STRANDLINE RESOURCES LIMITED

EL 29553 Gosse 5

Second Annual Report on Exploration Activities

for the period

19 February 2014 to 18 February 2015

Distribution:
1 NTDR
2 File: PRO T1-S1 (without Appendix 1)

B CUMMINS
February 2015

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1 SUMMARY

Exploration Licence 29553 was granted to the Company effective 19 February 2013, to replace EL 23947, which had expired on 12 May 2012.

Gunson Resources changed its name to Strandline Resources ("Strandline") on 2 December 2015. See attached ASX Certificate of Registration on Change of Name, Appendix 1.

Although the new Licence had a year 1 covenant of $190,000 versus the Benchmark Minimum of $10,900, expenditure of this magnitude was not possible during the year because of the severe shortage of risk capital for junior mineral explorers and the Company's low cash balance.

The Company applied to the Northern Territory Geological Survey (NTGS) CORE co-funding program for a total of $98,780 which would go towards the total budgeted cost of the drill program estimated to be $220,000. The proposal was finalised in April 2014 and comprised two diamond holes at 250m each for a total of 500m core. The NTGS considered the application and on the 29 May, 2014 notified Strandline that the Company was successful and awarded a contribution of $49,390. However due to a lack of funds to complete the proposed diamond drilling program, the Company had to decline the offer.

2 INTRODUCTION

EL 29553 is located some 68 km east of Tennant Creek and approximately 32 km east of the Gosse River (Figure 1). Access from Tennant Creek is via Peko Road, then Black Cat and Gosse River roads to the river crossing near the southern boundary of Tennant Creek Station. Once across the river, a track along the southern side of the east-west trending southern boundary fence of Tennant Creek Station is followed for a distance of 15 km, before heading south for 3.7 km, then ESE for another 7.5 km to the western side of the tenement.

This report covers exploration work completed during the second year of EL 29553, which was well below budget due to the extreme difficulty in raising funds for exploration in 2014.

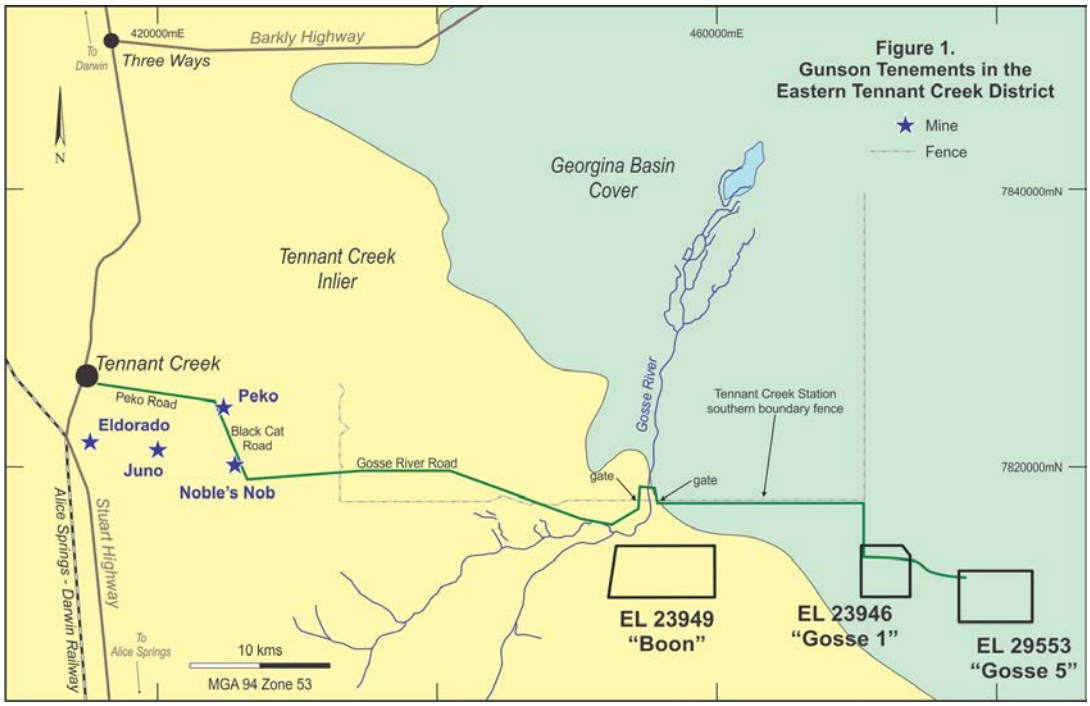

Figure 1 Strandline Tenements in the Eastern Tennant Creek District

3 REGIONAL SETTING

The tenement lies within the western margin of the Georgina Basin (Figure 1), where the younger, probably Cambrian, sedimentary cover is approximately 90 metres thick, overlying much older Paleoproterozoic basement rocks which the Company believes to be potential host units for gold-copper mineralisation. No outcrops of the target Paleoproterozoic rocks which underlie the Georgina Basin cover occur on EL 29553, although a vertical diamond drill hole, TCD 1, drilled on previous EL 23947 granted to the Company in May 2004, intersected Paleoproterozoic basement from 93.1 m in May 2010 (Figure 2). The basement in hole TCD 1 is believed to be part of the Volcanic Lithofacies of the Yungkulungu Formation, which unconformably overlies the Warramunga Formation, host to all the known gold-copper deposits in the Tennant Creek district.

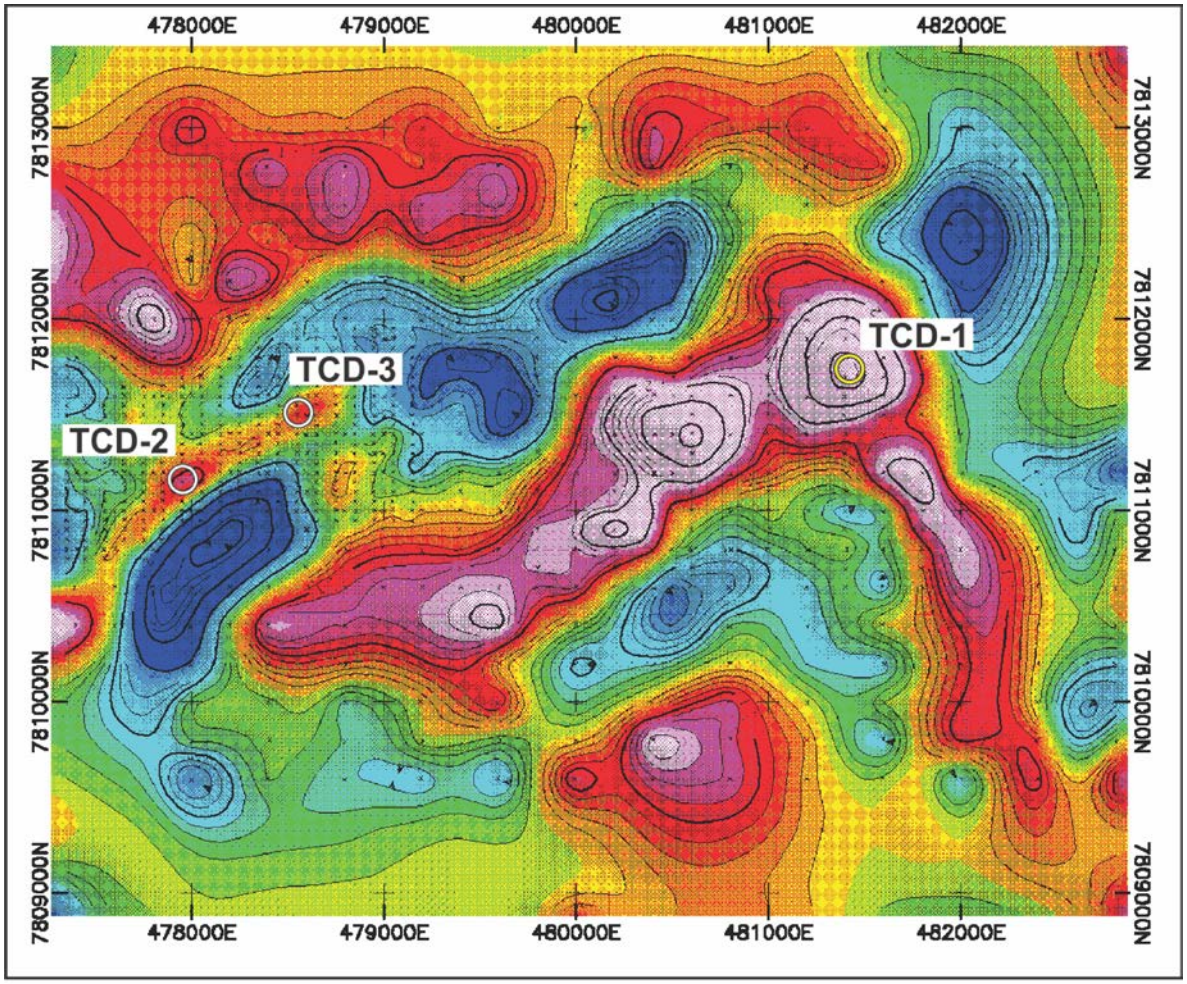

Figure 2. Residual Gravity Map of EL 29553 with Previous (TCD-1) and Proposed Drilling (TCD-2 and TCD-3)

However, zircon age dating described by Maidment et al (2013) suggests that the Tennant Event gold-copper mineralisation between 1850-1845 million years (m.y.) was emplaced contemporaneous with or shortly after the last stages of Warramunga Formation deposition. As the published date of the Yungkulungu Formation Volcanic Lithofacies is 1849± 5 m.y. (Smith, 2001), there is an appreciable overlap in this date with the main Tennant Event and its associated gold-copper mineralisation.

4 PREVIOUS EXPLORATION

Prior to 2004 no mineral exploration is recorded at this locaility. From 2004 to early 2010, exploration carried out comprised desktop geological and geophysical data analysis and reconnaissance to detailed gravity geophysical surveys.

The emphasis on gravity is based on the Company's exploration model, which is a variation of the model for Tennant Creek style iron oxide associated gold-copper deposits where the dominant iron oxide host is hematite rather than magnetite. This means that, as in the Stuart Shelf geological province of South Australia, the magnetic expression of the deposit may be weak.

The Strandline detailed gravity survey revealed a boomerang-shaped residual gravity ridge some 5 km long, with a sharp bend about 3.5 km from its western tip (Figure 2). The bend was selected as a drill target, on the assumption that it may represent a dilatational zone in a hematite-rich ironstone favourable for iron oxide associated copper-gold mineralisation. There was no associated magnetic response.

Vertical diamond drill hole TCD 1 commenced on 3 May 2010 and was stopped in basement rocks at 330 m on 18 May 2010. Above 93.1 m, the lithologies intersected consisted of clays and silicified limestones interpreted to form part of the Cambrian Gum Creek Formation. From 93.1 m, the lithology consisted of variously altered felsic to more mafic volcanic rocks interpreted to be part of the Palaeoproterozoic Yungkulungu Formation, a younger rock sequence than the Warramunga Formation, host to all of the significant Tennant Creek iron oxide associated gold-copper deposits (Skirrow, 2000) Minor hematite veining and brecciation of the basement felsic volcanic rocks was noted. There was no explanation for the gravity anomaly in the core and a subsequent review by the Company's consulting geophysicist concluded that the gravity anomaly may be caused by a basement ridge..

Geochemical and geophysical analysis of the TCD 1 core did not reveal any significant assays or high specific gravity results that would explain the gravity anomaly. However, some spikes in the Pb profile probably reflect sparsely disseminated galena.

For the reasons stated in section 5 below, volcanic rocks of the Yungkulungu Formation are considered to be equally favourable host rocks to the Warramunga Formation.

5 WORK COMPLETED DURING YEAR 2

During the past 12 months the Company has not been in a financial position to undertake any additional on ground exploration work apart from a desktop review of the work completed to date and drafting the Co-funding drilling request document for the NTGS.

The Company had previously refined the geophysical case for testing the 1.2 km long gravity-magnetic geophysical anomaly some 3.6 km west of TCD 1 (Figure 2). The geophysical work comprised reinterpretation of gravity data collected in 2010, the results of which are shown in Figure 3.

As shown on Figure 3, two vertical diamond drill holes, TCD 2 and 3, were proposed to test the geophysical anomaly, which is thought to represent a NE trending fault zone containing the iron oxides hematite and magnetite.

The Company applied to the Northern Territory Geological Survey (NTGS) CORE co-funding program for a total of $98,780 which would go towards the total budgeted cost of the drill program estimated to be $220,000. The proposal was finalised in April 2014 and comprised two diamond holes at 250m each for a total of 500m core. The NTGS considered the application and on the 29 May, 2014 notified Strandline that the Company was successful and awarded a contribution of $49,390. However due to a lack of funds for an exploration drill budget the Company had to decline the offer.

6 EXPENDITURE SUMMARY *(Excluding GST)*

6.1 YEAR 2 Actual

Category	***Expenditure***	***Benchmark Minimum***
Geological	$5,846	
NT Govt Fees	$792	
Overheads	$800	
TOTAL	**$7,438**	**$10,900**

6.2 YEAR 3 Proposed

Category	***Expenditure by Company***
Drilling, including mobilisation	$139,800
Assays	$ 5,000
Geological Supervision and Reporting	$ 50,000
Geophysical	$ 10,000
Rehabilitation	$ 5,000
Overheads	$33,000
TOTAL	**$242,800**

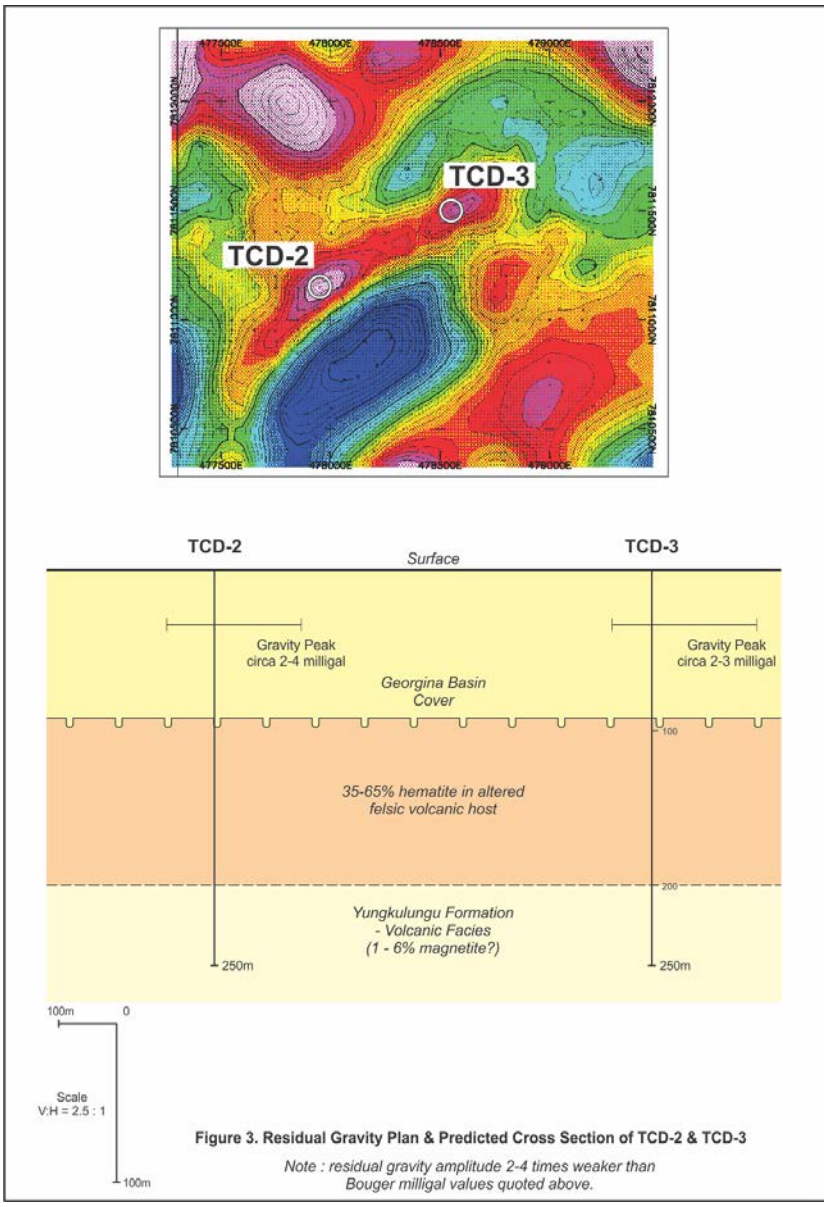

Figure 3. Residual Gravity Plan & Predicted Cross Section of TCD-2 & TCD-3

Note : residual gravity amplitude 2-4 times weaker than Bouger milligal values quoted above.

7. REFERENCES

Maidment, DW, Huston, DL, Donnellan, N and Lambeck, A (2013). Constraints on the Timing of the Tennant Event and Associated Au-Cu-Bi Mineralisation in the Tennant Region, Northern Territory, *Precambrian Research*, vol 237, pp 51-63.

Skirrow, RG (2000). Gold-Copper-Bismuth Deposits of the Tennant Creek District, Australia : A Reappraisal of Diverse High Grade Systems; *in Porter, TM (Ed), Hydrothermal Iron Oxide Copper-Gold & Related Deposits : A Global Perspective*, Australian Mineral Foundation, Adelaide, pp 149-160.

Smith, J (2001). Summary of Results, Joint NTGS-AGSO Age Determination Program 1999-2001. *Northern Territory Geological Survey, Record 2001-007.*

APPENDIX 1

CERTIFICATE OF REGISTRATION ON CHANGE OF NAME

Certificate of Registration on Change of Name

This is to certify that

GUNSON RESOURCES LIMITED

Australian Company Number 090 603 642

did on the second day of December 2014 change its name to

STRANDLINE RESOURCES LIMITED

Australian Company Number 090 603 642

The company is a public company.

The company is limited by shares.

The company is registered under the Corporations Act 2001 and is taken to be registered in South Australia and the date of commencement of registration is the twenty-third day of December, 1999.

Issued by the
Australian Securities and Investments Commission
on this second day of December 2014.

Greg Medcraft
Chairman

CERTIFICATE