



STRANDLINE
resources limited

**INTERIM
FINANCIAL
REPORT**

for the
half year ended
31 December 2022

ABN 32 090 603 642

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Didier Marcel Murcia	Independent Non-Executive Chair
Luke Edward Graham	Managing Director and CEO
Peter Richard Watson	Non-Executive Director
John Russell Hodder	Non-Executive Director
Mark David Hancock	Independent Non-Executive Director
Alexandra Clare Atkins	Independent Non-Executive Director
James Peter Chialo	Alternate Director (Alternate to Alexandra Atkins)

COMPANY SECRETARY

Flavio Lino Garofalo (Joint Company Secretary)
Jamie Michael Cann (Joint Company Secretary)

REGISTERED AND PRINCIPAL OFFICE

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Perth, Western Australia 6000

Tel: (61 8) 9226 3130

Fax: (61 8) 9485 2070

Email: enquiries@strandline.com.au

POSTAL ADDRESS

PO Box 7127
Cloisters Square PO, Western Australia, 6850

WEBSITE

www.strandline.com.au

COUNTRY OF INCORPORATION

Strandline Resources Limited is domiciled and incorporated in Australia

AUDITORS

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2,
5 Spring Street
Perth, Western Australia 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 11, 172 St George's Terrace
Perth, Western Australia 6000

Tel: (61 8) 9323 2000

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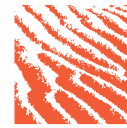
HOME STOCK EXCHANGE

Australian Securities Exchange Limited

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

ASX CODE

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DIRECTORS' REPORT



The Directors of Strandline Resources Limited (“**Strandline**” or “the **Company**”) submit the Financial Report on the Consolidated Entity (“the **Group**”) consisting of Strandline Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The names of the Company’s directors in office during or since the end of the half year are:

Name	Particulars
Didier Marcel Murcia	Independent Non-Executive Chair
Luke Edward Graham	Managing Director & Chief Executive Officer
Peter Richard Watson	Non-Executive Director
John Russell Hodder	Non-Executive Director
Mark David Hancock	Independent Non-Executive Director
Alexandra Clare Atkins	Independent Non-Executive Director
James Peter Chialo	Alternate Director (Alternate to Alexandra Atkins)
Ernest Thomas Eadie	Independent Non-Executive Director (resigned 1 July 2022)

Principal activities

The principal activity of the Company during the half-year was the construction and commissioning of the Coburn mineral sands project in Western Australia, Australia and mineral project development, exploration and evaluation of mineral sands projects in Tanzania.

Review of operations

MINERAL SANDS PROJECTS - AUSTRALIA

Coburn Mineral Sands Project - Australia

Strandline commenced commercial production at its 100%-owned Coburn mineral sands project in Western Australia on the 18 November 2022. Construction commenced in May 2021 and reached ~99% completion by the end of December 2022, with ramp-up of the Wet Concentration Plant (WCP) now well underway.

Other key project milestones completed during the half year included:

- Commencement of mining operations in the northern area of Coburn deposit (in the east and central pits) with mining starting from surface.
- Completion of the first shipment of Heavy Mineral Concentrate (HMC) product (6,800t wet) from the WCP in December 2022 and subsequent shipments in January and February 2023 of 8,600t and 10,000t respectively.
- Construction of the downstream Mineral Separation Plant (MSP) was substantially complete at the half-year end, with commissioning and ramp-up of the MSP to progress in the second half of the financial year.
- Completion of a A\$15m Working Capital Facility with National Australia Bank for the project.





The key operational focus remains on increasing production throughput of the WCP towards design rates, improving plant availability and optimizing product recoveries. While ramp up of the WCP continues, commissioning teams remain focused in preparation for the commissioning of the downstream MSP.

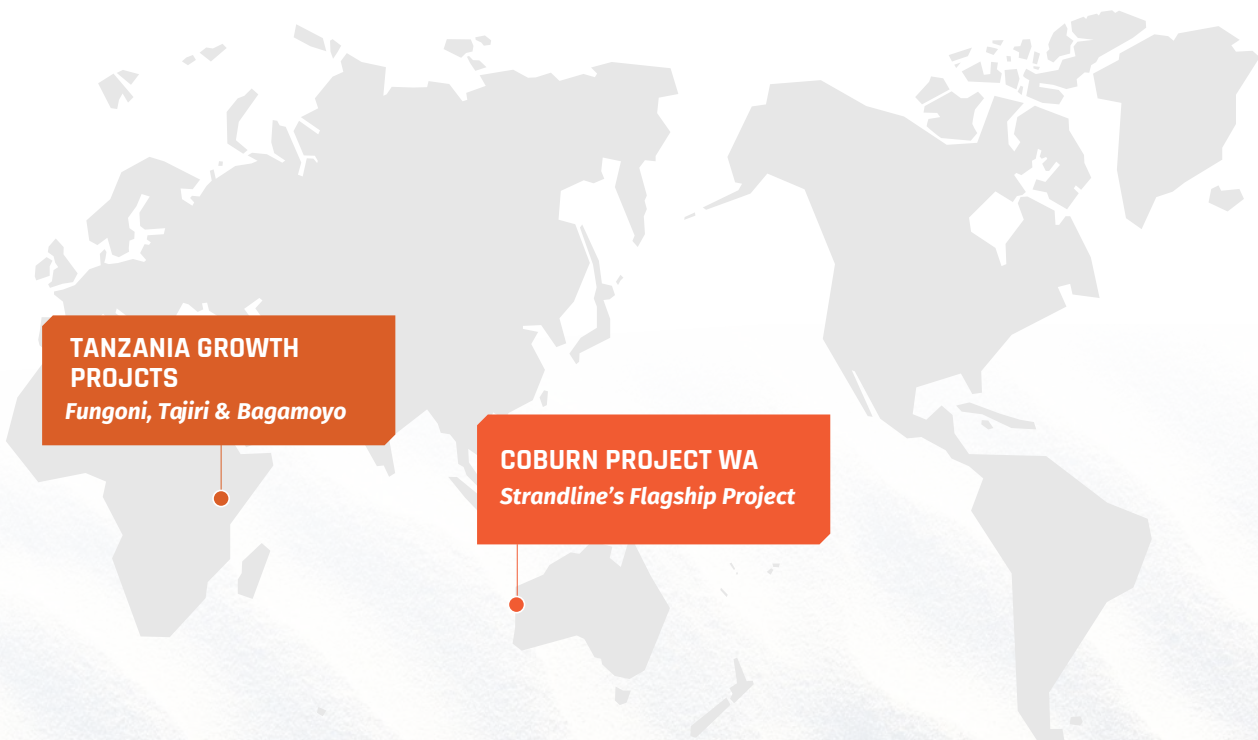
During the December quarter, the Company continued early scoping study activities on the potential to increase the planned production rate by up to 50 per cent. The production increase would be aimed at enabling Coburn to capitalise further on its world-class resource, long mine life, high mineral sands prices and strong demand for offtake among leading customers in the US, Europe, and China.

Any expansion is expected to be funded out of future Coburn cashflow and leverage significantly off Coburn's infrastructure, especially the inherent design capacity within the processing plant circuitry.

MINERAL SANDS PROJECTS - TANZANIA

Strandline owns multiple major mineral sands growth projects along the highly prospective coastline of Tanzania, including the Fungoni and Tajiri projects, and a series of exploration assets. Strandline and the Government of Tanzania (GNT) have signed a binding Framework Agreement under which they established a joint venture entity named Nyati Mineral Sands Ltd (Nyati).

The Framework Agreement outlines the key joint venture ownership and operating terms for the development of the advanced Fungoni mineral sands project near the port of Dar es Salaam and the Company's other emerging Tanzanian mineral sands assets. Strandline is the operator of Nyati and owns 84%, with the GNT obtaining a 16% non-dilutable free-carried interest in accordance with Tanzanian law.



TANZANIA GROWTH PROJECTS
Fungoni, Tajiri & Bagamoyo

COBURN PROJECT WA
Strandline's Flagship Project

DIRECTORS' REPORT



During the half-year, the Fungoni mining licence was granted to Nyati by the Tanzanian Ministry of Minerals Mining Commission in accordance with the Framework Agreement. Work continued on granting the remaining project assets, licences and permits into Nyati from Strandline's other Tanzanian subsidiaries. The Company also received Government approval for the Fungoni valuation schedules relating to land access and compensation of Project Affected People (PAP).

Strandline-Nyati is now focusing on finalising several other key government-related approvals and authorisations, as well as completing the necessary technical, financial and legal workstreams required for a final investment and development decision.

During the half-year, Strandline-Nyati completed an update to the Resettlement Action Plan (RAP) for the Tajiri mineral sands project and submitted the RAP to the Government for approval as part of the Special Mining License (SML) application.

Financial

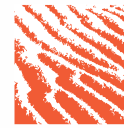
The Group incurred a loss after tax for the half-year of \$8.8 million (31 December 2021: \$2.2 million). During the half year, the majority of expenditure was incurred on project development and site construction on the Coburn Project. Key expenses incurring during the period were \$6.5 million cost of goods sold (31 December 2021: nil) and \$6.8 million from administration and corporate expenses (31 December: 2021: \$1.8 million). The Group's net asset position as of 31 December 2022 was \$169.5 million (30 June 2022: \$174.8 million). The Company's consolidated cash was A\$66.7 million as at 31 December 2022 (30 June 2022: \$119.6 million) and Strandline held listed investments of 0.79 million shares in Coda Minerals Limited, valued at A\$0.2 million.

Coburn Resources Pty Ltd (a 100%-owned subsidiary of Strandline) reached Financial Close on the Coburn's senior finance facilities (total of ~A\$230m) in the previous year, which enabled loan drawdowns to progress on the Coburn project. The final loan drawdowns have been completed in accordance with the Coburn Project development plan, with A\$130m fully drawn under the NAIF facility and US\$60m fully drawn under the Bond Facility.

As part of the original project finance structure and approvals, a working capital tranche was included to stand alongside the NAIF and Bond facilities. During the half-year, a A\$15 million working capital facility was approved by NAB with finance documents also completed during the period (ready for drawdown). The working capital facility is a 12-month revolving cash advance facility, senior secured and subject to customary conditions precedent for a facility of this nature. There were no drawdowns of the working capital facility during the half-year.

During the half-year, the Company issued 7,500,000 fully paid ordinary shares through the conversion of unlisted options. A total of A\$1.8m was raised through the conversion of 3,500,000 unlisted options at \$0.22 each into fully paid ordinary shares and 4,000,000 unlisted options at \$0.26 each into fully paid ordinary shares. The Company issued 2,546,108 fully paid ordinary shares issued in accordance with the Long-Term Incentive Plan and 2,663,985 fully paid ordinary shares issued in accordance with the Short-Term Incentive Plan. A summary of the Company securities is detailed in the following table.





Class of securities	Number
Fully paid ordinary shares	1,252,888,665
Unlisted performance rights expiring 15/08/23	5,496,388
Unlisted performance rights expiring 15/08/24	6,144,958
Unlisted Options – expiring 28/11/2023 and exercisable at \$0.26 per option	2,500,000
Unlisted Options – expiring 30/11/2023 and exercisable at \$0.30 per option	3,000,000

Auditors' independence declaration

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

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

On behalf of the Directors

Luke Graham
MANAGING DIRECTOR

28 February 2023
Perth, Western Australia

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.



AUDITOR'S INDEPENDENCE DECLARATION



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Australia

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

As lead auditor for the review of Strandline Resources Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Strandline Resources Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2023

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.

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FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 \$	31 December 2021 \$
Sales revenue	2	6,508,247	-
Cost of sales	3	(6,515,522)	-
Interest income		360,090	28,816
Corporate and administrative expenses		(6,840,610)	(1,803,610)
Exploration and evaluation expenditure written off	5	(174,529)	(121,688)
Depreciation expense		(158,727)	(65,614)
Share based payment expense		(2,010,999)	(1,013,583)
Other Income		1,282,345	471,687
Net foreign exchange gain/(loss)		(1,242,562)	319,539
Operating loss before financing costs and income tax		(8,792,267)	(2,184,453)
Finance costs		-	-
Loss before income tax		(8,792,267)	(2,184,453)
Income tax expense		-	-
Loss after income tax for the period		(8,792,267)	(2,184,453)
Other comprehensive income			
Items that will not be re-classified to profit or loss			
Fair value of equity investments at fair value through other comprehensive income		(212,245)	(230,666)
Items that may be re-classified to profit or loss			
Exchange differences arising on translation of foreign operations		(7,935)	(427,912)
Other comprehensive loss for the period, net of income tax		(220,180)	(658,578)
Total comprehensive loss for the period		(9,012,447)	(2,843,031)
Loss attributable to			
Owners of Strandline Resources Limited		(8,985,384)	(2,843,031)
Non-controlling interests		(27,063)	-
		(9,012,447)	(2,843,031)
		Cents per share	Cents per share
Loss per share			
Basic and diluted loss per share (cents per share)		(0.71)	(0.34)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022



STRANDLINE
resources limited

	Notes	31 December 2022 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents		66,653,817	119,645,087
Restricted Cash		-	7,953,906
Inventories	4	4,473,315	-
Other current assets		2,456,593	4,235,939
Total Current Assets		73,583,725	131,834,932
Non-Current Assets			
Prepayments		521,459	773,737
Property, plant and equipment		801,869	730,205
Exploration and evaluation expenditure	5	5,066,557	5,266,518
Other receivables		85,270	56,633
Right of Use Asset	6	32,188,352	2,064,862
Mine properties	7	302,371,210	237,902,388
Financial assets		198,375	210,629
Total Non-Current Assets		341,233,092	247,004,972
TOTAL ASSETS		414,816,817	378,839,904
Current Liabilities			
Trade and other payables		22,223,863	33,759,888
Lease liabilities	9	93,521	541,543
Borrowings	8	5,126,777	185,504
Provisions		605,026	459,933
Total Current Liabilities		28,049,187	34,946,868
Non-Current Liabilities			
Lease liabilities	9	27,542,267	1,542,413
Borrowings	8	182,322,785	163,097,767
Provisions		7,332,904	4,491,734
Total Non-Current Liabilities		217,197,956	169,131,914
TOTAL LIABILITIES		245,247,143	204,078,782
NET ASSETS		169,569,674	174,761,122
Equity			
Contributed equity	10	269,288,982	265,311,043
Reserves		4,567,465	4,944,585
Accumulated losses		(104,226,416)	(95,461,212)
Equity attributable to owners of the parent		169,630,031	174,794,416
Non-controlling interests		(60,357)	(33,294)
TOTAL EQUITY		169,569,674	174,761,122

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

CONSOLIDATED STATEMENT CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Contributed Equity	Share based payments reserve	Re-valuation Reserve	Foreign currency translation reserve	Non- Controlling Interest	Accumulated losses	Total
Balance on 1 July 2021	216,387,823	2,873,616	1,241,829	545,674	-	(86,376,582)	134,672,360
Comprehensive income for the period							
Loss for the period	-	-	-	-	-	(2,184,453)	(2,184,453)
Re-valuation investments	-	-	(230,666)	-	-	-	(230,666)
Foreign currency translation difference for foreign operation	-	-	-	(427,912)	-	-	(427,912)
Total comprehensive loss for the period	-	-	(230,666)	(427,912)	-	(2,184,453)	(2,843,031)
Issue of ordinary shares	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Option Conversion	724,729	(94,729)	-	-	-	-	630,000
Option Vesting	-	528,000	-	-	-	-	528,000
Recognition of share- based payments	251,818	233,765	-	-	-	-	485,583
Performance rights vested into shares	446,673	(446,673)	-	-	-	-	-
Balance at 31 Dec 2021	217,811,043	3,093,979	1,011,163	117,762	-	(88,561,035)	133,472,912
Balance on 1 July 2022	265,311,043	3,881,438	613,723	449,424	(33,294)	(95,461,212)	174,761,122
Comprehensive income for the period							
Loss for the period	-	-	-	-	(27,063)	(8,765,204)	(8,792,267)
Re-valuation investments	-	-	(7,935)	-	-	-	(7,935)
Foreign currency translation difference for foreign operation	-	-	-	(212,245)	-	-	(212,245)
Total comprehensive loss for the period	-	-	(7,935)	(212,245)	(27,063)	(8,765,204)	(9,012,447)
Issue of ordinary shares	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-
Option conversion	2,192,929	(382,929)	-	-	-	-	1,810,000
Recognition of share- based payments	1,252,073	758,926	-	-	-	-	2,010,999
Performance rights vested into shares	532,937	(532,937)	-	-	-	-	-
Balance at 31 Dec 2022	269,288,982	3,724,498	605,788	237,179	(60,357)	(104,226,416)	169,569,674

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022



STRANDLINE
resources limited

	Notes	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities			
Receipts from customers		6,508,247	-
Cash receipts from tax receivable		2,514,220	2,694,743
Payments in the course of operations		(9,852,565)	(3,731,765)
Payments for exploration and evaluation expenditure		(174,356)	(862,368)
Research and development grant received		1,280,962	471,687
Interest received		360,091	28,816
Net cash inflow/outflow from operating activities		636,599	(1,398,887)
Cash flows from investing activities			
Payments for property, plant and equipment		(81,873)	(80,152)
Payments for mine development		(79,025,804)	(112,957,265)
Net cash outflow from investing activities		(79,107,677)	(113,037,417)
Cash flows from financing activities			
Proceeds from conversion of Options		1,810,000	630,000
Proceeds from borrowings		24,157,941	59,226,351
Payments of lease liabilities		(498,426)	(524,388)
Cash received from escrow		-	5,800,480
Net cash inflow provided by financing activities		25,469,515	65,132,444
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		119,645,087	110,601,769
Effects of foreign exchange movement on opening cash balance		10,293	(93,575)
Cash and cash equivalents at the end of the period		66,653,817	61,204,333

Non-cash investing and financing activities disclosure in other notes.

- The company has recognised the acquisition of right of use assets as disclosed in Note 6.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1. Basis of preparation

a) Reporting Entity

Strandline Resources Limited is a company domiciled in Australia. This consolidated half-year financial statements comprise the Company and its subsidiaries (together referred to as the Group). The Group is primarily involved in the exploration and development of heavy mineral sands resources.

b) Statement of compliance

The consolidated half-year financial statements are a general purpose financial statement prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by Strandline Resources Limited during the half-year period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

c) Basis of preparation

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

d) Adoption of new and revised Accounting Standards

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for inventory and revenue. The Group has adopted all of the new or amended accounting standards or interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new or amended standards has not resulted in any change to the entity's accounting policies. Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

e) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies 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.

2. Sales revenue

	31 December 2022 \$	31 December 2021 \$
Revenue from Contracts with Customers	6,508,247	-
<i>Timing of Revenue Recognition</i>		
At a point in time	6,508,247	-
Over-time	-	-
	6,508,247	-

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer at the point in time when the customer obtains control of the goods. The timing of the transfer of control varies depending on the individual terms of the sales agreement.

Generally, for the Company, this is based on free-on-board (“FOB”) sales where transfer of control passes at port of origin or cost, insurance, and freight (“CIF”) sales where control passes at port of destination. Sales revenue comprises gross revenue earned from the provision of product to customers. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in pricing, assay, weight, and moisture content between the time of delivery and the time of final settlement of sales proceeds. Current period revenue from contracts with customers has resulted from the sale of Heavy Mineral Concentrate (HMC) with a single external customer.

3. Cost of sales

	31 December 2022 \$	31 December 2021 \$
Mine Operating costs	11,812,888	-
Changes in inventories of concentrate and finished goods	(5,297,366)	-
	6,515,522	-

The cost of producing the goods sold is in the inventory value of each tonne of finished product sold. All production is added to inventory at cost, which includes direct costs and depreciation and amortisation. The inventory value recognised as cost of goods sold for each tonne of finished product sold is the weighted average value per tonne for the stockpile from which the product is sold.

Inventory movement represents the movement in balance sheet inventory stockpiles, including the non-cash depreciation and amortisation components and movement in the net realisable value adjustments.

4. Inventories

	31 December 2022 \$	30 June 2022 \$
Heavy mineral concentrate and intermediate stockpiles – at cost	3,482,697	-
Stores and consumables at cost	990,618	-
	4,473,315	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

4. Inventories (cont'd)

Inventories require certain estimates and assumptions most notably in regard to grade, volume, and density. Inventories of heavy mineral concentrate are valued at the lower of an average weighted cost and net realisable value (NRV). Cost comprises direct costs and an appropriate proportion of fixed and variable expenditure including depreciation and amortisation. Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. NRV is the estimated selling price in the ordinary course of business less the estimated costs of production and the cost to complete the sale, NRV tests are performed at each reporting date.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, and the estimated recovery percentage. Stockpile tonnages are verified to periodic surveys. In relation to non-current stockpiles, the expected timing of processing, estimated future sales price, estimated processing costs and the discount rate applied requires significant management estimation. Such estimates and assumptions may change as new information becomes available and could impact on the carrying value of inventories.

5. Exploration and Evaluation Expenditure

	31 December 2022 \$	30 June 2022 \$
Carried forward exploration and evaluation expenditure	5,266,518	5,374,320
Exploration and Evaluation expense	(174,529)	-
Exploration and evaluation expenditure	575,406	792,323
Transfer to Mine Properties under Development	(400,875)	(792,323)
Foreign exchange movement	(199,963)	(107,802)
	5,066,557	5,266,518

At 31 December 2022, there were no indicators of impairment present.

6. Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

	31 December 2022 \$	30 June 2022 \$
Right of Use Asset	34,529,343	3,281,208
Accumulated Depreciation	(2,340,991)	(1,216,346)
	32,188,352	2,064,862

7. Mine properties

	31 December 2022 \$	30 June 2022 \$
Mine properties under construction		
Balance at the beginning of the period	237,902,388	31,137,428
Movements for the period:		
Mine development expenditure	59,582,206	241,955,073
Government Loan	1,618,378	(38,451,892)
Transfer from Exploration	400,875	792,323
Rehabilitation	2,867,363	2,469,456
	302,371,210	237,902,388

Assets pledged as security

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

Government Grant

As disclosed in Note 8, as part of the financing of the Coburn Mineral Sands Project, NAIF provided a A\$150 million facility. No principal repayments are scheduled on this facility until the earlier of March 2028 or 3 months after the Bond or any Bond refinancing is repaid. Thereafter, quarterly principal repayments continue for a period of 7 years and 9 months. The interest rate on this facility was deemed to be a below market rate and in accordance with the government grant accounting standard, the NAIF loan has been recognised at fair value with the difference between the fair value and carrying value recognised as a government grant. The fair value of the loan was determined by estimating repayment dates of the principal in accordance with the facility agreement and utilising an interest rate of 10% which was determined to be a comparable rate for a facility with comparable terms to the NAIF facility.

Mines under construction

Mines under construction are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised exploration and evaluation expenditure in respect of the area of interest, direct costs of construction, an appropriate allocation of overheads and where applicable borrowing costs capitalised during construction. Once mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production or an appropriate class of property, plant and equipment.

Deferred stripping costs represent certain mining costs, principally those that relate to the stripping of waste, which provides access so that future economically recoverable ore can be mined. Stripping (i.e. overburden and other waste removal) costs incurred in the production phase of a surface mine are capitalised to the extent that they improve access to an identified component of the ore body and are subsequently amortised on a systematic basis over the expected useful life of the identified component of the ore body. Capitalised stripping costs are disclosed as a component of Mine Properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

7. Mine properties (cont'd)

Production Start Date

The Group assesses the stage of each mine under construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under construction' to 'Mines in production'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate,
- Completion of a reasonable period of testing of the mine plant and equipment,
- Ability to produce metal in saleable form (within specifications),
- Ability to sustain ongoing production of metal, and
- Positive cash flow position from operations.

8. Borrowings

	31 December 2022 \$	30 June 2022 \$
Current Borrowings		
Chattel Mortgage – PPE	5,126,777	185,504
Non-Current Borrowing		
Chattel Mortgage – PPE	595,414	454,290
NAIF Facility	93,166,485	75,548,108
Nordic Bond Facility	88,560,886	87,095,369
	182,322,785	163,097,767

Bond Facility - US\$60m

- 5 year tenor with a maturity date of 20 March 2026
- No amortisation until March 2024, then quarterly amortisation of USD 4.25 million from 20 March 2024 to 20 June 2025, then amortisation of USD 2.25 million at 20 September 2025 and 20 December 2025. 50% bullet at the Maturity Date
- Strandline may buy back the debt on-market at any time or redeem the bonds early (subject to make whole payments and call premia depending on the time of the prepayment)
- Conditions precedent to drawdown are customary for a loan facility of this nature, aligning with the NAIF loan facility, including but not limited to, completion of security documentation, Strandline contributing project equity and satisfaction of cost to complete test for each draw down
- Financial covenants are customary for a loan facility of this nature, aligning with the NAIF loan facility, comprising a Debt Service Cover Ratio, Loan Life Cover Ratio, Reserve Tail Ratio and minimum unrestricted cash balance requirement
- To be listed on Oslo Børs, or other regulated markets within 12 months
- Governing law is Norwegian law for Bond terms and Australian law for security package
- Comprehensive senior security package over assets and rights of Coburn project, pari passu with the NAIF loan facility
- US\$60m (A88.8m at AUD:USD 0.6775 as at 31 December 2022)
- Fully drawn at the end of the half year

8. Borrowings (cont'd)

NAIF Facility - A\$150m

- Up to 15 year tenor with no principal repayments until the earlier of March 2028 or 3 months after the Bond or any Bond refinancing is repaid. Thereafter, quarterly principal repayments continue for a period of 7 years and 9 months. Additional sweep of a portion of available excess cashflow will also apply under certain circumstances.
- First NAIF Loan Tranche: Up to A\$130 million towards the construction of Coburn's core mine process and non-process infrastructure
- Second NAIF Loan Tranche: Up to A\$20 million for an airstrip and potential future northern access road linking the project more directly to the Denham community in Shark Bay (subject to feasibility assessment, permitting and approvals)
- Comprehensive senior security package over assets and rights of Coburn project, pari passu with the Bond financing
- First Tranche fully drawn at the end of the half year

NAB Facility - A\$15m

- 12 month revolving facility for Coburn project operations
- Comprehensive senior security package over assets and rights of the Coburn project, pari passu with the NAIF and Bond financing
- No drawdowns were completed for the half year

9. Leases

Judgement is required when assessing whether a contract is or contains a lease at inception by assessing whether the group has the right to direct the use of the identified asset and obtain substantially all the economic benefit from the use of that asset.

The Group has entered into a mining services agreement for the mining operations at the Coburn Mineral Sands Project. The Group completed an assessment under AASB 16 Leases which concluded that the mining services agreement did not contain a lease on the basis that the mining contractor controls the mining equipment and directs the relevant activities of the assets. Consequently, the costs associated with this agreement will be accounted for, as incurred.

The Group has entered into a power supply and maintenance agreement for the Coburn Mineral Sands Project. The Group completed an assessment under AASB 16 Leases which concluded that the agreement did contain a lease on the basis that the power supply is designed, and the operations is controlled by the Coburn mine power requirements. Consequently, the costs associated with this agreement have been accounted for, as a lease.

	31 December 2022 \$	30 June 2022 \$
Non-Current Lease Liabilities		
Lease Liability	93,521	541,543
Current Lease Liabilities		
Lease Liability	27,542,267	1,542,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

10. Contributed equity

Issued 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.

	31 December 2022 \$	30 June 2022 \$
1,252,888,665 fully paid ordinary shares (30 June 2022: 1,240,178,572)	269,288,982	265,311,043

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

	31 December 2022		30 June 2022	
	No.	\$	No.	\$
Balance at beginning of period	1,240,178,572	265,311,043	1,116,182,549	216,387,824
Shares Issued under STI arrangements	2,663,985	1,252,073	1,259,093	251,819
Shares Issued on Option Conversion	7,500,000	2,192,929	3,500,000	724,729
Shares Issued on vesting of performance rights	2,546,108	532,937	2,957,860	446,671
Placement & Entitlement Offer - Institutional	-	-	116,279,070	50,000,000
Share issue Costs	-	-	-	(2,500,000)
Balance at end of period	1,252,888,665	269,288,982	1,240,178,572	265,311,043

Movements in performance rights during the period

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

	31 December 2022 No.	30 June 2022 No.
Balance at beginning of the period	17,487,657	13,649,528
Issued during the period	- ¹	10,434,998
Vested during the period	(2,546,108)	(2,957,860)
Expired during the period	(3,300,203)	(3,639,009)
Balance at end of the period	11,641,346	17,487,657

¹ During the period 2,396,542 performance rights were approved for issue Luke Graham as per the Company Long Term Incentive Plan but have not been issued as at the reporting date.

10. Contributed equity (cont'd)

Movements in share options during the period

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

	31 December 2022		30 June 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	13,000,000	0.25	10,500,000	0.22
Granted during the period	-	-	6,000,000	0.28
Exercised during the period	(7,500,000)	0.24	(3,500,000)	0.21
Balance at end of the period	5,500,000	0.28	13,000,000	0.25
Exercisable at end of the period	5,500,000	0.28	13,000,000	0.25

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.

A total of 2,396,542 performance rights were granted during the period to KMP's.

Number granted during 2023	Number granted during 2022	Number granted during 2021	Number granted during 2020	Total number granted	Grant date	Expiry date	Fair value at grant date \$ per right	Vesting conditions
2,396,542				2,396,542	14/10/2022	14/10/2025	0.370	Tranche 10
-	4,048,841			4,048,841	16/12/2021	15/08/2024	0.266	Tranche 9
-	2,379,261			2,379,261	08/12/2021	15/08/2024	0.266	Tranche 9
-	4,006,896			4,006,896	16/12/2021	15/08/2023	0.257	Tranche 8
-	-	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
2,396,542	10,434,998	4,426,512	6,014,324	23,272,376				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

10. Contributed equity (cont'd)

The details are as follows:

Tranches 1 – 10:

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:

- (a) **Category A TSR performance:** If the Company's TSR is at/or below the 50th percentile of the peer group of companies' TSR, no PRs will vest.
- (b) **Category B TSR performance:** If the Company's TSR ranks above the 50th percentile of the peer group of companies' TSR, 50% of the PRs will vest.
- (c) **Category C TSR performance:** For each 1% ranking at or above the 51st percentile of the peer group of companies' TSR, an additional 2% of the PRs will vest (up to a maximum of 100%, which vest at or above the 75th percentile).

Tranche 1-5 : relate to previously vested performance rights

Tranche 6 Period: 1 July 2020 – 30 June 2023

Tranche 7 Period: 1 July 2020 – 30 June 2022

Tranche 8 Period: 1 July 2021 – 30 June 2023

Tranche 9 Period: 1 July 2021 – 30 June 2024

Tranche 10 Period: 1 July 2022 – 30 June 2025

Recognition of share-based transactions

	31 December 2022 \$	30 June 2022 \$
Share options	-	528,000
Performance rights	758,926	1,021,224
Total share-based payments recognised in reserves	758,926	1,549,224
STI/LTI Shares Issued in Share Capital	1,252,073	251,819
Total share based payments expense recognised in the profit or loss	2,010,999	1,801,043

11. Contingencies

On the 18th December 2022 TMM Group (Operations) Pty Ltd, a subsidiary of Macmahon Holdings (ASX: MAH) initiated legal proceedings in the Supreme Court of Western Australia against Strandline's subsidiary Coburn Resources Pty Ltd claiming that Coburn owes TMM in the order of \$13.5 million and recovery of the amounts of two bonds drawn down by Coburn at a value of \$1,195,000 each. The company intends to defend the matter, and will be advancing its own counterclaims for damages and is currently of the view that there is no probable outflow of future economic benefits.

The Group is subject to contractual arrangements as a result of the development of the Coburn mineral sands project. Occasionally contractual disputes arise relating to commercial contracts. The Group currently has claims in progress, however it is not possible to estimate the financial effects of these claims should they be successful. At the date of this report, the Group has assessed the possibility of any net outflow of economic benefits, in relation to these matters, which have not already been provided for in this report, as being unlikely. The Directors are not aware of any other contingent liabilities as at 31 December 2022 (30 June 2022: \$nil).

12. Related Party Transactions

Transactions with key management personnel

Details of key management personnel compensation are disclosed in the Directors' Report section contained within the 2022 Annual Report. Disclosure of key management personnel equity holdings is set out in the Remuneration Report contained within the Director's Report section of the 2022 Annual Report. Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2022 Annual Financial Report. Key management personnel continue to receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

During the period 352,775 fully paid ordinary shares were issued to Mr Luke Graham as per the Company Short Term Incentive Plan and 383,330 fully paid ordinary shares were issued to Mr Flavio Garofalo as per the Short Term Incentive plan. During the period 2,396,542 performance rights were approved for issue and 1,558,348 fully paid ordinary shares were issued to Mr Luke Graham as per the Company Long Term Incentive Plan and 572,965 fully paid ordinary shares were issued to Mr Flavio Garofalo as per the Long Term Incentive plan.

Other Transactions

Mr. Didier Murcia, Non-Executive Chair, is a chair of the legal firm, Murcia Pestell Hillard. Fees totalling \$10,120 was paid to Murcia Pestell Hillard for work completed on various legal matters (31 Dec 21: \$28,918). All transactions related to the services were based on normal commercial terms.

13. Dividends

No dividends were paid or declared for the half-year ended 31 December 2022 and the Directors have not recommended the payment of a dividend.

14. Segment information

The Group operates in one business segment, namely the mineral mining and development industry. AASB 8 'Operating Segments' states that similar operating segments can be aggregated to form one reportable segment. Also, based on the quantitative thresholds included in AASB 8, there is only one reportable segment, namely the mineral mining and development industry. However, none of the other operating segments currently meet any of the prescribed quantitative thresholds and as such do not have to be reported separately.

Strandline Resources Limited has therefore decided to aggregate all its operating segments into one reportable operating segment. The revenues and results of this segment are those of the Group as a whole and are set out in the statement of profit or loss and other comprehensive income including exploration and evaluation assets in Australia and Tanzania.

	31 Dec 2022 Revenue and Other Income \$	31 Dec 2022 Non-Current Assets \$	30 Jun 2022 Revenue \$	30 June 2022 Non-Current Assets \$
Australia	8,150,682	336,166,533	528,324	240,792,210
Tanzania	-	5,066,557	-	6,212,762
	8,150,682	341,233,090	528,324	247,004,972

15. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

In the Directors' opinion:

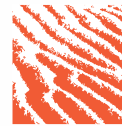
1. the consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Luke Graham
MANAGING DIRECTOR

28 February 2023
Perth, Western Australia



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Strandline Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Strandline Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

¹
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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'Dean Just', is written below the printed name.

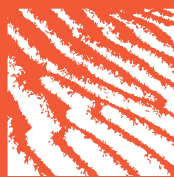
Dean Just

Director

Perth, 28 February 2023



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