

4/08/2017

Air Core drilling discovers gold mineralisation at Naujombo South

HIGHLIGHTS

- Drilling program at Naujombo South outlines a new open ended gold mineralised zone
- Significant zones of mineralisation intersected in bedrock
- Drilling remains on hold pending further clarification of the Tanzanian legislation changes

Indiana Resources Limited (ASX: IDA) ('Indiana' or the 'Company') is pleased to announce that the recent Air Core drilling program at Naujombo South intersected gold mineralisation directly to the south of the recently announced Naujombo South soil anomaly (see ASX announcement 10 July 2017).¹

Three lines of holes were completed across the anomaly before the program was temporarily halted until there was clarity on the impact of the recent changes to the Tanzanian Mining Act.

These lines were spaced over 600m of strike and gold anomalism was detected on all three lines. The widest zone of anomalism was over 140m and remains open to the east, west and south. Three holes in particular intersected strong levels of anomalous mineralisation (Figure 1).

- NAC17-014: 3m @ 1.01 g/t from 15m (within a larger 19m @ 0.293 g/t from 11m)
- NAC17-015: 8m @ 0.79 g/t from 25m (within a larger 44m @ 0.372 g/t from 4m)
- NAC17-018: 3m @ 0.84 g/t from 16m

Indiana's Managing Director Campbell Baird commented:

"As we explore the extensive Naujombo and Kishugu region we are very encouraged that gold targets continue to be discovered. This small drilling program at Naujombo South which was only partially completed, was designed to test a recently discovered, strong soil gold anomaly. These exciting, first-pass drill results clearly demonstrate the prospectivity of the Naujumbo area."

The Naujombo South program, which consisted of 17 holes, was designed to test a strong coincident gold-arsenic soil anomaly (Figure 1). The anomaly is coincident with an interpreted structural offset in the regional geology as seen in the magnetics, potentially due to a buried intrusion to the south. Such flexures in mineralised structures have a positive association with gold deposits.

The geology of the Naujombo South mineralisation is dominantly mafic gneiss with sulphides present, predominately pyrite and arsenopyrite, with trace amounts of pyrrhotite. The association of sulphides with

¹ 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.

the gold anomalism opens the possibility of using geophysics (Induced Polarisation) to better target the mineralisation and future drilling programs.

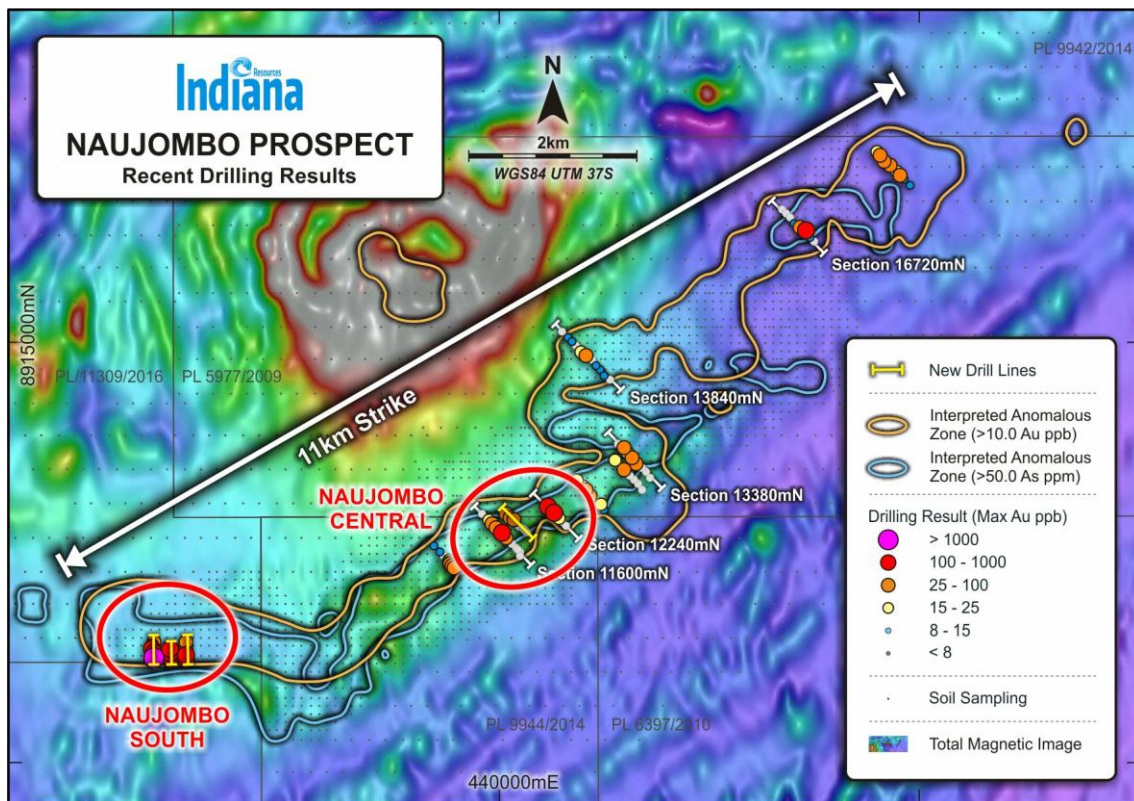


Figure 1: Recent drilling results at Naujombo South and Central

Drilling was also conducted at Naujombo Central where one line of nine holes was completed at Naujombo Central to test the area between two previous drill lines which intersected gold mineralisation. No significant intersections were recorded (Figure 2).

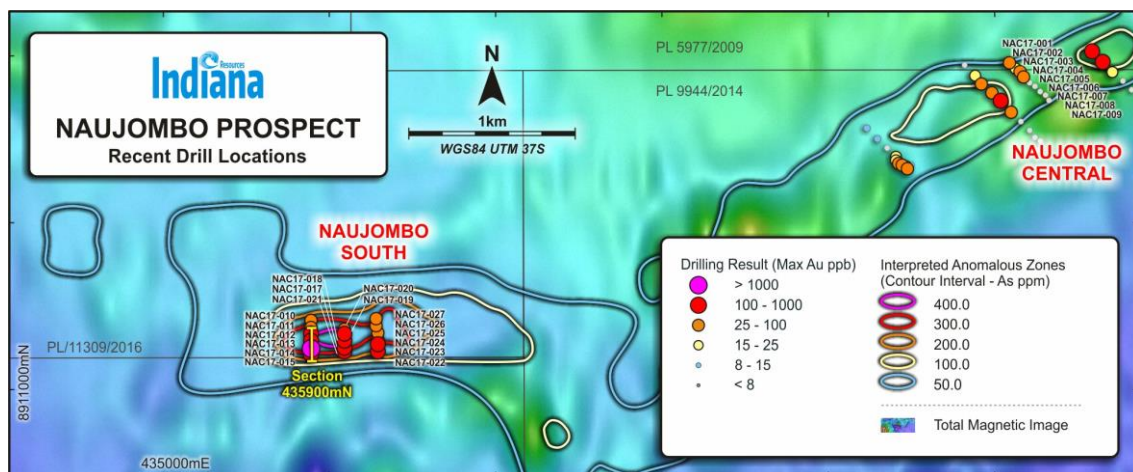


Figure 2: Drill hole locations for Naujombo South and Central

Next steps

The recent drill program at Naujombo was very limited with only 26 holes of the planned 114 holes drilled before the program was suspended. The Company considers that the intersection of gold mineralisation in several drill holes is highly positive for the Naujombo South prospect. The drilling at Naujombo was part of a larger program designed to test a number of anomalies at both Naujombo and Kishugu. Owing to the current uncertainty associated with recently passed legislation relating to the legal and regulatory framework governing the natural resources sector in Tanzania, the Company elected to temporarily pause exploration while it engages with the Tanzanian Government to assess the impact on the Company's activities.

Once clarity is achieved and management is confident to proceed, the plan is to;

- Complete the interrupted Air Core drill program at Naujombo Central and at Kishugu;
- Drill the strike extensions of the Naujombo South mineralised zones; and
- Undertake an Induced Polarisation (IP) survey at Naujombo South, using the Company's geophysical equipment.

Appendix A provides a summary of assay results for the drilling at Naujombo South and Naujombo Central and Appendix B provides Table One reporting required under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012').



Campbell Baird

Managing Director

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Competent Person's Statement

Information relating to exploration results at the Naujombo Gold Prospect, located on the Company's tenement package in south-east Tanzania, is based on data collected under the supervision of Mr Nick Corlis, in his capacity as General Manager – Technical. Mr Corlis, BSc (Hons) MSc, is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person in terms of the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC 2012'). Mr. Corlis has verified the data underlying the information contained in this presentation and approves and consents to the inclusion of the data in the form and context in which it appears.

About Indiana Resources Limited

Indiana is an Australian minerals exploration company that holds a 901 km² tenement package in south-east 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.

Kishugu and Naujombo Gold Prospects

The scale and level of gold anomalism at Naujombo is similar to that of Kishugu, with the two anomalies located 35km from one another, in a very similar structural setting. The potential exists to identify a significant gold camp should the anomalies confirm the presence of economic gold mineralisation.

Figure 3 illustrates that Naujombo and Kishugu are associated with the same structural corridor and are located on the margin of similar circular magnetic features. Both anomalies also exhibit very similar multi-element signatures typical of primary gold mineralisation (arsenic, bismuth and silver).

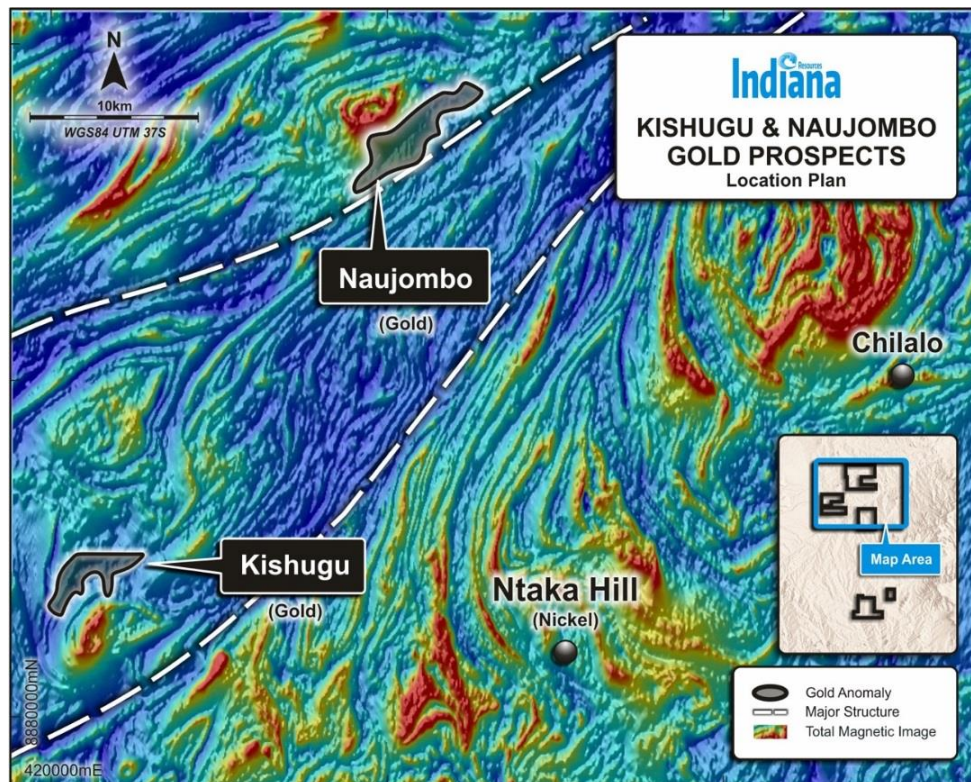


Figure 3: Location of Kishugu and Naujombo Gold Prospects

Appendix A: Summary of assay Results for Naujombo Central and Naujombo South drilling program

Hole ID	Hole Type	Location East / North UTM:WGS84	Az / Dip	Hole Depth (m)	Drilled From	Drilled To	Interval (m)	Au ppb
NAC17-001	AC	440098/8912955	316/-60	55				NSA
NAC17-002	AC	440133/8912925	317/-60	31				NSA
NAC17-003	AC	440162/8912897	317/-60	31				NSA
NAC17-004	AC	440192/8912872	321/-60	31				NSA
NAC17-005	AC	440220/8912844	315/-60	37				NSA
NAC17-006	AC	440247/8912815	317/-60	49				NSA
NAC17-007	AC	440279/8912791	315/-60	43				NSA
NAC17-008	AC	440307/8912760	315/-60	43				NSA
NAC17-009	AC	440332/8912737	315/-60	37				NSA
NAC17-010	AC	435903/8911418	3/-60	31				NSA
NAC17-011	AC	435898/8911370	3/-60	31				NSA
NAC17-012	AC	435896/8911326	1/-60	43	18	20	2	128
NAC17-013	AC	435895/8911282	2/-60	37	9	13	4	279
NAC17-014	AC	435898/8911240	0/-60	49	11	30	19	293
				<i>Incl</i>	15	18	3	1007
				<i>And</i>	44	48	4	318
NAC17-015	AC	435901/8911206	3/-60	49	4	48	44	372
				<i>Incl</i>	25	33	8	793
NAC17-016	AC	435904/8911166	1/-60					
NAC17-017	AC	436108/8911243	179/-60	37	67	14	25	11
					<i>Incl</i>	22	25	3
NAC17-018	AC	436103/8911284	180/-60	19	16	19	3	843
NAC17-019	AC	436105/8911325	179/-60	31	8	12	4	150
NAC17-020	AC	436102/8911364	181/-60	31				NSA
NAC17-021	AC	436105/8911218	181/-60	37	26	37	11	203
				<i>Incl</i>	26	30	4	320
NAC17-022	AC	436299/8911222	180/-60	37	12	32	20	188
				<i>Incl</i>	12	16	4	263
NAC17-023	AC	436300/8911266	180/-60	31	0	3	3	170
NAC17-024	AC	436300/8911301	180/-60	25				NSA
NAC17-025	AC	436302/8911340	180/-60	31				NSA
NAC17-026	AC	436294/8911381	180/-60	31				NSA
NAC17-027	AC	436297/8911421	182/-60	37				NSA

Appendix B: JORC 2012 Table 1 Reporting
Section 1. Sampling Techniques and Data

Criteria	Explanation
Sampling techniques	• Samples were composited up to 4m and sent for FAA-515 analyses (Fire Assay). All samples were submitted for analysis. Sampling did not cross major geological boundaries. • Grade standards (Certified Reference Materials – CRM's) and field duplicate samples were used to monitor analytical accuracy and sampling precision. • Sampling is guided by Indiana Resources' standard operating and QA/QC procedures. • AC chips are geologically logged using standard Indiana logging templates. • The 1m bulk samples were sampled via a jones riffle splitter at the completion of each meter drilling. The subsample was weighed and an equal weight composite (up to 4 m) was made at Ntaka Hill utilising a jones riffle splitter. • An additional 1m EOH multi-element sample was taken. • Sample piles are routinely photographed.
Drilling techniques	• AC Drilling was carried out using a 4 ½ blade bit to refusal at the fresh rock interface. A slim line RC hammer was then used to ensure that fresh un-oxidised material was drilled before completion of the hole. Drilling was undertaken by Mitchell Drilling using a Universal drill rig mounted on a truck.
Drill sample recovery	• Samples were all dry. • AC drill recoveries were weighted using the 1 metre samples as an indicator of sample recovery. • Recoveries were excellent (>90%), with good recoveries recorded throughout the holes.
Logging	• Geological logging of all AC holes captured various qualitative and quantitative parameters such as mineralogy, colour, and texture and sample quality. • Logging data is collected via ruggedised laptops. The data is subsequently downloaded into a dedicated Datashed database for storage, hosted by a database consultancy. • All AC holes have been geologically logged both qualitative and quantitative in nature and captures downhole depth, colour, lithology, texture, mineralogy, mineralisation, alteration and other features of the samples. • AC sampling is not appropriate for mineral resource estimation and is considered a qualitative sampling technique. • AC Hammer sampling is the equivalent to slim line RC sampling and may be appropriate for mineral resource estimation. • Sample sheets and the database recorded the different sampling method for each sample collected.
Sub-sampling techniques and sample preparation	• AC composite samples were collected with a splitter. • Sample duplicates were obtained by repeating the composite sampling process. • All Samples were produced dry at the rig and no moist or wet samples were encountered during the drilling.
Quality of assay data and laboratory tests	• All samples were submitted to SGS for both the sample preparation and analytical assay. • Samples were sent to the SGS laboratory in Mwanza (Tanzania) for sample preparation. Samples are crushed so that >70% passes -2mm and then pulverised so that >85% passes -75 microns.

Criteria	Explanation
	- For all samples, a split of the sample is analysed using a lead oxide collection fire assay and AAS finish (SGS Minerals Codes FAA-515). - QC insertion rates were every 20th sample (1 standard, 1 blank, 1 site duplicate). - QAQC review of blanks, duplicates and Standards all indicate that the results are fit for purpose and that the assay method used is appropriate. - Every hole drilled had at least one standard or duplicate inserted into the hole sample string. - Laboratory duplicates and standards were also used as quality control measures at different sub-sampling stages.
Verification of sampling and assaying	- Senior Indiana Resources geological personnel supervise the sampling, and alternative personnel verified the sampling locations. - Assay data is loaded directly into the Datashed database which is hosted by and managed by an external database consultancy. - Below detection limit values (negatives) have been replaced by background values for each element.
Location of data points	- Drillhole collars have been surveyed using a differential GPS with an accuracy of 0.5 cm following the completion of the program. - Collar surveys are validated against planned coordinates and the topographic surface. - The primary grid used is UTM WGS84 Zone 37 South datum and projection. - A local grid origin 439,750 mE 8,910,700 mN with a baseline oriented 045 has also been used for planning and reporting purposes – this is applicable to Naujombo. - Naujombo South uses the WGS84 Zone 37 grid as its primary and only grid system.
Data spacing and distribution	The spacing drilling is mainly on 40 m drill spacing with line spacing being approximately 200m so as to test the majority of the geochemical anomaly.
Orientation of data in relation to geological structure	The majority of holes have been drilled at -60 dip toward whichever direction is appropriate to intersect the geology.
Sample security	The samples are packed at the drill site and sealed prior to daily transport to the local field office which has 24 hour security for compositing prior to transport using a secured vehicle by field staff to SGS Mwanza. The laboratory (SGS) stores the samples in a secured yard prior to performing the assays in Mwanza.
Audits or reviews	No audits or reviews have been conducted on sampling techniques to date.

APPENDIX B. JORC 2012 Table 1 Reporting (cont.)

Section 2. Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	- The exploration results reported in this announcement are from work carried out on granted prospecting licence PL/11309/2016, PL 9944/2014 or PL 5977/2009 which are owned by Anga Resources Limited (PL/11309/2016 and PL 9944/2014) or Ngwena Limited (PL 5977/2009), a wholly owned subsidiary of Indiana Resources. - The prospecting licence PL/11309/2016, PL 9944/2014 and PL 5977/2009 is in good standing. - The tenements are the subject of a joint venture agreement with MMG Exploration Holdings Limited which holds an interest of approximately 14%.
Exploration done by other parties	- Exploration has been performed by an incorporated subsidiary company of Indiana Resources, Ngwena Limited - Stream sediment surveys carried out historically by BHP were assayed for the commodity referred to in the announcements and was used to identify this target.
Geology	The regional geology is thought to comprise late Proterozoic Mozambique mobile belt lithologies consisting of mafic to felsic gneisses interlayered with amphibolites and metasedimentary rocks including locally marbles and minor graphitic gneiss.
Drill hole information	- The drillhole information is supplied in Section 1 and the location of the drillhole collars is shown in the accompanying release (Appendix 1). - No material information has been deliberately excluded.
Data aggregation methods	Significant intercepts are reported based on a 100ppb cut-off with a minimum length of 1 m which has an allowable maximum 4m of internal low-grade material. All significant intercepts are generated using Datashed software automated grade compositing function.
Relationship between mineralisation widths and intercept lengths	- Due to the exploratory nature of the drilling the assessment of geometry of the mineralisation is ongoing. - At present all the reported lengths are 'down-hole'.
Diagrams	A diagram showing the location of the drillhole collars is included in this announcement.
Balanced reporting	All reported visual estimate intervals are downhole intervals from drilling aimed at being as perpendicular to mineralisation as practical.
Other substantive exploration data	All other meaningful exploration data concerning the Naujombo Gold Prospect has been previously reported to the ASX.
Further work	Refer to the announcement.