

17th March 2020

Legal Update on Claim to Arbitration Against Government of Tanzania

- **Request for Proposal issued to specialist international investment arbitration law firms for potential arbitration proceedings**
 - **Very strong interest received from leading industry participants with some including funding proposals to support litigation**
 - **Information Memorandum for litigation funding firms complete and being circulated to interested parties**
 - **Potential remains for a mutually acceptable outcome to be negotiated with the Government of Tanzania**
 - **If agreement cannot be reached by mid-June, a Claim can be referred to the International Centre for the Settlement of Investment Disputes (ICSID), part of the World Bank**
 - **The quantum of any Claim for compensation may include, but will not be limited to:**
 - **the value of historic investment made by Indiana in Tanzania.**
 - **the value of the project at the time that tenure was expropriated.**
 - **damages the Company has suffered as a result of Tanzania's acts and omissions.**
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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) and the Ntaka Hill Nickel Project located in the Nachingwea Property in south-eastern Tanzania (the "Project"). Indiana is the manager of the Joint Venture for the Project and is leading activities with regards to this matter in liaison with the Board of NNHL. Further background is contained in the latter part of this release.

In December 2019 a specialist investment arbitration law firm was appointed to advise on actions necessary to ensure rights to the Project licence were protected. This initial phase of work included:

- provision of advice on the dispute with the Government of Tanzania.
- preparation of a data room containing information on historic work programmes and expenditure on pre-development activities for the Project.
- the completion of an Information Memorandum for distribution to litigation funders to support legal costs associated with the Claim.

The Information Memorandum is now being circulated to interested firms that are considering providing funding to support litigation activities. Discussions are advancing positively with several parties who have expressed interest in reviewing the data room.

With the first phase of work completed, and given the potential size of the Claim and the importance of successfully concluding an acceptable outcome that recognises the historic investment and the loss suffered through the revocation of the Retention Licenses, a Request for Proposal ("RFP") for the provision of ongoing legal advice in regards to the Claim was released in early March 2020.

The RFP was issued to certain external legal firms requesting them to provide competitive proposals that addressed the following Scope of Services:

- provide ongoing advice on the merits of the Claim.
- advise and assist on negotiations with the Government of Tanzania to agree a mutually agreeable settlement by no later than 16th June 2020.
- if negotiations are not successful, assist with all aspects of International Centre for Settlement of Investment Disputes (“ICSID”) arbitration.
- assist with identifying, negotiating and confirming an agreement with a third-party funder who will support the financial costs of arbitration through the ICISD.
- advise on any other actions that may be necessary to preserve or enhance NNHL’s rights.

Several experienced and highly respected international investment arbitration law firms have now submitted comprehensive proposals, some of which include funding proposals. A review of each proposal is now being undertaken to assess the merits of each submission and determine the most appropriate firm to provide the services as required.

Company Comment

Indiana’s Executive Chairman Bronwyn Barnes said: *“Whilst we are optimistic that a resolution to the current situation can be negotiated with the Government of Tanzania, and we are open to such an outcome, we need to focus on protecting the interests of Indiana’s shareholders and their rights to their historic investment.*

“We are disappointed that no response has been received from the Government to our correspondence on this important issue, and in the absence of any engagement, we will continue to prepare our case for potential arbitration. We are very encouraged by the response to the RFP with proposals received from several of the top arbitration firms in the world. We expect to select a firm shortly in order to be fully prepared to commence arbitration proceedings and to progress discussions with litigation funders. We reiterate again we are pursuing a solution where litigation is funded by an experienced and dedicated party and costs will not be borne by Indiana’s shareholders. Sharing the risk and reward with a litigation funding partner makes good commercial sense for the Company.”

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.

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 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, 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 had arisen in relation to NNHL's investment in the Ntaka Hill Nickel Project. 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.

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

Ends

This announcement is authorised for release to the market by the Chairman of Indiana Resources Limited with the authority from the Board of Directors. For further information, please contact:

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