

15th January 2020

Indiana Serves Notice over Ntaka Hill Nickel Project Retention Licence in Tanzania

- Notice served to Tanzanian President, Attorney General and Ministry of Energy and Minerals in relation to the Ntaka Hill Nickel Project Retention Licence
 - Tanzania has breached obligations it owes to Investors under 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 and international law
 - Notice formally advises Tanzania Government of intent to submit a claim to arbitration
 - Indiana is taking all necessary actions to preserve its rights as a shareholder of Ntaka Hill Holdings Limited (United Kingdom)
 - International arbitration counsel retained to advise and will consider any other actions necessary to ensure its rights to the Licence are protected
 - 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') advises that through its majority shareholding position in Ntaka Nickel Holdings Ltd ("NNHL", incorporated in the United Kingdom) a Notice was delivered to the President of Tanzania, H. E. The Hon John Magufuli, to the Tanzanian Solicitor General and to the Tanzanian Ministry of Energy and Minerals on 14th January 2020, that a dispute has arisen in relation to NNHL's investment in the Ntaka Hill Nickel Project located in the Nachingwea Property in south-eastern Tanzania (the "Project").

The dispute arises out of certain acts and omissions of the United Republic of Tanzania in breach 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 ("BIT") and international law in relation to the Project, and the Notice was delivered in accordance with Article 8(3) of the BIT.

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.

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 the International Centre for the Settlement of Investment Disputes ("**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 13th January 2020).

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.

The Company's desire is for both parties to reach a mutually acceptable outcome. If such an outcome is not achieved within the aforementioned six month period, the Company expects it will have no alternative but to pursue its claims before an international tribunal and seek full compensation for the loss suffered which 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.

The Company has retained international arbitration counsel to advise and will consider any other actions necessary to ensure its rights are preserved.

Comment

Indiana Chairman Bronwyn Barnes commented: "For the past 18 years Indiana and its partners have worked cooperatively and diligently with Tanzania in developing the Ntaka Hill Nickel Project, and to date, in excess of AUD\$60 million has been invested in defining the current resource and preparing development plans and studies.

Indiana and its partners have at all times operated to the letter of the law and complied with all government reporting and regulations. I am very disappointed that the Tanzanian Government has unilaterally revoked our Retention Licence and subsequently advertised the Project on its website as available to potential new investors without consultation. 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.

We have acted swiftly to appoint experienced counsel and we are confident that, if arbitration is necessary, we can access willing third parties to fund such an action. We intend to pursue every feasible legal avenue to ensure our rights are respected and protected.

We are also pleased to confirm that exploration activity on our gold projects in western Mali is progressing well with the results of recent soil sampling currently being reviewed and collated. Opportunities to consolidate Indiana's asset base in Mali are also being progressed and we look forward to providing further updates on this in due course."

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 Chairman of Indiana Resources Limited with the authority from the Board of Directors.

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