

**BUILDING A SIGNIFICANT  
CRITICAL MINERALS  
BUSINESS**

# ANNUAL REPORT 2021



**STRANDLINE**  
resources limited

ABN 32 090 603 642

# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

<b>Didier Marcel Murcia</b>	Independent Non-Executive Chair
<b>Luke Edward Graham</b>	Managing Director and CEO
<b>Peter Richard Watson</b>	Non-Executive Director
<b>John Russell Hodder</b>	Non-Executive Director
<b>Ernest Thomas Eadie</b>	Independent Non-Executive Director
<b>Mark David Hancock</b>	Independent Non-Executive Director
<b>Alexandra Clare Atkins</b>	Independent Non-Executive Director

## COMPANY SECRETARY

Flavio Lino Garofalo

## REGISTERED AND PRINCIPAL OFFICE

Level 9, 216 St Georges Terrace  
Perth, Western Australia 6000

**Tel:** (61 8) 9226 3130

**Fax:** (61 8) 9485 2070

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## 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**

38 Station Street  
Subiaco, Western Australia 6008

## SHARE REGISTRY

### **Computershare Investor Services Pty Limited**

Level 11, 172 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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**FIGURE 1:**  
COBURN PROJECT  
EARTHWORKS CLEARING  
COMPLETED IN SEPTEMBER  
2021 FOR ALL INFRASTRUCTURE  
AREAS INCLUDING VILLAGE, MSP,  
WCP AND BORE FIELD



Dear Shareholders

I am delighted to report to you on what has been the most successful year in the history of your Company.

As a result of this pivotal 12 months, Strandline is now on the cusp of becoming a world-scale mineral sands producer at its 100%-owned Coburn project in WA. This scale is accompanied by low costs, robust margins and binding offtake agreements which cover 100% per cent of forecast production.

Importantly, these sales contracts allow Strandline to capture the benefits of rising prices for its products, meaning our shareholders retain ongoing exposure to the increasingly strong mineral sands markets, where buoyant demand and supply challenges are pushing up prices.

At the time of writing, construction is well underway at Coburn, with early works and delivery of key equipment running in line with our schedule and budget. This means we are on track to meet our goal of first production in the December quarter of 2022.

The enviable position in which your Company now finds itself is the culmination of several years of persistence, skill and commitment from our management team, staff and suppliers. On behalf of the Board, I thank them all for their hard work and dedication.

During the past year, this team achieved several key milestones in rapid succession, paving the way for construction. It is hard to believe that as we entered the 2021 financial year, we had just completed the Coburn Definitive Feasibility Study. This was quickly followed by our success in securing the \$150 million loan from the Commonwealth Government's Northern Australia Infrastructure Facility.

With this debt component in place and our binding offtake agreements locked away, we were able to award a series of construction and operations contracts. These included the important port access and services agreement with the Port of Geraldton.

By establishing the cost of project development through these contracts, we were able to finalise our debt funding with a US\$60 million bond issue to integrate with the NAIF facility on very competitive terms. This was followed quickly by the fully underwritten A\$122 million equity raising, which ensured Coburn was fully-funded through to production and cashflow. With all the pieces of the jigsaw in place, the Board approved a Final Investment Decision in May this year.





While Coburn has been at the centre of our activity over the past year, we have also made strong progress towards unlocking the value of our Tanzanian mineral sands portfolio. This has involved advancing government agreements and strategic partnership discussions.

In particular, excellent progress was made towards completing a Framework Agreement with the Government of Tanzania. This will outline the key joint venture ownership and operating terms for development of the advanced Fungoni project and the Company's other emerging mineral sands assets along the Tanzanian coast, including the large scale Tajiri project.

As we enter the new financial year, construction is ramping up at Coburn and the countdown is on to production and cashflow. This coincides with the increasingly favorable conditions in mineral sands markets, setting the scene for us to create significant shareholder value as we make the transition from project developer to producer.

Once again, I would like to thank our team for positioning us to capitalise on this opportunity. I also thank our shareholders for their support throughout the project assessment, funding and initial development stages.

Didier Murcia  
**INDEPENDENT NON-EXECUTIVE CHAIR**

22 September 2021

## WORLD-SCALE MINERAL SANDS DEVELOPER



- ✓ **LOW COSTS**
- ✓ **ROBUST MARGINS**
- ✓ **BINDING OFFTAKE AGREEMENTS**
- ✓ **LONG LIFE**





The Directors of Strandline Resources Limited (“**Strandline**” or “the **Company**”) submit the Annual Report on the Consolidated Entity (“the **Group**”) consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

## DIRECTORS

The names and details of the Company’s Directors in office during the financial period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

### **Didier Marcel Murcia AM, Independent Non-Executive Chair**

*B.Juris, LL.B, appointed 1 March 2016*



Mr Murcia is a lawyer with over 35 years’ legal and corporate experience in the mining industry and was previously a Non-Executive Director from 23 October 2014 to 29 February 2016. He is Honorary Consul for the United Republic of Tanzania, a position that he has held for over 24 years and was appointed a Member of the Order of Australia for services to the international community in 2014.

Mr Murcia is Chair and founding director of Perth-based legal group MPH Lawyers and has held directorships in the following ASX listed companies over the past three years:

- Alicanto Minerals Limited – Non-Executive Director (appointed on 30 May 2012)
- Centaurus Metals Limited - Non-Executive Chair (appointed Non-Executive Director on 16 April 2009 and Non-Executive Chair since 28 January 2010)

Mr Murcia is also Chair of the Remuneration and Nomination Committee.

### **Luke Edward Graham, Managing Director and Chief Executive Officer**

*A.Dip (Hons) (Elec Eng), MAICD, appointed 19 September 2016*



Mr Graham brings a diverse and extensive skill set to the development of Strandline Resources as an emerging mineral sands producer, formerly senior manager of global minerals engineering and mine operations company Sedgman Pty Limited (a member of the CIMIC Group). An engineer by profession, he has extensive experience in major mine and port project development, design, construction and operations within the resources sector including mineral sands, coal, iron ore, copper and gold projects, and successfully managing multi-functional operational teams. Mr Graham has held directorships in the following ASX listed companies over the past three years:

- Primero Group Ltd - Non-Executive Director (appointed on 21 May 2018; resigned on 25 March 2020)

Mr Graham is a member of the Technical and Sustainability Committee.

### **Peter Richard Watson, Non-Executive Director**

*BEng (Hons) (Chem), GAICD, FIEAust, Dip (Acct), appointed 10 September 2018*



Mr Watson is a chemical engineer with over 35 years’ experience in the resources sector, both in Australia and overseas. He has held technical and executive roles with a number of companies throughout his career, culminating in his appointment as the Managing Director & Chief Executive Officer of Sedgman Limited, a market leading engineering and mining services firm. Initially joining Sedgman as Chief Operating Officer of the Metals Division in 2010, Mr Watson successfully led and supported the development and execution of EPC and Operations Contracts in excess of A\$2 Billion as he progressed through roles as Executive General Manager (2011 – 2012) and Global Executive Director (2012 – 2014),

before being made MD & CEO (2014 – 2016). During this time at Sedgman, Peter provided leadership and guidance across a suite of over 10 large scale Mine Operations contracts and over 30 EPC contracts across a broad spectrum of commodities. Mr Watson Transitioned to a Non-Executive director from Executive as at 1 July 2021.

He has held directorships in the following ASX listed companies over the past three years:

- Resource Generation Limited - Non-Executive Director (appointed on 22 November 2017 and resigned on 1 November 2018)
- New Century Resources Limited - Non-Executive Director (appointed on 22 January 2018)
- Paladin Energy Limited – Non-Executive Director (appointed on 10 December 2019)

Mr Watson is also Chair of the Technical and Sustainability Committee.



## **John Russell Hodder, Non-Executive Director**

*B.Sc, B.Com, appointed 8 June 2016*



Mr Hodder, is a geologist and co-founder of Tembo Capital with 30 years' of experience in the mining, oil & gas industry. Prior to establishing Tembo, he was a resource focused equity Fund Manager for Solaris, an Australian equity investment house. Previously, he founded and was a Director of CDC's Minerals, Oil & Gas investment division (from 1995) where he generated and arranged private equity and debt deals with a focus on the mining sector within emerging markets. Mr Hodder has held directorships in the following ASX listed companies over the past three years:

- Paladin Energy Limited (appointed Non-Executive Director on 14 February 2018, resigned as Non-Executive on 11 December 2019)

Mr Hodder is also a member of the Remuneration and Nomination Committee.

## **Ernest Thomas Eadie, Independent Non-Executive Director**

*B.Sc (Hons), M.Sc., F.AusIMM. appointed 19 September 2016*



Mr Eadie was previously the Managing Director from 1 January 2016 to 18 September 2016 and Non-Executive Director from 9 October 2015 to 31 December 2015. Geologist and mining executive with over 20 years' experience in the resources industry with many significant mineral discoveries to his name. Former Executive Chair of Copper Strike, former founding Chair of Syrah Resources and previously Executive General Manager – Exploration and Technology at Pasminco. Past board member of the Australasian Institute of Mining and Metallurgy and the Australian Mineral Industry Research Association. Has held directorships in the following ASX listed companies over the past

three years:

- Alderan Resources Limited (appointed Non-Executive Director on 23 January 2017 and Non-Executive Chair on 21 August 2019)
- New Century Resources Limited (appointed Non-Executive Director on 13 July 2017 and resigned on 28 March 2019)
- Peak Minerals Limited (appointed Non-Executive Chair on 3 July 2018, formerly Pure Alumina Ltd, resigned on 14 December 2020)

Mr Eadie is also a member of the Audit & Risk Committee.

## **Mark David Hancock, Independent Non-Executive Director**

*B.Bus, CA, FFin. appointed 11 August 2020*



Mr Hancock, who holds a Bachelor of Business (B.Bus) degree, is a Chartered Accountant (CA) and a Fellow of the Financial Services Institute of Australia (F FIN), has over 30 years' experience in key financial, commercial and marketing roles across a variety of industries with a strong focus on natural resources. During 13 years at Atlas Iron, Mr Hancock served in numerous roles including CCO, CFO, Executive Director and Company Secretary. He also has strong board-level experience, particularly on matters covering governance, financial reporting, offtake marketing, mergers and acquisitions, risk management and strategy. Mr Hancock has served as a director on a number of ASX-listed entities and has held directorships in the following ASX listed companies over the past three years:

- Fe Limited (appointed Executive Director on 1 September 2019)
- Centaurus Resources Limited (appointed Non-Executive Director on 23 September 2011)
- Cyclone Metals Ltd (appointed Non-executive Director on 11 February 2020 and resigned on 4 August 2020, formerly Cape Lambert Resources Limited)

Mr Hancock is also the Chair of the Audit & Risk Committee and a member of the Remuneration and Nomination Committee.



## Alexandra Clare Atkins, Independent Non-Executive Director

*BE (Mineral Exploration & Mining Geology) Hon BE(Mining) MBA (Finance) FIEAust CPEng EngExec NER APEC Engineer IntPE(Aus) FAusIMM(CP) GAICD. appointed 24 May 2021*



Ms Atkins is also a non-executive director of International Women in Mining (based in London) and a former director of The Australasian Institute of Mining and Metallurgy. Alex has over 25 years' multi-disciplinary, multi-commodity experience through the full mining value chain across Australia and Papua New Guinea. Ms Atkins holds two Bachelor of Engineering Degrees, from the University of Queensland and WA School of Mines, qualifying her as a Mining Engineer, Geotechnical Engineer and Geologist. She holds First Class Mine Manager's Certificates for Western Australia and Queensland and has an MBA (Finance) from the Australian Institute of Business. Alex is a Graduate Member of the Australian Institute of Company Directors, Chartered Professional Fellow of The AusIMM and Engineers Australia. She was one of 2018's 100 Global Influential Women In Mining (WIMUK) and was inducted into the Western Australia Women's Hall of Fame in 2019.

Ms Atkins has served as a director on a number of ASX-listed entities and has held directorships in the following ASX listed companies over the past three years:

- Perenti Global Ltd, (appointed non-executive director on 14 July 2018)
- Aquarian Ltd – Non-Executive Director (appointed 9 April 2021)

Ms Atkins is also a member of the Audit and Risk Committee and the Technical and Sustainability Committee.

## COMPANY SECRETARY

### Flavio Lino Garofalo, Company Secretary and Chief Financial Officer

*B.Bus, CPA, appointed 5 June 2018*



Mr Garofalo is a finance and corporate executive with over 25 years' experience in the mining industry. He has held several other senior executive roles for ASX-listed mining companies, including General Manager of Finance, CFO and Company Secretary.

Mr Garofalo has extensive experience in project financing, capital raisings and investor relations for listed resources companies which have transitioned from exploration and development to production. He is a member of CPA Australia with operational experience in both major and junior mining companies working in various jurisdictions including Africa, China and Australia.

## INTERESTS IN SHARES, OPTIONS AND PERFORMANCE RIGHTS OF THE COMPANY

The following table sets out each Director's relevant interest in shares and rights or options in shares of the Company as at the date of this Report:

Director	Shares	Performance Rights	Options
D Murcia	1,566,000	-	4,500,000
L Graham	12,195,799	4,852,008	-
P Watson	1,637,687	1,314,977	-
T Eadie	6,000,000	-	3,000,000
J Hodder	-	-	-
M Hancock	-	-	-
A Atkins	-	-	-

## PRINCIPAL ACTIVITIES

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

## CORPORATE STRUCTURE

Strandline is a company limited by shares that is incorporated and domiciled in Australia.



## REVIEW OF OPERATIONS

Strandline is an emerging producer of critical minerals with a portfolio of 100%-owned exploration and development assets located in Western Australia and within the world's major zircon and titanium producing corridor in East Africa.

Strandline's strategy is to develop and operate high margin, expandable mining assets with market differentiation and global relevance in the sector.

Strandline's project portfolio contains high quality assets which offer a range of development options and timelines, geographic diversity and scalability. They include the world-scale Coburn mineral sands project in Western Australia, currently under construction, and the exciting Tanzanian mineral sands growth projects Fungoni, Tajiri and Bagamoyo.

This year, the Company made a final investment decision to proceed with the full development of its world-scale Coburn mineral sands project in WA. Coburn is predicated on proven mining, rehabilitation and mine closure methods combined with state-of-the-art processing and power generation technology (including renewable energy) to efficiently recover critical minerals of zircon, titanium and monazite containing rare earths. Strandline's products are to be used in 'everyday life' applications and are vital to the quality of life and economic well-being of the world's major and emerging economies.

Industrial applications span across households, defence, aerospace, medical, lifestyle, heavy industry, and technology applications. Demand is driven primarily by urbanisation, rising living standards, global growth and extensive array of industrial applications.



FIGURE 2: STRANDLINE'S GLOBAL MINERAL SANDS EXPLORATION AND DEVELOPMENT PROJECTS

## FUTURE DEVELOPMENTS

Details of important developments occurring during the financial year have been covered in the Review Of Operations. The Company will continue to actively explore for minerals and any significant information or data will be released to the market and shareholders pursuant to the Continuous Disclosure rules applicable to the Company, as and when they are to hand.



## FY21 HIGHLIGHTS

During the financial year, the Company achieved several key milestones towards its strategy to bring the Coburn Project into development and advance its portfolio of high-growth assets in Tanzania, as summarised below:

### COBURN PROJECT – WESTERN AUSTRALIA

- Funding of A\$338m secured, meaning Coburn is fully-funded through to production and cashflow
- Finance structure comprises a combination of long-tenor debt provided by NAIF (A\$150m) and a US\$60m Bond Issue, together with the Company's strong cash position post a successful equity raising
- Final Investment Decision (FID) taken to proceed with the full development of Coburn
- Coburn will produce a host of critical minerals including premium-quality zircon, titanium feedstock and monazite containing rare earths
- 100% of Coburn's forecast revenue is secured under binding sales contracts, estimated to average ~US\$140m pa (~A\$200m, AUD: USD 0.70) based on the pricing assumptions contained in the Coburn DFS
- The project is forecast to generate strong free cashflow based on robust EBITDA margins of over 50% and low costs; Ore Reserves underpin an initial 22.5-year mine life with potential to extend to +37 years
- Widespread construction at Coburn commenced in the June quarter 2021 in accordance with the development plan
- Strandline awarded a series of major execution contracts to experienced suppliers covering a significant portion of the construction activity, providing extra certainty in project delivery performance
- First production of heavy mineral concentrate (HMC) is scheduled for the December quarter 2022

### FUNGONI AND TAJIRI MINERAL SANDS PROJECTS – TANZANIA

- Strandline continued to progress its exciting mineral sands growth projects in Tanzania, advancing the government Framework Agreement and strategic partner discussions
- Finalising the Framework Agreement is one of the key conditions under the previously announced Nedbank US\$26m Project Finance Facility Agreement for development of the Fungoni project
- Strandline released the results of its Tajiri mineral sands project Scoping Study, based on the JORC Resources of 268Mt @ 3.3% THM, underpinning its long-term production outlook in Tanzania
- Study shows Tajiri will deliver strong financial returns over a 23-year life, with EBITDA of US\$0.9 billion
- Following the release of the Tajiri Study, work commenced on advancing to the next phase of project economic evaluation and permitting

### CORPORATE AND MARKETING

- Business continuity was maintained during COVID-19
- Zero harm was achieved with zero TRIFR, no LTIs and no MTIs, no major environmental incidents
- Mineral sands market and commodity prices continue to strengthen due to lack of supply and increasing demand, providing strong fundamentals to support investment
- Technical and Sustainability Board committee established to support project development, innovation and research (R&D) initiatives and implementation of the Company's environmental and sustainability objectives
- Appointment of Ms Alexandra (Alex) Atkins and Mr Mark Hancock as independent Non-executive Directors, further strengthening and diversifying the skillset of the Strandline Board
- Strongly supported fully underwritten A\$122m equity capital raising completed in April-2021, comprising institutional placement and an accelerated pro rata non-renounceable entitlement offer



## SUSTAINABILITY

Strandline is a new mine developer - emerging from exploration and transitioning into production over the next 18 months. Strandline's governance systems are maturing as a result of this transition.

Our vision is to “enrich everyday life” and grow a significant critical minerals business through responsible operations, innovation, and ethical business practices. This vision comes with a commitment to operate our business in line with principles of sustainable development, to deliver on the needs of the present, without compromising the needs of future generations and integrating environmental, social and governance considerations into our decision making.

In everything we do, we think and act according to our values of Trust, Excellence, Respect, Courage, and Integrity.

To uphold these values Strandline recruits employees, and partners with companies, based on aligned values and shared purpose, with an aim to inspire a high performing culture and operational excellence:

- we listen to each other, acting openly and honestly
- we create value, protect value and celebrate our success
- we enable a psychologically safe environment where innovation and adaptation to change are facilitated



FIGURE 3: STRANDLINE VALUES

Strandline is committed to aligning its approach to sustainability with the United Nations Sustainable Development Goals (UNSDGs). This approach can be summarised into the key focus areas of People, Health and Safety; Environment; Community; and Sustainable Future, as outlined below.

### PEOPLE, HEALTH & SAFETY

- Relentless focus on health, safety & wellbeing
- Achieving Zero Harm by building capable people, high-quality plant & robust systems
- Embedding a high-performance culture
- Staying true to our values & behaviors in all situations
- Promoting diversity, inclusion & equal opportunities
- Investing in the success of our people & celebrating success

### ENVIRONMENT

- Striving for industry best practice & compliance
- Rehabilitate & offset, fostering rich Biodiversity
- Energy efficient mine design & driving emission reductions
- Minimising physical footprint
- Reducing waste and water use, maximizing recycling
- Environmentally sustainable material sourcing
- Climate change risk management

### COMMUNITY

- Provide enduring benefits that enhance the communities in which we operate
- Proactively & transparently engage with stakeholders
- Prioritise indigenous engagement
- Encouraging localised supply chains
- Respecting the beliefs, customs, culture, sensitivities & the underlying rights of others
- Investing in community & social improvement initiatives

### SUSTAINABLE FUTURE

- Strong governance & integrity across business functions
- Value creation to customers & shareholders
- Doing what's ethically & socially right provides a consistent grounding for decisions
- Drive low-cost per ton through innovation & continuous improvement
- Produce critical minerals that play a key role in the “Green” Revolution
- Setting sustainability targets for the future

Strandline's Board oversees our approach to sustainability. In the June quarter, the Company formed a Technical and Sustainability committee, made up of a selection of senior managers and Directors. The committee will support project development, innovation and research (R&D) initiatives and implementation of the Company's environmental and sustainability objectives. The committee recommends to the Board the proposed disclosures regarding technical and sustainability matters and provides input into setting HSEC related performance targets.





## RESPONSE TO COVID-19

Strandline responded promptly to the COVID-19 pandemic in early 2020 by repatriating all employees from their international secondments and implementing the guidance from health authorities and the Western Australian Government.

Our actions enabled Strandline to maintain continuity across its project development and strategic workstreams and the Company continues to evaluate the impacts of the pandemic on markets, development plans, and business fundamentals.

To date no employees of Strandline are known to have contracted COVID-19. The following response protocols and controls continue to be implemented:

- Encourage employees to be vaccinated in accordance with government guidelines
- Suspension of all non-essential international and domestic travel
- Update COVID-19 risk assessments and mitigations as circumstances and guidelines change
- Communicating regularly to the workforce (including contractors, suppliers, consultants and stakeholders) to ensure personnel are aware of any changing circumstances and controls
- Increase personal hygiene and sanitation measures
- Identification of higher-risk workers and communities and protocols to minimise the risk of infection
- Be prepared and flexible for ongoing implementation of social distancing, lock down arrangements, screening of personnel prior to site entry and working remotely as conditions change

## MANAGING HEALTH, SAFETY AND WELL BEING

Strandline is committed to providing a sustainable workplace free from injury and harm through strong leadership, supportive behaviours, and robust management systems. The safety of our people and the communities in which we operate always comes first.

Our goal is to achieve a workplace free from injury and harm. During the year, there were no lost-time incidents ("LTI") and zero medical treatment incidents ("MTI"). At 30 June 2021, the total recordable injury frequency rate ("TRIFR") was also zero.

The Company's key focus during the period was on developing and implementing a robust HSEC management plan, standards, and systems to support the construction of the Coburn project in WA.

For Coburn, the Company achieved approval by DMIRS (WA's mines safety regulator) of its updated statutory Project Management Plan, which provides the blueprint for development and managing HSEC risks through construction and into operations. Contractor and supplier onboarding, site management and alignment in HSEC performance requirements has been, and continues to be, a key focus for Strandline's project personnel as construction of Coburn ramps-up towards its peak site workforce of ~300.

To support Strandline's goal of zero harm, the Company has designed a critical risk management program (CRM) that is focused on developing, communicating, and implementing a process to assist all personnel to identify and control hazards that have the potential to cause fatalities. This risk-based system will be future proof for when the mines safety legislation changes from the prescriptive Mines Safety Inspection Act 1994 and Mines Safety Regulations 1995 to the risk-based WHS Act in early 2022.

At Strandline, we recognise that to prevent fatal and catastrophic events from occurring, critical controls must be clearly defined, actionable and clearly understood, including regarding who is responsible for implementation. Our critical controls are mandatory, need to be effective, used and in place 100% of the time and reliable for fatality prevention and to mitigate critical risks. The Company will continue to implement this program as development and operation activities ramp up across our sites.



## ENVIRONMENTAL STEWARDSHIP

The Company's environmental obligations are regulated under both State and Federal legislation, in Australia and Tanzania. Performance with respect to environmental obligations is monitored by the Board of Directors and subjected from time to time to government agency audits and site inspections.

The nature of our activities means we have a significant responsibility for land and biodiversity management. Strandline manages ~200 km<sup>2</sup> of exploration and mining tenure area in WA and over 1,500 km<sup>2</sup> of tenure along the coastline of Tanzania.

Strandline is committed to preventing pollution and reducing our environmental impact through the implementation of a proactive environmental management culture characterised by strong leadership, supportive behaviours, robust management systems and the requirements of the EPA and EPBC Acts as set out in the conditions of our environmental permits.

Strandline uses an incident management system to record any environmental incidents. During 2021 there were zero environmental incidents or breaches across our project sites.

At the Coburn project the Company has implemented an extensive suite of environmental and social management plans (EMPs) (16 in total), covering management of flora, fauna, vegetation, dust, bush fire, waste, radiation, weed, soil, Aboriginal heritage, rehabilitation, hydrocarbon and ground water mounding.

Implementation of the relevant EMPs is well underway, including ongoing site monitoring, surveys and reporting related to updating baseline data during construction activities.

## CLIMATE CHANGE

Strandline acknowledge that the global climate is changing adversely, and that the mining industry has a key role to play in supporting rapid developments to reduce greenhouse gas emissions, generate carbon credits, and build climate resilience. Strandline supports the Paris Agreement goals and Intergovernmental Panel on Climate Change (IPCC) assessment of climate change science and the reality of global warming.

As a new and emerging miner, Strandline has adopted contemporary thinking and low emission technology from the outset of mine design to minimise its carbon footprint and implement strategies to adapt to the impacts of potentially harsher climates in the future.

Current climate change modelling and forecasts of hazards, such as increasingly severe weather events (storms and cyclones), drought, extreme heat and bushfire indicate these effects will get more frequent and intense, increasing the physical challenges to communities and mining operations.

A detailed Risk and Opportunity assessment has been undertaken by the Company to evaluate the specific climate change hazards to the business and identify appropriate mitigation actions to reduce the risk to as low as reasonably practical. Being abreast of key policy changes, trends, stakeholder sensitivities and improvements in the sector is key to Strandline's operational sustainability.

Strandline's immediate response to Climate Change risk at the Coburn project entails establishment of a biodiversity conservation offset area, a state-of-the-art renewable energy solution, a water use minimisation plan, a power efficient technology strategy, and is in the process of evaluating the opportunity for carbon offsets across its land





## COMMUNITY AND INDIGENOUS ENGAGEMENT

Strandline sets out to build enduring relationships with the communities in which we operate that are characterised by respect, trust, and enriching lives through our participation. Through active collaboration we strive to implement long-term sustainable benefits for the local communities, regional and national stakeholders, and the Company.

Strandline recognise and respects the rights of Indigenous peoples and acknowledge the connection they have with land and water. As part of Coburn development, the Company has developed a comprehensive Indigenous Engagement Strategy (IES), which is subject to ongoing review and continuous improvement.

In 2021, Strandline recruited a dedicated Indigenous and Community Liaison Representative to oversee the implementation of the IES and provide a key interface for the local community interested in the project.

As construction activities ramped-up and the employment and procurement opportunities grew, the Company began its work on implementing its early initiatives. Indigenous led survey teams and heritage officers for earthworks clearing were mobilised across the work fronts. The Company's major construction contractors progressed targeted indigenous recruitment and onboarding programs with roles being secured across bulk earthworks and accommodation village construction, bore field drilling and environmental monitoring. A cross cultural awareness program has been developed with input from Traditional Owners, to assist in educating project personnel on cultural sensitivities and recognise and respect the rights of Indigenous peoples.

Through extensive heritage surveys at Coburn, it is identified that there are no heritage sites across the mine disturbance area, however there are several notable and important heritage sites within the broader Shark Bay region.



INDIGENOUS  
AND COMMUNITY  
LIAISON OFFICER AT  
COBURN SITE.



## COBURN MINERAL SANDS PROJECT

The Coburn project is one of the largest new mineral sands development projects in the world, underpinned by an attractive high-value product suite, conventional design and low-cost operation.

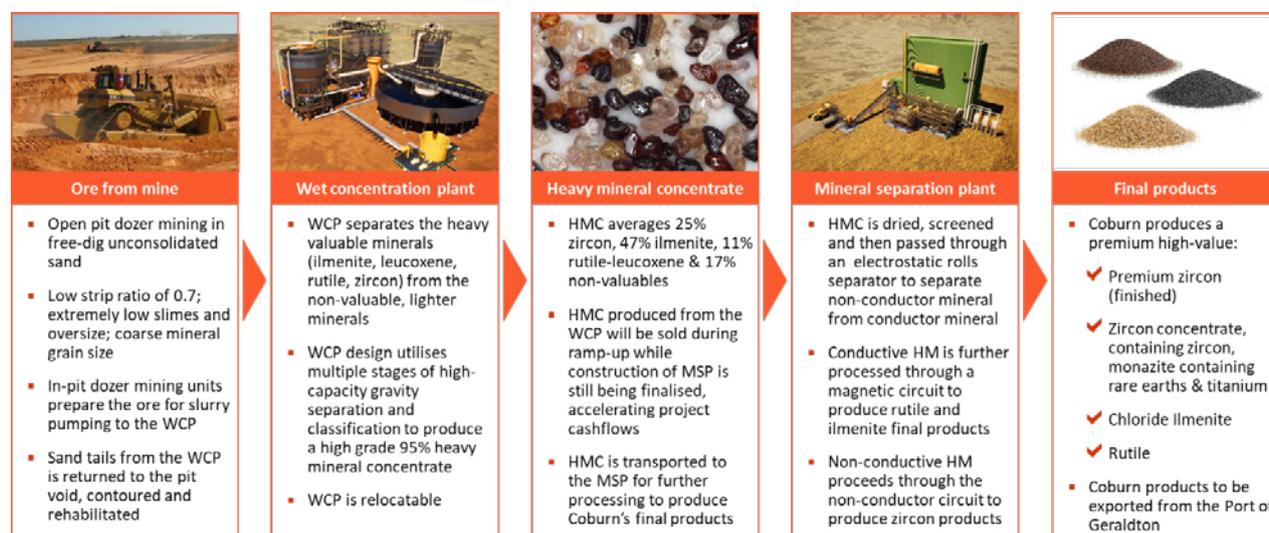
Coburn is situated in the Tier-1 mining jurisdiction of WA, close to key port, road and services infrastructure of Geraldton and the dominant mineral sands market of Asia.

During the year, Strandline made a Final Investment Decision (FID) to proceed with the full development of Coburn mineral sands project. The construction schedule has first production planned for the December quarter of 2022.

The Coburn mine life currently sees mining continue until 2045 (based on mining the initial 22.5-year JORC compliant Ore Reserves), with the potential to extend to 2060 (total 37.5 years mine life) by converting Mineral Resources which exist immediately north and along strike of existing Ore Reserves.

The FID was supported by the updated Definitive Feasibility Study (DFS), released in mid-2020, which confirmed robust economics for the project over an initial 22.5-year life, including:

- Pre-tax NPV of A\$705m (AUD:USD 0.70, 8% discount rate) and IRR% of 37%.
- High margin revenue-to-operating cost (C1) ratio of 2.4
- Projected revenue for the initial 22.5 years of Ore Reserves of A\$4.4b
- Average annual EBITDA of A\$104m, resulting in a high EBITDA margin of 54%
- Key development approval and authorisations in place



**FIGURE 4:** COBURN'S DFS DESIGN CONFIRMS CONVENTIONAL MINING AND PROCESSING CAPABLE OF HIGH PIT-TO-PRODUCT RECOVERY RATES



**COBURN FORECAST TO GENERATE A\$2.4B EBITDA OVER THE FIRST 22.5 YEARS**



A Scoping Study “Extension Case” assessment of Amy South Indicated and Inferred material was undertaken concurrently with the DFS. The Extension Case confirms the potential to add 15 years of Production Targets to the mine life (total 37.5 life of mine) and generate an additional A\$3.58b of project revenue. The Extension Case, when integrated with the DFS Final Products Case, shows a pre-tax NPV8 of A\$825m and total project EBITDA of A\$4.54b.

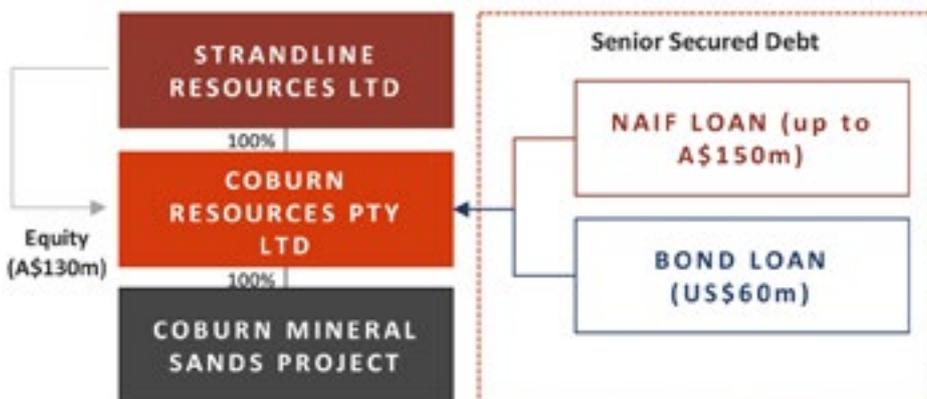
Table 1 Coburn updated DFS and Scoping Study Extension Case Financial Evaluation

Category	Updated DFS – Final Product Case (Jun-20)	Scoping Study Extension Case integrated with updated DFS (Jun-20)
Mine Life	22.5yrs	37.5yrs
Tonnes Mined	523Mt	876.8Mt
Throughput	23.4Mtpa	23.4Mtpa
Capital Expenditure (Pre-production)	A\$260M	A\$260M
Revenue	A\$4.37B	A\$7.94B
Total Opex (C1)	A\$1.80B	A\$3.00B
Total All-in Sustaining Costs (AISC)	A\$2.08B	A\$3.50B
Revenue-to-operating cost (C1) ratio (RC)	2.4	2.6
NPV (pre-tax, real, no debt, 8% discount Rate)	A\$705M	A\$825M
EBITDA	A\$2.35B	A\$4.54B
Avg. annual EBITDA	A\$104M	A\$121M

During the year, Strandline completed extensive independent due diligence on behalf of a range of potential lenders, covering technical, financial, marketing, legal, environmental and social fundamentals. The due diligence and finance documentation process highlighted the robustness of the Coburn project and resulted in the Company securing full funding for development through to production and cash flow.

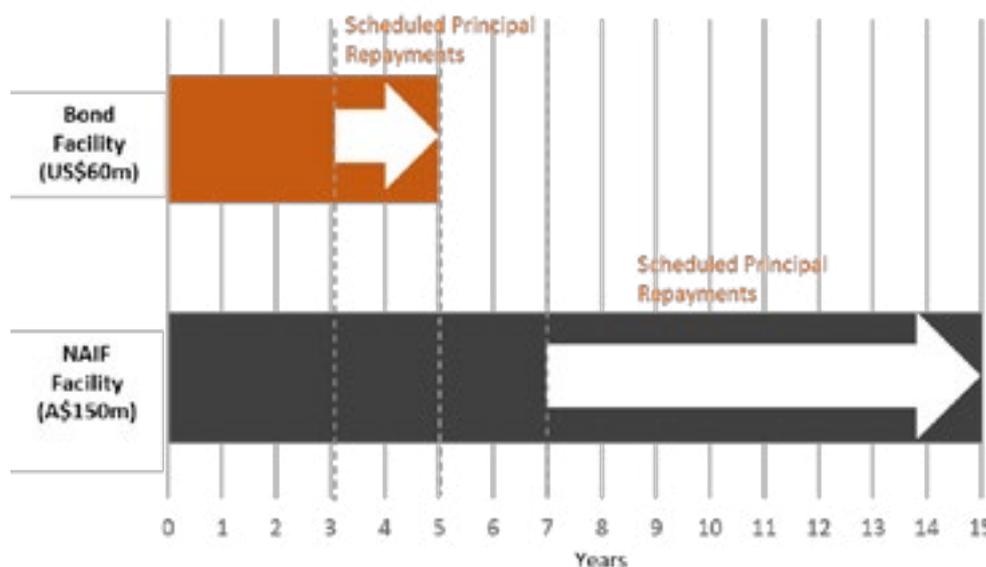
The project finance structure comprises a combination of long-tenor debt provided by the Northern Australia Infrastructure Facility (NAIF) (for up to A\$150m) and a US\$60m Bond Issue, together with the Company’s strong cash position.

NAIF is a Commonwealth Government lending facility to finance projects to achieve growth in the economies and populations of northern Australia and encourage and complement private sector investment (<http://www.naif.gov.au>).



**STRATEGIC  
LONG-TERM  
SUPPORT FROM  
THE AUSTRALIAN  
GOVERNMENT**





**FIGURE 5:** COBURN PROJECT FUNDING STRUCTURE

During the year, Strandline awarded a series of major execution contracts to experienced contractors covering approximately 90% of the construction scope (in terms of project value), with procurement advancing for the remaining project activities in accordance with the development plan.

Strandline and its contractors are committed to building a highly efficient and sustainable mining operation. The project is set to generate significant public benefit.

In 2020, Deloitte Access Economics performed an independent cost-benefit analysis on the Coburn project, which highlighted that Coburn will provide a host of socio-economic benefits over its long life.

The report found that the project is expected to generate up to A\$922 million of net public benefit to the region over the first 25 years and generate over 300 jobs during construction and up to 160 jobs during operations. This report also highlighted that as well as providing economic benefits, Coburn aligns strongly with Commonwealth and WA Government policies and strategic objectives including Australia’s critical minerals strategy, Australia’s infrastructure plan, the Shark Bay Shire’s economic prospectus and strategic community plan and WA’s state planning strategy 2050. Strandline endeavors to recruit the majority of its operational workforce from the surrounding regional area by facilitating a drive-in-drive-out workforce.

Site construction work ramped up during the June quarter, with the initial focus on installing the pioneer workers camp, main access road and site wide bulk earthworks, as well as commissioning of the first production water bore, amongst other activities. Detailed design, equipment procurement and fabrication also progressed as planned, including the ordering of major processing plant equipment, dozer mining units and the hybrid power station.

The Company finalised and announced six major binding offtake contracts covering 100% of Coburn’s forecast mineral sands production, estimated at ~US\$140m per annum (A\$200m at AUD: USD 0.70), based on the pricing structures contained in the agreements and commodity price forecast assumptions contained in the Coburn updated DFS (see ASX release dated 4 June 2020).

The offtake contracts are with some of the world’s largest mineral sands consumers, with approximately 80% of production to be sold to major American and European customers and the balance sold into Asia. Securing the offtake contract well in advance of production further de-risks the project, provides certainty in revenue streams and maximises returns to shareholders.

The Coburn project is set to capitalise on its robust margins, the strengthening minerals sands commodity pricing outlook, its tier-1 location, and the growing demand for critical minerals.



**OFFTAKES ARE WITH SOME OF THE WORLD'S LEADING CONSUMERS ACROSS EUROPE, AMERICA & CHINA**

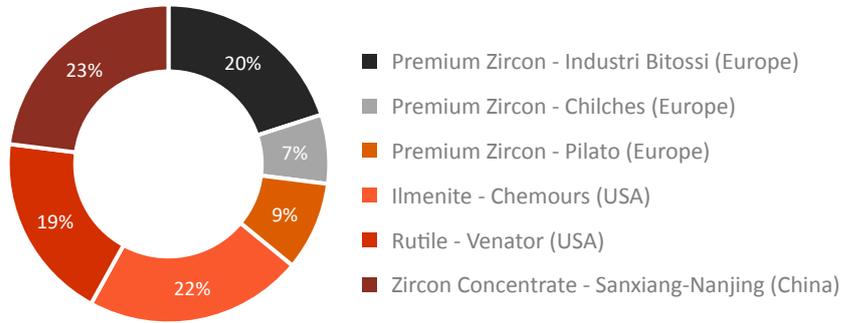


FIGURE 6: REVENUE COVERED BY OFFTAKE

The development timeline has Coburn moving into first production of heavy mineral concentrate (HMC) in the December quarter 2022, putting the Company well on track to capitalise on the buoyant mineral sands market, which is benefiting from strong global demand and ongoing supply challenges.

For more information on the Coburn mineral sands project, refer to the ASX Announcement dated 10 June 2020 for details of the material assumptions underpinning the production target and financial results for the Coburn Project DFS, Ore Reserve and Mine Life Extension Case Scoping Study. The Company confirms that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies, continue to apply and have not materially changed.



FIGURE 7: COBURN PROJECT CONSTRUCTION AND DESIGN



**STRANDLINE STARTS COUNTDOWN TO PRODUCTION WITH COBURN CONSTRUCTION WELL UNDERWAY**



## MINERAL SANDS PROJECTS - TANZANIA

During the year, the Company continued to progress its strategy to unlock the significant value in its portfolio of mineral sands assets in Tanzania, including the high-margin Fungoni project and the emerging Tajiri project.

The Company made positive and continued progress towards finalising a Framework Agreement (FWA) with the Government of the Republic of Tanzania (GNT). The FWA is pivotal because it will pave the way for the Company to advance its portfolio of high-quality mineral sands assets in the country.

The FWA outlines the key joint venture ownership and operating terms for development of the advanced Fungoni project near Dar es Salaam and the Company's other emerging mineral sands assets along the Tanzanian coastline.

Similarly to the Coburn project, Strandline's Tanzanian projects are designed to produce high-quality critical minerals of zircon, titanium and monazite containing rare earths. With falling supply of mineral sands and increasing commodity prices, Strandline's growth pipeline leaves it well placed to capitalise on this opportunity.

Further, as a strategic development option, Strandline progressed discussions with reputable international funding partners concerning the potential for them to play a role in commercialising its Tanzanian projects. These discussions cover a range of possible outcomes, including possible funding and offtake arrangements.

Following the Presidential appointment of Her Excellency Samia Suluhu Hassan in March 2021, considerable efforts are being made to increase foreign investment and stimulate the next generation of mining development in Tanzania. This includes the approval by the Tanzanian Cabinet of Ministers of several long-awaited Special Mining Licenses (SML) and which is expected to support progression of the current Tajiri project SML approval process (noting that the Fungoni mining licence and environmental certificate are already secured).

Through the Company's engagement with the Tanzanian Government, it is evident that the Government and Strandline have a shared vision to achieve long-term prosperity for Tanzania and investor by supporting development of the Tanzanian mining industry to achieve significant and sustained growth.

### Fungoni Mineral Sands Project - Tanzania

Fungoni is Strandline's 100%-owned, high-margin "starter" project in Tanzania, situated 25km from the port of Dar es Salaam. The Fungoni project is based on conventional open pit dry mining and process beneficiation to produce premium quality zircon sand, chloride ilmenite, rutile and monazite containing rare earths. Fungoni's JORC-compliant ore body is exceptionally rich and starts from surface with no overburden, with progressive backfill and rehabilitation of the mining void.

The modular relocatable mine infrastructure is based on proven processing and implementation strategies to deliver first production of HMC within 12-month from commencement of construction.



FIGURE 8: TANZANIA PROJECT LOCATION MAP

## FUNGONI DFS SHOWS HIGH-MARGIN REVENUE-COST RATIO OF X2.8, PRE-TAX IRR OF 61% & NPV<sup>10</sup> OF US\$48.7M



Development of Fungoni in the near-term is expected to pave the way for a succession of major mineral sands projects along the coastline of Tanzania, including the large-scale Tajiri project in northern Tanzania.

The Fungoni DFS demonstrates strong financial metrics including project pre-tax NPV<sub>10</sub> of US\$48.7m (real, no debt), an IRR of 61% and LOM EBITDA of US\$115m (avg annual US\$18.5m), based on TZMI price forecasts. The mining license and environmental certificate have been granted by the Tanzanian authorities and there are a host of socio-economic benefits recognised with the project.

In light of the improving investment sentiment in Tanzania and progress towards finalising the FWA, the Company is evaluating Fungoni's development timetable, execution strategies and financing structure.

*For more information on the Fungoni mineral sands project, refer to the ASX Announcement dated 06 October 2017 (Original DFS) and subsequent update on 01 November 2018 (Updated DFS) for details of the material assumptions underpinning the production target and financial results. The Company confirms that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Project Feasibility Studies, continue to apply and have not materially changed.*

### **Tajiri Mineral Sands Project – Tanzania**

The Tajiri project comprises a series of higher-grade mineral sands deposits stretching along 30kms of coastline in northern Tanzania, near the port city of Tanga. Strandline released the results of the Engineering Scoping Study in the December quarter 2020 which shows that Tajiri will generate strong financial returns over a long life:

- Project pre-tax NPV of US\$205m (pre-debt, real, 10% discount rate);
- Project pre-tax IRR of 36%, with a high-margin revenue-to-operating cost (C1) ratio of 2.4;
- JORC-compliant Mineral Resources of 268Mt @ 3.3% Total Heavy Mineral forms the basis of the Study;
- Conventional mineral sands processing technology capable of producing a high-value product suite of ilmenite, HiTi (rutile-leucoxene), zircon, monazite and garnet concentrates;
- 18-month design and construct duration to achieve first ore to process plant;
- Development capital of US\$125m to establish an open-pit mining and processing operation;
- Opportunities to grow and optimise Production Targets, further increasing financial returns;
- Tajiri benefits from its proximity to existing infrastructure and supports a range of key regional development initiatives in north-east Tanzania

The Company is progressing the next phase of Tajiri project evaluation and permitting, including finalising its environmental and social impact assessment application with regulators and review of external funding options.



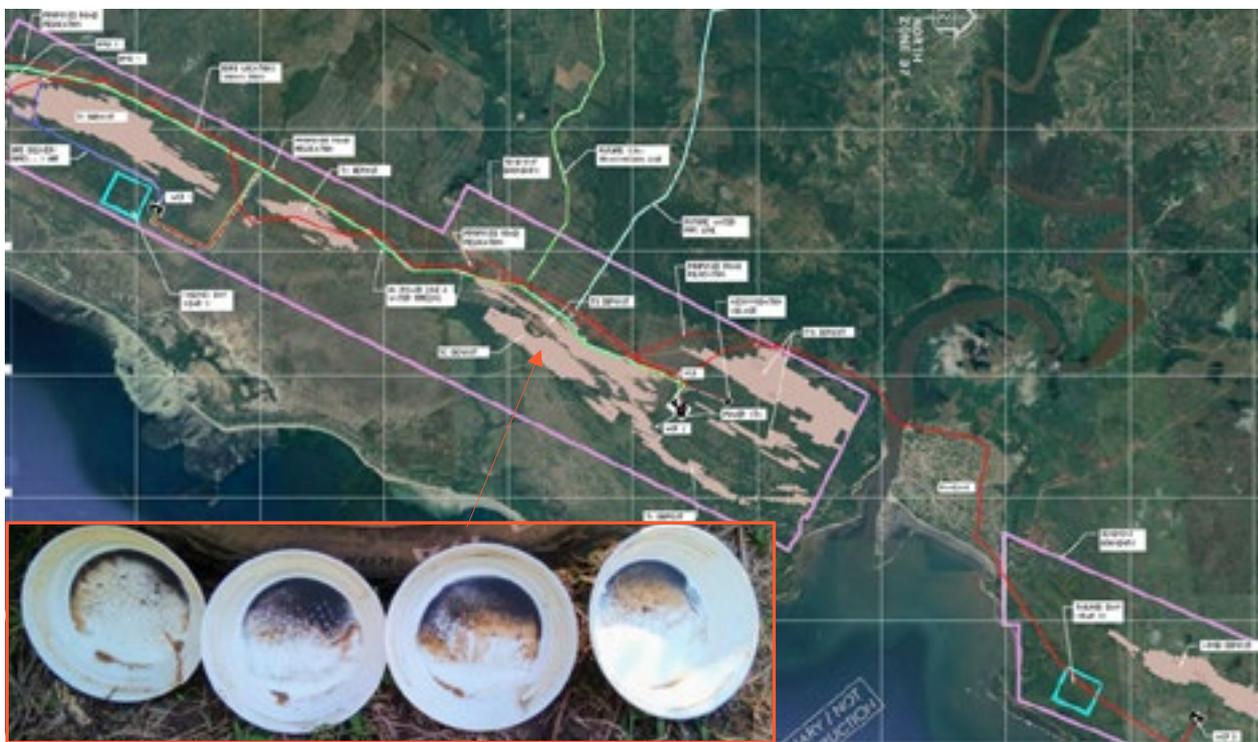
**TAJIRI SCOPING STUDY CONFIRMS PRE-TAX NPV<sup>10</sup> OF US\$205M & IRR OF 36%, UNDERPINNED BY +23 YEAR PRODUCTION TARGETS**



Community Engagement in Tanzania



High-grade Mineralisation from Surface



**FIGURE 9:** COMMUNITY ENGAGEMENT IN TANZANIA AND TAJIRI SITE LAYOUT INCLUDING SCOPING STUDY PRODUCTION TARGETS

For more information on the material assumptions underpinning Tajiri's production target and financial results, refer to the ASX Announcement dated 7 October 2020. Strandline confirms that all material assumptions and technical parameters underpinning Resource Estimates, Production Targets and Engineering Scoping Studies continue to apply and have not materially changed. Refer to the Cautionary Statement in Annexure A in to the ASX Announcement dated 7 October 2020.

### **Bagamoyo Mineral Sands Project - Tanzania**

The Bagamoyo tenements are located approximately 40km north of Dar es Salaam and close to the proposed Bagamoyo port development in Tanzania. Limited exploration activity took place during the year. The Company has estimated a maiden Exploration Target at Bagamoyo comprising 78 to 156Mt at 3% to 4.5% THM (ref ASX release 17 September 2018). Minor activity was performed during the quarter and a further drill program is required to test the veracity of the Exploration Target. Refer to the Cautionary Statement in Annexure A on the ASX release 17 September 2018.



## STRANDLINE'S APPROACH TO MINERAL SANDS MINING

Strandline's exploration and development focuses primarily on discovering and evaluating mineral sands ore bodies that show an abundance of higher value minerals, nominally zircon, rutile and monazite, with the lower value minerals of ilmenite and garnet as a co-product to the product suite.

Mineral sands are heavy minerals found in sediments on, or near to, the surface of ancient beach, river or dunal system. Strandline's proposed mineral sands mining method involves both dry mining (Coburn and Fungoni projects) and wet hydraulic mining (Tajiri project). Mining units and wet concentration plants (WCPs) separate the heavy valuable minerals (ilmenite, leucoxene, rutile, zircon, monazite) from the waste material. The WCP design utilises multiple stages of high-capacity gravity separation and classification to produce a high grade 93-95% heavy mineral concentrate (HMC).

The HMC produced from the WCP is transported to the mineral separation plant (MSP) for further processing to produce final products. The MSP uses multiple stages of magnetic, electrostatic and gravity separation. The final products are proposed to be transported to customers around the world. As mining progresses, mining pits are backfilled and covered with stockpiled soils that were removed at the start of the mining process. Rehabilitation and mine closure are undertaken progressively to ensure land is restored suitable for a range of post-mining uses including agricultural, pastoral and native vegetation.

## MULTISTAGE PROCESSING AND SEPARATION TO PRODUCE A SUITE OF HIGH VALUE HEAVY MINERAL SANDS PRODUCTS



Ilmenite



Leucoxene



Rutile



Zircon



Monazite



Garnet



## MINERAL SANDS PRODUCTS

The key mineral sands products to be produced from our current assets are classified as critical minerals<sup>1</sup>, and include zircon, high grade titanium feedstocks and monazite containing rare earths.

Mineral sands products are used in everyday life and demand continues to grow, largely driven by urbanisation, global growth, and an extensive array of applications.

The mineral sands industry is orientated towards the supply of two main raw products, zircon and titanium dioxide (TiO<sub>2</sub>) ores.

The TiO<sub>2</sub> ores include rutile, leucosene, chloride grade and sulphate grade ilmenite. The global TiO<sub>2</sub> pigment market, which is used in paint, paper, plastics, textiles and ink applications, accounts for approximately 90% of all titanium feedstock demand, and therefore is a key titanium product offtake driver. High-grade TiO<sub>2</sub> minerals, including those from the upgrading of higher-grade chloride ilmenite, can also be used to produce titanium metal applications used in aerospace, defence, medical devices and jewellery industries.

For zircon, ceramic applications are the dominant end-use application, accounting for approximately 50% of global zircon demand. As well as the dominant ceramic application zircon's properties of heat and wear resistance, high opacity and strength make it suitable for other applications including refractories, foundries and a number of specialised uses.

Some mineral sands deposits host garnet and the rare earth containing mineral, monazite. Monazite is often sought after for the extraction of those rare earth oxides including amongst others Cerium, Lanthanum, Neodymium and Praseodymium. The rare earths are used in a multitude of modern applications, such as, flat screen television glass, rare earth magnets, silicon wafer polishing pastes (computer chip production), batteries, electronics, electric cars and catalytic converters. Garnet is typically used in abrasive applications.



**FIGURE 10: MINERAL SANDS PRODUCTS AND APPLICATIONS**

<sup>1</sup> Geoscience Australia identifies critical minerals as metals, non-metals and minerals that are considered vital for the economic well-being of the world's major and emerging economies, yet whose supply may be at risk due to geological scarcity, geopolitical issues, trade policy or other factors. Forecast demand growth for critical minerals presents an important economic opportunity for Strandline. Australia and Africa are important global suppliers of many critical minerals and has the resource potential to scale up to meet rising global demand and drive the upstream diversification of global supply chains.



## CORPORATE GOVERNANCE AND TRANSPARENCY

The Board and Management of Strandline are committed to strong Corporate Governance and have adopted the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, as and where applicable. The relevant principles and recommendations are embodied in the following Company policies and procedures:

- Board Charter
- Securities Trading Policy
- Risk Management Policy
- Code of Conduct
- Continuous Disclosure Policy
- Shareholder Communications Policy
- Whistle Blower Policy
- Diversity Policy
- Anti-Bribery Policy
- Sustainability Policy

The trust and acceptance of the Company's stakeholders is essential to building a successful operating business. At a minimum, financial transparency is provided by the Company through its announced disclosure reports throughout the year.

A copy of the above policies are available on our website ([www.strandline.com.au](http://www.strandline.com.au)).

## FINANCIAL

### Financial Results

The Group incurred a loss after tax for the financial year of \$12.81 million (2020: \$8.14 million) which includes project exploration and evaluation costs and corporate expenses expensed during the year. The Group during the year progressed the Coburn project to development with the remaining projects remaining at the exploration and evaluation stage. Revenue streams mainly consist of interest from investing surplus funds from capital raising, proceeds from debt facilities for project development and research and development rebates received from the Australian government.

Funds received for the financial year included interest received of \$0.10 million and exploration and evaluation expenditure for the year was \$8.75 million (2020: \$4.86 million), which primarily includes costs for the Coburn and Fungoni DFS and financing activities. Coburn development costs capitalised for the year totalled \$ 29.00m (2020: nil).





## Financial Position

The Group's net asset position as at 30 June 2021 was \$134.67 million (2020: \$12.66 million) and consolidated cash on hand as at 30 June 2021 was \$110.60 million (2020: \$5.24 million). Total contributed equity as at 30 June 2021 was \$216.39 million (2020: \$81.86 million) and summarised in the table below:

Share Capital	Date	Number of Shares
Opening Balance	1 July 2020	426,769,138
Share issue @ 21.5 cents	12 August 2020	85,858,950
Performance Rights and Bonuses @ 22.84 cents	21 August 2020	10,267,469
Placement and Entitlement Offer @ 20.5 cents	9 April 2021	593,286,992
<b>TOTAL</b>	<b>30 June 2021</b>	<b>1,116,182,549</b>

The Company has the following unlisted options and performance rights on issue as at 30 June 2020 as follows.

Performance Rights	Number
Performance Rights Expiring 15/08/2021	5,281,892
Performance Rights Expiring 15/08/2022	6,141,695
Performance Rights Expiring 15/08/2023	2,225,941

Unlisted Options	Number
Options Expiring 15/08/2021 – exercisable at 18 cents or 40% of 60 day VWAP	3,500,000
Options Expiring 15/08/2022 – exercisable at 22 cents or 40% of 60 day VWAP	3,500,000
Options Expiring 15/08/2023 – exercisable at 26 cents or 40% of 60 day VWAP	3,500,000

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the Company's state of affairs, other than that referred to in the financial statements or notes thereto.

## DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments occurring in this financial year have been covered in the Review of Operations section of the Directors' Report. The Group will continue to invest in the mineral sands projects to advance activities in the exploration, evaluation, and development of projects, with the objective of developing a profitable and sustainable mining operation.

Any significant information will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they come to hand.

## DIVIDENDS

No dividends were paid or declared during the financial year and the Directors have not recommended the payment of a dividend (2020: Nil).



## DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a Director).

Directors	Board of Directors		Audit & Risk Committee		Remuneration and Nomination Committee		Technical & Sustainability Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Didier Murcia	34	34	-	-	2	2	-	-
Luke Graham	34	34	-	-	-	-	1	1
Peter Watson	34	33	-	-	-	-	1	1
John Hodder	34	34	2	2	2	2	-	-
Tom Eadie	34	34	2	2	-	-	-	-
Mark Hancock	30	30	2	2	-	-	-	-
Alexandra Atkins	2	2	-	-	-	-	1	1

## OPTIONS

Details of unissued ordinary shares of the Company under option as at the date of this Report are:

Date	Details	Number of Options	Total Options
30 June 2021	Opening and Closing Balance	10,500,000	10,500,000

No option holder has any right under the option to participate in any share issue of the Company or any other entity. The share options are unlisted securities, carrying no rights to dividends and no voting rights. No options were granted to key management personnel of the Company since the end of the financial year.

## PERFORMANCE RIGHTS

Details of performance rights over unissued ordinary shares of the Company as at the date of this Report are:

Expiry date of rights	Exercise price of rights	Vested rights	Unvested rights	Total number of shares under rights
15 August 2021	nil	-	5,281,892	5,281,892
15 August 2022	nil	-	6,141,695	11,423,587
15 August 2023	nil	-	2,225,941	13,649,528

Date	Details	Number of Rights	Total
01/07/2020	Opening Balance		18,938,796
21/08/2020	Performance Rights expiring 15/08/2020 vested	(9,535,105)	9,403,691
21/08/2020	Performance Rights expiring 15/8/2021 cancelled	(180,675)	9,223,016
10/11/2020	Performance Rights expiring 15/08/2023 issued	2,225,941	11,448,957
25/11/2020	Performance Rights expiring 15/08/2023 issued	2,200,571	13,649,528

The performance rights do not include the right to participate in any other share issue of the Company or any or any other entity. The performance rights are unlisted securities, carrying no rights to dividends and no voting rights. Of the Performance Rights issued as part of the Company's Long-Term Incentive Plan a total 1,751,313 were issued to Mr Luke Graham and 474,628 were issued to Mr P Watson. The performance rights issued to Mr Graham and Mr Watson were in accordance with shareholder approval received at the 2020 Annual General Meeting of the Company.

A total of 5,500,000 Performance Rights vested to Mr Luke Graham and 538,375 to Peter Watson are in accordance with the vesting criteria contained in the terms and conditions pursuant to shareholder approval at the 2018 Annual General Meeting of the Company.



## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such as an officer or auditor. The Company has made an agreement to provide access, indemnity and insurance for all its Directors and executive officers for any breach of duty as a Director or executive officer by the Company, for which they may be held personally liable.

The agreement provides for the Company to pay insurance premiums and legal costs where:

- a) the liability does not arise out of conduct involving a lack of good faith; or
- b) the liability is for costs and expenses incurred by the Director or executive officer in defending proceedings in which judgment is given in their favour or in which they are acquitted.

## ENVIRONMENTAL MATTERS

The Company's environmental obligations are regulated under both State and Federal legislation, in Australia and Tanzania. Performance with respect to environmental obligations is monitored by the Board of Directors and subjected from time to time to government agency audits and site inspections. During the year there were no non-compliance incidents.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. In respect of the financial year ended 30 June 2021, the Directors have assessed that there are no current reporting requirements.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

## AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration is set out separately in this Annual Report.

## REMUNERATION REPORT (AUDITED)

This audited Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Strandline Resources Limited's key management personnel for the financial year ended 30 June 2021. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The prescribed details for each person covered by this report are detailed below under the following headings:

- a) Key management personnel;
- b) Remuneration policy;
- c) Relationship between the remuneration policy and Company performance;
- d) Remuneration of key management personnel;
- e) Bonuses and share-based payments granted as compensation for the current financial year;
- f) Key management personnel equity holdings;
- g) Key terms of employment contracts;
- h) Loans and other transactions;
- i) Voting of shareholders at last year's annual general meeting; and
- j) Reliance on external remuneration consultants.



## **a) Key management personnel**

The Directors and other key management personnel of the Company during or since the end of the financial year were:

- Didier Murcia (Non-Executive Chair)
- Luke Graham (Managing Director)
- Peter Watson (Non-Executive Director)
- John Hodder (Non-Executive Director)
- Ernest Eadie (Non-Executive Director)
- Mark Hancock (Non-Executive Director) (Appointed 11 August 2020)
- Alex Atkins (Non-Executive Director) (Appointed 24 May 2021)
- Flavio Garofalo (CFO & Company Secretary)

Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year.

## **b) Remuneration policy**

The Remuneration and Nomination Committee, established on 25 October 2016, is responsible for reviewing compensation arrangements for the Directors and the other key management personnel and making recommendations to the Board. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

No directors received retirement benefits from the Company. The Company's Non-Executive Directors receive only fees for their services and the reimbursement of reasonable expenses. The total aggregate fee pool to be paid to Directors, excluding Executive Directors, is set at \$400,000 per year, in accordance with the Company's Constitution and as approved by the shareholders of the Company. The current cap is due for review at the next AGM to accommodate the change in board composition.

The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of these Directors. They do not receive any retirement benefits, other than compulsory superannuation. From 1 May 2021, the Chair normally receives an annual salary of \$120,000 inclusive of superannuation and Non-Executive Directors normally receive an annual salary of \$70,000 plus superannuation. At times, some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options would vest across the life of the option and would be primarily designed to provide an incentive to Non-Executive Directors to remain with the Company.

## **c) Relationship between the remuneration policy and Company performance**

The Company's pay and reward framework is designed to ensure reward structures are aligned with shareholders' interest by being market competitive to attract and retain high calibre individuals, rewarding high individual, performance, recognising the contribution of each key management personnel to the contributed growth and success of the Company and ensuring that long term incentives are linked to shareholder value.

To achieve these objectives, the remuneration of key management personnel comprise a fixed salary component and an 'at risk' variable component linked to performance of the individual and the Company as a whole. Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. 'At risk' variable remuneration comprises both short term and long term incentives.

The Strandline Resources Ltd Short Term Incentive Plan applies to executives in the Company and is designed to link any STI payment with the achievement by each Key Management Personnel of specified key performance indicators ('KPI's') which are in turn linked to the Company's strategic objectives and targets.



The KPI's are established at the start of each financial year and any STI is paid at the end of the financial year and will be determined by the extent to which KPI's have been achieved. A maximum of up to 50% of the fixed remuneration can be payable under the STI and the Board has the discretion to reduce or suspend any bonus payments where Company circumstances render it appropriate.

The shareholders approved a Short Term Incentive Plan at the Company's General Meeting on 28 November 2019 and a Long Term Incentive plan at the Company's Annual General Meeting on 10 November 2020 to assist in the recruitment, reward, retention and motivation of executive-level employees of the Company and encourage achievement of short term strategic business objectives and ownership of shares in the Company by those employees.

The Company does however grant share-based payments in the form of options and performance rights to align the interests of executives, employees and consultants with those of shareholders. During the year nil (2020: 10,500,000) options were granted and 4,426,512 (2020: 6,014,324) performance rights were issued. Performance rights issued will only vest if the performance conditions are satisfied before the expiry date. The performance conditions are set to align with the Company's key strategies to develop its mineral sands projects. The STI's are measured against KPI's including but not limited to Safety, Project Development and Commercial factors. LTI's are measured against section (e) of the remuneration report.

The table below sets out summary information about the Company's earnings and movement in share price for the five years to 30 June 2021:

Details	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017
Revenue	<b>103,207</b>	122,020	701,403	491,760	700,125
Loss before tax	<b>(12,806,492)</b>	(8,135,978)	(7,013,704)	(4,713,703)	(5,105,882)
Loss after tax	<b>(12,806,492)</b>	(8,135,978)	(7,013,704)	(4,713,703)	(5,105,882)
Share price at start of year	<b>26.0 cents</b>	13.5 cents	12 cents	0.5 cents	0.5 cents
Share price at end of year	<b>20.0 cents</b>	26.0 cents	13.5 cents	12 cents*	0.6 cents
Basic and diluted loss per share	<b>(1.99) cents</b>	(2.10) cents	(2.36) cents	(1.73) cents	(0.20) cents

\* The Company completed a 12:1 consolidation of its share capital structure during the financial year

## d) Remuneration of key management personnel – 2021

Name	Post- employment benefits			Other long-term employee benefits	Share-based payment Options and Performance Rights	Total
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
D Murcia	101,667	-	-	-	-	<b>101,667</b>
L Graham	385,445	160,000 <sup>(1)</sup>	35,413 <sup>(4)</sup>	-	249,707	<b>830,565</b>
P Watson	165,000	49,505 <sup>(1)</sup>	17,261	-	69,433	<b>301,199</b>
J Hodder	54,750	-	-	-	-	<b>54,750</b>
T Eadie	53,333	-	5,067	-	-	<b>58,400</b>
M Hancock <sup>(2)</sup>	54,750	-	-	-	-	<b>54,750</b>
A Atkins <sup>(3)</sup>	7,339	-	697	-	-	<b>8,036</b>
<b>Total</b>	<b>822,284</b>	<b>209,505</b>	<b>58,438</b>	-	<b>319,140</b>	<b>1,409,367</b>
<b>Executive</b>						
F Garofalo	278,333	81,009 <sup>(1)</sup>	26,442 <sup>(4)</sup>	-	102,431	<b>488,215</b>
<b>Total</b>	<b>1,100,617</b>	<b>290,515</b>	<b>84,880</b>	-	<b>421,571</b>	<b>1,897,582</b>

(1) The STI vested during FY20 for L Graham were 80% awarded of which 100% were in cash. For F Garofalo and P Watson, 80% awarded of which 67% was paid in shares and 33% Cash.

(2) Appointed 11 August 2020

(3) Appointed 24 May 2021

(4) Super Contribution Cap of \$25,000 was reached based on the cash paid. Amount reflected is the total super accrued to be paid in the FY21 year.



## Remuneration of key management personnel – 2020

Name	Post-employment benefits			Other long-term employee benefits	Share-based payment Options and Performance Rights	Total
	Salary & fees	Bonus	Superannuation			
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
D Murcia	100,000	-	-	-	143,850	<b>243,850</b>
L Graham <sup>(1)</sup>	379,703	150,000 <sup>(1)</sup>	20,297 <sup>(3)</sup>	-	356,187	<b>906,187</b>
P Watson	165,000	47,427 <sup>(1)</sup>	15,675	-	62,538	<b>290,640</b>
J Hodder	54,750	-	-	-	-	<b>54,750</b>
T Eadie	50,000	-	4,750	-	95,900	<b>150,650</b>
M Hancock <sup>(2)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>749,453</b>	<b>197,427</b>	<b>40,722</b>	<b>-</b>	<b>658,475</b>	<b>1,646,077</b>
<b>Executive</b>						
F Garofalo	273,083	77,608 <sup>(1)</sup>	22,567 <sup>(3)</sup>	-	127,725	<b>500,983</b>
<b>Total</b>	<b>1,022,536</b>	<b>275,035</b>	<b>63,289</b>	<b>-</b>	<b>786,200</b>	<b>2,147,060</b>

<sup>(1)</sup> The STI vested during FY19 for L Graham and F Garofalo were 75% awarded of which 67% was paid in shares and 33% Cash. Peter Watson were 75% awarded paid in 100% shares.

<sup>(2)</sup> Appointed 11 August 2020

<sup>(3)</sup> Super Contribution Cap of \$25,000 was reached based on the cash paid. Amount reflected is the total super accrued to be paid in the FY20 year.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
<b>Directors</b>						
D Murcia	100%	41%	-	-	-	59%
L Graham	51%	44%	19%	17%	30%	39%
P Watson	64%	62%	15%	16%	21%	22%
J Hodder	100%	100%	-	-	-	-
T Eadie	100%	36%	-	-	-	64%
M Hancock	100%	-	-	-	-	-
A Atkins	100%	-	-	-	-	-
<b>Executive</b>						
F Garofalo	62%	60%	17%	15%	21%	25%

### e) Bonuses and share-based payments granted as compensation for the current financial year

#### Bonuses

During the period, 391,237 Fully Paid Ordinary Shares were issued of which 148,400 were issued to Mr P Watson and 242,837 to F Garofalo for their participation in the Company's Short-Term Incentive Plan pursuant to shareholder approval given on 28 November 2019. Shares were issued lieu of an equivalent cash payment. Mr L Graham elected to receive his STI incentives in the form of an equivalent cash payment.

#### Incentive share-based payment arrangements

During the year nil options were issued and 7,500,000 options currently held by director which were issued in a prior period. No share options were exercised during the year. During the year 3,976,668 performance rights were granted to key management personnel.



The performance rights were issued to Mr L Graham, Mr P Watson and Mr F Garofalo. The performance rights will only vest if the performance conditions are satisfied before the expiry date and performance rights issued to directors were approved by shareholders at the Company's General Meeting held on 10 November 2020.

The key terms and conditions of the performance rights granted during the year are as follows:

Tranche	Service Period Start Date	Expiry Date	Number of Rights Granted During FY21	Number of Rights Remaining at 30 June 2021	Fair Value \$
<b>L Graham</b>					
Tranche 6	10/11/2020	15/08/2023	1,751,313	1,751,313	0.159
<b>P Watson</b>					
Tranche 6	10/11/2020	15/08/2023	474,628	474,628	0.159
<b>F Garofalo</b>					
Tranche 5	28/08/2020	15/08/2022	1,145,930	1,145,930	0.121

Details of the performance conditions are as follows:

The performance rights will only vest if certain performance conditions are met. At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR) against a peer group of other companies as determined by the Board. The peer group may be varied from time to time by the Board in its absolute discretion. 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:

- 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.
- 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).
- 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).

## f) Key management personnel equity holdings in Strandline Resources Limited

### Fully paid ordinary shares

Name	Balance at 1 July	Acquired	Net other change	Held on appointment/resignation	Balance at 30 June
	No.	No.	No.	No.	No.
<b>2021</b>					
<b>Directors</b>					
D Murcia	1,200,000	366,000	-	-	1,566,000
L Graham	7,683,935	5,597,560	(2,990,962)	-	10,290,533
P Watson	1,102,727	686,775	(686,775)	-	1,102,727
J Hodder	-	-	-	-	-
T Eadie	6,000,000	-	-	-	6,000,000
M Hancock <sup>(1)</sup>	-	-	-	-	-
A Atkins <sup>(3)</sup>	-	-	-	-	-
<b>Executive</b>					
F Garofalo	377,614	1,472,004	(971,167)	-	878,451



## Share options

Name	Balance at 1 July	Acquired	Net other change	Held on appointment/resignation	Balance at 30 June	Vested and exercisable	Unvested and exercisable
	No.	No.	No.	No.	No.	No.	No.
<b>2021</b>							
<b>Directors</b>							
D Murcia	4,500,000	-	-	-	4,500,000	4,500,000	-
L Graham	-	-	-	-	-	-	-
P Watson	-	-	-	-	-	-	-
J Hodder	-	-	-	-	-	-	-
T Eadie	3,000,000	-	-	-	3,000,000	3,000,000	-
M Hancock <sup>(1)</sup>	-	-	-	-	-	-	-
A Atkins <sup>(3)</sup>	-	-	-	-	-	-	-
<b>Executive</b>							
F Garofalo	-	-	-	-	-	-	-

## Performance rights

Name	Balance at 1 July	Granted as compensation	Vested	Forfeited	Balance at 30 June	Maximum Value yet to Vest <sup>(2)</sup>
	No.	No.	No.	No.	No.	\$
<b>2021</b>						
<b>Directors</b>						
D Murcia	-	-	-	-	-	-
L Graham	11,267,442	1,751,313	(5,500,000)	-	7,518,755	\$774,459
P Watson	2,101,424	474,628	(538,375)	-	2,037,677	\$209,888
J Hodder	-	-	-	-	-	-
T Eadie	-	-	-	-	-	-
M Hancock <sup>(1)</sup>	-	-	-	-	-	-
A Atkins <sup>(3)</sup>	-	-	-	-	-	-
<b>Executive</b>						
F Garofalo	2,214,667	1,145,930	(1,229,167)	-	2,131,430	\$219,469

(1) Appointed 11 August 2020

(2) The value at the exercise date of the Performance rights granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the Performance Rights at the date.

(3) Appointed 24 May 2021



## g) Key terms of employment contracts

Remuneration and other terms of employment for executives are formalised in employment contracts. The service agreements specify the components of remuneration, benefits and notice periods at the date of this report are detailed below.

Mr Luke Graham (Managing Director and Chief Executive Officer):

- Term of agreement – permanent basis commencing 19 September 2016.
- Fixed Annual Remuneration of \$500,000 per annum (including superannuation), to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 50% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan (“LTIP”) to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
  - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks’ notice;
  - By either party following the probation period on giving 3 months’ notice; or
  - By the Company without notice upon serious misconduct or gross neglect of duty.

Mr Flavio Garofalo (Company Secretary & Chief Financial Officer):

- Term of agreement – permanent basis commencing 5 June 2018.
- Fixed Annual Remuneration of \$357,500 per annum (including superannuation), to be reviewed annually.
- Short Term Incentive (STI) - performance to be assessed annually against a series of both financial and non-financial Key Performance Indicators (KPIs). The maximum annual amount payable under the Short Term Incentive is 35% of the Fixed Annual Remuneration. The STI will be paid in August each year in cash and/or performance rights.
- Long Term Incentive (LTI) - entitled to participate in a Long Term Incentive Plan (“LTIP”) to be approved by Shareholders.
- Contract is capable of termination in the following circumstances:
  - By either party during the probation period (of 6 months from the commencement date) by giving 2 weeks’ notice;
  - By either party following the probation period on giving 2 months’ notice; or
  - By the Company without notice upon serious misconduct or gross neglect of duty.





## **h) Loans and other transactions**

Mr. Didier Murcia, Non-Executive Chair, is a partner in the legal firm, Murcia Pestell Hillard. Fees totalling \$273,383 were paid to Murcia Pestell Hillard for work completed on various legal matters (2020: \$93,667). All transactions related to the services were based on normal commercial terms.

## **i) Voting of shareholders at last year's annual general meeting**

The Company received more than 99% of "yes" votes on its remuneration report for the 2020 financial year (2019: 99%)

## **j) Reliance on external remuneration consultants**

During the financial year the Board did not engage the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors or other key management personnel.

***This is the end of the audited Remuneration Report***

## **NON-AUDIT SERVICES**

Non audit services included tax compliance services performed by BDO Corporate Tax (WA) Pty Ltd during the year of \$28,198 (2020: \$21,630).

## **SUBSEQUENT EVENTS**

There has not been any matter or circumstance that has arisen since the end of the financial 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.

## **CORPORATE GOVERNANCE**

The Company's corporate governance statement can be found at the following website:  
[www.strandline.com.au/corporategovernance](http://www.strandline.com.au/corporategovernance)

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

On behalf of the Directors

**Luke Graham**  
**MANAGING DIRECTOR**

22 September 2021



STRANDLINE  
resources limited





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

As lead auditor of Strandline Resources Limited for the year ended 30 June 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 22 September 2021

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



# FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



**STRANDLINE**  
resources limited

For the year ended 30 June 2021

		2021	2020
	Notes	\$	\$
Revenue from continuing operations	5	103,207	55,507
Other income	6	463,945	66,513
Employee benefits expense	8	(2,939,519)	(1,317,622)
Depreciation expense	8	(112,715)	(11,275)
Share based payment expense	8	(682,804)	(1,341,515)
Exploration and evaluation expenditure		(8,748,828)	(4,864,925)
Finance Costs	8	(869,517)	-
Other expenses		(20,260)	(722,661)
<b>Loss before income tax</b>		<b>(12,806,491)</b>	<b>(8,135,978)</b>
Income tax benefit	7	-	-
<b>Loss after income tax for the year</b>		<b>(12,806,491)</b>	<b>(8,135,978)</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	20	(417,766)	150,095
Fair value of equity investments at fair value through other comprehensive income		1,241,829	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>824,063</b>	<b>150,095</b>
<b>Total comprehensive loss for the year</b>		<b>(11,982,428)</b>	<b>(7,985,883)</b>
<b>Loss attributable to:</b>			
Owners of Strandline Resources Limited		(11,982,428)	(7,985,883)
		<b>Cents per share</b>	<b>Cents per share</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	9	(1.99)	(2.10)

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 30 June 2021



**STRANDLINE**  
resources limited

	Notes	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	22	110,601,769	5,241,516
Other receivables	10	7,123,829	241,296
<b>Total current assets</b>		<b>117,725,598</b>	<b>5,482,812</b>
<b>Non-current assets</b>			
Prepayments		402,060	6,484
Property, plant and equipment	11	156,309	25,228
Exploration and evaluation expenditure	12	5,374,320	7,555,665
Non-Current receivables		56,633	-
Right of Use Asset		264,553	-
Mine properties	13	31,137,428	-
Financial assets	14	1,149,862	210,000
<b>Total non-current assets</b>		<b>38,541,165</b>	<b>7,797,377</b>
<b>Total assets</b>		<b>156,266,763</b>	<b>13,280,189</b>
<b>Current liabilities</b>			
Trade and other payables	15	16,310,759	472,856
Borrowings	17	287,821	-
Provisions	16	223,898	142,387
<b>Total current liabilities</b>		<b>16,822,478</b>	<b>615,243</b>
<b>Non-Current liabilities</b>			
Borrowings	17	2,846,002	-
Provisions	16	1,925,923	-
<b>Total non-current liabilities</b>		<b>4,771,925</b>	<b>-</b>
<b>Total Liabilities</b>		<b>21,594,403</b>	<b>615,243</b>
<b>Net assets</b>		<b>134,672,360</b>	<b>12,664,946</b>
<b>Equity</b>			
Contributed equity	19	216,387,823	81,862,239
Reserves	20	4,661,119	4,372,799
Accumulated losses		(86,376,582)	(73,570,092)
<b>Total equity</b>		<b>134,672,360</b>	<b>12,664,946</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



**STRANDLINE**  
resources limited

For the year ended 30 June 2021

	Issued Capital \$	Share based payments and Options reserve \$	Revaluation Reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	75,020,276	2,737,643	-	813,345	(65,434,114)	13,137,150
Comprehensive income for the year						
Loss for the year	-	-	-	-	(8,135,978)	(8,135,978)
Foreign currency translation difference for foreign operation	-	-	-	150,095	-	150,095
<b>Total comprehensive loss for the year</b>	-	-	-	150,095	(8,135,978)	(7,985,883)
Issue of ordinary shares	6,473,858	-	-	-	-	6,473,858
Share issue costs	(301,695)	-	-	-	-	(301,695)
Option issue	-	335,285	-	-	-	335,285
Recognition of share-based payments (refer to Note 20)	296,038	710,193	-	-	-	1,006,231
Performance rights vested into shares	373,762	(373,762)	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>81,862,239</b>	<b>3,409,359</b>	<b>-</b>	<b>963,440</b>	<b>(73,570,092)</b>	<b>12,664,946</b>
<b>Balance at 1 July 2020</b>	<b>81,862,239</b>	<b>3,409,359</b>	<b>-</b>	<b>963,440</b>	<b>(73,570,092)</b>	<b>12,664,946</b>
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(12,806,491)	(12,806,491)
Fair value of equity investments at fair value through other comprehensive income	-	-	1,241,829	-	-	1,241,829
Foreign currency translation difference for foreign operation	-	-	-	(417,766)	-	(417,766)
<b>Total comprehensive loss for the year</b>	-	-	1,241,829	(417,766)	(12,806,491)	(11,982,428)
Issue of ordinary shares	140,083,517	-	-	-	-	140,083,517
Share issue costs	(6,776,479)	-	-	-	-	(6,776,479)
Recognition of share-based payments (refer to Note 20)	167,272	515,532	-	-	-	682,804
Performance rights vested into shares	1,051,274	(1,051,274)	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>216,387,823</b>	<b>2,873,616</b>	<b>1,241,829</b>	<b>545,674</b>	<b>(86,376,582)</b>	<b>134,672,360</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021



**STRANDLINE**  
resources limited

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Payments for exploration and evaluation		(7,043,932)	(4,938,761)
Payments to suppliers and employees		(2,044,372)	(2,161,585)
R&D received		463,945	-
Interest received		103,207	45,596
Interest paid		(2,108,399)	-
Other income		343,829	66,512
<b>Net cash (used in) operating activities</b>	<b>22</b>	<b>(10,285,722)</b>	<b>(6,988,238)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(10,242)
Payments for Development Activities		(12,250,729)	-
Proceeds from Investments		280,000	-
<b>Net cash (used in) investing activities</b>		<b>(11,970,729)</b>	<b>(10,242)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		140,090,048	6,473,858
Payments for financing activities		(5,649,279)	-
Payment for share issue costs		(6,783,010)	(301,695)
<b>Net cash inflow provided by financing activities</b>		<b>127,657,759</b>	<b>6,172,163</b>
<b>Net increase in cash and cash equivalents</b>		<b>105,401,308</b>	<b>(826,317)</b>
Cash and cash equivalents at the beginning of the year		5,241,516	6,065,323
Effects of foreign exchange movement on opening cash balance		(41,055)	2,510
<b>Cash and cash equivalents at the end of the year</b>	<b>22</b>	<b>110,601,769</b>	<b>5,241,516</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



STRANDLINE  
resources limited

For the year ended 30 June 2021

## 1. General information

Strandline Resources Limited ('Company' or 'Strandline') is a limited company incorporated in Australia. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. These consolidated 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 mineral sands, and also has interests in other base metal resources.

## 2. New Standards and Interpretations

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## 3. Significant accounting policies

### 3.1. Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, AASB Standards and Interpretations, and comply with other requirements of the law.

For the purposes of preparing the financial statements, the Group is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the Group financial statements and notes comply with International Financial Reporting Standards (IFRS).

The Group has adopted all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2020. The adoption of these standards and interpretations did not have a material impact on the Group financial report.

### 3.2. 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 costs using the effective interest method, as explained in the accounting policies below. 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 following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

#### a) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## **b) Revenue recognition**

Revenue is recognised and measured when the performance obligation is generally considered to be satisfied when the goods are physically transferred to the buyer.

### *Interest revenue*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## **c) Employee benefits**

### *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### *Long service leave*

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the current provision for employee benefits and in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## **d) Share-based payments transactions of the Company**

The Group may provide benefits to employees and consultants (including Directors) in the form of share-based payments, whereby employees and consultants render services in exchange for options or rights over shares ("equity settled transactions").

Equity-settled share-based payments to employees and consultants are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. For options, the fair value is determined using a Black-Scholes model. For performance rights with market conditions, the fair value is measured using a binomial pricing model. For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## **e) Taxation**

The income tax expense or benefit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, and to unused tax losses. Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

A deferred income tax asset is not recognised where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

## **f) Exploration and evaluation expenditure**

Exploration, evaluation and development expenditure incurred is capitalised only when that expenditure is attributable to a defined area of interest for which the Group has the rights to explore, evaluate and develop. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost on the statement of profit or loss and other comprehensive income.

## **g) Mine Properties Under Development**

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction and operating costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the related mining leases. Once production commences, these costs are transferred to property, plant and equipment and mine properties, as relevant, and are depreciated and amortised using the units-of-production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Under AASB 116 Property, Plant and Equipment, the cost of an asset includes any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

## **h) Impairment**

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.

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.

## **i) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### *Rehabilitation*

Obligations associated with exploration and development assets are recognised when the group has a present obligation, the future sacrifice of economic benefit is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure to restore the land with a corresponding asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## **j) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the expense item; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority is classified as an operating cash flow.

## **k) Trade and other receivables**

Trade and other receivables are recognised initially at fair value less an allowance for expected credit losses

## **l) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposits at call which are readily convertible to cash and used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

## **m) Trade and other payables**

Liabilities for trade creditors and other amounts represent the consideration to be paid in the future for goods and services received, whether or not billed to the Group. These amounts are initially recognised at fair value and subsequently measured at amortised costs using the effective interest rate method.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted using a current pre-tax rate that reflects the risks specific to the liability.

## **n) Share capital**

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

## **o) Property Plant and Equipment**

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant, and equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

## **p) Loss per share**

Basic loss per share is determined by dividing the loss for the year attributable to owners of the Group, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

## **q) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers - identified as being the Board of Strandline. Operating segments that meet the quantitative criteria as described by AASB 8 *Operating Segments* are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## **r) Investments and other financial assets**

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss);
- Those to be measured at amortised cost.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding ('the SPPI criterion').

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

## **s) Foreign Currency Translation**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional presentation currency. The functional currency of the Tanzanian subsidiaries is the United States Dollar.

### *Borrowing and borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss. However, foreign currency differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges are recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### *Capitalisation of exploration and evaluation expenditure*

Under AASB 6 'Exploration for and Evaluation of Mineral Resources', the Company may capitalise exploration and evaluation expenditure purchase costs as incurred provided that certain conditions are satisfied. All other exploration expenditure is expenses when its incurred. The Group capitalises acquisition expenditure relating to exploration and evaluation where it is considered likely to be recouped through the successful development or sale of the area of interest or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. The Group's policy is outlined in note 3.

#### *Taxation*

The Group is subject to various taxes in Australia and offshore jurisdictions and at times significant judgement is required in determining the Group's liability associated with these taxes. The Group estimates its tax liabilities based on its understanding of the transactions and the tax laws in the local jurisdictions in which it operates. Should the final outcome of these matters be different from the initial assessment, such differences will impact the Group's liabilities in the period in which such determination is made.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## *Impairment of exploration and evaluation expenditure*

Exploration and evaluation expenditure is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. The Directors are required to exercise judgement on future events and the likelihood of defining an economic reserve. Assumptions made are altered as exploration and evaluation continues and more information becomes available. Where it is evident that the value of exploration and evaluation expenditure cannot be recovered the capitalised amount will be impaired through the statement of profit or loss and other comprehensive income.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. On 4 May 2021, the Board of Directors made a final investment decision to commence construction of the Coburn minerals sands project.

As a result of this decision and in accordance with the Group's accounting policy, exploration and evaluations assets for Coburn were assessed for impairment prior to transferring to mine properties and development.

The recoverable amount of Coburn was in excess of the carrying value at the date of assessment and accordingly, the total exploration and evaluation assets attributable to Coburn were transferred to mine properties and development. These transferred costs comprise the costs of acquisition.

At 30 June 2021, there were no triggers for impairment testing.

## *Share-based payment transactions*

The Company measures the cost of equity-settled transactions with Directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. For options, the fair value is determined using the Black Scholes model. For performance rights with market conditions, the fair value is measured using a binomial pricing model. For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date.

## *Rehabilitation Provision*

The Group assesses site rehabilitation liabilities annually. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration and previously mined areas, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development/exploration activity, changes in the cost of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

## *Tax losses*

The deferred tax liability in relation to temporary differences arising from exploration and evaluation expenditure has not been recognised as the Company expects to have sufficient carried forward tax losses to offset this balance. The future recovery of these losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities and passing the required Continuity of Ownership and Same Business Test rules at the time the losses are expected to be utilised.

## *Mine properties*

The group undertakes an impairment review to determine whether any indicators of impairment are present. Where indicators of impairment exist an estimate of the recoverable amount of the cash generating unit is made. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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For the purpose of assessing impairment assets are groups at the lowest level of which there are separately identifiable cashflow. Where an impairment loss subsequent reverses, the carrying amount of the asset, other than goodwill is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment indicator was undertaken for all operations at reporting date, and it was concluded that no indicators were identified which would give rise to impairment. Assessments of recoverable amounts require the use of estimates and assumptions such as reserves, resources, mine lives, discount rates, exchange rates, commodity prices, grade of the mine, recovery percentage, operations performance, cost, and capital estimates.

## COVID-19

Judgement has been exercised in considering the impact that the COVID-19 pandemic has had or may have on the group based on the known information. This consideration extends to the nature of the business in which the group operates. There does not currently appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

## 4. Segment information

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

Geographical Segment Information	2021	2021	2020	2020
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
	\$	\$	\$	\$
Australia	567,152	31,283,016	66,513	240,102
Tanzania	-	7,258,149	-	7,557,275
	567,152	38,541,165	66,513	7,797,377
			2021	2020
			\$	\$
<b>5. Revenue from continuing operations</b>				
Interest revenue			103,207	55,507
<b>6. Other income</b>				
			2021	2020
			\$	\$
Research & Development tax credit			396,445	-
Government Subsidy			67,500	50,000
JV Management Fees			-	16,513
			463,945	66,513

(a) Earn-in revenue recognised during the prior year relates to the JV Minimum Commitment owing to the Company with respect to the Joint Venture Agreement with Rio Tinto Mining and Exploration Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



## 7. Income taxes

	2021 \$	2020 \$
<b>Income tax recognised in the profit or loss</b>		
<b>Tax benefit comprises:</b>		
Current tax benefit	-	-
Total tax benefit relating to continuing operations		
The benefit for the year can be reconciled to the accounting loss as follows:		
Loss before tax	<b>(12,806,491)</b>	(8,135,978)
Income tax expense calculated at 30%	<b>(3,841,948)</b>	(2,440,793)
Effect of expenses that are not deductible in determining taxable loss	<b>678,707</b>	490,765
Effect of unused tax losses not recognised as deferred tax assets	<b>3,163,241</b>	2,122,549
Effect of deductible capitalised expenditure	-	(172,521)
Income tax benefit recognised in the statement of profit or loss and other	-	-

### Unrecognised deferred tax assets/(liabilities)

	2021 \$	2020 \$
Tax losses (revenue)	<b>17,556,000</b>	15,117,010
Capital raising costs recognised directly in equity	<b>2,194,718</b>	315,993
Temporary differences	<b>631,813</b>	215,210
Net unrecognised deferred tax asset	<b>20,382,531</b>	15,648,213

### Tax losses

Unused tax losses have not been recognised as a deferred tax asset as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities. The amount of unrecognised carry forward tax losses is based on management's assessment of their ability to meet the same business or the modified continuity of ownership test. The benefits of these deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

## 8. Loss for the year

	2021 \$	2020 \$
<b>Loss for the year has been arrived at after charging the following expenses:</b>		
Employee benefit expense		
Directors' fees	<b>277,402</b>	201,040
Wages and salaries	<b>2,297,947</b>	930,212
Superannuation expenses	<b>194,143</b>	175,325
Increase in provision for annual leave	<b>92,676</b>	-
Increase in provision for long service leave	<b>28,562</b>	1,480
Contract Employees	<b>16,200</b>	-
Staff recruitment	<b>32,589</b>	9,565
Total employee benefit expense	<b>2,923,519</b>	1,317,622
Depreciation expense	<b>112,715</b>	11,275
Finance Costs	<b>869,517</b>	-
Occupancy expenses	<b>20,260</b>	80,179
Share-based payments	<b>682,804</b>	1,341,515

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 9. Loss per share

	2021 Cents per share	2020 Cents per share
Basic and diluted loss per share	<u>(1.99)</u>	<u>(2.10)</u>

### Basic & Diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2021 \$	2020 \$
Loss for the year	<u>(12,806,491)</u>	<u>(8,135,978)</u>
	2021 No.	2020 No.
Weighted average number of ordinary shares for the purposes of the basic loss per share	<u>644,604,297</u>	<u>387,113,581</u>

## 10. Other receivables

	2021 \$	2020 \$
Goods and services tax recoverable	1,293,778	229,552
Accrued interest	-	11,744
Accounts Receivable	5,931	
Bond Escrowed Cash	<u>5,824,120</u>	-
	<u>7,123,829</u>	<u>241,296</u>

Bond Escrowed Cash is held by the Nordic trustees in relation to the Bond issued in relation to the Coburn Project. The funds would be released on completion of the relevant documentation of the project receiving full funding. These funds were received by the company in September 2021.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. No impairments have been identified.

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## 11. Property, Plant & Equipment

	2021	2020
	\$	\$
<i>Plant &amp; Equipment</i>		
Gross Carrying value at cost	345,679	309,144
Accumulated depreciation	(189,370)	(283,916)
Net book amount	<u>156,309</u>	<u>25,228</u>
<i>Plant &amp; Equipment</i>		
Opening net book amount - 1 July	25,228	25,535
Additions	156,257	10,242
Disposals	-	-
Depreciation charge	(25,222)	(11,275)
Foreign exchange movement	46	726
Closing net book value – 30 June	<u>156,309</u>	<u>25,228</u>

## 12. Exploration and evaluation expenditure

	2021	2020
	\$	\$
Carried forward exploration and evaluation expenditure	7,555,665	7,460,770
Exploration and Evaluation Write-off	(1,551,191)	-
Transfer to Mine Properties under Development (ref to note 13)	(250,000)	-
Foreign exchange movement	(380,154)	94,895
	<u>5,374,320</u>	<u>7,555,665</u>

In accordance with applicable accounting standards, the Group has assessed whether or not there are any indicators that would require the group to undertake an impairment assessment as at the reporting date.

Following this assessment, including the potential impact of the recent changes to the legal framework governing the natural resources sector in Tanzania, the Group has determined there are no indicators of impairment however acknowledge the recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## 13. Mine Properties

	2021	2020
	\$	\$
Balance at the beginning of the year	-	-
Mine development expenditure	28,995,521	-
Transfer from Exploration	250,000	-
Rehabilitation	1,891,907	-
<b>Balance at the end of the period</b>	<u>31,137,428</u>	<u>-</u>

Assets pledged as security

The Northern Australian Infrastructure Facility and Norwegian Bond Facility holds a first ranking, registered fixed and floating charge over all the assets of Coburn Pty Ltd as security for the debt facility provided to fund construction of the Coburn Mineral Sands Project.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## 14. Financial assets

	2021	2020
	\$	\$
Financial Assets held at Fair Value through Other Comprehensive Income	828,000	210,000
Financial Assets held at Fair Value through Profit or Loss	321,862	-
<b>Total</b>	<b>1,149,862</b>	<b>210,000</b>

Other investments consist of 3,450,000 shares held at the end of the financial year in Torrens Mining Limited ("Torrens"), a listed public company. The investment consists of 4,000,000 shares received on the sale of the Mount Gunson Project to Torrens and an additional 200,000 shares subscribed in a prior period. During the financial year Torrens listed on the ASX and as per the sale agreement \$250,000 of the deferred \$1 million payment is payable in 60 days. Strandline received this payment as settled by the issue of 1,250,000 shares during the financial year. The shares are escrowed for 1 year from the date of issue, 8 March 2021. The fair value of the investment in Torrens is based on the fair value based on the listed market price as at the 30 June 2021 being 24 cents.

In addition, the Company still holds a 2% net smelter royalty (capped at \$1.25M) on the Elizabeth Creek Project.

During the year strandline purchased a USD/AUD foreign currency call option for \$1.2m AUD at a FX rate of USD \$0.81. This Call option was valued at the 30 June 2021 through profit and Loss.

## 15. Current trade and other payables

	2021	2020
	\$	\$
Trade payables	1,967,749	397,548
Accrued director fees	11,000	5,019
Other creditors and accruals	14,332,010	70,290
<b>Total</b>	<b>16,310,759</b>	<b>472,857</b>

Accounts payable are all payable in Australian dollars, are non-interest bearing and normally settled on 30 day terms. Refer to note 22 for details of the Company's exposure to liquidity risks on financial liabilities.

## 16. Provisions

	2021	2020
	\$	\$
Provision for Annual Leave	223,898	141,779
Provision for Long Service Leave	34,014	608
<b>Total</b>	<b>257,912</b>	<b>142,387</b>

## Rehabilitation

	2021	2020
	\$	\$
Balance at the beginning	-	-
Provisions made during the year	1,891,907	-
<b>Balance at the end of the period</b>	<b>1,891,907</b>	<b>-</b>

The Group assesses site rehabilitation liabilities on an annual basis. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration and previously mined areas, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development/exploration activity, changes in the costs of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 17. Borrowings

	2021	2020
	\$	\$
<b>Current Borrowings</b>		
Chattel Mortgage – PPE	137,533	-
Lease Liability	150,288	-
	<u>287,821</u>	<u>-</u>

During the period Strandline entered into an agreement to purchase a selection of PPE under a chattel mortgage financing agreement. These Agreements range from 4-6 years and offer security over the select PPE identified under the agreement.

	2021	2020
	\$	\$
<b>Non-Current Borrowings</b>		
Lease Liability	158,380	-
NAIF Facility	-	-
Nordic Bond Facility	2,687,622	-
	<u>2,846,002</u>	<u>-</u>

On 6 April 2021, the Group announced the settlement for a US\$60,000,000 bond facility. Proceeds from the facility can be used to fund the construction and development of Coburn or “the Project”. The facility is open through to December 2025. Establishment costs associated with the facility totaling \$2,687,622 have been recognised as mine development. These costs will be amortized on each drawdown and will form part of the effective interest rate calculation when the facility is drawn down.

The Group also has a facility with Northern Australia Infrastructure facility (‘NAIF’) for up to \$150,000,000. This facility was undrawn at 30 June 2021 and subject to conditions precedent. Security of this facility is pari pasu with the bond facility and tenor is up to 15 years.

## 18. Commitments

Exploration expenditure commitments represent tenement rentals and expenditure requirements that may be required to be met under the relevant legislation should the Group wish to retain tenure on all current tenements in which the Group has an interest. As at 30 June 2021, the Group holds 25 granted tenements and 8 granted mining lease. In addition, there are 5 applications not yet granted and 4 granted miscellaneous licences which do not have an annual minimum expenditure commitment but do have an annual rent payment applicable.

	2021	2020
	\$	\$
<i>Within 1 year – Australia</i>	668,900	668,900
<i>Within 1 year – Tanzania</i>	638,287	638,287
<i>Committed Exploration Expenditure not reported as a liability</i>	<u>1,307,187</u>	<u>1,307,187</u>

### Capital Components

*Primero – 30% progress of supply of spirals* 2,421,009 -

There were no other capital commitments not recognised as a liability in the financial report.

## 19. Issued capital

	2021	2020
	\$	\$
1,116,182,549 fully paid ordinary shares (2020: 426,769,138 shares)	<u>216,387,823</u>	<u>81,862,239</u>

The Company does not have a limited amount of authorized capital and issued shares do not have a par value.

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## 19. Issued capital (Con't)

Fully paid ordinary shares	2021		2020	
	No.	\$	No.	\$
<b>Balance at beginning of year</b>	<b>426,769,138</b>	<b>81,862,239</b>	366,695,721	75,020,276
Issue of Shares to employees (100% of STI bonus taken as shares) Peter Watson			344,424	47,427
Issue of Shares to employees (50% of STI bonus taken as shares) Luke Graham			729,847	100,500
Issue of Shares to employees (50% of STI bonus taken as shares) - Employees			1,075,599	148,110
Performance Rights - expiring 15/8/18 vested - Employees			1,360,538	168,707
Performance Rights - expiring 15/8/18 vested - Luke Graham			2,291,667	165,000
Performance Rights - expiring 15/8/18 vested - Peter Watson			323,025	40,055
Share Issue			16,666,667	2,000,000
Rights Issue			37,281,650	4,473,798
Placement	85,858,950	18,459,674		
Issue of Shares to Peter Watson (67% of STI bonus taken as shares) (i)	148,400	33,895		
Issue of Shares to Employees (67% of STI Bonus Taken as Shares)	400,873	91,559		
Issue of Shares to Employees (100% of STI Bonus Taken as Shares)	183,091	41,818		
Performance Rights - expiring 15/8/20 vested - Luke Graham (ii)	5,500,000	533,500		
Performance Rights - expiring 15/8/20 vested - Peter Watson (iii)	538,375	61,375		
Performance Rights - expiring 15/8/20 vested - Employees	3,496,730	456,399		
Placement & Entitlement Offer - Institutional	362,405,526	74,293,133		
Entitlement Offer - Retail	230,881,466	47,330,710		
Share issue Costs		(6,776,479)	-	(301,634)
<b>Balance at end of year</b>	<b>1,116,182,549</b>	<b>216,387,823</b>	426,769,138	81,862,239

- (i) 148,400 shares issued to Mr Peter Watson pursuant to the Company's Short Term Incentive Plan, as approved by shareholders on 28 November 2019. The shares were issued in lieu of an equivalent cash payment.
- (ii) 5,500,000 shares issued to Mr Luke Graham pursuant to the Company's Long-term Incentive Plan, as approved by shareholders on 28 November 2017.
- (iii) 538,375 shares issued to Mr Peter Watson pursuant to the Company's Long term incentive plan, as approved by shareholders on the 23 November 2018.

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 30 June 2021, the Company has 10,500,000 share options on issue (2020: 10,500,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## 19. Issued capital (Con't)

During the year nil options were granted (2020: 10,500,000), nil options were converted into shares (2020: Nil) and nil options expired (2020: Nil). Further details regarding the options are contained in note 22 to the financial statements.

As at 30 June 2021, the Company has 13,649,528 performance rights on issue (2020: 18,938,796) exercisable on a 1:1 basis for 13,649,528 shares (2020: 18,938,796). During the year 4,426,512 performance rights were granted (2020: 6,014,324), 9,535,105 performance rights were converted into shares (2020: 3,975,230) and nil performance rights expired (2020: 180,675). The Company has made an assessment that it is probable the performance conditions will be met for the performance rights on issue. Further details regarding the performance rights are contained in note 22 to the financial statements.

## 20. Reserves

	2021	2020
	\$	\$
Share-based payments reserve	2,538,331	3,074,073
Options Reserve	335,286	335,286
Foreign currency translation reserve	545,674	963,440
Revaluation Reserve – Current Investments	1,241,828	-
	<u>4,661,119</u>	<u>4,372,799</u>
<b>Share-based payments reserve</b>		
Balance at beginning of year	3,074,073	2,737,642
Recognition of share-based payments (i)	(535,742)	336,431
Balance at end of year	<u>2,538,331</u>	<u>3,074,073</u>

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 are exercised. Further information about share-based payments is contained in note 24 to the financial statements.

(i) Total expenses arising from share-based payment transactions recognized during the year ended 30 June 2021 as part of employee benefit expense was \$515,531 (2020: \$336,431). Total performance rights that have vested and converted to shares during the year valued at \$1,051,274

	2021	2020
	\$	\$
<b>Foreign currency translation reserve</b>		
Balance at beginning of year	963,440	813,345
Foreign currency translation difference for foreign operations	(417,754)	150,095
Balance at end of year	<u>545,674</u>	<u>963,440</u>

## 21. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 30 June 2021 (2020: \$nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## 22. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash in banks and deposits at call which are readily convertible into cash and used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2021 \$	2020 \$
Cash at bank	110,601,769	241,516
Cash on deposit	-	5,000,000
Cash and bank balances	<u>110,601,769</u>	<u>5,241,516</u>
<b>Reconciliation of loss for the year to net cash outflow used by operating activities</b>		
	2021 \$	2020 \$
<b>Loss for the year</b>	<b>(12,806,492)</b>	<b>(8,135,978)</b>
Non-cash items		
Depreciation	112,715	11,275
Share-based payments	682,804	1,341,515
Gain on sale of fixed assets	-	-
Movements in working capital		
Increase in trade and other receivables	6,882,533	(104,591)
Increase in prepayments	(395,576)	(3,708)
Increase in trade and other payables	16,783,616	(173,533)
Increase in provisions	(366,284)	24,817
Movements in Foreign currency translation reserve excluding Capitalised E&E and Property, plant and equipment	(607,594)	51,966
<b>Net cash outflow used in operating activities</b>	<b><u>(10,285,722)</u></b>	<b><u>(6,988,237)</u></b>

### **Non-cash financing activities**

There were no non-cash financing activities during the year (2020: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 23. Financial instruments

### Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equity. The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

Capital management requires the maintenance of a strong cash balance to support ongoing exploration and evaluation activities. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

### Categories of financial instruments

	2021 \$	2020 \$
<b>Financial assets</b>		
Cash and cash equivalents	110,601,769	5,241,516
Other Investments (FVOCI)	828,000	210,000
Other investments (FVPL)	321,862	-
Bond Escrow Cash	5,824,120	-
	<b>117,575,751</b>	<b>5,451,516</b>
<b>Financial liabilities</b>		
Borrowings – Nordic Bond drawn	2,687,622	-
Accruals	14,075,642	-
Trade and other payables	1,967,748	472,857
	<b>18,731,012</b>	<b>472,857</b>

### Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. These risks include market risk, interest rate risk, credit risk and liquidity risk. The Group's objectives, policies and processes for measuring and managing those risks are disclosed below.

The Board has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Currency Risk

The Group is exposed to currency risk on purchases that are denominated in currency other than the respective functional currencies of the Group entities, primarily the Australian dollar (AUD) and the United States Dollar (USD). The currencies in which these transactions primarily are denominated are AUD and USD. The Group investment in its Tanzanian subsidiaries is denominated in AUD. During the current year the group entered an arrangement of FX at call options as per note 14 which as at the 30 June 2021 is not material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



## 23. Financial instruments (Con't)

### Interest rate risk management

The consolidated entity's exposure to the market risk for change in interest rate arises from holding cash and deposits. Funds held in operating accounts and term deposits earned a variable interest rate ranging from 0% to 1.17% (2020: 0% to 1.81%) based on the type of account and cash balance. The consolidated entity did not have any loans or borrowings.

The borrowings currently held are subject to a fixed interest rate and are thus not subject to interest rate risk. The interest-bearing financial instruments held are:

	2021 \$	2020 \$
<b>Cash and cash equivalents</b>	<b>110,601,769</b>	5,241,516
<b>Borrowings</b>	<b>(3,133,823)</b>	-
	<b>107,467,946</b>	5,241,516

A change of 1% in the variable interest rate at the reporting date would have an impact on the consolidated entity profits and loss and equity of \$86,343 (2020: \$18,072) assuming all other variable are constant.

### Fair value of financial assets and liabilities

The Group's financial assets and financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of the financial assets and financial liabilities as at 30 June 2021 and 30 June 2020 approximates their carrying amounts.

### Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

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

	2021 \$	2020 \$
<b>Level 1 Assets</b>		
USD/AUD Call Options	321,862	-
Equity investments – shares in Torrens Mining Limited	828,000	210,000
	<b>1,149,862</b>	210,000

The Group is exposed to equity securities price risk arising from investments held by the Group and classified in the statement of financial position as financial assets at FVOCI. This risk is not material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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## 23. Financial instruments (Cont'd)

### *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's receivables. There were no trade and other receivables in arrears.

The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral/security bonds where appropriate, as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The credit rating of the Group's bank is AA-.

At risk amounts are as follows:

	2021 \$	2020 \$
<b>Financial assets</b>		
Cash and cash equivalents	110,601,769	5,241,516
Other investments (FVOCI)	828,000	
Other investments (FVPL)	321,862	
Bond Escrowed Cash	5,824,120	
	<u>117,575,751</u>	<u>5,241,516</u>

### *Liquidity risk management*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, identifying when further capital raising or other initiatives are required.

### *Liquidity risk table*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

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## 23. Financial instruments (Cont'd)

	Contractual cash flows					Total contractual cash flows
	Carrying amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
<b>Financial liabilities</b>						
Trade and other payables	1,967,748	1,967,748	-	-	-	1,967,748
Borrowings – Nordic Bond Draw	2,687,622	-	-	-	2,687,622	2,687,622
Accruals	14,075,642	14,075,642				14,075,642
<b>Total</b>						<b>18,731,012</b>
<b>2020</b>						
<b>Financial liabilities</b>						
Trade and other payables	472,857	472,857	-	-	-	(472,857)

## 24. Share-based payments

Share-based payments including options and performance rights are granted at the discretion of the Board to align the interests of executives, employees and consultants with those of shareholders.

Each option issued converts into one ordinary share of Strandline Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry by paying the exercise price.

Performance rights are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones and remaining in employment during the vesting period. Performance rights are granted under the Group's Long Term Incentive Plan for no consideration and are granted for a period not exceeding 5 years.

### Fair value of share options granted in the year

The fair value of services received in return for share options granted is based on the fair value of the share options granted, independently determined using the Black-Scholes option pricing model.

### Performance Rights

#### Fair value of performance rights granted in the year

For performance rights with market conditions, the fair value of services received is measured using a binomial pricing model. For performance rights with non-market conditions, fair value is measured using the closing share price at grant date. Vesting is based on the performance conditions being met which are listed below.

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## 24. Share-based payments (Cont'd)

A total of 6,014,324 performance rights were granted during the year to KMP's.

The details are as follows:

Number granted during 2021	Number granted during 2020	Number granted during 2019	Total number granted	Grant date	Expiry date	Fair value at grant date \$ per right	Vesting conditions
2,225,941			2,225,941	10/11/2020	15/08/2023	0.159	Tranche 6
2,200,571			2,200,571	25/11/2020	15/08/2022	0.121	Tranche 7
	3,941,124	-	3,941,124	29/11/2019	15/08/2022	0.086	Tranche 5
	2,073,200	-	2,073,200	15/08/2019	15/08/2021	0.082	Tranche 4
-	-	3,389,367	3,389,367	30/11/2018	15/08/2021	0.086	Tranche 3
-	-	1,229,167	1,229,167	15/08/2018	15/08/2020	0.161	Tranche 3
<b>4,426,512</b>	<b>6,014,324</b>	<b>4,618,534</b>	<b>15,059,370</b>				

The performance condition of each tranche is set out as follows:

Tranches 1 – 7: The performance rights will only vest if certain performance conditions are met. At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR) against a peer group of other companies as determined by the Board. The percentage of performance rights in each respective tranche that will vest will depend upon the Company's TSR performance relative to the companies in the peer group, which will constitute Category A, B or C TSR performance, as set out below:

- 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.
- 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).
- 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).

Tranche 1-3 : relate to previously vested performance rights

Tranche 4 Period: 1 July 2019 – 30 June 2021

Tranche 5 Period: 1 July 2020 – 30 June 2022

Tranche 6 Period: 1 July 2020 – 30 June 2023

Tranche 7 Period: 1 July 2020 – 30 June 2022

## Movements in performance rights during the period

The following reconciles the performance rights outstanding at the beginning and end of the year:

	2021 No.	2020 No.
Balance at beginning of the year	18,938,796	16,899,702
Granted during the year	4,426,512	6,014,324
Exercised during the year	(9,535,105)	(3,975,230)
Expired during the year	(180,675)	-
<b>Balance at end of the year</b>	<b>13,649,528</b>	<b>18,938,796</b>

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## 24. Share-based payments (Cont'd)

### Recognition of share-based transactions

	2021	2020
	\$	\$
Share options	-	335,285
Performance rights	<b>515,532</b>	336,430
<b>Total share-based payments recognised in reserves</b>	<b>515,532</b>	<b>671,715</b>

## 25. Other unlisted options

The following refers to unlisted options issued by the Company, other than those issued as a share based payment transaction. Nil options were granted during the year (2020: 10,500,000). 3,500,000 exercisable on a 1:1 basis for \$0.18 or 40% 60 day VWAP on the 28 November 2021, 3,500,000 exercisable on a 1:1 basis for \$0.22 or 40% 60 day VWAP on the 28 November 2022, 3,500,000 exercisable on a 1:1 basis for \$0.246 or 40% 60 day VWAP on the 28 November 2023. Nil options were converted to shares during the year.

### Movements in share options during the period

The following reconciles the share options outstanding at the beginning and end of the year:

	2021		2020	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of the year	10,500,000	0.22	-	-
Granted during the year	-	-	10,500,000	0.22
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of the year	10,500,000	-	10,500,000	-
<b>Exercisable at end of the year</b>	<b>10,500,000</b>	<b>0.22</b>	<b>10,500,000</b>	<b>0.22</b>

### Share options exercised during the year

A total of nil share options was exercised during the financial year (2020: nil)

### Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of 22 cents (2020: 22 cents) and a weighted average remaining contractual life of 516 days (2020: 881 days).

## 26. Key management personnel compensation

The Directors and other members of Key Management Personnel of the Company during the year were:

- Didier Murcia (Non-Executive Chair, appointed 1 March 2016, former Non-Executive Director from 23 October 2014 to 29 February 2016)
- Luke Edward Graham (Managing Director, appointed 19 September 2016)
- Peter Richard Watson (Executive Director, appointed 10 September 2018)
- John Russell Hodder (Non-Executive Director, appointed 8 June 2016)
- Ernest Thomas Eadie (Non-Executive Director, appointed 19 September 2016, former Managing Director from 1 January 2016 to 18 September 2016, former Non-Executive Director from 9 October 2015 to 31 December 2015)
- Mark David Hancock (Non-Executive Director, appointed 11 August 2020)
- Alexandra Clare Atkins (Non-Executive Director, appointed 24 May 2021)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



**STRANDLINE**  
resources limited

## 26. Key management personnel compensation (Cont'd)

The aggregate compensation made to key management personnel of the Group is set out below:

	2021 \$	2020 \$
Short-term employee benefits	1,476,011	1,360,861
Share-based payments	421,571	659,498
	<b>1,897,582</b>	<b>2,020,359</b>

The short-term employee benefits are recognized in both the statement of profit or loss and other comprehensive income as an expense, and the statement of financial position as an exploration and evaluation asset, depending upon the work activity undertaken. The compensation of each member of the key management personnel of the Group is set out in the Remuneration Report contained within the Director's Report section of the Annual Report. The remuneration of Directors and key executives is determined by the Board having regard to the performance of individuals and market trends.

## 27. Remuneration of auditors

### Audit Services

*BDO Audit (WA) Pty Ltd*

Audit and review of the financial statements

### Total remuneration for audit services

	2021 \$	2020 \$
	47,427	41,176
	<b>47,427</b>	<b>41,176</b>

### Non Audit Services

*BDO Corporate Tax (WA) Pty Ltd*

Tax compliance services

### Total remuneration for non-audit services

	2021 \$	2020 \$
	28,198	21,630
	<b>28,198</b>	<b>21,630</b>

## 28. Related party transactions

### Transactions with key management personnel

#### Compensation

Details of key management personnel compensation are disclosed in the Directors' Report section contained within the Annual Report.

#### Equity holdings

Disclosure of key management personnel equity holdings is set out in the Remuneration Report contained within the Director's Report section of the Annual Report.

#### Loans

No loans have been made by the Company to key management personnel during the year (2020: nil).

#### Other transactions

Mr. Didier Murcia, Non-Executive Chair, is a chair of the legal firm, Murcia Pestell Hillard. Fees totalling \$248,530 were paid to Murcia Pestell Hillard for work completed on various legal matters (2020: \$85,151). All transactions related to the services were based on normal commercial terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021



29. Group entities	Country of Incorporation	Ownership Interest	
Parent Entity		2021	2020
Strandline Resources Limited	Australia		
<b>Subsidiaries</b>			
Active Resources (Tanzania) Limited	Tanzania	100%	100%
Jacana Resources (Tanzania) Limited	Tanzania	100%	100%
Tanzanian Graphite Limited	Tanzania	100%	100%
Coburn Resources Pty Ltd <sup>(1)</sup>	Australia	100%	100%
<sup>(1)</sup> formerly Strandline Resources Australia Pty Ltd			

## 30. Parent entity disclosures

As at and throughout the financial year, the parent of the Group was Strandline Resources Limited.

	Company	
	2021	2020
	\$	\$
<b>Results of the Parent Entity</b>		
Loss for the period	(9,858,537)	(6,593,210)
Other comprehensive income	270,000	-
<b>Total comprehensive loss for the period</b>	<b>9,588,537</b>	<b>(6,593,210)</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position of the Parent Entity at Year End</b>		
Current assets	147,595,808	5,206,224
Non-current assets	4,498,915	21,906,221
<b>Total assets</b>	<b>152,094,723</b>	<b>27,112,445</b>
Current liabilities	1,183,700	974,196
<b>Total liabilities</b>	<b>1,183,700</b>	<b>974,196</b>
<b>Net assets</b>	<b>150,911,023</b>	<b>26,138,249</b>
Contributed equity	216,381,294	81,862,239
Reserves	3,521,616	3,409,359
Accumulated losses	(68,991,886)	(59,133,349)
<b>Total equity</b>	<b>150,911,023</b>	<b>26,138,249</b>

## Parent Entity Contingencies

The parent entity had nil contingent liabilities as at 30 June 2021 (2020: nil).

## 31. Events after the reporting period

There has not been any matter or circumstance that has arisen since the end of the financial 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.

## 32. Approval of financial statements

The financial statements were approved by the Board of Directors on 22 September 2021

# DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- (c) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated Group;
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001; and
- (e) the remuneration disclosures included in the Directors' Report on pages 22 to 28 of this Annual Report (as part of the audited Remuneration Report), for the year ended 30 June 2021, comply with s.300A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



**Luke Graham**  
**Managing Director**

Perth, 22 September 2021



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## INDEPENDENT AUDITOR'S REPORT

To the members of Strandline Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Strandline Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Carrying value of mine properties

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year the Group transitioned its Coburn Project from the exploration to development phase.</p> <p>As outlined in Note 13, following the decision to enter development the Group transferred exploration and evaluation asset to Mine Properties. On transition the Group was required to test the carrying value of the asset transferred for impairment.</p> <p>Further to this the Group is required to assess for indicators of impairment of Mine Properties at 30 June 2021.</p> <p>The carrying value of Mine Properties was determined to be a key audit matter due to the carrying value representing a significant asset of the Group, the key estimates and judgements involved in undertaking the impairment test on transition and assessing for indicators of impairment at 30 June 2021.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing management’s basis of allocation of exploration and evaluation assets to mine properties;</li> <li>• Reviewing Board minutes and ASX announcements to confirm the date of transfer to mine properties;</li> <li>• Verifying on a sample basis, mine development expenditure capitalised during the year for compliance with the measurement and recognition criteria of accounting standards;</li> <li>• Evaluating the reasonableness of management’s impairment assessment of the asset transferred to Mine Properties in accordance with Australian Accounting Standards;</li> <li>• Evaluating the reasonableness of management’s assessment of indicators of impairment as 30 June 2021 under Australian Accounting Standards; and</li> <li>• Assessing the adequacy of the related disclosures in Note 1(g) and Note 13 to the Financial Report.</li> </ul>



## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2021.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2021.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 32 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Strandline Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO  


Dean Just

Director

Perth, 22 September 2021

# SHAREHOLDING INFORMATION

As at 20 September 2021



**STRANDLINE**  
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## 1 Number of Shareholders and Unmarketable Parcels

There were 2,440 shareholders, including 550 with an unmarketable parcel valued at less than \$500.

## 2 Distribution of Equity Securities

The distribution of numbers of equity security holders by size of holding is shown in the table below:

	Class of Equity Security		
	Ordinary Shares	Options	Performance Rights
1 - 1,000	400	-	-
1,001 - 5,000	511	-	-
5,001 - 10,000	537	-	-
10,001 - 100,000	2,058	-	-
100,001 and over	915	3	7
	<b>4,437</b>	<b>3</b>	<b>7</b>
Number of securities	1,120,399,502	10,500,000	10,691,668

## 3 Top 20 Largest Ordinary Shareholdings

No.	Name	Number held	% Share Holding
1	NDOVU CAPITAL VII BV	226,779,233	20.24
2	NATIONAL NOMINEES LIMITED	88,258,006	7.88
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	82,520,537	7.37
4	CITICORP NOMINEES PTY LIMITED	35,076,901	3.13
5	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	28,943,597	2.58
6	UBS NOMINEES PTY LTD	27,337,151	2.44
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,706,109	2.29
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	22,439,024	2.00
9	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE A/C>	19,954,578	1.78
10	MR HARRY HATCH	19,084,420	1.70
11	MRS WENJUAN WU	16,088,949	1.44
12	BNP PARIBAS NOMS PTY LTD <DRP>	12,247,369	1.09
13	MR LUKE EDWARD GRAHAM	12,195,799	1.09
14	MR KENNETH JOSEPH HALL <HALL PARK A/C>	11,269,509	1.01
15	ANCHORFIELD PTY LTD <BRAZIL FAMILY FNDN A/C>	11,000,000	0.98
16	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	9,126,163	0.81
17	MR KENNETH JOSEPH HALL <HALL PARK A/C>	7,878,000	0.70
18	ARTEMIS CORPORATE LIMITED	7,111,806	0.63
19	PERTH SELECT SEAFOODS PTY LTD	7,000,000	0.62
20	BRAZIL FARMING PTY LTD	6,500,000	0.58
	<b>TOTAL TOP 20 SHAREHOLDERS</b>	<b>676,517,151</b>	<b>60.38</b>
	REMAINING SHAREHOLDERS	443,882,351	39.62
	<b>TOTAL NUMBER OF ISSUED SHARES</b>	<b>1,120,399,502</b>	<b>100.00</b>

## 4 Substantial Shareholdings (over 5%)

The number of shares held by substantial shareholders and their associates who have provided the company with substantial shareholder notices are set out below:

Name	Ordinary Shares	
	Number Held	Percentage of Issued Shares (%)
NDOVU CAPITAL VII BV	226,779,233	20.24

# SHAREHOLDING INFORMATION

As at 20 September 2021



**STRANDLINE**  
resources limited

## 5 Unlisted Share Options

No. of Holders	Exercise Price	Expiry Date	No. of Options
3	\$0.18 each or 40% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2021	3,500,000
3	\$0.22 each or 60% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2022	3,500,000
3	\$0.26 each or 80% above the average 60 day VWAP share price at the date of grant, whichever is higher	28 November 2022	3,500,000
			<b>10,500,000</b>

Holdings above 20%

No.	Name	No. of Options	% Options held
1	Mr Didier Murcia	4,500,000	42.86
2	Mr Tom Eadie's	3,000,000	28.57
3	Ndovu Capital VII BV	3,000,000	28.57
	<b>TOTAL OPTIONS HOLDERS</b>	<b>10,500,000</b>	

## 6 Unlisted Performance Rights

No. of Holders	Expiry Date	No. of Performance Rights
6	15 August 2022	6,141,695
2	15 August 2023	2,225,941
	<b>TOTAL PERFORMANCE RIGHT HOLDERS</b>	<b>8,367,636</b>

Holdings above 20%

No.	Name	No. of Performance Rights	% Performance Rights held
1	Mr Luke Graham	4,852,088	58.0

## 7 Voting Rights

At a general meeting of the Company shareholders are entitled:

- On a show of hands, each person who is a member or sole proxy has one vote.
- On a poll, each shareholder is entitled to one vote for each fully paid share.

Holdings of unlisted options and unlisted performance rights have no voting rights. Voting rights will be attached to the unissued ordinary shares when the options or performance rights have been exercised.

## 8 Restricted Securities

There were no restricted securities.

## 9 On-Market Buy Back

There is no current on-market buy back.

## 10 Securities Approved Not Issued

None.



## MINING TENEMENTS HELD AS AT 30 JUNE 2021

	Name/Location	Interest
<b>Tanzania</b>		
<b>Mineral Sands Projects</b>		
PL 9969/2014	Sudi JV	100%
SML 00603/2020 ( <i>Application</i> )	Tajiri	100%
PL 10265/2014	Bagamoyo	100%
ML 580/2018	Fungoni	100%
PL 7754/2012	Fungoni	100%
PL 11442/2020	Pangani	100%
PL 11030/2017	Fungoni West	100%
PL 10978/2016	Fungoni South	100%
PL 11076/2017	Bagamoyo	100%
PL 11131/2017	Sudi Central JV	100%
PL 11270/2019	Kitunda RIO JV	100%
PL 11267/2019	Rushungi South	100%
PL 11266/2019	Sudi East RIO JV	100%
PL 11412/2020	Temeke&Mkuranga	100%
PL 11413/2020	Temeke	100%
PL 11376/2019	Sakaura (South of Tajiri)	100%
PL 11443/2020	Mwasonga	100%
PL 11441/2020	Sharifu	100%
PL 17022/2021 ( <i>Application</i> )	Tanga - Pangani	100%
<b>Australia</b>		
<b>Coburn Mineral Sands Project</b>		
E09/939	Shark Bay District, Western Australia	100%
L09/21	Shark Bay District, Western Australia	100%
L09/43	Shark Bay District, Western Australia	100%
M09/102	Shark Bay District, Western Australia	100%
M09/103	Shark Bay District, Western Australia	100%
M09/104	Shark Bay District, Western Australia	100%
M09/105	Shark Bay District, Western Australia	100%
M09/106	Shark Bay District, Western Australia	100%
M09/111	Shark Bay District, Western Australia	100%
M09/112	Shark Bay District, Western Australia	100%
R09/02	Shark Bay District, Western Australia	100%
R09/03	Shark Bay District, Western Australia	100%
R09/2355 ( <i>Pending</i> )	Shark Bay District, Western Australia	100%
R09/4 ( <i>Pending</i> )	Shark Bay District, Western Australia	100%
L09/99 ( <i>Pending</i> )	Shark Bay District, Western Australia	100%

# MINERAL RESOURCES AND ORE RESERVES INFORMATION



**STRANDLINE**  
resources limited

The Company's mineral resource estimates and ore reserves are summarised in the tables below.

## Coburn Mineral Sands Project – Western Australia

**Table A** Coburn Project JORC 2012 Global Mineral Resources – Amy South and Amy North

Resource Category	Ore <sup>(1)</sup>			Valuable HM Grade (In-Situ) <sup>(2)</sup>					
	Material (Mt)	In situ THM (Mt)	THM (%)	Ilmenite (%)	Rutile (%)	Zircon (%)	Leucoxene (%)	Slimes (%)	Oversize (%)
Measured	119	1.5	1.3	45	5	24	6	3	6
Indicated	607	7.7	1.3	48	7	22	5	3	3
Inferred	880	10.4	1.2	49	7	21	4	3	1
<b>Total</b>	<b>1606</b>	<b>19.6</b>	<b>1.2</b>	<b>48</b>	<b>7</b>	<b>22</b>	<b>5</b>	<b>3</b>	<b>2</b>

**Table B** Coburn Project JORC 2012 Ore Reserve Statement April 2019

ORE RESERVES SUMMARY FOR COBURN PROJECT				
Deposit	Reserve Category	Ore	Heavy Mineral	
		(Mt)	In Situ HM (Mt)	THM (%)
Coburn - Amy South	Proved	106	1.16	1.10
Coburn - Amy South	Probable	417	4.66	1.12
	<b>Total<sup>1</sup></b>	<b>523</b>	<b>5.83</b>	<b>1.11</b>

Notes:

- Total may deviate from the arithmetic sum due to rounding

## Fungoni Mineral Sands Project - Tanzania

**Table C** Mineral Resource Statement for Fungoni at May 2017

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT										
Summary of Mineral Resources <sup>(1)</sup>					VHM assemblage <sup>(2)</sup>					
Deposit	Mineral Resource Category	Tonnage	In situ HM	THM	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	8.77	0.4	4.3	43.3	4.3	18.3	1.0	19	7.0
FUNGONI	Indicated	12.97	0.2	1.8	36.7	4.3	14.6	1.4	24	7.0
	<b>Total<sup>(3)</sup></b>	<b>21.74</b>	<b>0.6</b>	<b>2.8</b>	<b>40.7</b>	<b>4.3</b>	<b>16.9</b>	<b>1.2</b>	<b>22</b>	<b>7.0</b>

Notes:

- Mineral Resources reported at a cut-off grade of 1.0% THM
- Valuable Mineral assemblage is reported as a percentage of in situ THM content
- Appropriate rounding applied

Refer ASX announcement 2 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 6 October 2017 for full details of the Fungoni Ore Reserve statement.

**Table D** Ore Reserve Statement for Fungoni Project at October 2017

ORE RESERVES SUMMARY FOR FUNGONI PROJECT						
Deposit	Reserve Category	Ore	Slimes		Heavy Mineral	
		(Mt)	(Mt)	(%)	In Situ HM (kt)	THM (%)
FUNGONI	Proved	6.9	1.2	18	341	4.9
FUNGONI	Probable	5.4	1.0	19	138	2.6
	<b>Total*</b>	<b>12.3</b>	<b>2.3</b>	<b>19</b>	<b>480</b>	<b>3.9</b>

\*Note totals may deviate from the arithmetic sum due to rounding.

# MINERAL RESOURCES AND ORE RESERVES INFORMATION



**STRANDLINE**  
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## Tajiri Mineral Sands Project - Tanzania

**Table E** Tanga South (Tajiri) Project Mineral Resource Estimate (July 2019)

Summary of Mineral Resources (1)								THM Assemblage (2)				
Deposit	THM % cut-off	Mineral Resource Category	Tonnage	Insitu HM	THM	SLIMES	OS	Ilmenite	Zircon	Rutile	Leucoxene	Garnet
			(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
T3	1.70%	Measured	19	0.6	3.4	37	6	64	4	7	0	5
TC	1.70%	Measured	55	1.9	3.5	23	10	42	2	5	0	38
		<b>Total</b>	<b>74</b>	<b>2.5</b>	<b>3.4</b>	<b>27</b>	<b>9</b>	<b>48</b>	<b>3</b>	<b>5</b>	<b>0</b>	<b>30</b>
Tajiri T1	1.50%	Indicated	36	1.3	3.7	34	4	71	6	10	0	3
Tajiri North	1.70%	Indicated	60	1.7	2.8	47	4	75	4	6	1	1
T2	1.70%	Indicated	17	0.5	2.8	32	11	58	4	7	0	18
T3	1.70%	Indicated	3	0.1	2.8	39	4	66	5	8	1	4
T4	1.70%	Indicated	14	0.4	3.0	24	6	61	4	8	0	12
TC	1.70%	Indicated	35	1.4	4.1	27	9	46	3	6	0	36
		<b>Total</b>	<b>165</b>	<b>5.4</b>	<b>3.3</b>	<b>36</b>	<b>6</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>13</b>
Vumbi	1.70%	Inferred	29	0.9	3.0	30	12	64	4	7	1	2
		<b>Total</b>	<b>29</b>	<b>0.9</b>	<b>3.0</b>	<b>30</b>	<b>12</b>	<b>64</b>	<b>4</b>	<b>7</b>	<b>1</b>	<b>2</b>
		<b>Grand Total</b>	<b>268</b>	<b>8.8</b>	<b>3.3</b>	<b>33</b>	<b>7</b>	<b>59</b>	<b>4</b>	<b>7</b>	<b>0</b>	<b>17</b>

**Notes:**

- 1 Mineral Resources reported at various THM cut-offs
- 2 Mineral Assemblage is reported as a percentage of insitu THM content
- 3 Appropriate rounding applied

Refer to ASX announcement dated 09 July 2019 for full details of the Mineral Resource estimate for the Tajiri Project and ASX Announcement dated 07 October 2020.

## ANNEXURE C – MINERAL SANDS 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 a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cummins consents to the inclusion in this release of the matters based on the information in the form and context in which they appear. Mr Cummins is a shareholder of Strandline Resources.

### Tanga South (Tajiri) Mineral Resources

The information in this report that relates to Mineral Resources for Tanga South (Tajiri) is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australasian 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.

### Tanga South (Tajiri) Scoping Study Production Targets (No ore reserves declared)

The information in this report that relates to the production targets considered within the Scoping Study 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 Consultants Pty Ltd.

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 production targets are drawn from contributions provided by various sources as stated in the Tanga South (Tajiri) Resource announcement dated 09 July 2019.



## ***Fungoni Mineral Resources***

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, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australasian 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.

## ***Fungoni Ore Reserves***

The information in this report that relates to the Fungoni Ore Reserves are 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. Significant contributors to this report are identified in Table 5 (ASX 6/10/2017) together with their area of contribution.

## ***Coburn Mineral Resources***

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Geological Services Manager for IHC Robbins) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australasian 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 provision of the drill database, and completed the site inspection. Mr Jones is the Competent Person for the data integration and 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.

## ***Coburn Ore Reserves***

The information in this report that relates to the Coburn 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. Significant contributors to this report are identified in Table 5 (ASX announcement 16/04/2019) together with their area of contribution.

## **ANNEXURE D – 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.



## ANNEXURE E –CAUTIONARY STATEMENTS

### *Tajiri Scoping Study Cautionary Statement*

The Tajiri project Scoping Study is a preliminary technical and economic study of the potential viability of developing the project's mine and associated infrastructure. The Scoping Study is based on lower level technical and preliminary economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or certainty that the conclusions of the Scoping Study will be realised.

Approximately 90% of the total Mineral Resources for the Tajiri Project and approximately 91% of the total ore scheduled for mining in the Scoping Study for the 23.4 years is underpinned by Measured and Indicated Resources. Approximately 10% of the total Resources for the Tajiri Project and approximately 9% of the total ore scheduled for mining in the Scoping Study for the 23.4 years is underpinned by Inferred Resources in the remaining 2 years. There is a lower level of geological confidence associated with Inferred Resources and there is no certainty that further exploration work will result in the determination of further Measured or Indicated Mineral Resources or that the Production Target or preliminary economic assessment will be realised.

The Scoping Study is based on the material assumptions outlined elsewhere in this announcement. While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the potential mine development outcomes indicated in the Scoping Study, initial funding in the order of US\$125m will likely be required. Investors should note that there is no certainty that the Company will be able to raise funding when needed, however the Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the Project.

It is also possible that such funding may only be available on terms that may be dilutive to, or otherwise affect the value of the Company's existing shares. It is also possible that the Company could pursue other strategies to provide alternative funding options including project finance. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

### *Bagamoyo Exploration Target Cautionary Statement*

Strandline would caution the reader that the potential quantity and grade of the combined Exploration Target is conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource. It is also uncertain if further exploration and resource development work will result in the determination of a Mineral Resource.

### *Coburn Scoping Study Production Targets (No ore reserves declared)*

The information in this report that relates to the Mine Extension Case Scoping Study 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 Consultants Pty Ltd. 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 production targets are drawn from contributions provided by various sources as stated in the Coburn Ore Reserve announcement dated 16 April 2019.



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