ASX ANNOUNCEMENT

Quarterly Report
For The Period Ending 31 December 2016

31 January 2017

STRANDLINE
resources limited

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HIGHLIGHTS - December 2016 Quarter

Strandline gathers strategic momentum during the quarter as it ramps up activities in Tanzania.

EXPLORATION AND DEVELOPMENT

Strong progress made on Tanzanian heavy mineral sands (**HMS**) exploration, resource building and engineering feasibility activities across priority projects:

Advancement of Fungoni HMS Project to Achieve Near Term Cashflow

- 45% increase to Fungoni Mineral Resource Estimate to 16Mt @ 3.1% Total Heavy Mineral (**THM**), improved JORC classification ready for mine design and confirmed the high value assemblage characteristics of the orebody favourably positioned at surface.
- Acceleration of Fungoni definitive-level Feasibility Study targeting project Final Investment Decision (**FID**) in third quarter this year.
- Discovery of new zone of mineralisation to the immediate North West of Fungoni (titled **Fungoni NW**) with potential to materially extend global Mineral Resource - assay results pending.

Tanga Region Demonstrates Potential HMS Scale

- **Tanga South** air core **(AC)** drill results confirm potential to substantially increase contained valuable Heavy Mineral (**HM**) along the Tajiri-Pangani-Tongoni mineralised corridor through sizable extensions and delineation of new Mineral Resources - assay results pending.
- **Tanga North** geophysical and geochemical analysis from a series of radiometric anomalies at Kitambula confirms coherent mineralised zones with strong potential to grow the Mineral Resource inventory in the Tanga Region – AC drilling planned in second quarter 2017.
- Commencement of concept evaluation of **Tanga Hub Operation** based on mining a series of high grade HMS deposits along the Tanga Region tenement package.

Central and Southern Tanzania Tenements Show HMS Promise

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

CORPORATE

- Zero Debt and $2.8m cash in hand as at 31 December 2016.
- Unmarketable Parcel Share Sale Facility successfully completed.
- Several key senior level appointments made to drive project development plans.
- Improving HMS market trend with the TiO_2 pigment industry in recovery phase.

Strandline's Managing Director and CEO, Luke Graham commented, "The Company is pleased with the progress made on our priority HMS projects in Tanzania (Fungoni and Tanga) and aims to advance project development activities of these promising mining assets concurrently."

"Based on the Company's exploration and strategic successes in 2016, the Company will continue its systematic, cost effective drilling programmes across a portfolio of priority targets, focussed on rapid delineation of high value Zircon and Titanium Mineral Resources."

Exploration and Development

The Company progressed its strategic exploration and development activities in Tanzania through the December quarter. The operational activities were aimed at building known Mineral Resources and discovering new HMS mineralisation zones across priority targets, while in parallel, ramping up engineering feasibility work on the Fungoni HMS Project, near Dar es Salaam.

FUNGONI HMS PROJECT - Resource Extension and Feasibility Study

The Company continued to advance development on its low cost zircon-rich Fungoni Mineral Sands Project located near the port infrastructure of Dar es Salaam (see Figure 1).

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

- **Significant 45% increase** in Mineral Resource to **16Mt** @ 3.1% THM compared to previous estimate of 11Mt @ 3.1% THM;
- Upgraded JORC 2012 classification of Mineral Resource to **60% Measured** and **40% Indicated,** up from 100% Indicated previously;
- **42% increase** in contained HM to **480,000t** without decreasing THM grade - previous equivalent 340,000t HM;
- Confirmed the high unit value assemblage characteristics including Zircon 22%, Ilmenite 40%, Rutile 4% and Leucoxene 1%;
- Validated the very high grade zone of the mineralisation is favourably positioned **at surface** presenting a potential simple cost effective mining operation with no overburden, minor vegetation and unconsolidated sand;
- Confirmed that the mineralisation remains open in the north-west (**Fungoni NW**) where a continuous linear radiometric anomaly extends for approximately 2km (see Figure 2); and
- Drilling completed at Fungoni NW verified potential high grade mineralisation extension zone with a promising surface sample of **11.24% THM** containing **26% Zircon** – assay results pending.

The infill and extension drilling results confirmed a very high grade zircon-rich core within the Mineral Resource (continuous domains), as shown in cross section (Figure 3) and long section (Figure 4). The mineralisation shows strong geological and grade continuity along and across strike, which bodes well for mine planning and scheduling.

The previously reported Inferred resource of 3Mt @ 1.7% THM has not been included or referred to in this current updated Mineral Resource because it does not overlap with the recent drilling and is located at depths beyond this mineral resource block model.

The Mineral Resource estimation was conducted by Greg Jones from IHC-Robbins, a specialist consultant in mineral sands resources, metallurgy and processing (refer to Competent Person statement).

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

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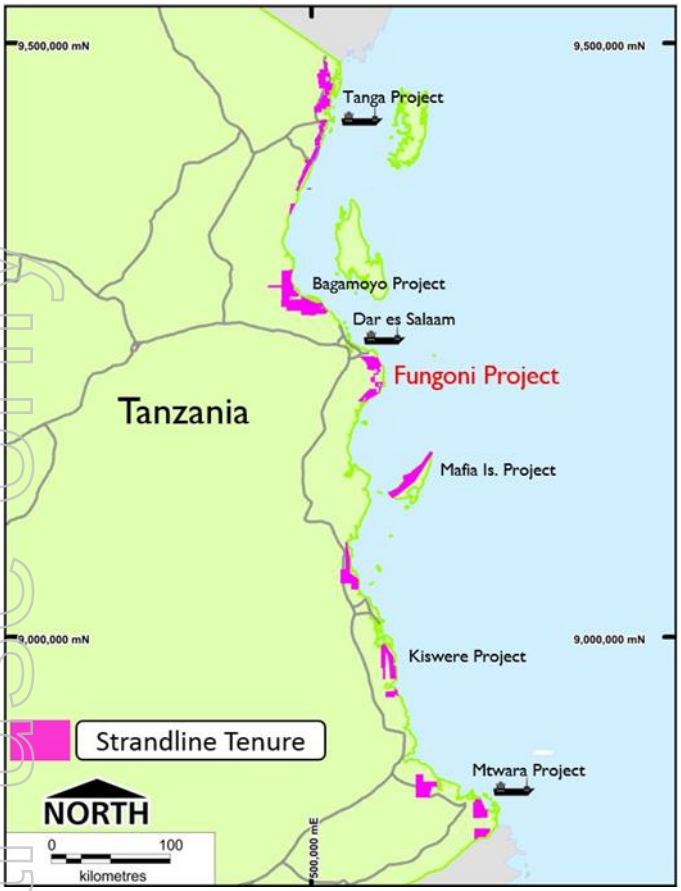


Figure 1 - Strandline holds a large tenement package strategically located along the Tanzanian Coastline

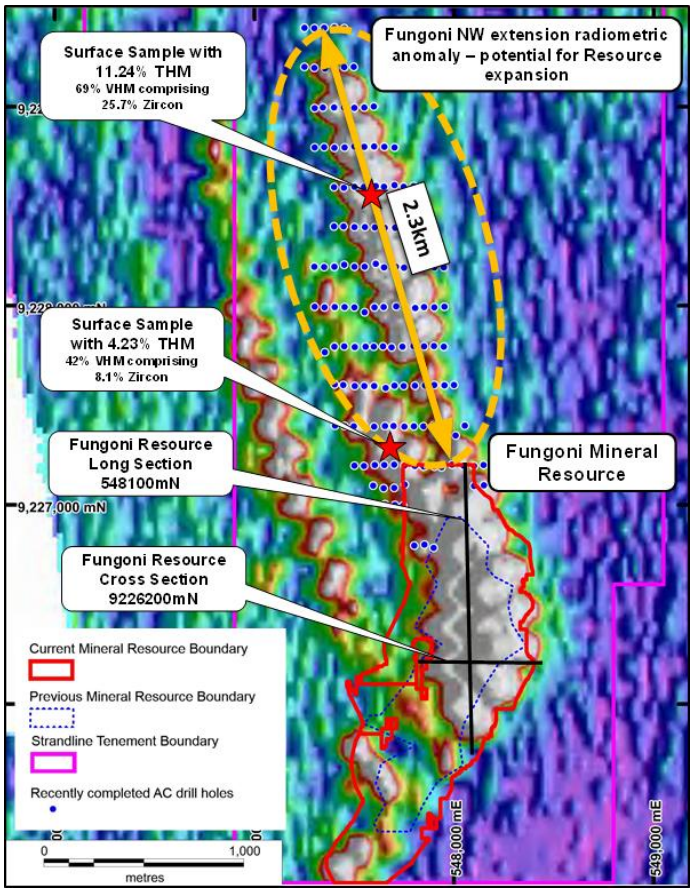
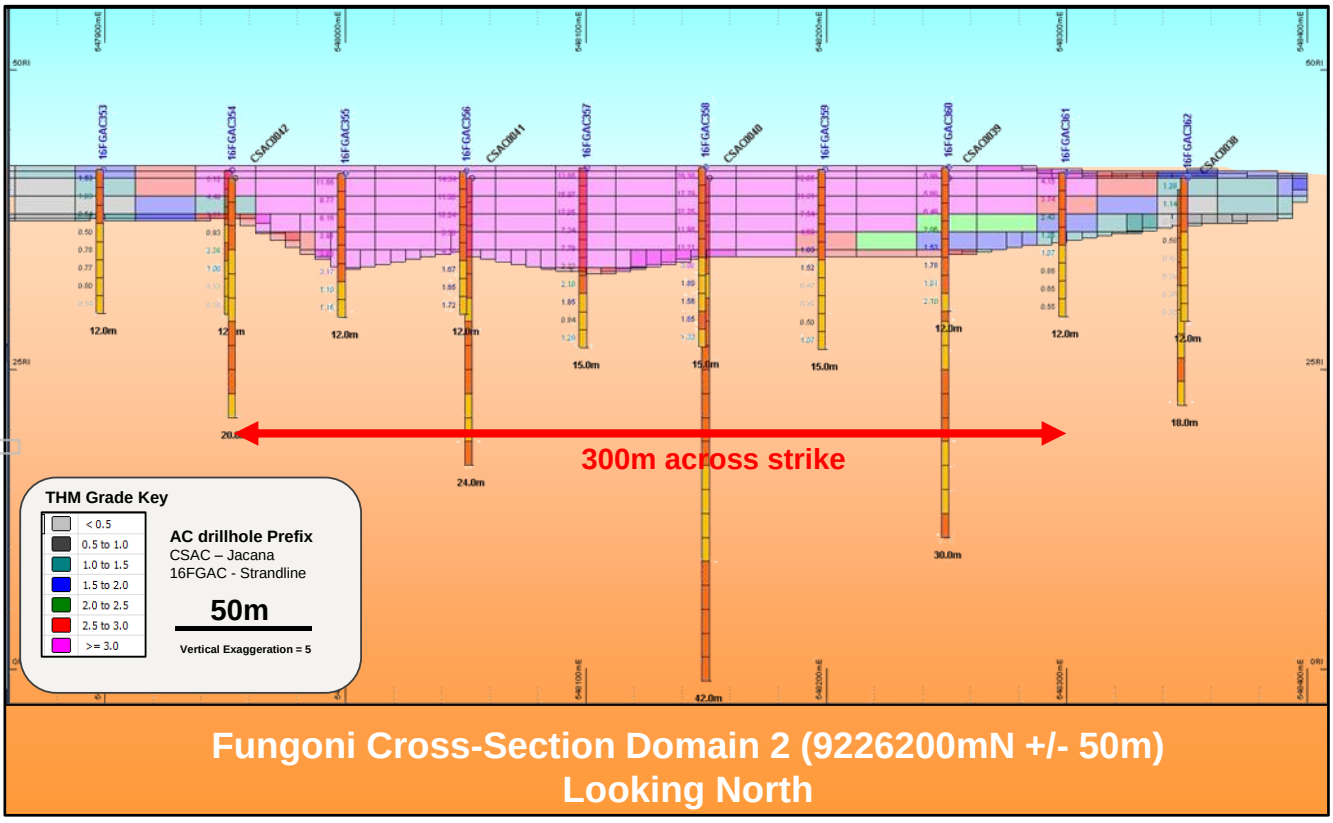


Figure 2 - Location Map of the Fungoni Mineral Resource and contiguous NW Radiometric Anomaly (titled Fungoni NW)



Fungoni Cross-Section Domain 2 (9226200mN +/- 50m)
Looking North

Figure 3 - Fungoni Cross-section (refer Figure 2 for location)

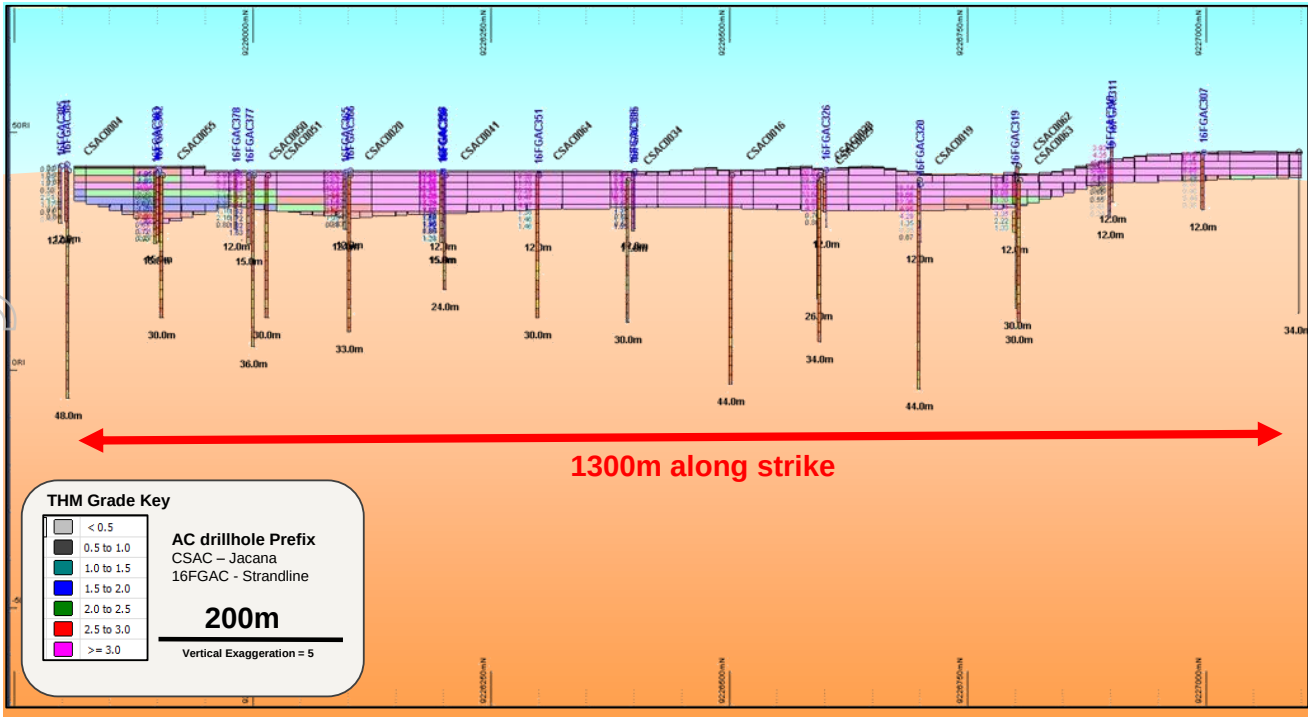


Figure 4 - Fungoni Long-section (refer Figure 2 for location)

Table 1 below displays the Mineral Resources estimated for the Fungoni Project main orebody area (not including Fungoni NW area). Importantly, the Mineral Resources are classified as **Measured** and **Indicated** and all start at surface with no, to extremely low, strip ratios.

Table 1 - Mineral Resource Statement for Fungoni at January 2017 (not including Fungoni NW)

MINERAL RESOURCE SUMMARY FOR FUNGONI PROJECT											
Summary of Mineral Resources[1]					VHM assemblage[2]						
Deposit	Mineral Resource Category	Tonnage	In situ THM	THM	Altered Ilmenite	Ilmenite	Rutile	Zircon	Leucoxene	Slimes	Oversize
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
FUNGONI	Measured	9	0.36	4.2	25	15	4	24	1	19	7
FUNGONI	Indicated	7	0.12	1.7	23	12	4	16	1	28	9
	Total[3]	16	0.48	3.1	25	15	4	22	1	23	8
(1) Mineral Resources reported at a cut-off grade of 1.0% THM											
(2) Valuable Mineral assemblage is reported as a percentage of in situ THM content											
(3) Appropriate rounding applied											
(4) The Total Mineral Resource contains approximately 19% combined kyanite and sillimanite within the trash component of the THM											

Grade tonnage curves are presented in Figures 5 and 6. Varying cut-off grades shown immediately beneath the chart and tonnage and slimes content can be read from the left hand axis (or from the numbers at the bottom). Grade in THM% can be read from the right hand axis (or from the numbers at the bottom).

Using a higher cut-off grade of 1.5% THM, the Mineral Resource represents a higher-grade contiguous portion of the orebody with **10Mt @ 4.3% THM** for **410,000** contained tonnes of **HM**.

Refer to the ASX announcement dated 16 January 2017 for full details of the Fungoni Mineral Resource Estimate.

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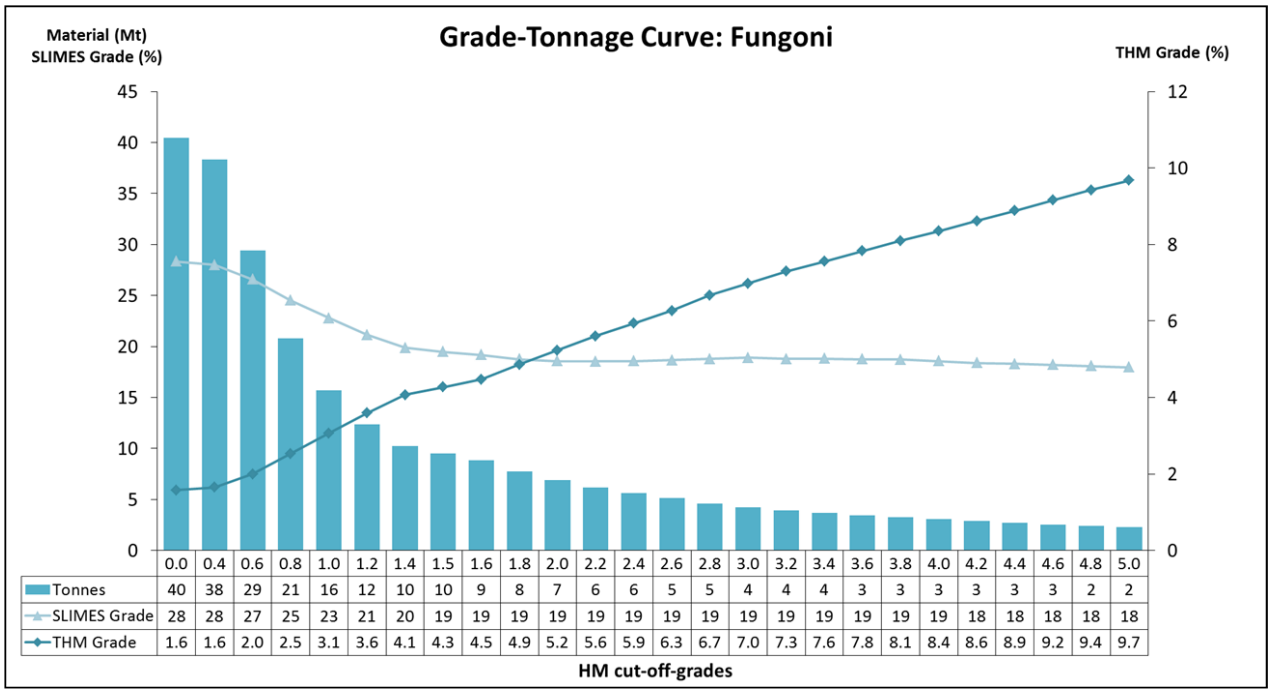


Figure 5 - Grade-tonnage curve for the Fungoni deposit (not including Fungoni NW)

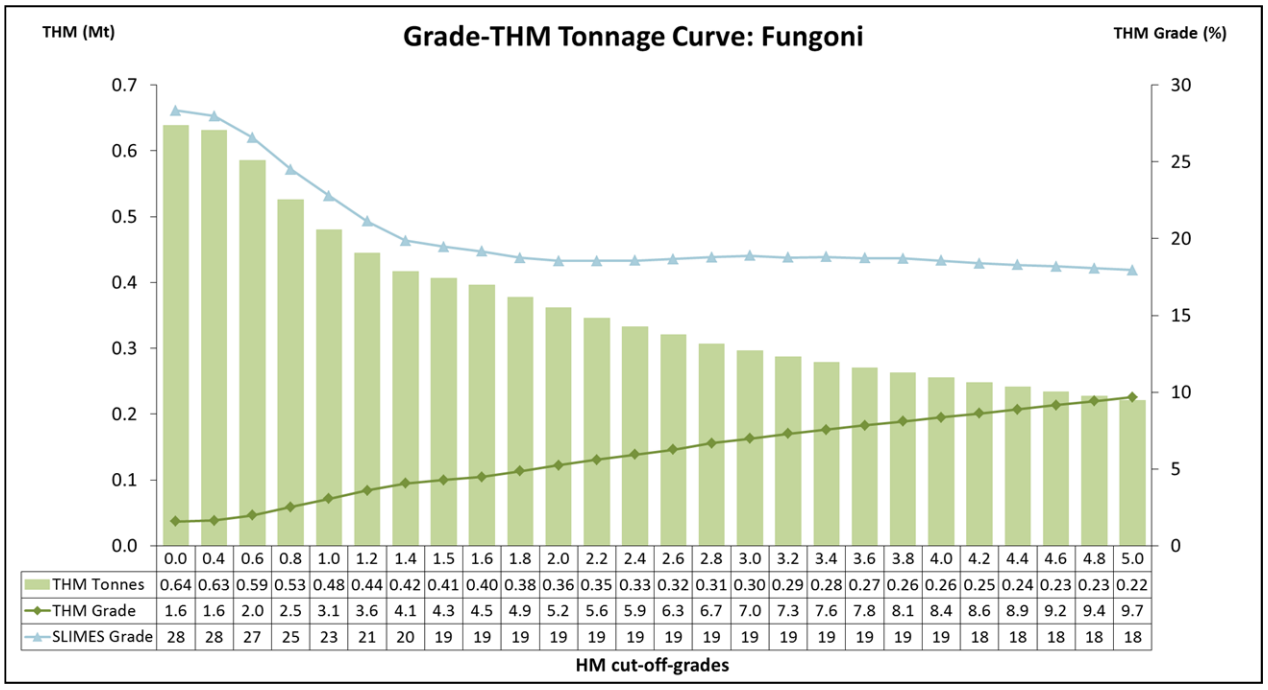


Figure 6 - Grade-THM curve for the Fungoni deposit (not including Fungoni NW)

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TANGA REGIONAL EXPLORATION – DELINEATION OF MINERAL RESOURCES

The Tanga HMS corridor, spread over 100km's of contiguous coastline, demonstrates potential HMS scale and commerciality and the Company has commenced an early concept evaluation of project development options and strategies. This includes consideration of a hub style operation in the Tanga Region based on mining a series of high grade HMS deposits along the 100% owned tenement package.

During the quarter, the Company completed the next phase of air core drilling across its **Tanga South** tenements, at Tajiri and Pangani-Tongoni, located near the port city of Tanga in the northern district of Tanzania.

Exploration was successful in generating multiple new zones of HMS mineralisation along the **Tajiri** corridor that have the potential to significantly increase the existing Mineral Resource estimates of a combined Indicated JORC classification of 59Mt @ 3.7% THM (refer Figure 8). The Company will provide an update of assay results in the coming weeks.

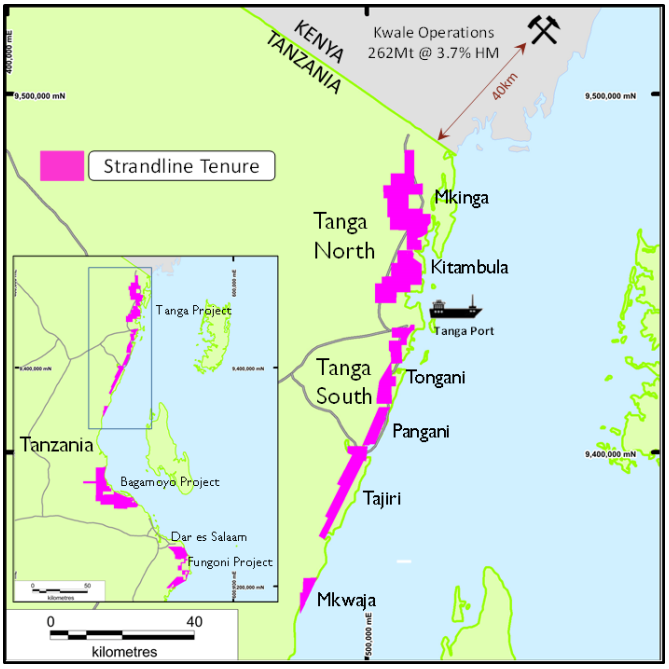


Figure 7 Strandline's significant HMS tenure position in the Tanga region, located along the northern coastline of Tanzania

Further, the maiden AC drilling campaign of the **Pangani-Tongoni** tenements has successfully discovered new large HMS zones at surface, to potentially compliment the Tajiri deposits and bolster the overall high grade inventory in the Tanga Hub area – assay results pending.

The Tajiri deposits have a high unit value assemblage of nominally 85-90% Valuable Heavy Mineral (**VHM**) containing titanium and zircon minerals, which appears to provide a nominal representation of the assemblage characteristics for the Tanga region.

These Tanga South results continued to validate the Company's exploration strategy of aggressively drilling for resource extensions in addition to screening regionally for new large high grade discoveries.

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

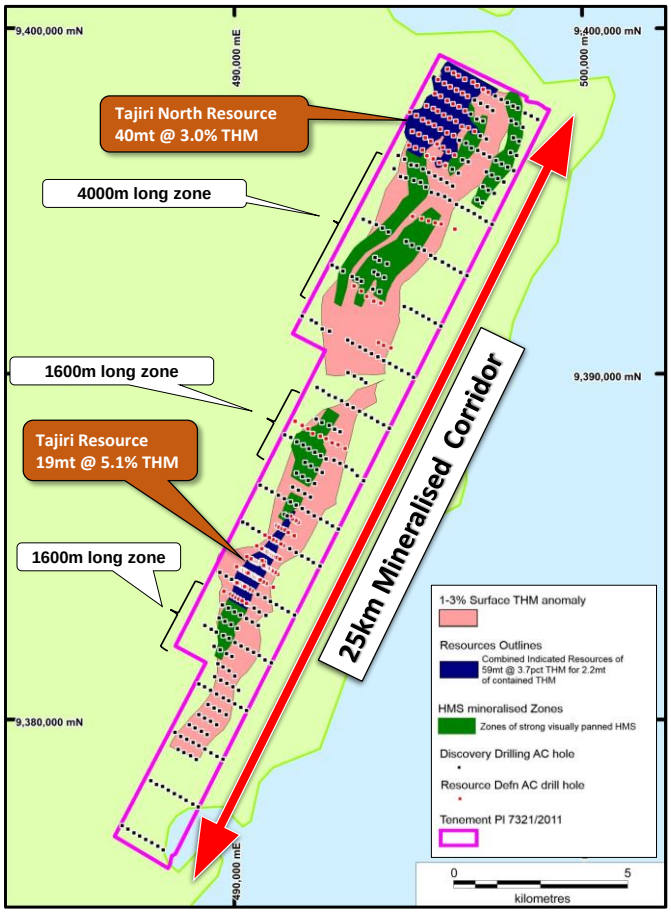


Figure 8 Tanga South Tajiri HMS Extensions Zones plus New Mineralisation Zones

The mineral assemblage and mineral chemistry data for Kitambula shows a VHM percentage averaging 85% with the high unit value minerals of rutile and zircon ranging between 10 and 15% combined. The TiO_2 deportment is generally dominated by ilmenite with the TiO_2 content more suitable to the larger sulphate ilmenite market, which is consistent with other operations in the region.

The Company is currently planning its maiden drill campaign for the Tanga North targets to be conducted in the first half of 2017.

COBURN ZIRCON PROJECT

During the quarter, Strandline continued to maintain the currency of its fully permitted 100% owned large scale zircon-rich HMS project in Western Australia through low cost strategies. The Coburn Zircon Project has a high value assemblage composition of 23% Zircon, 48% Ilmenite, 7% Rutile and 5% Leucoxene.

The HMS market trend shows signs of improvement with the TiO_2 pigment industry in recovery phase, which is encouraging for the sector in general. The Coburn Zircon Project is leveraged to an improving HMS commodity market and the Company continued to evaluate and solicit external interest in the Project with a view to realising value for this advanced asset over the longer term.

FOWLERS BAY NICKEL-GOLD PROJECT

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

During the quarter, Western Areas continued to work towards the completion of the Stage 1 earn-in on Strandline's ground. WSA completed the heritage clearance surveys for the planned stratigraphic drilling within the Yalata Aboriginal Reserve. Drilling is planned to be carried out during Q1 2017.

The Western Gawler region is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these is the initial objective of the exploration activities. The results from the early phase of exploration are very encouraging, with the identification of olivine gabbro-norite intrusive rocks and geochemical anomalism in a number of areas. The results confirm the initial observations regarding the prospectivity of the Western Gawler region for intrusive related nickel, copper and gold mineralisation. These types of mafic intrusives are well known for hosting significant nickel and copper orebodies in western and central Australia, including Nova-Bollinger and Nebo-Babel.

Corporate

During the quarter, the Company commenced an Unmarketable Parcel Share Sale Facility (**Facility**) for shareholders that had a market parcel value of less than A$500 ("Unmarketable Parcels"). The final number of shares eligible to be sold under the Facility was 37,401,986 ordinary shares from 3,936 shareholders. The shares were sold to Ndovu Capital VII B.V (**Ndovu**) (part of the Tembo Capital private equity fund group). Ndovu now holds 30.69% of the issued shares in the Company. Shareholders received a price of 0.8 cents per share. This initiative has reduced ongoing administration costs for the Company and aids in positioning the Company for growth.

As at 31 December, the Company has zero debt and held cash reserves of $2.8 million with 2,571,447,074 fully paid ordinary shares on issue.

The Company made several key senior level appointments to drive project development plans, including Project Director (Development) and Tanzania based In-country Management Representative.

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Key Activities Planned for the March Quarter

During the March quarter, Strandline intends to continue to exploit its dominant land position in Tanzania and progress the following key exploration and development activities:

- Definitive level engineering feasibility work on the Fungoni HMS Project including progressing the mining study, bulk metallurgical testwork, process flow sheet design, regulatory approvals and mine-to-market logistics reviews;
- Processing and interpretation of assay results from drilling completed at the Fungoni NW extension zone and the Tanga South (Tajiri, Pangani and Tongoni) prospect areas;
- Progress internal concept level evaluation of the potential for a Tanga Hub Operation;
- Reconnaissance work on the Company's most prospective target areas to identify drill targets for next season's drill programme to start in the second quarter 2017; and
- Stratigraphic drilling at the Fowlers Bay Project by Western Areas.

The results of these programmes, along with work undertaken by Western Areas on the Fowlers Bay Project, will be released to the market as they become available.

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About Strandline

Strandline Resources Limited (ASX: STA) is a Tanzanian-focused mineral sands developer positioned within the world's major zircon and titanium producing corridor in South East Africa. Strandline has a dominant mineral sands position with a series of 100% owned projects spread along 350km of the Tanzanian coastline.

Strandline's strategy is to own and operate quality, low cost, expandable mining assets with market differentiation. Leveraging off the exploration success of 2016, the Company's focus is to continue its aggressive exploration and development strategy to progress economically attractive projects based on high unit value titanium and zircon products.

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Mineral Resource Estimate Data

Table 2 Tanga South Project Mineral Resource Estimate (April 2016)

MINERAL RESOURCE SUMMARY FOR TANGA SOUTH PROJECT										
Summary of Mineral Resources[1]					THM assemblage[2]					
Deposit	**Mineral Resource Category**	**Tonnage**	**In situ THM**	**THM**	**Ilmenite**	**Rutile**	**Zircon**	**Leucoxene**	**Slimes**	**Oversize**
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Tajiri	Indicated	19	1.0	5.1	65	12	6	6	34	3
Tajiri North	Indicated	40	1.2	3.0	70	7	5	2	52	3
	Total[3]	**59**	**2.2**	**3.7**	**68**	**10**	**5**	**4**	**46**	**3**
(1) Mineral Resources reported at a cut-off grade of 1.7% THM										
(2) Mineral assemblage is reported as a percentage of in situ THM content										
(3) Appropriate rounding applied										

Refer to the ASX announcement dated 4 April 2016 for full details of the Mineral Resource estimate for the Tanga South Project.

Table 3 Coburn Zircon Project Ore Reserve Estimate (January 2010)

ORE RESERVES SUMMARY FOR COBURN ZIRCON PROJECT								
Summary of Ore Resources[1]					HM assemblage[2]			
Deposit	**Reserve Category**	**Tonnage**	**Contained HM**	**HM Grade**	**Zircon**	**Ilmenite**	**Rutile**	**Leucoxene**
		(Mt)	(Mt)	(%)	(%)	(%)	(%)	(%)
Amy Pit A	Proven	53	0.7	1.3	24	46	5	6
Amy Pits B-E	Probable	255	3.1	1.2	23	48	7	4
	Total[3]	**308**	**3.8**	**1.2**	23	48	7	5
(1) Cut-off grade applied is 0.8% HM								
(2) Mineral assemblage is reported as a percentage of total HM content. Slimes average 2.7% of the ore and oversize 3.3%.								
(3) Appropriate rounding applied								

Table 4 Coburn Zircon Project Mineral Resource Estimate (January 2010)

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

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

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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 Dr Mark Alvin, Exploration Manager and a full time employee of Strandline and Mr Brendan Cummins, Chief Geologist and a part-time employee of Strandline. Dr Alvin is a Member of The Australasian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and they both have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which has been undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Alvin and Mr Cummins consent to the inclusion in this release of the matters based on the information in the form and context in which they appear. Both Mr Alvin and Mr Cummins are shareholders of Strandline Resources.

The information in this report that relates to Mineral Resources for Fungoni is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, an employee of IHC-Robbins and Consultant to Strandline and Mr Brendan Cummins (Chief Geologist and part-time employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the mineral resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information in this report that relates to Mineral Resources for Tanga South is based on, and fairly represents, information and supporting documentation prepared by Mr Greg Jones, (Consultant to Strandline and Principal with GNJ Consulting) and Mr Brendan Cummins (Chief Geologist and employee of Strandline). Mr Jones is a member of the Australian Institute of Mining and Metallurgy and Mr Cummins is a member of the Australian Institute of Geoscientists and both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Cummins is the Competent Person for the drill database, geological model interpretation and completed the site inspection. Mr Jones is the Competent Person for the resource estimation. Mr Jones and Mr Cummins consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

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.

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