STRANDLINE
resources limited

STRANDLINE RESOURCES LTD

ABN 32 090 603 642

Interim Financial Report

for the half year ended 31 December 2018

CORPORATE DIRECTORY

Board of Directors

Didier Murcia	Non-Executive Chairman
Luke Edward Graham	Managing Director
Peter Richard Watson	Executive Director
Ernest Thomas Eadie	Non-Executive Director
John Russell Hodder	Non-Executive Director

Company Secretary

Mr Flavio Lino Garofalo

Registered and Principal Office

35 Richardson Street
West Perth, Western Australia 6005

Tel: (61 8) 9226 3130
Fax: (61 8) 9485 2070
Email: enquiries@strandline.com.au

Postal Address

PO Box 1217
West Perth, Western Australia 6872

Website

www.strandline.com.au

Country of Incorporation

Strandline Resources Limited is domiciled and incorporated in Australia

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth, Western Australia 6000
Tel: (61 8) 9323 2000
Fax: (61 8) 9323 2033

Home Stock Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth, Western Australia 6000

ASX Code: STA

DIRECTORS' REPORT

The Directors of Strandline Resources Limited ("**Strandline**" or "the **Company**") submit the Financial Report on the Consolidated Entity ("the **Group**") consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

DIRECTORS

The names of the Company's directors in office during the or since the end of the half year are:

Didier Murcia AM
Independent Non-Executive Chairman, B.Juris, LL.B, appointed 1 March 2016

Luke Edward Graham
Managing Director & Chief Executive Officer, A.Dip (Hons) (Elec Eng), MAICD, appointed 19 September 2016

Peter Richard Watson
Executive Director, BEng (Hons) (Chem), GAICD, FIEAust, Dip (Acct), appointed 10 September 2018

Ernest Thomas Eadie
Non-Executive Director, B.Sc (Hons), M.Sc., F.AusIMM. appointed 9 October 2015

John Russell Hodder
Non-Executive Director, B.Sc, B.Com, MBA, appointed 8 June 2016

Asimwe Matungwa Herman Kabunga
Independent Non-Executive Director, B.Sc, appointed 18 June 2015 and resigned on 8 October 2018

PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the half-year was mineral exploration and evaluation in Australia and Tanzania, with a focus on mineral sands.

REVIEW OF OPERATIONS

The Company made strong progress on its Heavy Mineral Sands (HMS) exploration and development strategy during the half-year across its entire project portfolio in the two largest HMS producing jurisdictions - Africa and Australia.

There has been a significant upturn in the mineral sands market along with improving industry dynamics. An emerging structural supply gap in the mineral sands sector means that new capital projects are required to meet forecast demand. Strandline's mineral sand projects are well positioned to meet this demand.

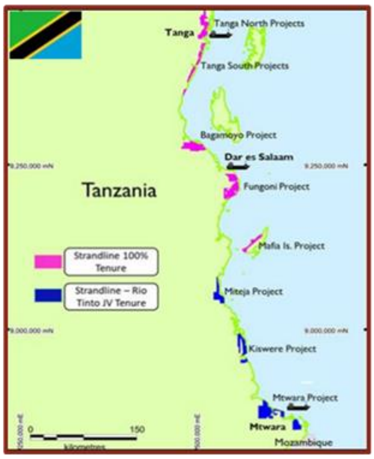
1 Fungoni Project

21.7Mt Resource @2.8% THM
12.3Mt Reserve @ 3.9% THM

2 Coburn Project

1,606Mt Resource @1.2% THM
308Mt Reserve @ 1.2% THM

3 Tanzania Growth Projects



Includes 147Mt Resource @ 3.1% THM at Tanga South (Tajiri)

Mineral Sands Project - Tanzania

Fungoni HMS Project

During the half year, the Fungoni Project advanced on several key fronts including the following:

- Mining Licence granted for Fungoni mineral sands project by the new Tanzanian Mining Commission. With the Fungoni Definitive Feasibility Study (DFS) already completed and all key approvals in place, Strandline is preparing for a development decision.
- Binding sales contracts secured for 100% of forecast revenue – final offtake agreement signed with IMMCO (Industrial Minerals and Metals) Limited covering all the rutile to be produced at Fungoni for the life of the mine. This follows previous agreements for the zircon and chloride ilmenite products.
- Fixed price contract signed with GR Engineering Services for 12-month engineering procurement construction and commissioning (EPC) of the Fungoni processing facility.
- Project development meetings held in Tanzania between senior representatives of the Tanzanian Mining Commission, the Ministry of Minerals and the Company, with strong support received for the near-term development of Fungoni.
- Updated Definitive Feasibility Study (DFS) on Fungoni completed resulting in significant increases in forecast financial returns and reduced implementation risk:
  - Project pre-tax NPV^{10} of US$48.7m (A$64.9m at USD:AUD 0.75, up from US$42.9m)
  - Project post-tax NPV^{8} of US$34.8m (A$46.4m) and NPV^{10} of US$30.8m (A$41.1m)
  - Project pre-tax IRR of 61% (up from 56%) and project post-tax IRR of 42%
- Project financing well advanced with the appointment of Nedbank CIB as lead arranger and underwriter for US$26m Project Finance Facility, subject to due-diligence.

Tanga South Tajiri Project

The Tajiri project located in northern Tanzania continues to emerge as a game-changer for Strandline, offering significant scale and growth potential as the second-most advanced project in the Company's Tanzanian portfolio behind Fungoni.

Tajiri comprises a series of higher-grade mineral sands deposits stretching along 20kms of Tanzanian coastline, with JORC Indicated Mineral Resources of 147Mt at 3.1 % THM, containing in-situ valuable minerals of 339,000t rutile, 201,000t zircon, 3,132,000t ilmenite and 322,000t almandine garnet.

During the half year, the Company progressed a large air-core drilling program aimed at significantly increasing existing Mineral Resources by targeting adjacent high-grade zones. Drilling will prioritise areas within the Tajiri Exploration Target, which is 73-133Mt at 2.8% to 4.4% Total Heavy Mineral (THM). This is in addition to the currently defined Mineral Resource (refer ASX announcement 26 June 2018) and scheduled to continue into the second half of the financial year.

Strandline would caution the reader that the potential quantity and grade of the combined Exploration Target is conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource. It is also uncertain if further exploration and resource development work will result in the determination of Mineral Resources.

Bagamoyo Project

The Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development in Tanzania. Outstanding assays received from the maiden drilling program during the half year confirm Bagamoyo as a major mineral sands discovery (see ASX release dated 17 September 2018).

The Company has estimated a maiden Exploration Target at Bagamoyo comprising 78 to 156Mt at 3% to 4.5% THM. Minor field activity was performed during the quarter and a further drill program is required to test the veracity of the Exploration Target.

Strandline would caution the reader that the potential quantity and grade of the combined Exploration Target is conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource. It is also uncertain if further exploration and resource development work will result in the determination of a Mineral Resource.

Sudi Project

The Sudi Project forms part of the Earn-in and Joint Venture Agreement with Rio Tinto Mining & Exploration Limited (Rio Tinto) across the Company's suite of HMS tenements located in the southern region of Tanzania. The Joint Venture has enabled Strandline to accelerate exploration activities on the Project Area, with Rio Tinto contributing expertise and funding.

The Agreement with Rio Tinto is worth up to US$10.75 million (~A$14.5 million) consisting of a two-stage earn-in plus cash payments. The Stage 1 earn-in commenced in June 2017 with Rio Tinto having the option to sole fund US$5 million of exploration within 3.5 years to earn a 51% interest in the joint venture. Stage 2 involves an option to incur a further US$4 million expenditure within 2 years to earn an aggregated 75% interest.

During the half year, ground reconnaissance work was completed and the next phase of drilling commenced across priority targets, aimed at identifying more high-grade mineral sands anomalies near Sudi and the port City of Mtwara. The JV parties have agreed to formally extend the contracted milestone date to complete this phase of exploration from December 2018 to August 2019. This amendment has been executed under a Deed Agreement. Other conditions of the original JV agreement remain unchanged (see ASX announcement 26 June 2017 and 26 April 2017).

Mineral Sands Projects – Australia

Coburn Project

During the half year, progress was made on updating the Definitive Feasibility Study (DFS) which is due for completion in the March 2019 Quarter. This was after receiving positive results from its internal project reviews and market engagement, which were undertaken in response to the strong upturn in the mineral sands market.

The DFS is leveraging the significant work done to date on the project while focusing on a multitude of value improvement initiatives and execution readiness activities. The DFS will generate updated capital and operating costs and an enhanced execution plan for the project. This included an upgrade on Coburn's JORC Mineral Resource Estimate to JORC-2012 (from JORC-2004) as part of the current DFS, (see ASX announcement 14 November 2018).

The total Mineral Resource Estimate (MRE) increased by 64 per cent and the new Resource stands at 1.6 billion tonnes at 1.2% Total Heavy Minerals (THM), containing 19.6Mt of Heavy Mineral. This is up from 979Mt at 1.3% THM containing 12.3Mt of Heavy Mineral.

The most recent cost review of the project was completed in 2015 with a pre-tax NPV_8 of A$306 million and an IRR of 26% generating A$2.9 billion of sales revenue over a projected 19-year life, mining at a rate of 23.4Mtpa (see ASX announcement dated 9 February 2015).

Fowlers Bay Nickel-Gold Project

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX: WSA), continued over Strandline's 700km^2 Fowlers Bay Project in the Western Gawler region of South Australia.

During the half year, exploration activities included the completion of a heliborne electromagnetic (EM) survey with preliminary interpretation identifying four low-moderate targets. Following this, a heritage clearance survey incorporating the identified targets was completed. The ground survey identified broad conductive trends, however no bedrock anomalies were recorded. Future work plans include focused air-core drilling of these conductive trends.

Financial

Financial Results

The Group incurred a loss after tax for the half-year of $4.09 million (31 December 2017: $2.54 million) which includes exploration costs and corporate expenses expensed during the period. As the Group is still in the exploration and evaluation stage, revenue streams mainly consist of interest earned on investing surplus funds from capital raising and research and development rebates received from the Australian government.

Funds received from the Revenue for the period included interest received of $0.06 million and exploration and evaluation expenditure for the period was $2.45 million (31/12/2017: $1.71 million).

Financial Position

The Group's net asset position as at 31 December 2018 was $10.44 million and consolidated cash on hand as at 31 December 2018 was $4.18 million (30 June 2018: $4.29 million).

The consolidated financial statements have been prepared on the going concern basis as the Directors believe, amongst other things, that they will continue to be successful in securing additional funds through issue of shares, the disposal of assets and/or farm-outs.

SUBSEQUENT EVENTS

On 3 January 2019 the Company signed a Lead Arranger mandate with Nedbank Limited to act as a lead arranger and underwriter of a US$26 million finance facility for the Fungoni project in Tanzania. The non-binding Term Sheet accounts for the majority of Fungoni's total estimated development capital cost of US$32 million excluding taxes, levies and financing costs.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration is set out separately in this Interim Financial Report.

This Directors' Report is signed in accordance with a resolution of the Directors.

On behalf of the Directors

Luke Graham
MANAGING DIRECTOR

7 March 2019
Perth, Western Australia

STRANDLINE
resources limited

MINERAL RESOURCE DATA

Table 1 Mineral Resource Statement for Fungoni at May 2017

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT										
Summary of Mineral Resources[(1)]					VHM assemblage[(2)]					
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	8.77	0.37	4.26	43.3	4.3	18.3	1.0	18.5	6.8
FUNGONI	Indicated	12.97	0.24	1.84	36.7	4.3	14.6	1.4	24.4	7.3
	Total[(3)]	21.74	0.61	2.82	40.7	4.3	16.9	1.2	22.0	7.0
(1) Mineral Resources reported at a cut-off grade of 1.0% THM										
(2) Valuable Mineral assemblage is reported as a percentage of in situ THM content										
(3) Appropriate rounding applied										

Refer ASX announcement 2 May 2017 for full details of the Fungoni Mineral Resource Estimate. Mineral Resources were converted to Ore Reserves in accordance with the JORC Code 2012 Edition based on the pit designs, recognising the level of confidence in the Mineral Resource estimation, and reflecting modifying factors.
Refer ASX announcement 6 October 2017 for full details of the Fungoni Ore Reserve statement.

Table 2 Ore Reserve Statement for Fungoni Project at October 2017

ORE RESERVES SUMMARY FOR FUNGONI PROJECT						
Deposit	Reserve Category	Ore	Slimes		Heavy Mineral	
		(Mt)	(Mt)	(%)	(kt)	(%)
FUNGONI	Proved	6.9	1.2	18	341	4.9
FUNGONI	Probable	5.4	1.0	19	138	2.6
	Total*	**12.3**	**2.3**	**19**	**480**	**3.9**

*Note totals may deviate from the arithmetic sum due to rounding.

Table 3 Tanga South (Tajiri) Project Mineral Resource Estimate (February 2018)

MINERAL RESOURCE SUMMARY FOR THE TAJIRI PROJECT													
Summary of Mineral Resources (1)								THM Assemblage (2)					
Deposit	THM % cut-off	Mineral Resource Category	Tonnage	Insitu HM	THM	SLIMES	OS	Ilmenite	Rutile	Zircon	Leucoxene	Garnet	
			(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
Tajiri	1.5%	Indicated	36	1.3	3.7	34	4	71	10	6	0	3	
Tajiri North	1.7%	Indicated	61	1.7	2.8	48	4	75	6	4	1	1	
T2	1.7%	Indicated	17	0.5	2.8	32	11	57	7	4	0	19	
T3	1.7%	Indicated	8	0.4	4.4	33	7	68	6	5	1	5	
T4	1.7%	Indicated	15	0.4	2.9	22	6	61	8	4	0	12	
T4C	1.7%	Indicated	10	0.3	3.4	20	11	44	5	2	0	31	
		Total	147	4.6	3.1	37	6	68	7	4	0	7	
(1) Mineral Resources reported at various THM cut-offs													
(2) Mineral Assemblage is reported as a percentage of insitu THM content													
Appropriate rounding applied													

Refer to the ASX announcement dated 16 February 2018 for full details of the Mineral Resource estimate for the Tanga South Tajiri Project.

Table 4 Coburn HMS Project, Western Australia, Ore Reserve Estimate (January 2010)

ORE RESERVES SUMMARY FOR COBURN HMS PROJECT								
Summary of Ore Resources(1)					HM assemblage(2)			
Deposit	Reserve Category	Tonnage	Contained HM	HM Grade	Zircon	Ilmenite	Rutile	Leucoxene
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)
Amy Pit A	Proven	53	0.7	1.3	24	46	5	6
Amy Pits B-E	Probable	255	3.1	1.2	23	48	7	4
	Total(3)	**308**	**3.8**	**1.2**	23	48	7	5
(1) Cut-off grade applied is 0.8% HM								
(2) Mineral assemblage is reported as a percentage of total HM content. Slimes average 2.7% of the ore and oversize 3.3%.								
(3) Appropriate rounding applied								

Table 5 Coburn Zircon Project Mineral Resource Estimate (November 2018)

MINERAL RESOURCE SUMMARY FOR THE COBURN PROJECT										
Summary of Mineral Resources(1)					**VHM assemblage(2)**					
Deposit	**Mineral Resource Category**	**Tonnage**	**In situ THM**	**THM**	**Ilmenite**	**Rutile**	**Zircon**	**Leucoxene**	**Slimes**	**Oversize**
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
	Measured	119	1.5	1.3	45	5	24	6	3	6
	Indicated	607	7.7	1.3	48	7	22	5	3	3
	Inferred	880	10.4	1.2	49	7	21	4	3	1
	Total	**1606**	**19.6**	**1.2**	**48**	**7**	**22**	**5**	**3**	**2**
(1) Mineral Resources reported at a cut-off grade of 0.8% THM										
(2) Valuable Mineral assemblage is reported as a percentage of in situ THM content										
(3) Appropriate rounding applied										

Refer to the ASX announcement dated 14 November 2018 for full details of the Ore Reserve and Mineral Resource estimates for the Coburn Project.

MINERAL SANDS COMPETENT PERSON'S STATEMENTS

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Mr Brendan Cummins, Chief Geologist and employee of Strandline. Mr Cummins is a member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which they appear. Mr Cummins is a shareholder of Strandline Resources.

The information in this report that relates to Mineral Resources for Fungoni is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline, and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the mineral resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for Tanga South Tajiri is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline, and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to the Fungoni Ore Reserves is based on information compiled under the direction of Mr Adrian Jones, an employee of AMC Consultants. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralization and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Jones used non-mining modifying factors for the Ore Reserve estimate drawn from contributions provided by various sources. Mr Jones consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

The information in this report that relates to the Coburn Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the provision of the drill database, and completed the site inspection. Mr Jones is the Competent Person for the data integration and resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this ASX announcement relating to estimates of Coburn Ore Reserves has been extracted from the ASX announcement dated 7 January 2010. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Ore Reserves and Mineral Resources, which all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

Strandline confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Feasibility Studies, continues to apply and have not materially changed.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF STRANDLINE RESOURCES LIMITED

As lead auditor for the review of Strandline Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Strandline Resources Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 7 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

STRANDLINE resources limited

	Notes	31 Dec 2018 $	31 Dec 2017 $
Revenue from continuing operations		**61,815**	67,589
Employee benefits expense	2	**(612,640)**	(468,462)
Depreciation and amortisation expense	2	**(15,286)**	(19,059)
Share based payment expense	2/8	**(578,425)**	(161,394)
Exploration and evaluation expenditure		**(2,450,657)**	(1,705,303)
Other expenses		**(493,850)**	(248,814)
Loss before income tax		**(4,089,043)**	(2,535,443)
Income tax benefit		-	-
Loss after income tax for the period		**(4,089,043)**	(2,535,443)
Other comprehensive income/(loss)			
Items that may be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		**218,729**	(57,797)
Other comprehensive income for the period, net of income tax		**218,729**	(57,797)
Total comprehensive loss for the period		**(3,870,314)**	(2,593,240)
Loss attributable to:			
Owners of Strandline Resources Limited		**(3,870,314)**	(2,593,240)
		Cents per share	**Cents** per share
Basic and diluted loss per share (cents per share)		**(1.37)**	(0.94)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

STRANDLINE
resources limited

	Notes	31 Dec 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents	3	**4,175,634**	4,290,985
Other receivables		**135,031**	155,557
Total current assets		**4,310,665**	4,446,542
Non-current assets			
Prepayments		**15,655**	37,202
Property, plant and equipment		**11,730**	24,185
Exploration and evaluation expenditure	4	**7,433,127**	7,239,023
Financial assets at fair value through other comprehensive income	5	**210,000**	210,000
Total non-current assets		**7,670,512**	7,510,410
Total assets		**11,981,177**	11,956,952
Current liabilities			
Trade and other payables	6	**1,423,395**	1,034,997
Provisions		**113,297**	102,194
Total current liabilities		**1,536,692**	1,137,191
Total liabilities		**1,536,692**	1,137,191
Net assets		**10,444,485**	10,819,761
Equity			
Contributed equity	7	**69,759,439**	66,448,477
Reserves	8	**3,194,469**	2,791,664
Accumulated losses		**(62,509,423)**	(58,420,380)
Total equity		**10,444,485**	10,819,761

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

STRANDLINE resources limited

	Issued Capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2017	62,379,704	1,823,737	156,741	(53,706,677)	10,653,505
Comprehensive income for the period					
Loss for the period	-	-	-	(2,535,443)	(2,535,443)
Foreign currency translation difference for foreign operation	-	-	(57,796)	-	(57,797)
Total comprehensive loss for the period	-	-	(57,796)	(2,535,443)	(2,593,240)
Transactions with owners in their capacity as owners					
Issue of ordinary shares	1,761,830	-	-	-	1,761,830
Share issue costs	(9,520)	-	-	-	(9,520)
Recognition of share-based payments	-	78,895	-	-	78,895
Balance at 31 December 2017	64,132,014	1,902,632	98,945	(56,242,120)	9,891,470
Balance at 1 July 2018	66,448,477	2,184,642	607,023	(58,420,380)	**10,819,762**
Comprehensive income for the period					
Loss for the period	-	-	-	(4,089,043)	**(4,089,043)**
Foreign currency translation difference for foreign operation	-	-	218,728	-	**218,728**
Total comprehensive loss for the period	-	-	218,728	(4,089,043)	**(3,870,313)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares	3,000,203	-	-	-	**3,000,203**
Share issue costs	(83,590)	-	-	-	**(83,590)**
Recognition of share-based payments	256,849	321,576	-	-	**578,425**
Performance rights vested into shares	137,500	(137,500)	-	-	**-**
Balance at 31 December 2018	**69,759,439**	**2,368,718**	**825,751**	**(62,509,423)**	**10,444,485**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

STRANDLINE resources limited

	Notes	31 Dec 2018 $	31 Dec 2017 $
Cash flows from operating activities			
Payments for exploration and evaluation		**(2,788,006)**	(1,743,572)
Joint Venture contributions less payments for exploration		**706,370**	880,081
Joint Venture consideration received		**-**	650,026
Payments to suppliers and employees		**(1,163,938)**	(1,017,069)
Interest received		**35,152**	42,621
Other income		**23,568**	-
Net cash (used in) operating activities		**(3,186,854)**	(1,187,913)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,092)**	(5,263)
Net cash (used in) investing activities		**(2,092)**	(5,263)
Cash flows from financing activities			
Proceeds from issues of shares		**3,120,203**	1,679,331
Payment for share issue costs		**(85,901)**	(9,520)
Net cash inflow provided by financing activities		**3,034,302**	1,669,811
Net increase in cash and cash equivalents		**(154,644)**	476,635
Cash and cash equivalents at the beginning of the period		**4,290,985**	3,274,836
Effects of foreign exchange movement on opening cash balance		**39,293**	(34)
Cash and cash equivalents at the end of the period	3	**4,175,634**	3,751,437

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Significant accounting policies

a) Reporting Entity

Strandline Resources Limited is a company domiciled in Australia. These consolidated half-year financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the exploration and development of heavy mineral sands resources.

b) Statement of compliance

The consolidated half-year financial statements are a general purpose financial statement prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Strandline Resources Limited during the half-year period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

c) Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for financial assets and financial liabilities that are recognised initially at fair values and subsequently measured at amortised costs using the effective interest method, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

d) Adoption of new and revised Accounting Standards

(i) New and amended standards

A number of new or amended standards became applicable for the current reporting period and Strandline Resources Limited have reviewed its accounting policies in light of these standards:

- AASB 9 Financial Instruments ("AASB 9"); and
- AASB 15 Revenue from Contracts with Customers ("AASB 15").

AASB 15 has had no impact on adoption on these financial statements. The impacts of AASB 9 has been detailed in note 1(d)(ii).

(ii) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and liabilities, recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 resulted in minimal changes in accounting policies. The new accounting policies are set out below.

Impact of adoption

Classification and measurement of financial assets

On the date of initial application, 1 July 2018, the financial instruments of the Group were as follows, with any reclassification noted.

	Measurement category		Carrying amount		
	Original (AASB 139)	**New (AASB 9)**	**Original $'000**	**New $'000**	**Difference $'000**
Non-current financial assets					
Equity Instruments	Available-for-sale	FVOCI	210,000	210,000	-

Equity investments previously classified as available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of $210,000 were reclassified from available-for-sale financial assets, recognised under 'Financial Assets' to financial assets at fair value at FVOCI and any future fair value gains will be reclassified from the Investment Revaluation Reserve to the FVOCI Reserve from 1 July 2018 onwards.

Investments and other financial assets

Investments and other financial assets Investments are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss);
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment
The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(iii) Impact of standards issued but not yet applied by the entity
AASB 16: *Leases* was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. Strandline Resources Limited does not intend to adopt the standard before its effective date.

e) Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. Loss for the period

Loss for the period has been arrived at after charging the following items of expenses:

	31 Dec 2018 $	31 Dec 2017 $
Employee benefit expense		
Directors' fees	**95,271**	95,975
Wages and salaries	**391,963**	278,040
Superannuation expenses	**34,024**	29,546
Other employment costs	**91,382**	64,901
	612,640	468,462
Depreciation expense	**15,286**	19,059
Occupancy expenses	**49,362**	33,248
Share-based payments	**578,425**	161,394

3. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposits at call which are readily convertible into cash and used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31 Dec 2018 $	30 June 2018 $
Cash at bank	**341,278**	352,413
Cash in joint venture [1] – restricted cash	**614,356**	638,572
Cash on deposit	**3,220,000**	3,300,000
	4,175,634	4,290,985

[1] *Earn In and Unincorporated Joint Venture Agreement*

The Group is party to an earn in and unincorporated joint venture agreement ('Agreement') with Rio Tinto Mining and Exploration Limited ('Rio Tinto') covering a suite of exploration tenements owned by the Group, located in the Southern region of Tanzania, East Africa ('Tenements') which commenced 21 June 2017. Rio Tinto can earn an interest of 51% in the Tenements by funding USD 5 million (Stage 1) in exploration expenditure and can extend that interest to 75% by funding a further USD 4 million (Stage 2). Until such time that the Stage 1 funding requirement is satisfied, Strandline remains the 100% owner and operator of the tenements. Rio Tinto must incur a minimum of USD 2 million in funding within 18 months of the commencement of the Agreement ('Minimum Commitment'). The minimum commitment period was extended during the half year to 21 August 2019.

The Group recognises any joint venture cash balance at each reporting date (up to the Minimum Commitment) in its consolidated financial statements as restricted cash, with the corresponding credit recognised in the Statement of Financial Position as funds to be spent in line with the Agreement. To date no exploration expenditure in relation to this Agreement has been recognised as these are offset against the contributions by Rio Tinto under the Agreement. As at 31 December 2018 contributions totalled AUD 2,833,726 and payments for exploration of the tenements totalled AUD 2,219,370, leaving a restricted cash total of AUD 614,356.

4. Exploration and evaluation expenditure

	31 Dec 2018 $	30 June 2018 $
Carried forward exploration and evaluation expenditure	**7,239,023**	7,078,032
Foreign exchange movement	**194,104**	160,991
	7,433,127	7,239,023

5. Financial assets

	31 Dec 2018 $	30 June 2018 $
Financial assets at fair value through other comprehensive income	**210,000**	210,000

6. Current trade and other payables

	31 Dec 2018 $	30 June 2018 $
Trade payables	**413,030**	146,464
Accrued director fees	**5,019**	13,054
Other creditors and accruals	**390,990**	236,907
Unearned joint venture revenue	**614,356**	638,572
	1,423,395	1,034,997

7. Issued capital

Fully paid ordinary shares
The issued capital at 31 December 2018 was 320,689,931 fully paid ordinary shares

	31 Dec 2018 $	30 June 2018 $
320,689,931 fully paid ordinary shares (2017: 289,315,617)	**69,759,439**	66,448,477

The Company does not have a limited amount of authorised capital and issued shares do not have a par value

7. Issued capital (Cont'd)

		31 Dec 2018		30 June 2018	
Date	**Fully paid ordinary shares**	**No.**	**$**	**No.**	**$**
	Balance at beginning of period	**289,315,617**	**66,448,477**	3,012,697,074	62,379,704
10/07/2017	Share issue at 0.8 cents per share pursuant to a Share Placement	-	-	209,916,267	1,679,328
25/08/2017	Share issue at 0.5 cent per share in lieu of payment for a bonus to L Graham upon achievement of performance hurdles	-	-	16,500,000	82,500
06/12/2017	Share consolidation pursuant to shareholder approval at the 2017 AGM	-	-	(2,969,186,572)	-
26/03/2018	Share issue at 12 cents per share upon exercise of options	-	-	2,858,521	343,023
26/03/2018	Share issue at 18 cents per share upon exercise of options	-	-	4,800	864
16/04/2018	Share issue at 12 cents per share upon exercise of options	-	-	14,020,362	1,682,443
16/04/2018	Share issue at 18 cents per share upon exercise of options	-	-	75	14
12/06/2018	Share issue at 12 cents per share upon exercise of options	-	-	442,324	53,079
12/06/2018	Share issue at 18 cents per share upon exercise of options	-	-	26	5
29/06/2018	Share issue at 12 cents per share upon exercise of options	-	-	2,060,509	247,261
29/06/2018	Share issue at 18 cents per share upon exercise of options	-	-	2,231	401
15/08/2018	Shares issued on vesting of performance rights (i)	**2,291,667**	**137,500**	-	-
15/08/2018	Share issue at 0.5 cent per share in lieu of payment for a bonus to L Graham upon achievement of performance hurdles (ii)	**581,082**	**82,514**	-	-
15/08/2018	Issue of Shares to employees (100% of STI bonus taken as shares) (iii)	**1,227,713**	**174,335**	-	-
14/11/2018	Share issue at 11 cents per share pursuant to a Share Placement	**27,272,726**	**3,000,000**	-	-
14/11/2018	Share issue at 18 cents per share upon exercise of options	**1,126**	**203**	-	-
	Share issue costs for period	-	**(83,590)**	-	(20,145)
	Balance at end of period	**320,689,931**	**69,759,439**	289,315,617	66,448,477

(i) 2,291,667 shares issued to Mr Luke Graham pursuant to the Company's Long Term Incentive Plan, as approved by shareholders on 24 November 2016.
ii) 581,082 shares issued to Mr Luke Graham pursuant to the Company's Short-term Incentive Plan, as approved by shareholders on 24 November 2016. The shares were issued in lieu of an equivalent cash payment.

iii) 1,227,713 shares issued to employees of the Company for their participation in the Company's Short Term Incentive Plan pursuant to shareholder approval given on 24 November 2016. The shares are issued in lieu of an equivalent cash payment.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

Share options and performance rights on issue

Share options and performance rights issued by the Company carry no rights to dividends and no voting rights. As at 31 December 2018, the Company has 35,704,542 share options on issue (30 June 2018: 47,069,590) exercisable on a 1:1 basis for 35,704,542 shares at $0.18 each. During the half-year Nil options were granted, 1,126 options were converted into shares.

As at 31 December 2018, the Company has 16,899,702 performance rights on issue (30 June 2018: 14,572,835) exercisable on a 1:1 basis for 16,899,702 shares. During the half-year 4,618,534 performance rights were granted (30 June 2018: nil). A total of 2,291,667 performance rights were converted into shares (30 June 2018: nil) and nil performance rights expired (30 June 2018: nil). The Company has made an assessment that it is probable the performance conditions will be met for the performance rights on issue.

Performance Rights

Fair value of performance rights granted in the period

For performance rights with market conditions, the fair value of services received is measured using a binomial pricing model. For performance rights with non-market conditions, fair value is measured using the closing share price at grant date. Vesting is based on the performance conditions being met which are listed below.

A total of 4,618,534 performance rights were granted to KMP and Directors during the period. Refer to note 10 for performance rights issued to KMP.

Total number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
1,229,167	15/08/2018	15/08/2020	0.161	Tranche 3
3,389,367	30/11/2018	15/08/2021	0.086	Tranche 4
4,618,534				

- Tranche 3 Period: 1 July 2018 – 30 June 2020
- Tranche 4 Period: 1 July 2018 – 30 June 2021

The performance rights will only vest if certain performance conditions are met. At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR) against a peer group of other companies as determined by the Board. The percentage of performance rights in each respective tranche that will vest will depend upon the Company's TSR performance relative to the companies in the peer group, which will constitute Category A, B or C TSR performance, as set out below:

a) **Category A TSR performance:** If the Company's TSR is at/or below the 45th percentile of the peer group of companies' TSR, no PRs will vest.

b) Category B TSR performance: If the Company's TSR ranks between the 46th and 50th percentile (inclusive) of the peer group of companies' TSR, for each percentile over the 45th percentile, 10% of the PRs will vest (up to a maximum of 50% for this Category).

c) Category C TSR performance: For each 1% ranking at or above the 51st percentile of the peer group of companies TSR, an additional 2% of the PRs will vest (up to a maximum of 100%, which vest at or above the 75th percentile).

8. Reserves

	31 Dec 2018 $	**30 June 2018 $**
Share-based payments reserve	**2,368,718**	2,184,641
Foreign currency translation reserve	**825,751**	607,023
	3,194,469	2,791,664
Share Based Payment Reserve		
Balance at beginning of period	**2,184,642**	1,823,737
Movement in reserve from previous reporting period (i)	**184,076**	360,904
Balance at end of period	**2,368,718**	2,184,642

The share-based payments reserve arises on the grant of performance rights to executives, employees, consultants and advisors. Amounts are transferred out of the reserve and into issued capital when the performance rights vest.

(i) During the period, 2,291,667 performance rights relating to a prior year issue to Luke Graham converted into shares. Refer to Statement of changes in Equity for reconciliation of the total movement.

9. Contingencies and Commitments

The Directors are not aware of any contingent liabilities as at 31 December 2018 (30 June 2018 : $nil) or any material changes to commitments since 30 June 2018.

10. Related party transactions

Transactions with key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2018 annual financial report.

Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

During the period:

- Mr Luke Graham received 2,666,667 performance rights pursuant to the Company's Long Term Incentive Plan, as approved by shareholders on 30 November 2018.

10. Related party transactions (Cont'd)

- Mr Peter Watson received 722,700 performance rights pursuant to the Company's Long Term Incentive Plan, as approved by shareholders on 30 November 2018.

Mr Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $31,585 were paid to Murcia Pestell Hillard for general legal services (30 June 2018: $97,677).

Mr Murcia is also the Chairman of Artemis Management Tanzania, a provider of corporate, administration, logistics, tenement management and evaluation and environment management services in Tanzania. Fees totalling $22,775 were paid to Artemis Management Tanzania for rental, corporate and administration services (30 June 2018: $37,057).

All transactions related to the services were based on normal commercial terms.

11. Dividends

No dividends were paid or declared for the half-year ended 31 December 2018 and the Directors have not recommended the payment of a dividend.

12. Subsequent Events

On 3 January 2019 the Company signed a Lead Arranger mandate with Nedbank Limited to act as a lead arranger and underwriter of a US$26 million finance facility for the Fungoni project in Tanzania. The non-0binding Term Sheet accounts for the majority of Fungoni's total estimated development capital cost of US$32 million excluding taxes, levies and financing costs.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS DECLARATION

In the Directors' opinion:

(a) the consolidated financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Luke Graham
Managing Director

7 March 2019
Perth, Western Australia

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Strandline Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Strandline Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 7 March 2019