

16 July 2019

## **LINDIAN TO PROCEED WITH GAOUAL BAUXITE TRANSACTION**

- A significant milestone has been reached with the due diligence program completed on the potentially world class Gaoual Bauxite project
- Following successful completion of the due diligence the Board of Directors elect to execute the transaction
- Formal Notice to Proceed with the transaction issued to vendor, receipt and signed acceptance by the vendor received
- Lindian to proceed with Notice of an Extraordinary General Meeting to seek shareholder approval for the transaction
- As previously announced on 8 July, the experienced technical team discovered a significant areal extent of extreme high-grade Conglomerate-Bauxite mineralisation within the Gaoual project area

Lindian Resources Limited ("**Lindian**" or the "**Company**") ("**ASX: LIN**") is pleased to advise that following successful completion of due diligence, the Company Board of Directors has elected to proceed with the option to acquire up to 75% of the Gaoual Bauxite project.

Due diligence completed by a highly experienced five person technical team at the Gaoual Bauxite Project has identified a significant areal extent of extreme high-grade Conglomerate-Bauxite mineralisation with geological characteristics that Lindian's technical team consider to be highly analogous to the high-grade Sangaredi deposit previously mined in Guinea by Compagnie des Bauxites de Guinée (CBG).

The Company will be seeking shareholder approval pursuant to Listing Rule 10.1 and is focused on completing the Notice of Extraordinary General Meeting (EGM) for lodgment in the coming weeks to enable shareholders to vote on this transaction. The EGM will be held 31 days following lodgment.

The Company has now commenced detailed planning for the upcoming inaugural resource drilling program which is due to commence in late 2019.

As previously announced on 10 April 2019, Lindian has signed an exclusive option agreement with KB Bauxite Guinea SARLU ("**KB**") and its sole shareholder Guinea Bauxite Pty Ltd ("**GB**") to acquire the Gaoual Bauxite Project. KB and GB are related parties of Lindian's Chairman, Mr Asimwe Kabunga. A summary of the terms and consideration payable under the option agreement are summarised in Appendix 1 to this announcement.

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## Management commentary

### Commenting on the completion of due diligence, Lindian's Managing Director Shannon Green said:

"Lindian's Due Diligence committee has prepared a comprehensive report on the Gaoual Bauxite project that addresses key geological and project development areas and it is the committee's clear recommendation to Lindian's Board to proceed with this transaction and seek shareholder approval. We look forward to presenting this potentially world class opportunity to our shareholders very soon."

"In the interim, the technical team is busy planning for the commencement of the inaugural resource drilling program commencing later this year. There will be a number of updates between now and then and we will be actively reporting on progress."

"The Gaoual Bauxite Project presents an extraordinarily compelling and unique opportunity for Lindian shareholders. The relatively low-cost inaugural resource drilling program could potentially establish a large, high-grade Conglomerate-Bauxite resource."

### For further information, please contact:

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## Appendix 1 – Option Terms

Lindian has entered into an agreement with KB and GB ("**Agreement**") where it has the right to acquire up to a 75% equity interest in KB on the following basis:

- (a) Any funds spent by KB on developing the Project during the option period will be reimbursed by Lindian upon completion on the basis that Lindian elect to proceed so long as the proposed expenditure had been agreed and signed off by all Parties prior to being spent.
- (b) Right to acquire 51% of the Project (structuring to be agreed in formal agreements to be either at Project level or KB company level) ("**Stage 1 Interest**") by spending USD\$1m on the Project over 24 months from completion (in accordance with an agreed budget acceptable to all parties) ("**Stage 1 End Date**"). The USD\$1m will include all expenses incurred by Lindian to satisfy the conditions precedent to the Agreement (set out below), including the requirements to comply (amongst other things) with Chapter 10 of the ASX Listing Rules. The parties note that the spending must also be in line with the requirements under applicable Guinean Law in respect of minimum spend obligations for exploration licenses. The Stage 1 Interest will be issued at completion with nominal cost (\$10) buy back rights after the Stage 1 End Date if farm in terms not met.
- (c) The issue to KB or nominee of 5,000,000 fully paid ordinary shares in Lindian ("**Shares**") upon completion (subject to 12 months escrow in accordance with the ASX Listing Rules) and 12,500,000 Shares upon an initial JORC resource containing a minimum of 65m tonnes with an average grade greater than 45% Al<sub>2</sub>O<sub>3</sub> with less than 5% SiO<sub>2</sub> reactive silica being defined in relation to the Project and announced to ASX by Lindian (subject to any escrow imposed in accordance with the ASX Listing Rules).



- (d) At any time between completion and the Stage 1 End Date, Lindian has the right to elect ("**Stage 2 Election**") to acquire an additional 24% of the Project (structuring to be agreed in formal agreements to be either at Project level or KB company level) ("**Stage 2 Interest**"). The Stage 2 Interest will be earned by spending USD\$2m on the Project (in accordance with an agreed budget acceptable to all parties which will include completion of a Preliminary Feasibility Study in relation to the Project) between the date of the Stage 2 Election and 24 months after that date ("**Stage 2 End Date**"). The holders of the Project will then be Lindian 75% interest, KB shareholders 25% interest.
- (e) The issue to KB or nominee of 17,500,000 Shares (subject to any escrow imposed in accordance with the ASX Listing Rules) no later than 30 days after Lindian completing a Preliminary Feasibility Study in relation to the Project, or, the Stage 2 End Date. The Stage 2 Interest will be issued at the date of the Stage 2 Election with nominal cost (\$10) buy back rights after the Stage 2 End Date if the farm in terms are not met.
- (f) If Lindian elects not to proceed to move from 51% to 75% in accordance with paragraph (d) above or does not satisfy the Stage 2 Interest farm in terms, the shareholders of KB (GB currently) will pro rata fund the Project in accordance with formal agreements to be entered on the basis that Lindian and the KB Shareholder will pro rata finance carry the identified residual 25% holding in KB.
- (g) The residual 25% holding is finance carried and non dilutive (during Stage 1 and, if applicable, Stage 2 Farm Ins) with the parties agreeing that any government interest in the Project will come out of the 25% interest in KB that does not comprise Lindian's 51% or 75% as the case may be.
- (h) The parties agree that there is a third party 1% net royalty nominated by GB that is attached to the Project.
- (i) Standard form shareholders agreement to be entered into as part of the formal agreements which will cover, amongst other things, Board representatives, rights of pre-emption, funding calls from shareholders and matters requiring unanimous consent.

Completion of the acquisition of the Stage 1 Interest is subject to the following conditions precedent:

- (a) execution of formal agreements as may be necessary which shall be consistent with, but may be more expansive and precise than, the Agreement;
- (b) receipt of all necessary shareholder approvals, ministerial consents, government, regulatory and third party approvals, in respect of the transaction contemplated by the Agreement; and
- (c) receipt of all applicable waivers of any applicable pre-emption or similar rights that have been obtained or have lapsed in respect of the transfer of any interests in the Project or KB,

being satisfied (or waived where permitted) on or before 21 September 2019.