

31 January 2019

DECEMBER QUARTERLY ACTIVITY REPORT

Lindian Resources Limited (the **Company**) provides the following update to shareholders in respect to the Company's activities in the December 2018 quarter.

Lushoto Project - Tanzania

During the quarter, exploration recommenced on the Lushoto Bauxite Project. Exploration is focused on defining high grade outcropping mineralisation close to rail and road infrastructure.

Exploration included auger drilling, mapping and rock chip sampling. Results will be available and released during the current quarter.

Kangankunde Project - Malawi

In July 2018 Lindian Resources entered into an exclusive agreement with Rift Valley Resource Developments Limited ("RVR") and Michael Saner to acquire a 75% interest in the Kangankunde Rare Earths Project in Malawi subject to various conditions precedent.

Kangankunde has been reported as one of the world's largest Rare Earth Projects outside of China. It is a carbonatite hill which rises up to 200m above the surrounding plain with the area of 1.7km by 1.4km.

The project has a previously reported high grade inferred Resource (JORC 2004) of 107,000 tonnes of Rare Earth Oxide (REO) at an average grade of 4.24% REO using a 3.5% REO cut-off and remains open at depth.

During the quarter a consent order between the Malawi Ministry of Natural Resources and Environmental Affairs and Saner ("**Consent Order**") was entered into and granted. The Consent Order settled all matters between the parties and, more importantly, provided for the issuing of a new EPL (25km²) over all the ground that comprises the Kangankunde Rare Earths Project. The EPL was issued in accordance with current Malawi regulations and is for an initial period of 3 years renewable twice for periods of 2 years each. The Consent Order also provided for the Malawi Ministry of Natural Resources and Environmental Affairs to support the conversion of the EPL into a Mining License (in accordance with the application of all valid regulations) as well as assistance with any financing parties introduced to develop the Project.

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Following the Consent Order being granted and the relevant EPL being issued to RVR, Saner and RVR wrote to Lindian purporting to unilaterally cancel the Agreement on the basis of what were said to be changed circumstances in Malawi that had arisen following the execution of the Agreement that made the Agreement unenforceable. Lindian immediately sought a trading halt, which led subsequently to the suspension of its securities.

The Company did not accept that Saner or RVR had any grounds on which to refuse to perform the Agreement and commenced legal proceedings in the High Court of Malawi obtaining an injunction to prevent RVR or Saner from dealing with the Project or shares in RVR (**Injunction**). All relevant parties are currently in negotiations to try and settle the matter on the basis that Lindian will proceed with the Transaction on revised terms. The Company is hopeful that the matter will be settled in the coming weeks with a mutually agreed path forward.

Whilst an agreed settlement position to proceed with the Transaction is Lindian's clear preference, the Company is extremely confident of its legal position and will ensure that its contractual position is protected in all relevant jurisdictions in the event that a settlement cannot be reached.

Uyowa and Kahama Projects

During the working quarter, there was no work completed, activity will recommence at the conclusion of the wet season.

Lushoto Bauxite Project Overview

The Lushoto Bauxite deposit was formed by deep weathering of metamorphic rocks of the Mozambique Belt that are exposed in Eastern Tanzania. The mineralisation is situated on plateaus within the Usambara Mountains that have been preserved from a time when mineralisation was more extensive in the area. Assay results to date show excellent levels of available alumina and very low levels reactive silica and other deleterious elements including Iron, Silica, Titanium. The presence of the Lushoto bauxite deposits were the subject of a University of Dar es Salaam report in 2003 which confirmed bauxite mineralisation of between 40-60% Al₂O₃ based on historical drilling data and surface geological mapping. The results of the recent sampling program undertaken were in line with the conclusions of the 2003 report and will greatly assist Lindian in obtaining a maiden JORC resource scheduled for Q1 2019

Kangankunde Project

Located in Southern Malawi, 100km north of Blantyre and 25km from the Nacal Railway. The project has had several phases of exploration with the most comprehensive geological and process test works completed between 1987 and 1990 by BGRM. For more information refer to the ASX announcement of 6th August 2018 (*Lindian enters option agreement to acquire up to a 75% interest in the Kangankunde Rare Earths Project and has received firm commitments to raise \$1.5m*)



Figure 1 - location of Kangankunde Project showing the location rail and port infrastructure

For further information, please contact:

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Competent Person Statement The information on the page 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.



Appendix 1 Interests in mining tenements as at 31 December 2018

Project	Licence Number	Status	Licence Type	Area
Lushoto Project*	PL11176	Granted	Prospecting	.26 km ²
Lushoto Project*	PL11177	Granted	Prospecting	49.3km ²
Lushoto Project*	PL11178	Granted	Prospecting	3.64 km ²
Lushoto Project*	PL11194	Application	Prospecting	90.25km ²
Lushoto Project*	PL11195	Application	Prospecting	44.95km ²
Lushoto Project*	PL12227	Application	Prospecting	24.87km ²
Lushoto Project*	PL13400	Application	Prospecting	23.02km ²
Kahama Project	PL10722/2015	Granted	Prospecting	21.81 km ²
Uyowa Project	PL10918/2016	Granted	Prospecting	27.08 km ²
Uyowa Project	PL11710/2017	Application	Prospecting	84.5 km ²
Uyowa Project	PL11711/2017	Application	Prospecting	141.95 km ²
Uyowa Project	PML15443/CWZ	Application	Primary Mining	0.08 km ²
Uyowa Project	PML15444/CWZ	Application	Primary Mining	0.08 km ²
Uyowa Project	PML15475/CWZ	Application	Primary Mining	0.03 km ²
Uyowa Project	PML15480/CWZ	Application	Primary Mining	0.06 km ²
Uyowa Project	PML15481/CWZ	Application	Primary Mining	0.07 km ²
Uyowa Project	PML15483/CWZ	Application	Primary Mining	0.08 km ²
Uyowa Project	PML15484/CWZ	Application	Primary Mining	0.1 km ²
Uyowa Project**	PML0003473	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML0003474	Granted	Primary Mining	0.07 km ²
Uyowa Project**	PML0003475	Granted	Primary Mining	0.04 km ²
Uyowa Project**	PML0003476	Granted	Primary Mining	0.05 km ²
Uyowa Project**	PML0003477	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML0003478	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML0003479	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML000044CWZ	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML000045CWZ	Granted	Primary Mining	0.08 km ²
Uyowa Project**	PML0003469	Granted	Primary Mining	1.08 km ²

* Lindian Resources interest in these licences is subject to completion of a farmin agreement whereby a 51% stake is earned by Lindian spending \$Aud400,000 on exploration.

** Hapa Gold's interest in these licences is subject to completion occurring under an option agreement with the local licence holders. Total cash consideration for acquisition of all 10 PMLs under the option agreement, over a three year period, is US\$400,000