

23 November 2018

LINDIAN GRANTED INJUNCTION AGAINST MICHAEL SANER and RIFT VALLEY RESOURCE DEVELOPMENTS LIMITED

Lindian Resources Limited ("**Lindian**" or "**Company**") has previously announced the following key matters in respect of an exclusive option agreement ("**Agreement**") entered into with Michael Saner ("**Saner**") and Rift Valley Resource Developments Limited ("**RVR**") regarding the Kangankunde Rare Earths Project in Malawi ("**Project**") which has previously been reported as one of the world's largest Rare Earth projects outside of China:

- a) Payment to RVR (or its nominee) of US \$100,000 for a 120 day exclusive due diligence period, extendable by agreement between the parties. Payment was made in accordance with the Agreement.
- b) Subject to satisfaction of certain conditions precedent, Lindian has the right to acquire an initial 30% shareholding interest in RVR (Stage 1 Interest) by way of the following payments:
 - a. US \$500,000 to be used by RVR pursuant to a 6 - 12 month exploration and development work program on the Project in accordance with an agreed work program, budget and management plan; and
 - b. US \$500,000 payment to Mr. Saner.
- c) After completion of Lindian obtaining the Stage 1 30% Interest, the Company will have an exclusive 12 month option (from the date it makes the payments for the Stage 1 Interest) to acquire an additional 45% shareholding interest in RVR by way of the following payments:
 - a. US \$2,500,000 to be used by RVR pursuant to a 12–18 month exploration and development work program on the Project in accordance with an agreed work program, budget and management plan; and
 - b. US \$2,500,000 cash payment to Mr. Saner or the issue of US \$2,500,000 of fully paid ordinary shares in the capital of the Company based on a deemed issue price per Share equal to the 10-day VWAP prior to the Company electing to proceed with the acquisition of the Stage 2 Interest.
- d) Upon completion of the acquisition of the Stage 2 Interest, Lindian (as 75% interest holder) will fund 100% of the Project.
- e) The 25% residual interest in RVR held by Saner would be finance carried (and non-dilutive) at all times.
- f) In the event of any application of Malawi law and the requirement for a government interest in the Project, both parties would dilute pro rata.
- g) Material conditions precedent include payment of the US\$100,000 exclusivity fee (which has been paid), completion by Lindian to its satisfaction (in its sole discretion) of all necessary due diligence investigations in respect of RVR and the Project and Lindian obtaining shareholder approval for the transaction;

Level 5 216
St Georges Terrace
Perth WA 6000
Australia

PO Box 7581
Cloisters Square PO
WA 6850

T. +61 8 9486 7799
E. info@lindianresources.com.au

Non-Executive Chairman
Asimwe Kabunga

Non-Executive Directors
Matt Bull
Steve Formica

Company Secretary
Geoff James



ASX Code : LIN.AX

Enquiries regarding this
announcement can be
directed to :

Geoff James
T. +61 439 915 297



- h) During the exclusivity period, Lindian and its advisors in Malawi assisted with the execution of a consent order between the Malawi Ministry of Natural Resources and Environmental Affairs and Saner ("Consent Order"). 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.

Injunction granted against Saner and RVR

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. In the correspondence, Saner and RVR offered to enter into a separate agreement in relation to the sale of the Project on entirely different terms, being the sale of a 100% interest in the Project for US\$70M and a 5% revenue royalty to the RVR shareholders.

Lindian immediately sought a trading halt, which led subsequently to the suspension of its securities.

The Company does not accept that Saner or RVR have any grounds on which to refuse to perform the Agreement and has made repeated efforts both in person (with representatives of RVR) and in writing to continue with the Agreement.

These efforts have been unsuccessful, and as a result, Lindian commenced legal proceedings in the High Court of Malawi seeking an injunction to prevent RVR or Saner from dealing with the Project or shares in RVR (**Injunction**).

The Injunction has been granted.

Following receipt of legal advice, the Company has filed a criminal complaint in South Africa (the jurisdiction Saner resides) in relation to the conduct of Saner and RVR asserting the Company was defrauded by means of misrepresentation.

Whilst the current situation is frustrating for Lindian, the Company is extremely confident of its legal position and will continue to ensure that its contractual position is protected in all relevant jurisdictions whilst it pursues Saner and RVR for appropriate remedies, including specific performance of the Agreement (eg. legally force Saner and RVR to proceed with the Agreement) or financial damages which will include actual and consequential losses. The Company will keep shareholders informed of all relevant developments.



Lushoto Bauxite Project update

In the interim the Company is in the fortunate position of still being able to continue with its advanced exploration activities on the Magamba bauxite deposit in Tanzania with drilling about to commence and results expected to be available in December 2018.

Suspension

This announcement is not intended to lift the voluntary suspension of the Company's securities that is presently in place.

For further information, please contact:
Asimwe Kabunga
Chairman

Email: asimwe@lindianresources.com.au
www.lindianresources.com.au