

ASX ANNOUNCEMENT



Quarterly Report
For The Period Ending 30 September 2016

STRANDLINE
resources limited

31 October 2016

Highlights - September 2016 Quarter

- **Exploration and Development**

Strong progress made on Tanzanian exploration and resource building across priority projects:

- **Fungoni** – Resource infill drilling completed with extensions identified both north and south. Awaiting assay results prior to Mineral Resource update. A 2km long geophysical anomaly has also been identified along strike.
- **Tanga South, Tajiri Mineralised Corridor** – Initial phase of aircore drilling completed. Visual logging has identified new zones of mineral sand enrichment and extensions to the existing Mineral Resource at Tajiri.
- **Tanga South, Tongoni and Pangani** – Preparation completed for maiden aircore drilling programme commencing mid-October.
- **Geophysical Survey** – Country-wide survey has highlighted several significant radiometric and magnetic anomalies across all project areas for follow up by the Company.

- **Corporate**

- **\$6.6m Capital Raising** completed in July 2016.
- **\$4.4m cash in hand** and zero debt as at 30 September 2016.
- **Luke Graham appointed as MD and CEO** to drive project development plans.

Strandline's Managing Director and CEO, Luke Graham commented, "The completion of the \$6.6 million capital raising cornerstoned by Tembo Capital saw the Company embark on an aggressive exploration and development programme during the September quarter. We are pleased with the positive progress to date with signs of success in terms of new discoveries and extensions of high-value mineralisation at our priority target areas.

"The current exploration and development programme will continue through the December quarter and we look forward to progressive news-flow as the team aims to increase Mineral Resources along the Tajiri Mineralised Corridor at Tanga South and enhance the zircon-rich Fungoni project in readiness for definitive level engineering work."

About Strandline

Strandline Resources Limited (ASX: STA) is a Tanzanian-focused mineral sands developer positioned within the world's major zircon and titanium producing corridor in South East Africa. Strandline has a dominant mineral sands position with a series of 100% owned projects spread along 350km of the Tanzanian coastline.

Following the placement and Rights Offer by Tembo Capital completed in July 2016 the Company is financially robust and as at 30 September 2016 had A\$4.4 million in the bank. This position underwrites an aggressive exploration and development strategy to progress quality "low cost" projects based on high value titanium and zircon products.

For further enquiries, please contact:

Luke Graham

CEO and Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: enquiries@strandline.com.au

For media and broker enquiries:

Andrew Rowell

Investor Relations Advisor

Cannings Purple

T: +61 8 6314 6314

E: arowell@canningspurple.com.au

Exploration and Development

The Company progressed its strategic Tanzanian based exploration and development activities through the September quarter aimed at building known resources and discovery drilling for new titanium and zircon mineralisation. A comprehensive airborne geophysical survey across all tenements was conducted, together with ground truthing reconnaissance work and systematic aircore drilling programmes across priority targets.

Tanzania 100% owned Fungoni Project - Resource Extension and Feasibility

During the quarter the Company continued to advance development on its low cost zircon-rich Fungoni Mineral Sands Project located near the port infrastructure of Dar es Salaam (see Figure 1).

The Company aims to further define and enhance the Fungoni Mineral Resource and undertook re-logging and re-sampling activities of historic aircore drill cuttings completed at Fungoni in 2012, in parallel with progressing a new systematic aircore infill and extension drilling campaign.

The re-logging and re-sampling programme was designed to provide additional heavy mineral grade information peripheral to the existing Fungoni block model and potentially identify locations where extensions to the resource might be located. The results have been received and are currently being assessed. Preliminary data has confirmed the boundaries of the existing Fungoni block model and continuation of the heavy mineral horizon to the northwest and southwest. Subsequent drilling has confirmed the mineralisation extensions of 200 meters in both directions (NW and SW). This information will be incorporated into an updated geological model and form part of the composite assemblage work prior to updating the Mineral Resource for Fungoni.

As announced to the ASX on 5 September 2016, approximately 140 holes totalling 1,700m of infill and extensional aircore (AC) drilling were completed at the Fungoni Project (see Figure 2). The holes were designed to infill existing resource drilling completed by Jacana Resources in 2012 reducing the drill pattern from 100 x 100m to 50 x 100m.

All samples are currently being processed in Perth Western Australia, with drill assay results expected during November 2016. The samples will also provide additional material for mineral assemblage characterisation and geological domain definition prior to updating the resource model.

The Company plans to update the Mineral Resource estimate and select representative domains for bulk metallurgical testwork essential to optimise the mining method, processing flow sheet and product suite suitable for marketing purposes.

As part of its development commitment, the Company lodged a preliminary Environmental Impact Assessment (EIA) application for the Fungoni Project with the Tanzanian environmental regulatory authorities in late July 2016.



Figure 1 Strandline's Tanzanian based projects and prospects

A field visit by the National Environment Management Council's (NEMC) technical audit committee (TAC) took place in September. The TAC will now compile their findings and provide those formally to the Company in due course.

Important to note, the Fungoni mineralisation remains open in the north-west where a continuous linear radiometric anomaly extends for approximately 2km and two additional nearby sub-parallel anomalies have also been identified requiring further evaluation by the Company (see Figure 2). An additional drill programme for this anomaly is planned to commence in November 2016 with the view to further extend the Mineral Resource.

Tanzania 100% owned Tanga South Project - Tajiri Mineralised Corridor

The Company advanced efforts to further define and extend the Tajiri Mineralised Corridor with the view to build on the existing Indicated Resource of 59Mt @ 3.7% Total Heavy Minerals (THM) for 2.2Mt contained THM.

During the quarter the Company completed a systematic aircore (AC) extension drill programme along 25km of the Tajiri Mineralised Corridor within the Tanga South project. A total of 302 holes for 3,000m of AC were completed utilising a 1,600m x 200m drill pattern reducing to 400m x 200m over specific targets.

The drilling has identified new zones of mineralisation along strike between Tajiri North and Tajiri ranging from approximately 1,000m to 1,600m in length and 400m to 600m in width.

Additional extensions to both Tajiri and Tajiri North Mineral Resources have also been identified with this recent round of drilling. Visual estimates of the panned samples from Tajiri have shown heavy mineral concentrations extending over 800m to the south of the current Mineral Resource. Further infill drilling is planned to firm up the extent and grade of this new zone of mineralisation. Assay results from this phase of exploration drilling are expected to be received during December through to January.

Tanzania 100% owned Tanga South Project - Tongoni and Pangani Discovery Drilling

During the quarter the Company commenced clearing and land access activities along the 30km long mineralised corridor between Pangani and the town of Tanga to the north. Priority targets at Tongoni and Pangani have been identified through historic surface geochemistry and detailed aeromagnetic/radiometric data.

A systematic grid-based drill programme (1,600m x 200m) has been designed to provide coverage over the majority of the tenure with closer spaced drilling (400m x 200m) targeting priority zones. The maiden aircore drill programme commenced in mid-October.

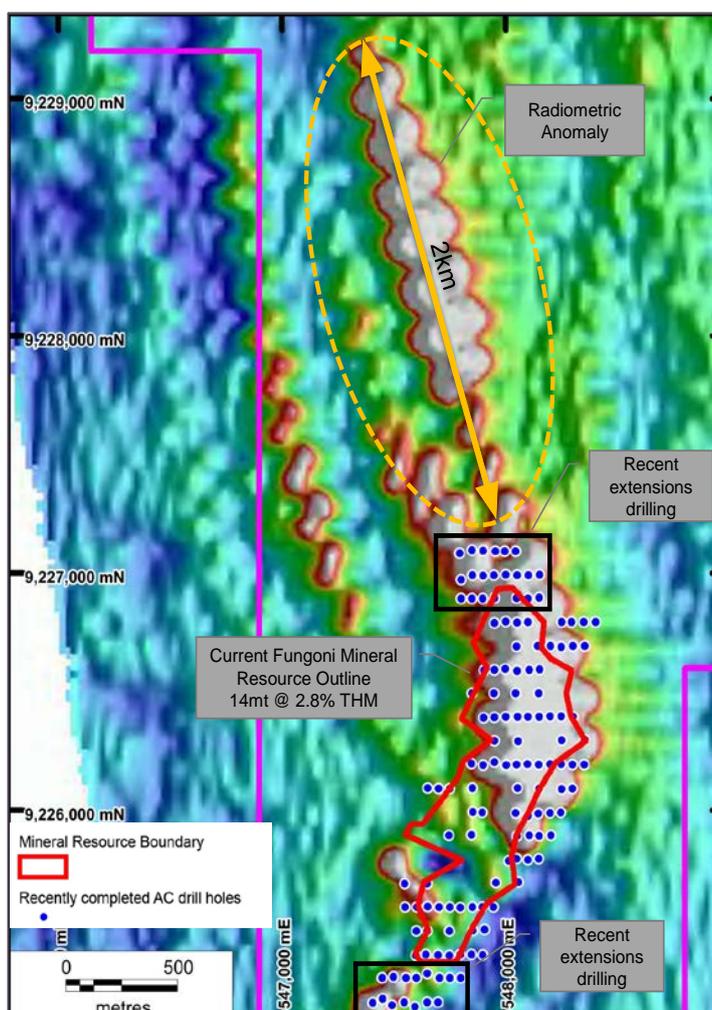


Figure 2 Fungoni Project Recent Extensions Drilling and Radiometric Anomaly to the North West

A total of 302 holes for 3,000m of AC were completed utilising a 1,600m x 200m drill pattern reducing to 400m x 200m over specific targets.

Tanzania Airborne Magnetic and Radiometric Geophysical Survey

The Company has received the final data from the recently completed detailed airborne magnetic and radiometric survey across Strandline's project areas in Tanzania (approximately 350km of Tanzanian coastline). Processing of the final data from the Company's northern tenements has highlighted several significant radiometric and magnetic anomalies. Ground truthing of these anomalies has now confirmed that at least some of the surface responses from the radiometric component of the survey are directly related to the presence of heavy mineral sand.

The magnetic and radiometric anomalies have been reviewed and assessed in conjunction with surface geochemistry and previous mapping with several anomalies showing coincidence with topographic features. Initial surface field reconnaissance of the high ranked surface anomalies yielded immediate results with surface pan samples showing appreciable concentrations of heavy mineral sand from several localities. A number of these enriched surface samples have been sent to a laboratory for total heavy mineral analysis and mineral composition.

Based on our recent discovery and delineation of Mineral Resources at Tajiri that had a strong coincident radiometric and magnetic response, the new anomalies outlined from this aerial geophysical survey show many similarities in size and magnitude. This is highly encouraging with strong potential to define heavy mineral sands at surface at several localities across our Tanzanian wide exploration package.

The integration of this high quality geophysical dataset with the Company's extensive surface geochemical database is proving to be a powerful tool in identifying new zones of potential heavy mineral sand mineralisation. This will also accelerate the Company's objective of rapidly and efficiently discovering and delineating high unit value Mineral Resources in Tanzania.

The detailed survey was flown by Geotech Pty Ltd comprising 17,520 line-km, at a sensor height of 30m with line spacing ranging from 100 to 200m. Complementary digital elevation data was also obtained during the survey for each block flown over ten blocks distributed.

Western Australia 100% owned Coburn Zircon Project

During the quarter, Strandline continued to maintain the currency of this fully permitted large scale zircon-rich HMS project in Western Australia through low cost strategies. The Company continued to solicit interest in Coburn with significant strategic and well-funded parties with a view to realising value for this advanced asset.

South Australia Fowlers Bay Project – JV with Western Areas (WSA earning 90%)

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX: WSA) (Western Areas), continued over Strandline's 700km² Fowlers Bay Project, which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the quarter, Western Areas continued to work towards the completion of the Stage 1 earn-in on Strandline's ground. WSA continues to enhance its relationships with the traditional owners and the Aboriginal Lands Trust (ALT), and during the quarter further consultation work was completed with the aim of negotiating access to the Yalata Aboriginal Reserve. The next phase of work will be undertaking heritage clearance surveys prior to the planned stratigraphic drilling within the Yalata Aboriginal Reserve.

The Western Gawler region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the primary objective of the exploration activities. The results from the initial phase of exploration are very encouraging, with the identification of olivine gabbro-norite intrusive rocks and geochemical anomalism in a number of areas. The results confirm the initial observations regarding the prospectivity of the Western Gawler region for intrusive related nickel, copper and gold mineralisation. These types of mafic intrusives are well known for hosting significant nickel and copper orebodies in western and central Australia, including Nova-Bollinger and Nebo-Babel.

Corporate

During the quarter the Company completed the previously announced \$6.6 million funding package cornerstoned by Tembo Capital (Tembo). Tembo is a mining-focused private fund group, which specialises in developing countries such as Tanzania and has a strong track record of identifying and supporting emerging resources companies.

Under the terms of the Rights Issue completed in July, a total of 857,125,894 new shares were issued together with a corresponding number of free attaching unlisted options. Following the issue of the securities on 15 July 2016, Tembo holds a 29.24% interest in Strandline.

In September 2016, the Company appointed Mr Luke Graham as its new Managing Director and Chief Executive Officer to lead the Company in executing the business strategy and driving project development opportunities in Tanzania and Australia.

Mr Graham, an engineering professional with 20+ years' experience in the resources sector, is the former Regional Manager of global minerals engineering and project delivery company Sedgman Pty Limited (a member of the CIMIC Group).

Mr Graham took over from previous Managing Director, Mr Tom Eadie. Mr Eadie remains as a Non-Executive Director. Other Board members include Didier Murcia (Non-Executive Chairman), Richard Hill (Executive Director), Asimwe Kabunga (Non-Executive Director) and John Hodder (Non-Executive Director).

The Company has a well-balanced and experienced Board and Senior Management team with extensive Tanzanian knowledge and a proven track record for discovery and development of Heavy Mineral Sands projects globally, including South Eastern Africa.

As at 30 September, the Company held cash reserves of \$4.4 million.

Key Activities Planned for the December Quarter

During the December quarter, Strandline intends to continue to exploit its dominant land position in Tanzania and progress the following key exploration and development activities:

- Mineral Resource upgrade for the Fungoni zircon-rich project and preparation for the bulk metallurgical testwork programme and definitive level engineering work;
- Resource extension aircore drilling across the Fungoni north-west radiometric anomaly;
- Reconnaissance aircore drilling at the Tanga South Pangani and Tongoni prospects at Tanga South;
- Processing and interpretation of assay results from the recently completed Tanga South Tajiri drilling programme; and
- Detailed geophysical analysis of radiometric and magnetic data to generate additional targets for geological field evaluation.

The results of these programmes, along with work undertaken by Western Areas on the Fowlers Bay Project, will be released to the market as they become available.

Mineral Resource Estimate Data

Table 1 Fungoni Mineral Resource Estimate¹ at various HM cut-offs (April 2014)

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT										
Summary of Mineral Resources ⁽¹⁾					THM assemblage ⁽²⁾					
Deposit	Cut-off	Mineral Resource Category	Tonnage	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
			(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Fungoni	1.0% HM	Indicated	11	3.1	44	4	22	-	27.5	8.7
Fungoni	1.0% HM	Inferred	3	1.7	44	6	23	-	24.2	8.9
Fungoni	1.5% HM	Indicated	7	4.1	44	5	22	-	25.2	8.6
Fungoni	1.5% HM	Inferred	2	1.9	44	5	22	-	24.1	9.2
Fungoni	2.8% HM	Indicated	2.4	8.3	44	5	22	-	20.8	7.1

(1) Mineral Resources reported at various cut-off grades
 (2) Mineral assemblage is reported as a percentage of in situ THM content

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. The 2.8% cut-off figures were taken from the graphs in the AMC report and from TZMI analysis of the AMC block model.

Table 2 Tanga South Project Mineral Resource Estimate (April 2016)

MINERAL RESOURCE SUMMARY FOR TANGA SOUTH PROJECT										
Summary of Mineral Resources ⁽¹⁾					THM assemblage ⁽²⁾					
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Tajiri	Indicated	19	1.0	5.1	65	12	6	6	34	3
Tajiri North	Indicated	40	1.2	3.0	70	7	5	2	52	3
	Total⁽³⁾	59	2.2	3.7	68	10	5	4	46	3

(1) Mineral Resources reported at a cut-off grade of 1.7% THM
 (2) Mineral assemblage is reported as a percentage of in situ THM content
 (3) Appropriate rounding applied

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 Dr Mark Alvin and Mr Brendan Cummins, employees of Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and they both have 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin and Mr Cummins consent to the inclusion in this release of the matters based on the information in the form and context in which they appear. Both Mr Alvin and Mr Cummins are shareholders of Strandline Resources.

The information in this report that relates to mineral resources for Fungoni is based upon information compiled by Mr Tom Eadie, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Eadie, who is a Non-Executive Director of Strandline Resources, has sufficient experience which is relevant to the style of mineralisation and type of deposit 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". Mr Eadie consents to the inclusion in this release of the matters based on the information in the form and context in which they appear.

The information in this report that relates to mineral resources for Tanga South is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Principal with GNJ Consulting) 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.

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.