



## QUARTERLY REPORT FOR THE PERIOD ENDING 30 JUNE 2016

### Highlights

- **Strategic Relationship and Subscription Agreement signed** with developing market and mining focused private equity fund group, Tembo Capital (“Tembo”).
- Completion of **Share Placement** to Tembo raising \$2.3 million at 0.7c per share.
- Fully underwritten pro-rata renounceable 1 for 2 **Rights Issue** raising \$4.3 million successfully completed at 0.5c per share with an attached option.
- Total amount raised before costs was **\$6.6 million**.
- Tembo representative **John Hodder**, experienced geologist, resources company director and financier, appointed as a Non-Executive Director.
- **The Company is now funded and has initiated a 6 month drilling and geophysical campaign in Tanzania to expand existing high grade resources and seek additional high value discoveries.**
- Current **Mineral Resources** include:
  - **Tajiri** – Indicated Resource of 19 million tonnes @ 5.1% Total Heavy Minerals (THM) with a valuable assemblage of **12% rutile, 6% leucoxene, 6% zircon and 65% ilmenite**;
  - **Tajiri North** – Indicated Resource of 40 million tonnes @ 3.0% THM with a valuable assemblage of **7% rutile, 2% leucoxene, 5% zircon and 70% ilmenite**; and
  - **Fungoni** – Indicated Resource of 11 million tonnes @ 3.1% THM with a valuable assemblage of **22% zircon, 4% rutile and 44% ilmenite**.
- As at 30 June 2016, the Company had cash reserves of \$1.6 million. The proceeds from the completed Rights Issue of approximately \$4.3 million were received in July 2016.

Strandline’s Managing Director, Tom Eadie, commented *“The completion of the capital raisings through Tembo and our existing shareholder base provides a strong platform to move forward with our Tanzanian mineral sands projects.*

*“With positive sentiment returning to the mineral sands sector, we now intend to ramp up activities significantly as we target resource extensions and new discoveries.”*



29 July 2016

**STRANDLINE**  
resources limited

ABN 32 090 603 642

## Introduction to Tanzanian Projects

Strandline controls approximately 3,000 square kilometres of exploration tenure along the Tanzanian coastline covering most of the ground with potential for mineral sand accumulations (Figure 1). Strandline's main objective is to become the first major mineral sands producer in the country. There is large scale production in all nearby coastal countries including Kenya, Mozambique, Madagascar and South Africa.

While exploring for large world class deposits, smaller high grade resources have been discovered. Developed carefully with low capital expenditure and low operating costs, these deposits have the potential to contribute significantly to early cashflow. In addition, they can be used to gain essential experience in operating in Tanzania and to establish markets for end products.

The Company's zircon-rich Fungoni deposit (Indicated Resource of 11 million tonnes @ 3.1% THM with a valuable assemblage of 22% zircon, 4% rutile and 44% ilmenite)<sup>1</sup> is the first of these small high grade deposits that Strandline plans to mine.

During the June quarter, Indicated Resources were announced for the Tajiri Prospects in northern Tanzania (**Tajiri** - Indicated Resource of 19 million tonnes @ 5.1% THM with a valuable assemblage of 12% rutile, 6% leucoxene, 6% zircon and 65% ilmenite and **Tajiri North** - Indicated Resource of 40 million tonnes @ 3.0% THM with a valuable assemblage of 7% rutile, 2% leucoxene, 5% zircon and 70% ilmenite)<sup>2</sup>. Tajiri could potentially be the second project on the production list.

Strandline has confidence that further large and small deposits will be found in Tanzania and has initiated a 30,000 metre aircore drill programme.

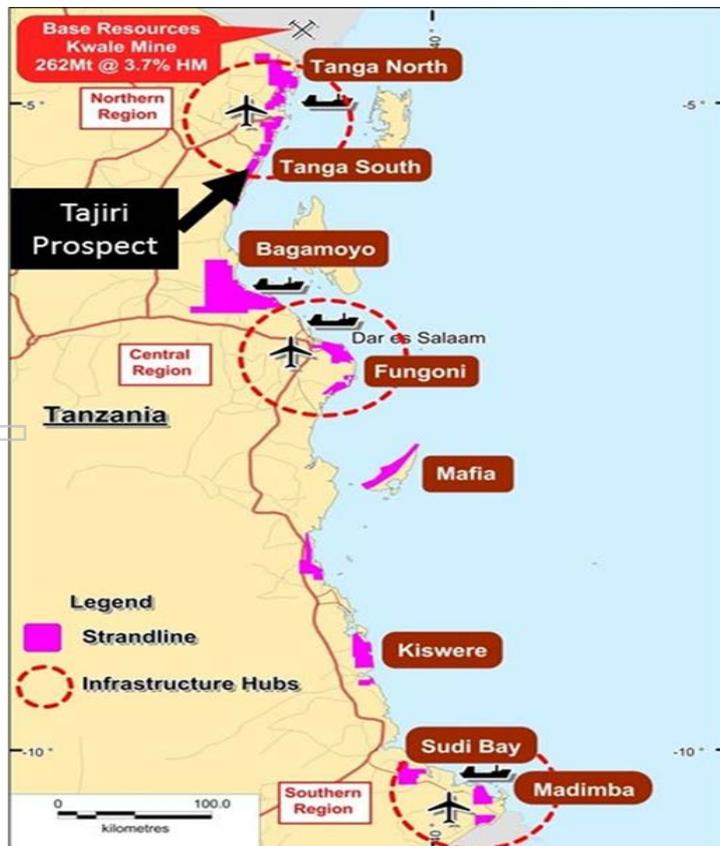


Figure 1: Strandline has a large tenement package along the Tanzanian coastline covering most of the prospective mineral sand ground. Indicated Resources have now been outlined at Tajiri, Tajiri North and Fungoni. The 2016 exploration programme is budgeted for 30,000 metres of aircore drilling.

<sup>1</sup> See ASX Release 23/02/16

<sup>2</sup> See ASX Release 04/04/16

29 July 2016



**STRANDLINE**  
resources limited

ABN 32 090 603 642

## Planned Tanzanian Exploration Activities

With funding now in place, the Company is well positioned to execute its 2016 exploration programme in Tanzania. Our exploration team is mobilising the necessary expertise and equipment, and are preparing for the start of a busy field season. Planned activities will comprise:

1. At Fungoni, resource infill and extension drilling has commenced. An aerial survey to develop a detailed topographic map for future exploration and development activities has now been completed.
2. Resource Extension Aircore (AC) drilling activities will commence in early August at the Tajiri project where the Company has already defined an Indicated Resource of 59Mt @ 3.7% THM for 2.2Mt of contained HM (see ASX announcement, 4 April 2016). Clearing of the drill lines is well progressed.

The programme will be focussed on firstly extending mineralisation from the current Tajiri North and Tajiri Resources.

In addition, a number of other targets have been defined using the Company's large database along strike of the known mineralisation and these will also be tested this upcoming drill programme. A total of 4,000 to 5,000m of AC drilling is planned for these programmes.

3. **Maiden AC drilling programmes within the Tanga South Project** will also be undertaken at the Tongani and Pangani prospects. Historical surface geochemistry and detailed aerial magnetic/radiometric data has been compiled to generate priority targets for AC drill testing. A systematic grid based drill programme has been designed to provide coverage over the majority of the tenure with closer spaced drill patterns targeting the priority targets. A total of 5,000m is planned for this programme.
4. At **Tanga North**, there are large dune systems containing huge volumes of sand. Previous sampling has indicated that the amount of rutile, as a percentage of the heavy mineral concentrate, is unusually high at about 17% rutile plus about 6% zircon. A first pass drilling programme of about 1,500m is planned to search for areas of high concentrations of this very favourable assemblage.
5. **Detailed aeromagnetic survey** extending across all prospective tenements (aside from Tanga South, which has already been flown) using flight lines varying from 100m to 200m apart and a flight height of 30m. A total of approximately 20,000 line km have been planned for this extensive aerial magnetic, radiometric and topographic survey. The technique was very successful at Tanga South in delineating zones of heavy minerals forming coherent targets.

## Tajiri Mineralised Corridor Exploration Target

With the completion of the initial AC drilling programmes at the Tajiri prospects late last year, the Company has been able to determine an Exploration Target estimate of the exploration potential for the remainder of the undrilled portion of the 20km long mineralised corridor (see Figure 2). The Exploration Target is an estimate of potential where there has been insufficient exploration for Mineral Resource Estimation.

The Company has defined an Exploration Target of **100 to 270Mt at 3% to 5% THM**, not including the current Indicated Resources of 59Mt @ 3.7% THM already identified in this corridor. The Exploration Target is based on auger and AC drilling results, geochemical sampling and aeromagnetic data - see ASX release on 15 June 2016. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

29 July 2016



**STRANDLINE**  
resources limited

ABN 32 090 603 642

For personal use only



Figure 2. Tajiri Mineralised Corridor with overlying Exploration Target

29 July 2016



**STRANDLINE**  
resources limited

ABN 32 090 603 642

## **Coburn Mineral Sands Project (100% Strandline), Western Australia**

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

## **Fowlers Bay Project (100%) – JV with Western Areas (earning 90%)**

Exploration activities, being funded by joint venture partner Western Areas Limited (ASX:WSA) (Western Areas), continued over Strandline's 100% owned, 700km<sup>2</sup> Fowlers Bay Project, which is a key part of Western Areas' aggressive exploration push in the Western Gawler region of South Australia.

During the June quarter, Western Areas continued to work towards the completion of the Stage 1 earn-in on Strandline's ground. 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.

Western Areas commenced a detailed surface gravity survey during the quarter, with the aim of generating new targets, and adding to the current project wide-geophysical datasets. Limited test work by Western Areas has shown that, in conjunction with detailed magnetics, the gravity surveys can help delineate features that may represent mafic/ultramafic intrusions. The current survey has been designed to cover key areas known to host prospective intrusions, and to extend the geological interpretation into unexplored areas. A number of features have already been identified and ranked for follow-up, and these will be tested, along with a number of other targets, in the up-coming drilling programme.

Western Areas continues to enhance its relationships with the traditional owners and the Far West Coast Aboriginal Corporation (FWCAC), and during the quarter, a heritage clearance survey was completed in support of the up-coming drilling programme. The FWCAC has also been supporting the exploration programme by assisting with rehabilitation activities in the Yellabinna Regional Reserve. Ongoing dialogue with the Aboriginal Land Council may also open new areas for access that will facilitate sustained exploration.

## **Corporate**

During the June quarter, Strandline announced the execution of a Strategic Relationship and Subscription Agreement (SRSA) with Ndovu Capital VII B.V., a company which is part of the Tembo Capital private equity fund group (collectively "Tembo") that specialises in mining focused investment into developing countries and has a strong track record of identifying and supporting emerging resource companies.

Under the SRSA, Tembo agreed to cornerstone a \$6.6M funding package consisting of an up-front investment and a fully underwritten pro-rata renounceable rights issue to advance Strandline's key Tanzanian mineral sands projects.

The strategic, long term relationship with Tembo includes:

- The right for Tembo to appoint one director to the Company's Board for so long as it holds 12.5% or more (subject to the provisions of the Corporations Act, ASX Listing Rules and the Company's Constitution);
- Establishment of a strategic relationship committee, comprising representatives of both parties, to provide non-binding advice and guidance to the Board on major work programmes proposed by Strandline;
- Access to Tembo's strategic & financing networks within Emerging Markets; and
- Potential access to future development funding of up to a further \$US15m over the medium to longer term.

# ASX ANNOUNCEMENT

29 July 2016



**STRANDLINE**  
resources limited

ABN 32 090 603 642

Pursuant to the SRSA, Strandline completed a share placement to Tembo of 332,943,363 new Ordinary Strandline shares at 0.7c each (being a **17% premium** to the last market price of 0.6c prior to the announcement of the SRSA), resulting in the receipt by the Company of approximately \$2.3 million in equity funding ("**Placement**").

Following the Placement, Strandline successfully completed a fully underwritten pro-rata renounceable 1 for 2 rights issue at 0.5c per share ("**Rights Issue**") raising approximately \$4.3 million. The Rights Issue was fully sub-underwritten by Tembo. For every 2 new shares taken up under the Rights Issue, eligible shareholders received 1 option exercisable at 1 cent on or before 30 June 2018 and 1 option exercisable at 1.5 cents on or before 30 June 2019.

There was a very good take-up of the Rights Issue by existing shareholders. Existing shareholders were issued 604,727,756 new shares and Tembo was allocated 252,398,138 new shares under the sub-underwriting commitment.

Under the terms of the Rights Issue, 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.

Consistent with Tembo's desire to provide strategic and financial support to the Company, Tembo representative John Hodder, experienced geologist, resources company director and financier has been appointed to the Board as a Non-Executive Director.

## **Key Newsflow in September quarter**

During the September quarter, Strandline intends to undertake the following activities:

- Resource infill and extension drilling at the Fungoni Prospect;
- Resource extension drilling at the Tajiri Prospect;
- Reconnaissance aircore drilling at the Tongani and Pangani prospects at Tanga South;
- Tanga North reconnaissance drilling; and
- Detailed aeromagnetic survey.

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.

For further enquiries, please contact:

**Tom Eadie**

Managing Director

Strandline Resources Limited

T: +61 8 9226 3130

E: enquiries@strandline.com.au

For media and broker enquiries:

**Andrew Rowell**

IR Consultant

Cannings Purple

T: +61 8 6314 6314

E: arowell@canningspurple.com.au

# ASX ANNOUNCEMENT



29 July 2016

**STRANDLINE**  
resources limited

ABN 32 090 603 642

## COMPETENT PERSON'S STATEMENTS

The information in this report that relates to Exploration Results and Exploration Target is based on, and fairly represents, information and supporting documentation prepared by Dr Mark Alvin, a consultant to Strandline and Mr Brendan Cummins, a part time employee 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 Tajiri and Tajiri North 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 part-time 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 "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 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 Managing 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. Mr Eadie is a shareholder of Strandline Resources.

## 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.