

LINDIAN TO ACQUIRE 100% OF GLOBALLY SIGNIFICANT KANGANKUNDE RARE EARTHS PROJECT

Highlights:

- Lindian has entered into an agreement to acquire 100% of the shares in Rift Valley Resource Developments Limited (Rift Valley), the owner of the Kangankunde Rare Earths Project (the Kangankunde Project), for a total purchase price of US\$30 million
- Kangankunde Project is a carbonatite-hosted system and a globally significant deposit with major potential in size and grade, with a granted mining licence, ML 0290
- Historical Estimates reported an Inferred Mineral Resource (JORC 2004)
- The ratio of Neodymium and Praseodymium (NdPr) in concentrate is about 19%
- Previously metallurgical test work supports the deposit being amenable to a low-cost gravity separation concentration producing a 60% REO concentrate
- The Project is located near excellent infrastructure;
 - The Nacala corridor railway line is located 9km to the east providing access to the deep-water Port of Nacala
 - The M1 highway and main power transmission line are located 4km to the west of the project
- Project economics have not been independently updated since 2011. Since then, NdPr, a highly strategic and critical product, has become increasingly valuable and important in permanent magnets for electric vehicles
- Immediate technical works program includes community engagement, redeveloping access for planned drill programs and sampling for updating metallurgical testwork leading to engineering works programmes
- The purchase price is payable in four tranches, comprising a non-refundable deposit of US\$2.5 million, and a further US\$27.5 million payable in three tranches within 48 months from signature date of the share purchase agreement
- The Transaction remains subject to the approval of Lindian shareholders which is to be sought at a general meeting expected to be held in September.

Lindian Resources Limited (ASX:LIN) (**Lindian** or the **Company**) is pleased to announce that it has agreed terms to acquire a 100% interest in Rift Valley Resource Developments Limited (**Rift Valley**) (the **Transaction**), a Malawi company that owns the globally significant Kangankunde Rare Earths Project (the **Kangankunde Project**).

Under the terms of the Transaction, Lindian has agreed to acquire all of the shares in Rift Valley from its existing shareholders for US\$30 million.

In connection with the acquisition, Lindian has agreed to pay US\$2.5 million in cash as a non-refundable deposit payable upon all necessary legal and/or regulatory compliance requirements in Malawi being obtained. The remaining amount of US\$27.5 million is payable in three tranches over a period of 48 months from the signature date of the share purchase agreement, subject always to Lindian shareholders approving the Transaction for the purposes of ASX Listing Rule 11.1.2. A summary of the key transaction terms is set out below.

Lindian intends to fund the payments with its existing cash reserves and the considerable interest already expressed from third parties seeking to gain exposure to the Kangankunde Project, Lindian is confident it will be able to raise sufficient funding (either through raising equity in Lindian or the Lindian subsidiary that is to acquire the shares in Rift Valley) so as to be able to pay the tranches of the purchase price as and when such amounts are required to be paid. As announced earlier today, Lindian has received a binding commitment to raise \$3 million (before costs) to subscribe for 15,000,000 fully paid ordinary shares at \$0.20 per share (**Placement**). In connection with the Placement, the Company will also issue 7,500,000 options to the investor exercisable at \$0.25 per share and expiring three years from the date of issue. Shares and options under the Placement will be issued within the next five days and are being issued pursuant to Lindian's available capacity under ASX Listing Rule 7.1. Funds raised from the Placement along with existing cash reserves will be utilised to fund the US\$2.5m non-refundable deposit and first stage project development works.

Comment

Lindian Chairman Mr. Asimwe Kabunga said: *"This is without doubt an outstanding development for Lindian that delivers a huge value opportunity for shareholders. The potential of the Kangankunde Rare Earths Project is indeed significant and it has been highly sought after by many parties over a number of decades. Lindian is committed to its development and we will work constructively with the Malawian government to seek to bring this project into production and deliver meaningful benefits to Malawi. If shareholder approval is obtained, we intend to hit the ground running and activate multiple project development initiatives to unlock Kangankunde's value as quickly as possible. As this is already a granted mining concession, the scope of works can be much broader and the development timeline shorter.*

"This binding transaction gives Lindian control of one of the world's premier undeveloped rare earths deposits, at a time when global demand is universally forecast to accelerate materially in the years ahead. I'd like to take this opportunity to thank all stakeholders involved in the negotiation process, and look forward to providing investors with ongoing updates as the Company executes its plans to advance the Kangankunde project towards commercial development."

Kangankunde Rare Earths Project Overview

The Kangankunde project is a globally significant rare earth deposit.

The project, supported by historical exploration and metallurgical test work, is located in southern Malawi, 100km north of Blantyre and 9km from the Nacala rail corridor. Whilst the carbonatite mineralisation was first discovered in 1907, the importance of rare earth mineralization within the deposit was not noted until the early 1950s. Since then, the project has had several phases of exploration, with the most comprehensive geological and process test work completed between 1987 and 1990 by the French geoscience organisation *Bureau de Recherches Géologiques et Minières* (BRGM).

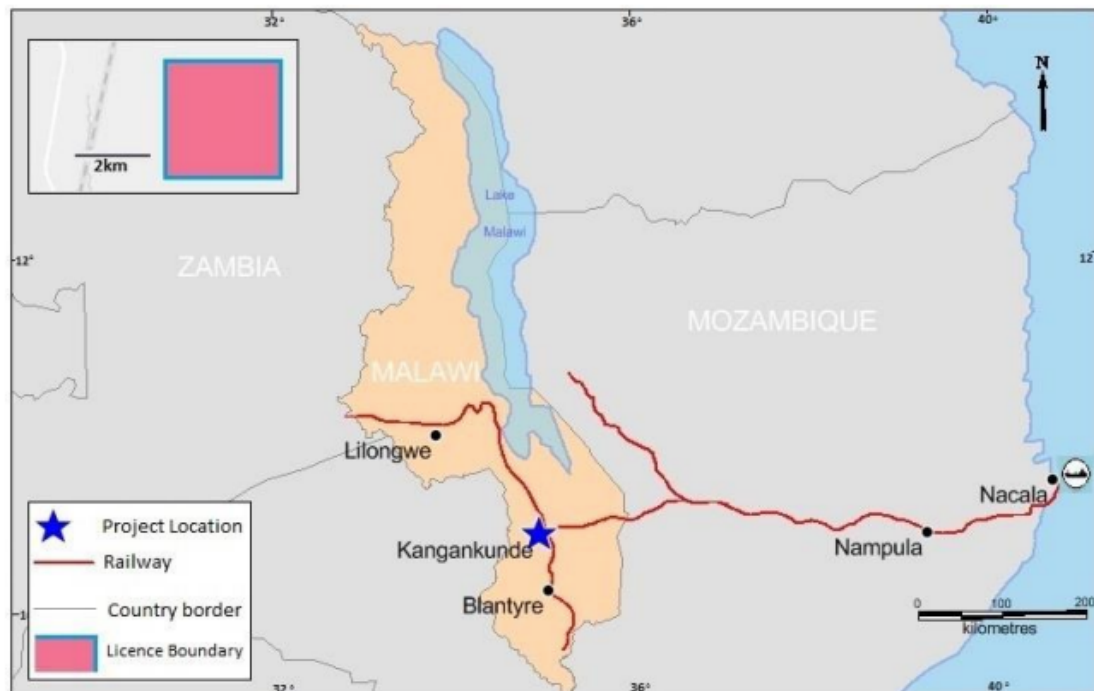


Figure 1 Kangankunde Project location map

Kangankunde Geology

The Kangankunde Hill rises to a height of up to 200m above the surrounding plain. The Kangankunde carbonatite occurs as discrete tabular bodies and carbonatite layers. Individual bodies are continuous over several hundred metres and have continuity between cross sections. The deposit contains a central zone of carbonatite rocks passing outwards to a series of broadly concentric zones of altered agglomerate, breccia, and ultimately into unaltered gneiss host rock. Similar to many rare earth deposits, the main rare earth containing mineral in the deposit is monazite with minor amounts of bastnaesite (refer endnote ⁱⁱ).

Kangankunde Mineralisation

In the opinion of the Company, the reported Mineral Resource estimates can be considered to be reliable, having regard to the standing of Lynas Corporation Ltd (**Lynas**) and the fact that Lynas used a reputable independent geological consultant to sign off on the JORC 2004 inferred resource as published. The Company notes that the original drill core from which the Mineral Resource estimates were based on is no longer available and details of QA/QC relating to original assaying and sampling cannot be confirmed. The project has had several phases of exploration with the most comprehensive geological and process metallurgical test work completed between 1987 and 1990 by the French geoscience organisation Bureau de Recherches Géologiques et Minières (**BRGM**). The loss of historic data and records means that the project will have to reassess all technical programmes for compliance with current reporting standards. Based on the lack of available historical data and records, the Company is currently not in a position to address the criteria in Table 1 of JORC 2012 until further technical work has been undertaken.

The Kangankunde deposit has a previously reported Inferred Resource of 107,000 tonnes of Rare Earths Oxide (REO) at an average grade of 4.24% TREO ("total rare earth oxide") in 2.53 million tonnes of mineralisation, using a cut-off grade of 3.5% TREO¹. The mineralisation is exposed at surface and the deposit remains open at depth. Historic metallurgical testwork has demonstrated the mineralisation is amenable to low-cost gravity separation to produce a high-grade concentrate. Reducing the cut-off grade to 3% TREO increases the Inferred resource to 180,000 tonnes at an average grade of 3.8%

¹ Lynas Corporation Ltd, ASX release, 6 September 2007

TREO². (**Source:** Lynas Corporation Ltd ASX release 6 September 2007). Figure 2 shows the size of the surface expression of the Kangankunde carbonatite complex and the historical access tracks across the deposit.

Cautionary Statement: The historical estimate set out below has been undertaken in accordance with JORC 2004 by parties not associated with, or engaged by, Lindian, and therefore have not been independently verified by Lindian. The historical estimate has not been reported in accordance with JORC 2012, and a competent person has not done sufficient work to classify the historical estimate as mineral resources in accordance with the JORC Code 2012. It is uncertain that following evaluation or further exploration work that the historical estimates will be able to be reported as mineral resources in accordance with the JORC Code 2012. Lindian is not in possession of any new information or data relating to this historical estimate that materially impacts on the reliability of the estimate or Lindian’s ability to verify the historical estimate as mineral resources in accordance with Appendix 5A (the JORC Code). For further information about the historical estimate, please refer to Lindian’s ASX announcement dated 6 August 2018. Nothing has come to the attention of Lindian Resources Limited that causes the Company to question the accuracy or reliability of the estimates on resources and the Company has not independently validated the previous resources estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.



Figure 2 Kangankunde Aerial view of the deposit showing historical drilling tracks

Historical technical studies have been undertaken between 1960 and 1990 which identified areas of mineralization over a wide area ranging from 1.4% TREO to 23.7% TREO_i and importantly contains very low thorium³.

The Company is not aware of any more recent exploration results, estimates or data relevant to the reported mineralisation that are available.

Lynas Corporation Ltd (Lynas) engaged Hellman & Schofield Pty Ltd to digitise the BRGM geological database, which consisted of more than 2,000 metres of diamond core drilling and 550 trench samples. A geostatistical estimate of the resource was then undertaken. Lynas’s announcement noted that the resource could only be classified as an Inferred Resource under the JORC Code at that time as the original drill core had been lost and details of QA/QC relating to original assaying and sampling could not be confirmed.

² Lynas Corporation Ltd, ASX release, 22 December 2010

³ Reference “Magmatic-Hydrothermal Process Associated with Rare Earth Enrichment in the Kangankunde Carbonatite Complex, Malawi” by F Chikanda, T Otake, Y Ohtomo, T Yokoyama, T Sato, published 18 July 2019.

Lynas announced that five samples had been analysed in Australia and returned an average relative distribution of the rare earths for those five samples as (**Source: Lynas Corporation Ltd ASX release 6 September 2007**):

| La2O3 | CeO2 | Pr6O11 | Nd2O3 | Sm2O3 | Eu2O3 | Gd2O3 | Tb4O7 | Dy2O3 | Others |
|-------|-------|--------|-------|-------|-------|-------|-------|-------|--------|
| 29.8% | 49.7% | 4.7% | 14.0% | 1.05% | 0.19% | 0.36% | 0.07% | 0.08% | 0.04% |

The Kangankunde deposit has reported exceptionally low thorium oxide levels with samples reported to have an average of 11ppm thorium oxide per percentage of REO content. Thorium oxide is a useful measure of the natural radiation level of a rare earths resource as it effects the environmental outcomes associated with downstream processing.

Process Test Work

The BRGM completed concentration test work at pilot plant scale in France during 1989. After collection of a 30 tonne sample of mineralisation from the surface and at depth, the pilot plant consisted of crushing and grinding with gravity separation using spirals and shaking tables.

A concentrate at 60% REO grade was produced with a recovery of 60% REO from the BRGM pilot plant study. Further test work was subsequently undertaken in Johannesburg, South Africa by Mintek and Multitech, and produced similar results to those of BRGM⁴. Lindian intends to review these results taking into account new technology to identify methods for recovery improvement.

The results of test work conducted to date suggest that the deposit is amenable to upgrade low-cost gravity separation methods into a high-grade concentrate that can be transported for downstream processing.

Near-term Technical Work Plans

The project tenure is secured by mining Licence (ML 0290) valid to 21 April 2032 (The 2018 Mines and Minerals act allows for an initial lease of 25 years and an extension of 15 years), and allows an acceleration of work programmes to commercialisation. However, the loss of historic data means that the project will have to reassess all technical programmes for compliance with current reporting standards.

Prior to the commencement of the Malawian wet season (typically November to April) the immediate technical studies will focus on re-establishing road access for drilling to assess the extent and grade of mineralisation. The Company will also recover enough samples for metallurgical test work over the wet season.

These programmes will lead into more extensive work programmes in 2023 consisting of;

- Resource definition drilling
- Geotechnical assessment
- Advanced metallurgical works including hydrometallurgical assessment
- Mining studies
- Engineering flowsheet and plant design
- Site Civil assessment and infrastructure planning
- Logistics studies
- Marketing

Community Engagement

The Company will commence planning for local community engagement and relationship buildings such that the community is aware of the Company's plans for project development, the benefits to the community, and programmes the Company can assist with for community development.

⁴ Lynas Corporation Ltd, ASX release, 6 September 2007

Summary of Sale Agreement Terms

Under the terms of the Transaction, Lindian has agreed to acquire all of the shares in Rift Valley from its existing shareholders for US\$30 million, payable as follows:

- US\$2.5 million payable in cash as a non-refundable deposit payable within 10 business days of 28 July 2022 (being the **Signature Date**) but subject always to all necessary legal and/or regulatory compliance requirements in Malawi being obtained;
- US\$7.5 million payable in cash no later than 180 days after the Signature Date. Once Lindian has paid the first and second tranches of the purchase price, Lindian will be entitled to be transferred 33% of the shares in Rift Valley. However, there is no obligation on Lindian to pay this tranche, or any further tranches, in the event that Lindian shareholder do not approve the Transaction;
- US\$10 million payable in cash no later than 365 days after the Signature Date. Once Lindian has paid this tranche, Lindian is entitled to be transferred a further 33% of the shares in Rift Valley;
- a final payment of US\$10 million payable in cash upon the earlier of the commencement of commercial production at the Kangankunde Project and the date that is 48 months after the Signature Date. Once Lindian has paid this tranche, Lindian is entitled to be transferred the remaining 34% of the shares in Rift Valley, so as to hold a 100% interest in Rift Valley.

The parties have appointed an escrow agent to hold all of the shares in Rift Valley pending the payment of the purchase price by Lindian. Lindian has the right, but not the obligation, to make the above payments sooner than as set out above in order to accelerate the acquisition of a 100% interest in Rift Valley. In the event that Lindian fails to pay a tranche of the purchase price when due, Lindian may be required to re-transfer any shares which it has acquired in Rift Valley back to the existing shareholders of Rift Valley for no consideration.

Lindian has undertaken not to alienate, dispose of, encumber or sell any of the shares in Rift Valley unless and until it has paid all of the purchase price set out above or it has otherwise obtained the prior consent of the existing shareholders of Rift Valley. In the event that such consent is obtained to a proposed disposal by Lindian of its interest in Rift Valley where the purchase price to be received by Lindian is higher than that payable by Lindian pursuant to the Transaction, then Lindian must pay the existing shareholders of Rift Valley an uplift equal to 20% of the difference between the purchase price that is to be received by Lindian pursuant to the new transaction and the US\$30 million agreed to be paid pursuant to the Transaction.

Lindian has entered into a shareholders' agreement to govern the activities of Rift Valley whilst it is paying the purchase price pursuant to the Transaction. Under that agreement:

- the existing Rift Valley shareholders have agreed to maintain the status quo relating to the Kangankunde Project until such time as Lindian has paid the first and second tranches of the purchase price in full;
- Lindian is entitled to appoint one director of Rift Valley once it has paid the first and second tranches of the purchase price, and will be able to appoint a majority of the Board of Rift Valley once it has paid the first three tranches of the purchase price;
- Lindian has undertaken to fund all of Rift Valley's activities whilst it is in compliance with its obligations to pay the purchase price, and will not seek repayment of any such funding in the event that the Transaction is terminated (other than as a consequence of a breach of the Transaction terms by the existing shareholders of Rift Valley).

The existing shareholders of Rift Valley are entitled to terminate the Transaction in the event that Lindian breaches its obligations under the shareholders agreement and does not cure them within 30 days of being notified of the breach.

The Transaction remains subject to all necessary legal and/or regulatory compliance requirements in Malawi being obtained, as well as obtaining the approval of Lindian shareholders to the Transaction for the purposes of ASX Listing Rule 11.1.2.

A meeting of Lindian shareholders is expected to be held in September 2022 to consider the approval of the Transaction for these purposes.

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

For further information, please contact:

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Competent Persons Statement

The information in this report that relates to mineral exploration and mineral resources for the Kangankunde Rare Earths Project in Malawi and is based on information reviewed by Mr. Mark Gifford an independent consultant to Lindian Resources Limited. Mr Gifford considers the information and data on the nature of the mineralisation and resources to be an accurate representation of the available data and studies for the material mining project. Mr. Gifford is a Fellow of the Australian Institute of Mining and Metallurgy, and has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC code). Mr. Gifford consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.