

24th July 2020

OFFER TO SETTLE OUT OF COURT

HIGHLIGHTS

- **Offer received to settle out of court following filing of notice of appeal at High Court of Malawi with regards to Kangankunde Rare Earths Project in Malawi.**
- **Legal opinion from lawyers in Malawi confirms that Lindian still have a strong case.**

Lindian Resources Limited (“**Lindian**” or the “**Company**”) (ASX Code: LIN) wishes to advise that, further to the announcement on 8 July 2020 that the Company has lodged a notice of appeal at the High Court of Malawi, an offer to settle out of court has been received from Michael Saner (“**Saner**”) and Rift Valley Resources (“**RVR**”) with regards to the Kangankunde Rare Earths Project in Malawi (the “**Project**”).

The Company originally entered into an exclusive option agreement with Saner and RVR which was announced to the ASX on 6 August 2018 (the “**Option Agreement**”).

As detailed in the Company’s ASX announcement of 23 November 2018, Saner and RVR subsequently claimed that changed circumstances in Malawi made the agreement unenforceable and made an offer to enter into a separate agreement for the sale of the Project on completely different terms to those originally agreed between the Company, Saner and RVR.

The Company’s position was that the terms of the Option Agreement remained valid and commenced legal action in the Malawi Courts to defend its rights which culminated in a disappointing decision in the High Court of Malawi.

On 8 July 2020, the Company announced that it had filed a notice of appeal with High Court of Malawi. The opinion of the Company’s legal counsel is that the Company has a strong case and are still awaiting a date for a hearing from the Supreme Court of Appeals.

On 23 July 2020, the Company received further correspondence from legal counsel representing Saner and RVR which details an out-of-court offer to settle.

The Company will review the offer and discuss with legal counsel before taking action. The Company maintains that neither Saner nor RVR have any grounds on which to refuse to perform their obligations under the Option Agreement on the Original Terms.

Lindian maintains that it will continue to pursue all avenues open to it to obtain the best possible outcome for the shareholders of the Company.

This ASX announcement was authorised for release by the Lindian Board.

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History

The Company originally entered into an exclusive option agreement with Saner and RVR which was announced to the ASX on 6 August 2018 (the "Option Agreement").

As detailed in the statement the Company made to the ASX on 23 November 2018, Saner and RVR subsequently claimed that changed circumstances in Malawi made the agreement unenforceable and made an offer to enter into a separate agreement for the sale of the Project on completely different terms ("Revised Terms 1") to those originally agreed between the Company, Saner and RVR (together, the "Parties").

On 23 July 2020, the Company received further correspondence from legal counsel representing Saner and RVR which details another offer ("Revised Terms 2") also on completely different terms to those originally agreed between the Parties.

Original Terms

The original terms can be found in the statement made to the ASX on 6 August 2018 announcing the Option Agreement and repeated in the statement made to the ASX on 23 November 2018 detailing the injunction granted against Saner and RVR.

An overview of the original terms are as follows:

1. Payment of US\$100,000 for an exclusive due diligence period of 120 days.
2. The right for Lindian to acquire 30% of RVR on completion of certain conditions precedent ("Certain Conditions Precedent") and by making the following payments:
 - a. US\$500,000 to be used by RVR to execute an agreed development work program; and
 - b. US\$500,000 payment to Saner.
3. A 12 month option following the acquisition of the initial 30% to acquire a further 45% of RVR by making the following payments:
 - a. US\$2,500,000 to be used by RVR to execute an agreed development work program; and
 - b. US\$2,500,000 payment to Saner either in the form of cash or fully paid ordinary shares in the capital of Lindian.
4. Upon completion of the further 45% interest, Lindian (as 75% interest holder) will fund 100% of the Project and the residual 25% interest held by Saner would be carried and non-dilutive.
5. In the event of any applicable Malawi law requiring a government interest this would result in both parties diluting pro-rata.

Revised Terms 1

The first set of revised terms received from Saner and RVR were detailed in the statement made to the ASX on 23 November 2018 being an offer for the Company to acquire a 100% interest in the Project for US\$70M and a 5% revenue royalty payable to the RVR shareholders.

Revised Terms 2

In a letter dated 23 July 2020, Saner and RVR have provided a further revised offer for the Company to acquire a 100% interest in the Project for US\$40m with US\$25m being payable on signature and US\$15m being paid within six months of the signature date.