



**LINDIAN**

RESOURCES LTD.

GUINEA

# 2019 ANNUAL REPORT

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# CORPORATE DIRECTORY

## **DIRECTORS**

Mr. Asimwe Kabunga (Non-Executive Chairman)  
Mr. Shannon Green (Managing Director)  
Mr. Matthew Bull (Non-Executive Director)

## **COMPANY SECRETARY**

Mr. Geoff James

## **REGISTERED OFFICE**

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108 St Georges Terrace  
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## **WEBSITE**

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## **SHARE REGISTRY**

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267 St Georges Terrace  
Perth WA 6000

Telephone: + 61 8 9324 2099

Facsimile: + 61 8 9321 2337

## **AUDITOR**

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6000

## **Stock Exchange**

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
ASX Code: LIN, LINO

Since joining Lindian Resources Limited (“Lindian” or the “Company”) (“ASX: LIN”) in late June as Managing Director, the primary focus of the Board has been to establish a clear and focused strategy that demonstrates our intended pathway for unlocking maximum value for our shareholders. Over recent months, the Board has worked hard to fast-track this value creation for our shareholders which has been evident in some of our more recent ASX filings.

The primary focus during the year and subsequent to the reporting period has been on finalising the transaction to secure the Gaoual Bauxite Project in Guinea (Gaoual). As previously reported Lindian has the option to acquire up to 75% of this Project.

Considerable time has been invested on the Gaoual opportunity over recent months, as we genuinely believe it has the potential to be a world-class conglomerate bauxite project, in a proven bauxite mining and export jurisdiction. If this is proven to be true by our near-term drilling program (Phase 1 drilling program), the outcome will be truly transformational for Lindian's shareholders.

Significant inroads, from both a corporate and operational perspective, have been made towards executing our option over Gaoual. These include solidifying the Company's cash position via a heavily supported \$1.3M placement, completing detailed in-country due diligence (which included an independent expert geologist report) and finalising the important Notice of Meeting package (NOM) in readiness for publishing and mailout in early October.

Gaoual is potentially only the second known major conglomerate bauxite occurrence discovered in Guinea, the other being Sangaredi - mined by Compagnie des Bauxites de Guinée (CBG). CBG's bauxite mining and export operations are located approximately 65km as the crow flies to the south of the Gaoual project area. Although CBG remains a significant exporter of bauxite the conglomerate bauxite at Sangaredi has long been depleted.

The significance of conglomerate bauxite is best described by the following characteristics:

- ✓ Very high Total Alumina grade (50-60%  $Al_2O_3$ );
- ✓ Very low boehmite present. What is the significance of this? Significantly higher available/recovered  $Al_2O_3$  than typical bauxite;
- ✓ Very low contaminants (Silica/Reactive Silica); and
- ✓ Very deep bauxite profile, generally >30m, typical insitu bauxite <15m.

Conglomerate bauxite is also visually very distinctive and unique when compared to typical insitu bauxite and the below photos (**Figures 1 and 2**) demonstrate how stark the difference really is. It is this distinct visual difference that first alerted the geologists that the Bouba Plateau – which is located within the Gaoual project area could contain conglomerate bauxite.



**Figure 1: Typical Insitu Bauxite**



**Figure 2: Bouba Plateau Conglomerate Bauxite**

Following the completion of due diligence Lindian has been evaluating drilling program strategies and has now settled on a two-phased drilling program.

Phase 1 will be a very strategic drilling program that will focus solely on the Bouba Plateau with an average hole spacing of approximately 600m and will be drilled with a compact Landcruiser based auger drilling rig. In this way access track and drill line clearing will be minimised.

Importantly, we are aiming to drill a maximum of 34 holes in the Phase 1 program therefore reducing the drilling time to approximately two weeks.



Given the visual nature of the conglomerate bauxite and the fact the on-site geologists will be equipped with handheld XRF sampling equipment, which previously has shown to correlate very accurately with the laboratory XRF analysis, a real time indication of drilling success will be understood.

The low impact nature of the Phase 1 drilling program ensures that required permitting is minimal with this work scheduled to start in early October.

Access works are scheduled to start in November with the transition from the wet season to the dry season being the key control over the firm start date for this program. Our plan is to be in a position to start drilling in late November to early December weather conditions allowing.

This means that Lindian will have preliminary results of the depth, grade and scale of the Bouba Plateau – which is the primary conglomerate bauxite target - in late 2019. Figure 3 below shows the planned drilling program overlayed on the Bouba conglomerate bauxite plateau.

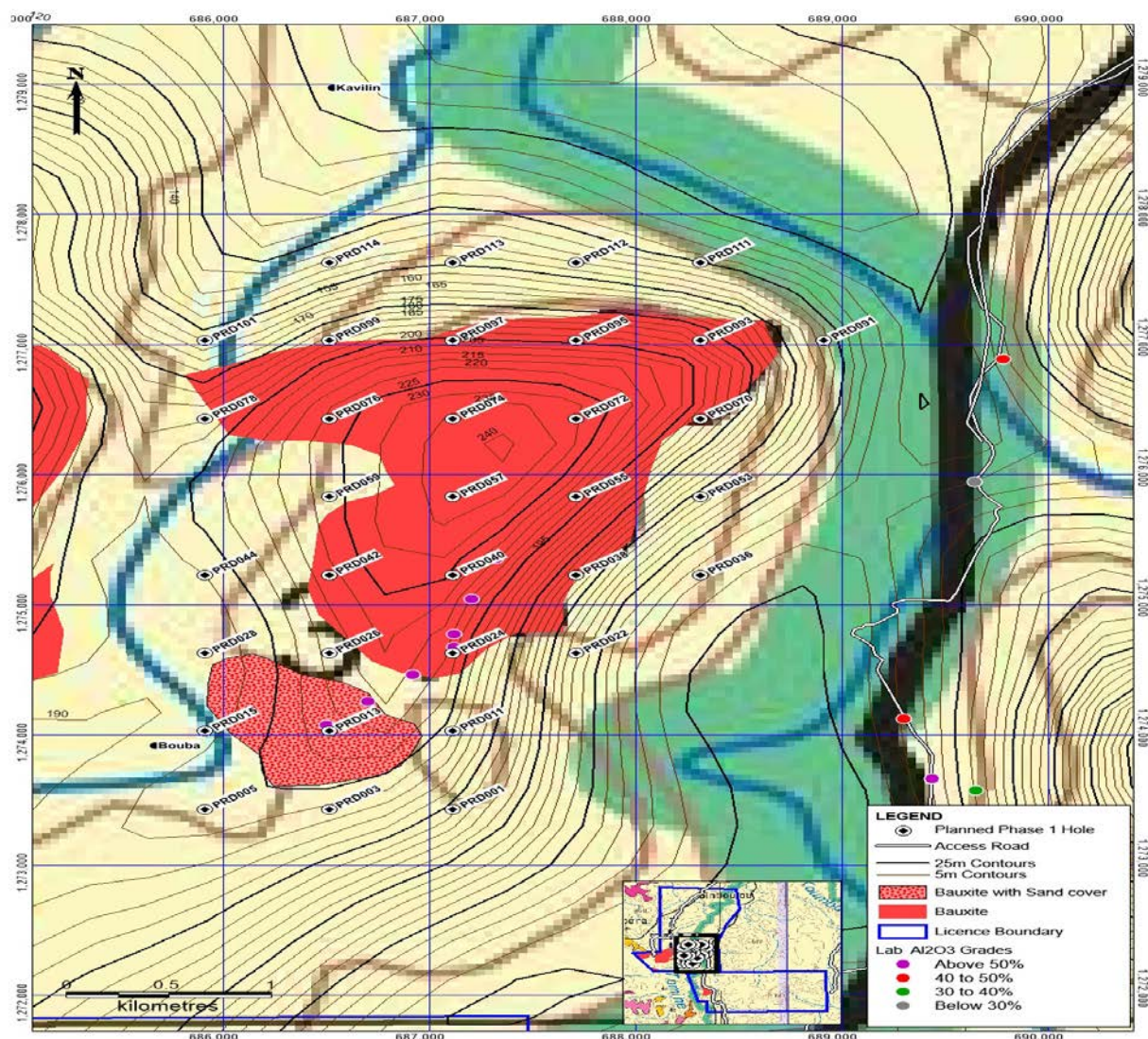


Figure 3- Phase 1 Drilling Program

The Phase 2 drilling program would see:

- ✓ Infill Bouba Plateau to 300m x 300m; and
- ✓ Drill out Mamaya Plateau to 600m x 600m.

The Phase 2 drilling program will be finalised once the Phase 1 drilling program has been completed and the geologists have analysed the results. This will ensure Lindian has all the requisite information at its disposal to accurately map out the pathway forward for Phase 2.

Lindian remains very commercially focused and cost-conscious, ensuring that all corporate overheads and expenditure are kept to a minimum, as it is crucial that the Company has maximum funds available to develop its projects.

To this end, I am pleased to report that the recently completed \$1.3M placement, together with an existing \$1M loan facility, have Lindian well-positioned to meet its near-term funding commitments, in particular the Phase 1 Gaoual Bauxite Project drilling program which is scheduled to get underway this November.

Whilst Gaoual represents an extraordinarily compelling and unique opportunity for Lindian in the near-term, I am also pleased to report that Lindian provides shareholders with more than just one avenue to unlocking potential value.

Below are some of key reasons I believe Lindian is very well positioned to grow shareholder value over the coming 12 months:

- Lindian has maintained a tight capital structure with approx. 446,562,124 shares on issue as at 26<sup>th</sup> September 2019 and a market capitalisation of AUD\$6.69M as at market close 26<sup>th</sup> September 2019 – with the requisite near-term funding flexibility to deliver on our work programs;
- Highly experienced Board and management team now in place, with proven track-record of developing resource projects, including bauxite in Africa – this is extremely important for junior companies looking to achieve success in Africa and I believe the combined experience of our Board has Lindian very well placed;
- Exposure to multiple projects across several African jurisdictions – although the recent focus has been narrowed to Guinea, Lindian has a portfolio of promising bauxite projects in Tanzania and exposure to the Kangankunde Rare Earth Project in Malawi; and
- Optionality to pursue other highly compelling opportunities in the resources sector should they arise in the near-term.

We enter the 2020 financial year with significant optimism and momentum and with a robust pipeline of exploration activity already mapped out for the foreseeable future. I look forward to reporting on further achievements over the coming months.

In closing, the Board would like to take this opportunity to thank all shareholders for their ongoing support and we look forward to what is shaping up to be an exciting year ahead.

Yours sincerely,



**Shannon Green**  
**Managing Director**

## Directors' Report

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The Directors present their report for Lindian Resources Limited ("Lindian" or "the Company") and its subsidiaries ("the Group") for the year ended 30 June 2019.

### DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

#### Mr. Asimwe Kabunga

##### Non-Executive Chairman

Mr Kabunga is a Tanzanian born Australian entrepreneur who holds a Bachelor of Science, Mathematics and Physics and has extensive technical and commercial experience in Tanzania, Australia, and the United States.

Mr Kabunga has been instrumental in establishing the Tanzania Community of Western Australia Inc, and served as its first President. Mr Kabunga was also a founding member of Rafiki Surgical Missions and Safina Foundation, both Non-Governmental Organisations dedicated to helping children in Tanzania.

Mr Kabunga has been non-executive chairman of Volt Resources Limited since 4 August 2017 (ASX: VRC) and non-executive director of Strandline Resources Limited from 18 June 2015 to 8 October 2018 (ASX: STA). He has not held any other listed directorships in the past three years.

#### Mr. Shannon Green

##### Managing Director (appointed as Managing Director on 14 June 2019)

Mr Green has over 20 years resource development and mining operations experience, having managed several world-class resource project developments and mines including, several of Australia's largest iron ore mining operations. Mr Green also has extensive experience working in Guinea, having held the role of General Manager Project Delivery with Alliance Mining Commodities (2012-2015).

Most recently, Mr Green held the position of General Manager Project Implementation for ASX-listed bauxite developer Canyon Resources (ASX: CAY). Mr Green's professional qualifications include Qld SSE Mine Managers Certificate, Graduate Diploma Mining Engineering, Diploma of Mining (Surface & underground) and a Diploma of (Finance) and is currently completing an MBA. He has not held any other listed directorships in the past three years.

#### Mr. Matthew Bull

##### Non-Executive Exploration Director

Mr Bull is an exploration geologist who has worked on a wide range of commodities including graphite, gold and iron ore. He has considerable experience in greenfield exploration and resource development programs. He was non-executive director of Volt Resources Limited from 1 June 2015 to 9 July 2018 (ASX: VRC). He has not held any other listed directorships in the past three years.

#### Mr. Steve Formica

##### Non-Executive Director (resigned on 13 June 2019)

Mr Formica was a former non-executive director of the Company.

Mr. Formica is currently a non-executive director of Bowen Coking Coal Limited since 1 February 2016 (ASX: BCB), High Grade Metals since 3 January 2017 (ASX: HGM) and Veriluma Limited (ASX: VRI) since 2 July 2018, and was formerly non-executive chairman of Orminex Ltd from 19 June 2017 to 16 April 2018 (ASX: ONX). He has not held any other listed directorships in the past three years.

# Directors' Report

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## COMPANY SECRETARY

### Mr. Geoff James B.Bus, CA, AGIA, ACIS (appointed on 19 October 2018)

Mr James is a Chartered Accountant and a member of the Governance Institute of Australia. He is an experienced resources executive with over 20 years' experience in senior management roles. He has held roles of Chief Financial Officer and Company Secretary for a number of ASX listed resources companies with projects across a wide range of commodities and jurisdictions.

### Mr. Suraj Sanghani, BCom, CA, ACIS (resigned on 19 October 2018)

Mr Sanghani is a Chartered Accountant and Chartered Secretary with over 12 years of experience in the corporate governance, accounting and assurance professions. He has held numerous roles with ASX listed entities in a company secretarial, directorship and senior financial capacities, operating domestically and internationally and across a range of commodities. He holds a Bachelor of Commerce degree from the University of Western Australia, a Graduate Diploma of Chartered Accounting and a Graduate Diploma of Applied Corporate Governance.

## DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of Directors held during the year and the number of meetings attended by each Director, including circular resolutions, were as follows:

| Director           | Number of Meetings | Number of Meetings |
|--------------------|--------------------|--------------------|
|                    | Eligible to Attend | Attended           |
| Mr. Asimwe Kabunga | 9                  | 9                  |
| Mr. Shannon Green  | -                  | -                  |
| Mr. Matthew Bull   | 10                 | 10                 |
| Mr. Steve Formica  | 8                  | 8                  |

## REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives of Lindian Resources Limited in accordance with the requirements of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### Principles used to determine the nature and amount of remuneration

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.



## Directors' Report

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Group and number of directors, the Board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted.

### Details of remuneration

#### Details of Key Management Personnel

|                    |                                                |
|--------------------|------------------------------------------------|
| Mr. Asimwe Kabunga | Non-Executive Chairman                         |
| Mr. Shannon Green  | Managing Director (appointed on 14 June 2019)  |
| Mr. Matthew Bull   | Non-Executive Director                         |
| Mr. Steve Formica  | Non-Executive Director (resigned 13 June 2019) |

Details of the nature and amount of each element of the emolument of each Director and executive of the Group for the financial year are as follows:

|                                | Short term                 |                |                 | Options              | Post employment |                |                     |
|--------------------------------|----------------------------|----------------|-----------------|----------------------|-----------------|----------------|---------------------|
| <b>2019</b>                    | Base Salary & Annual Leave | Director Fees  | Consulting Fees | Share based Payments | Superannuation  | Total          | Performance Related |
| <b>Director</b>                | \$                         | \$             | \$              | \$                   | \$              | \$             | %                   |
| Mr. Asimwe Kabunga             | -                          | 60,000         | 30,000          | -                    | -               | 90,000         | -                   |
| Mr. Shannon Green <sup>1</sup> | 11,290                     | -              | -               | -                    | 1,001           | 12,291         | -                   |
| Mr. Matthew Bull               | -                          | 60,000         | 60,000          | -                    | -               | 120,000        | -                   |
| Mr. Steve Formica <sup>2</sup> | -                          | 57,132         | 17,868          | 28,299 <sup>3</sup>  | -               | 103,299        | -                   |
|                                | <b>11,290</b>              | <b>177,132</b> | <b>107,868</b>  | <b>28,299</b>        | <b>1,001</b>    | <b>325,590</b> | <b>-</b>            |

<sup>1</sup> Shannon Green appointed Managing Director on 14 June 2019.

<sup>2</sup> Steve Formica resigned as Non-Executive Director on 13 June 2019.

<sup>3</sup> In accordance with the Deed of Termination and Release between the Company and Steve Formica, the parties agreed to a deferred payment in recognition of additional services completed consisting of:

- The Company will seek shareholder approval for the issue of 10,000,000 options with an exercise price of \$0.03 each to expire on 31 December 2020; or
- If shareholder approval is not obtained by 30 November 2019 an amount of \$100,000 to be paid to Steve Formica.

Shareholder approval will be sought at the annual general meeting to be held on or before 30 November 2019. Refer to note 26 for the valuation assumptions of the options proposed to be issued.

|                             | Short term                 |                |                 | Options              | Post employment |                |                     |
|-----------------------------|----------------------------|----------------|-----------------|----------------------|-----------------|----------------|---------------------|
| <b>2018</b>                 | Base Salary & Annual Leave | Director Fees  | Consulting Fees | Share based Payments | Superannuation  | Total          | Performance Related |
| <b>Director</b>             | \$                         | \$             | \$              | \$                   | \$              | \$             | %                   |
| Mr. Asimwe Kabunga          | -                          | 60,000         | -               | -                    | -               | 60,000         | -                   |
| Mr. Matthew Bull            | -                          | 60,000         | 60,000          | -                    | -               | 120,000        | -                   |
| Mr. Steve Formica           | -                          | 60,000         | -               | -                    | -               | 60,000         | -                   |
| Mr. Eddie King <sup>1</sup> | -                          | 52,000         | -               | -                    | -               | 52,000         | -                   |
|                             | <b>-</b>                   | <b>232,000</b> | <b>60,000</b>   | <b>-</b>             | <b>-</b>        | <b>292,000</b> | <b>-</b>            |

## Directors' Report

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<sup>1</sup> Eddie King resigned on 30 January 2018

There were no other executive officers of the Group during the financial years ended 30 June 2019 and 30 June 2018. No remuneration is performance related.

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2019.

The Group has liabilities of \$120,000 for unpaid Key Management Personnel remuneration at 30 June 2019 (2018: \$110,000).

### Executive Directors

Shannon Green was appointed as Managing Director on 14 June 2019.

### Service Agreements

Mr Green and the Company have agreed to key terms to enter into an executive service agreement with the Company. He is engaged to provide services in the capacity of Managing Director for an indefinite term.

Mr Green is entitled to a minimum notice period of three months from the Company and the Company is entitled to a minimum notice period of three months from Mr Green. In the event that the Company gives notice the Company will make a payment equal to 3 months' salary at the end of the notice period. In the event of a change in control event including a redundancy due to a successful takeover or merger of the Company, Mr Green is entitled to a payment equal to 6 months' salary plus superannuation.

As part of Mr Green's commencement package, the Company will issue to Mr Green (or nominee), subject to any necessary shareholders approvals required under the ASX Listing Rules and / or Corporations Act, 20,000,000 unlisted options exercisable in accordance with the milestones below at \$0.02 on or before 30 June 2021 ("Executive Options"):

#### Milestones:

- (a) 10,000,000 Executive Options exercisable upon the Company receiving shareholder approval at the shareholder meeting for the purpose of proceeding with the Gaoual Bauxite Project in Guinea on similar terms to those set out in the Company's ASX announcement dated 10 April 2019; and
- (b) 10,000,000 Executive Options exercisable upon close of trade the date the Company achieves a 10 day VWAP share price of \$0.03 or above.

In June 2019, Mr Green's salary was set at \$230,000 per annum plus minimum statutory superannuation contribution. As at the date of this report, the executive service agreement has not been signed and the Executive Options have not been issued.

### Non-Executive Director

Each non-executive director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations as well as roles on the Company's committees.

The aggregate remuneration that can be paid to Non-Executive Directors excluding share based payments or other employee benefits, has been set at an amount not to exceed \$240,000 per annum. This amount may only be increased with the approval of Shareholders at a general meeting.

# Directors' Report

## Share-based compensation

### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

### Options

Except for the proposed issue of options to Mr Green and Mr Formica, there were no unlisted options granted over ordinary shares during the current year affecting remuneration of directors and other key management personnel.

## Additional disclosures relating to key management personnel

### Key Management Personnel Options

The numbers of options over ordinary shares in the company held during the financial year by each key management personnel of Lindian Resources Limited, including their personally related parties, are set out below:

| 2019                           | Balance at the start of the Year/<br>appointment | Options purchased | Options granted | Options expired | Balance at the end of the Year/<br>resignation | Vested options |                 |
|--------------------------------|--------------------------------------------------|-------------------|-----------------|-----------------|------------------------------------------------|----------------|-----------------|
|                                |                                                  |                   |                 |                 |                                                | Exercisable    | Non-exercisable |
| <b>Director</b>                |                                                  |                   |                 |                 |                                                |                |                 |
| Mr. Asimwe Kabunga             | 21,000,000                                       | -                 | -               | (11,000,000)    | 10,000,000                                     | 10,000,000     | -               |
| Mr. Shannon Green <sup>1</sup> | -                                                | -                 | -               | -               | -                                              | -              | -               |
| Mr. Matthew Bull               | 16,500,000                                       | -                 | -               | (12,500,000)    | 4,000,000                                      | 4,000,000      | -               |
| Mr. Steve Formica <sup>2</sup> | 13,133,334                                       | -                 | -               | (5,633,334)     | 7,500,000                                      | 7,500,000      | -               |

<sup>1</sup> Shannon Green appointed Managing Director on 14 June 2019.

<sup>2</sup> Steve Formica resigned as Non-Executive Director on 13 June 2019.

| 2018                        | Balance at the start of the Year/<br>appointment | Options purchased | Options granted | Options expired | Balance at the end of the Year/<br>resignation | Vested options |                 |
|-----------------------------|--------------------------------------------------|-------------------|-----------------|-----------------|------------------------------------------------|----------------|-----------------|
|                             |                                                  |                   |                 |                 |                                                | Exercisable    | Non-exercisable |
| <b>Director</b>             |                                                  |                   |                 |                 |                                                |                |                 |
| Mr. Asimwe Kabunga          | 21,000,000                                       | -                 | -               | -               | 21,000,000                                     | 21,000,000     | -               |
| Mr. Matthew Bull            | 16,500,000                                       | -                 | -               | -               | 16,500,000                                     | 16,500,000     | -               |
| Mr. Steve Formica           | 13,133,334                                       | -                 | -               | -               | 13,133,334                                     | 13,133,334     | -               |
| Mr. Eddie King <sup>1</sup> | 5,500,000                                        | -                 | -               | -               | 5,500,000                                      | 5,500,000      | -               |

<sup>1</sup> Eddie King resigned on 30 January 2018

### Key Management Personnel Share holdings (including Performance Shares)

The number of shares in the Company held during the financial year by each key management personnel of Lindian Resources Limited, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

## Directors' Report

| 2019                            | Balance at the start of the year/appointment | Shares purchased | Shares sold  | Performance shares expired | Balance at the end of the year/resignation |
|---------------------------------|----------------------------------------------|------------------|--------------|----------------------------|--------------------------------------------|
| <b>Director</b>                 |                                              |                  |              |                            |                                            |
| Mr. Asimwe Kabunga <sup>1</sup> | 76,025,000                                   | -                | -            | (11,250,000)               | 64,775,000                                 |
| Mr. Shannon Green <sup>2</sup>  | -                                            | -                | -            | -                          | -                                          |
| Mr. Matthew Bull <sup>3</sup>   | 32,750,000                                   | -                | -            | (4,250,000)                | 28,500,000                                 |
| Mr. Steve Formica <sup>4</sup>  | 14,687,689                                   | -                | (14,687,689) | -                          | -                                          |

<sup>1</sup> Shares held by Asimwe Kabunga includes 53,525,000 ordinary shares and 11,250,000 Class B Performance shares.

<sup>2</sup> Shannon Green appointed Managing Director on 14 June 2019.

<sup>3</sup> Shares held by Matthew Bull includes 24,250,000 ordinary shares and 4,250,000 Class B Performance shares.

<sup>4</sup> Steve Formica resigned as Non-Executive Director on 13 June 2019.

| 2018                            | Balance at the start of the year/appointment | Shares purchased | Shares sold | Performance shares expired | Balance at the end of the year/resignation |
|---------------------------------|----------------------------------------------|------------------|-------------|----------------------------|--------------------------------------------|
| <b>Director</b>                 |                                              |                  |             |                            |                                            |
| Mr. Asimwe Kabunga <sup>1</sup> | 76,025,000                                   | -                | -           | -                          | 76,025,000                                 |
| Mr. Matthew Bull <sup>2</sup>   | 32,750,000                                   | -                | -           | -                          | 32,750,000                                 |
| Mr. Steve Formica               | 14,687,689                                   | -                | -           | -                          | 14,687,689                                 |
| Mr. Eddie King <sup>3</sup>     | 1,215,541                                    | -                | -           | -                          | 1,215,541                                  |

<sup>1</sup> Shares held by Asimwe Kabunga includes 53,525,000 ordinary shares, 11,250,000 Class A Performance shares and 11,250,000 Class B Performance shares.

<sup>2</sup> Shares held by Matthew Bull includes 24,250,000 ordinary shares, 4,250,000 Class A Performance shares and 4,250,000 Class B Performance shares.

<sup>3</sup> Eddie King resigned on 30 January 2018.

### *Other transactions with key management personnel*

There were no other transactions with key management personnel during the year.

## END OF REMUNERATION REPORT

### INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Lindian Resources Limited are:

| Director                       | Ordinary Shares | Class B Performance shares | Unlisted Options over Ordinary Shares exercisable at 2 cents each |
|--------------------------------|-----------------|----------------------------|-------------------------------------------------------------------|
| Mr. Asimwe Kabunga             | 53,525,000      | 11,250,000                 | 10,000,000                                                        |
| Mr. Shannon Green <sup>1</sup> | -               | -                          | -                                                                 |
| Mr. Matthew Bull               | 24,250,000      | 4,250,000                  | 4,000,000                                                         |
| Mr. Steve Formica <sup>2</sup> | -               | -                          | 7,500,000                                                         |

<sup>1</sup> Shannon Green appointed Managing Director on 14 June 2019.

<sup>2</sup> Balance at resignation on 13 June 2019.

# Directors' Report

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## RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members for the year to 30 June 2019 was \$737,085 (2018: \$2,621,576) and the net assets of the Group at 30 June 2019 were \$737,368 (2018: net liabilities of \$539,754).

## DIVIDENDS

No dividend was paid or declared by the Company during the year and up to the date of this report.

## CORPORATE STRUCTURE

Lindian Resources Limited is a company limited by shares, which is incorporated and domiciled in Australia.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal activity was mineral exploration.

## REVIEW OF OPERATIONS

### Operations Report June 2019

#### Gaoual Bauxite Project - Guinea

Lindian announced on 10 April 2019 that it had 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 (approximately 332km<sup>2</sup> in Guinea) ("Project") which is wholly owned by KB. The Project is strategically located in the Gaoual Prefecture in North Western Guinea directly adjacent to two world class bauxite deposits.

Both during and subsequent to the end of the year, project due diligence was undertaken and completed and on the 8<sup>th</sup> of July 2019 the Company announced a significant discovery of Conglomerate Bauxite had been made.

Conglomerate - Bauxite is the primary ore of the initial discovery of the Sangaredi Bauxite deposit mined by Compagnie des Bauxites de Guinée (CBG) which is known as a significant high-grade Bauxite producer.

Whilst subject to drilling to establish the size and extent of the conglomerate discovery, Conglomerate - Bauxite is considered far superior to common bauxite in Guinea (and elsewhere) due to its high grade and chemical properties that lend themselves to more efficient refining.

The Conglomerate-Bauxite has been mapped near the Bouba Village as a unique geology over 2-line kilometres and has a width of at least 1 kilometer, with a vertical lift of >37m. This discovery lies within the Lindian Resources project area south of the township of Gaoual in the Futa Jallon – Mandingo bauxite-bearing province in West Africa.

The unique nature of the Conglomerate-Bauxite implies that this ore may have some similar physical and depositional characteristics to the primary discovery of the Sangaredi Deposit mined initially by CBG. These ores were unusual due to the very deep profiles (often in excess of 30m), continuous high-grade ores (>50% Al<sub>2</sub>O<sub>3</sub>) from the top to base of the profile and with very low deleterious element contents (Reactive Silica /C).

A total of seven samples have been collected and analysed over 1500m of the defined Conglomerate-Bauxite and a summary of the location, grades and potential mineralogy is as below (see Table 1).

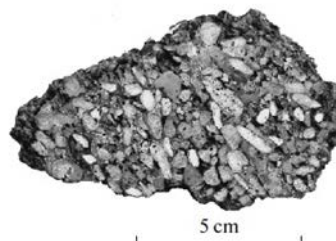
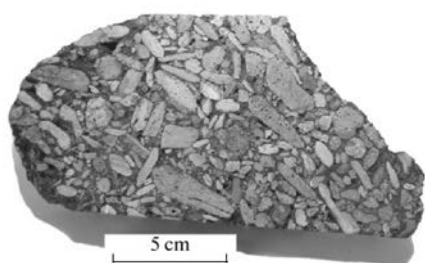


## Directors' Report

| Sample_ID            | Easting | Northing | RL    | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | Fe <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | LOI%         | %Boehmite<br>(estimated) |
|----------------------|---------|----------|-------|--------------------|----------------------------------|----------------------------------|--------------------|--------------|--------------------------|
| G00014               | 686498  | 1274083  | 216.3 | 4.76               | <b>50.10</b>                     | 14.50                            | 3.87               | 26.21        | 1.68                     |
| G00015               | 686698  | 1274263  | 223.2 | 1.42               | <b>60.50</b>                     | 3.97                             | 3.13               | 30.71        | 3.08                     |
| G00016               | 686917  | 1274471  | 239.3 | 1.00               | <b>53.30</b>                     | 15.40                            | 2.69               | 27.46        | 2.38                     |
| G00017               | 687114  | 1274685  | 245   | 1.26               | <b>59.00</b>                     | 6.15                             | 2.94               | 30.28        | 2.44                     |
| G00018               | 687114  | 1274782  | 244.3 | 1.35               | <b>60.60</b>                     | 3.23                             | 4.20               | 29.97        | 4.66                     |
| G00019               | 687198  | 1275052  | 240.2 | 1.27               | <b>60.70</b>                     | 4.73                             | 3.39               | 29.38        | 5.94                     |
| G00020               | 687317  | 1275362  | 254   | 0.91               | <b>55.70</b>                     | 12.70                            | 3.07               | 27.03        | 5.64                     |
| <b>Bouba Plateau</b> |         |          |       | <b>1.71</b>        | <b>57.13</b>                     | <b>8.67</b>                      | <b>3.33</b>        | <b>28.72</b> | <b>3.69</b>              |

**Table 1: Summary of the location, grades and potential mineralogy of samples collected to date**

The samples in Table 1 demonstrate similarities to the Sangaredi Conglomerate-Bauxite with very high Al<sub>2</sub>O<sub>3</sub> grades (average 57.1%), low SiO<sub>2</sub> values (average 1.7%), and an estimated average grade of Boehmite of 3.7%. The visual similarities between the Conglomerate-Bauxite located at Gaoual and the type Sangaredi Conglomerate-Bauxite examples as recorded by Mamedov et al (2011) is apparent and are presented below:



**Figures 1 & 2: Sangaredi Conglomerate-Bauxite as defined by Mamedov et al (2011)**

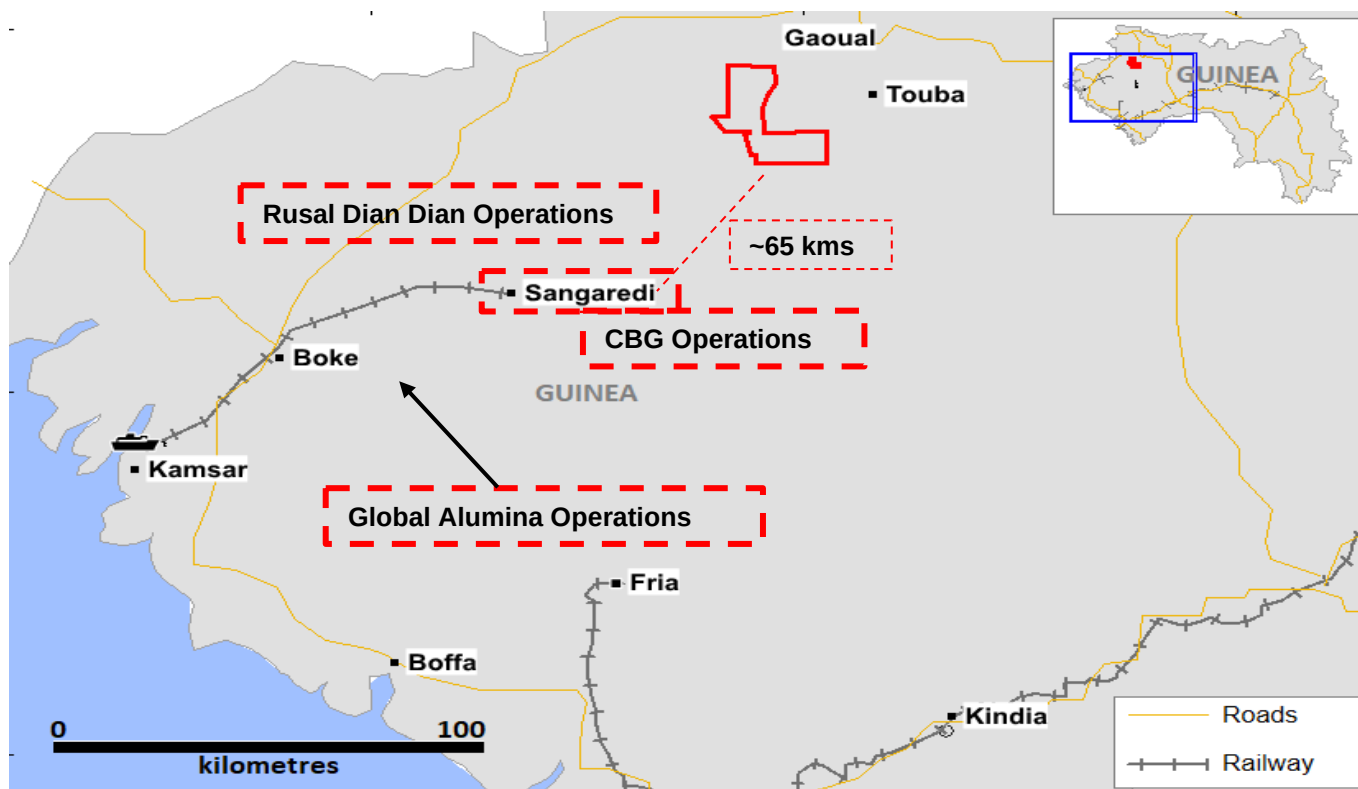


**Figures 3 & 4: Conglomerate-Bauxite within the Gaoual Bauxite Project**

## Directors' Report

Further bauxite has been located throughout the Gaoual Project Bauxite area, with the principal location being the Mamaya Plateau having extensive "in situ" bauxite outcropping across its surface. Samples have been collected and the grades are predominantly high grade with a small number of values in excess of 60%  $\text{Al}_2\text{O}_3$  and with all having low to moderate  $\text{SiO}_2$  (0.7-3.3%). Field mapping has been completed by experienced bauxite geologists and they will continue to explore the project area for both Conglomerate-Bauxite and "in situ" bauxite prior to the commencement of the wet season. Refer to the Company's ASX Announcement dated 8 May 2019 for full details of the assay results for the Gaoual Project.

The Project is close to essential infrastructure, a key requirement for all direct shipping ore (DSO) projects. The Gaoual Bauxite Project is very well strategically placed to take advantage of this infrastructure given its location in an existing high-quality significant bauxite mining province as illustrated in Figure 5 below.



**Figure 5:** Close Proximity to Large scale Bauxite mining operations connected to railway operations

Subsequent to the end of the year and following completion of the due diligence and the significance of the Conglomerate Bauxite discovery and its potential for being a world class discovery the Lindian Board of Directors elected to execute the transaction and a formal Notice to Proceed with the transaction was issued to the vendor. Receipt and signed acceptance by the vendor was received by the Company.

The Company will be seeking shareholder approval to proceed with the option agreement transaction.

### *Option Agreement 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) Exclusive option until 23 July 2019 to conduct due diligence and elect to proceed with the transaction contemplated by the Agreement.
- (b) 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.

## Directors' Report

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- (c) 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.
- (d) 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).
- (e) 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.
- (f) 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.
- (g) If Lindian elects not to proceed to move from 51% to 75% in accordance with paragraph (e) 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.
- (h) 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.
- (i) The parties agree that there is a third party 1% net royalty nominated by GB that is attached to the Project.
- (j) 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.

KB and GB are related parties of Lindian Chairman, Mr Asimwe Kabunga, and as such, the Company will need to comply with the relevant provisions of both the Corporations Act and the ASX Listing Rules in the event that the Company elects to proceed with the option to earn up to 75% of the Project.

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

- (a) completion by Lindian to its satisfaction (in its sole discretion) of all necessary due diligence investigations in respect of KB and the Project;
- (b) execution of formal agreements as may be necessary which shall be consistent with, but may be more expansive and precise than, the Agreement;
- (c) receipt of all necessary shareholder approvals, ministerial consents, government, regulatory and third party approvals, in respect of the transaction contemplated by the Agreement; and
- (d) 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,

## Directors' Report

being satisfied (or waived where permitted) on or before 30 November 2019.

Refer to the Company's ASX announcement dated 10 April 2019 for full details of the exploration results for the Gaoual Bauxite Project.

### Lushoto and Pare Bauxite Projects – Tanzania

The Lushoto and Pare Bauxite Projects are subject to a Farm-In and Joint Venture Agreement pursuant to which Lindian has earned a 51% stage 1 interest in East Africa Bauxite Limited, the holder of the project tenements. Subject to shareholder approval, the Company will issue 10 million shares on or before 31 December 2019 to the project vendors for the acquisition of the stage 1 interest.

During the year, the Tanzanian Mining Commission released new mining regulations covering matters including local content and a pledge of integrity. The Group prepared the required local content forms and pledge of integrity and submitted these to the Mining Commission.

Following the submission of these documents, the Group was granted 3 of the tenements covering the Magamba prospect in October 2018. Following the grant of the tenements, Lindian commenced exploration focussing on defining high grade outcropping mineralisation close to rail and road infrastructure. Activities included auger drilling, mapping and rock chip sampling. The results from these work programs were released to the ASX on 5 March 2019.

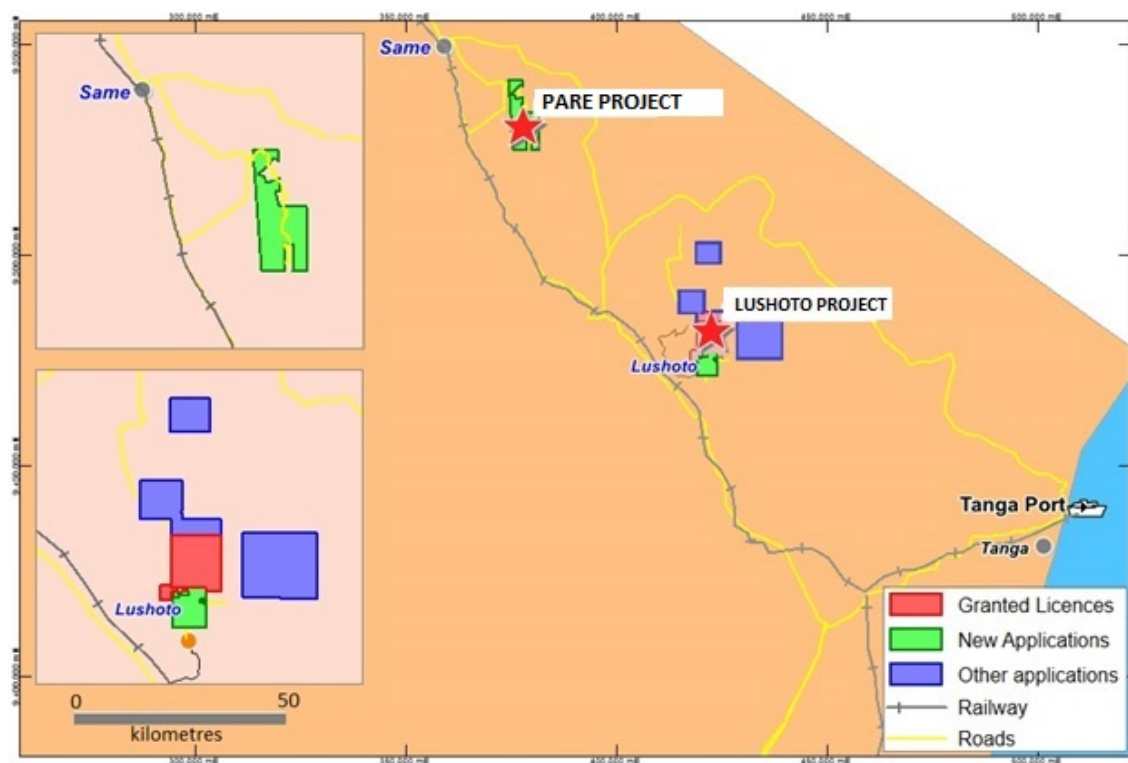
Applications were granted for two additional tenements in April 2019 - PL/11262/2019 and PL/11263/2019 – covering a combined area of 96.85km<sup>2</sup>. The new applications follow the identification of new areas of high-grade mineralisation across both the PL/11262/2019 and PL/11263/2019 tenements during field work programs. The acquisition has increased Lindian's portfolio to 11 tenements covering a combined area of 314km<sup>2</sup>.

PL/11262/2019 is located within the broader Lushoto Project area and will expand the Company's existing Magamba deposit and provide access to two additional high-grade deposits, whilst PL/11263/2019 – termed the Pare Project - is located ~50km north-west of the Lushoto Project in the Pare Mountains. Table 2 below lists all the bauxite tenements that comprise both the Lushoto and Pare Projects and Figure 6 is the location map showing the tenements and available infrastructure.

| Project      | License Number | Status      | Parties                            | Area(km <sup>2</sup> ) |
|--------------|----------------|-------------|------------------------------------|------------------------|
| Lushoto      | PL/11176/2018  | Granted     | East Africa Bauxite Limited (100%) | 0.26                   |
| Lushoto      | PL/11177/2018  | Granted     | East Africa Bauxite Limited (100%) | 49.3                   |
| Lushoto      | PL/11178/2018  | Granted     | East Africa Bauxite Limited (100%) | 3.64                   |
| Lushoto      | PL/11262/2018  | Granted     | East Africa Bauxite Limited (100%) | 23.02                  |
| Lushoto      | PL/12194/2017  | Application | East Africa Bauxite Limited (100%) | 90.25                  |
| Lushoto      | PL/12195/2017  | Application | East Africa Bauxite Limited (100%) | 44.94                  |
| Lushoto      | PL/12227/2017  | Application | East Africa Bauxite Limited (100%) | 24.87                  |
| Pare         | PL/11263/2019  | Granted     | East Africa Bauxite Limited (100%) | 73.84                  |
| Pare         | PL/14098/2019  | Application | East Africa Bauxite Limited (100%) | 1.52                   |
| Pare         | PL/14099/2019  | Application | East Africa Bauxite Limited (100%) | 1.47                   |
| Pare         | PL/14100/2019  | Application | East Africa Bauxite Limited (100%) | 1.36                   |
| <b>Total</b> |                |             |                                    | <b>314.47</b>          |

**Table 2: List of bauxite tenements for Lindian Resources (Lushoto and Pare)**

## Directors' Report



**Figure 6. Map showing the location of Pare and Lushoto Projects**

### *Lushoto Bauxite Project Overview*

Tenement PL/11262/2019 is located to the South East of the existing Magamba deposit, with bauxite mineralisation extending the current Magamba deposit and also forming the basis of two additional deposits – Kidundai and Magamba South. The Kidundai deposit has been mapped by professors from University of Dar es Salaam, the Magamba South deposit has been mapped by Lindian's geological team.

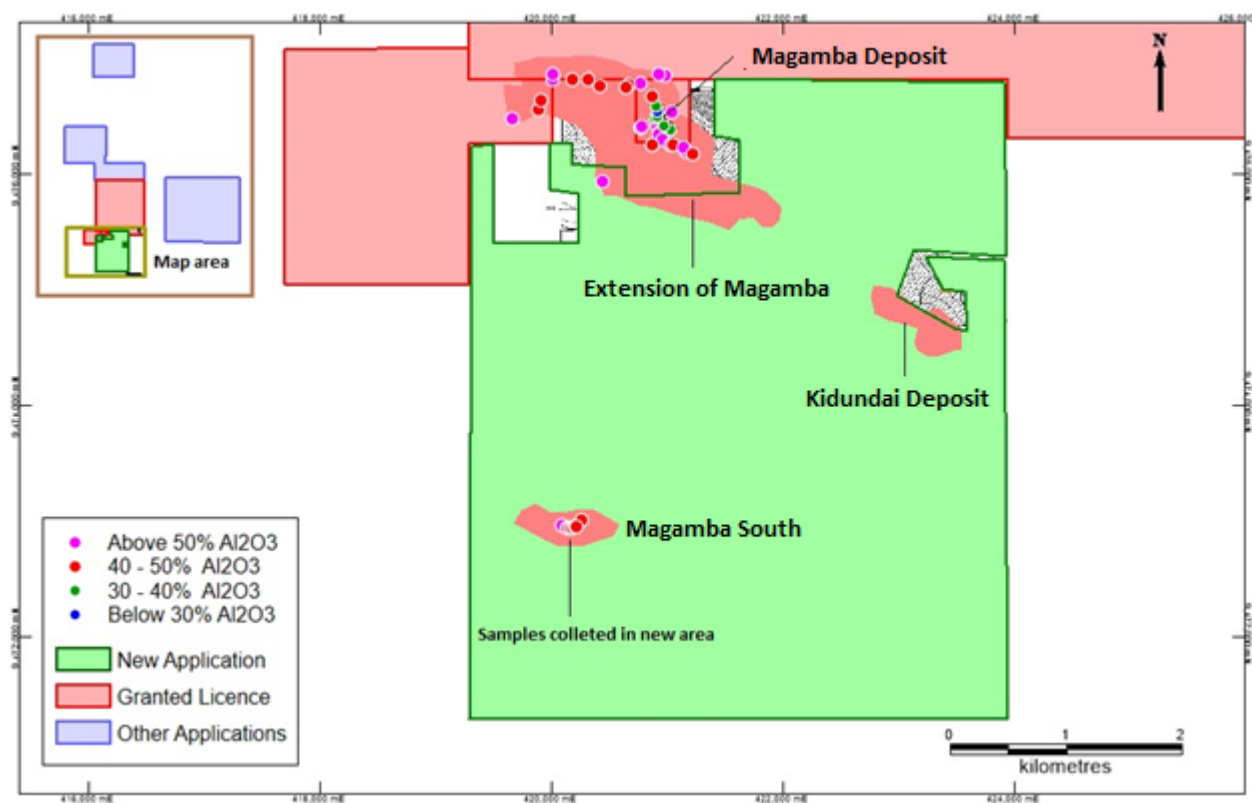
The area was visited by Lindian Geologists and a total of nine samples were collected and sent to the Geological Survey Laboratory for analysis. Very encouraging results were obtained with all the samples returning above 40%  $\text{Al}_2\text{O}_3$  and less than 1%  $\text{SiO}_2$ . An average of 48.05%  $\text{Al}_2\text{O}_3$  with an average of 0.9%  $\text{SiO}_2$  was obtained. Highest grade of 55.94%  $\text{Al}_2\text{O}_3$  and 0.82%  $\text{SiO}_2$  was also returned. Figure 7 below shows the deposits in the new area and sampled points, Table 3 shows the results of the collected samples.

| Sample_ID | Easting | Northing | Al2O3_pct | SiO2_pct |
|-----------|---------|----------|-----------|----------|
| L000076   | 420091  | 9472973  | 53.54     | 0.67     |
| L000077   | 420128  | 9472961  | 29.69     | 1.71     |
| L000078   | 420143  | 9472955  | 48.88     | 0.77     |
| L000079   | 420160  | 9472949  | 54.32     | 0.98     |
| L000080   | 420182  | 9472947  | 49.62     | 0.88     |
| L000081   | 420206  | 9472959  | 46.98     | 0.75     |
| L000082   | 420219  | 9472964  | 47.28     | 0.79     |
| L000083   | 420262  | 9473015  | 46.25     | 0.73     |
| L000127   | 420444  | 9475946  | 55.94     | 0.82     |

**Table 3. Laboratory results from the Lushoto Project**



## Directors' Report



**Figure 7. Summary of results of bauxite mineralisation for the Lushoto Project**

### *Pare Bauxite Project Overview*

The Pare Project is comprised of application license PL/11263/2019 and is located 50km North West of the Lushoto Project and is 13km from the Tanga Arusha sealed road and railway and 189km from the Tanga Port (see Figure 6).

The area was visited by Lindian Geologists, with the team observing a series of bauxitic hills in the area with small scale mining activities exposing bauxite mineralisation with thickness of up to 10m. A total of 13 samples were collected and analysed using a hand held XRF analyser. Readings with very low  $\text{SiO}_2$  grades 0.34% with  $\text{Al}_2\text{O}_3$  of 43.95% were obtained. The highest  $\text{Al}_2\text{O}_3$  grade was 48.45% which had  $\text{SiO}_2$  grade of 3.85%. The samples were later dispatched to the Geological Survey of Tanzania for laboratory analysis.

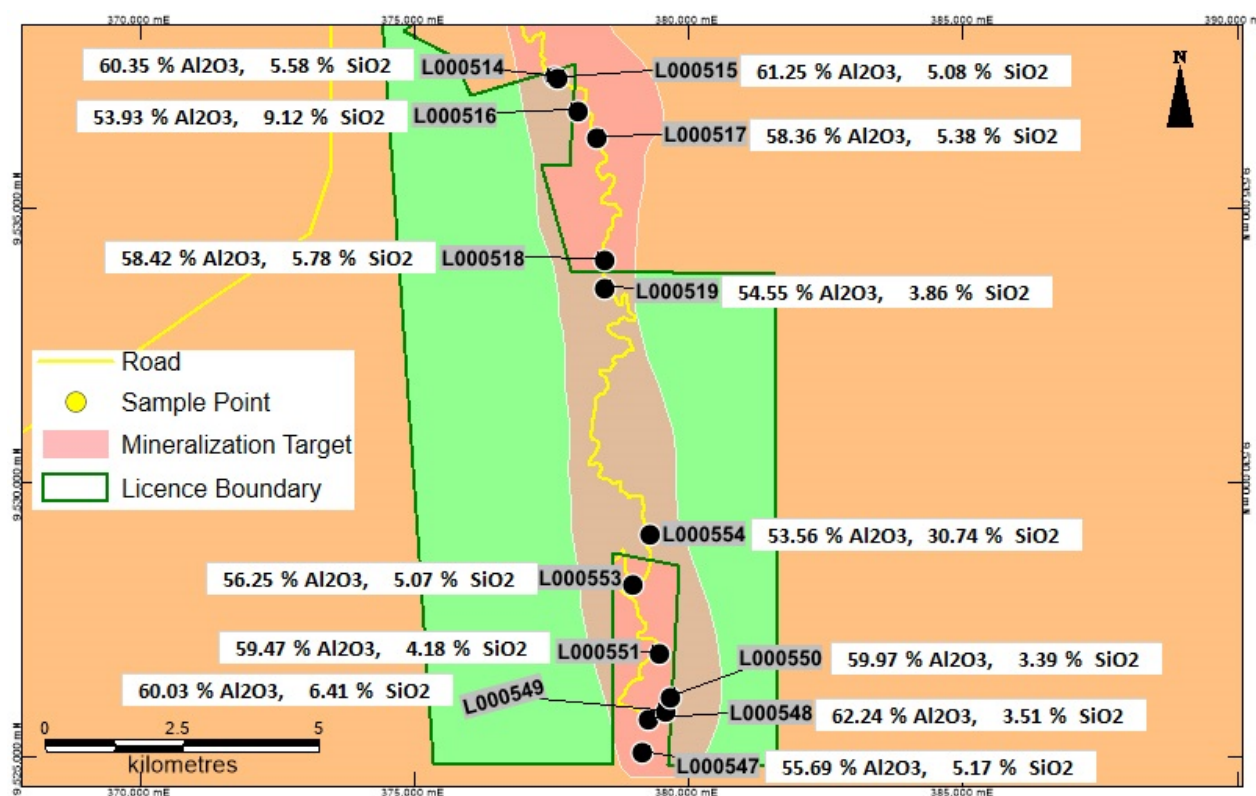
Historic mining for bauxite has occurred at the Pare deposit which was used to supply the local market. Bauxite for export into the aluminum industry is yet to occur in Tanzania given the relative immaturity of Tanzanian bauxite development and the fact that seaborne trade is a relatively recent occurrence. Tanzania lends itself to exporting bauxite with good access to transport and logistics infrastructure, the high grade, low silica qualities of Tanzanian bauxite and its proximity to Asian and Middle Eastern markets.

Results received to date have been very encouraging, with all the samples reading above 50%  $\text{Al}_2\text{O}_3$  and less than 10%  $\text{SiO}_2$ . An average of 58.53%  $\text{Al}_2\text{O}_3$  with an average of 5.08%  $\text{SiO}_2$  was obtained. The highest grade 62.2%  $\text{Al}_2\text{O}_3$  and 3.51%  $\text{SiO}_2$  was observed. Table 4 and Figure 8 show the results for the Pare Project.

## Directors' Report

| Sample_ID | Easting | Northing  | Al2O3_pct | SiO2_pct | Fe2O3_pct |
|-----------|---------|-----------|-----------|----------|-----------|
| L000514   | 377,533 | 9,537,415 | 60.35     | 5.58     | 6.32      |
| L000515   | 377,606 | 9,537,378 | 61.25     | 5.08     | 10.29     |
| L000516   | 377,953 | 9,536,799 | 53.93     | 9.12     | 13.69     |
| L000517   | 378,302 | 9,536,317 | 58.36     | 5.38     | 12.34     |
| L000518   | 378,442 | 9,534,067 | 58.42     | 5.78     | 13.56     |
| L000519   | 378,441 | 9,533,575 | 54.55     | 3.86     | 17.55     |
| L000547   | 379,128 | 9,525,124 | 55.69     | 5.17     | 12.08     |
| L000548   | 379,263 | 9,525,701 | 62.24     | 3.51     | 9.01      |
| L000549   | 379,554 | 9,525,854 | 60.03     | 6.41     | 11.14     |
| L000550   | 379,656 | 9,526,103 | 59.97     | 3.39     | 11.17     |
| L000551   | 379,458 | 9,526,904 | 59.47     | 4.18     | 14.66     |
| L000553   | 378,975 | 9,528,163 | 56.25     | 5.07     | 11.01     |
| L000554   | 379,273 | 9,529,069 | 53.56     | 30.74    | 4.52      |

**Table 4. Results of rock chip sampling from the Pare Project**



**Figure 8. Summary of results of bauxite mineralisation for the Pare Project**

Refer to the Company's ASX announcements dated 5 March and 12 March 2019 for full details of the new tenements acquired and the exploration results reported for the Lushoto and Pare projects.

An auger drilling program was commenced late in the year on the Pare Project with initial drilling on wide spacing. Drilling is targeting areas of high-grade outcropping mineralisation mapped by Lindian geologists earlier in 2019. Results of this drilling will be announced when they become available.



## Directors' Report

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### Kangankunde Rare Earths Project – Malawi

On 6 August 2018, Lindian announced it had entered into an exclusive option agreement (“Agreement”) with Rift Valley Resource Developments Ltd (“RVR”) and Michael Saner (“Saner”) to acquire up to 75% in the Kangankunde Rare Earths Project (“Project”) in Malawi. Kangankunde has been reported as one of the world’s largest Rare Earth Projects outside of China. It is a carbonatite complex which rises up to 200m above the surrounding plain with an area size of 1.7km by 1.4km.

The material terms of the option agreement were as follows:

- a) Payment to RVR (or its nominee) of US \$100,000 for a 120 day exclusive due diligence period, extendable by agreement between the parties. Payment was made in accordance with the Agreement.
- b) Subject to satisfaction of certain conditions precedent, Lindian has the right to acquire an initial 30% shareholding interest in RVR (Stage 1 Interest) by way of the following payments:
  - US \$500,000 to be used by RVR pursuant to a 6 - 12 month exploration and development work program on the Project in accordance with an agreed work program, budget and management plan; and
  - US \$500,000 payment to Mr. Saner.
- c) After completion of Lindian obtaining the Stage 1 30% Interest, Lindian will have an exclusive 12 month option (from the date it makes the payments for the Stage 1 Interest) to acquire an additional 45% shareholding interest in RVR by way of the following payments:
  - US \$2,500,000 to be used by RVR pursuant to a 12–18 month exploration and development work program on the Project in accordance with an agreed work program, budget and management plan; and
  - US \$2,500,000 cash payment to Mr. Saner or the issue of US \$2,500,000 of fully paid ordinary shares in the capital of the Company based on a deemed issue price per Share equal to the 10-day VWAP prior to the Company electing to proceed with the acquisition of the Stage 2 Interest.
- d) Upon completion of the acquisition of the Stage 2 Interest, Lindian (as 75% interest holder) will fund 100% of the Project.
- e) The 25% residual interest in RVR held by Saner would be finance carried (and non-dilutive) at all times.
- f) In the event of any application of Malawi law and the requirement for a government interest in the Project, both parties would dilute pro rata.
- g) Material conditions precedent include payment of the US\$100,000 exclusivity fee (which has been paid), completion by Lindian to its satisfaction (in its sole discretion) of all necessary due diligence investigations in respect of RVR and the Project and Lindian obtaining shareholder approval for the transaction.

During the exclusivity period, Lindian and its advisors in Malawi assisted with the execution of a consent order between the Malawi Ministry of Natural Resources and Environmental Affairs and Saner (“Consent Order”). The Consent Order settled all matters between the parties and, more importantly, provided for the issuing of a new EPL (25km<sup>2</sup>) over all the ground that comprises the Kangankunde Rare Earths Project. The EPL was issued in accordance with current Malawi regulations and is for an initial period of 3 years renewable twice for periods of 2 years each. The Consent Order also provided for the Malawi Ministry of Natural Resources and Environmental Affairs to support the conversion of the EPL into a Mining License (in accordance with the application of all valid regulations) as well as assistance with any financing parties introduced to develop the Project.

Following the Consent Order being granted and the relevant EPL being issued to RVR, Saner and RVR wrote to Lindian purporting to unilaterally cancel the Agreement on the basis of what were said to be changed circumstances in Malawi that had arisen following the execution of the Agreement that made the Agreement unenforceable. Lindian immediately sought a trading halt, which led subsequently to the suspension of its securities.

## Directors' Report

Lindian did not accept that Saner or RVR had any grounds on which to refuse to perform the Agreement and commenced legal proceedings. Lindian obtained an injunction from the High Court of Malawi in November 2018 to prevent RVR or Saner from dealing with the Project and / or shares in RVR ("Injunction") as well as commenced legal proceedings seeking specific performance and / or damages. As part of the formal court process a mediation hearing was conducted on 16 April 2019 with no resolution agreed to by the parties. Subsequently a scheduling conference, or directions hearing, that establishes both the administrative process and the timing was held and the High Court has set down the matter for hearing on 4-5 November 2019.

The Company is extremely confident of its legal position and will continue to ensure that its contractual position is protected in all relevant jurisdictions whilst it pursues Saner and RVR for appropriate remedies, including specific performance of the Agreement (eg. legally force Saner and RVR to proceed with the Agreement) or financial damages which will include actual and consequential losses. Legal costs to date have been kept to a minimum and pursuit of the claim will not be a significant drain on the Company's ongoing cash requirements.

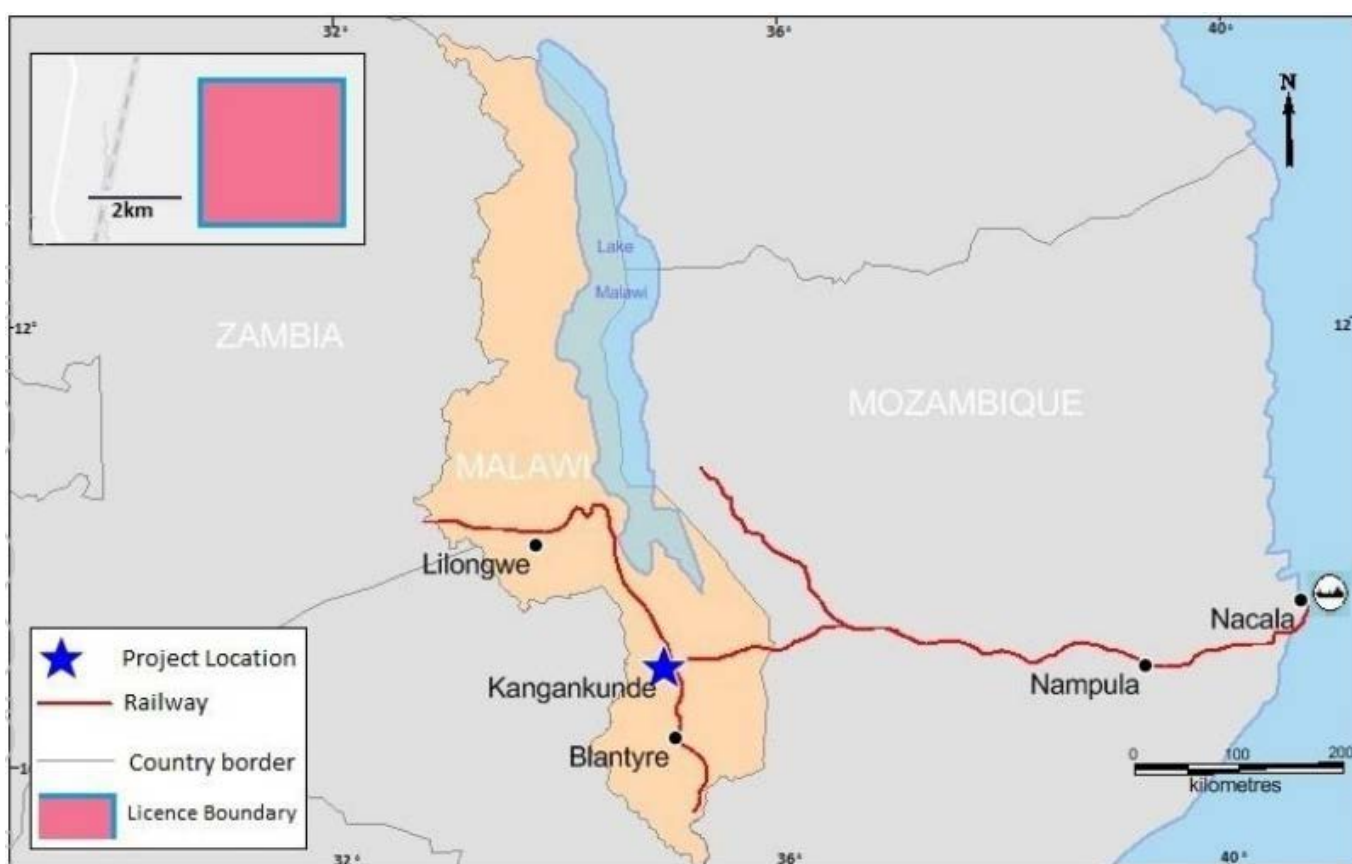


Figure 9: Location of Kangankunde Project showing the location of rail and port infrastructure.

### Uyowa Gold Project - Tanzania

A review of the historic drilling results at Uyowa was carried out during the year with the identification of several high grade zones untested at depth. Untested extensions to mineralisation were also identified at the eastern end of the deposit for future drill testing.

## Directors' Report

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### Competent Person's Statement - Guinea

*The information in this report that relates to exploration results for the Gaoual Bauxite Project is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Lindian Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Gifford consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

### Competent Person's Statement - Tanzania

*The information in this report that relates to exploration results for the Lushoto, Pare and Uyowa Projects is based on information compiled or reviewed by Mr Matt Bull, who is a director of Lindian Resources Limited. Mr Bull is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Bull consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

### Corporate

On 6 August 2018, the Company announced details of a \$1,500,000 capital raising. The capital raising was completed on 5 October 2018 with the issue of 100,000,000 fully paid ordinary shares @ \$0.015 per share with 100,000,000 free attaching options exercisable at \$0.02 on or before 31 December 2020.

On 19 October 2018, the Company announced the change in Company Secretary to Geoff James.

On 1 April 2019, the Company announced it had secured a \$1,000,000 loan facility to fund exploration activities.

On 14 June 2019, the Company announced the appointment of Shannon Green as Managing Director and the resignation of Steven Formica as Non-Executive Director.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the financial year.

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 24 July 2019, the Company announced details of a \$1,300,000 capital raising. Refer to note 29 for further details.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

### ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group is not aware of any breaches in relation to environmental matters.

## Directors' Report

### SHARE OPTIONS

As at the date of this report, there were 165,000,001 unissued ordinary shares under options. The details of the options at the date of this report are as follows:

| Number      | Exercise Price \$ | Expiry Date      |
|-------------|-------------------|------------------|
| 165,000,001 | 0.02              | 31 December 2020 |

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

A total of 125,000,001 options were issued during the year and 60,284,027 options expired during the year.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the *Corporations Act 2001*. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

### PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

### CORPORATE GOVERNANCE

A copy of Lindian's 2019 Corporate Governance Statement, which provides detailed information about governance, and a copy of Lindian's Appendix 4G which sets out the Company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations is available on the corporate governance section of the Company's website at <https://www.lindianresources.com.au/corporate>

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the *Corporations Act 2001* requires the Company's auditors to provide the Directors of Lindian Resources Limited with an Independence Declaration in relation to the audit of the full year financial report. A copy of that declaration forms part of this report.

There were no non-audit services provided by the Company's auditor.

Signed on behalf of the Board in accordance with a resolution of the Directors.



**Asimwe Kabunga**  
**Non-Executive Chairman**  
27 September 2019

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended 30 June 2019*

|                                                                           | Notes | Consolidated<br>2019<br>\$ | 2018<br>\$         |
|---------------------------------------------------------------------------|-------|----------------------------|--------------------|
| <b>Revenue</b>                                                            |       |                            |                    |
| Interest income                                                           |       | 719                        | 817                |
| Other income                                                              |       | -                          | 3,993              |
| Depreciation                                                              | 10    | (9,693)                    | -                  |
| Consulting and directors' fees                                            |       | (195,000)                  | (282,000)          |
| Share based payments                                                      |       | (28,299)                   | -                  |
| Impairment of exploration and evaluation assets                           | 9     | -                          | (2,295,954)        |
| Exploration and evaluation expenses                                       |       | (46,412)                   | (344,760)          |
| Finance costs                                                             |       | (26,314)                   | (32,500)           |
| Other expenses                                                            | 4     | (460,689)                  | (314,029)          |
| <b>Loss before income tax</b>                                             |       | <b>(765,688)</b>           | <b>(3,264,433)</b> |
| Income tax (expense)/benefit                                              | 5     | -                          | 642,857            |
| <b>Loss after income tax</b>                                              |       | <b>(765,688)</b>           | <b>(2,621,576)</b> |
| <b>Other comprehensive income, net of income tax</b>                      |       |                            |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |       |                            |                    |
| Exchange differences on translation of foreign operations                 | 15    | (2,323)                    | -                  |
| <b>Other comprehensive loss for the year, net of income tax</b>           |       | <b>(2,323)</b>             | <b>-</b>           |
| <b>Total comprehensive loss for the year</b>                              |       | <b>(768,011)</b>           | <b>(2,621,576)</b> |
| <b>Loss attributable to:</b>                                              |       |                            |                    |
| Owners of Lindian Resources Limited                                       |       | (737,085)                  | (2,621,576)        |
| Non-controlling interests                                                 |       | (28,603)                   | -                  |
|                                                                           |       | <b>(765,688)</b>           | <b>(2,621,576)</b> |
| <b>Total comprehensive loss attributable to:</b>                          |       |                            |                    |
| Owners of Lindian Resources Limited                                       |       | (738,270)                  | (2,621,576)        |
| Non-controlling interests                                                 |       | (29,741)                   | -                  |
|                                                                           |       | <b>(768,011)</b>           | <b>(2,621,576)</b> |
| <b>Loss per share attributable to owners of Lindian Resources Limited</b> |       |                            |                    |
| Basic and diluted loss per share (cents per share)                        | 20    | (0.21)                     | (0.98)             |

The accompanying notes form part of these financial statements.

**Consolidated Statement of Financial Position as at 30 June 2019**

|                                                 | Notes | Consolidated<br>2019<br>\$ | 2018<br>\$       |
|-------------------------------------------------|-------|----------------------------|------------------|
| <b>CURRENT ASSETS</b>                           |       |                            |                  |
| Cash and cash equivalents                       | 6     | 37,019                     | 4,429            |
| Trade and other receivables                     | 7     | 6,163                      | 9,240            |
| Prepayments                                     | 8     | 45,636                     | -                |
| <b>TOTAL CURRENT ASSETS</b>                     |       | <b>88,818</b>              | <b>13,669</b>    |
| <b>NON-CURRENT ASSETS</b>                       |       |                            |                  |
| Deferred exploration and evaluation expenditure | 9     | 1,031,706                  | -                |
| Property, plant and equipment                   | 10    | 41,445                     | 48,099           |
| <b>TOTAL NON-CURRENT ASSETS</b>                 |       | <b>1,073,151</b>           | <b>48,099</b>    |
| <b>TOTAL ASSETS</b>                             |       | <b>1,161,969</b>           | <b>61,768</b>    |
| <b>CURRENT LIABILITIES</b>                      |       |                            |                  |
| Trade and other payables                        | 11    | 258,853                    | 244,022          |
| Provisions                                      | 12    | 748                        | -                |
| Borrowings                                      | 13    | 165,000                    | 357,500          |
| <b>TOTAL CURRENT LIABILITIES</b>                |       | <b>424,601</b>             | <b>601,522</b>   |
| <b>TOTAL LIABILITIES</b>                        |       | <b>424,601</b>             | <b>601,522</b>   |
| <b>NET ASSETS/(LIABILITIES)</b>                 |       | <b>737,368</b>             | <b>(539,754)</b> |
| <b>EQUITY</b>                                   |       |                            |                  |
| Share capital                                   | 14    | 29,126,329                 | 27,492,524       |
| Reserves                                        | 15    | 9,378,547                  | 8,968,404        |
| Accumulated losses                              | 16    | (37,737,767)               | (37,000,682)     |
|                                                 |       | 767,109                    | (539,754)        |
| Non-controlling interests                       | 18    | (29,741)                   | -                |
| <b>TOTAL EQUITY/(DEFICIENCY)</b>                |       | <b>737,368</b>             | <b>(539,754)</b> |

The accompanying notes form part of these financial statements.



**Consolidated Statement of Cash Flows for the year ended 30 June 2019**

|                                                  | Notes | Consolidated<br>2019<br>\$ | 2018<br>\$       |
|--------------------------------------------------|-------|----------------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      |       |                            |                  |
| Payments to suppliers and employees              |       | (597,680)                  | (442,311)        |
| Interest received                                |       | 719                        | 817              |
| Finance costs                                    |       | (45,914)                   | -                |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>     | 6     | <b>(642,875)</b>           | <b>(441,494)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |       |                            |                  |
| Payments for exploration expenditure             |       | (551,911)                  | (441,158)        |
| Payments for plant & equipment                   |       | (3,040)                    | (55,000)         |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>     |       | <b>(554,951)</b>           | <b>(496,158)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |       |                            |                  |
| Proceeds from issue of shares                    |       | 1,500,000                  | -                |
| Proceeds from borrowings                         | 13    | 174,139                    | 325,000          |
| Repayment of borrowings                          | 13    | (349,139)                  | -                |
| Share issue costs                                |       | (94,584)                   | -                |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>        |       | <b>1,230,416</b>           | <b>325,000</b>   |
| Net increase/(decrease) in cash held             |       | 32,590                     | (612,652)        |
| Cash and cash equivalents at beginning of period |       | 4,429                      | 617,081          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | 6     | <b>37,019</b>              | <b>4,429</b>     |

The accompanying notes form part of these financial statements.

**Consolidated Statement of Changes in Equity for the year ended 30 June 2019**

|                                                             | Share<br>Capital  | Accumulated<br>Losses | Option<br>Reserves | Share Based<br>Payment<br>Reserves | Foreign<br>Currency<br>Translation<br>Reserve | Attributable<br>to Owners of<br>Lindian<br>Resources | Non-<br>Controlling<br>Interests | Total Equity       |
|-------------------------------------------------------------|-------------------|-----------------------|--------------------|------------------------------------|-----------------------------------------------|------------------------------------------------------|----------------------------------|--------------------|
|                                                             | \$                | \$                    | \$                 | \$                                 | \$                                            | \$                                                   | \$                               | \$                 |
| At 1 July 2017                                              | 27,492,524        | (34,379,106)          | 4,106,626          | 4,861,778                          | -                                             | 2,081,822                                            | -                                | 2,081,822          |
| Loss for the year                                           | -                 | (2,621,576)           | -                  | -                                  | -                                             | (2,621,576)                                          | -                                | (2,621,576)        |
| Other comprehensive loss                                    | -                 | -                     | -                  | -                                  | -                                             | -                                                    | -                                | -                  |
| <b>Total comprehensive loss</b>                             | -                 | <b>(2,621,576)</b>    | -                  | -                                  | -                                             | <b>(2,621,576)</b>                                   | -                                | <b>(2,621,576)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                   |                       |                    |                                    |                                               |                                                      |                                  |                    |
| <b>At 30 June 2018</b>                                      | <b>27,492,524</b> | <b>(37,000,682)</b>   | <b>4,106,626</b>   | <b>4,861,778</b>                   | <b>-</b>                                      | <b>(539,754)</b>                                     | <b>-</b>                         | <b>(539,754)</b>   |
| At 1 July 2018                                              | 27,492,524        | (37,000,682)          | 4,106,626          | 4,861,778                          | -                                             | (539,754)                                            | -                                | (539,754)          |
| Loss for the year                                           | -                 | (737,085)             | -                  | -                                  | -                                             | (737,085)                                            | (28,603)                         | (765,688)          |
| Other comprehensive loss                                    | -                 | -                     | -                  | -                                  | (1,185)                                       | (1,185)                                              | (1,138)                          | (2,323)            |
| <b>Total comprehensive loss</b>                             | -                 | <b>(737,085)</b>      | -                  | -                                  | <b>(1,185)</b>                                | <b>(738,270)</b>                                     | <b>(29,741)</b>                  | <b>(768,011)</b>   |
| <b>Transactions with owners in their capacity as owners</b> |                   |                       |                    |                                    |                                               |                                                      |                                  |                    |
| Shares issued                                               | 1,890,000         | -                     | -                  | -                                  | -                                             | 1,890,000                                            | -                                | 1,890,000          |
| Cost of share issue                                         | (256,195)         | -                     | -                  | -                                  | -                                             | (256,195)                                            | -                                | (256,195)          |
| Share based payments                                        | -                 | -                     | -                  | 28,299                             | -                                             | 28,299                                               | -                                | 28,299             |
| Options issued                                              | -                 | -                     | -                  | 383,029                            | -                                             | 383,029                                              | -                                | 383,029            |
| <b>At 30 June 2019</b>                                      | <b>29,126,329</b> | <b>(37,737,767)</b>   | <b>4,106,626</b>   | <b>5,273,106</b>                   | <b>(1,185)</b>                                | <b>767,109</b>                                       | <b>(29,741)</b>                  | <b>737,368</b>     |

The accompanying notes form part of these financial statements.

## **1. Corporate Information**

The financial report of Lindian Resources Limited ("Lindian Resources" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 27 September 2019.

Lindian Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

## **2. Summary of Significant Accounting Policies**

### **(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The presentation currency is Australian dollars.

### **Going Concern**

This report has been prepared on the going concern basis which contemplates the continuity of normal business activity for the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss after tax for the year ended 30 June 2019 of \$765,688 and experienced net cash outflows from operating activities of \$642,875. At 30 June 2019, cash and cash equivalents were \$37,019.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company raising capital from equity and debt markets as completed during the year and subsequent to the year ended 30 June 2019 (notes 13, 14 and 29) and managing cashflow in line with available funds.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all currently forecasted commitments and working capital requirements for the 12 month period from the date of signing this financial report.

During the year the Company raised \$1,500,000 from equity markets (before costs) and a further \$1,100,000 was raised in August 2019 (before costs) with another \$200,000 to be raised subject to shareholder approval. The Company may need to raise further capital in order to fund future exploration programs.

Based on the cash flow forecasts, and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required, should the need arise.

However, if the Group is not successful in securing sufficient funds through capital raising, there is a material uncertainty that may cast significant doubt on whether the Group is able to continue as a going concern and as to whether the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

**(b) Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

**(c) Compliance statement**

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

**(d) Adoption of new and revised standards**

*Standards and Interpretations applicable to 30 June 2019*

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which are relevant to the Group are set out below.

*AASB 9 Financial Instrument*

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

There was no material impact from the adoption of AASB 9.

#### *AASB 15 Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has adopted AASB 9 from 1 July 2018.

AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application.

There was no material impact from the adoption of AASB 15.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

*Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

*AASB 16 Leases*

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

*Impact on operating leases*

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has elected not to early adopt AASB 16.

*Impact on finance leases*

The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.

AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117.

On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

## **Lindian Resources Limited**

### ***Notes to the financial statements for the year ended 30 June 2019***

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Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

#### *Interpretation 23 Uncertainty over Income Tax Treatments*

This Interpretation clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in AASB 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

Interpretation 23 is effective from annual reporting periods beginning on or after 1 July 2019.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

#### **(e) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Lindian Resources Limited and its subsidiaries as at 30 June each year ('the Company').

Subsidiaries are all those entities (including special purpose entities) over which the Company has control. The Company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

#### **(f) Foreign Currency Translation**

##### *(i) Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Lindian Resources Limited is Australian Dollars. The functional currency of the Tanzanian subsidiary is Tanzanian shilling and the functional currency of the Cameroonian subsidiary is Central African Franc.



*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

*(iii) Group entities*

The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in profit or loss, as part of the gain or loss on sale where applicable.

**(g) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the statement of comprehensive income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(h) Deferred Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off. Furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of *AASB 6 Exploration for and Evaluation of Mineral Resources*. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group's rights of tenure to that area of interest are current.

**(i) Trade and Other Receivables**

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Bad debts are written off when identified.

**(j) Cash and Cash Equivalents**

Cash and cash equivalent in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

**(k) Property, Plant & Equipment**

Each asset of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

*Plant and Equipment*

Plant and Equipment is shown at cost less subsequent depreciation for plant and equipment.

*Depreciation*

Items of plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the consolidated entity. The depreciation rates used for this class of asset for the current period is as follows:

- Plant and Equipment 20%

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal. The expected cash flows have been discounted to their present value in determining the recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(l) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(m) Trade and other payables**

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

**(n) Income Tax**

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the statement of comprehensive income except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(o) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(p) Revenue**

Revenue is recognised to the extent that control of the goods or services has passed and it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**(q) Segment Information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Lindian Resources Limited.

**(r) Earnings per share**

*Basic earnings/loss per share*

Basic earnings/loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

*Diluted earnings/loss per share*

Diluted earnings/loss per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

- the costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

**(s) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(t) Share based payment transactions**

The Group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the Group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Lindian Resources Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period. No expense is recognised for awards that do not vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

**(u) Comparative figures**

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

**(v) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**(w) Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

*Share based payment transactions*

The Group measures the cost of equity settled transactions with employees or external parties subject to certain criteria, by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula, taking into account the terms and conditions upon which the instruments were granted.

**(x) Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date. Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

**3. Segment Information**

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

For management purposes, the Group is organised into one main operating segment, being exploration of mineral projects and in four geographical areas, being Tanzania (gold and bauxite minerals), Guinea (bauxite minerals), Malawi (rare earths minerals) and Australia (corporate office).

# Lindian Resources Limited

## Notes to the financial statements for the year ended 30 June 2019

### SEGMENT PERFORMANCE

30 JUNE 2019

|                                                 | TANZANIA       | GUINEA          | MALAWI | AUSTRALIA        | TOTAL            |
|-------------------------------------------------|----------------|-----------------|--------|------------------|------------------|
|                                                 | \$             | \$              | \$     | \$               | \$               |
| <b>Revenue</b>                                  |                |                 |        |                  |                  |
| Corporate interest revenue                      | -              | -               | -      | 719              | 719              |
| <b>Total segment revenue</b>                    | -              | -               | -      | <b>719</b>       | <b>719</b>       |
| <b>Expenditure</b>                              |                |                 |        |                  |                  |
| Depreciation expense                            | 9,646          | -               | -      | 47               | 9,693            |
| Impairment of exploration and evaluation assets | -              | -               | -      | -                | -                |
| Exploration and evaluation expenses             | -              | 46,412          | -      | -                | 46,412           |
| Finance costs                                   | -              | -               | -      | 26,314           | 26,314           |
| Other expenses                                  | -              | -               | -      | 683,988          | 683,988          |
| <b>Total segment expenditure</b>                | <b>9,646</b>   | <b>46,412</b>   | -      | <b>710,349</b>   | <b>766,407</b>   |
| <b>Loss before income tax</b>                   | <b>(9,646)</b> | <b>(46,412)</b> | -      | <b>(709,630)</b> | <b>(765,688)</b> |

### SEGMENT ASSETS

30 JUNE 2019

|                             |                |   |                |               |                  |
|-----------------------------|----------------|---|----------------|---------------|------------------|
| Segment operating assets    | 484,503        | - | 585,656        | 91,810        | 1,161,969        |
| <b>Total segment assets</b> | <b>484,503</b> | - | <b>585,656</b> | <b>91,810</b> | <b>1,161,969</b> |

### SEGMENT LIABILITIES

30 JUNE 2019

|                                  |               |              |   |                |                |
|----------------------------------|---------------|--------------|---|----------------|----------------|
| Segment operating liabilities    | 68,192        | 5,040        | - | 351,369        | 424,601        |
| <b>Total segment liabilities</b> | <b>68,192</b> | <b>5,040</b> | - | <b>351,369</b> | <b>424,601</b> |

Additions to non-current assets

|  |                |   |                |              |                  |
|--|----------------|---|----------------|--------------|------------------|
|  | <b>446,050</b> | - | <b>585,656</b> | <b>3,039</b> | <b>1,034,745</b> |
|--|----------------|---|----------------|--------------|------------------|

### SEGMENT PERFORMANCE

30 JUNE 2018

|                                                 | TANZANIA           | GUINEA | MALAWI | AUSTRALIA        | TOTAL              |
|-------------------------------------------------|--------------------|--------|--------|------------------|--------------------|
|                                                 | \$                 | \$     | \$     | \$               | \$                 |
| <b>Revenue</b>                                  |                    |        |        |                  |                    |
| Corporate interest revenue                      | -                  | -      | -      | 817              | 817                |
| Corporate other income                          | -                  | -      | -      | 3,993            | 3,993              |
| <b>Total segment revenue</b>                    | -                  | -      | -      | <b>4,810</b>     | <b>4,810</b>       |
| <b>Expenditure</b>                              |                    |        |        |                  |                    |
| Depreciation expense                            | -                  | -      | -      | -                | -                  |
| Impairment of exploration and evaluation assets | 2,295,954          | -      | -      | -                | 2,295,954          |
| Exploration and evaluation expenses             | 344,760            | -      | -      | -                | 344,760            |
| Finance costs                                   | -                  | -      | -      | 32,500           | 32,500             |
| Other expenses                                  | -                  | -      | -      | 596,029          | 596,029            |
| <b>Total segment expenditure</b>                | <b>2,640,714</b>   | -      | -      | <b>628,529</b>   | <b>3,269,243</b>   |
| <b>Loss before income tax</b>                   | <b>(2,640,714)</b> | -      | -      | <b>(623,719)</b> | <b>(3,264,433)</b> |

### SEGMENT ASSETS

30 JUNE 2018

|                             |               |   |   |               |               |
|-----------------------------|---------------|---|---|---------------|---------------|
| Segment operating assets    | 48,099        | - | - | 13,669        | 61,768        |
| <b>Total segment assets</b> | <b>48,099</b> | - | - | <b>13,669</b> | <b>61,768</b> |

### SEGMENT LIABILITIES

30 JUNE 2018

|                                  |               |   |   |                |                |
|----------------------------------|---------------|---|---|----------------|----------------|
| Segment operating liabilities    | 84,624        | - | - | 516,898        | 601,522        |
| <b>Total segment liabilities</b> | <b>84,624</b> | - | - | <b>516,898</b> | <b>601,522</b> |



|                                      | Consolidated<br>2019<br>\$ | 2018<br>\$     |
|--------------------------------------|----------------------------|----------------|
| <b>4. Other Expenses</b>             |                            |                |
| Accounting, audit and tax fees       | 109,215                    | 123,493        |
| Insurance                            | 22,916                     | 14,248         |
| Legal fees                           | 46,402                     | 55,483         |
| Listing and share registry costs     | 41,416                     | 25,788         |
| Travel                               | -                          | 5,169          |
| Printing and stationery              | 983                        | 2,758          |
| Marketing and corporate advisor fees | 218,302                    | 55,000         |
| Salary and superannuation            | 12,291                     | -              |
| Other                                | 9,164                      | 32,090         |
| <b>Total other expenses</b>          | <b>460,689</b>             | <b>314,029</b> |

|                                                        | Consolidated<br>2019<br>\$ | 2018<br>\$ |
|--------------------------------------------------------|----------------------------|------------|
| <b>5. Income Tax</b>                                   |                            |            |
| <b>(a) Income tax expense</b>                          |                            |            |
| Major component of tax expense/(benefit) for the year: |                            |            |
| Current tax                                            | -                          | -          |
| Deferred tax                                           | -                          | (642,857)  |
|                                                        | -                          | (642,857)  |

**(b) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate.**

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

|                                                |           |             |
|------------------------------------------------|-----------|-------------|
| <b>Total loss before income tax expense</b>    | (765,688) | (3,264,433) |
| Tax at the group rate of 30% (2018 : 30%)      | (229,706) | (979,330)   |
| Non-deductible expenses                        | 67,423    | 170,978     |
| Movement in unrecognised temporary differences | (2,209)   | 36,862      |
| Debt equity raising costs                      | (6,437)   | (5,302)     |
| Income tax benefit not brought to account      | 170,929   | 133,935     |
| Income tax benefit                             | -         | (642,857)   |

**(c) Unrecognised deferred tax balances**

The following deferred tax assets and liabilities have not been brought to account:

**Deferred tax assets comprise:**

|                                                                     |                  |                  |
|---------------------------------------------------------------------|------------------|------------------|
| Losses available for offset against future taxable income - revenue | 4,064,604        | 3,895,820        |
| Other deferred tax balances                                         | 614,597          | 619,067          |
|                                                                     | <b>4,679,201</b> | <b>4,514,887</b> |

The benefit for tax losses will only be obtained if:

- (i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses

**6. Cash and Cash Equivalents**
**Consolidated**
**Reconciliation of operating loss after tax to the net cash flows from operations**

**2019**                      **2018**  
\$                              \$

Loss after tax                                              (765,688)              (2,621,576)

**Non-cash items**

Depreciation and impairment charges                                              9,693                      6,901

Foreign currency (gain)/loss                                              1,073                      3,409

Share based payments                                              158,837                      -

Impairment of exploration and evaluation assets                                              -                      2,295,954

Reversal of deferred tax liability                                              -                      (642,857)

Accrued debt facility premiums                                              -                      32,500

Exploration costs classified as investing activities                                              -                      306,045

**Change in assets and liabilities**

Trade and other receivables                                              (42,559)                      5,528

Trade and other payables                                              (4,979)                      172,602

Provisions                                              748                      -

**Net cash outflow from operating activities**

**(642,875)                      (441,494)**

**Reconciliation of Cash**

Cash comprises of:

Cash at bank                                              37,019                      4,429

**37,019                      4,429**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**7. Trade and Other Receivables – Current**
**Consolidated**

**2019**                      **2018**  
\$                              \$

GST receivable                                              6,163                      3,419

Other receivable                                              -                      5,821

**6,163                      9,240**

Goods and services tax is non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

**Consolidated**

**2019**                      **2018**  
\$                              \$

**8. Prepayments**

Prepaid expenditure                                              45,636                      -

**45,636                      -**

|                                                                                                | Consolidated<br>2019<br>\$ | 2018<br>\$  |
|------------------------------------------------------------------------------------------------|----------------------------|-------------|
| <b>9. Deferred Exploration and Evaluation Expenditure</b>                                      |                            |             |
| Exploration and evaluation phase – at cost                                                     |                            |             |
| At beginning of the year                                                                       | -                          | 2,164,251   |
| Exploration expenditure during the year settled by cash                                        | 550,827                    | 131,703     |
| Exploration expenditure during the year settled by issue of shares and options (refer note 26) | 280,879                    | -           |
| Proposed issue of shares for acquisition of Batan Australia Pty Ltd (refer note 14)            | 200,000                    | -           |
| Impairment expense <sup>(i)</sup>                                                              | -                          | (2,295,954) |
| Total exploration and evaluation                                                               | <b>1,031,706</b>           | -           |

The deferred exploration and evaluation expenditure consists of expenditure on the Group's Lushoto Bauxite Project in Tanzania and the Kangankunde Rare Earths Project in Malawi. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of respective areas.

(i) The impairment expense in the year ended 30 June 2018 related to the group's gold assets in Tanzania as disclosed in the 30 June 2018 annual report.

|                                | Consolidated<br>2019<br>\$ | 2018<br>\$    |
|--------------------------------|----------------------------|---------------|
| <b>10. Plant and Equipment</b> |                            |               |
| Plant and equipment – at cost  | 58,039                     | 55,000        |
| Accumulated depreciation       | (16,594)                   | (6,901)       |
| Net book amount                | <b>41,445</b>              | <b>48,099</b> |

**Plant and equipment**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 48,099        | -             |
| Acquisitions                         | 3,039         | 55,000        |
| Depreciation expense                 | (9,693)       | (6,901)       |
| Balance at the end of the year       | <b>41,445</b> | <b>48,099</b> |

**11. Trade and Other Payables**

|                             |                |                |
|-----------------------------|----------------|----------------|
| Trade payables and accruals | 258,853        | 244,022        |
|                             | <b>258,853</b> | <b>244,022</b> |

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30-day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

|                       | Consolidated<br>2019<br>\$ | 2018<br>\$ |
|-----------------------|----------------------------|------------|
| <b>12. Provisions</b> |                            |            |
| Employee entitlements | 748                        | -          |
|                       | <b>748</b>                 | -          |

# Lindian Resources Limited

## Notes to the financial statements for the year ended 30 June 2019

|                                      | Consolidated<br>2019<br>\$ | 2018<br>\$     |
|--------------------------------------|----------------------------|----------------|
| <b>13. Borrowings</b>                |                            |                |
| Short term debt                      |                            |                |
| Balance at the beginning of the year | 357,500                    | -              |
| Drawdown of loan facility            | 174,139                    | 325,000        |
| Finance charges                      | 17,414                     | 32,500         |
| Repayment of borrowings              | (349,139)                  | -              |
| Repayment of finance charges         | (34,914)                   | -              |
| Balance at the end of the year       | <b>165,000</b>             | <b>357,500</b> |

On 1 April 2019 the Company announced that it had entered into an unsecured \$1M loan facility with Rose Lawn Limited for a 12 month term. The lender is entitled to a 6% fee payable upon receipt of each draw down and 110% of the loan amount is repayable on maturity. The loan facility is repayable at the earlier of 12 months after the last amount is drawn down or upon an equity raising.

### 14. Share Capital

#### (a) Share capital

|                            | 2019<br>\$        | 2018<br>\$        |
|----------------------------|-------------------|-------------------|
| Ordinary shares fully paid | <b>29,126,329</b> | <b>27,492,524</b> |

|                                                                                                            | 2019                |                   | 2018                |                   |
|------------------------------------------------------------------------------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                                                                                            | Number of<br>shares | \$                | Number of<br>shares | \$                |
| <b>(b) Movements in shares on issue</b>                                                                    |                     |                   |                     |                   |
| Balance at the beginning of the year                                                                       | 267,812,123         | 27,492,524        | 267,812,123         | 27,492,524        |
| Shares issued – placement                                                                                  | 100,000,000         | 1,500,000         | -                   | -                 |
| Shares issued – part consideration for introduction of the Kangankunde Rare Earths Project (refer note 26) | 6,666,667           | 113,333           | -                   | -                 |
| Shares issued – corporate advisor (refer note 26)                                                          | 3,333,334           | 76,667            | -                   | -                 |
| Proposed issue of shares for acquisition of Batan Australia Pty Ltd <sup>(i)</sup>                         | -                   | 200,000           | -                   | -                 |
| Less fundraising costs                                                                                     | -                   | (256,195)         | -                   | -                 |
| Balance at the end of the year                                                                             | <b>377,812,124</b>  | <b>29,126,329</b> | <b>267,812,123</b>  | <b>27,492,524</b> |

(i) Subject to shareholder approval, issue of 10,000,000 shares to the vendors of the Lushoto Bauxite Project in consideration for the completion of the 51% stage 1 acquisition of Batan Australia Pty Ltd which in turn owns 100% of East Africa Bauxite Limited, holder of the Lushoto and Pare Bauxite Projects (refer to ASX announcements dated 3 August 2017, 11 January 2018, 8 October 2018 and 20 March 2019 for further detail). The shares to be issued for the stage 1 acquisition were previously approved by shareholders in November 2018. This approval had expired and accordingly shareholder “re-approval” will be sought at the shareholder meeting to be held on or before 30 November 2019.

#### (c) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

**(d) Capital risk management**

The Group's capital comprises share capital, reserves less accumulated losses amounting to a surplus of \$737,368 at 30 June 2019 (2018: deficit of \$539,754). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was geared to the extent indicated in Note 13 at the financial year end and not subject to any externally imposed capital requirements.

**(e) Share options**

At 30 June 2019, there were 165,000,001 unissued ordinary shares under option (2018: 100,284,027 options). The details of the options are as follows:

| Number      | Exercise Price \$ | Expiry Date      |
|-------------|-------------------|------------------|
| 165,000,001 | 0.02              | 31 December 2020 |

The movement in options during the year ended 30 June 2019 is set out below. No ordinary shares were issued on the exercise of options during the period.

|                                                                                             | Number of options  |
|---------------------------------------------------------------------------------------------|--------------------|
| <b>Movements in options on issue</b>                                                        |                    |
| At beginning of period                                                                      | 100,284,027        |
| Options expired                                                                             | (60,284,027)       |
| Options issued – free attaching options for placement                                       | 100,000,000        |
| Options issued – capital raising fee                                                        | 10,000,000         |
| Options issued – part consideration for introduction of the Kangankunde Rare Earths Project | 6,666,667          |
| Options issued – corporate advisor services                                                 | 3,333,334          |
| Options issued – consideration for consultancy fee                                          | 5,000,000          |
| At end of period                                                                            | <u>165,000,001</u> |

**(f) Performance shares**

At 30 June 2019, there were 25,000,000 performance shares on issue (2018: 50,000,000 performance shares). The details of the performance shares are as follows:

| Number             | Expiry Date     | Vesting Condition                                                                                                                                                                                                             |
|--------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25,000,000 Class B | 6 December 2020 | Conditional on conversion of the Class A Performance Shares and an independent third party expert producing a positive Pre-Feasibility Study for the development of the Tanzanian Gold Projects, expiring on 6 December 2020. |

The movement in performance shares during the year ended 30 June 2019 is set out below. No performance shares vested during the period.

|                                                                | Number of performance shares |
|----------------------------------------------------------------|------------------------------|
| <b>Movements in performance shares on issue</b>                |                              |
| At beginning of period – Class A                               | 25,000,000                   |
| At beginning of period – Class B                               | 25,000,000                   |
| Performance shares expired – Class A (expired 6 December 2018) | <u>(25,000,000)</u>          |
| At end of period – Class B                                     | <u>25,000,000</u>            |

# Lindian Resources Limited

## Notes to the financial statements for the year ended 30 June 2019

As part of the consideration for the acquisition of Tangold Pty Ltd, the Group had previously issued contingent consideration to the Tangold vendors in the form of performance shares.

No value has been assigned to the performance shares as achievement of the vesting conditions has not been deemed probable, at the date of this report.

|                                      | <b>Consolidated</b> |                  |
|--------------------------------------|---------------------|------------------|
|                                      | <b>2019</b>         | <b>2018</b>      |
|                                      | <b>\$</b>           | <b>\$</b>        |
| <b>15. Reserves</b>                  |                     |                  |
| Share based payments reserve         | 5,273,106           | 4,861,778        |
| Option reserve                       | 4,106,626           | 4,106,626        |
| Foreign currency translation reserve | (1,185)             | -                |
|                                      | <b>9,378,547</b>    | <b>8,968,404</b> |

### Movements in Reserves

#### Share based payments reserve

|                                                                                                                   | <b>Consolidated</b> |                  |
|-------------------------------------------------------------------------------------------------------------------|---------------------|------------------|
|                                                                                                                   | <b>2019</b>         | <b>2018</b>      |
|                                                                                                                   | <b>\$</b>           | <b>\$</b>        |
| Balance at the beginning of the year                                                                              | 4,861,778           | 4,861,778        |
| Recognition of share based payments for options issued for capital raising fee                                    | 161,612             | -                |
| Recognition of share based payments for options issued to for introduction of the Kangankunde Rare Earths Project | 107,742             | -                |
| Recognition of share based payments for options issued for corporate advisor fees                                 | 53,871              | -                |
| Recognition of share based payments for options issued for consultancy fees                                       | 59,804              | -                |
| Recognition of share based payments for proposed issue of options upon resignation of director <sup>(i)</sup>     | 28,299              | -                |
| Balance at the end of the year                                                                                    | <b>5,273,106</b>    | <b>4,861,778</b> |

The share based payment reserve is used to record the fair value of options issued.

(i) Subject to shareholder approval, issue of 10,000,000 options with an exercise price of \$0.03 each to expire on 31 December 2020 to former director, Steve Formica. Options to be issued in recognition of additional services performed whilst a director. Shareholder approval to be sought at the Annual General Meeting to be held on or before 30 November 2019.

|                                      | <b>Consolidated</b> |                  |
|--------------------------------------|---------------------|------------------|
|                                      | <b>2019</b>         | <b>2018</b>      |
|                                      | <b>\$</b>           | <b>\$</b>        |
| <b>Option reserve</b>                |                     |                  |
| Balance at the beginning of the year | 4,106,626           | 4,106,626        |
| Options issued                       | -                   | -                |
| Balance at the end of the year       | <b>4,106,626</b>    | <b>4,106,626</b> |

The option reserve is used to record the premium paid on the issue of listed options.

#### Foreign currency translation reserve

|                                                                                                             |                |          |
|-------------------------------------------------------------------------------------------------------------|----------------|----------|
| Balance at the beginning of the year                                                                        | -              | -        |
| Exchange difference on translation of foreign operation attributable to owners of Lindian Resources Limited | (1,185)        | -        |
| Balance at the end of the year                                                                              | <b>(1,185)</b> | <b>-</b> |

The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities. The reserve is recognised in profit and loss when the net investment is disposed of.

**16. Accumulated Losses**
**Consolidated**
**2019**
**\$**
**2018**
**\$**

Movements in accumulated losses were as follows:

|                                                                       |                   |                   |
|-----------------------------------------------------------------------|-------------------|-------------------|
| At beginning of the year                                              | 37,000,682        | 34,379,106        |
| Loss for the year attributable to owners of Lindian Resources Limited | 737,085           | 2,621,576         |
| Balance at the end of the year                                        | <b>37,737,767</b> | <b>37,000,682</b> |

**17. Asset Acquisition**

During the year the Group acquired a 51% interest in Batan Australia Pty Ltd ("Batan") pursuant to a Farm-in and Joint Venture Agreement ("Agreement") dated 20 March 2019. Batan owns 100% of East Africa Bauxite Limited, holder of the tenements for the Lushoto and Pare Bauxite Projects in Tanzania. The Group met the requirement to spend \$400,000 on the project tenements to acquire the 51% stage 1 interest. Pursuant to the Agreement and subject to shareholder approval, the Group is required to issue 10,000,000 shares to the vendors of Batan in consideration for the completion of the 51% stage 1 acquisition of the Lushoto and Pare Bauxite Projects. Details of the fair value of the assets acquired on 20 March 2019 are as follows:

**20 March 2019**
**\$**
**Purchase Consideration**

|                                            |                |
|--------------------------------------------|----------------|
| Shares consideration and exploration spend | 400,000        |
| <b>Total</b>                               | <b>400,000</b> |

**Net Assets Acquired**

|                                                 |                |
|-------------------------------------------------|----------------|
| Deferred exploration and evaluation expenditure | 400,000        |
| <b>Total</b>                                    | <b>400,000</b> |

The Group is required to spend a further \$1,400,000 on the project tenements which includes completion of a bankable Feasibility Study and issue 10 million shares at a deemed issue price of \$0.02 each to earn a further 24% interest in Batan (stage 2 interest). Lindian is required to give notice to Batan on or before 31 December 2019 to elect to continue to sole fund the project to acquire the stage 2 interest. If the Group does not elect to proceed to acquire the stage 2 interest, Lindian's stage 1 interest will be reduced to 49%.

# Lindian Resources Limited

## Notes to the financial statements for the year ended 30 June 2019

### 18. Non-Controlling Interests

As set out in Note 17, there is a 49% non-controlling interest in Batan Australia Pty Ltd.

#### Non-controlling interest summary

|                                                                | Batan Australia<br>Pty Ltd<br>30 June 2019<br>\$ |
|----------------------------------------------------------------|--------------------------------------------------|
| Non-controlling interest arising on acquisition of subsidiary  | -                                                |
| Loss allocated to non-controlling interest                     | (28,603)                                         |
| Other comprehensive loss allocated to non-controlling interest | (1,138)                                          |
| Closing balance                                                | <u>(29,741)</u>                                  |

The summarised financial information at 30 June 2019 is as follows:

|                                       | Batan Australia<br>Pty Ltd<br>\$ |
|---------------------------------------|----------------------------------|
| Non-current assets                    | <u>66,340</u>                    |
| Total Assets                          | <u>66,340</u>                    |
| Current liabilities                   | <u>127,036</u>                   |
| Total Liabilities                     | <u>127,036</u>                   |
| Net Assets/(Liabilities)              | <u>(60,696)</u>                  |
| Loss for the year                     | <u>(58,373)</u>                  |
| Total comprehensive loss for the year | <u>(60,696)</u>                  |

### 19. Investments in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

| Name of Entity                            | Country of<br>Incorporation | Equity Holding<br>2019 | Equity Holding<br>2018 |
|-------------------------------------------|-----------------------------|------------------------|------------------------|
| West African Exploration Pty Ltd          | Australia                   | 100%                   | 100%                   |
| West African Exploration Cameroon Pty Ltd | Cameroon                    | 100%                   | 100%                   |
| Tangold Pty Ltd                           | Australia                   | 100%                   | 100%                   |
| Hapa Gold Limited                         | Tanzania                    | 100%                   | 100%                   |
| Batan Australia Pty Ltd                   | Australia                   | 51% <sup>1</sup>       | -                      |
| East Africa Bauxite Limited               | Tanzania                    | 51% <sup>1</sup>       | -                      |

<sup>1</sup> Refer to note 17 for details of the acquisition of the new subsidiaries.



|                                                                                                     | <b>Consolidated</b>     |             |
|-----------------------------------------------------------------------------------------------------|-------------------------|-------------|
|                                                                                                     | <b>2019</b>             | <b>2018</b> |
|                                                                                                     | <b>\$</b>               | <b>\$</b>   |
| <b>20. Loss per Share</b>                                                                           |                         |             |
| Loss attributable to owners of Lindian Resources Limited used in calculating basic and dilutive EPS | (737,085)               | (2,621,576) |
|                                                                                                     | <b>Number of Shares</b> |             |

Weighted average number of ordinary shares used in calculating basic and diluted earnings / (loss) per share (\*):

|             |             |
|-------------|-------------|
| 358,076,964 | 267,812,213 |
|-------------|-------------|

\* There is no impact from the 165,000,001 options outstanding at 30 June 2019 (2018: 100,284,027 options) on the loss per share calculation because they are antidilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

|                                                                                                            | <b>Consolidated</b> |                |
|------------------------------------------------------------------------------------------------------------|---------------------|----------------|
|                                                                                                            | <b>2019</b>         | <b>2018</b>    |
|                                                                                                            | <b>\$</b>           | <b>\$</b>      |
| <b>21. Expenditure Commitments</b>                                                                         |                     |                |
| Exploration commitments contracted for at reporting date but not recognised as liabilities are as follows: |                     |                |
| Within one year                                                                                            | 466,667             | 220,214        |
| After one year but not longer than 5 years                                                                 | 933,333             | -              |
|                                                                                                            | <b>1,400,000</b>    | <b>220,214</b> |

As set out in note 17, during the year the Group acquired a 51% interest in Batan Australia Pty Ltd ("Batan") pursuant to a Farm-in and Joint Venture Agreement ("Agreement") dated 20 March 2019. Batan owns 100% of East Africa Bauxite Limited, holder of the tenements for the Lushoto and Pare Bauxite Projects in Tanzania. The Group met the previous requirement to spend \$400,000 on the project tenements to acquire the 51% stage 1 interest.

The Group is required to spend a further \$1,400,000 on the project tenements which includes completion of a bankable Feasibility Study and issue 10 million shares at a deemed issue price of \$0.02 each to earn a further 24% interest in Batan (stage 2 interest). Lindian is required to give notice to Batan on or before 31 December 2019 to elect to continue to sole fund the project to acquire the stage 2 interest. Lindian has 18 months from the date of giving notice to continue to sole fund the project to meet the expenditure requirement to acquire the stage 2 interest.

|                                                                                              | <b>Consolidated</b> |               |
|----------------------------------------------------------------------------------------------|---------------------|---------------|
|                                                                                              | <b>2019</b>         | <b>2018</b>   |
|                                                                                              | <b>\$</b>           | <b>\$</b>     |
| <b>22. Auditors' Remuneration</b>                                                            |                     |               |
| The auditor of Lindian Resources Limited is HLB Mann Judd (2018: HLB Mann Judd)              |                     |               |
| Amounts received or due and receivable by the auditor for :                                  |                     |               |
| - an audit or review of the financial report of the entity and any other entity in the Group | 24,180              | 27,080        |
|                                                                                              | <b>24,180</b>       | <b>27,080</b> |

|                                                                                                                | Consolidated<br>2019<br>\$ | 2018<br>\$     |
|----------------------------------------------------------------------------------------------------------------|----------------------------|----------------|
| <b>23. Key Management Personnel Disclosures</b>                                                                |                            |                |
| The aggregate compensation made to Directors and other Key Management Personnel of the Group is set out below: |                            |                |
| Short term employee benefits                                                                                   | 296,290                    | 292,000        |
| Share based payments                                                                                           | 28,299                     | -              |
| Post-employment benefits (superannuation)                                                                      | 1,001                      | -              |
| <b>Total remuneration</b>                                                                                      | <b>325,590</b>             | <b>292,000</b> |

The Group has liabilities of \$120,000 for unpaid Key Management Personnel remuneration at 30 June 2019 (2018: \$110,000).

#### **24. Related Party Disclosures**

The ultimate parent entity is Lindian Resources Limited. Refer to note 19 for list of all subsidiaries within the Group. There were no other related party transactions to report on for the period.

As part of Mr Green's commencement package, the Company will issue to Mr Green (or nominee), subject to any necessary shareholders approvals required under the ASX Listing Rules and / or Corporations Act, 20,000,000 unlisted options exercisable in accordance with the milestones below at \$0.02 on or before 30 June 2021 ("Executive Options"):

Milestones:

- (a) 10,000,000 Executive Options exercisable upon the Company receiving shareholder approval at the shareholder meeting for the purpose of proceeding with the Gaoual Bauxite Project in Guinea on similar terms to those set out in the Company's ASX announcement dated 10 April 2019; and
- (b) 10,000,000 Executive Options exercisable upon close of trade the date the Company achieves a 10 day VWAP share price of \$0.03 or above.

As disclosed in note 26, and subject to shareholder approval, 10,000,000 options with an exercise price of \$0.03 each to expire on 31 December 2020 are to be issued to former director, Steve Formica. The options are to be issued in recognition of additional services performed whilst a director. Shareholder approval to be sought at the Annual General Meeting to be held on or before 30 November 2019.

Lindian announced on 10 April 2019 that it had 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 (approximately 332km<sup>2</sup> in Guinea) ("Project") which is wholly owned by KB. KB and GB are related parties of Lindian Chairman, Mr Asimwe Kabunga, and as such, the Company will need to comply with the relevant provisions of both the Corporations Act and the ASX Listing Rules and accordingly shareholder approval will be sought to proceed with the option to earn up to 75% of the Project.

#### **25. Financial Risk Management**

Exposure to interest rate, liquidity, and credit risk arises in the normal course of the Group's business. The Group does not hold or use derivative financial instruments. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

**Lindian Resources Limited**  
**Notes to the financial statements for the year ended 30 June 2019**

|                              | <b>Consolidated</b> |             |
|------------------------------|---------------------|-------------|
|                              | <b>2019</b>         | <b>2018</b> |
|                              | <b>\$</b>           | <b>\$</b>   |
| <b>Financial Assets</b>      |                     |             |
| Cash and cash equivalents    | 37,019              | 4,429       |
| Trade and other receivables  | 6,163               | 9,240       |
|                              | <hr/>               | <hr/>       |
| <b>Financial Liabilities</b> |                     |             |
| Trade and other payables     | 258,853             | 244,024     |
| Short term debt              | 165,000             | 357,500     |
|                              | <hr/>               | <hr/>       |

The fair value of financial assets and liabilities at balance date approximate their carrying values.

**Financial Risk Management Policies**

The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of future cash flow requirements.

**Specific Financial Risk Exposure and Management**

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

**(a) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing the Group's future capital needs include the cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raisings will be adequate to meet our expected capital needs.

*Maturity analysis for financial liabilities*

Financial liabilities of the Group comprise trade and other payables and borrowings. At 30 June 2019, all trade and other payables and borrowings are expected to contractually mature within 30 days.

**(b) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

|                           | <b>Consolidated</b> |             |
|---------------------------|---------------------|-------------|
|                           | <b>2019</b>         | <b>2018</b> |
|                           | <b>\$</b>           | <b>\$</b>   |
| Cash and cash equivalents | 37,019              | 4,429       |

At balance date the Group's exposure to interest rate risk is not material.

**(c) Credit Risk Exposures**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2019, the Group held cash at bank. These were held with a financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2019.

**(d) Foreign Currency Risk Exposures**

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The foreign currency risk is not material.

**26. Share Based Payments****(a) Recognised share based payment transactions**

Share based payment transactions recognised either as operating expenses in the statement of comprehensive income, capital raising expenses in equity or exploration expenditure on the statement of financial position as follows:

**Lindian Resources Limited**  
**Notes to the financial statements for the year ended 30 June 2019**

|                                                                                           | Consolidated<br>2019<br>\$ | 2018<br>\$ |
|-------------------------------------------------------------------------------------------|----------------------------|------------|
| <i>Operating expenses</i>                                                                 |                            |            |
| Share based payment <sup>1</sup>                                                          | 28,299                     | -          |
| Other Expenses – corporate advisor services <sup>2,3</sup>                                | 130,538                    | -          |
|                                                                                           | <u>158,837</u>             | <u>-</u>   |
| <i>Exploration expenditure</i>                                                            |                            |            |
| Part consideration for introduction of the Kangankunde Rare Earths Project <sup>4,5</sup> | 221,075                    | -          |
| Consideration for consultancy fee <sup>6</sup>                                            | 59,804                     | -          |
|                                                                                           | <u>280,879</u>             | <u>-</u>   |
| <i>Equity</i>                                                                             |                            |            |
| Issued capital <sup>3,4</sup>                                                             | 190,000                    | -          |
| Share issue expenses <sup>7</sup>                                                         | (161,612)                  | -          |
| Share-based payments reserve <sup>1,2,5,6,7</sup>                                         | 411,328                    | -          |
|                                                                                           | <u>439,716</u>             | <u>-</u>   |

<sup>1</sup> Subject to shareholder approval, issue of 10,000,000 options with an exercise price of \$0.03 each to expire on 31 December 2020 to former director, Steve Formica. Options to be issued in recognition of additional services performed whilst a director. Shareholder approval to be sought at the Annual General Meeting to be held on or before 30 November 2019 (a)

<sup>2</sup> On 5 October 2018, the Group issued 3,333,334 unlisted options exercisable at \$0.02 on or before 31 December 2020 pursuant to a corporate advisor mandate (b)

<sup>3</sup> On 5 October 2018, the Group issued 3,333,334 fully paid ordinary shares pursuant to a corporate advisor mandate. The shares were valued using the closing share price on the last trading day prior to the issue date of \$0.023 per share.

<sup>4</sup> On 14 August 2018, the Group issued 6,666,667 fully paid ordinary shares as part consideration for the introduction of the Kangankunde Rare Earths Project. The shares were valued using the closing share price on the issue date of \$0.017 per share.

<sup>5</sup> On 5 October 2018, the Group issued 6,666,667 unlisted options exercisable at \$0.02 on or before 31 December 2020 as part consideration for the introduction of the Kangankunde Rare Earths Project (b)

<sup>6</sup> On 23 October 2018, the Group issued 5,000,000 unlisted options exercisable at \$0.02 on or before 31 December 2020 pursuant to a consultancy agreement. 2,500,000 options are subject to a vesting condition that the 5 day volume weighted average price of shares as traded on ASX after the date of issue of the Options is not less than \$0.04 (c)

<sup>7</sup> On 5 October 2018, the Group issued 10,000,000 unlisted options exercisable at \$0.02 on or before 31 December 2020 pursuant to a capital raising mandate (b)

Fair value of options issued or proposed to be issued during the period calculated using the Black-Scholes option pricing model applying the following inputs:

|                            | (a)                     | (b)        | (c)        |
|----------------------------|-------------------------|------------|------------|
| Valuation date             | 07/06/19 <sup>(1)</sup> | 05/10/18   | 23/10/18   |
| Valuation date fair value  | \$0.0028                | \$0.0162   | \$0.0120   |
| Valuation date share price | \$0.011                 | \$0.023    | \$0.018    |
| Exercise price             | \$0.030                 | \$0.020    | \$0.020    |
| Expected volatility        | 106.60%                 | 131.09%    | 132.93%    |
| Option life                | 1.57 years              | 2.24 years | 2.19 years |
| Expiry date                | 31/12/20                | 31/12/20   | 31/12/20   |
| Risk-free interest rate    | 1.08%                   | 1.98%      | 2.01%      |

<sup>1</sup> Issue of options subject to shareholder approval.

## Lindian Resources Limited

### Notes to the financial statements for the year ended 30 June 2019

Details of the options on issue during the current and previous year are set out below:

| Grant Date   | Expiry Date | Fair Value at Valuation Date (\$) | Exercise Price (\$) | Number 30 June 2018 | Number Vested and Exercisable at 30 June 2018 | Number 30 June 2019 | Number Vested and Exercisable at 30 June 2019 |
|--------------|-------------|-----------------------------------|---------------------|---------------------|-----------------------------------------------|---------------------|-----------------------------------------------|
| 05/10/18     | 31/12/20    | \$0.0162                          | \$0.020             | -                   | -                                             | 20,000,001          | 20,000,001                                    |
| 23/10/18     | 31/12/20    | \$0.0120                          | \$0.020             | -                   | -                                             | 5,000,000           | 2,500,000                                     |
| <b>Total</b> |             |                                   |                     | -                   | -                                             | <b>25,000,001</b>   | <b>22,500,001</b>                             |

The movement in options on issue during the current and previous year is reconciled as follows:

|                                     | Number of Options | Weighted Average Exercise Price (\$) | Weighted Average Fair Value (\$) | Weighted Average Contractual Life (days) |
|-------------------------------------|-------------------|--------------------------------------|----------------------------------|------------------------------------------|
| Options outstanding at 30 June 2017 | -                 | -                                    | -                                | -                                        |
| Options outstanding at 30 June 2018 | -                 | -                                    | -                                | -                                        |
| Issued during the year              | 25,000,001        | \$0.020                              | \$0.0154                         | -                                        |
| Exercised during the year           | -                 | -                                    | -                                | -                                        |
| Expired during the year             | -                 | -                                    | -                                | -                                        |
| Options outstanding at 30 June 2019 | 25,000,001        | \$0.020                              | -                                | 550                                      |

## 27. Parent Entity Information

The following details relate to the parent entity, Lindian Resources Limited, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in note 2.

|                                              | 2019<br>\$       | 2018<br>\$         |
|----------------------------------------------|------------------|--------------------|
| Current assets                               | 88,818           | 13,669             |
| Non-current assets                           | 1,073,151        | 48,100             |
| <b>Total Assets</b>                          | <b>1,161,969</b> | <b>61,769</b>      |
| Current liabilities                          | 424,601          | 601,523            |
| <b>Total Liabilities</b>                     | <b>424,601</b>   | <b>601,523</b>     |
| <b>Net Assets/(Liabilities)</b>              | <b>737,368</b>   | <b>(539,754)</b>   |
| Issued capital                               | 29,126,329       | 27,492,524         |
| Reserves                                     | 9,379,732        | 8,968,404          |
| Accumulated losses                           | (37,768,693)     | (37,000,682)       |
| <b>Total Equity/(Deficiency in Equity)</b>   | <b>737,368</b>   | <b>(539,754)</b>   |
| Loss for the year                            | (768,011)        | (2,621,576)        |
| Other comprehensive income for the year      | -                | -                  |
| <b>Total comprehensive loss for the year</b> | <b>(768,011)</b> | <b>(2,621,576)</b> |

## Guarantees

Lindian Resources Limited has not entered into any guarantees in relation to the debts of its subsidiary.

## Other Commitments and Contingencies

Refer to note 21 and note 30 for details of the parent company's commitments and contingent liabilities.

## **28. Dividends**

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 30 June 2019. The balance of the franking account is nil as at 30 June 2019 (2018: Nil).

## **29. Events Subsequent to Balance Date**

On 24 July 2019, the Company announced details of a \$1,300,000 capital raising ("Placement") to professional and sophisticated investors with proceeds to be used to undertake the Company's inaugural drilling program at the Gaoual Bauxite Project in Guinea. The Placement included \$200,000 from the Company's Chairman, Asimwe Kabunga.

The Placement will comprise the issue of up to 81.25 million fully paid ordinary shares ("New Shares"), with free options on a 1:1 basis ("New Options") to be issued subject to receipt of shareholder approval. The New Shares will be issued at an issue price of \$0.016 to professional and sophisticated investors, raising \$1.3 million (before costs) and the New Options will be unquoted securities exercisable at \$0.02 per Share expiring 3 years from issue.

Pursuant to the Placement, 68.75 million New Shares were issued on 2 August 2019. The New Shares and Options to be issued to Mr Kabunga will be subject to the approval of shareholders at the upcoming shareholder meeting being held to approve the acquisition to acquire up to 75% of the Gaoual Bauxite project.

## **30. Contingent Consideration**

### *Consideration for Tangold Acquisition*

As part of the consideration for the acquisition of Tangold announced in October 2016, the Group had previously issued the following contingent consideration to the Tangold vendors:

- (a) 25,000,000 Class A Performance Shares, converting on the Company's announcement of an inferred Mineral Resource or greater; and
- (b) 25,000,000 Class B Performance Shares, conditional on conversion of the Class A Performance Shares and an independent third party expert producing a positive Pre-Feasibility Study for the development of the Tanzanian Projects.

The Class A Performance Shares expired during the year as the milestone had not been met. The Class B Performance Shares are due to expire on 6 December 2019.

No value has been assigned to the performance shares as achievement of the vesting conditions has not been deemed probable, at the date of this report.

### *Lushoto and Pare Bauxite Projects – Tanzania*

The Lushoto and Pare Bauxite Projects are subject to a Farm-In and Joint Venture Agreement pursuant to which Lindian has earned a 51% stage 1 interest in East Africa Bauxite Limited, the holder of the project tenements. Subject to shareholder approval, the Company will issue 10 million shares on or before 31 December 2019 to the project vendors for the acquisition of the stage 1 interest.

*Kangankunde Rare Earths Project*

As most recently announced to the ASX on 22 August 2019, the Company has commenced legal action in Malawi in respect of an exclusive option agreement ("Agreement") entered into with Michael Saner ("Saner") and Rift Valley Resource Developments Limited ("RVR") to earn up to a 75% interest in the Kangankunde Rare Earths Project in Malawi ("Project").

Lindian obtained an injunction from the High Court of Malawi in November 2018 to prevent RVR or Saner from dealing with the Project and / or shares in RVR ("Injunction").

A scheduling conference, or directions hearing, that establishes both the administrative process and the timing has taken place and the High Court has set down the matter for hearing on 4-5 November 2019.

The Company is extremely confident of its legal position and will continue to ensure that its contractual position is protected in all relevant jurisdictions whilst it pursues Saner and RVR for appropriate remedies, including specific performance of the Agreement (eg. legally force Saner and RVR to proceed with the Agreement) or financial damages which will include actual and consequential losses. Legal costs to date have been kept to a minimum and pursuit of the claim will not be a significant drain on the Company's ongoing cash requirements.



## Directors' Declaration

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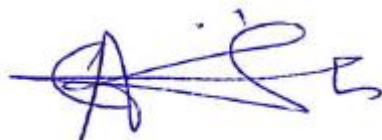
In accordance with a resolution of the Directors of Lindian Resources Limited, I state that:

1). In the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, for the year ended on that date; and
  - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(c).

2). This declaration has been made after receiving the declarations required to be made by the director in accordance with sections 295A of the *Corporations Act 2001* for the year ended 30 June 2019.

On behalf of the board



**Asimwe Kabunga**

**Non-Executive Chairman**

27 September 2019

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Lindian Resources Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
27 September 2019



**D I Buckley**  
Partner

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**INDEPENDENT AUDITOR'S REPORT**

To the members of Lindian Resources Limited

**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Lindian Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material uncertainty related to going concern*

We draw attention to Note 2(a) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Deferred exploration and evaluation expenditure</b><br>Notes 9 and 30 in the financial report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation expenditure. We considered this to be a key audit matter because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p> <p>Additionally, the Group has commenced legal action in Malawi in respect of an exclusive option agreement entered into with Michael Saner ("Saner") and Rift Valley Resource Developments Limited ("RVR") to earn up to a 75% interest in the Kangankunde Rare Earths Project in Malawi ("Project"). The carrying value of this project at balance date is \$585,656.</p> <p>The Group obtained an injunction from the High Court of Malawi in November 2018 to prevent RVR or Saner from dealing with the Project and/or shares in RVR ("Injunction").</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values;</li> <li>• We substantiated a sample of exploration expenditures;</li> <li>• We considered the Directors' assessment of potential indicators of impairment;</li> <li>• We obtained evidence that the Group has current rights to tenure of its area of interest;</li> <li>• We obtained a copy of the injunction from the High Court of Malawi;</li> <li>• We enquired about the current status of the legal action in Malawi;</li> <li>• We examined the exploration budget and discussed with management the nature of planned ongoing activities; and</li> <li>• We examined the disclosures made in the financial report.</li> </ul> |

#### *Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Lindian Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

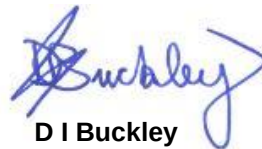
### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
Chartered Accountants

**Perth, Western Australia**  
**27 September 2019**



**D I Buckley**  
Partner

## ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.  
The information is current at 24 September 2019.

### Number of Shareholders and Option Holders

#### Shares

As at 24 September 2019, there were 615 shareholders holding a total of 446,562,124 fully paid ordinary shares.

#### Options

As at 24 September 2019, there were 165,000,001 un-quoted Options exercisable at \$0.02 on or before 31 December 2020.

### Distribution of Equity Securities

|                   | Ordinary Shares   |                    | Unlisted Options  |                    |
|-------------------|-------------------|--------------------|-------------------|--------------------|
|                   | Number of Holders | Number of Shares   | Number of Holders | Number of Shares   |
| 1 - 1000          | 91                | 23,546             | -                 | -                  |
| 1001 - 5000       | 31                | 88,670             | -                 | -                  |
| 5001 - 10,000     | 12                | 92,585             | -                 | -                  |
| 10,001 - 100,000  | 204               | 10,716,757         | -                 | -                  |
| 100,001 and above | 277               | 435,640,566        | 56                | 165,000,001        |
| <b>Total</b>      | <b>615</b>        | <b>446,562,124</b> | <b>56</b>         | <b>165,000,001</b> |

There were 188 holders totalling 1,595,144 ordinary shares holding less than a marketable parcel.

### Top Twenty Share Holders

|    | Name                                                                              | Number of Ordinary Shares held | %             |
|----|-----------------------------------------------------------------------------------|--------------------------------|---------------|
| 1  | KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C>                                     | 53,525,000                     | 11.99%        |
| 2  | VEN CAPITAL PTY LTD                                                               | 42,386,692                     | 9.49%         |
| 3  | MS LETICIA KOKUTENGENEZA KABUNGA                                                  | 17,298,660                     | 3.87%         |
| 4  | MATTHEW NORMAN BULL                                                               | 16,750,000                     | 3.75%         |
| 5  | LETICIA KABUNGA                                                                   | 13,500,000                     | 3.02%         |
| 6  | COVE STREET PTY LTD <THE COVE STREET A/C>                                         | 12,030,000                     | 2.69%         |
| 7  | EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>                               | 9,500,000                      | 2.13%         |
| 8  | MR BIN LIU                                                                        | 9,200,000                      | 2.06%         |
| 9  | MS LIANAELI KINENEKO MTEI NAMPESYA                                                | 8,622,352                      | 1.93%         |
| 10 | 98 INVESTMENTS PTY LTD                                                            | 8,333,333                      | 1.87%         |
| 11 | FILMRIM PTY LTD <MAJUFE SUPER A/C>                                                | 7,800,000                      | 1.75%         |
| 12 | MR VICTOR LORUSSO                                                                 | 7,000,000                      | 1.57%         |
| 13 | PREM SANGHANI PTY LTD <SANGHANI S/F A/C>                                          | 6,250,000                      | 1.40%         |
| 14 | MR NICHOLAS EDWARD BULL                                                           | 6,000,000                      | 1.34%         |
| 15 | GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C>                                  | 5,700,000                      | 1.28%         |
| 16 | OSIRIS CAPITAL INVESTMENTS PTY LTD                                                | 5,583,806                      | 1.25%         |
| 17 | MISS LAURA MICHELLE FRANCO & MR MICHAEL ROBERT FRANCO<br>& MR ROBERT MARIO FRANCO | 5,100,000                      | 1.14%         |
| 18 | VALUI PTY LTD <FORTIS SUPER FUND A/C>                                             | 5,000,000                      | 1.12%         |
| 18 | MR MATTHEW NORMAN BULL                                                            | 5,000,000                      | 1.12%         |
| 19 | MR SIMON WILLIAM TRITTON <INVESTMENT A/C>                                         | 4,525,000                      | 1.01%         |
| 20 | MR RONALD BOWEN & MRS KAREN BOWEN <BOWEN SUPER FUND A/C>                          | 4,450,000                      | 1.00%         |
|    |                                                                                   | <b>253,554,843</b>             | <b>56.78%</b> |

## ASX Additional Information

### Substantial Share Holders

The names of substantial shareholders pursuant to the Company's share register are as follows:

| Shareholder Name                              | No. of Ordinary Shares | Percentage % |
|-----------------------------------------------|------------------------|--------------|
| KABUNGA HOLDINGS PTY LTD <KABUNGA FAMILY A/C> | 53,525,000             | 11.99        |
| VEN CAPITAL PTY LTD                           | 42,386,692             | 9.49         |

### Voting Rights

All ordinary shares carry one vote per share without restriction.

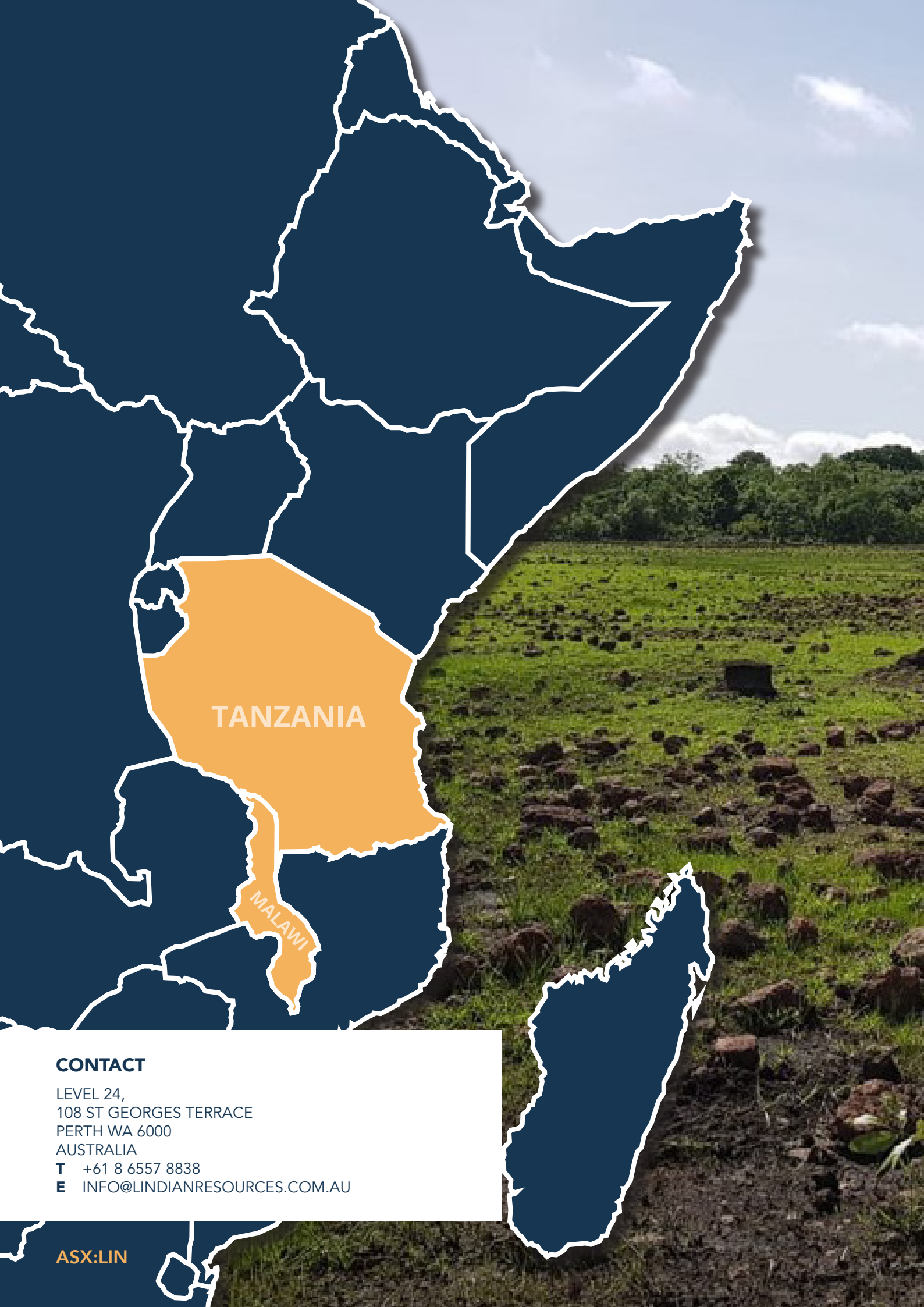
## Tenement Listing

| Project           | Country  | Licence Number | Status      | Licence Type   | Area                   |
|-------------------|----------|----------------|-------------|----------------|------------------------|
| Gaoual Project*   | Guinea   | 22584          | Granted     | Prospecting    | 332.32 km <sup>2</sup> |
| Lushoto Project** | Tanzania | PL 11176/2018  | Granted     | Prospecting    | 0.26 km <sup>2</sup>   |
| Lushoto Project** | Tanzania | PL 11177/2018  | Granted     | Prospecting    | 49.3 km <sup>2</sup>   |
| Lushoto Project** | Tanzania | PL 11178/2018  | Granted     | Prospecting    | 3.64 km <sup>2</sup>   |
| Lushoto Project** | Tanzania | PL 11262/2019  | Granted     | Prospecting    | 23.02 km <sup>2</sup>  |
| Lushoto Project** | Tanzania | PL 12194/2017  | Application | Prospecting    | 90.25 km <sup>2</sup>  |
| Lushoto Project** | Tanzania | PL 12195/2017  | Application | Prospecting    | 44.94 km <sup>2</sup>  |
| Lushoto Project** | Tanzania | PL 12227/2017  | Application | Prospecting    | 24.87 km <sup>2</sup>  |
| Pare Project**    | Tanzania | PL 11263/2019  | Granted     | Prospecting    | 73.84 km <sup>2</sup>  |
| Pare Project**    | Tanzania | PL 14098/2019  | Application | Prospecting    | 1.52 km <sup>2</sup>   |
| Pare Project**    | Tanzania | PL 14099/2019  | Application | Prospecting    | 1.47 km <sup>2</sup>   |
| Pare Project**    | Tanzania | PL 14100/2019  | Application | Prospecting    | 1.36 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PL 10918/2016  | Granted     | Prospecting    | 27.08 km <sup>2</sup>  |
| Uyowa Project     | Tanzania | PML002241CWZ   | Granted     | Primary Mining | 0.08 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002237GWZ   | Granted     | Primary Mining | 0.08 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002240CWZ   | Granted     | Primary Mining | 0.03 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002238CWZ   | Granted     | Primary Mining | 0.06 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002242CWZ   | Granted     | Primary Mining | 0.07 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002243CWZ   | Granted     | Primary Mining | 0.08 km <sup>2</sup>   |
| Uyowa Project     | Tanzania | PML002239CWZ   | Granted     | Primary Mining | 0.08 km <sup>2</sup>   |

\* Lindian Resources interest in this license is subject to completion occurring under an option agreement. Refer to the ASX announcement dated 10 April 2019 for full details of the consideration payable under the option agreement.

\*\* Lindian Resources interest in these licenses is via a 51% stake in East Africa Bauxite Limited.





TANZANIA

MALAWI

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