

ASX ANNOUNCEMENT

22 April 2015



STRANDLINE

resources limited

ABN 32 090 603 642

Company Facts

Strandline Resources (ASX: STA) - Exposure to major 'construction ready' Coburn Heavy Mineral Sands Project in Western Australia and emerging country-wide exploration play in Tanzania, within a major mineral sands producing corridor

Key projects:

- Tanzanian Heavy Mineral Sands Exploration Projects (100%)
- Coburn Heavy Mineral Sands Project, WA (100%)
- Mt Gunson Copper Exploration Project, SA (100%)
- Mt Gunson MG14/Windabout Copper-Cobalt-Silver Development Project, SA (100%)
- Fowlers Bay Nickel Project, SA (100%) – Western Areas Earning In

Company Directors

Michael Folwell

Non-Executive Chairman

Richard Hill

Managing Director

Didier Murcia

Non-Executive Director

Investor Enquiries

Warrick Hazeldine

Cannings Purple

E: whazeldine@canningspurple.com.au

T: +61 (0) 417 944 616

STRANDLINE EMERGING AS THE MINERAL SANDS POWERHOUSE OF TANZANIA

Highlights

- Strandline has executed a Binding Heads of Agreement (HOA) to acquire a subsidiary of Jacana Minerals Limited (Jacana), the Tanzanian mineral sands focussed explorer spun out of ASX listed Syrah Resources Limited (Syrah) in 2014;
- Through this acquisition of Jacana's Tanzanian assets, Strandline has now secured one of the last underexplored pieces of the East African mineral sands producing corridor, a corridor which boasts over 10 major operating mineral sands mines and deposits;
- Strandline will be better funded and have a more diversified, world class portfolio of projects;
- The acquisition will create a strong mineral sands house, characterised by a:
 - World Class Board and Management Team (ex-Iluka, Rio Tinto, Syrah);
 - 100% owned ~3,500km² Tanzanian exploration package within world's major mineral sands producing corridor (neighbours Rio Tinto Limited, Kenmare Resources plc, Base Resources Limited);
 - 100% owned construction ready Coburn HMS Project in Western Australia; and
- Strandline is combining forces with Jacana at the bottom of the price cycle to create a strong mineral sands house that is significantly leveraged to Asia's transformation into a consumer-driven economy (which is expected to have positive implications for mineral sands products).

Strandline Resources Limited (Strandline, the Company) is pleased to advise that it has executed a Binding Heads of Agreement (HOA) to acquire a 100% interest in a subsidiary of Jacana Minerals Limited (Jacana), the Tanzanian mineral sands focussed explorer spun out of ASX listed Syrah Resources Limited (Syrah) in 2014 (the Acquisition).

Upon completion of the Acquisition, Strandline will not only be better funded but also hold the dominant mineral sands exploration position in Tanzania, the last underexplored piece of the East African mineral sands producing corridor.

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Commenting on the Acquisition, Strandline's Managing Director, Richard Hill, said: "Strandline has secured an excellent opportunity to combine with the assets and team of Jacana to build a serious mineral sands player."

The Acquisition will see Strandline augment an already strong mineral sands portfolio and become better funded for our exciting future. This puts Strandline in a very envious position for future exploration success, and for any majors wanting entry into the last underexplored piece of the East African coastline."

About Jacana Minerals Limited and its subsidiary Jacana Resources Tanzania (JRT)

Jacana was spun out of Syrah in October 2014 and now owns the Tanzanian assets that Syrah held. Syrah is focussing on its industry-leading Balama graphite and vanadium in Mozambique.

Jacana is selling JRT which controls Jacana's exploration assets, all of which are located in Tanzania (see Figure 1). These include high potential, underexplored, advanced exploration projects and an Indicated Resource, as well as large areas of well-located unexplored ground. In addition, JRT has strong graphite, nickel and coal prospects.



Figure 1. Dominant Mineral Sands Position in Tanzania

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The strongest prospects include the rutile-rich Tanga North prospect, the high grade areas south of Tanga (Tongani and Tajiri) and the zircon-rich Indicated Resource at Fungoni. All of these prospects, and the surrounding exploration areas, need more drilling to assess their large, high-grade potential.

Jacana is planning to distribute the Strandline shares that it receives in the transaction to Jacana shareholders at a rate of approximately 5 Strandline shares for every 1 Jacana share owned. This distribution will be subject to Jacana shareholder approval.

Terms of the Acquisition

Under the HOA to complete the Acquisition, Strandline will purchase and acquire from Jacana, who will sell and transfer to Strandline, all fully paid ordinary shares in Jacana's wholly owned-subsiary (JRT) and cash of approximately \$1.5 million, on the completion date, in return for the issue of 500,385,220 fully paid ordinary shares in Strandline (Acquisition Shares).

The Acquisition is subject to a number of conditions including:

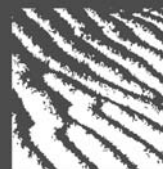
- (a) confirmation from ASX that the Acquisition is not a transaction that will require Strandline to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules;
- (b) the approval of Strandline's shareholders at a general meeting being obtained in relation to the Acquisition as follows:
 - o under ASX Listing Rule 7.1 for the issue of the Acquisition Shares;
 - o under ASX Listing Rule 11.1.2, if required by ASX, for possible change of scale activities; and
 - o under item 7 of section 611 of the Corporations Act for Jacana acquiring a relevant interest of in excess of 20% in Strandline as a result of the Acquisition;
- (c) all Tanzanian regulatory and governmental approvals being obtained for the Acquisition;
- (d) each party being reasonably satisfied with due diligence investigations in relation to the other; and
- (e) no material adverse change occurring in relation to Jacana, JRT or STA in the period from the date of signing of the HOA and completion of the Acquisition.

The outstanding conditions are expected to be satisfied or waived by mid-June 2015 to allow for Acquisition completion (see **General Meeting of Strandline Shareholders and Indicative Timetable** below).

The intention is for Jacana to distribute the Acquisition Shares as soon as possible to its shareholders, none of whom will hold more than 7.8% in the enlarged Strandline. In relation to this, a waiver has been sought in respect of the technical application of the escrow provisions of ASX Listing Rule 9.1.3 for the period in which Jacana holds the Acquisition Shares.

Upon completion of the Acquisition, it is proposed that Jacana will appoint two non-executive directors to the board of Strandline, being the exceptionally well regarded Tom Eadie and Mark Hanlon.

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Tom Eadie is the Executive Chairman of Jacana Minerals Limited after leaving his previous role as Non-Executive Chairman of Syrah Resources. He also serves as the Chairman of Copper Strike, an ASX-listed exploration company. Prior to his work with Syrah, Tom had 30 years' experience within the junior resources sector and at technical to Senior Executive levels with major mining companies including Pasmaenco, Aberfoyle Resources and Cominco. At Pasmaenco he held the role of Executive General Manager (Exploration & Technology) for 11 years. At Aberfoyle, he began as Chief Geophysicist, later taking charge of all mineral sands and base metal exploration. Tom is a past board member of the Australasian Institute of Mining and Metallurgy and of the Australian Mineral Industry Research Association.

Mark Hanlon is a Non-Executive Director of Jacana Minerals Limited and has over 10 years of experience in the resources and resource services sector. He also has over 10 years experience in commercial and merchant banking. Mark's broad senior executive background includes experience across a wide range of industries: mining, mining services, electricity distribution, electronics contract manufacturing, paper and packaging and insurance. Most recently Mark served as Finance Director of ENK plc and previously held the position of CFO (or equivalent) with listed companies such as Century Drilling and International Contract Manufacturing Limited. Currently he is Director of Rusina Mining NL and Company Secretary of VU Group Pty Ltd.

General Meeting of Strandline Shareholders and Indicative Timetable

Strandline will convene a general meeting of shareholders to approve, amongst other matters, the Acquisition.

The anticipated timetable for completion of the Acquisition is set out below:

Event	Indicative Date*
Announcement of Acquisition	Wednesday, 22 April 2015
Dispatch of Notice of Meeting seeking approval for the Acquisition	Friday, 15 May 2015
General Meeting to approve Acquisition	Wednesday 17 June 2015
Settlement of Acquisition	Friday 19 June 2015

*The above timetable is indicative only and may be varied

Conference Call

The management of Strandline and Jacana invites you to a conference call at 1pm AWST (3:00pm AEST) on Wednesday 22nd April 2015 to discuss the proposed transaction.

Australian Toll Free: 1800 123 296 **Australian Toll Number:** +61 2 8038 5221 **Conference ID:** 31994737

For further information, please contact:

Cannings Purple

Andrew Rowell/Warrick Hazeldine

Phone: +61 (0) 8 6314 6300

Email: arowell@canningspurple.com.au

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APPENDIX 1. BINDING HEADS OF AGREEMENT – KEY TERMS

As indicated in this announcement, Strandline will purchase and acquire from Jacana, who will sell and transfer to Strandline, all fully paid ordinary shares in JRT and gross cash of approximately \$1.5 million, on the completion date, in return for the issue of 500,385,220 fully paid ordinary shares in Strandline.

The key terms of the HOA, other than as described in the body of the announcement, include:

- Jacana ensuring that the Tenements are kept in good standing and not incurring any new expenditure in relation to the Tenements without Strandline consent;
- a cash balance of at least \$900,000, net of all liabilities in JRT at Completion;
- Standstill provision, whereby Jacana will not acquire a Relevant Interest in any shares in Strandline;
- neither party directly or indirectly procuring or entering into a Competing Proposal unless the Competing Proposal may reasonably be expected to lead to a transaction that is more favourable to that party's shareholders;
- the provision of a \$100,000 break fee to a respective party if the other party enters into a Competing Proposal;
- Jacana not to transfer, amend or encumber any Tenement or do any thing to cause a breach of obligations under the Tenement;
- the parties being entitled to terminate if either fails to satisfy any of the Conditions for which it is responsible, a Material Adverse Change occurs or upon the acceptance of a Competing Proposal; and
- the parties entering into a formal Sale and Purchase Agreement which will supersede the HOA.

If it would be more beneficial to implement the Acquisition by means of an alternative structure (so a similar outcome is achieved), the parties will use all reasonable endeavours and act in good faith to achieve and/or incorporate such alternative structure.