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Drilling of high-priority gold targets at Naujombo and Kishugu

- **2,500m aircore drilling programme at priority zones Naujombo and Kishugu Gold Prospects in South East Tanzania**
- **Drill rig has been mobilised and drilling is expected to commence early next week**
- **1,400 metre programme planned at Naujombo to test gold anomalism**
- **1,100 metre programme at Kishugu to test large coherent chargeability anomaly and gold anomaly**

Indiana Resources Limited (ASX: IDA, "Indiana" or the "Company") is pleased to advise that an aircore (AC) drilling programme at the Company's Naujombo and Kishugu Gold Prospects (Figure 1) located in south-east Tanzania is expected to commence in the coming days.

The Company anticipates that the drilling programme will be in excess of 2,500m and will focus on three targets: Naujombo Central (Figure 2), Kishugu Central (Figure 3) and Kishugu South (Figure 3).

Naujombo is located 35km north-east of Kishugu and is an extensive, coherent, gold-in-soil anomaly measuring 9.5km by 1km. Historic peak gold values of 131ppb Au have been recorded at Naujombo (ASX announcement 7 May 2015)¹. Rotary Air Blast (RAB) drilling in 2016 intersected anomalous gold in every line drilled across the 9.5km anomaly (ASX announcement 12 October 2016).²

The Kishugu Gold Prospect is an extensive, coherent gold-in-soil anomaly measuring 5.5km by 600m, with up to 0.9g/t Au within the main trend (904ppb) (ASX announcements 14 October 2014 and 26 November 2014)³. RAB drilling at Kishugu in 2016 also intersected anomalous gold on every line drilled along the 5.5km anomaly.² Together with strong coincident Induced Polarisation anomalies and the presence of associated pathfinder elements such as As, Bi and Ag,⁴ (ASX announcement 14 October 2014) Kishugu represents an outstanding gold exploration target. The combined drill programme for both Naujombo and Kishugu represents the first phase of work for the 2017 exploration field season.

Naujombo and Kishugu are associated with the same structural corridor and both anomalies exhibit very similar multi-element signatures (arsenic, bismuth and silver). Given that these two targets are located 35km from one another, the potential exists to identify a significant gold camp should the anomalies confirm the presence of economic gold mineralization.

All three targets exhibit broad arsenic (pXRF) and gold (Fire Assay) anomalism (ASX announcement 9 August 2016).⁵ First pass RAB drilling in 2016 targeted gold mineralisation within the existing geochemical anomalies at both Naujombo and Kishugu and confirmed the presence of gold in the bedrock (ASX announcement 12 October 2016).²

The 2017 programme is designed to drill down to the top of fresh rock so as to be able to test for the presence of gold and primary alteration in order to vector to gold mineralisation in the system.

At Naujombo Central, drilling will target gold anomalism around a structurally isolated block within the major geochemical trend associated with the anomalous gold recorded in previously conducted Rotary Air Blast (RAB) drilling.²

At Kishugu Central, drilling will target the up dip projection of the chargeability anomaly with three lines of AC drilling with AC hammer tails to test the anomaly and to generate good top of fresh rock intercepts. At Kishugu South, three lines of AC drilling with AC hammer tails are proposed to test the gold anomaly and to generate good top of fresh rock intercepts.

Samples will be analysed in-country at an SGS laboratory in Mwanza, which is expected to enable more timely reporting of results. The drilling programme is scheduled to take place over the next four weeks and Indiana will update the market as information becomes available.

Indiana's Managing Director, Campbell Baird, commented: *"We are excited to be commencing aircore drilling at Naujombo and Kishugu. The main focus of the drilling will be to hone in on high priority targets identified from last year's RAB drilling and from in-fill soil sampling and geophysics programmes. While the sheer size of the Naujombo and Kishugu anomalies presents a challenge, we look forward to testing these priority areas over the coming weeks."*



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About Indiana Resources

Indiana is an Australian minerals exploration company that holds a 901 km² tenement package in southeast Tanzania. The Company's tenement package hosts the Ntaka Hill Nickel Project and the Kishugu and Naujombo Gold prospects. To find out more, please visit www.indianaresources.com.au.

¹ Since announcing these exploration results on 7 May 2015, IMX confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

² ASX announcement 12 October 2016. Since announcing these exploration results on 12 October 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

³ Since announcing these exploration results on 14 October 2014 and 26 November 2014, IMX confirms that it is not aware of any new information or data that materially affects the information included in those announcements.

⁴ ASX announcement 14 October 2014. Since announcing these exploration results on 14 October 2014, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

⁵ ASX announcement 9 August 2016. Since announcing these exploration results on 9 August 2016, Indiana confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

Kishugu and Naujombo Gold Projects

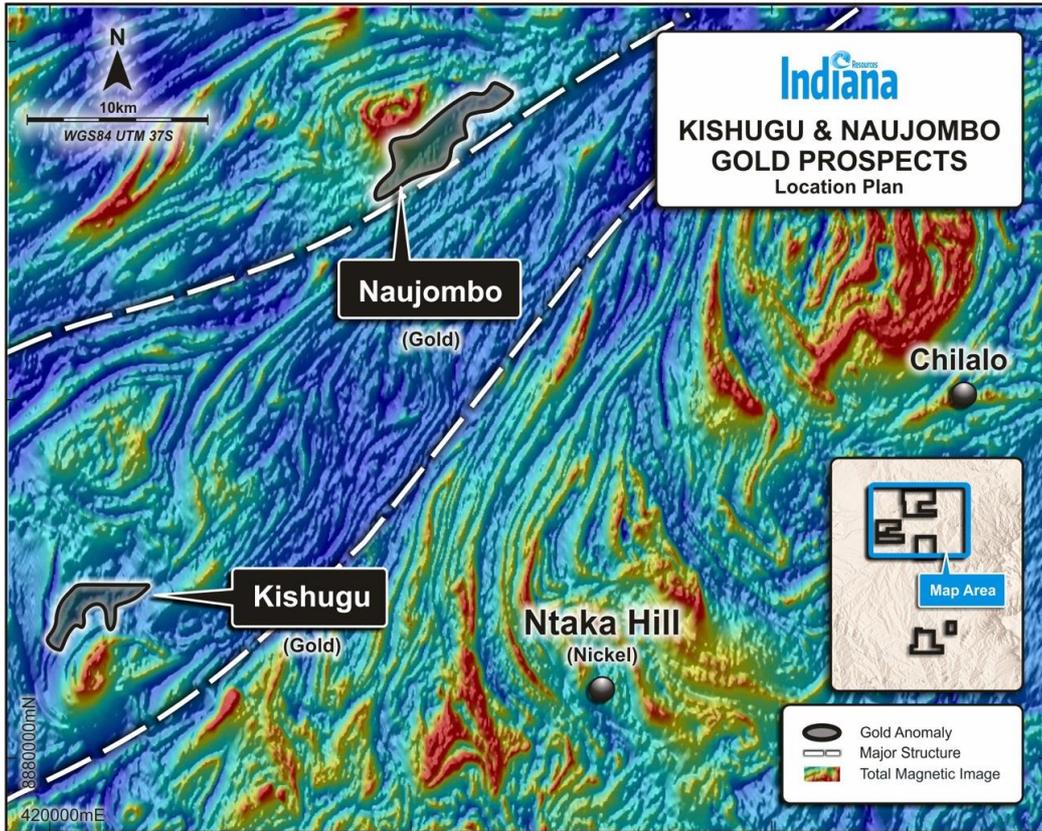


Figure 1: Location of Kishugu and Naujombo prospects

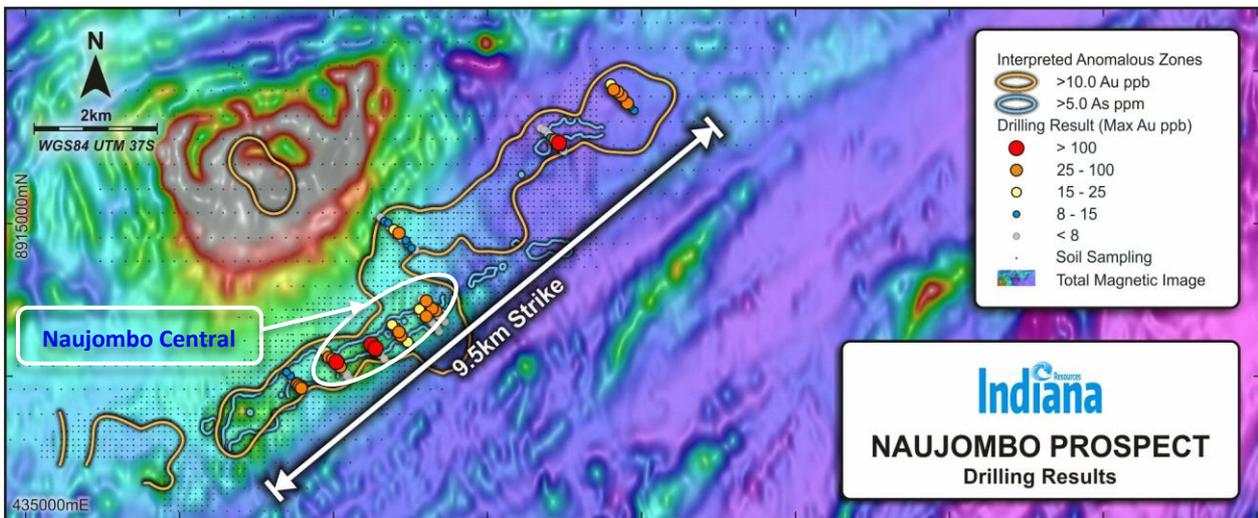


Figure 2: Naujombo Central Drilling Location

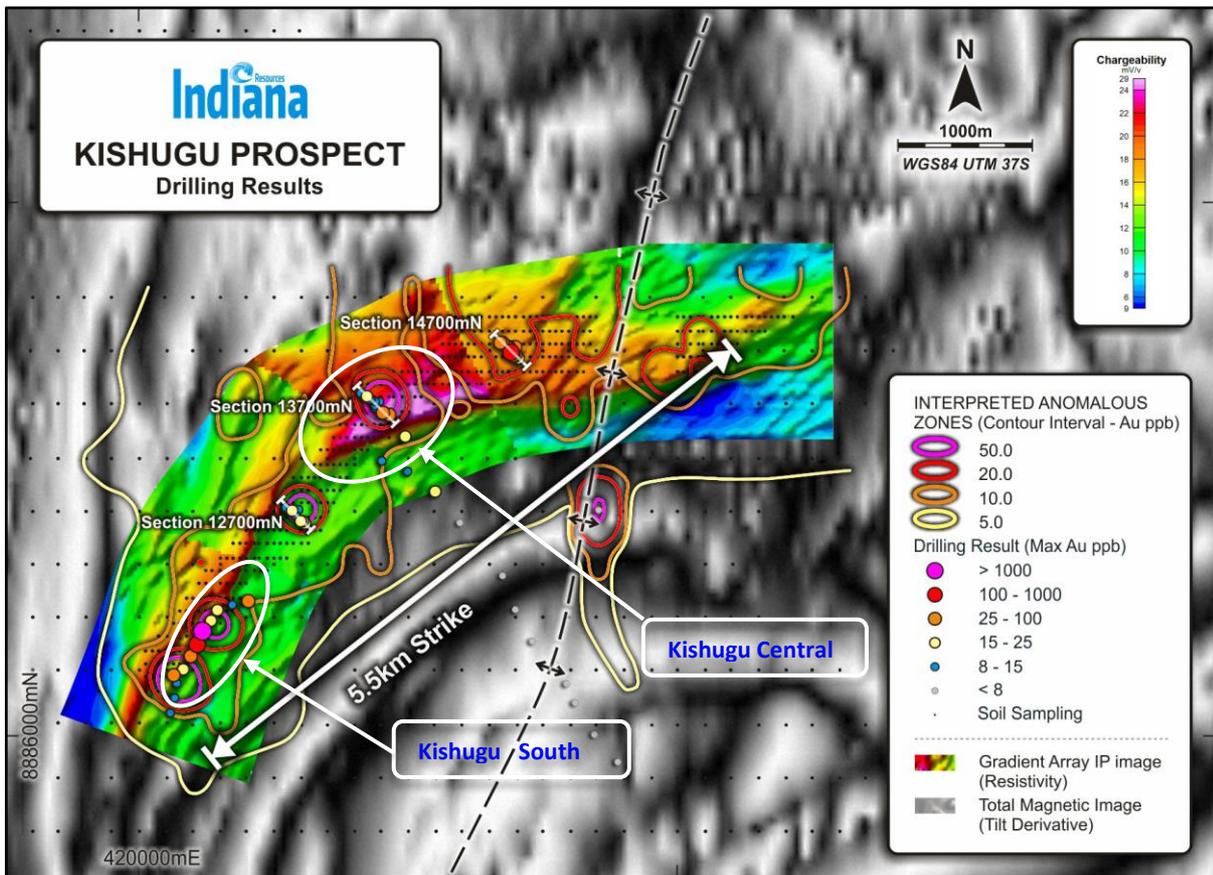


Figure 3: Kishugu Central and Kishugu South Drilling Locations