

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Strandline Resources Limited (formerly Gunson Resources Limited)

ABN

32 090 603 642

Quarter ended ("current quarter")

31 December 2014

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(371) - - (699)	(553) - - (830)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(1,063)</b>	<b>(1,371)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,063)</b>	<b>(1,371)</b>

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1.13	Total operating and investing cash flows (brought forward)	(1,063)	(1,371)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	2,319	2,319
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	(279)	(281)
	<b>Net financing cash flows</b>	<b>2,040</b>	<b>2,038</b>
	<b>Net increase (decrease) in cash held</b>	<b>977</b>	<b>667</b>
1.20	Cash at beginning of quarter/year to date	247	557
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,224</b>	<b>1,224</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	375
1.24	Aggregate amount of loans to the parties included in item 1.10	-

#### 1.25 Explanation necessary for an understanding of the transactions

Included in the payments to directors above were back payments totalling \$275,000. Previously directors agreed to defer payment of fees as from 1 February 2014 until the Company secured sufficient funding.

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Shareholder approval was received on 20 October 2014 for the acquisition by Gunson Resources Limited ("Gunson") of 100% of the shares in mineral sands-focused Strandline Resources Pty Ltd in an all-scrip transaction. As consideration for the acquisition, 166.67 million ordinary shares in the capital of the Company were issued at a deemed issue price of 1.5 cents per share, valuing the transaction at \$2.5 million. Gunson subsequently received shareholder approval to change its name to Strandline Resources Limited.

+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

On 17 February 2014 the Company announced that it had granted Terrace Mining Pty Ltd a 12 month option period to complete studies deemed necessary to establish the feasibility of a process to economically extract copper, cobalt and silver metal from the host mineralization in the MG14 and Windabout deposits at Mount Gunson. Upon successful completion of these activities, Terrace will have the right to earn a 51% participating interest in MG14 and Windabout by delivering a Bankable Feasibility Study within 18 months of the end of the option period and/or incurring project expenditure of \$2.5 million.

### Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	225
4.2 Development	-
4.3 Production	-
4.4 Administration	275
<b>Total</b>	<b>500</b>

Note: The Company is expecting to receive an R&D tax benefit of \$250,000 during the next quarter.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	524	247
5.2 Deposits at call	700	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,224</b>	<b>247</b>

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#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL 4725 Mount Gunson Project, South Australia	Owner – 100%	tenement relinquished 0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Tanzania Mineral Sands Exploration Project – refer to Appendix 1 for the tenements acquired pursuant to the acquisition of Strandline Resources Pty Ltd	Owner 0%	100%

Refer to Appendix 1 for a full tenement listing

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	615,485,128	615,485,128	
7.4	Changes during quarter			
	(a) Increases through issues	321,933,335	321,933,335	1.5 cents
	(b) Decreases through returns of capital, buy-backs			1.5 cents

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7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		1,600,000		29 cents	22/06/2015
		1,500,000		5 cents	8/11/2015
		1,000,000		6 cents	8/11/2015
		1,500,000		8 cents	8/11/2015
		10,000,000		3 cents	3/11/2017
7.8	Issued during quarter	10,000,000		3 cents	3/11/2017
7.9	Exercised during quarter				
7.10	Expired during quarter	4,000,000		27 cents	30/11/2014
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

*G.A. James*

Date: 30 January 2015

(Chief Financial Officer and Company Secretary)

Print name:

Geoff James

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## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Strandline Resources Limited**  
**Appendix 1 – Tenement Listing**

**Coburn Mineral Sands Development Project (100%), Shark Bay District, Western Australia**

- ELs 09/939, 09/940, 09/1685
- MLs 09/102, 09/103, 09/104, 09/105, 09/106, 09/111, 09/112
- Ls 09/21, 09/43

**Mount Gunson Copper Exploration Project (100%), Woomera District, South Australia**

- ELs 4460, 5108, 5333

**Fowlers Bay Nickel Exploration Project (100%), Ceduna District, South Australia**

- EL 4440

**Tennant Creek Gold Exploration Project (100%), Tennant Creek District, Northern Territory**

- ELs 23946, 23949, 29553

**Tanzania Mineral Sands Exploration Projects (100%), Republic of Tanzania**

- PLS 7588/2012, 9332/2013, 9427/2013, 9976/2014, 8134/2012, 8196/2012, 8185/2012, 9971/2014, 8197/2012, 9972/2014, 9977/2014, 7940/2012, 9980/2014, 9969/2014, 9970/2014, 9978/2014

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