75% Farm In to Unique Tanzanian Bauxite Project

HIGHLIGHTS

- **Binding heads of agreement to acquire a 75% farm in interest in the Tanzanian Lushoto bauxite project.**
- **The project is comprised of 3 prospecting licenses in North Eastern Tanzania that extends over an area of 53.6 km2.**
- **Excellent infrastructure already in place for any proposed DSO operations. Project located 7km from the township of Lushoto and 154 kilometres from the deep water port of Tanga. High quality sealed roads from Lushoto to Tanga port and rail access.**
- **The project was previously a historical bauxite mine supplying the local cement industry with old data confirming high grade and low silica levels.**
- **A recent site visit by company geologists further confirmed the extensive areas of bauxite mineralisation surrounding the old pit.**
- **22 grab samples were collected at the site visit. Grades of up to 58% Al203 were obtained with an average grade of 46% Al203 and very low silica content with an average grade of 1.6% SiO2 (full details below)**
- **The aluminium industry is no longer as integrated as it used to be and the last 10 years has seen the growth of significant opportunities to export high grade direct shipping ore as pricing power is shifting upstream to alumina and bauxite producers.**
- **Lindian aims to define a JORC resource capable of sustaining an operation which produces direct shipping ore FOB Tanga Port.**
- **Lindian's in country geological team will operate both the existing Uyowa gold project and the proposed bauxite farm in.**

Lindian Resources Limited ("**Lindian**" or the "**Company**") is pleased to announce that it has entered into a binding Heads of Agreement with Batan Australia Pty Ltd ("**Batan**") to farm in and earn a 75% interest in the Lushoto Bauxite Project located in North Eastern Tanzania.

Under the Agreement, Lindian will, subject to due diligence and other conditions as set out below, acquire an initial 51% interest (AUD$400,000 farm in spend) with an option to move to 75% (AUD$1.4m farm in spend through to definitive feasibility). In line with the recent changes to Tanzania's mining regulations, the vendors' 25% interest also includes the ability to utilise 16% as the government interest currently mandated upon the project reaching a production stage.

Corporate Director Eddie King commented: "*the Board of Lindian is excited about the prospect of commencing the Lushoto Bauxite farm in and believes it will greatly enhance its existing activities in Tanzania. Looking at the recent upward trends in the high grade bauxite export trade and the excellent infrastructure already in place in (and between) Lushoto and Tanga, we believe the project offers great potential as a direct shipping ore operation once various geological boxes are ticked over the coming few quarters in line with previous historical work completed on the project.*"

Lushoto Bauxite Project

The Lushoto Bauxite deposit was formed by deep weathering of metamorphic rocks of the Mozambique Belt that are exposed in Eastern Tanzania. The mineralisation is situated on plateaus within the Usambara Mountains that have been preserved from a time when mineralisation was more extensive in the area. Limited exploration has been conducted in the region to date however, in addition to the known deposit, bauxite has been noted in other plateaus in the area these occurrences are currently being investigated for the potential to host additional mineralisation.

Assay results to date show low levels of deleterious elements including iron, silica, titanium. Test work for reactive silica and available alumina is currently being undertaken as part of the due diligence process.

The presence of the Lushoto bauxite deposits were the subject of a University of Dar es Salaam report in 2003 which confirmed bauxite mineralisation of between 40-60% Al2O3 based on historical drilling data and surface geological mapping.

The results of the recent grab sampling program undertaken were in line with the conclusions of the 2003 report and greatly assist Lindian in obtaining a maiden JORC resource targeted for Q4 2017.

Further results of the sampling program are currently being undertaken in order to identify available alumina and reactive silica properties in order to get an initial view on the premium quality of a potential product that could be sold as direct shipping ore with negligible processing.

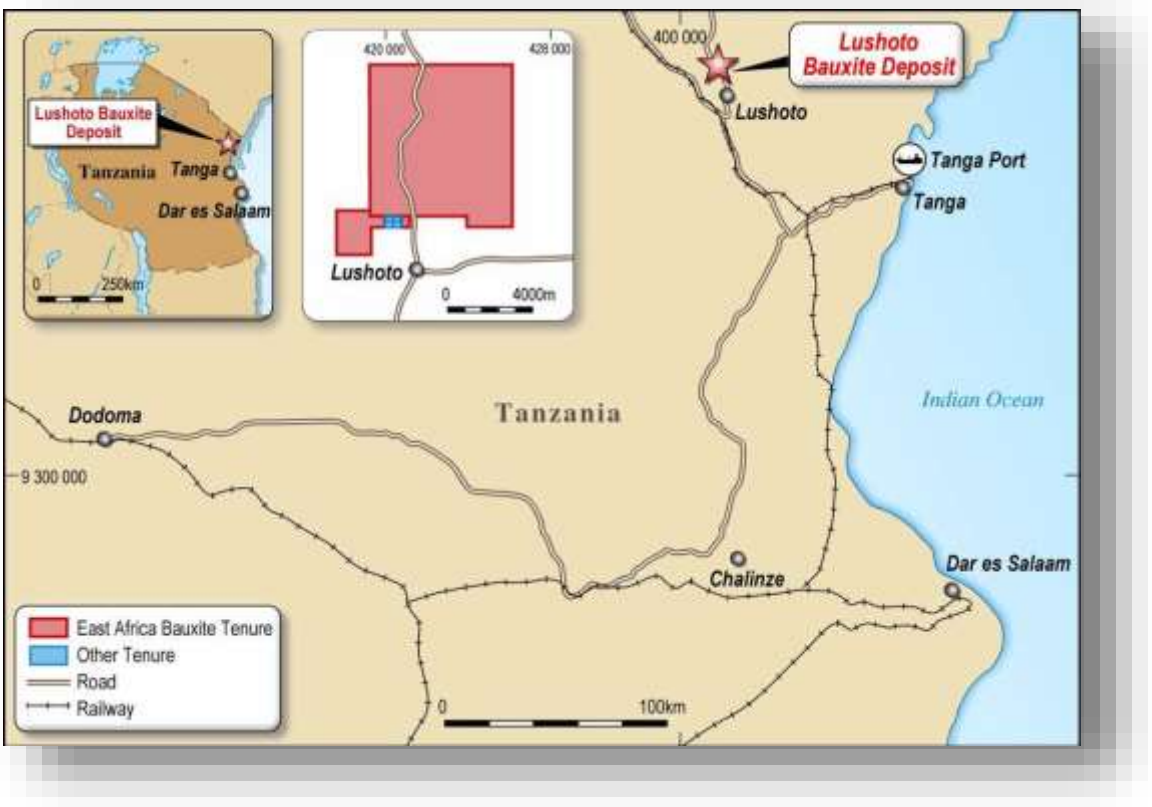


Figure 1 *Lushoto Project Location in North Eastern Tanzania*

Stage 1 Farm in Activities

Following the initial sampling program completed by the Company, the initial field activities proposed for the Lushoto project include

- Data acquisition, digitization and deskwork interpretation;
- Geological mapping aiming at establishing the extend of mineralization;
- Trenching excavation and pitting to test mineralization widths; and
- Drilling 1,200m for establishing initial JORC resources

Figure 1 *Bauxite exposure in the historic pit*

Figure 2 *High quality sealed road between Lushoto and Tanga*

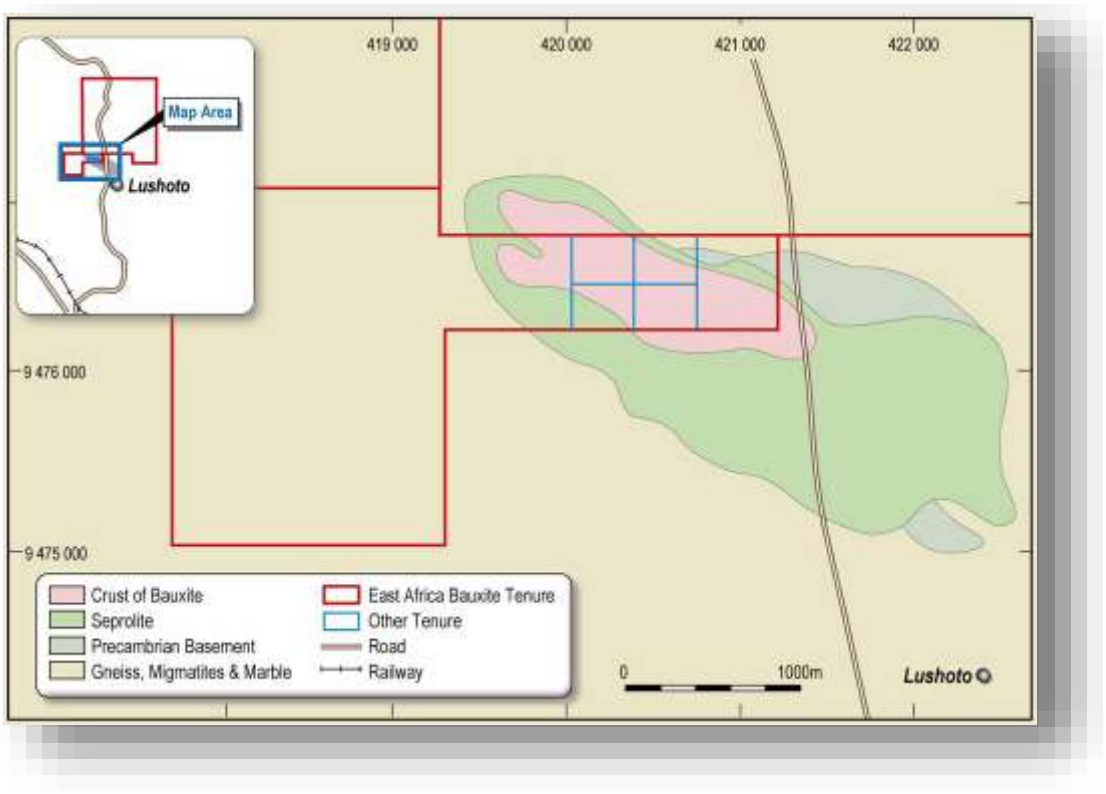


Figure 4 *Geology map of the project area*

The Bauxite Industry

- The aluminium industry is no longer as integrated as it used to be - pricing power is shifting upstream to alumina and bauxite producers;
- Aluminium demand still however drives alumina and bauxite growth - medium to long term demand is still forecast to be strong
- Demand continues to grow in key sectors including transportation, construction, power, packaging and consumer products
- Since 2002, China has developed over 50Mt of alumina refining capacity. Chinese alumina production was based on two approaches: 1 - Development of merchant refining capacity in Shangdong based on imported Indonesian bauxite and 2 - Processing of domestic ore. New refining capacity has led to record increase in bauxite demand and import. Declining quality of domestic bauxite in China and diminishing global reserves of high quality ore has seen a growing impetus for refiners and smelters to secure a long term supply of high quality ore;
- There is a significant opportunity for Lindian to enter the market as a premium quality niche bauxite supplier with forecast of a significant shortfall of high quality, low temperature bauxite.

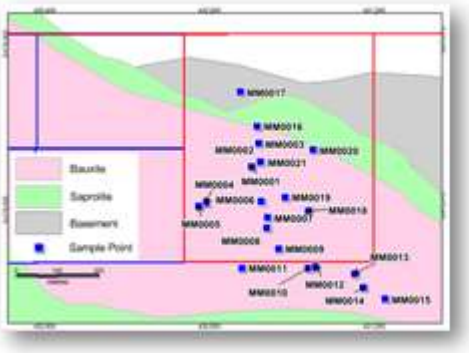
Initial Sampling Completed as Part of Due Diligence

Details of the sampling program set out below with the appropriate JORC table annexed to this announcement.

SAMPLING RESULTS

Sample_No	UTM_East	UTM_North	Elevation	Al2O3_PCT	SiO2_PCT
MM0001	420,899	9,476,501	1,780	37.59	1.13
MM0002	420,921	9,476,513	1,779	34.51	1.03
MM0003	420,915	9,476,557	1,783	27.2	0.66
MM0004	420,787	9,476,414	1,778	56.75	0.74
MM0005	420,770	9,476,406	1,777	54.35	0.86
MM0006	420,922	9,476,418	1,774	55.98	1.13
MM0007	420,939	9,476,378	1,770	58.01	2.28
MM0008	420,935	9,476,353	1,767	57.87	1.84
MM0009	420,965	9,476,303	1,761	57.46	1.22
MM0010	421,037	9,476,256	1,759	52.01	0.99
MM0011	420,875	9,476,256	1,756	44.79	2.14
MM0012	421,055	9,476,260	1,757	48.8	1.27
MM0013	421,150	9,476,242	1,756	56.6	1.75
MM0014	421,171	9,476,209	1,752	55.12	0.99
MM0015	421,224	9,476,181	1,753	47.69	1.12
MM0016	420,912	9,476,599	1,787	36.88	1.19
MM0017	420,873	9,476,681	1,794	41.25	1.57
MM0018	421,037	9,476,394	1,764	37.77	0.67
MM0019	420,981	9,476,427	1,768	31.59	0.8
MM0020	421,048	9,476,541	1,716	39.24	5.75
MM0021	421,048	9,476,541	1,716	36.82	5.44
MM0022	421,048	9,476,541	1,716	52.28	0.79

- Grades up to 58% Al2O3 have been reported
- An average grade of 46% Al2O3 from all the samples have been reported
- Very low silica content with an average grade of 1.6% SiO2



Farm in Terms

Under the Agreement, Lindian has the right to earn up to a 75% interest in the Project as follows:

a) Lindian will earn an initial 51% interest in Batan by spending AUD$400,000 over 12 months on exploration work in accordance with an agreed work program, budget and management plan setting out key deliverables and responsibilities to be agreed by the parties (**Stage 1 Farm in Expenditure**). Exploration work will include data acquisition, digitization and deskwork interpretation, detailed geological mapping aiming at establishing the extend of mineralization as well testing other bauxite occurrences within the Project, grab sampling for preliminary observation of grades, trenching excavation and pitting to test mineralization widths and gather other information and drilling of approximately 1,200m. The aim of the Stage 1 Farm in Expenditure is to establish an initial JORC resource and identify other bauxite occurrences within the Project.

b) After completion of Lindian obtaining the Stage 1 Interest, Lindian will have 3 months to exercise its right to move from a 51% to a 75% interest in the Project (through ownership of Batan) by spending a further minimum AUD$1.4m in accordance with an agreed work program, budget and management plan and taking the Project to an advanced feasibility stage which aims to demonstrate a commercially acceptable Project IRR and NPV ("**Stage 2 Interest**").

c) Lindian will have 18 months to earn the Stage 2 Interest. In the event that Lindian does not elect to move to Stage 2, its interest will revert to 49%;

d) Batan or nominee will retain a 1.5% FOB Gross Royalty in relation to any bauxite sold which was produced and recovered from the Project Tenements;

e) In addition to agreeing to Lindian's farm in rights above, Batan or its nominee will be entitled to the following shares in Lindian calculated at $0.02 per share in respect of Tranche 1 and $0.02 per share in respect of Tranches 2:

   (i) $200,000 worth of Lindian shares upon deal Completion;

(ii) $200,000 worth of Lindian shares upon Lindian exercising its right to proceed to earn the Stage 2 Interest in clause 3(b) above; and

(iii) In respect of each tranche of shares above, 50% of the shares issued will be held in escrow for 6 months from the date of issue.

f) The Agreement is subject to 90 days due diligence, formal agreements and any necessary regulatory / shareholder approvals.

Uyowa Gold Project Update and Recent Legislative Changes

A geological team is currently on site in preparation for the proposed diamond drilling program. The team is carrying out relogging of existing diamond core which was drilled by Lake Victoria Goldfields as well as a program of detailed geological mapping over the deposit.

As mentioned above, in line with the recent changes to Tanzania's mining regulations, the vendor's 25% interest also includes the 16% government interest mandated upon the project reaching a production stage. As previously released on ASX, Lindian notes the background behind the legislative changes and the need for any mining project to be beneficial to all stakeholders involved be they government, local community and shareholders of companies funding exploration and development. In the Board's opinion shareholders need to be cognisant of the initial changes made and how they evolve and are interpreted once operational. Tanzania is a significant mining and an oil and gas jurisdiction with a solid history of successful resource development.

As part of the Company's continued focus on Tanzania, the Board is pleased to announce the appointment of existing Director Mr Asimwe Kabunga as Chairman.

For and on behalf of Lindian Resources Limited

Eddie King

Director

Lindian Resources Limited

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Grab/rock samples were collected in a non-systematic way within the prospect in areas where outcrops were exposed. • The samples were collected in areas where there is outcrop. • All samples were geologically logged by a suitably qualified geologist and all were taken to GST Geochemical Laboratory in Tanzania
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling was undertaken
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logging was carried out on each of the samples including lithology, amount of weathering by a suitably qualified geologist. • Data is initially conducted on paper logging sheets and is then transferred to access database • Not applicable
Sub-sampling techniques	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled,*	• Each sample was analysed with no sub sampling undertaken

Criteria	JORC Code explanation	Commentary
and sample preparation	*rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All sampling was carefully supervised with ticket books containing pre-numbered tickets placed in the sample bag and double checked against the ticket stubs and field sample sheets to guard against mix ups
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The samples were analyzed using XRF. Standard samples were inserted both before and after analysis. • The samples were pulverized, the powder pressured without a binder, then the Oxides of Aluminum, Silicon, Iron and Titanium determined. The sample was then heated to 950 to determine LOI • Standard samples were inserted for calibration both before and after sample analysis.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data was recorded by the sampling geologist and stored in the company's access database. The samples are transported to the GST Lab in Dodoma after initial preparation at SGS Mwanza.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A hand-held GPS was used to identify the position of all samples (xy horizontal error of 5 metres) and reported using ARC 1960 grid and UTM datum zone 37 south.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Samples were taken in areas of outcrop. • The sampling will not be used to establish a Mineral Resource.
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is*	• Samples were taken at surface at the deposit is interpreted to be flat lying, drilling or systematic trenching will

Criteria	JORC Code explanation	Commentary
geological structure	*known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	need to be completed to obtain unbiased sampling on the mineralization.
Sample security	• *The measures taken to ensure sample security.*	• Transportation is carried out by company staff driving the samples to the lab directly from site
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have yet been under taken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Prospecting licenses applications PL/11176/2017, PL/11176/2017, and PL/11176/2017 were made on the 22nd of June 2017 and are all expected to be granted shortly. The areas covered by the prospecting licenses are 0.26km^2, 49.3 km^2 and 3.64 km2 respectively. The Licenses are situated in the Lushoto District in Tanga region Tanzania. • The PL's are held by East Africa Bauxite Limited incorporated in Tanzania. The surface area is administered by the Government as native title. The area is rural, with wilderness areas and subsistence farming occurring on the PL. The Tenements are subject to a 6% royalty on production. There are no other known issues that may affect the tenure.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The location of the Bauxite has been know since the 1920's in 2003 the University of Dar es Salaam production a report on the project area which included assays results in the 40-69% by weight Al_2O_3 with variable but generally low levels of silica Previous production on the tenure was used in the cement making industry and for road construction and no records of the exploration or production figures have been located from the mining operation.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration targets occur in the basement rocks of the Mozambique belt system which principally comprise metamorphic rocks. It is characterized by presence of red brown lateritic soils and kaolinitic clays resulting from deep weathering. The deposits are originating from

Criteria	JORC Code explanation	Commentary
		weathering of granulites and feldspathic gneisses.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• No Drilling was completed.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Data was not aggregated
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Samples were taken from surface outcrops exposures within the pit indicate a flat lying geometry to the mineralization.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	A map of the location of the samples is shown in figure 2
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results are reported
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density,*	• Assaying focused on Al_2O_3 and SiO_2 content on the mineralization. The next round of test-work will include an analysis of reactive silica and available

Criteria	JORC Code explanation	Commentary
	groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	alumina.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration is now at the reconnaissance stage, trenching and drilling will follow to define a JORC compliant Resource