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LINDIAN FUNDED FOR GAOUAL BAUXITE DRILLING PROGRAM

- Up to \$1.3M placement to professional and sophisticated investors at \$0.016 per share
- Investors to also receive a 1:1 free option exercisable at \$0.02 on or before the date that is three years from issue, subject to shareholder approval
- Significant interest shown from new and existing investors with demand in the placement exceeding initial expectations
- Funds from this placement together with existing \$1M loan facility ensures Lindian is fully funded to undertake its planned drilling program at the Gaoual Bauxite Project in Guinea and general working capital to run the Company

Lindian Resources Limited ("**Lindian**" or the "**Company**") ("**ASX: LIN**") is pleased to advise that it has received binding commitments to raise up to **\$1.3 million** in a placement ("**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 \$1.3 million raised, includes \$200,000 from the Company's Chairman, Asimwe Kabunga, which will be subject to shareholder approval at the Company's upcoming shareholder meeting.

The Placement follows the recent completion of due diligence and the issuing of the Notice to Proceed with the option to acquire up to 75% of the Gaoual Bauxite Project.

Importantly, funding received from this Placement, together with the Company's existing \$1 million loan facility, ensure Lindian is now adequately funded to undertake its upcoming inaugural drilling program scheduled to commence in Q4 2019.

Significant interest was shown in the placement by a wide-ranging group of professional and sophisticated investors with most commitments received requiring wind back to ensure a good spread was achieved.

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

Management commentary

Commenting on the placement, Lindian's Managing Director Shannon Green said: "The significant interest received from both new and existing investor groups in this placement is a strong show of confidence in both Lindian's management and the underlying potential of the Gaoual Bauxite Project.



“With the Company now appropriately funded to undertake our inaugural drilling program at Gaoual, Lindian is excited to commence drilling this new opportunity at the earliest possibility.

“We look forward to providing further updates in the near-term as preparations are finalised in advance of our maiden drilling program at Gaoual.”

Placement

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).

The New Shares issued under the Placement to unrelated parties (totalling 68.75 million) will be issued under the Company’s existing capacity under ASX Listing Rules 7.1 (56.67 million shares) and 7.1A (12.08 million shares). 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.

The New Shares will rank equally with existing fully paid ordinary shares.

The New Options will be unquoted securities exercisable at \$0.02 per Share expiring 3 years from issue.

In relation to Listing Rule 7.1A, in accordance with ASX Listing Rule 3.10.5A, the following information is provided:

- a) existing holders will be diluted by 3.20% as a result of the shares issued under Listing Rule 7.1A;
- b) the Company elected to use its placement capacity to raise the funds under the Placement given the speed at which the Placement was able to occur, and also the opportunity to bring in new investors into the Company;
- c) no underwriting arrangement was entered into in relation to the Placement; and
- d) fees totalling \$12,755 (inclusive of GST) were incurred in connection with the shares issued under Listing Rule 7.1A.

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Appendix 1 – Option Terms

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

- (a) Any funds spent by KB on developing the Project during the option period will be reimbursed by Lindian upon completion on the basis that Lindian elect to proceed so long as the proposed expenditure had been agreed and signed off by all Parties prior to being spent.



- (b) Right to acquire 51% of the Project (structuring to be agreed in formal agreements to be either at Project level or KB company level) ("**Stage 1 Interest**") by spending USD\$1m on the Project over 24 months from completion (in accordance with an agreed budget acceptable to all parties) ("**Stage 1 End Date**"). The USD\$1m will include all expenses incurred by Lindian to satisfy the conditions precedent to the Agreement (set out below), including the requirements to comply (amongst other things) with Chapter 10 of the ASX Listing Rules. The parties note that the spending must also be in line with the requirements under applicable Guinean Law in respect of minimum spend obligations for exploration licenses. The Stage 1 Interest will be issued at completion with nominal cost (\$10) buy back rights after the Stage 1 End Date if farm in terms not met.
- (c) The issue to KB or nominee of 5,000,000 fully paid ordinary shares in Lindian ("**Shares**") upon completion (subject to 12 months escrow in accordance with the ASX Listing Rules) and 12,500,000 Shares upon an initial JORC resource containing a minimum of 65m tonnes with an average grade greater than 45% Al₂O₃ with less than 5% SiO₂ reactive silica being defined in relation to the Project and announced to ASX by Lindian (subject to any escrow imposed in accordance with the ASX Listing Rules).
- (d) At any time between completion and the Stage 1 End Date, Lindian has the right to elect ("**Stage 2 Election**") to acquire an additional 24% of the Project (structuring to be agreed in formal agreements to be either at Project level or KB company level) ("**Stage 2 Interest**"). The Stage 2 Interest will be earned by spending USD\$2m on the Project (in accordance with an agreed budget acceptable to all parties which will include completion of a Preliminary Feasibility Study in relation to the Project) between the date of the Stage 2 Election and 24 months after that date ("**Stage 2 End Date**"). The holders of the Project will then be Lindian 75% interest, KB shareholders 25% interest.
- (e) The issue to KB or nominee of 17,500,000 Shares (subject to any escrow imposed in accordance with the ASX Listing Rules) no later than 30 days after Lindian completing a Preliminary Feasibility Study in relation to the Project, or, the Stage 2 End Date. The Stage 2 Interest will be issued at the date of the Stage 2 Election with nominal cost (\$10) buy back rights after the Stage 2 End Date if the farm in terms are not met.
- (f) If Lindian elects not to proceed to move from 51% to 75% in accordance with paragraph (d) above or does not satisfy the Stage 2 Interest farm in terms, the shareholders of KB (GB currently) will pro rata fund the Project in accordance with formal agreements to be entered on the basis that Lindian and the KB Shareholder will pro rata finance carry the identified residual 25% holding in KB.
- (g) The residual 25% holding is finance carried and non dilutive (during Stage 1 and, if applicable, Stage 2 Farm Ins) with the parties agreeing that any government interest in the Project will come out of the 25% interest in KB that does not comprise Lindian's 51% or 75% as the case may be.
- (h) The parties agree that there is a third party 1% net royalty nominated by GB that is attached to the Project.
- (i) Standard form shareholders agreement to be entered into as part of the formal agreements which will cover, amongst other things, Board representatives, rights of pre-emption, funding calls from shareholders and matters requiring unanimous consent.

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

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

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