



**Strandline Resources Ltd**  
**Interim Financial Report**  
**For the half year ended 31 December 2023**

ABN 32 090 603 642

# CORPORATE DIRECTORY

## Board of Directors

Mark Hancock Independent Non-Executive Chair  
John Hodder Non-Executive Director  
Jozsef Patarica Managing Director and Chief Executive Officer

## Company Secretary

Jamie Cann

## Registered and Principal Office

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Perth, Western Australia 6000  
Tel: (61 8) 9226 3130  
Fax: (61 8) 9485 2070  
Email: [enquiries@strandline.com.au](mailto:enquiries@strandline.com.au)

## Postal Address

PO Box 7127  
Cloisters Square PO, Western Australia, 6850

## Website

[www.strandline.com.au](http://www.strandline.com.au)

## Country of Incorporation

Strandline Resources Limited is domiciled and incorporated in Australia

## Auditors

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower, 5 Spring St  
Perth, Western Australia 6000

## Share Registry

Computershare Investor Services Pty Limited  
Level 17, 221 St George's Terrace  
Perth, Western Australia 6000  
Tel: (61 8) 9323 2000  
Fax: (61 8) 9323 2033

## Home Stock Exchange

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

## ASX Code

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# DIRECTORS REPORT

The Directors of Strandline Resources Limited (“Strandline” or “the Company”) present the Interim Financial Report on the Consolidated Entity (“the Group”) consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

## DIRECTORS

The names of the Company’s directors who held office during or since the end of the half year are outlined below. Directors were in office for the entire period unless otherwise stated.

Name	Particulars
Mark Hancock	Independent Non-Executive Director (appointed Chair 23 November 2023)
John Hodder	Non-Executive Director
Jozsef Patarica	Managing Director (appointed 25 September 2023)
Didier Murcia	Independent Non-Executive Chair (did not seek re-election - 23 November 2023)
Luke Graham	Managing Director (resigned 22 September 2023)
Peter Watson	Non-Executive Director (did not seek re-election 23 November 2023)
Alexandra Atkins	Independent Non-Executive Director (resigned 23 November 2023)

## PRINCIPAL ACTIVITIES

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

## REVIEW OF OPERATIONS

### Coburn minerals sands project

During the half year, the Company completed three shipments of heavy mineral concentrate (HMC) and two shipments of Ilmenite totalling 46,279 tonnes (FY2023 55,001 tonnes shipped). In January 2024 10,556 tonnes of HMC produced in December 2023 was shipped.

#### Mining

Coburn is a mineral sands mine that uses dozers to push sand into in-pit Dozer Mining Units (DMU’s) that prepare the ore for slurry pumping to the wet concentrator plant (WCP) for HMC production. The Company employs in-pit disposal of sand waste tailings as part of the mine backfill and rehabilitation process. Throughout the half year, mining rates remained constrained due to tailing storage capacity issues and DMU availability.

The lack of sufficient tailing storage and DMU reliability limited mining volumes which impacted ore feed volumes to the WCP. Plans are being implemented to remove the tailing restraints in accordance with approvals from the Department of Water and Environmental Regulation and the Department of Energy, Mines, Industry Regulation and Safety. These approvals allow for a tailing storage facility and the periodic construction of embankment walls at active mine pits.

Further, during the half year there was ongoing DMU downtime due to failure of the exciter mechanisms on the double deck screens. The failure of the exciter bolts arose shortly after commissioning of the DMU’s and, whilst this was resolved in December 2023 through specialized maintenance interventions, it was an ongoing issue during the half year.

The Company’s continuing key focus is on implementing both short and long-term tailings storage strategies and increasing utilisation of the DMU’s.

#### Processing

Modifications to the WCP upstream mineral cleaning circuit which increased the attritioner feed density were completed in October 2023, resulting in a significant improvement in mineral separation efficiency. In December 2023, the plant recorded the highest monthly ore feed and achieved the highest mineral recoveries since commissioning commenced.

# DIRECTORS REPORT

Rectification works were undertaken on the mineral separation plant (MSP) early in the half year that focused on dust extraction, dryer-heater controls and HMC conditioning. The MSP is designed to separate the HMC into Zircon and titanium products as well as a zircon concentrate. To commission the MSP a constant feed of HMC is required and this was impacted during the half year by lower and more intermittent HMC feed than what was required. The continual starting and stopping of the MSP weekly meant that there was not sufficient time to optimise circuits which resulted in the inability to produce products other than ilmenite, zircon concentrate and standard grade zircon. In December 2023, the Company suspended commissioning of the MSP to focus on mining issues and maximising HMC production from the WCP plant. The commissioning of the MSP will be addressed as part of the revised operational strategy and associated funding review work that is in progress.

Mining, production and sales data:

	1HY2024	FY2023
DMU mined (tonnes)	6,231,540	7,589,833
Mine grade (%)	1.04%	1.02%
HMC produced (tonnes)	58,152	54,997
Shipping (tonnes)	46,279	55,001

## Mineral Resource Estimate

Work on an interim Mineral Resource Estimate block model covering the next 5-year production area and incorporating the October 2023 infill drilling data was largely completed in the half year. The model will be used as part of the 5-year optimization and production schedule. The Company is expected to provide an updated mineral resource and reserve statement in mid-2024.

## Mineral sands market

Mineral sands market conditions have continued to soften throughout the half year with lower pricing and demand observed in the market. Demand for mineral sands products is primarily driven by urbanisation, rising living standards and global growth. This has been impacted by a softness in China's property market and industrial sectors along with higher global inflation and interest rates impacting commercial and retail consumers of mineral sands products.

Several of the Company's peers have announced lower sales volumes as they have chosen to restrain volumes as a strategy to stabilise selling prices. The Company expects the outlook for the remainder of the financial year will be a continuation of pricing stabilisation, with volumes recovering and global market dynamics improving.

## Health, safety and sustainability

There were no lost time injuries during the half year. Coburn has a lost time injury frequency rate (LTIFR) of 0.0 per million hours worked. The Company's total recordable injury frequency rate (TRIFR) was 4.02 per million hours worked at 31 December. (June 2023: 3.30 per million hours worked).

The Company released its third Sustainability report in December 2023.

## Tanzania minerals Sands Project

The Company, through its 84% shareholding in the joint venture entity Nyati Minerals Sands Ltd (Nyati) owns multiple mineral sands growth projects along the coast of Tanzania. The Government of Tanzania (GoT) hold a 16% non-dilutable free carried interest in Nyati in accordance with Tanzanian law. Nyati and the GoT are parties to a Framework Agreement and Shareholders Agreement.

Nyati holds multiple prospecting licences, a mining licence for the Fungoni project and has submitted a Special Mining License application for the Tajiri project that is now well progressed through the GoT approval process.

During the half year Nyati undertook the payment of compensation to the project affected people and implementation of the Fungoni resettlement action plan. At 31 December 2023 the total amount of compensation paid by Nyati was \$12,258,047.83 (US\$8,234,000).

The Company continued to progress discussions with potential strategic investment partners and offtake parties during the half year and appointed Sternship Advisers to assist in this process.

# DIRECTORS REPORT

## Corporate

The Group reported a net loss before tax for the half year of \$122,352,727 (31 December 2022 loss: \$8,792,267). The result includes customer sales revenue of \$31,753,135, costs of sales \$66,104,291, corporate costs of \$8,474,412, exploration and evaluation expenditure of \$2,039,676 and a net foreign exchange gain of \$2,765,719 primarily related to the strengthening of the AUD:USD exchange rate (from 0.6630 to 0.6840) on the USD denominated Nordic Bond debt. As a review of impairment triggers indicated the possibility of impairment a full assessment of carrying value of the Coburn project was conducted. Based on the current risk profile of the Company a higher discount rate of 16% was used and this, combined with increases in the future operation costs and capital costs assumed in the model based on the project review work conducted to-date, resulted in an impairment charge of \$80,900,000 being recognised in the Group's financial statement.

At 31 December 2023, the Group's cash balance was \$12,685,824, and the Group had net assets of \$78,790,712 (30 June 2023: \$167,346,380). The Group has a shortfall of current assets over current liabilities of \$204,889,398 (30 June 2023 shortfall \$7,999,387) following the reclassification of \$155,955,897 of senior debt borrowing to a current liability following the Company entering into a Standstill Agreement with senior lenders in December 2023.

### Voluntary suspension

On 27 October 2023, the Group requested an ASX trading halt and then on 31 October 2023 a voluntary suspension. The Group has been in voluntary suspension since 31 October 2023 to work on a revised operations strategy and funding requirements for the Coburn Project. The Group was successful in gaining support from financiers by entering into a standstill Agreement.

### Debt facility standstill arrangement

On 21 December 2023, the Group announced it had entered into a Standstill Agreement with its financiers (Northern Australia Infrastructure Fund (NAIF), Nordic Bondholders and National Australia Bank (NAB)) that defers certain near-term interest payments, repayment obligations and various covenant waivers. This agreement is the first step in an ongoing process aimed at restructuring the Company's finances. The standstill letter with the secured lenders provides short term comfort to the Company as the secured lenders have agreed to not act on any current or pending events of default under the various facility documents. Refer to Note 1 (e) Going concern for further information.

In December 2023, under the Amended NAIF Facility Agreement (date December 2023), NAIF approved the repurposing of A\$15 million of the Second Loan Tranche (A\$20 million) of the facility. A drawdown of A\$10 million was completed in December 2023, and has a repayment date of 30 June 2024, or a later date subject to future amendments to the Bond, NAB Facilities and the Loan Note Facility Agreement (described below). Any further drawdown under the NAIF Facility is subject to the approval of the NAIF board among other conditions.

### Equity

In August 2023 the Company completed an equity raising comprising of an institutional placement and a share purchase plan totalling A\$36,570,494 through the issue of 203,169,220 fully paid ordinary shares. The Company issued 6,506,349 fully paid ordinary shares through the vesting of 4,163,266 performance rights under the Long-Term Incentive Plan and 2,343,083 ordinary shares issued in relation to the FY2023 short-term incentive scheme.

### Board and Executive Update

In September 2023 highly experienced mining operations executive Mr Jozsef Patarica was appointed Managing Director following the resignation of Mr Luke Graham. Mr Patarica has a background in the mineral sands sector and has successfully transitioned several projects through the development and commissioning phase into sustainable operations.

In November 2023, Ms Belinda Murray the Company's Head of Commercial and Strategic Development was appointed Chief Operating Officer. Mr Jamie Cann continued as Company Secretary following the resignation of Mr Flavio Garofalo who resigned as Chief Financial Officer and joint Company Secretary.

In November 2023, the Company's board was restructured in response to the Coburn Project strategic operational review and senior debt restructuring. A smaller board was deemed more optimal during the restructure phase. Existing director Mark Hancock was appointed Non-Executive Chair with Didier Murcia, Peter Watson and Alex Atkins resigning or not seeking re-election at the Annual General Meeting.

# DIRECTORS REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the Company's state of affairs, other than those noted in this financial report.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 19 February 2024, the Company agreed an extension to the standstill date 15 December 2023.

On 6 March 2024 a group of the Company's existing Nordic Bondholders agreed to provide an additional debt facility of up to A\$20 million, with drawdowns subject to certain conditions.

At the same time the standstill and deferral arrangement agreed between the Company and its financiers in December 2023, extended in February 2024 and March 2024 remain in place. The near-term interest payment obligations and principal repayment obligations have been extended until 30 June 2024. As well as financial covenant relief has also been provided for a further 12 months (in relation to the Debt Service Cover Ratio, Loan Life Cover Ratio and Reserve Tail Ratio, subject to the Company and its subsidiaries complying with new minimum liquidity, minimum monthly product sales and minimum average monthly product pricing financial covenants during the 12 month period).

These funds will be used to fund working capital and towards the objective of achieving nameplate capacity for the production of heavy mineral concentrate at the wet concentrator plant.

The Company continues to work with its financiers and other key stakeholders towards agreeing a holistic recapitalisation of the Company in the quarter ending June 2024.

Commencing from 1 February 2024, Mr Patarica remuneration was amended, receiving retention payments of \$65,000 per month for a duration of 6 months, with clawback arrangements in place if Mr Patarica leaves employment within 6 months. In addition, Mr Patarica will upon full repayment of the Super Senior Facility amounts (including interest and fees) to NAIF and the Bondholders, receive a cash bonus of \$750,000 subject to clawback provisions if Mr Patarica resigns within 12 months of the payment. These payments are in lieu of Mr Patarica's STIP and LTIP arrangements included in his original employment contract.

Other than the disclosure 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 periods.

## PROCEEDINGS ON BEHALF OF THE COMPANY

In December 2022 TMM Group (Operations) Pty Ltd (TMM), a subsidiary of Macmahon Holdings (ASX: MAH) initiated legal proceedings in the Supreme Court of Western Australia against Strandline's subsidiary Coburn Resources Pty Ltd (Coburn). TMM originally claimed that Coburn owed TMM in the order of \$13.5 million and recovery of the amounts of two bonds drawn down by Coburn at a value of \$1,195,000 each. TMM increased its claim in July 2023 to approximately \$15.4 million (net of amounts already paid on adjudication). TMM has not included any additional claims, and the Company considers this increase appears to be due to an accounting reconciliation. The Company's pleaded Counterclaim is for an amount of \$7,836,330, representing a claim for the return of payment made to TMM by Coburn as a result of an adjudication process in 2022, and one separate individual claim brought by Coburn against TMM. The parties have now filed all pleadings and the Supreme Court proceedings are continuing.

The Company is subject to contractual arrangements as a result of the development, commissioning and ongoing operations of the Coburn Project. Occasionally contractual disputes arise relating to commercial contracts. The Company currently has claims in progress (both for and against the company), however it is not possible to estimate the financial effects of these claims.

At the date of this report, the Company has assessed the possibility of any net outflow of economic benefits, in relation to these matters, which have not already been provided for in this report, as being unlikely and/or immaterial. The Directors are not aware of any other contingent liabilities as at 31 December 2023 (30 June 2023: \$nil).

# DIRECTORS REPORT

## AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Director's report.

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

On behalf of the Directors

A handwritten signature in blue ink, appearing to be 'J. Patarica', written in a cursive style.

**Jozsef Patarica**  
**MANAGING DIRECTOR**

15 March 2024

## DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF STRANDLINE RESOURCES LIMITED

As lead auditor for the review of Strandline Resources Limited for the half-year ended 31 December 2023, 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.



**Dean Just**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth  
15 March 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31 Dec 23 \$	31 Dec 22 \$
Sales revenue	2	31,753,135	6,508,247
Cost of sales	3	(66,104,291)	(6,515,522)
Other income		477,533	1,282,345
Corporate and administrative expenses		(8,474,412)	(6,840,610)
Exploration and evaluation expenditure		(2,039,676)	(174,529)
Depreciation expense		(190,531)	(158,727)
Share based payment expense		463,152	(2,010,999)
Impairment - Coburn Project - Mine properties in development	8	(80,900,000)	-
<b>Operating loss before income tax</b>		<b>(125,015,090)</b>	<b>(7,909,795)</b>
Finance income		205,215	360,090
Finance costs		2,457,148	(1,242,562)
<b>Net finance costs</b>	4	<b>2,662,363</b>	<b>(882,472)</b>
Income tax expense		-	-
<b>Loss after income tax for the year</b>		<b>(122,352,727)</b>	<b>(8,792,267)</b>
<b>Other comprehensive income</b>			
<b>Items that may be re-classified to profit or loss</b>			
Exchange differences arising on translation of foreign operations		(394,768)	(7,935)
<b>Items that will not be re-classified to profit or loss</b>			
Fair value of equity investments at fair value through other comprehensive income		(51,578)	(212,245)
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(446,346)</b>	<b>(220,180)</b>
<b>Total comprehensive loss for the year</b>		<b>(122,799,073)</b>	<b>(9,012,447)</b>
<b>Loss attributable to:</b>			
Owners of Strandline Resources Limited		(122,238,234)	(8,765,204)
Non-controlling interests		(114,493)	(27,063)
		<b>(122,352,727)</b>	<b>(8,792,267)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of Strandline Resources Limited		(122,684,580)	(8,985,384)
Non-controlling interests		(114,493)	(27,063)
		<b>(122,799,073)</b>	<b>(9,012,447)</b>
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)		<b>(8.63)</b>	(0.71)

The 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 2023

	Notes	31 Dec 23 \$	30 Jun 23 \$
<b>Current assets</b>			
Cash and cash equivalents	5	12,685,824	41,301,499
Inventories	6	13,751,801	12,418,661
Trade and other receivables	7	775,900	2,708,300
Prepayments		2,104,536	1,024,052
<b>Total current assets</b>		<b>29,318,061</b>	<b>57,452,512</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	313,385,990	380,239,113
Exploration and evaluation expenditure	9	16,465,305	5,133,086
Other receivables		143,268	85,268
Financial assets		115,058	166,635
<b>Total non-current assets</b>		<b>330,109,621</b>	<b>385,624,102</b>
<b>Total assets</b>		<b>359,427,682</b>	<b>443,076,614</b>
<b>Current liabilities</b>			
Trade and other payables	10	25,481,252	30,535,595
Borrowings	11	207,958,401	34,091,200
Provisions		767,806	825,104
<b>Total current liabilities</b>		<b>234,207,459</b>	<b>65,451,899</b>
<b>Non-current liabilities</b>			
Borrowings	11	31,765,091	195,459,991
Provisions		14,664,420	14,818,344
<b>Total non-current liabilities</b>		<b>46,429,511</b>	<b>210,278,335</b>
<b>Total liabilities</b>		<b>280,636,970</b>	<b>275,730,234</b>
<b>Net assets</b>		<b>78,790,712</b>	<b>167,346,380</b>
<b>Equity</b>			
Contributed equity	12	305,303,909	269,288,982
Reserves		212,186	2,552,337
Accumulated losses		(226,476,914)	(104,360,963)
<b>Equity attributable to owners of the parent</b>		<b>79,039,181</b>	<b>167,480,356</b>
Non-controlling interests		(248,469)	(133,976)
<b>Total equity</b>		<b>78,790,712</b>	<b>167,346,380</b>

The 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 2023

	Issued Capital	Share Based Payments Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Accumulated Losses	NCI	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	265,311,043	3,881,438	613,723	449,424	(95,461,212)	(33,294)	174,761,122
<b>Comprehensive loss for the period</b>							
Loss for the period	-	-	-	-	(8,765,204)	(27,063)	(8,792,267)
Fair value of equity investments at fair value through other comprehensive income	-	-	(7,935)	-	-	-	(7,935)
Foreign currency translation difference for foreign operations	-	-	-	(212,245)	-	-	(212,245)
<b>Total comprehensive loss for the period</b>	-	-	(7,935)	(212,245)	(8,765,204)	(27,063)	(9,012,447)
Option Conversion	2,192,929	(382,929)	-	-	-	-	1,810,000
Recognition of share-based payments	1,252,073	758,926	-	-	-	-	2,010,999
Performance rights vested into shares	532,937	(532,937)	-	-	-	-	-
<b>Balance at 31 December 2022</b>	269,288,982	3,724,498	605,788	237,179	(104,226,416)	(60,357)	169,569,674
<b>Balance at 1 July 2023</b>	269,288,982	2,253,179	(13,365)	312,523	(104,360,963)	(133,976)	167,346,380
<b>Comprehensive loss for the period</b>							
Loss for the period	-	-	-	-	(122,238,234)	(114,493)	(122,352,727)
Fair value of equity investments at fair value through other comprehensive income	-	-	(51,578)	-	-	-	(51,578)
Foreign currency translation difference for foreign operation	-	-	-	(394,768)	-	-	(394,768)
<b>Total comprehensive loss for the period</b>	-	-	(51,578)	(394,768)	(122,238,234)	(114,493)	(122,799,073)
Issue of ordinary shares	37,468,825	-	-	-	-	-	37,468,825
Share issue costs	(1,863,937)	-	-	-	-	-	(1,863,937)
Recognition of share-based payments	410,039	(873,191)	-	-	(898,331)	-	(1,361,483)
Transfer of exercised/forfeited awards	-	(1,020,614)	-	-	1,020,614	-	-
<b>Balance at 31 December 2023</b>	305,303,909	359,374	(64,943)	(82,245)	(226,476,914)	(248,469)	78,790,712

The 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 2023

	Notes	31 Dec 23 \$	31 Dec 22 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		32,007,744	6,508,247
Payments for exploration and evaluation		(753,513)	(174,356)
Payments to suppliers and employees (inclusive of GST)		(75,250,705)	(7,338,345)
Government grants received		450,913	1,280,962
Interest received		205,215	360,091
Interest paid		(2,490,620)	-
<b>Net cash (used in)/from operating activities</b>		<b>(45,830,966)</b>	636,599
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(64,523)	(81,873)
Payments for Coburn development activities		(14,457,391)	(79,025,804)
Payments for Tanzania development activities	9	(12,177,855)	-
<b>Net cash used in investing activities</b>		<b>(26,699,769)</b>	(79,107,677)
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		36,570,494	-
Payment of share issue costs		(1,863,937)	-
Proceeds from conversion of options		-	1,810,000
Proceeds from borrowings		10,000,000	24,157,941
Transaction costs related to borrowings		(85,000)	-
Repayment of borrowings		(693,776)	(498,426)
<b>Net cash from by financing activities</b>		<b>43,927,781</b>	25,469,515
<b>Net decrease in cash and cash equivalents</b>		<b>(28,602,954)</b>	(53,001,563)
Cash and cash equivalents at the beginning of the year		41,301,499	119,645,087
Effects of foreign exchange movement on cash held		(12,721)	10,293
<b>Cash and cash equivalents at the end of the year</b>	5	<b>12,685,824</b>	66,653,817

The 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 2023

### 1. Significant accounting policies

#### a) Reporting entity

Strandline Resources Limited ('Company' or 'Strandline') is a company domiciled in Australia. The consolidated interim financial statements for the half-year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in the exploitation and development of heavy mineral sands resources.

#### b) Statement of compliance

The consolidated interim financial statements are 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 interim financial report does not include information for a complete set of annual financial statements 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 interim financial statements were approved by the Board of Directors on 15 March 2024.

#### c) Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for financial assets and financial liabilities that are recognised initially at fair values and subsequently measured at amortised cost or at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the financial year ended 30 June 2023.

#### d) New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the current reporting period. The Group has not yet assessed the impact of any new or amended Accounting Standards and Interpretations.

#### e) Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements the Group made a net loss during the half year of \$122,799,073 (31 December 2022: loss \$9,012,447) from operating activities and its cash and cash equivalents decreased by \$28,615,675 to \$12,685,824 (31 December 2022: decrease \$52,991,270 to \$66,653,817). As at 31 December 2023 the Group held \$12,685,824 in cash and cash equivalents and had a deficit of current liabilities over current assets of \$204,889,398 after reclassifying \$155,955,897 of non-current senior debt borrowings to current borrowings as the Company is not in compliance with certain of its banking covenants at the date of this report. The Company has entered into a Standstill Agreement with its financiers to allow time for a restructure of the Group's finances and has been provided with additional debt facilities by its financiers to assist with working capital during this restructure process. The terms of the Standstill arrangement are set out in the Debt facility standstill arrangement contained within the Directors' Report.

The Group requested a trading halt with the Australian Security Exchange (ASX) on 27 October 2023 and then a voluntary suspension with ASX on 31 October 2023. The Group has remained in voluntary suspension since 31 October 2023 whilst it works on a revised operations strategy and associated funding requirements for the Project. The ability of the Group to continue as a going concern is dependent on the commissioning and ramp up of the Coburn Mineral Sands Project to nameplate production,

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

As part of this work, on 21 December 2023, the Group announced continued support from financiers and informed the market that the Group had entered into a Standstill Agreement with its financiers. The terms of the agreement include, deferring certain near-term interest payments, repayment obligations and various covenant waivers whilst the financing and debt restructure terms are finalised and agreed upon.

The Standstill Agreement is the first step in a process aimed at restructuring the Group's finances to match a revised operational strategy. The Standstill Agreement, with the secured senior debt lenders, provides short term comfort to the Company as the secured lenders have agreed to not act on any current or pending events of default under the various facility documents.

The Standstill Agreement includes conditions that the Group are required to be adhered to, they are as follows:

- Pursue the sale of non-core assets;
- Equity capital raise;
- Deliver an operation plan; and
- Give effect to the restructuring of the Financing Facilities with all financiers.

At the date of this report the condition to deliver an operational plan has been met.

As a result of the above, the ability of the group to continue as a going concern is dependent upon the successful commissioning and ramp up of Coburn Mineral Sands Project to name plate production, successful restructuring of the group finances and successful raising of funds through debt and or equity, These conditions indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the interim financial statements as at and for the period ended 31 December 2023, after consideration of the following factors:

- Based on detailed cash flow forecast prepared by management, which includes any reasonable possible changes to key assumptions cash flow is based upon, directors have reasonable expectation the Group will have adequate resources to continue operations;
- Technical experts advised the Group the new operational plan, when finalised, will allow for the full ramp up of operations;
- Expect to comply with the conditions of standstill and maintain continued support from financiers of the new operational plan to ensure sustained funding of the project; and
- Ability to raise capital and/or realise value from assets.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

### **f) Critical accounting judgements and key sources of estimation uncertainty**

In preparing the interim financial statements management make judgements, estimates and assumptions that affect the application of the Groups accounting policies affecting the value of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical judgements that the Group's management has made in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the Group's consolidated financial statements are impairment testing. In determining the recoverable amounts of the Group's mining interests, management makes estimates of the discounted future cash flows expected to be derived from the Group's mining properties, costs to sell the mining properties and the appropriate discount rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

The projected cash flows are significantly affected by changes in assumptions about mineral sands selling price, future capital expenditures, changes in the amount of recoverable reserves, resources, and exploration potential, production cost estimates, discount rates and exchange rates. Reductions in mineral sands price forecasts, increases in estimated future costs of production, increases in estimated future non-expansory capital expenditures, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse current economics can result in a write-down of the carrying amounts of the Group's mining interests. (note 8).

### 2. Sales revenue

	31 Dec 23	31 Dec 22
	\$	\$
Revenue from contracts with customers	<b>31,753,135</b>	6,508,247
	<b>31,753,135</b>	6,508,247

Revenue represents the sale of Heavy Mineral Concentrate (HMC) generated during the plant commissioning phase.

#### Accounting policy

Sales revenue is recognised at the point in time when the customer obtains control of the product, and the Group has fulfilled its performance obligations. The timing of the transfer of control depends upon the individual terms of the customer sales agreement.

The Group measures sales on a free-on-board ("FOB") basis where sales where transfer of control passes at port of origin or a cost, insurance, and freight ("CIF") basis. Under the CIF basis there are three performance obligations with the first being recognised when the product is loaded on to the ship and the further two obligations recognised over the shipment journey to the port of destination

### 3. Cost of goods sold

	31 Dec 23	31 Dec 22
	\$	\$
Mine operating costs	<b>61,967,127</b>	11,058,639
Inventory cost movement	<b>262,205</b>	(5,297,366)
Selling costs	<b>3,874,959</b>	754,249
	<b>66,104,291</b>	6,515,522

### 4. Net finance costs

	31 Dec 23	31 Dec 22
	\$	\$
<b>Finance income</b>		
Interest income	<b>205,215</b>	360,090
	<b>205,215</b>	360,090
<b>Finance expense</b>		
Interest expense - leases	<b>308,571</b>	-
Net foreign exchange (gain)/loss <sup>1</sup>	<b>(2,765,719)</b>	1,242,562
	<b>(2,457,148)</b>	1,242,562
Net finance costs	<b>(2,662,363)</b>	882,472

1. Net foreign exchange losses are related to the revaluation of the USD denominated debt facility which is offset against the foreign currency bank accounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 5. Cash and cash equivalents

	31 Dec 23	30 Jun 23
	\$	\$
Cash at bank	12,685,824	26,243,499
Cash on deposit	-	15,058,000
	<b>12,685,824</b>	<b>41,301,499</b>

### 6. Inventories

	31 Dec 23	30 Jun 23
	\$	\$
Heavy mineral concentrate and intermediate stockpiles - at NRV	9,339,377	9,475,560
Stores and consumables - at cost	4,412,424	2,943,101
	<b>13,751,801</b>	<b>12,418,661</b>

The Group recognised inventory write downs to net realisable value (NRV) as at 31 December 2023 of \$10,667,735 for heavy mineral concentrate (HMC) stockpiles.

### 7. Trade and other receivables

	31 Dec 23	30 Jun 23
	\$	\$
GST receivable	701,664	1,980,499
Trade debtors	9,123	9,412
Other receivables	65,113	718,389
	<b>775,900</b>	<b>2,708,300</b>

### 8. Property, plant and equipment

	Plant and equipment	Right-of-use lease assets	Mine properties	Coburn Project - Mine properties in development	Total
	\$	\$	\$	\$	\$
At 30 June 2023					
Cost	2,064,528	34,529,343	16,217,746	331,792,900	384,604,517
Accumulated depreciation	(690,246)	(3,675,158)	-	-	(4,365,404)
<b>Net book value</b>	<b>1,374,282</b>	<b>30,854,185</b>	<b>16,217,746</b>	<b>331,792,900</b>	<b>380,239,113</b>
Opening net book value	730,205	2,064,862	5,416,635	232,485,753	240,697,455
Additions	977,961	31,248,135	10,801,111	95,783,290	138,810,497
Unwind NAIF fair value <sup>1</sup>	-	-	-	3,523,857	3,523,857
Depreciation charge	(334,030)	(2,458,812)	-	-	(2,792,842)
Foreign exchange movements	146	-	-	-	146
<b>Net book value</b>	<b>1,374,282</b>	<b>30,854,185</b>	<b>16,217,746</b>	<b>331,792,900</b>	<b>380,239,113</b>

1. Unwind of the NAIF facility fair value in accordance with AASB 120 Government Grants.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 8. Property, plant and equipment - continued

	Plant and equipment	Right-of-use lease assets	Mine properties	Coburn Project - Mine properties in development	Total
	\$	\$	\$	\$	\$
At 31 December 2023					
Cost	2,071,149	36,048,126	16,727,282	264,483,380	319,329,937
Accumulated depreciation	(911,430)	(5,032,517)	-	-	(5,943,947)
<b>Net book value</b>	<b>1,159,719</b>	<b>31,015,609</b>	<b>16,727,282</b>	<b>264,483,380</b>	<b>313,385,990</b>
Opening net book value	1,374,282	30,854,185	16,217,746	331,792,900	380,239,113
Additions	22,314	1,518,783	509,536	11,914,542	13,965,175
Unwind NAIF fair value <sup>1</sup>	-	-	-	1,675,938	1,675,938
Disposals	(59,538)	-	-	-	(59,538)
Depreciation charge	(221,185)	(1,357,359)	-	-	(1,578,544)
Impairment	-	-	-	(80,900,000)	(80,900,000)
Foreign exchange movements	43,846	-	-	-	43,846
<b>Net book value</b>	<b>1,159,719</b>	<b>31,015,609</b>	<b>16,727,282</b>	<b>264,483,380</b>	<b>313,385,990</b>

1. Unwind of the NAIF facility fair value in accordance with AASB 120 Government Grants.

#### Assets pledged as security

The Northern Australian Infrastructure Facility (NAIF), Nordic Bond Facility, National Australia Bank and lenders under the Loan Note Facility Agreement (as described below) hold a general security deed (and other security) over all of the assets of Coburn Resources Pty Limited, Strandline Limited and Strandline UK Limited, as security for the debt facilities provided to Coburn Resources Pty Limited for the purposes of (among other things) funding the construction of the Coburn Mineral Sands Project.

In December 2023, under the Amended NAIF Facility Agreement (date December 2023), NAIF approved the repurposing of A\$15 million of the Second Loan Tranche (A\$20 million) of the facility. A drawdown of A\$10 million was completed in December 2023, and has a repayment date of 30 June 2024, or a later date subject to future amendments to the Bond, NAB Facilities and the Loan Note Facility Agreement (described below). Any further drawdown under the NAIF Facility is subject to the approval of the NAIF board among other conditions.

In March 2024, various bondholders under the Nordic Bond Facility provided a further A\$20 million under a Loan Note Facility Agreement. The full A\$20 million was funded to escrow accounts controlled by the lenders under the Loan Note Facility Agreement, with release of amounts from escrow subject to the satisfaction of various conditions. A\$10 million has been released from escrow to the Strandline Group since this time.

#### Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell, and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

An impairment assessment was undertaken at 31 December 2023 as the Group determined that indicators of impairment are present in relation to the carrying value of Coburn Mineral Sands Project, considering a number of factors including the progress made with the ramp-up of production and an estimate of the recoverable carrying amount of the asset. Consequently, the value-in-use for the CGU has been estimated based on discounted future estimated cash flows (expressed in nominal terms). To determine the extent of the impairment loss, the estimated future cash flows are discounted to their present value using a pre-tax, nominal discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared for the Coburn Mineral Sands Project CGU to which the individual assets are allocated.

The table below summaries the key assumptions used in the 31 December 2023 year end carrying value assessments of the Coburn Mineral sands Project:

LOM estimates and	
Life of mine	30-Jun-45
Weighted average HM Grade	1.03%
Total HMC Production (kt)	4,604
Annual inflation	2%
Product Pricing <sup>1</sup>	Based on TZMI
Long term exchange rate (US\$:A\$)	0.67
Discount rate (pre-tax, nominal)	16%
Net present value of cash flows (pre-tax)	298.7
Carrying value of CGU pre impairment	379.6
Impairment charge booked	80.9

1. TZMI benchmark forecast with adjustments for product specific adjustments.

### Revenue Pricing

Price assumptions are based on latest available TZMI benchmark forecast (at date of assessment) with product specific adjustments.

### Inflations rates

The annual inflation rate used within the discounted cash flow is within the Reserve Bank of Australia's long-term target range of 2%-3% on average, over time.

### Discount Rate

In determining the Discount Rate, the Company has applied a higher rate to reflect market assessments of the time value of money and the risks specific to the Coburn Mineral Sands Project.

### Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Company's latest budget and life-of-mine plans.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 9. Exploration and evaluation expenditure

	31 Dec 23	30 Jun 23
	\$	\$
Carried forward exploration and evaluation expenditure	5,133,086	5,266,518
Tanzania Project - Resettlement payments (PAP) <sup>1</sup>	12,177,855	-
Foreign exchange movement	(845,636)	(133,432)
	<b>16,465,305</b>	<b>5,133,086</b>

1. During the half year resettlement payments were substantially completed by way of payments to project affected people (PAP) in accordance with the Framework Agreement (FWA) with the Government of the Republic of Tanzania.

### 10. Trade and other payables

	31 Dec 23	30 Jun 23
	\$	\$
Trade payables	1,597,268	16,850,274
Other creditors and accruals	23,883,984	13,685,321
	<b>25,481,252</b>	<b>30,535,595</b>

### 11. Borrowings

	31 Dec 23	30 Jun 23
	\$	\$
<b>Current</b>		
Lease liability	1,966,468	6,176,295
Chattel mortgage - vehicles	388,080	378,475
NAIF facility <sup>1,3</sup>	104,191,048	-
NAB working capital facility	14,864,838	14,715,917
Nordic Bond facility <sup>2</sup>	86,547,967	12,820,513
	<b>207,958,401</b>	<b>34,091,200</b>
<b>Non-current</b>		
Lease liability	31,131,067	25,902,115
Chattel mortgage - vehicles	634,024	830,499
Nordic Bond facility <sup>2</sup>	-	76,239,813
NAIF facility <sup>1,3</sup>	-	92,487,564
	<b>31,765,091</b>	<b>195,459,991</b>

1. In December 2023, under the Amended NAIF Facility Agreement (dated December 2023), NAIF approved the repurposing of A\$15 million of the Second Loan Tranche (A\$20 million) of the facility. A drawdown of A\$10 million was completed in December 2023 that has a repayment date of 19 March 2024 or a later date subject to future amendments to the Bond and NAB facilities. Any further draw down against the facility are subject to approval of the NAIF board.

2. The US\$ secured borrowing movement during the period includes the restatement of the foreign currency loan from USD to AUD.

3. Movement for the period includes A\$1,675,938 related to the unwind of the NAIF fair value in accordance with the Government Grants accounting policy in this section.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 11. Borrowings - continued

In December 2023 the Company entered into a Standstill and Deferral Arrangement agreement with its debt financiers (Nordic Bond Trustee's, National Australia Bank and the Northern Australia Infrastructure Fund) that defers certain near-term interest payments, repayment obligations and various covenant waivers. The Directors have considered it appropriate to classify the borrowings with the debt financiers as a current liability due to the short-term nature of the Standstill and Deferral Arrangements. Refer to Going Concern note 1(e) for further information including the material Terms of the Agreement.

### 12. Contributed equity

	31 Dec 23	30 Jun 23
	\$	\$
1,462,564,234 fully paid ordinary shares (30 June 2023 1,252,888,665)	<b>305,303,909</b>	269,288,982

	31 December 2023		30 June 2023	
	No.	\$	No.	\$
<b>Fully paid ordinary shares</b>				
On issue beginning of period	<b>1,252,888,665</b>	<b>269,288,982</b>	1,240,178,572	265,311,043
Shares issued:				
Employee Short term Incentive (STI) taken as shares	<b>2,343,083</b>	<b>410,039</b>	2,663,985	1,252,073
Institutional placement	<b>203,169,220</b>	<b>36,570,494</b>	-	-
Exercise of options	-	-	7,500,000	2,192,929
Vesting of performance rights	<b>4,163,266</b>	<b>898,331</b>	2,546,108	532,937
Share issue costs		<b>(1,863,937)</b>		-
On issue end of period	<b>1,462,564,234</b>	<b>305,303,909</b>	1,252,888,665	269,288,982

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. At 31 December 2023, the Company has nil share options on issue (30 June 2023: 4,500,000). During the period July 2023 to December 2023 year nil options were granted (30 June 2023: nil), nil options were converted into shares (30 June 2023: 7,500,000) and 4,500,000 options expired/forfeited (30 June 2023: 1,000,000).

### 13. Contingent liabilities

In December 2022 TMM Group (Operations) Pty Ltd (TMM), a subsidiary of Macmahon Holdings (ASX: MAH) initiated legal proceedings in the Supreme Court of Western Australia against Strandline's subsidiary Coburn Resources Pty Ltd (Coburn). TMM originally claimed that Coburn owed TMM in the order of \$13.5 million and recovery of the amounts of two bonds drawn down by Coburn at a value of \$1,195,000 each. TMM increased its claim in July 2023 to approximately \$15.4 million (net of amounts already paid on adjudication). TMM has not included any additional claims, and the Company considers this increase appears to be due to an accounting reconciliation. The Company's pleaded Counterclaim is for an amount of \$7,836,330, representing a claim for the return of payment made to TMM by Coburn as a result of an adjudication process in 2022, and one separate individual claim brought by Coburn against TMM. The parties have now filed all pleadings and the Supreme Court proceedings are continuing.

At the date of this report, the Company has assessed the possibility of any net outflow of economic benefits, in relation to these matters, which have not already been provided for in this report, as being unlikely and/or immaterial. The Directors are not aware of any other contingent liabilities as at 31 December 2023 (30 June 2023: \$nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 14. Related Party Transactions

Transactions with key management personnel

Details of key management personnel compensation are disclosed in the Directors' Report section contained within the 2023 Annual Report. Disclosure of key management personnel equity holdings is set out in the Remuneration Report contained within the Director's Report section of the 2023 Annual Report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2023 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 4,163,266 performance rights were approved for issue and 1,558,348 fully paid ordinary shares were issued to Mr Luke Graham as per the Company Long Term Incentive Plan, 572,965 fully paid ordinary shares were issued to Mr Flavio Garofalo as per the Long Term Incentive plan. These rights were subsequently forfeited upon their departure during the period. Further, 2,064,220 performance rights were approved for issue to Mr Jozsef Patarica.

Other Transactions

Mr. Didier Murcia, former Non-Executive Chair, is a chair of the legal firm, Murcia Pestell Hillard. Fees totalling \$83,612 was paid to Murcia Pestell Hillard for work completed on various legal matters (30 Jun 23: \$10,120). All transactions related to the services were based on normal commercial terms.

### 15. Segment Information

The Group operates in one business segment, namely the mineral mining and development 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 mining and development 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 operating 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 including exploration and evaluation assets in Australia and Tanzania.

	31-Dec-23 Revenue \$	31-Dec-23 Non-current assets \$	30-Jun-23 Revenue \$	30-Jun-23 Non-current assets \$
Australia	31,753,135	312,442,423	62,913,538	379,183,511
Tanzania		17,667,198	-	6,440,591
	31,753,135	330,109,621	62,913,538	385,624,102

### 16. Events subsequent to reporting date

On 19 February 2024, the Company agreed an extension to the standstill date 15 December 2023.

On 6 March 2024 a group of the Company's existing Nordic Bondholders agreed to provide an additional debt facility of up to A\$20 million, with drawdowns subject to certain conditions.

At the same time the standstill and deferral arrangement agreed between the Company and its financiers in December 2023, extended in February 2024 and March 2024 remain in place. The near-term interest payment obligations and principal repayment obligations have been extended until 30 June 2024. As well as financial covenant relief has also been provided for a further 12 months (in relation to the Debt Service Cover Ratio, Loan Life Cover Ratio and Reserve Tail Ratio, subject to the Company and its subsidiaries complying with new minimum liquidity, minimum monthly product sales and minimum average monthly product pricing financial covenants during the 12 month period).

These funds will be used to fund working capital and towards the objective of achieving nameplate capacity for the production of heavy mineral concentrate at the wet concentrator plant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

### 16. Events subsequent to reporting date - continued

The Company continues to work with its financiers and other key stakeholders towards agreeing a holistic recapitalisation of the Company in the quarter ending June 2024.

Commencing from 1 February 2024, Mr Patarica remuneration was amended, receiving retention payments of \$65,000 per month for a duration of 6 months, with clawback arrangements in place if Mr Patarica leaves employment within 6 months. In addition, Mr Patarica will upon full repayment of the Super Senior Facility amounts (including interest and fees) to NAIF and the Bondholders, receive a cash bonus of \$750,000 subject to clawback provisions if Mr Patarica resigns within 12 months of the payment. These payments are in lieu of Mr Patarica's STIP and LTIP arrangements included in his original employment contract.

Other than the disclosure 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 periods.

# DIRECTORS' DECLARATION

In the opinion of the Directors of the Company:

- a) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable having regard to matters disclosed in note 1(e);
- b) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- c) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

This declaration has been made after receiving the declarations required to be made by the Directors in accordance with section 303(5) of the Corporations Act 2001.

On behalf of the Directors



**Jozsef Patarica**  
**Managing Director**

15 March 2024

## 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 2023, 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, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 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*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1(e) 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 Group's ability to continue as a going concern and therefore the Group 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.

### **Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2023 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*.

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.

**BDO Audit (WA) Pty Ltd**



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**Director**

Perth, 15 March 2024