

Company Update

Indiana Resources Limited (**ASX: IDA**) (**Indiana or the Company**) provides the following update on the strategic actions taken by the Company for the benefit of shareholders, following the successful completion of the evidentiary hearing for the dispute with the United Republic of Tanzania (**Tanzania**).

As detailed in the ASX release dated 6th February 2023, the dispute with Tanzania is the subject of arbitration through the International Centre for Settlement of Investments Disputes (**ICSID**). The Company is confident that it has presented a clear and compelling case for the requested compensation of US\$96.8 million for the loss of the Ntaka Hill Nickel Project, is preparing post-hearing submissions (required by 5th April 2023) and remains committed to supporting all activities for arbitration.

Concurrently, the Board has reviewed current exploration activities across its Central Gawler Project in South Australia. Recent drilling for both Rare Earth Elements ("REE") and gold has produced excellent results, and there remains a significant volume of assay and test results that will be released to the market over the next few months.

In light of the decision with regards to arbitration, the Board has made the strategic decision to suspend exploration activities and implement other capital preservation measures to avoid raising funds which would dilute existing shareholders who have so patiently supported arbitration activities for many years. If a positive result is achieved through arbitration, the Board will immediately recommence exploration activities. Given the work that has been completed to date, and the approvals that are now in place, the Company will be able to restart exploration activities with minimal delay.

Bronwyn Barnes, Indiana's Executive Chair, commented:

"Our shareholders have patiently supported all activities for arbitration against Tanzania for many years. The Company is close to receiving an outcome that could provide sufficient funds to advance all exploration activities in South Australia for the foreseeable future and provide a capital return to shareholders to recognise the loss of their investment in Tanzania. In light of this, the Board does not consider it prudent to raise further funds at this time which would result in further dilution for shareholders.

Accordingly, we have resolved to suspend all exploration activities and cut all non-essential expenditure to allow the Company to operate for the foreseeable future. We have taken this decisive action in the best interests of shareholders and will keep the market informed on receipt of upcoming assay results from the Central Gawler Project and the final outcome of arbitration. I would like to thank our longstanding shareholders for their continuing support. Details of a webinar will be circulated shortly where I will be able to provide shareholders with a more detailed understanding of the current status of arbitration activities and our commitment to restart exploration once an outcome from arbitration is announced."

CAPITAL STRUCTURE

501,004,819
Shares on Issue
A\$0.057
Share Price
29M
Market Cap

BOARD & MANAGEMENT

Bronwyn Barnes
Executive Chair
Bob Adam
Non-executive Director
David Ward
Non-executive Director

Kate Stoney
CFO & Company Secretary

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Cost Cutting Initiatives

The following initiatives have been taken to immediately reduce Company expenditure:

1. Planned REE drilling scheduled to commence 1 March 2023 has been suspended;
2. Planned RC gold drilling scheduled to start in mid-April has been suspended;
3. CEO has resigned with immediate effect;
4. Chair Bronwyn Barnes will convert 1,500,000 options exercisable at \$0.04 expiring October 2023 in March 2023 providing an additional \$60,000 in cash inputs;
5. Director Robert Adam will convert 1,000,000 options exercisable at \$0.04 expiring October 2023 in April 2023 providing an additional \$40,000 in cash inputs;
6. Directors have elected to accrue director fees until an announcement on finalisation of arbitration has been delivered;
7. All investor relations, marketing, travel and other Company activities have been suspended;
8. Discussions are taking place with key contractors to agree where possible that fees can either be deferred or shares issued in lieu of cash payments in order to maximise cash preservation.

By making the above changes it is anticipated that cash can be preserved to support the Company's activities for the next 4-6 months without the need for further fund raising. The Board will continue to provide updates on activities relating to arbitration as appropriate.

Background to Arbitration

The ICSID Convention has been ratified by 158 States, including Tanzania. An award issued by an ICSID tribunal is enforceable in any one of those 158 member States, as if it were a judgment of one of their own courts. Partly because of this, States often comply voluntarily with the payment terms of such awards.

LALIVE and Boies Schiller Flexner LLP, two international law firms that specialise in international arbitration, are representing the Claimants¹ in the arbitration process, with the Claimants seeking compensation of US\$98.83m for the loss of their investment in Tanzania (including interest up to July 2022, which continues to accrue). In addition, the Claimants seek reimbursement of their arbitration costs and fees by Tanzania.

A litigation funding facility for US\$4.65m is in place with Litigation Capital Management Limited (**LCM**), a firm listed on the Alternative Investment Market (**AIM**) of the London Stock Exchange. This funding facility covers all legal costs associated with arbitration and is only repayable in the event of a successful award that is recovered from the United Republic of Tanzania.

¹ As the majority shareholder in Ntaka Nickel Holdings Ltd (NNHL), Nachingwea UK Ltd (NUK) (both incorporated in the United Kingdom), and Nachingwea Nickel Ltd (NNL), Tanzania; together known as the Claimants), Indiana is the manager of the Joint Venture and responsible for activities relating to the dispute.



Background to Claim

In July 2017, the Government of Tanzania amended the Mining Act 2010 by, *inter alia*, abolishing the legislative basis for the Retention Licence classification with no replacement classification.

On 10 January 2018, Tanzania published the Mining (Mineral Rights) Regulations 2018, which cancelled all Retention Licences issued prior to 10 January 2018 at which point they ceased to have any legal effect. The rights over all areas under Retention Licences, including the Retention Licence held for the Project, were immediately transferred to the Government of Tanzania.

During the time from January 2018 to December 2019, the Company actively engaged with the Tanzanian Minister for Minerals and the Mining Commission in an effort to resolve a suitable tenure mechanism for the Project Licence to be reinstated. At all times Tanzanian Government representatives reassured the Claimants' representatives, as well as Indiana Board members that visited Tanzania for the purpose of collaborative engagement with the Government, that their historical investment would be recognised and that their rights would be respected and protected.

On 19 December 2019, the Mining Commission of Tanzania announced a public invitation to tender for the joint development of areas covered previously by Retention Licences. The invitation provided that the successful bidder should compensate the previous Retention Licence holder for its exploration costs incurred. This public invitation was not sent to the Company or the Claimants but was advertised on the website for the Ministry of Minerals.

On 20 December 2019, the Mining Commission of Tanzania announced a revised public invitation to tender, which removed the condition that the successful bidder compensate the previous retention licence holder for its exploration costs incurred.

Through the measures described above, Tanzania has removed the ownership of the Project from the Claimants, and in doing so has breached its obligations to the Claimants under the UK-Tanzania BIT and international law. These include, but are not limited to:

- a) Tanzania's obligation not to nationalise or expropriate the Claimants' investments or subject them to measures having effect equivalent to nationalisation or expropriation without prompt, adequate and effective compensation under Article 5(1) of the BIT; and
- b) Tanzania's obligation to accord fair and equitable treatment and full protection and security to the Claimants' investment and not to impair by unreasonable or discriminatory measures the maintenance, use, enjoyment or disposal of the Claimants' investment under Article 2(2) of the BIT.

This announcement is authorised for release to the market by the Executive Chair of Indiana Resources Limited with the authority from the Board of Directors.

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To find out more, please visit www.indianaresources.com.au



Forward Looking Statements

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