

31 January 2020

## DECEMBER QUARTERLY ACTIVITIES REPORT

Lindian Resources Limited (“**Lindian**” or “**Company**”) (ASX Code: LIN) is pleased to provide the following update to shareholders in respect to the Company’s activities during the December 2019 quarter.

## HIGHLIGHTS

- Specialist African drilling company Sahara Natural Resources appointed to complete Phase 1 fast-track drilling program at the Gaoual Project
- \$0.5M placement to professional and sophisticated investors completed
- Shareholders overwhelmingly approve the Gaoual Bauxite Project transaction in Guinea at the Company’s Annual General Meeting.
- Phase 1 fast-track drilling program commenced in December 2019 a low-cost program to prove up scale, thickness and grade of the Company’s Gaoual Conglomerate Bauxite Project
- The High Court of Malawi hearing in relation to the action by Lindian against Michael Saner (“Saner”) and Rift Valley Resource Developments Limited (“RVR”) regarding the Kangankunde Rare Earths Project in Malawi concludes
- Lindians legal team presented a very strong case and believe that the High Court hearing was very positive
- Issued 42,019,643 Shares on the exercise of Unlisted Options to raise circa \$0.8M

## HIGHLIGHTS SUBSEQUENT TO THE QUARTER

- Initial drill results confirm that the Bouba Plateaux at Gaoual is a Conglomerate Bauxite Plateaux
- The first Two (2) incomplete holes confirm the presence of very high-grade Conglomerate bauxite

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**Non-Executive Director**  
Matt Bull

**CFO and Company Secretary**  
Nick Day



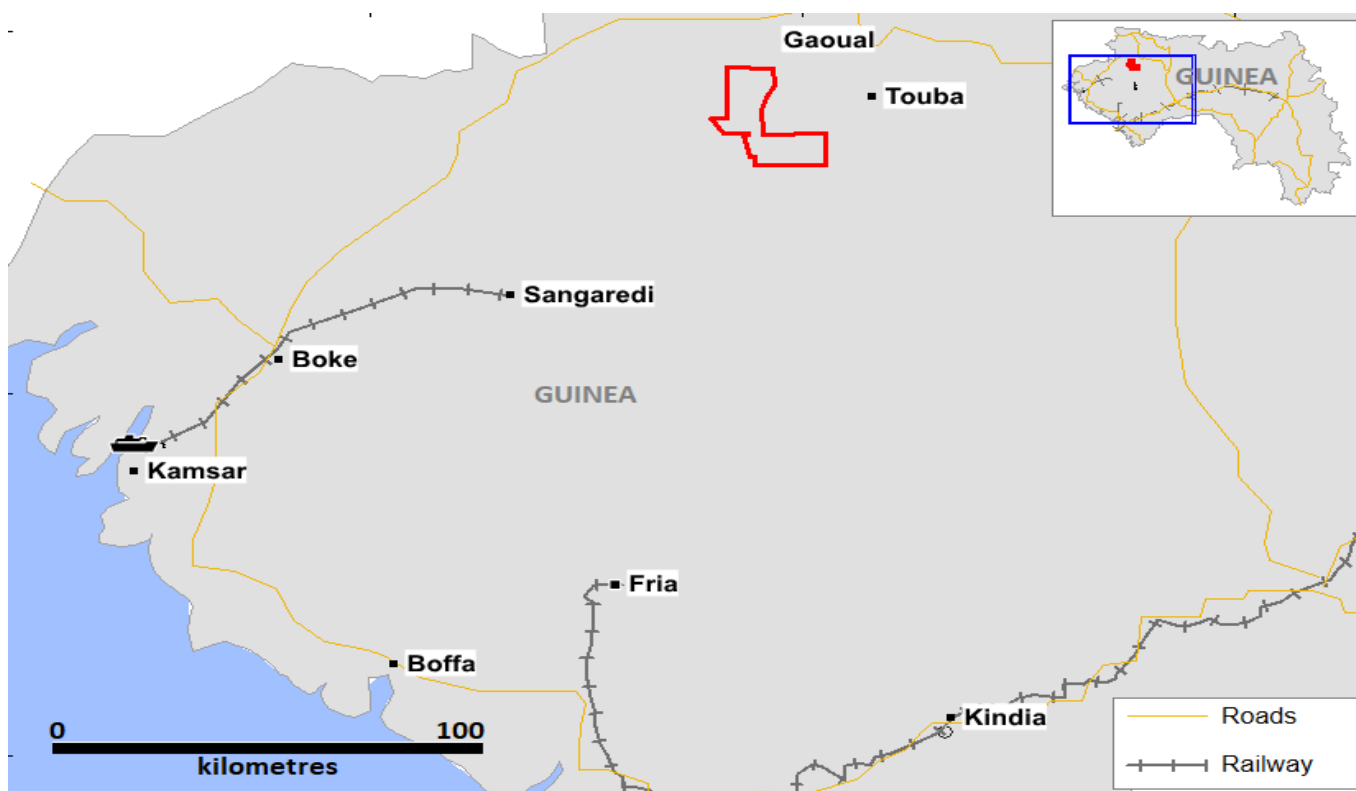
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## **GAOUAL BAUXITE PROJECT IN GUINEA**

### **Exclusive Option to Acquire Strategic Guinea Bauxite Project**

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 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.

The Project is close to essential infrastructure, a key requirement for all direct shipping ore (DSO) projects. The Gaoual Bauxite Project is strategically placed to take advantage of this infrastructure given its location in one of the world’s premier bauxite mining provinces as illustrated in Figure 1 below.



**Figure 1:** Close Proximity to Large scale Bauxite mining operations connected to railway operations

### **Drilling Contractor Appointment**

During the quarter the Company appointed specialist African drilling company Sahara Natural Resources to complete a Phase 1 drilling program at Gaoual Project. Sahara Natural Resources are an internationally recognized mining services contractor with strong local experience and an operational base in Guinea.

The scope of works for Sahara Natural Resources contract includes the following key items:

- Clearing the main access track and drill lines and the establishment of the drill pads utilizing a track mounted dozer;
- Drilling utilizing a Landcruiser based auger drilling rig;
- Provision of drilling and maintenance personnel (driller maintainer); and
- Provision of survey.

The appointment of Sahara Natural Resources to complete the Phase 1 drilling program at the Gaoual Project was another key step forward at Gaoual Conglomerate Bauxite Project.

## Strategic Placement

During the quarter the Company announced that it had closed a \$0.5M strategic placement to sophisticated and institutional investors.

The strategic placement comprised of the issuing of 31.25 million fully paid ordinary shares (new shares) with attaching options on a 1:2 (new options) were issued.

The strategic placement ensured that the company remained appropriately funded to undertake its planned works in particular the drilling program at the Gaoual bauxite project and general working capital this prudently minimized the need to draw down on the loan facility.

## Annual General Meeting

During the quarter the company held its Annual General Meeting (AGM).

The resolution to approve the Company's transaction for the Gaoual Bauxite project was overwhelmingly approved by shareholders.

The approval of the transaction for the Gaoual Bauxite project in Guinea enabled the Company to proceed with the fast-tracked drilling program.

All other resolutions presented to shareholders were approved.

## Gaoual Project Geology

During the quarter The Company's Independent Geological Expert, Mark Gifford and long-term Consulting Project Geologist Hashimu Millanga conducted a predrilling site visit to the Gaoual bauxite project site.

During their time on site they undertook further geological and preparatory works in support of the drill program.

As can be seen in Figure 2 below the Bouba Conglomerate Bauxite Plateaux is not a typical flat, barren Bauxite Plateaux and is characterized by relatively dense growth across a prominent mound.



**Figure 2: Bouba Conglomerate Bauxite Plateaux**



Further mapping of the areal extent of the Bouba Conglomerate Bauxite Plateaux by Mark and Hashimu confirmed that the high-grade Conglomerate Bauxite extends >1km past the last surface sample tested in a northerly direction and remained at similar elevations to the uppermost sample from the primary sample collection.

Reviewing of the northern edge of the plateau indicated no outcropping basal geology that may reduce the vertical extent of the Conglomerate Bauxite pile, and it also did not indicate a “broken edge” typical of an “in situ” bauxite Plateaux of the region. This highlights the unique geology of this outcropping bauxite pile. Figure 3 below shows the surface outcropping nature of the Conglomerate bauxite.



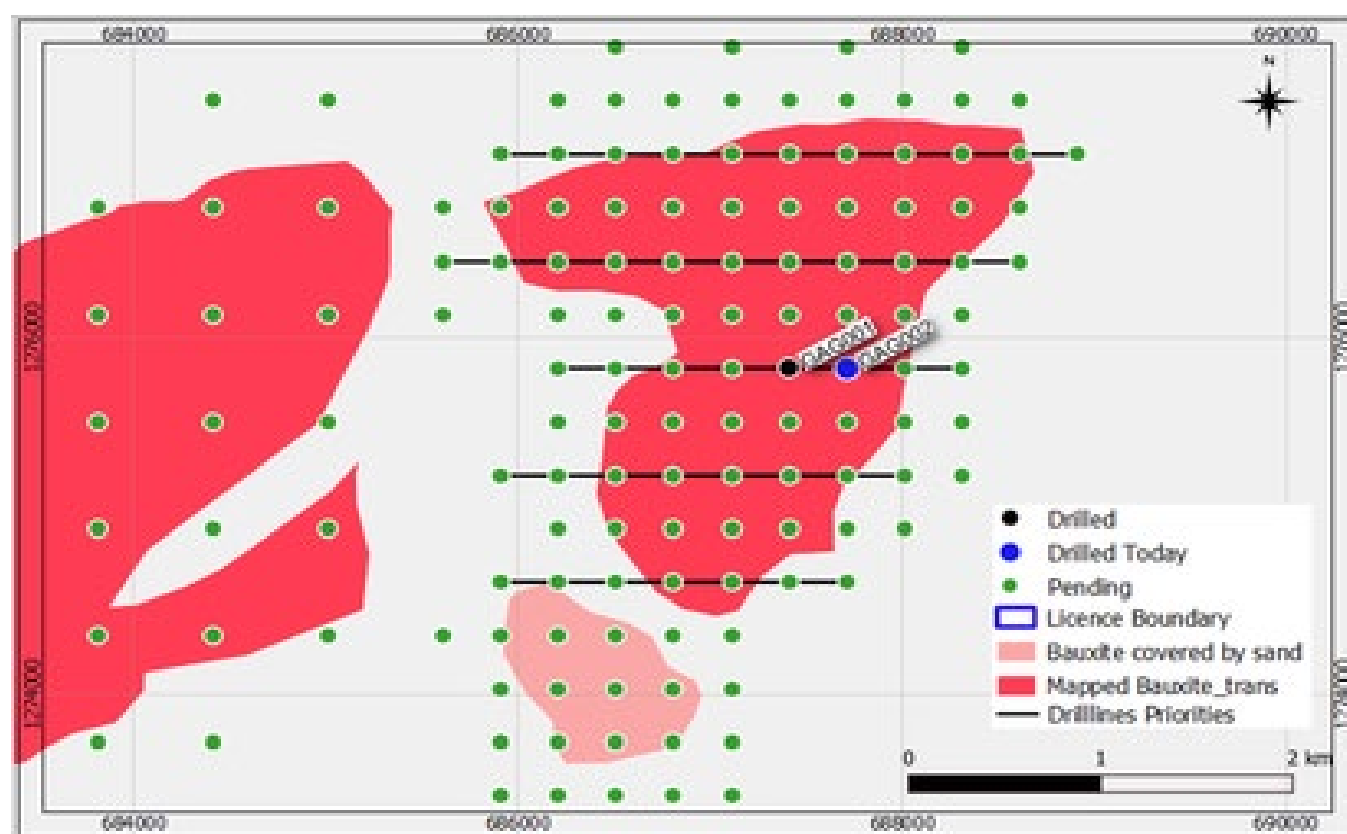
**Figure 3: Bouba Conglomerate Bauxite outcropping**

## Initial Indicative Drilling Results

Subsequently to the end of the quarter auger drilling commenced at two localities within the Bouba Plateau, the location of a defined conglomerate bauxite occurrence. Both drill holes are central to the plateau and are to provide some primary support for the confirmation of the conglomerate bauxite to depth as well as grade confirmation using a portable XRF reader. The two holes locations and depths are as below:

GAG001 1275800mN 687450mE Depth 8m **Remains in very high-grade Conglomerate**  
 GAG002 1275800mN 687750mE Depth 12m **Remains in very high-grade Conglomerate**

The position of the holes in relationship to the Bouba Plateaux are shown on the drilling plan and presented in Figure 4 below:



**Figure 4: Drilling Plan Bouba Plateaux**

Both holes encountered Conglomerate Bauxite through the current drilled depth, with both the holes ending in very high-grade conglomerate bauxite mineralisation.

Neither hole was completed to total depth due to, the drill rods becoming stuck in first hole (GAG001) while drilling the 9th meter and the drillers struggled to get them out. The team decided to move to drill the second hole (GAG002) while they developed a solution to recover the drill rods from the first hole. During drilling the second hole, the hydraulic pump on the drill rig failed completely at the 12th meter down the hole that is the current status for drilling right now.

Both drill hole samples have been analysed by a portable XRF to confirm the grades present within the individual metre samples. These values are considered indicative only and provide support to the site team to aid in geological definition of the material being tested. The indicative average grade results for each individual partially completed drill hole is presented in Table 1 below:



Hole ID	Current Hole Depth	Al2O3%	Fe2O3%	SiO2% (Total)
GAG001	0-8m	60.8	6.4	4.2
GAG002	0-12m	61.3	5.3	4.9

**Table 1: Average Results by Individual Hole**

All samples will be prepared for full analysis in a qualified laboratory at the earliest convenience.

Logging of the samples has indicated the presence of conglomerate bauxite from top to base of both drill holes completed to date. Alumina grades are uniformly high from top to bottom, typical of conglomerate bauxite due to the nature of its formation. It has been noted in both drill holes a slight increase in the silica levels within the upper two – three metres which is assumed to be the capture of aeolian sands upon the surface of the conglomerate bauxite over time.

The drill program has confirmed the presence of very high-grade Conglomerate Bauxite as mapped within the Bouba Plateau.



**Figure 5: Drill Rig & Crew undertaking Drilling Operations**

## Option Terms

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

- Exclusive option until 23 July 2019 to conduct due diligence and elect to proceed with the transaction contemplated by the Agreement.
- 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.
- 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,

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

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

## **TANZANIAN BAUXITE PROJECTS**

During the quarter, there was no activities on the projects in Tanzania solely due to the Company focusing all its resources and efforts on completing all necessary technical and commercial works in support of the Guinea bauxite project as this is the company's primary focus.

## **KANGANKUNDE RARE EARTHS PROJECT IN MALAWI**

Lindian has previously announced the commencement of 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") regarding the Kangankunde Rare Earths Project in Malawi ("Project").

The Company obtained an injunction from the High Court of Malawi in November 2018 to prevent Michael Saner and Rift Valley dealing with the Kangankunde Rare Earths Project and or the shares in Rift Valley, as well as commenced legal proceedings seeking specific performance/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. The Company remains committed to seeking to enforce specific performance of the agreement or financial damages which will include actual and consequential losses. The High Court of Malawi hearing was held in accordance with the scheduled dates of 4-5 November 2019.

The Company has filed the closing submissions in accordance with the 21-day maximum timeframe from 5th November 2019, the closing submission is an analysis of the evidence tendered in court considering the applicable law from 5th November 2019. The Court now has 90 days within which to prepare and deliver its judgement.

The Company has been advised that Mr. Saner has lodged a counter-claim against Lindian for defamation, in relation to statements Lindian made to the ASX in an announcement dated 23 November 2018. Mr. Saner is alleging that the statement in the announcement, that Lindian had lodged a criminal complaint against him in South Africa, was defamatory and is seeking damages in the sum of USD 500,000.

The High Court, Commercial Division (Malawi) where the counter-claim was lodged has decided that it has no jurisdiction to hear Saner's counterclaim since the issue is not commercial in nature. The claim will therefore be transferred to the High Court, General Division to be prosecuted separately from Lindian's claim for breach of contract.

Legal costs to date have been kept to a minimum and the formal trial process in Malawi will not be a significant drain on the Company's ongoing cash requirements. In the event that the Company was to be unsuccessful in the legal action, no material losses are expected to be incurred.

The location of Kangankunde Project showing and its position in relation to rail and port infrastructure is shown below in Figure 6.



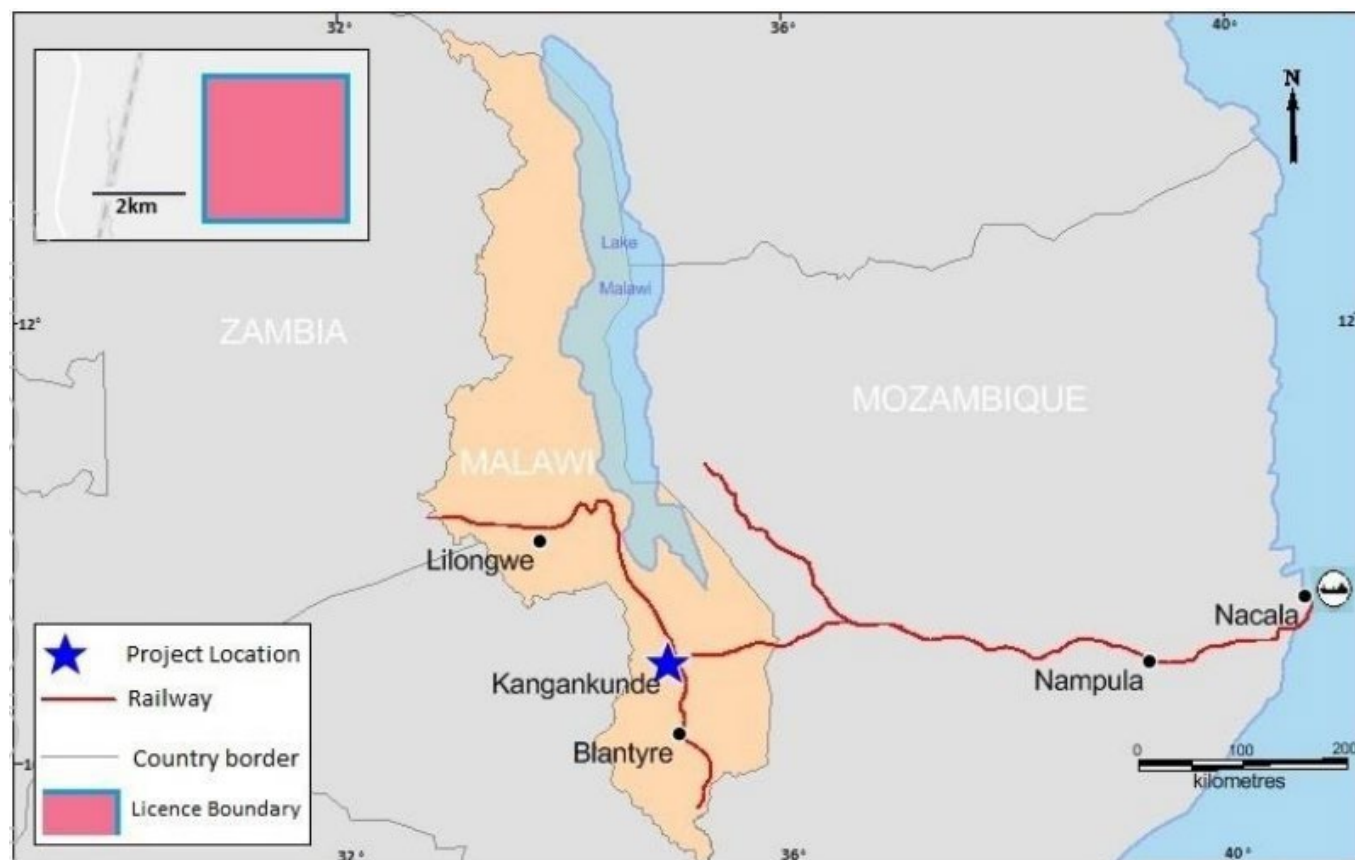


Figure 6. Location of Kangankunde Project showing the location rail and port infrastructure

## **CORPORATE**

During the quarter the Company completed a \$500k Placement through the issue of 31.25 million shares at 1.6cents per share which as approved by Shareholders at the Company's Annual General Meeting on 15 November. Each share under the Placement received a 1:2 free option (15,625,000 unlisted options) exercisable at \$0.02 per share with a tenor of three years from the date of issue subject to Shareholder approval.

As part of the \$1.3M Placement announced to the market on 24 July 2019 a further \$200,000 (12.5 million shares and 12.5 million unlisted options) was received during the quarter which as approved for issue to Mr. Asimwe Kabunga by Shareholders at the Company's Annual General Meeting on 15 November. The unlisted options have exercise price of 0.02 with a tenor of three years from the date of issue.

In addition, at the Company's Annual General Meeting on 15 November 2019 the following share and option issues were approved and have been subsequently allotted:

- 10,000,000 Shares issued as part of the Lushoto Bauxite Project consideration of which 7 million shares are subject to voluntary 6 month escrow;
- 5,000,000 Shares issued as part consideration for the Gaoul Bauxite Project in Guinea subject to voluntary 3 month escrow;
- Issue of 68,750,000 Unlisted Options with an exercise price of \$0.02 with a tenor of three years from the date of issue as part of the \$1.3M Placement announced to the market on 24 July 2019;
- Issue of 5,000,000 Unlisted Broker Options with an exercise price of \$0.02 and a tenor of three years from the date of issue;
- Issue of 20,000,000 Unlisted Managing Director incentive options vesting on two milestones:



- 10,000,000: Upon the Company receiving shareholder approval at the 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;
- 10,000,000: Upon close of trade the date the Company achieves a 10 day VWAP share price of \$0.03 or above.  
 (both milestones have an expiry date of 30 June 2021)
- Issue of 10,000,000 unlisted options with an exercise price of \$0.03 and an expiry of 31/12/2020 issued to a former Director under the
- Issue of 12,500,000 Stage 1 Performance Rights and 17,500,000 Stage 2 Performance Rights that convert on the satisfaction of the following milestones. Each Performance Right converts into 1 share for nil consideration.
  - Stage 1 Milestone: The Company identifying and establishing an initial JORC Code compliant 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 Gaoual Bauxite Project and announced on ASX;
  - Stage 2 Milestone: The Company completing a Preliminary Feasibility Study in relation to the Gaoual Bauxite Project.  
 (Both Milestones expire 24 months after Completion of the Guinea Bauxite Agreement)
- Issue of 2,000,000 Unlisted Incentive Options to the Company's long term Consulting Project Geologist.
- Issue of 42,019,643 Shares on the valid exercise of Unlisted Options to raise \$840,392.86

The Company currently holds \$1.12M in cash as at 31 December 2019.

**For further information, please contact:**

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**Competent Person's Statement - Guinea**

*"The information in this announcement that relates to exploration results 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 announcement that relates to exploration results 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 of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bull consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*



## Lindian Resources Limited

### Appendix 1: Interests in mining tenements as at 31 December 2019

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	PML2241CWZ	Granted	Primary Mining	0.08 km <sup>2</sup>
Uyowa Project*****	Tanzania	PML2237GWZ	Granted	Primary Mining	0.08 km <sup>2</sup>
Uyowa Project *****	Tanzania	PML002240	Granted	Primary Mining	0.03 km <sup>2</sup>
Uyowa Project *****	Tanzania	PML2238CWZ	Granted	Primary Mining	0.06 km <sup>2</sup>
Uyowa Project *****	Tanzania	PML2242CWZ	Granted	Primary Mining	0.07 km <sup>2</sup>
Uyowa Project *****	Tanzania	PML2243CWZ	Granted	Primary Mining	0.08 km <sup>2</sup>
Uyowa Project *****	Tanzania	PML2239CWZ	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 ("EAB"). Lindian has an option to earn up to a 75% interest in EAB pursuant to a Farm-in and Joint Venture Agreement dated 20th of March 2019.

\*\*\*\* Hapa Gold Limited is a 100% owned subsidiary of Lindian Resources Limited

\*\*\*\*\* License held on trust for Lindian Resources pursuant to a Declaration of Trust with Leticia Kabunga.