

ASX ANNOUNCEMENT

16 September 2015



STRANDLINE
resources limited

ABN 32 090 603 642

UPDATE ON JACANA ACQUISITION

Company Facts

Strandline Resources (ASX: STA) provides exposure to an emerging country-wide exploration play in Tanzania, within a major mineral sands producing corridor, as well as the significant 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia

Key projects:

- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Coburn Heavy Mineral Sands Project, WA (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	628.5m
Unlisted Options	12.5m
Performance Rights	19.2m

Company Directors

Michael Folwell

Non-Executive Chairman

Richard Hill

Managing Director

Didier Murcia

Non-Executive Director

Asimwe Kabunga

Non-Executive Director

Investor Enquiries

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Highlights

- Jacana shareholders to vote on the in specie distribution of shares under the proposed transaction at a General Meeting on Friday 9th October 2015;
- Strandline shareholders have already overwhelmingly voted in favour of Strandline's acquisition of Jacana;
- Subject to Jacana shareholder approval, it is anticipated that the acquisition will be completed in the next 4 to 6 weeks; and
- Strandline will control the bulk of the last underexplored pieces of the East African mineral sands producing corridor (Tanzania) at a time when Majors are widening their search efforts.

Strandline Resources Limited (ASX: STA) ("Strandline" or "Company") is pleased to provide an update on progress in relation to the acquisition of a 100% interest in Jacana Resources (Tanzania) Limited ("JRT"), a wholly-owned subsidiary of Jacana Minerals Limited ("Jacana").

Strandline received all the necessary shareholder approvals at an Extraordinary General Meeting held on 10 July 2015 to proceed with the acquisition of JRT. Subject to no Material Adverse Condition arising in relation to Strandline, Jacana or JRT, the only remaining condition to the transaction is approval by Jacana shareholders of the distribution to them in specie by Jacana of the Strandline shares to be issued as consideration for the acquisition (which will be considered at a General Meeting to be held on Friday 9 October).

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Strandline and Jacana have executed a Share Sale Deed (“SSD”) to implement the sale and purchase of the shares in JRT. The SSD supersedes the Heads of Agreement between the parties (“HOA”) announced by Strandline on 22 April 2015 (which has now been terminated) and, apart from the changes described in Appendix 1, is on materially the same terms as that earlier document.

As previously announced, Strandline and Jacana have also entered into a loan agreement for the purposes of funding the working capital requirements of Strandline through to completion of the transaction. The agreement consists of a loan facility of \$250,000, which has been fully drawn down. If the acquisition of JRT is completed, Jacana will forgive the loan. If the acquisition is not completed, Strandline is required to repay the loan by 15 November 2015.

Commenting on the progress of the Jacana acquisition, Strandline’s Managing Director, Richard Hill, said:

“Strandline is very pleased to have received overwhelming shareholder support for the acquisition of Jacana’s Tanzanian assets. Whilst there have been some unexpected delays in implementing the transaction as a result of additional documentation required to be prepared for the Jacana shareholder approval we now look forward to completing the acquisition over the next 4 to 6 weeks.”

The acquisition will give Strandline and Jacana shareholders the opportunity to participate in a significant Tanzanian focused mineral sands explorer and developer in the most active mineral sands-producing region in the world.”

Under the SSD, Strandline will acquire all of the issued shares in Jacana’s wholly owned subsidiary JRT and an associated aggregate cash balance as at Completion of \$394,000, net of any liabilities but including the loan described above (“Cash Balance”).

The consideration for the acquisition will consist of the issue to Jacana of up to 476,351,321 fully paid ordinary shares in Strandline (“Consideration Shares”) at a deemed price per share of \$0.01, valuing the transaction at up to approximately \$4.76 million.

To the extent that the Cash Balance is not available to be transferred to Strandline at Completion (a matter presently being determined), the number of Consideration Shares to be issued will be proportionately reduced on the basis that for every \$1.00 by which the actual uncommitted cash balance is less than the Cash Balance, the aggregate number of Consideration Shares to be issued will be decreased by 100 shares.

After completion of the transaction, Jacana will distribute up to 456,351,321 Consideration Shares *in specie* to Jacana shareholders and 20,000,000 Consideration Shares to Syrah Resources Limited (“Syrah”) in order to repay the outstanding balance of an existing loan between Syrah and Jacana.

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The anticipated timetable for completion of the acquisition of JRT is set out below:

Event	Indicative Date*
Dispatch of Notice of Meeting and associated documentation for Jacana shareholder meeting	Wednesday, 16 September 2015
General Meeting of Jacana to approve Capital Reduction resolution and <i>in specie</i> distribution of Consideration Shares to Jacana's shareholders	Friday, 9 October 2015
Settlement of acquisition (including issue of the Consideration Shares)	Friday, 9 October 2015
Completion of <i>in specie</i> distribution to Jacana's shareholders	Monday, 12 October 2015

*The above timetable is indicative only and may be varied

Information about Jacana and JRT

Jacana is a Tanzania-focussed mineral explorer with a diverse portfolio of exploration opportunities. Jacana, through its wholly owned subsidiary, JRT, owns a 100% interest in sixteen (16) prospecting licences. The assets of Jacana, including mineral sands, nickel and coal prospects, were demerged from Syrah in October 2014.

The assets of Jacana are located within the world's major zircon and titanium producing region in south east Africa (see Figure 1).

Jacana is selling JRT, which controls Jacana's exploration assets, all of which are located in Tanzania and which, when combined with Strandline's Tanzanian tenements, create an extensive portfolio of areas prospective for minerals including mineral sands (see Figure 2). These include high potential, underexplored, advanced exploration projects (one of which, Fungoni, has a JORC 2012 compliant Indicated Resource, more particularly set out in Table 1) as well as large areas of well-located unexplored ground.

The strongest prospects include the rutile-rich Tanga North prospect, heavy mineral concentrated areas south of Tanga (Tongani and Tajiri) and the zircon-rich Fungoni prospect. All of these prospects, and the surrounding exploration areas, need further drilling to assess their potential.



Figure 1: Location of major mineral sands operations in south east Africa

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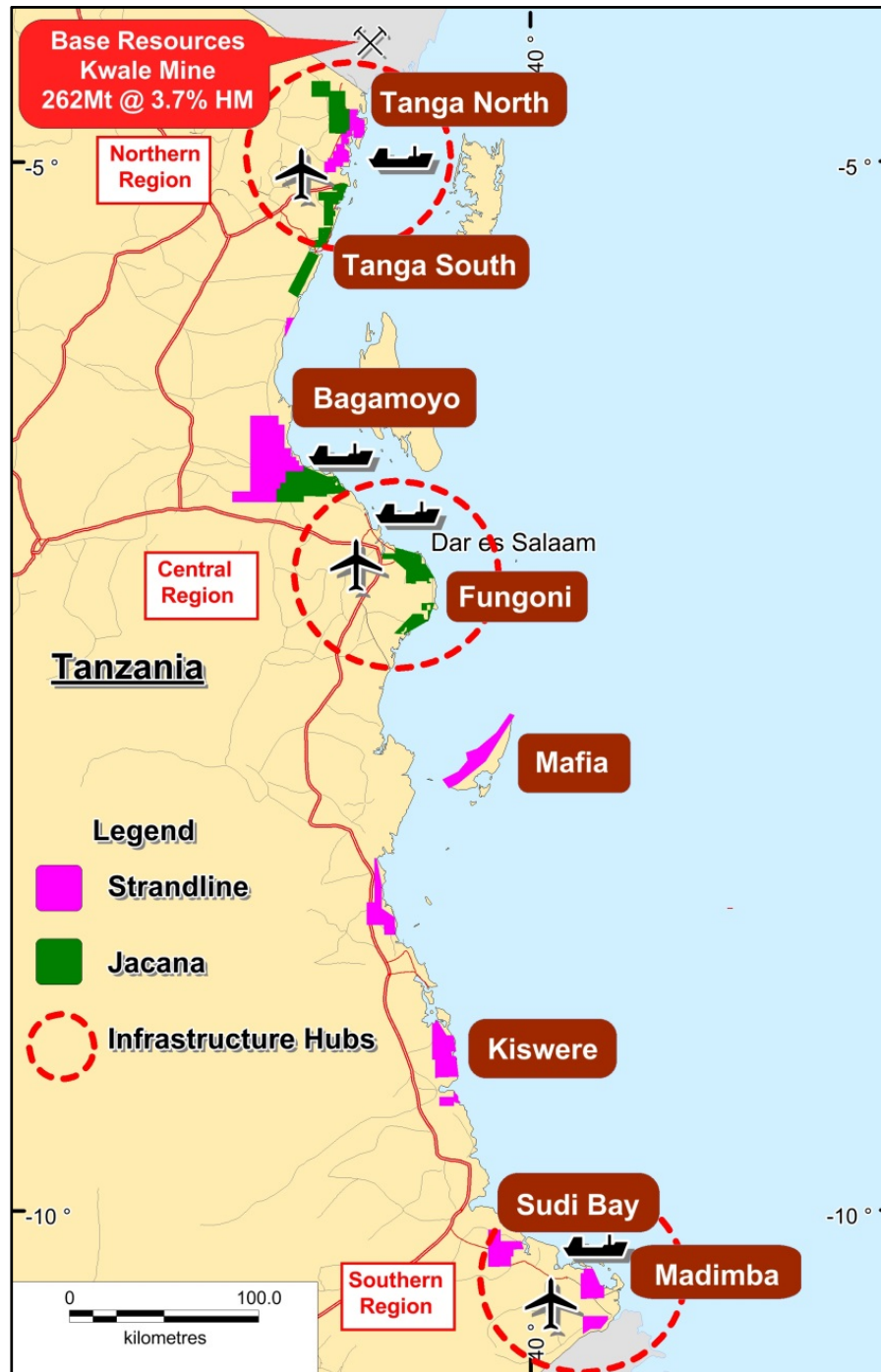


Figure 2: Extensive mineral sands position in Tanzania

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Table 1: Fungoni Mineral Resource Estimate¹ at 1.0% THM cut-off

Classification	Tonnes (Mt)	THM (%)	Slimes (%)	Oversize (%)	Zircon (%)	Rutile (%)	Ilmenite (%)
Indicated	11.0	3.1	27.5	8.7	0.7	0.1	1.4
Inferred	3.0	1.7	24.2	8.9	0.4	0.1	0.7
Total	14.0	2.8	26.8	8.8	0.6	0.1	1.2

For further enquiries, please contact:

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¹ This JORC 2012 compliant Mineral Resource Estimate was prepared by Rod Webster, Tracie Burrows and Kathy Zunica of AMC Consultants Pty Ltd on 29 April 2014 and was published by Jacana in its replacement prospectus dated 6 November 2014.



APPENDIX 1: SHARE SALE DEED (“SSD”) – KEY TERMS

As indicated in this announcement, Strandline will purchase and acquire from Jacana, who will sell and transfer to Strandline, all of the issued shares in JRT. Strandline will also be entitled to purchase and receive at Completion a cash balance of at least \$394,000, net of liabilities (“Cash Balance”), which is currently intended to be effected by way of the purchase by Strandline of all of the issued shares in another Jacana subsidiary, Jacana No 2 Pty Ltd (“J2PL”), which will have no assets or liabilities except as regards the Cash Balance. The existing loan of \$250,000 from Jacana to Strandline is deemed to form part of the Cash Balance and, accordingly, the expected actual cash to be held by J2PL is approximately \$144,000. In return, the Company will issue of up to 476,351,321 new fully paid ordinary shares in Strandline. After completion of the transaction, Jacana will distribute up to 456,351,321 Consideration Shares *in specie* to Jacana shareholders.

The key terms of the SSD mirror those of the HOA, but for the inclusion in the SSD of the following:

- Jacana will transfer 20,000,000 of the Consideration Shares received from Strandline (valued at \$200,000) to Syrah to repay the outstanding balance of the Syrah Loan.
- To the extent that the full Cash Balance is unable to be transferred to Strandline at Completion, the Consideration Shares will be proportionately reduced on the basis that for every \$1 by which the actual uncommitted cash balance is less than the Cash Balance, the aggregate number of Consideration Shares will be decreased by 100 shares.
- Jacana and JRT are required to comply with an agreed budget (“**Expenditure Budget**”) which is attached as a Schedule to the SSD and which covers the period from 1 July to the date of Completion.
- If Jacana and JRT exceed the Expenditure Budget, then the amount of the Consideration Shares will be proportionately reduced on the basis that for every \$1.00 by which the Expenditure Budget is exceeded, the aggregate number of Consideration Shares will be decreased by 100 shares.
- Completion of the transaction remains subject to the following conditions:
 - Jacana obtaining Syrah’s agreement in writing that at Completion, \$200,000 of the Syrah loan will convert into Strandline shares (a matter which Strandline understands is a formality);
 - Jacana receiving shareholder approval for the *in specie* distribution of the relevant Consideration Shares; and
 - No Material Adverse Condition occurring in relation to Jacana (including regarding JRT) or Strandline.
- Jacana will conduct the *in specie* distribution within 15 business days after receiving shareholder approval.
- Each of the parties provides warranties of the kind usually contained in documents similar to the SSD.