

LINDIAN SETTLES LITIGATION REGARDING THE KANGANKUNDE RARE EARTHS PROJECT IN MALAWI

Lindian Resources Limited (ASX Code: **LIN**) (**Lindian** or the **Company**) is pleased to announce that it has reached an out-of-court settlement in regards to a dispute relating to Lindian's proposed acquisition of up to a 75% interest in the Kangankunde Rare Earths Project located in Malawi pursuant to the terms of an Exclusive Option Agreement entered into in 2018.

Under the terms of settlement, the parties to the existing legal proceedings in the Malawi Supreme Court of Appeal have agreed to discontinue those proceedings in exchange for Lindian being provided with a 60 day exclusivity period¹ within which to seek to negotiate the terms of a legally-binding transaction whereby Lindian can acquire a 100% interest in Rift Valley Resource Developments Limited (**Rift Valley**) and its Kangankunde Rare Earths Project (**Proposed Transaction**).

Lindian's Chairman Mr Asimwe Kabunga stated that *"I am pleased that we have been able to reach agreement to settle these legal proceedings, which were a significant ongoing distraction to the Company's activities. The terms of settlement provide Lindian with a period of exclusivity within which to seek to agree the terms of a binding transaction in respect to the acquisition of the Kangankunde Rare Earths Project."*

Any Proposed Transaction in relation to the potential acquisition by Lindian of Rift Valley and its Kangankunde Rare Earths Project remains subject to:

- the parties negotiating and successfully executing a legally binding share purchase agreement (see below), shareholders' agreement and escrow arrangements in relation to the Proposed Transaction; and
- all necessary Malawi and Australian legal and regulatory requirements (including ASX Listing Rule requirements) being satisfied.

Accordingly, there can be no guarantee that any transaction will eventuate at this stage.

To assist with the negotiation of the share purchase agreement between the parties to give effect to any Proposed Transaction, the terms of settlement reflect a proposed purchase consideration of US\$30 million, payable in tranches as set out below:

- US\$2.5 million in cash (Tranche 1), payable as a non-refundable deposit upon the parties entering into a legally-binding share purchase agreement, shareholders agreement and escrow deed² and all necessary regulatory consents and approvals to the Proposed Transaction being obtained within the period of exclusivity.³

¹ The 60 day exclusivity period may be extended in the event that all necessary Malawi legal and regulatory compliance requirements in relation to the proposed transaction are not obtained within this 60 day exclusivity period. Further, Lindian has the option, but not the obligation, to unilaterally extend the period of exclusivity by paying the Tranche 1 payment (by way of a non-refundable deposit) if all necessary Australian regulatory consents and approvals (including any approvals required under the ASX Listing Rules) have not been obtained by the expiry of this 60 day exclusivity period.

² To secure performance of the Proposed Transaction by Rift Valley's shareholders, it is proposed that all of the shares in Rift Valley would be placed in escrow pending payment by Lindian of the purchase consideration.

³ See Note 1 above.

- US\$7.5 million in cash (Tranche 2), payable on the date that is 6 months after the date that the Tranche 1 payment is made, at which time 33% of the shares on issue in Rift Valley would be transferred to Lindian;
- US\$10 million in cash (Tranche 3), payable on the date that is 12 months after the date that the Tranche 1 payment is made, at which time a further 33% of the shares on issue in Rift Valley would be transferred to Lindian; and
- US\$10 million in cash (Tranche 4), payable on the commencement of commercial production in respect of the Kangankunde Rare Earths Project, or 48 months after the date that the Tranche 1 payment is made, whichever is the earlier, at which time the remaining 34% of the shares on issue in Rift Valley would be transferred to Lindian.

The terms of settlement also envisage that Lindian is to have the option of paying the above tranches sooner than the dates outlined above in order to accelerate the completion of each phase of the Proposed Transaction.

It is expected that any legally-binding share purchase agreement would reflect this proposed purchase consideration, with a shareholders agreement being put in place to regulate the activities of Rift Valley prior to Lindian successfully acquiring 100% of that entity. The terms and conditions of the legally-binding share purchase agreement, shareholders agreement and escrow arrangements remain subject to negotiation between the parties.

Lindian will keep shareholders informed of any material developments in relation to this matter.

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

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ABOUT LINDIAN RESOURCES LIMITED

Lindian Resources Limited (“Lindian”) is a bauxite focused exploration company listed on the Australian Stock Exchange under the ASX code LIN. The combination of assets offers the opportunity for **near term production** via the Woula Project while simultaneously advancing the larger, multi-generational bauxite assets, the **very high grade Conglomerate Bauxite Gaoual Project and the world class Tier 1 Lelouma Project**.