STRANDLINE
resources limited

Strandline Resources Limited ABN 32 090 603 642

and its controlled entities

Financial Report for the Half-Year Ended 31 December 2017

Corporate Directory

Board of Directors

Didier Murcia	Non-Executive Chairman
Luke Graham	Managing 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 2017

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 2017. 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 (resigned 1 November 2017)
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 2017 were as follows:

EXPLORATION AND DEVELOPMENT

Completion of DFS – Fungoni, Tanzania

In October 2017 the Company completed a definitive feasibility study ('DFS') on its Fungoni Project. The study confirmed the Project will deliver strong financial returns, has a high unit value product suite, is capital-efficient, and demonstrates the strategic potential of the Company's portfolio of mineral sands assets in Tanzania.

The Project is favourably located ~25km from the Dar es Salaam port in a growing commercial/industrial district and will benefit from existing infrastructure, including an established road network and services industry.

Key highlights of the Fungoni DFS include:

- Low development capital cost of USD 30 million, including mine infrastructure, port facilities, working capital, land access, pre-production mining, owner's costs and project contingencies of 10%;
- Maiden ore reserve of 12.3 Mt @ 3.9% Total Heavy Mineral (THM), with opportunities to grow reserves and mine life, further increasing financial returns;
- Outstanding Internal Rate of Return and revenue-to-operating cost ratio of 2.7 (first quartile);
- Project Pre-Tax NPV of USD 42.9 million (AUD 57.2 million at USD/AUD 0.75) based on a 10% discount rate and TZMI's September-2017 commodity price forecast;
- Life of Mine (LOM) Revenue of USD 168 million (AUD 224 million) and LOM EBITDA of USD 98 million[1];
- Binding offtake Agreement signed for 100% of zircon-monazite product based on "take-or-pay"; pricing formulae is leveraged to the improving market conditions;
- Environmental Certificate granted and Mining Licence Application submitted;
- Nominal 12 month design, construction and commissioning period and 2.7 year payback period from start of construction;
- Modular relocatable infrastructure with state-of-the-art processing technology which can be re-used at Strandline's other mineral sands assets in Tanzania;
- "Low impact" mining philosophy with progressive backfill and rehabilitation of the mined area; returning the land to pre-mining state; and
- Fungoni will generate a host of key social and economic benefits including capital inflows to Tanzania, significant job creation, training and job diversity, transferable skills development as well as community engagement programmes.

The Project is based on mining ore at 2 Mt/a[1], processing onsite using multiple stages of beneficiation and mineral separation equipment to produce saleable, low impurity, premium quality industrial mineral products.

Strandline secured the Environmental Certificate for the Fungoni Project. The grant of the Environmental Certificate represents the completion of another major milestone in the Project's approval process. The Environmental Certificate is a key pre-requisite for the granting of a mining licence and will remain valid for the life of the project.

Strandline has submitted the mining licence application for the Fungoni Project to the Ministry of Minerals of Tanzania.

Outstanding Drill Results – Tajiri, Tanzania

During the quarter, the Company announced outstanding high-grade Total Heavy Mineral (THM) assays from its 100%-owned Tanga South Tajiri mineral sands deposits near the port city of Tanga.

Air-core drilling across the priority Tajiri T1-T4 targets highlight the strong potential to significantly increase Tajiri's existing Indicated Mineral Resource of 59 Mt at 3.7% THM. These results will form part of the new Mineral Resource estimate scheduled for completion in the current quarter.

Tajiri's existing Resources comprise a high value assemblage of 87% valuable mineral, which includes 10% Rutile, 5% Zircon, 4% Leucoxene and 68% Ilmenite.

Importantly, a combination of air-core and auger drilling has successfully discovered new, high grade areas along the Tajiri HMS corridor that should continue to expand Mineral Resources over time. This includes a thick channel-style deposit running adjacent to the existing T2, T3 and T4 mineralised zones.

Further details are available in the ASX announcement dated 12 December 2017.

Large Discoveries – Bagamoyo, Tanzania

During the quarter, Strandline announced it had made several large, higher grade mineral sands discoveries at its Bagamoyo tenements.

Strandline received the soil sampling results from its first exploration programme over the eastern Bagamoyo tenements. The program was designed to demonstrate sufficient scale, grade, continuity and mineral assemblage and focussing on the mapped radiometric anomalies associated with topographic ridges (20 and 30 metres above sea level).

The exploration results have exceeded the Company's expectation with the identification of significant zones of anomalism with surface footprints showing both size and grade potential. The Company believes the area is highly prospective and represents a major new mineral sands target in the Bagamoyo province.

The Company is now undertaking additional mapping and shallow reconnaissance drilling ahead of planning a future aircore (AC) drill programme at Bagamoyo. Further details are available from the ASX announcement dated 4 October 2017.

Southern Tanzania – Exploration Accelerated in Joint Venture with Rio Tinto

Following Strandline's signing of an Earn-in and Joint Venture Agreement ('JV') with Rio Tinto in connection with the Company's suite of HMS tenements located in the southern region of Tanzania, reconnaissance air core drilling progressed strongly during the period across a number of priority target areas at Sudi, Kiswere, Miteja and Madimba tenements.

The JV has enabled Strandline to accelerate exploration activities on the project area, with Rio Tinto contributing expertise and funding, whilst enabling the Company to concurrently progress its exciting northern

[1] *Refer to the ASX Announcement dated 06 October 2017 for full details of the material assumptions underpinning the production target and financial results for the Fungoni Project. The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.*

projects (Fungoni, Tanga and Bagamoyo) and to pursue additional strategic exploration and development initiatives.

Initial findings from the first phase programme are expected to be released during first half CY2018.

Coburn Heavy Mineral Sands Project – Western Australia

During the period, Strandline announced that it has initiated a funding and development strategy aimed at bringing its large-scale, 100% owned Coburn mineral sands project, which is located 250km north of the major minerals port and mineral sands processing centre of Geraldton in Western Australia's central coast, into production.

As part of this process, one of the options being pursued by Strandline is to solicit interest from well-funded parties in respect of forming a special purpose vehicle which would oversee the funding, development and operation of Coburn.

The project is fully-approved and development ready, including having mining and environmental approvals in place.

An internal review of the previous Coburn definitive-level study produced in 2013 and the subsequent Cost Review Update ('Review') undertaken in 2015 has confirmed the findings of the Review with an indicated minimum target net present value (NPV) for the Project of AUD 306 million and significant upside potential identified. Coburn's internal pre-tax rate of return (IRR) is forecast to be 26% and will generate AUD 2.9 billion of sales revenue over a projected 19-year life, mining at a rate of 23.4 Mtpa[2].

Native title agreements are in place for the southern project area which provides the first 14-15 years of Ore Reserves. The remaining five years of reserves are contained in the northern areas, where Strandline recently signed two Heritage Agreements as part of the process to convert these Exploration Licences to Retention Licenses. The Heritage Agreements over the Retention Licenses have been signed with the Nanda and Malgana People. The tenure conversions will ensure access to potentially mineable mineral resources in the future.

Coburn is defined by a large deposit with a global JORC 2004 Resource estimate of 979 Mt @ 1.26% HM and a proved and probable Ore Reserve estimate of 308 Mt @ 1.2% HM (refer to Annexure A). The Project has a high value heavy mineral assemblage composition of 23% zircon, 48% ilmenite, 7% rutile and 5% leucoxene.

The project has been subject to advanced engineering work over the past years with a number of definitive feasibility studies having been completed (some AUD 30 million has been invested on the project to date). Strandline believes the current favourable market dynamics and the advancement of technology relating to process equipment and non-process infrastructure solutions provides significant opportunities for the Company to enhance Coburn, improving financial returns and delivery certainty.

Coburn is one of a very few large-scale zircon-rich mineral sands projects world-wide at this level of development readiness and is highly leveraged to the forecast rise in mineral sands prices (particularly zircon). The salient points of Coburn are as follows:

- Large scale project delivering strong economics, with +19 year mine life at 23.4Mtpa mining rate;
- High quality product suite covering zircon (66% ZrO_2), chloride grade ilmenite (62% TiO_2) and HiTi90 (90% TiO_2);
- Project approvals in place (environmental, native title, heritage & mining) and development-ready;
- Access to existing infrastructure (roads, port and gas pipeline);
- Extremely low strip ratio and slimes content – simple and efficient mining method;
- Conventional dry mining and mineral extraction techniques, and proven rehabilitation processes; and
- Attractive revenue to operating cost ratio (RC ratio) with opportunity to improve through implementing value improvement initiatives.

[2] *Refer to the ASX Announcement dated 09 February 2015 for full details of the material assumptions underpinning the production target and financial results for the Coburn Project. The Company confirms that all the material assumptions underpinning the production target and financial results continue to apply and have not materially changed.*

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, 700 km^2 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.

CORPORATE

In July the Company completed the second tranche of a $5.2 million share placement, which was at a premium to the market price.

Effective 1 November 2017, the Company's inaugural Managing Director, Richard Hill, resigned as a Non-executive Director. Mr Hill played a key role in establishing the Company and its strong asset base. He oversaw the acquisition of Jacana Resources (Tanzania) in 2015 to create what is now a highly valuable pipeline of minerals sands projects.

On 13 December 2017, Strandline announced it had appointed experienced mining executive Peter Watson to strengthen its executive capacity. Mr Watson is a chemical engineer with more than 34 years' experience in the global resources sector across senior technical, project, and management roles as well as corporate experience running ASX-listed companies. His experience includes project development, project delivery and mining facilities operations across multiple commodities and global jurisdictions, including Africa. He will be responsible for supporting the business through the funding and development phase of the Company's pipeline of projects with specific short-term focus on commercialising both Fungoni and Coburn.

Following approval at the 2017 annual general meeting, the Company completed a consolidation of is capital structure. The 12:1 consolidation has resulted in the number of shares on issue reducing to 269,926,769, down from 3,239,113,341.

Results of operations

The Group incurred a loss after tax for the half-year of $2,535,443 (31 December 2016: $2,879,960). The continued 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 $3,751,437 in cash at 31 December 2017, up from $3,274,836 at 30 June 2017. The Group completed the second tranche of a placement issue in July 2017 raising $1.68 million (before costs). The cash raised was used to fund exploration, project evaluation and corporate 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.

The Group has lower current assets at $3,797,253 (30 June 2017: $4,030,715) reflecting the reduced cash and receivables balances. Non-current assets at 31 December 2017 were steady at $7,278,833 (30 June 2017: $7,312,043).

Total liabilities were higher at 31 December 2017 at $1,184,615 (30 June 2017: $694,915) reflecting the impact on unearned joint venture revenue.

Net assets decreased slightly to $9,891,470 as at 31 December 2017 (30 June 2017: $10,653,505) as a result of the decrease in current assets and increase in liabilities.

Auditor’s independence declaration

The auditor’s independence declaration as required under s.307C of the *Corporations Act 2001* is included on page 9 and forms part of the Directors’ Report for the half- year ended 31 December 2017.

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
15 March 2018
Perth, Western Australia

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 02 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 06 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 (April 2016)

MINERAL RESOURCE SUMMARY FOR TANGA SOUTH (TAJIRI) 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										

Refer to the ASX announcement dated 4 April 2016 for full details of the Mineral Resource estimate for the Tanga South 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 (January 2010)

MINERAL RESOURCE SUMMARY FOR COBURN HMS PROJECT(1)				
Deposit	**Mineral Resource Category**	**Tonnage(2)**	**Contained HM**	**HM Grade**
		(Mt)	(Mt)	(%)
Amy South	Measured	119	1.5	1.3
Amy Central	Indicated	599	7.2	1.2
Amy North	Inferred	261	3.6	1.4
	Total(3)	**979**	**12.3**	**1.26**
(1) Cut-off grade applied is 0.8% HM				
(2) Inclusive of Ore Reserves				
(3) Appropriate rounding applied				

Refer to the ASX announcement dated 7 January 2010 for full details of the Ore Reserve and Mineral Resource estimates for the Coburn Project. These estimates have not been updated to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported.

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 '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.

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, and 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 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.

The information in this report that relates to the Fungoni Ore Reserves is based on information compiled under the direction of Mr Adrian Jones. Mr Jones is a Member of the Australasian Institute of Mining and Metallurgy and is employed by AMC. Mr Jones 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 JORC Code. Non-mining modifying factors for the Ore Reserve estimate are drawn from contributions provided by various sources.

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.

Auditor’s Independence Declaration

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 2017, 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, 15 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2017

	Note	31 Dec 2017 $	31 Dec 2016 $
Revenue from continuing operations		67,589	35,496
Employee benefits expense		(468,462)	(376,185)
Depreciation and amortisation expense		(19,059)	(14,391)
Share based payment expense	2/8	(161,394)	13,050
Exploration and evaluation expense	2	(1,705,303)	(2,348,925)
Administration expenses		(248,814)	(189,635)
Loss before income tax		**(2,535,443)**	**(2,879,960)**
Income tax benefit		-	-
Loss for the period		**(2,535,443)**	**(2,879,960)**
Other comprehensive income			
Items that will be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		(57,797)	199,920
Other comprehensive income for the period, net of income tax		**(57,797)**	**199,920**
Total comprehensive loss for the period		**(2,593,240)**	**(2,680,040)**
Loss attributable to:			
Owners of Strandline Resources Limited		**(2,593,240)**	**(2,680,040)**
Loss per share:			
Basic and Diluted (cents per share)		(0.94)	(1.44)

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 2017

	Note	31 Dec 2017 $	30 Jun 2017 $
Current assets			
Cash and cash equivalents	3	3,751,437	3,274,836
Other receivables		40,233	755,879
Prepayments		5,583	-
Total current assets		**3,797,253**	4,030,715
Non-current assets			
Prepayments		-	5,662
Property, plant and equipment		22,673	24,011
Exploration and evaluation expenditure	4	7,046,159	7,078,032
Financial assets	5	210,000	210,000
Total non-current assets		**7,278,832**	7,317,705
Total assets		**11,076,085**	11,348,420
Current liabilities			
Trade and other payables	6	1,101,067	600,382
Provisions		83,548	94,533
Total current liabilities		**1,184,615**	694,915
Total liabilities		**1,184,615**	694,915
Net assets		**9,891,470**	10,653,505
Equity			
Contributed equity	7	64,132,014	62,379,704
Reserves	8	2,001,576	1,980,478
Accumulated losses		(56,242,120)	(53,706,677)
Total equity		**9,891,470**	10,653,505

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 2017

	Issued Capital $	Share based payments reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2016	**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**
Balance at 1 July 2017	**62,379,704**	**1,823,737**	**156,741**	**(53,706,677)**	**10,653,505**
Comprehensive income for the year					
Loss for the period	-	-	-	(2,535,443)	(2,535,443)
Foreign currency translation difference for foreign operation	-	-	(57,796)	-	(57,796)
Total comprehensive loss for the half-year	**-**	**-**	**(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	-	78,894	-	-	78,894
Balance at 31 December 2017	**64,132,014**	**1,902,631**	**98,945**	**(56,242,120)**	**9,891,470**

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 2017

	Note	31 Dec 2017 $	31 Dec 2016 $
Cash flows from operating activities			
Payments for exploration and evaluation		(1,743,572)	(1,990,148)
Joint venture contributions less payments for exploration		880,081	-
Joint venture consideration received		650,026	-
Payments to suppliers and employees		(1,017,069)	(815,215)
Interest received		42,621	22,403
Net cash used in operating activities		**(1,187,913)**	**(2,782,960)**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,263)	(4,094)
Net cash (used in)/provided by investing activities		**(5,263)**	**(4,094)**
Cash flows from financing activities			
Proceeds from issues of shares		1,679,331	4,286,371
Payment for share issue costs		(9,520)	(367,268)
Net cash (used in)/provided by financing activities		**1,669,811**	**3,919,103**
Net (decrease)/increase in cash and cash equivalents		**476,635**	**1,132,049**
Cash and cash equivalents at the beginning of the period		3,274,836	1,621,442
Effects of foreign exchange movement on opening cash balance		(34)	1,107
Cash and cash equivalents at the end of the period	3	**3,751,437**	**2,754,598**

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

Notes to the Consolidated Financial Statements
For the Half-Year Ended 31 December 2017

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 15 March 2018.

(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 stated.

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 2017. 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 2017, 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 2017.

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 2017. 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 2017.

2. Loss for the Period

The loss for the review period has been arrived at after charging the following items of expense:

	31 Dec 2017 $	31 Dec 2016 $
Employee Benefit Expense		
Directors' fees	95,975	182,252
Salaries and wages	278,040	130,114
Superannuation	29,546	15,242
Other employment costs	64,901	48,577
Depreciation	19,059	14,391
Exploration and evaluation expense	1,705,303	2,348,295
Occupancy costs	33,248	28,872
Share based payments	161,394	(13,050)
	2,387,466	**2,754,693**

3. Cash

	31 Dec 2017 $	30 Jun 2017 $
Cash at bank	616,873	524,836
Cash in joint venture[1]	880,015	-
Cash on deposit	2,254,549	2,750,000
	3,751,437	**3,274,836**

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 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 2017 contributions totalled AUD 1,799,844 and payments for exploration of the tenements totalled AUD 919,763, leaving a restricted cash total of AUD 880,081.

4. Exploration and Evaluation Expenditure

	31 Dec 2017 $	30 Jun 2017 $
Carried forward tenement acquisition costs	7,078,032	7,220,183
Foreign exchange movement	(31,873)	(142,151)
	7,046,159	**7,078,032**

5. Financial Assets

	31 Dec 2017 $	30 Jun 2017 $
Available-for-sale assets	**210,000**	**210,000**

Available-for-sale assets consist of 4,200,000 unlisted ordinary shares in Torrens Mining Limited ('Torrens'). Torrens is an unlisted public company. The investment consists of 4,000,000 shares received on the sale of the Mount Gunson Project to Torrens at a value of $200,000 and an additional 200,000 shares subscribed for at a cost of $10,000. The cost of the investment is deemed fair value based on Torrens securing additional funding to continue operations.

6. Current Trade and Other Payables

	31 Dec 2017 $	30 Jun 2017 $
Trade payables	127,657	458,906
Accrued director fees	10,950	12,150
Other creditors and accruals	82,446	129,326
Unearned joint venture revenue	880,015	-
	1,101,068	**600,382**

Unearned joint venture revenue recognised during the review period relates to amounts paid by Rio Tinto Mining and Exploration Ltd, pursuant to the Earn In and Joint Venture Agreement dated 24 April 2017. Refer to note 3 for further information.

7. Issued Capital

Fully paid ordinary shares

The issued capital as at 31 December 2017 amounted to $64,132,014 (269,926,769 fully paid ordinary shares).

Fully paid ordinary shares	**31 December 2017**		**30 June 2017**	
	Number of shares	**$**	**Number of shares**	**$**
Balance at beginning of period	**3,012,697,074**	**62,379,704**	**1,714,253,726**	**54,981,301**
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	409
Share issue at 0.8 cents per share on 24 May 2017 pursuant to a Share Placement	-	-	441,250,000	3,530,000
Share issue at 0.8 cents per share on 10 July 2017 pursuant to a Share Placement	209,916,267	1,679,330	-	-
Share issue at 0.5 cents per share in lieu of payment for a bonus to Luke Graham upon achievement of performance hurdles (i)	16,500,000	82,500	-	-
Share consolidation pursuant to shareholder approval at the 2017 annual general meeting	(2,969,186,572)	-	-	-
Share issue costs	-	(9,520)	-	(417,968)
Balance at the end of period	**269,926,769**	**64,132,014**	**3,012,697,074**	**62,379,704**

(i) 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.

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 2017 the Company has 82,786,117 share options on issue [30 June 2017: 1,003,425,364 share options (pre-consolidation)] exerciseable on a 1:1 basis at various exercise prices. During the period nil options were granted [30 June 2017: 857,125,894 options (pre-consolidation)], nil options were converted to shares [30 June 2017: 67,454 options (pre-consolidation)] and 10,000,000 options expired (pre-consolidation) (30 June 2017: nil).

As at 31 December 2017 the Company has 10,083,334 performance rights on issue [30 June 2017: 55,000,000 performance rights (pre-consolidation)] exerciseable on a 1:1 basis at a nil exercise price. During the period 5,500,000 performance rights were granted [30 June 2017: 55,000,000 (pre-consolidation)], nil performance rights were converted to shares (30 June 2017: nil) and nil performance rights expired [30 June 2017: 4,782,000 options (pre-consolidation)].

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:

Tranche	Service Period Start Date	Total Shareholder Return ("TSR") performance measurement period (24 month period)	Expiry Date	Number of Rights	Fair Value per Right
1	13/12/2017	1 July 2018 – 30 June 2020	15/12/2020	5,500,000	$0.097

The performance rights will only vest if certain performance conditions are met. At the end of the 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. Share-Based Payments Reserve

	31 Dec 2017 $	30 June 2017 $
Balance at beginning of period	**1,823,737**	**1,751,464**
Recognition of share-based payments (ii)	78,894	72,273
Balance at end of period	**1,902,631**	**1,823,737**

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.

(ii) Total expenses arising from share based payment transactions recognised during the half-year ended 31 December 2017 as part of employee benefit expense was $78,894 (30 June 2017: $72,273). The amount recognised in the prior period includes an adjustment for reversal of previously recognised expenses due to performance rights that did not ultimately vest of $49,570.

9. 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 2017 annual financial report.

10. 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 2017 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 16,500,000 shares (pre-consolidation) 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;
- Mr Luke Graham received 5,500,000 performance rights pursuant to the Company's Long Term Incentive Plan, as approved by shareholders on 28 November 2017.

Mr Didier Murcia, Non-Executive Chairman, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling $59,910 were paid to Murcia Pestell Hillard for general legal services (30 June 2017: $157,418).

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 $37,057 were paid to Artemis Management Tanzania for rental, corporate and administration services (30 June 2017: $64,517).

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 2017 and the Directors have not recommended the payment of a dividend.

12. Subsequent Events

On 22 January 2018 the Company announced it had secured a binding offtake agreement for 100% of the zircon-monazite product which will be produced at its Fungoni mineral sands project in Tanzania.

On 20 February 2018 the Company issued 4,489,501 performance rights to employees pursuant to the Employee Incentive Scheme approved by shareholders at the 2017 annual general meeting held on 28 November 2017.

The performance hurdles attached to the rights are similar to those issued to Mr Luke Graham. Refer to note 7 for further details.

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 2017 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
15 March 2018
Perth, Western Australia

Independent Auditor's Review Report
To the Members of Strandline Resources Limited

BDO

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 2017, 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 2017 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 2017 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, 15 March 2018