

29th January 2020

Legal Update – Claim to Arbitration Against Government of Tanzania

- Ntaka Hill Holdings Limited (United Kingdom) has appointed a specialist investment arbitration law firm to represent it in potential arbitration proceedings and will consider any other actions necessary to ensure its rights are protected
 - Engagement with litigation funders has commenced –strong interest received from recognised industry participants
 - Six-month period has now commenced where the parties can negotiate a mutually acceptable outcome
 - If agreement cannot be reached in 6 months a Claim can be referred to the International Centre for the Settlement of Investment Disputes (ICSID), part of the World Bank
 - The quantum of the any Claim submitted to ICSID for compensation may include, but will not be limited to:
 - the value of historic investment in Tanzania,
 - the value of the project at the time tenure was expropriated,
 - damages the Company has suffered as a result of Tanzania's acts and omissions.
 - All feasible legal avenues will be pursued to protect the rights of shareholders
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Indiana Resources Limited (ASX: IDA) ('Indiana' or the 'Company') provides the following update on legal activities in relation to its majority shareholding position in Ntaka Nickel Holdings Ltd ("NNHL", incorporated in the United Kingdom).

NNHL has appointed a specialist investment arbitration law firm to represent its interests and advise on actions necessary to ensure its rights to the Licence are protected.

Since the last update provided to shareholders, Indiana's Board confirms that it has received numerous approaches from experienced and respected International litigation funding firms interested in working with the Company to ensure its rights are protected and pursued. Indiana is encouraged by the level of interest and the feedback received thus far from the different litigation funders. NNHL and its lawyers are now working to engage a firm interested in providing litigation funding services.

Pursuant to the relevant provisions of the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United Republic of Tanzania for the Promotion and Protection of Investments, which entered into force in 1996 (the "BIT"), the Government of Tanzania and NNHL have now entered a six-month period wherein the parties can negotiate to reach a mutually acceptable outcome. Given numerous submissions have been provided to the Government over the last 2 years in relation to this matter, the Government is fully aware of the background and quantum of historic investment, work completed to date, along with a proposed development timeline and budget to advance the Project to development.

No correspondence has been received by NNHL from the Government in relation to this matter to date.

Should an amicable resolution not be achieved within the six-month period, the Company can pursue its claims before ICSID. ICSID is housed within the World Bank and is the agreed forum for settlement of any dispute between NNHL and the Tanzanian Government. Through this forum NNHL can seek full compensation for the loss suffered through the revocation of the Retention Licence for the Project. The quantum of the claim may include, but will not be limited to:

- the value of historic investments in Tanzania,
- the value of the project at the time tenure was expropriated,
- and damages the Company has suffered as a result of Tanzania's acts and omissions.

Over US\$60 million has been spent historically on exploration at Ntaka Hill that has included definition of a total (measured, indicated, inferred) JORC compliant (2013) resource of 56.2Mt @ 0.63% Ni, 0.14% Cu, 0.2% Co for 356,380t of contained nickel and the completion of feasibility studies and other predevelopment work programmes.¹

Company Comment

Bronwyn Barnes, Non-Executive Chairman commented: "Whilst we remain very disappointed that the Tanzanian Government unilaterally revoked our Retention Licence and subsequently advertised the Project on its website as available to potential new investors without consultation, we have moved quickly to protect the interests of shareholders and protect their rights to their historic investment. With the support of our team of dedicated lawyers, we have moved quickly to compile historic information, and prepare our case for a potential arbitration. The level of interest we have received from parties on this matter, and particularly the number of unsolicited approaches we have had from reputable litigation funders, has been considerable and most encouraging, and we look forward to providing further updates on due course."

Shareholders should also be aware that such actions by the Tanzanian Government are not limited to Indiana with a total of ten licences related to other resource projects involving foreign investors having also been revoked. This is not an approach by a Government that encourages foreign investment and is a clear signal that funds invested into Tanzania are at risk of sudden and inappropriate seizure by the Government.

Background to Claim

In 2017, the Government of Tanzania introduced wide-ranging and severe amendments to the Mining Act 2010, which, *inter alia*, abolished the legislative basis for the Retention Licence classification with no replacement classification.

On 10 January 2018 Tanzania published the Mining (Mineral Rights) Regulations 2018. Under Regulation 21 of these Regulations, Tanzania 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.

¹ ASX Release 19/8/2013, IMX announces increase in global Mineral Resource at Ntaka Hill

During the time from January 2018 to December 2019, the Company actively engaged with the Tanzanian Minister for Energy and Minerals and the Mining Commission in an effort to resolve a suitable tenure mechanism for the Project licence to be reinstated.

A submission presented to the Government in May 2018 included an application for Prospecting Licence as recommended by Government Officials. Following numerous visits to Tanzania and meetings with the Minister for Energy and Minerals, Mining Commission and other senior government officials, a further submission was presented to the Minister for Energy and Minerals and the Mining Commission in October 2019 that outlined a four-year work programme and a US\$8-11 million proposed budget to progress the Project. At a meeting on 9th December with the Minister for Energy and Minerals, the Mining Commission and other senior government officials, the Chairman of Indiana was reassured that the Company's historic investment would be respected and the Government would shortly advise a process to agree an appropriate tenure for the Project.

At all times Tanzanian Government representatives reassured company representatives, including Indiana Board members that visited Tanzania for the purpose of collaborative engagement with the Government, that the historic investment of the Company would be recognised and that our 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 "**19 December Tender**"). It was a condition of the 19 December Tender that the successful bidder compensate the previous retention licence holder for its exploration costs incurred. This public invitation was not sent to the Company but was advertised on the website for the Ministry of Energy and Minerals.

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

Through the measures described above, it is now clear that Tanzania has removed the ownership of the project from Investors, and in doing so has breached its obligations to the Investors under the BIT and international law. These include, but are not limited to:

- a) Tanzania's obligation not to nationalise or expropriate the Investors' 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;
- b) Tanzania's obligation to accord fair and equitable treatment to the Investors' investments under Article 2(2) of the BIT.

Article 8(3) of the BIT provides that the Investors may submit the dispute to ICSID if the Investors and Tanzania are unable to reach an agreement concerning the dispute within six months of the dispute arising (in this instance from the date of the Company's dispute notice being 14th January 2020). ICSID is an arm of the World Bank and the treaty underlying the institution, the ICSID Convention has 163 signatories. An award issued by ICSID is enforceable in any one of those 163 member States as if it were a judgment of one of their own courts. Partly because of this, States have overwhelmingly and historically complied voluntarily with the payment terms of such awards.

Consequently, the Investors have now notified Tanzania of the commencement of the six-month period.

The Notice of Intent is necessary in order to preserve the Company's rights to initiate arbitration should a resolution with the Tanzanian government not be reached. Indiana confirms that it is taking all necessary actions to preserve its rights as a shareholder of NNHL.

Further information on the Ntaka Hill Nickel Project, including historical exploration reporting and releases relating to development studies, can be found at the Company's website www.indianaresources.com.au

This announcement is authorised for release to the market by the Board of Directors.

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

Competent Person's Statement – (Refer ASX announcement 19 August 2013)

The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX release dated 19 August 2013, and all material assumptions and technical parameters underpinning the estimates in the ASX release dated 19 August 2013 continue to apply and have not materially changed.