

8 February 2019

# Joint Venture for Mali gold exploration licences; proposed share placement to raise \$0.6M

## HIGHLIGHTS

### Exploration Joint Venture

- Indiana agrees a non-binding term sheet for a joint venture for exploration licenses in the Mali Gold belt strategically located to the Company's existing Mali exploration project
- Indiana can earn up to an 85% interest in the Lakanfla and Tabakarole gold projects
- Projects comprise 124km<sup>2</sup> and potentially enhance the Company's tenement interests to over 387km<sup>2</sup>
- Lakanfla and Tabakarole are located 6km south-east of the Sadiola gold mine (13Moz) in the prolifically gold mineralised Kenieba Province of western Mali
- Agreement subject to a 60-day exclusivity period, due diligence and other conditions precedent

### Proposed share placement

- Company proposes to raise \$0.6M through share placement to sophisticated investors

## Exploration Joint Venture

Indiana Resources Limited (ASX: IDA) ('Indiana' or the 'Company') is pleased to announce that it has entered into a non-binding term sheet ('Term Sheet') for a joint venture ('JV') with Altus Strategies Plc ('Altus'). Subject to entering into a definitive agreement ('Agreement') with Altus, Indiana will have the option to earn up to an 85% interest in Legend Mali Inc. ('Legend'), a wholly owned subsidiary of Altus, which holds a 100% interest in the Lakanfla and Tabakarole gold projects ('Projects') located in western and southern Mali respectively (see Figures 1 and 2). Altus is a London (AIM: ALS) and Toronto (TSX-V: ALTS) listed entity, focused on exploration project generation in Africa.

Indiana's CEO Chris van Wijk, commented, "Lakanfla is strategically located adjacent to the world renowned Sadiola gold mine in western Mali. Based on our review of historical data, we believe that Lakanfla hosts a potentially substantial karst-style gold target, analogous to the adjacent FE3 and FE4 pits of the Sadiola mine. Separately the Tabakarole project, which is located in southern Mali, targets a shear zone which has been mapped for 2.7km long and up to 200m wide.

"This arrangement with Altus follows a joint venture agreed with Cradle Arc Plc last year and is consistent with the Company's stated strategy to increase our interests in Mali, allowing us to methodically continue exploration in the area. Coupled with the announcement on non-binding funding proposals released today, and subject to completion of definitive agreements, the Company will be well positioned to identify and test high priority targets on our highly attractive land package in Mali."

## Key terms of the JV

Subject to the execution of the Agreement, Indiana will have the right to earn up an 85% interest in the Projects on the following headline JV terms. It is important to note the terms below are presently non-binding and subject to negotiation as part of the Agreement. The terms below are therefore subject to change and there is no certainty that a binding arrangement will eventuate. It is also likely the issues of Indiana shares proposed will be subject to prior shareholder approval. Further, entry into the Agreement is subject to due diligence, receipt of requisite regulatory approvals and the Company providing notice to Altus within the 60 day exclusivity period that it has raised at least \$1 million (via cash or drill for equity arrangements) to complete Stage 1 below.

- **Stage 1 (Exploration):** Indiana will have the right to earn an initial 25% interest in the Projects by undertaking 3,000m of drilling at the Lakanfla project and by completing an exploration programme at the Tabakarole project, within twelve months of entering the Agreement. Altus will receive US\$100,000 of Indiana shares on the commencement of Stage 1. With respect to the number of shares to be issued under Stage 1, this is determined by reference to the lower of the 60 day VWAP of Indiana shares on the ASX on the date of signing the Term Sheet or the price of Indiana shares on the date of signing the Agreement.
- **Stage 2 (Resource Definition):** Indiana will have the right to increase its interest in the Projects (or Lakanfla only) to 51% by undertaking 9,000m of drilling at the Lakanfla project (or publishing a JORC compliant mineral resource of more than one million ounces of gold (with a minimum grade to be agreed as part of the Agreement) and 2,500m of drilling at the Tabakarole project, within eighteen months of electing to enter Stage 2. Altus will receive US\$100,000 in cash and US\$200,000 of Indiana shares on the commencement of Stage 2. With respect to the number of shares to be issued under Stage 2, this is determined by reference to the lower of the 60 day VWAP of Indiana shares on the ASX on the date Indiana elects to proceed to Stage 2 or the Indiana share price on the date that Indiana elects to proceed to Stage 2.
- **Stage 3 (Definitive Feasibility Study):** Indiana will have the right to increase its interest in the Projects (or Lakanfla only) to 70% by completing a Definitive Feasibility Study at the Lakanfla project and if it elects to continue with the Tabakarole project as part of the JV, publishing a maiden JORC compliant mineral resource at Tabakarole within 24 months of electing to enter Stage 3. Altus will receive US\$100,000 in cash and US\$200,000 of Indiana shares on the commencement of Stage 3. With respect to the number of shares to be issued under Stage 3, this is determined by reference to the lower of the 60 day VWAP of Indiana shares on the ASX on the date Indiana elects to proceed to Stage 3 or the Indiana share price on the date that Indiana elects to proceed to Stage 3.
- **Stage 4 (Mine Construction):** Altus will have the option to co-finance Stage 4 pro rata to its interest in the JV, or grant Indiana the right to sole finance Stage 4 and increase its interest in the Projects (or Lakanfla only) to 85% by commencing gold production on either of the Projects (or Lakanfla only) within 24 months of electing to enter Stage 4. Altus will receive US\$500,000 in cash and US\$750,000 of Indiana shares on the commencement of Stage 4 if IDA is sole funding Stage 4. With respect to the number of shares to be issued under Stage 3, this is determined by reference to the lower of the 60 day VWAP of Indiana shares on the ASX on the date Indiana elects to proceed to Stage 4 or the Indiana share price on the date that Indiana elects to proceed to Stage 4.

Altus is intended to be the operator of the JV during Stages 1 and 2. Budgets and work programmes will be agreed by a JV Committee consisting of up to two representatives of each of Indiana and Altus. Each party shall have one vote however any party sole funding will have a casting vote. If co-funding, each party shall

vote in accordance with its participating interest in the JV Company.

Indiana may withdraw from the JV at any time. If Indiana elects to withdraw from the JV at any stage after the completion of Stages 2, 3 or 4, it will receive a 0.75% NSR royalty on future gold production from the Projects. This NSR will be capped at the investment in the JV made by Indiana at the point of withdrawal and can be repurchased by Altus at any time for the amount invested by Indiana plus a 10% premium. Indiana has the option to offer Altus the right to co-fund the JV from completion of Stage 3. Altus will retain a 2.5% NSR on the Projects.

It is intended the Agreement include standard change of control and default provisions, pre-emptive rights and provide Indiana with the option to request a three month pause of JV operations at any time after completion of Stage 1.

#### **Lakanfla: Project background and previous exploration**

The 24km<sup>2</sup> Lakanfla gold project is located 5km east of the Company's Diba ('Korali Sud') oxide gold project and approximately 6.5km southeast of the karst-type FE3 and FE4 open pits of the multi-million ounce Sadiola gold mine and 35km southeast of the former multi-million ounce Yatela karst-type mine. Lakanfla is bounded by the Sadiola permit area on its north, west and southern boundaries. Sadiola and Yatela are both part-owned by AngloGold Ashanti (JSE: ANG, NYSE: AU and ASX: AGG) and IAMGOLD Corporation (TSX: IMG and NYSE: IAG).

Historic exploration at Lakanfla has included soil sampling across the entire licence area, on a 500m x 250m (and, based on preliminary due diligence, in places 250m x 100m) sample grid. The programme defined a number of anomalies which were further refined by shallow auger drilling. Follow up diamond, RC and RAB drilling programmes were completed between 2001 and 2011. A series of geophysical programmes have also been completed at Lakanfla, including ground based induced polarisation, high resolution resistivity, magnetic and gravity surveys as well as airborne VTEM and gravity surveys.

None of the priority targets have been systematically drill tested to date. The Company has reviewed historical exploration results as part of initial due diligence completed by the Company, but has reason to believe that there may be reliability issues with those exploration results. As a result, the Company is unable to report any results it has reviewed to date. Investors who become aware of historical exploration results are therefore cautioned not to rely on such exploration results until the Company confirms their reliability and compliance with the JORC Code 2012.

#### **Tabakarole: Project background and previous exploration**

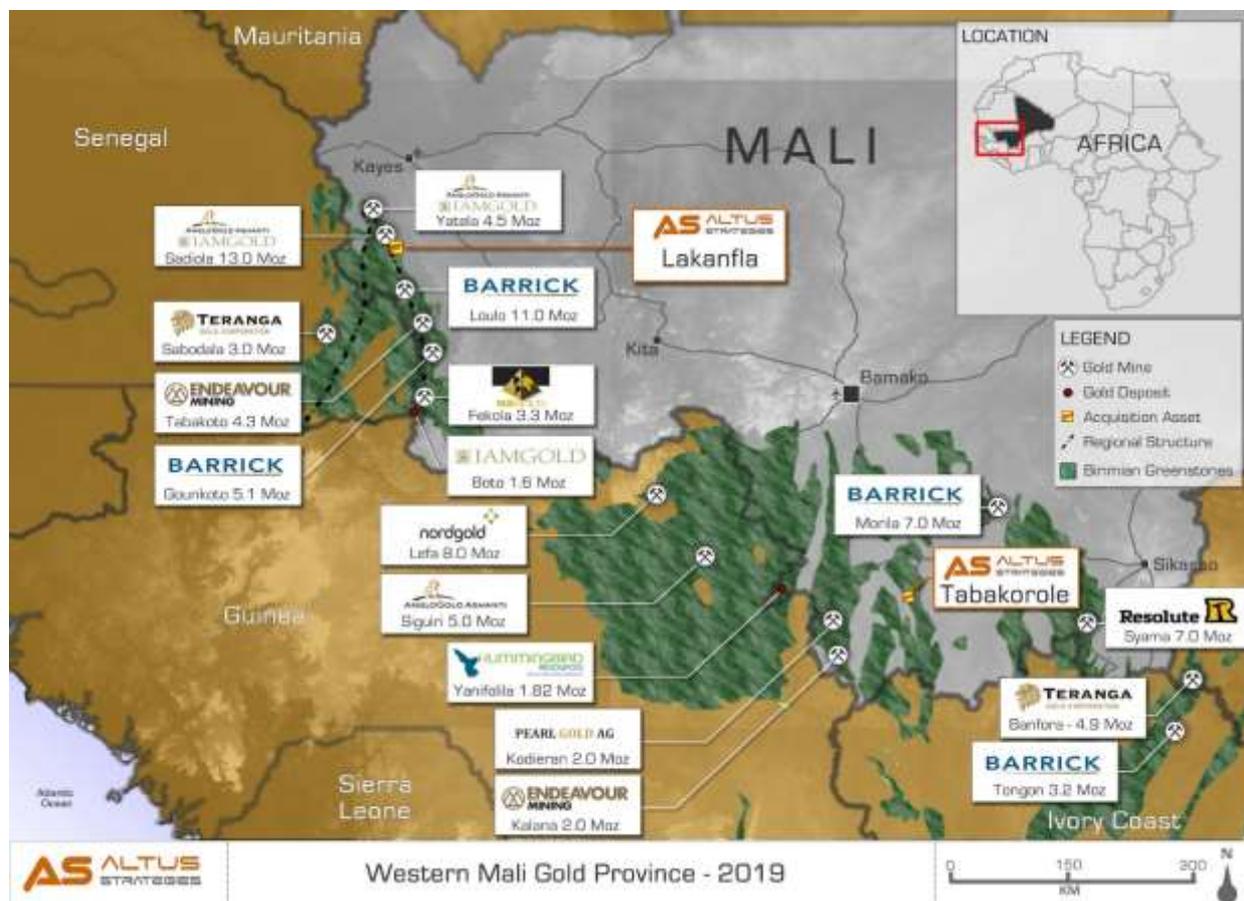
The 100km<sup>2</sup> Tabakarole project is located in southern Mali, approximately 280km south of the capital Bamako. Tabakarole sits on the Massagui Belt which hosts the 7.0Moz Morila gold mine operated by Randgold Resources Ltd.

A regional soil sampling programme was completed in the early 1990s on a 500m x 100m grid. Initial due diligence by the Company has shown that since 2003 a significant amount of diamond, reverse circulation, auger and air core drilling has reportedly been completed, in addition to 1,400 line-km of airborne geophysics.

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**Figure 1. Location of Lakanfla and Tabakarole Projects**



### Funding arrangements

The Company proposes to place up to 12,000,000 shares at \$0.05 per share to sophisticated investors, including existing supportive shareholders, to raise \$0.6M (**'Placement'**). The placement is scheduled for completion on Monday 18<sup>th</sup> February 2019. It is intended that shares issued pursuant to the Placement will be issued under the Company's ASX Listing Rule 7.1 capacity.

With respect to the existing loan agreement (**'Loan Agreement'**)<sup>1</sup> the current amount drawn is \$300,000 and the Lender proposes to convert this amount to equity at \$0.06 per Indiana share (i.e. 5,000,000 Indiana shares), subject to shareholder approval and any statutory requirements. The conversion price is in line with the price of the most recent non-renounceable rights issue.

In addition, the Lender will advance to the Company a further \$150,000 under the Loan Agreement, to be received alongside the proceeds from the Placement. The Lender has also committed to make available to the Company a further \$150,000 during February for a total additional advance of \$300,000 by end of February, leaving an undrawn balance of \$400,000. Under the terms of the Loan Agreement, the Lender can convert the \$300,000 loan amount advanced during February to equity at the price of the Placement, being

<sup>1</sup> See ASX announcement 31 October 2018 for details of the Loan Agreement

\$0.05 per Indiana share (i.e. 6,000,000 Indiana shares), subject to shareholder approval and any statutory requirements.

The balance of the loan facility, being \$400,000 will remain available to the Company, to assist funding any future exploration related cash requirements of the Company, with future conversions subject to shareholder approval.

The Company is also in discussions with various parties for a drilling for equity transaction to progress drilling exploration activities across its Mali gold project areas in the next 12 months. These discussions are progressing and while the Company is confident that a transaction can be concluded, there is some uncertainty whether such a transaction will materialise. The Company will keep the market updated on the status of these negotiations in accordance with its continuous disclosure obligations.

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