information has been received yet</td></tr>
<tr><td>Relationship between mineralisation widths and</td><td>• These relationships are particularly important in the reporting of Exploration Results.
• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</td><td>• None applicable to surface pan samples
• Auger holes are thought to represent close to true thicknesses of the mineralisation</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
intercept lengths	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figures and plans are displayed in the main text
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Auger assay information has not been received yet. • The visual pan sampling from the auger drill holes have been mentioned in the main text as ranging from trace to 4.5% with an average of 1.5%.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other material exploration information has been gathered by Strandline resources. • Historic information for the area around Madimba has shown the Ti content of the ilmenite to average 55.7% TiO2 and 8% combined rutile and zircon
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work will include additional auger sampling, infill auger sampling • Float and sink analysis for THM content, slimes and oversize • Should sufficient targets be generated an AC drill program is planned • Additional modal analysis will also be undertaken on suitable composite HM samples to determine VHM • As the project advances TiO2 and contaminant test work will also be undertaken • Satellite image acquisition and LIDAR radar imaging is also being considered • Processing of regional 1km spaced magnetic data is also planned