Strandline Resources Limited ABN 32 090 603 642

and its controlled entities

Financial Report for the Half-Year Ended

31 December 2016

Corporate Directory

Board of Directors

Didier Murcia	Non-Executive Chairman
Luke Graham	Managing Director
Richard Hill	Executive Director
Asimwe Kabunga	Non-Executive Director
Tom Eadie	Non-Executive Director
John Hodder	Non-Executive Director

Company Secretary

Geoff James

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

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 Georges 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

Financial Report for the Half-Year Ended 31 December 2016

Contents

Directors' Report

The Directors of Strandline Resources Limited ("Strandline" or "the Company") submit the financial report on the Consolidated Entity ("Group") consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, for the half-year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Names of Directors

The names of the Directors of the Company during or since the end of the half-year are:

Mr Didier Murcia (appointed 23 October 2014)
Mr Luke Graham (appointed 19 September 2016)
Mr Richard Hill (appointed 23 October 2014)
Mr Asimwe Kabunga (appointed 18 June 2015)
Mr Tom Eadie (appointed 9 October 2015)
Mr John Hodder (appointed 8 June 2016)

Review of operations

Highlights of the Group's activities in the second half of calendar 2016 were as follows:

Completion of Rights Issue
On 13 July 2016, Strandline announced the completion of a fully underwritten pro-rata renounceable 1 for 2 rights issue at 0.5c per share raising $4.28 million (before costs). A total of 857,125,894 new shares were issued together with a corresponding number of free attaching unlisted options. For the free attaching unlisted options 428,562,947 are exercisable at 1 cent and expire on 30 June 2018 and 428,562,947 are exercisable at 1.5 cents and expire on 30 June 2019.

Appointment of Managing Director
On 19 September 2016, Strandline announced the appointment of Mr Luke Graham as Managing Director and Chief Executive Officer. Mr Graham took over from Mr Eadie who remained on the Board as Non-Executive Director.

Tanzanian Heavy Mineral Sands Projects (100%) - Tanzania
Northern Region - Tanga Regional Exploration

- *Tanga South*

As announced to the ASX on 28 November 2016, the Company completed the next phase of air core drilling across its Tanga South tenements, at Tajiri and Pangani-Tongoni, located near the port city of Tanga in the northern district of Tanzania. Exploration was successful in generating multiple new zones of heavy mineral sands (HMS) mineralisation along the Tajiri corridor that have the potential to significantly increase the existing deposits at Tajiri.

The maiden drilling completed on the Pangani-Tongoni tenements successfully discovered new large HMS zones at surface, to potentially compliment the Tajiri deposits and bolster the overall high grade inventory in the Tanga Hub area.

Refer to the ASX announcement dated 6 February 2017 for full details of the exploration results received from the drilling programmes at Tanga South.

- *Tanga North*

The Company commenced initial exploration activities of its Tanga North tenements, favourably located within 15-20km to the existing Tanga port infrastructure. The Company has successfully qualified a series of radiometric thorium anomalies extending over a promising 9km section of the Kitambula tenement with ground-reconnaissance sampling work verifying high grade HMS mineralisation at surface.

Central Region - Fungoni Project
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.

As announced to the ASX on 17 November 2016, Strandline completed an aircore infill and extension drilling campaign of Fungoni's main orebody. These results provided the basis for a JORC-2012 Mineral Resource update and classification upgrade for the main orebody area, which was announced on 16 January 2017. The drilling was successful in growing the resource base at the Fungoni main orebody area with a significant 45% increase in the Mineral Resource Estimate to 16Mt @ 3.1% Total Heavy Mineral and identifying the very prospective Fungoni NW extension zone.

Table 1: Mineral Resource Statement for Fungoni at January 2017 (not including Fungoni NW) [1]

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT											
Summary of Mineral Resources(1)					**VHM assemblage(2)**						
Deposit	**Mineral Resource Category**	**Tonnage**	**In situ THM**	**THM**	**Altered Ilmenite**	**Ilmenite**	**Rutile**	**Zircon**	**Leucoxene**	**Slimes**	**Oversize**
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	9	0.36	4.2	25	15	4	24	1	19	7
FUNGONI	Indicated	7	0.12	1.7	23	12	4	16	1	28	9
	Total(3)	16	0.48	3.1	25	15	4	22	1	23	8
(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											
(4) The Total Mineral Resource contains approximately 19% combined kyanite and sillimanite within the trash component of the THM											

Based on the positive drill results and strong geological definition, the Company accelerated its engineering feasibility work targeting completion of the Feasibility Study in the third quarter of 2017. The mine design package, by experienced mining advisors, AMC Consultants Pty Ltd, commenced in parallel with the metallurgical bulk testwork and process design work conducted by TZMI's Allied Mineral Laboratory's and GR Engineering Services respectively. 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.

Southern Region

Detailed analysis of the country-wide geophysics survey has identified significant targets across the Company's other strategic project areas including the southern Kiswere and Mtwara tenements for immediate on ground follow-up by the Company.

Coburn Heavy Mineral Sands Project (100%) - Western Australia

Strandline continued to maintain the currency of its fully permitted 100% owned large scale zircon-rich HMS project in Western Australia through low cost strategies. The Company continued to evaluate and solicit external interest in the Project with a view to realising value for this advanced asset over the longer term.

Fowlers Bay Gold-Base Metal Project (100%) – South Australia

Exploration activities, being funded by joint venture partner Western Areas Limited continued over Strandline's 100% owned, 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 half-year Western Areas continued to work towards the completion of the Stage 1 earn-in on Strandline's ground. Western Areas completed the heritage clearance surveys for the planned stratigraphic drilling within the Yalata Aboriginal Reserve to be carried out in 2017.

[1] Refer to the ASX announcement dated 16 January 2017 for full details of the Fungoni Mineral Resource Estimate and the Competent Person's Statement. 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 that all material assumptions and technical parameters underpinning the Fungoni Mineral Resource Estimate 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.

Competent Person's Statement

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 part-time employee of Strandline. Mr Cummins is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Cummins consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Results of operations

The Group incurred a loss after tax for the half-year of $2,879,960 (31 December 2015: $1,285,286). The increased loss for the current half-year reflects higher levels of exploration and evaluation expenditure on mineral sands projects in Tanzania.

Financial position of the Company

The Group had $2,754,598 in cash at 31 December 2016, up from $1,621,442 at 30 June 2016. The Group completed a fully underwritten pro-rata renounceable rights issue in July 2016 raising $4.28 million (before costs). The cash raised was used to fund corporate, exploration and evaluation activities.

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. As in prior years the Group's auditor, BDO Audit (WA) Pty Ltd, has included an emphasis of matter in the review report relating to the going concern basis. This is not a qualification.

The Group has higher current assets at $2,797,456 (30 June 2016: $1,674,201) reflecting a higher cash balance. Non-current assets at 31 December 2016 were steady at $7,636,523 (30 June 2016: $7,475,758).

Total liabilities were lower at 31 December 2016 at $620,365 (30 June 2016: $713,674) reflecting higher levels of payables for capital raising costs accrued at year end.

Net assets increased to $9,813,614 as at 31 December 2016 (30 June 2016: $8,436,285) as a result of raising $4.28 million in equity, net of expenditures expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Voluntary change in accounting policy

This half-year financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure. The previous accounting policy was to capitalise all eligible exploration and evaluation expenditure to the Consolidated Statement of Financial Position. The new accounting policy expenses exploration and evaluation expenditure as incurred other than acquisition costs. This results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. The directors have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Furthermore, the newly adopted policy is consistent with industry practice worldwide. Refer to note 2 in the Notes to the Consolidated Financial Statements for more information.

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included on page 5 and forms part of the Directors' Report for the half- year ended 31 December 2016.

Signed in accordance with a resolution of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Luke Graham
Managing Director
16 March 2017
Perth, Western Australia

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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 2016, 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, 16 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2016

	Note	31 Dec 2016 $	31 Dec 2015 (Restated) $
Revenue from continuing operations		35,496	2,003
Employee benefits expense		(376,185)	(190,563)
Depreciation and amortisation expense		(14,391)	(14,331)
Share based payment expense	4	13,050	(82,190)
Exploration and evaluation expense		(2,348,295)	(751,287)
Administration expenses		(189,635)	(248,918)
Loss before income tax		**(2,879,960)**	**(1,285,286)**
Income tax benefit		-	-
Loss for the period		**(2,879,960)**	**(1,285,286)**
Other comprehensive income			
Items that will be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		199,920	45,402
Other comprehensive income for the period, net of income tax		**199,920**	**45,402**
Total comprehensive loss for the period		**(2,680,040)**	**(1,239,884)**
Loss attributable to:			
Owners of Strandline Resources Limited		**(2,680,040)**	**(1,239,884)**
Loss per share:			
Basic and Diluted (cents per share)		(0.12)	(0.14)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes. Refer to Note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Financial Position
As at 31 December 2016

	Note	31 Dec 2016 $	30 Jun 2016 (Restated) $	1 Jul 2015 (Restated) $
Current assets				
Cash and cash equivalents		2,754,598	1,621,442	167,759
Other receivable		42,858	52,759	31,823
Other current assets		-	-	136,462
Total current assets		**2,797,456**	**1,674,201**	**336,044**
Non-current assets				
Property, plant and equipment		36,184	45,575	4,911
Exploration and evaluation expenditure	2	7,390,339	7,220,183	3,061,987
Financial assets		210,000	210,000	-
Total non-current assets		**7,636,523**	**7,475,758**	**3,066,898**
Total assets		**10,433,979**	**9,149,959**	**3,402,942**
Current liabilities				
Trade and other payables		558,617	652,183	278,652
Provisions		61,748	61,491	63,479
Total current liabilities		**620,365**	**713,674**	**342,131**
Total liabilities		**620,365**	**713,674**	**342,131**
Net assets		**9,813,614**	**8,436,285**	**3,060,811**
Equity				
Contributed equity	3	59,051,720	54,981,301	46,344,073
Reserves	4	2,242,649	2,055,779	2,060,933
Accumulated losses		(51,480,755)	(48,600,795)	(45,344,195)
Total equity		**9,813,614**	**8,436,285**	**3,060,811**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes. Refer to Note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2016

	Issued Capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2015	**46,344,073**	**1,683,623**	**395,423**	**(38,715,951)**	**9,707,168**
Change in accounting policy (refer note 2)	-	-	(18,113)	(6,628,244)	(6,646,357)
Balance at 1 July 2015 (Restated)	**46,344,073**	**1,683,623**	**377,310**	**(45,344,195)**	**3,060,811**
Comprehensive income for the year					
Loss for the period	-	-	-	(1,285,286)	(1,285,286)
Foreign currency translation difference for foreign operation	-	-	45,402	-	45,402
Total comprehensive loss for the half-year	**-**	**-**	**45,402**	**(1,285,286)**	**(1,239,884)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares	6,059,316	-	-	-	6,059,316
Share issue costs	(80,113)	-	-	-	(80,113)
Recognition of share-based payments	-	82,190	-	-	82,190
Performance rights vested into shares	-	(10,820)	-	-	(10,820)
Balance at 31 December 2015 (Restated)	**52,323,276**	**1,754,993**	**422,712**	**(46,629,481)**	**7,871,500**
Balance at 1 July 2016 (Restated)	**54,981,301**	**1,751,464**	**304,315**	**(48,600,795)**	**8,436,285**
Comprehensive income for the year					
Loss for the period	-	-	-	(2,879,960)	(2,879,960)
Foreign currency translation difference for foreign operation	-	-	199,920	-	199,920
Total comprehensive loss for the half-year	**-**	**-**	**199,920**	**(2,879,960)**	**(2,680,040)**
Transactions with owners in their capacity as owners					
Issue of ordinary shares	4,286,370	-	-	-	4,286,370
Share issue costs	(215,951)	-	-	-	(215,951)
Recognition of share-based payments	-	(13,050)	-	-	(13,050)
Balance at 31 December 2016	**59,051,720**	**1,738,414**	**504,235**	**(51,480,755)**	**9,813,614**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes. Refer to Note 2 for information on restatements resulting from a voluntary change in accounting policy.

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2016

	31 Dec 2016 $	31 Dec 2015 (Restated) $
Cash flows from operating activities		
Payments for exploration and evaluation	(1,990,148)	(1,125,169)
Payments to suppliers and employees	(815,215)	(387,609)
Interest received	22,403	2,003
Research and development tax refund received	-	19,744
Net cash used in operating activities	**(2,782,960)**	**(1,491,031)**
Cash flows from investing activities		
Cash acquired from acquisition of subsidiary	-	15,123
Advance of loan funds from Jacana Minerals Limited prior to completion of acquisition of Jacana Resources (Tanzania) Limited	-	250,000
Payments for property, plant and equipment	(4,094)	(961)
Net cash (used in)/provided by investing activities	**(4,094)**	**264,162**
Cash flows from financing activities		
Proceeds from issues of shares	4,286,371	1,320,086
Payment for share issue costs	(367,268)	(20,613)
Net cash (used in)/provided by financing activities	**3,919,103**	**1,299,473**
Net (decrease)/ increase in cash and cash equivalents	**1,132,049**	**72,604**
Cash and cash equivalents at the beginning of the period	1,621,442	167,759
Effects of foreign exchange movement on opening cash balance	1,107	-
Cash and cash equivalents at the end of the period	**2,754,598**	**240,363**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes. Refer to Note 2 for information on restatements resulting from a voluntary change in accounting policy.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2016

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*.

The half-year financial report was authorised for issue by the Directors on 14 March 2017.

(c) Basis of preparation

The consolidated financial statements have been prepared on the basis of the historical cost convention, except for the revaluation of financial assets and liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the consolidated half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2016, except as disclosed in Note 2. These accounting policies comply with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies, aside from additional presentation requirements.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(e) Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these half-yearly statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial report for the year ended 30 June 2016.

(f) Going concern

As at 31 December 2016, the Group had working capital of $2,177,091 (current assets less current liabilities) with cash on hand of $2,754,598 and a net loss of $2,879,960 with cash out flow from operating activities for the half-year of $2,782,960.

The Group also has exploration expenditure commitments. The operating commitments of the Group will require further funding in the next twelve months.

The ability of the Group to continue as a going concern is principally dependent upon its ability to raise further funds as required from the issue of equity. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis the Group will continue to meet their commitments and can therefore continue normal business activities and realise its assets and settle liabilities in the normal course of business.

In arriving at this position, the Directors are confident of the ability of the Group to raise capital and are reviewing other funding alternatives including:

- farm out or divestment of other projects;
- managing the Company's working capital requirements; and
- raising additional funds via debt if required.

The Directors have reasonable grounds to believe that they will be able to complete any required future capital raising and achieve any other one of the above funding alternatives.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. Voluntary Change in Accounting Policy

(a) Exploration and evaluation accounting policy

The half-year financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The new accounting policy adopted by the Group on 1 July 2016 is to expense exploration and evaluation expenditure as incurred other than those incurred for the acquisition of mineral property licences or rights to explore which continue to be capitalised. The previous accounting policy was to capitalise and carry forward exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current as an asset in the Consolidated Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

The Directors have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with industry practice worldwide.

(b) Impact on financial statements

As a result of the change in the accounting policy for exploration and evaluation expenditure, prior year financial statements had to be restated. The following financial statement extracts show the impact of the change in the Group's accounting policy for exploration and evaluation expenditure on the prior year half year and full year financial statements.

2. Voluntary Change in Accounting Policy (cont'd)

(i) Consolidated Statement of Financial Position – 1 July 2015 (Extract)

	1 Jul 2015 $	Increase/ (Decrease) $	1 Jul 2015 (Restated) $
Non-current assets			
Exploration and evaluation expenditure	9,708,344	(6,646,357)	3,061,987
Total non-current assets	**9,713,255**	**(6,646,357)**	**3,066,898**
Net assets	**9,707,168**	**(6,646,357)**	**3,060,811**
Equity			
Foreign currency translation reserve	395,423	(18,113)	377,310
Accumulated losses	(38,715,951)	(6,628,244)	(45,344,195)
Total equity	**9,707,168**	**(6,646,357)**	**3,060,811**

(ii) Consolidated Statement of Profit or Loss & Other Comprehensive Income – 31 December 2015 (Extract)

	31 Dec 2015 $	Increase/ (Decrease) $	31 Dec 2015 (Restated) $
Expenses			
Exploration and evaluation expense	(309,973)	(441,314)	(751,287)
Loss after income tax for the half-year	**(843,972)**	**(441,314)**	**(1,285,286)**
Other comprehensive income			
Items that will be re-classified to profit or loss			
Exchange differences on translation of foreign operations	65,334	(19,932)	45,402
Total comprehensive loss for the half-year	**65,334**	**(19,932)**	**45,402**
Loss per share: basic and diluted (cents per share)	**(0.09)**	**(0.08)**	**(0.14)**

(iii) Consolidated Statement of Financial Position – 30 June 2016 (Extract)

	30 June 2016 $	Increase/ (Decrease) $	30 June 2016 (Restated) $
Non-current assets			
Exploration and evaluation expenditure	15,252,416	(8,032,233)	7,220,183
Total non-current assets	**15,507,991**	**(8,032,233)**	**7,475,758**
Net assets	**16,468,518**	**(8,032,233)**	**8,436,285**
Equity			
Foreign currency translation reserve	325,399	(21,084)	304,315
Accumulated losses	(40,589,646)	(8,011,149)	(48,600,795)
Total equity	**16,468,518**	**(8,032,233)**	**8,436,285**

2. Voluntary Change in Accounting Policy (cont'd)

(iv) Consolidated Statement of Cash Flows – 31 December 2015 (Extract)

	31 Dec 2015	Increase/ (Decrease)	31 Dec 2015 (Restated)
	$	$	$
Cash flows from operating activities			
Payments for exploration and evaluation	(309,973)	(815,196)	(1,125,169)
Research and development tax refund received	-	19,744	19,744
Net cash used in operating activities	**(695,579)**	**(795,452)**	**(1,491,031)**
Cash flows from investing activities			
Payments for exploration and evaluation	(815,196)	815,196	-
Research and development tax refund received	19,744	(19,744)	-
Net cash used in investing activities	**(531,290)**	**795,452**	**264,162**

Following the change in accounting policy, the movement in capitalised exploration and evaluation expenditure is presented as follows:

	31 Dec 2016	30 Jun 2016 (Restated)
	$	$
Brought forward exploration and evaluation expenditure	**7,220,183**	**3,061,987**
Acquisition of Tanzanian tenements	-	4,766,300
Foreign exchange movement	170,156	(62,244)
Impairment of exploration and evaluation expenditure (i)	-	(545,860)
Carried forward exploration and evaluation expenditure	**7,390,339**	**7,220,183**

(i) An impairment of $nil (30 June 2016: $545,860) relating to non-mineral sands projects that were relinquished for the period ended 31 December 2016.

3. Issued Capital

Fully paid ordinary shares

Issued capital as at 31 December 2016 amounted to $59,051,720 (2,571,447,074 fully paid ordinary shares).

Fully paid ordinary shares	31 December 2016		30 June 2016	
	Number of shares	$	Number of shares	$
Balance at beginning of period	**1,714,253,726**	**54,981,301**	**628,526,794**	**46,344,073**
Share issue at 0.5 cents per share on 15 July 2016 pursuant to renounceable Rights Issue	857,125,894	4,285,629	-	-
Share issue at 1.0 cent per share on 27 September 2016 upon exercise of options	13,302	133	-	-
Share issue at 1.5 cents per share on 27 September 2016 upon exercise of options	13,302	200	-	-
Share issue at 1.0 cent per share on 21 December 2016 upon exercise of options	40,850	408	-	-
Acquisition of Jacana Resources (Tanzania) Limited, shares issued at 1.0 cent per share on 9 October 2015	-	-	461,974,721	4,619,747

3. Issued Capital (cont'd)

Share issue at 0.7 cents per share for payment of corporate services rendered on 9 October 2015	-	-	8,500,000	59,500
Share issue at 0.7 cents per share on 9 October 2015 as part of a share placement	-	-	105,671,460	739,700
Share issue at 0.7 cents per share on 20 October 2015 as part of a share placement	-	-	40,507,010	283,549
Share issue at 0.7 cents per share on 23 December 2015 as part of a share placement	-	-	49,428,592	346,000
Share issue at 1.0 cent per share upon vesting of performance rights on 23 December 2015	-	-	1,082,000	10,820
Share issue at 0.7 cents per share on 11 January 2016 as part of a share placement	-	-	72,000,000	504,000
Share issue at 0.7 cents per share for payment of corporate services rendered on 11 January 2016	-	-	5,126,786	35,888
Share issue at 1.0 cent per share upon vesting of performance rights on 10 May 2016	-	-	8,493,000	84,930
Share issue at 0.7 cents per share on 7 June 2016	-	-	332,943,363	2,330,604
Share issue costs	-	(215,951)	-	(377,510)
Balance at the end of period	**2,571,447,074**	**59,051,720**	**1,714,253,726**	**54,981,301**

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 2016, the Company had 1,003,425,364 share options on issue (30 June 2016: 146,366,924) exercisable on a 1:1 basis for 1,003,425,364 shares (30 June 2016: 146,366,924) at various exercise prices. During the period 857,125,894 options were granted (30 June 2016: 136,366,924), 67,454 options were converted into shares (30 June 2016: nil) and no options expired (30 June 2016: 2,500,000).

As at 31 December 2016, the Company had 55,000,000 performance rights on issue (30 June 2016: 4,782,000) exercisable on a 1:1 basis for 55,000,000 shares (30 June 2016: 4,782,000). During the period 55,000,000 performance rights were granted (30 June 2016: 6,800,000), no performance rights were converted into shares (30 June 2016: 9,575,000) and 4,782,000 performance rights expired (30 June 2016: 4,813,000).

The options granted during the half year were free-attaching options as part of a renounceable Rights Issue. Shareholders who participated in the Rights Issue, for every 2 new shares taken up, 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.

The performance rights granted during the half year were issued to Mr Luke Graham, a director of the Company. The performance rights will only vest if the performance conditions are satisfied before the expiry date.

The key terms and conditions of the performance rights issued to Mr Graham are as follows:

3. Issued Capital (cont'd)

Tranche	Service Period Start Date	Total Shareholder Return ("TSR") performance measurement period (24 month period)	Expiry Date	Number of Rights	Fair Value per Right
Tranche 1:	19/09/2016	1 July 2016 – 30 June 2018	30/06/2018	27,500,000	$0.005
Tranche 2:	19/09/2016	1 July 2017 – 30 June 2019	30/06/2019	27,500,000	$0.006
TOTAL				55,000,000	

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).

4. Share-Based Payments Reserve

	31 Dec 2016 $	30 Jun 2016 $
Balance at beginning of period	**1,751,464**	**1,683,623**
Recognition of share-based payments (i)	(13,050)	163,591
Performance rights vested into shares	-	(95,750)
Balance at end of period	**1,738,414**	**1,751,464**

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

(i) Total expenses arising from share-based payment transactions recognised during the half-year ended 31 December 2016 as part of employee benefit expense was ($13,050) (30 June 2016: $163,591). The amount recognised in the current period includes an adjustment for reversal of previously recognised expenses due to performance rights that did not ultimately vest of $49,570.

5. Segment Information

The Group operates in one business segment, namely the mineral exploration industry. AASB 8 '*Operating Segments*' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral exploration industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately. Strandline Resources Limited has therefore decided to aggregate all its reporting segments into one reportable operating segment.

The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income.

5. Segment Information (cont'd)

The Group has exploration and evaluation assets in Australia and Tanzania and geographical segment information is shown below:

Geographical Segment Information	31 Dec 2016 Revenue $	31 Dec 2016 Non-Current Assets $	31 Dec 2015 Revenue $	30 June 2016 (Restated) Non-Current Assets $
Australia	-	217,234	-	214,182
Tanzania	-	7,419,289	-	7,261,576
Total	**-**	**7,636,523**	**-**	**7,475,758**

6. Fair Value Measurement of Financial Instruments

(a) Fair value of financial instruments

The fair value of the Group's financial assets and financial liabilities as at 31 December 2016 approximates their carrying amounts.

(b) Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of three levels.

The Group's financial assets measured at fair value are set out in the table below:

	31 Dec 2016 $	30 June 2016 $
Level 3 Assets		
Equity investments – shares in Torrens Mining Limited	210,000	210,000
	210,000	210,000

The equity investment consists of 4,200,000 unlisted ordinary shares in Torrens Mining Limited ("Torrens"). Torrens is an unlisted public company. The cost of the investment is based on the price of equity issued by Torrens. There have been no further capital raises by Torrens since the end of the financial year.

7. Contingencies and Commitments

There has been no significant change in commitments and contingent liabilities since the last annual report, please refer to the 30 June 2016 annual financial report.

8. Related Party Transactions

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 2016 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 or since the end of the half-year, Mr Luke Graham was appointed as Managing Director on 19 September 2016. He replaced Mr Tom Eadie who remained on the Board as a Non-Executive Director.

8. Related Party Transactions (cont'd)

Mr Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $93,732 were paid to Murcia Pestell Hillard for work completed on the renounceable rights issue prospectus and general legal services (30 June 2016: $225,051).

9. Dividends

No dividends were paid or declared for the half-year ended 31 December 2016 and the Directors have not recommended the payment of a dividend.

10. Subsequent Events

On 20 January 2017, the Company announced the closure of the share sale facility for holders of unmarketable parcels of shares in the Company. A total of 37,401,986 ordinary shares from 3,936 shareholders were sold to Ndovu Capital VII B.V. Shareholders received a price of 0.8 cents per share.

Apart from this matter, 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 2016 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
16 March 2017
Perth, Western Australia

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Strandline Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Strandline Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2016 and its 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 Strandline Resources Limited, 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 Strandline Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 Strandline Resources Limited is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1(f) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 16 March 2017