



ASX: LIN

Equity Research

5th May 2023

SPECULATIVE BUY

Share Price	\$0.39
Valuation	\$0.73
Price Target	\$0.98

52-Week Range	\$0.026 - \$0.440
LIN Shares Outstanding	1,019.2
Options (\$0.032, exp. 28 Sep 2023)	13.8m
Options (\$0.12, exp. 6 Jun 2025)	10.0m
Options (\$0.25, exp. 3 Aug 2025)	7.5m
Options (\$0.10, exp. 29 Aug 2025)	17.0m
Options (\$0.30, exp. 9 Dec 2025)	37.0m
Options (\$0.35, exp. 3 Apr 2026)	16.3m
Performance Rights	33.0m
Market Capitalisation	\$397.5m
Cash (31 Mar 2023)	\$2.9m
Placement (27 Mar 2023: \$9m @ \$0.26)	\$8.5m
Enterprise Value	\$386.1m

Board & Management:

Asimwe Kabunga	Executive Chairman
Alistair Stephens	Chief Executive Officer
Giacomo (Jack) Fazio	Non-Executive Director
Yves Ocello	Non-Executive Director
Michael Fry	Company Secretary

Major Shareholders (as at 26 Jan 2023):

Kabunga Holdings Pty Ltd	12.2%
Ven Capital Pty Ltd	10.0%
Mr Rohan Patnaik	7.2%
Topwei Two Pty Ltd	4.7%
Mr Victor Lorusso	4.2%



Lindian Resources (ASX: LIN) is an ASX-listed Australian company with world class rare earths and bauxite assets critical to EVs and a range of other industries including electronic infrastructure, solar panels, rechargeable batteries, wind turbines, medical imaging and manufacturing. Lindian's Kangankunde Rare Earths Project is a globally significant rare earth resource in potential for size, grade and quality. Hosting a carbonite intrusive with outstanding grades of up to 23.7% TREO that importantly contains very low thorium. Simple metallurgy. Tenured mining licence; close to logistical infrastructure.

Lindian Minerals Limited

Kangankunde: Truly A World Class Rare Earths Project

Acquisition: on 1st August 2022, LIN announced the acquisition of 100% of the shares in Rift Valley Resource Developments Ltd, the owner of the Kangankunde Project, for a total purchase price of US\$30 million. US\$10m has now been paid and US\$20m is payable in two equal tranches (August 2023 and August 2026 or start of commercial production). Lindian currently holds 33% of the Rift Valley shares with 33% and 34% of the shares to be transferred in line with the payments of the remaining two tranches. Lindian has also the option to make the payments sooner to accelerate the acquisition to 100% interest.

Globally Significant Deposit: The Kangankunde Rare Earths Project is a globally significant rare earth resource in potential for size, grade and quality and is close to logistical infrastructure.

Maiden Mineral Resource: awaiting the mineral resource estimate expected in this June quarter, we estimated a "back of the envelope" range estimate from 90 million tonnes at 2.7% TREO for 2.4 million tonnes REO contained to 250 million tonnes at 2.0% TREO for 5.5 million tonnes REO contained. Using a mid-point in that range, Kangankunde already stands as one of the largest rare earths deposit in the world.

Metallurgy: Results of preliminary metallurgical testwork demonstrate that water-only, low-cost gravity and magnetic beneficiation techniques are suitable for Kangankunde's mineralisation. A baseline result of ~70% recovery has been achieved to date.

Development Strategy: at this time and considering the project location, LIN aims to produce a concentrate bearing 60% REO for export.

Capital Expenditure: based on the beneficiation techniques and an initial throughput of 350,000 tonnes per annum (tpa), we estimated an initial capital expenditure of US\$30m (Stage1). The size of the deposit warrants two treatment plant expansion to 1.5 million tpa in 2028 (Stage 2 +US\$150m capex) and expanding to 3.0 million tpa in 2031 (Stage 3 +US\$100m capex).

Funding: the recent \$9 million placement completed in March 2023 at \$0.26, being a ~10.5% premium to the preceding last closing price has been well received by the market with share price currently trading at 46% above the placement price. Lindian is well capitalised to complete its Phase 2 drilling program, fund project development engineering works for the Stage 1 concentrate plant at Kangankunde and to continue to pursue opportunities to commercialise the Guinea bauxite assets. With regards to capital development, we assumed a A\$20m prepayment (short-term debt) from off-takers to complement the finding of the initial capex. Stage 2 could be funded by a mix of debt (A\$30m) and equity (A\$50m). Stage 3 is self-funded through the cash flow generated by the project.

Kangankunde Project Valuation: using various REO concentrate prices.

REO Price	NPV _{10%} Post Tax	IRR
US\$6,000/t	US\$530m	40%
US\$7,000/t	US\$706m	50%
US\$8,000/t	US\$881m	60%
US\$9,000/t	US\$1,056m	69%
US\$10,000/t	US\$1,231m	79%

News flow: the key catalysts in the short and medium terms are the releases of the maiden mineral resource for Kangankunde, further drilling results and development studies indicating the economics of the project. Some news with regards to discussion with off-takers and financiers can be expected too, considering the quality of the REO concentrate with leading to project development pathways and funding, which will significantly de-risk the project and improve LIN's value further.

REO Market Outlook: the demand for rare earths remains strong, particularly for NdPr product. Nevertheless, in February 2023, production quotas in China increased 19% for 1H 2023 in comparison to 1H 2022, which has led to a temporary oversupply of rare earth products as demand has remained subdued in the Chinese domestic market. This has affected NdPr, Dy and Tb prices.

LIN valuation: our sum of the parts valuation considers 60% (or 40% risk discount) of the Kangankunde Project NPV estimated using a REO concentrate price of US\$8,000/t v. MP Materials (NYSE: MP) December quarter 2022 sale price of US\$8,515/t to derive a valuation of A\$756 million of \$0.73 per share. Once in production with Stage 1 and with the same REO price assumption, LIN market value should increase further towards its NPV estimated at around \$1.2 billion or \$0.98 per share.

Lindian Resources Ltd (ASX: LIN) Financial Summary
Base Case: Throughput 350,000 tpa in 2025, 1.5 Mtpa in 2028, 3.0 Mtpa in 2031 (30 years modelled)
Key metrics

Market Information	Unit	Value
Number of Issued Shares	million	1,019.2
Unlisted Options (@ \$0.032, expiry 28 Sep 2023)	million	13.8
Unlisted Options (@ \$0.12, expiry 6 Jun 2025)	million	10.0
Unlisted Options (@ \$0.25, expiry 3 Aug 2025)	million	7.5
Unlisted Options (@ \$0.10, expiry 29 Aug 2025)	million	17.0
Unlisted Options (@ \$0.30, expiry 9 Dec 2025)	million	37.0
Unlisted Options (@ \$0.35, expiry 3 Apr 2026)	million	16.3
Performance Rights	million	33.0
Fully Diluted	million	1,153.9
Share Price	A\$	0.390
12 month High-Low	A\$	0.026 - 0.440
Market Capitalisation	A\$m	397.5
Cash (31 Mar 2023)	A\$m	2.9
Placement (27 Mar 2023)	A\$m	8.5
Debt (30 Jun 2022)	A\$m	0.0
Entreprise Value	A\$m	386.1

Kangankunde Acquisition	2022A	2023A	2024F	2025F	2026F *
Deal Payment Schedule	US\$10m	US\$10m	-	-	US\$10m
* 2026 or start of commercial production					
Assumed Payment Schedule	US\$10m	US\$10m	-	US\$10m	-
Interest in Rift Valley shares	33%	66%	66%	100%	100%

Financing Assumptions	Unit	Value
Exercise of Options over 2023-2024	A\$m	0.4
New Debt in 2024, possibly prepayment (A\$20m, 1 year maturity, 12% interest rate)	A\$m	20.0
Number of Shares Used for Valuation	million	1,033.1
New Equity in 2026: \$52m = 65 million shares @ \$0.80		

REO Production	2022A	2023F	2024F	2025F	2026F
tonnes in concentrate	0	0	0	3,150	7,350

REO Pricing (US\$/t)	2022A	2023YTD	2024F	2025F	2026F
Case 1			\$6,000	\$6,000	\$6,000
Case 2			\$7,000	\$7,000	\$7,000
Case 3 (Base Case)	\$11,251	\$9,840	\$8,000	\$8,000	\$8,000
Case 4			\$9,000	\$9,000	\$9,000
Case 5			\$10,000	\$10,000	\$10,000
Current price (Dec Quarter 2022)		\$8,515			

FX Assumption	2022A	2023YTD	2024F	2025F	2026F
AUD/USD Exchange Rate	0.72	0.67	0.70	0.70	0.70

Kangankunde Valuation	REO Price (US\$/t)	NPV _{10%} Post-Tax	IRR
Case 1	\$6,000	US\$530m	40%
Case 2	\$7,000	US\$706m	50%
Case 3 (Base Case)	\$8,000	US\$881m	60%
Case 4	\$9,000	US\$1,056m	69%
Case 5	\$10,000	US\$1,231m	79%

LIN Sum of the Parts Valuation	A\$m	Per Share
Kangankunde Project (100% interest, 60% x NPV)	755.0	\$0.73
Acquisition Payments	(28.6)	(\$0.03)
Bauxite projects	30.0	\$0.03
Cash	11.4	\$0.01
Exercise of Options over 2023-2024	0.4	\$0.00
Corporate Costs	(12.2)	(\$0.01)
Base Case Valuation	756.1	\$0.73

Financial Statements

	Financial Year ending 30 June				
Profit & Loss (A\$m)	2022A	2023F	2024F	2025F	2026F
Revenue	0.0	0.0	36.0	84.0	84.0
Operating Costs	(0.0)	(0.0)	(0.0)	(15.1)	(28.7)
Royalties	0.0	0.0	(1.0)	(2.8)	(2.8)
Overhead Costs	(0.3)	(2.9)	(5.0)	(5.3)	(5.5)
Other Income/Costs	(0.8)	(0.3)	0.0	0.0	0.0
EBITDA	(1.2)	(3.2)	29.9	60.8	47.1
Depreciation	(0.0)	(0.5)	(0.5)	(4.6)	(4.7)
Net Interest	0.0	(0.0)	(0.0)	(2.4)	(0.0)
Tax and Other	0.0	1.9	(5.1)	(14.4)	(14.4)
Profit	(1.2)	(1.8)	24.3	39.5	28.0
Cash Flow (A\$m)	2022A	2023F	2024F	2025F	2026F
Net Profit	(1.2)	(1.8)	24.3	39.5	28.0
+/- Adjustments	0.0	0.5	0.5	7.0	4.7
+/- Working Capital	0.0	(0.2)	(7.4)	(8.0)	1.7
+/- Other	0.0	0.0	(1.8)	(2.4)	0.0
Cash Flow from Operations	(1.2)	(1.5)	15.6	36.0	34.4
Net Capital Expenditure	(0.6)	(14.3)	(42.9)	(15.0)	(1.4)
Cash Flow from Investing	(0.6)	(14.3)	(42.9)	(15.0)	(1.4)
Net proceeds from Debt	0.3	(0.0)	20.0	(22.4)	(0.0)
Changes in Share Capital	3.3	25.0	0.0	0.0	52.0
Dividends	0.0	0.0	0.0	0.0	0.0
Other Financing Cashflow	(0.1)	(1.5)	0.0	0.0	(3.1)
Cash Flow from Financing	3.5	23.5	20.0	(22.4)	48.9
Net Cash Change	1.8	7.7	(7.2)	(1.4)	81.8
Balance Sheet (A\$m)	2022A	2023F	2024F	2025F	2026F
Cash	2.2	9.9	2.7	1.3	83.1
Other Current Assets	0.1	0.0	9.2	22.7	23.8
Total Current Assets	2.2	9.9	11.9	24.0	106.9
Property, Plant & Equipment	0.1	(0.4)	42.0	38.1	34.9
Exploration, Evaluation & Dev.	5.2	19.4	19.4	33.7	33.7
Non-Current Assets	0.0	0.0	0.0	0.0	0.0
Total Non-Current Assets	5.3	19.0	61.4	71.9	68.6
Total Assets	7.5	29.0	73.3	95.9	175.6
Equity	39.4	62.9	62.9	62.9	111.8
Reserves	10.0	10.0	10.0	10.0	10.0
Retained Earnings	(42.1)	(43.9)	(19.6)	19.9	47.9
Total Equity	7.3	28.9	53.3	92.8	169.7
Current Debt	0.0	0.0	20.0	0.0	0.0
Account Payables	0.2	0.0	0.0	3.1	5.9
Other Liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	0.2	0.0	20.0	3.1	5.9
Lease Liabilities	0.0	0.0	0.0	0.0	0.0
Non-current Debt	0.0	0.0	0.0	0.0	0.0
Total Non-current Liabilities	0.0	0.0	0.0	0.0	0.0
Total Liabilities	0.2	0.0	20.0	3.1	5.9
Total Equity + Liabilities	7.5	29.0	73.3	95.9	175.6
Profitability indicators	2022A	2023F	2024F	2025F	2026F
EBITDA margin	-	-	83.1%	72.4%	56.0%
Liquidity	2022A	2023F	2024F	2025F	2026F
Quick Ratio	0.2	0.0	0.5	6.9	3.6
Current Ratio	0.2	0.2	0.5	7.3	4.0
Capital structure	2022A	2023F	2024F	2025F	2026F
Equity ratio	5.3	2.2	0.9	0.7	0.6
Debt / Assets	0.0	0.0	0.3	0.0	0.0
Debt / EBITDA	0.0	0.0	0.7	0.0	0.0
DSCR	n/a	n/a	1.3	56,496.6	43,704.7

Source: Evolution Capital estimates

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All currencies are in Australian dollars unless otherwise specified.

1. LIN Valuation

Kangankunde Maiden Mineral Resource and Potential

Based on the geology of the Kangankunde deposit and the excellent drilling results reported so far, we estimated a “back of the envelope” range estimate from 90 million tonnes at 2.7% TREO for 2.4 million tonnes REO contained to 250 million tonnes at 2.0% TREO for 5.5 million tonnes REO contained.

Our estimates have been estimated as follows:

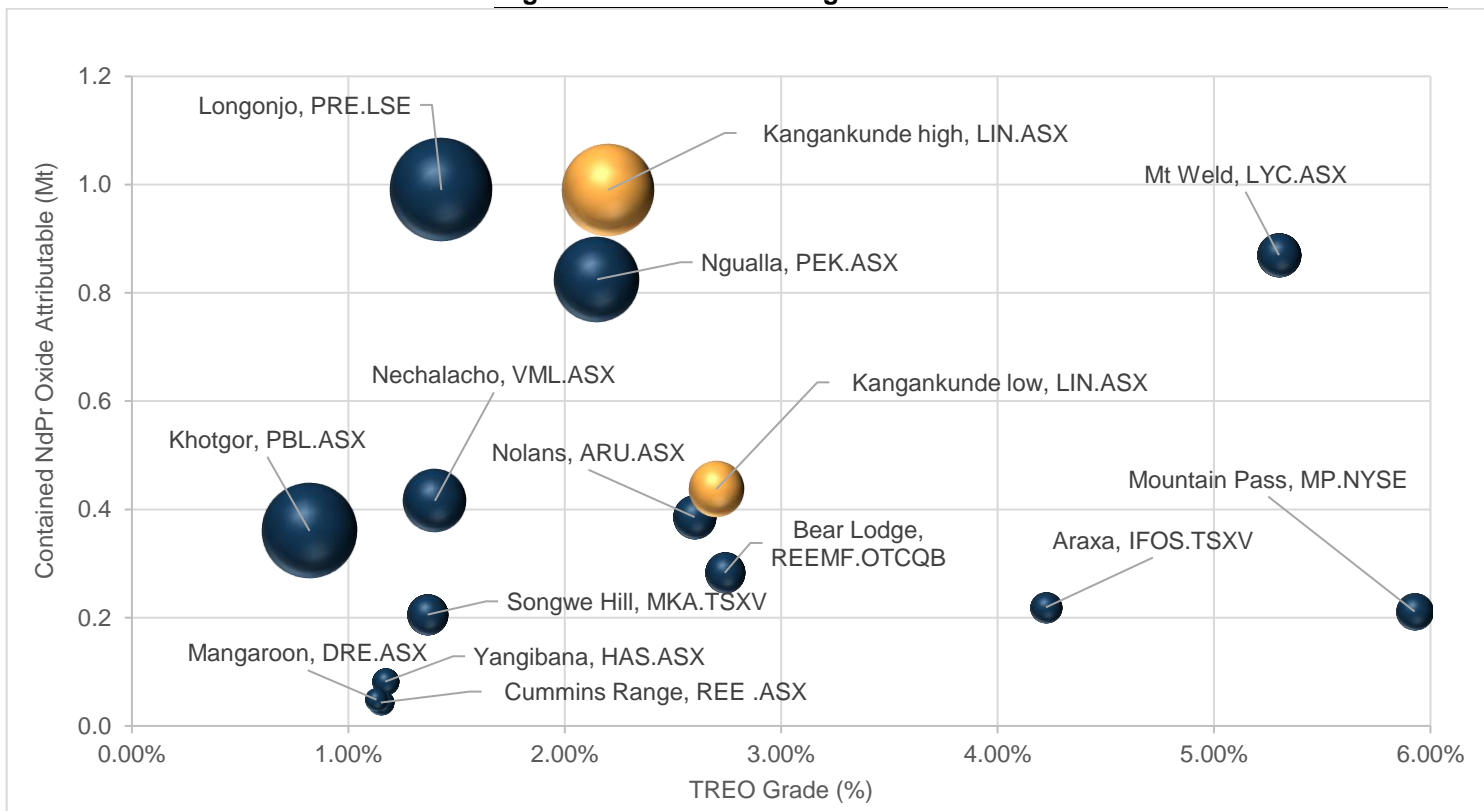
Table 1.1 – “Back of the envelope” estimate of the Kangankunde Mineral Resource

Zone	Width	Length	Depth	Form Factor	Density	Resource	TREO	REO tonnes
	<i>m</i>	<i>m</i>	<i>m</i>	<i>x</i>	<i>x</i>	<i>Mt</i>	<i>%</i>	<i>tonnes</i>
Central mineralised carbonatite + perimeter 50 to 300m wide, 120m average assumed	400	650	200	0.65	2.8	90.0	2.70%	2,430,000
	520	770	300	0.75	2.8	250.0	2.20%	5,500,000

Those estimates focus on what the maiden mineral resource estimate could be. Considering that the deposit is open at depth, a larger mineral resource could be defined. In any case, the expected mineral resource supports the mining inventory assumed in the next section.

Figure 1.1 provides a comparison with the current mineral resources of project peers.

Figure 1.1 – Benchmarking of REO Mineral Resources

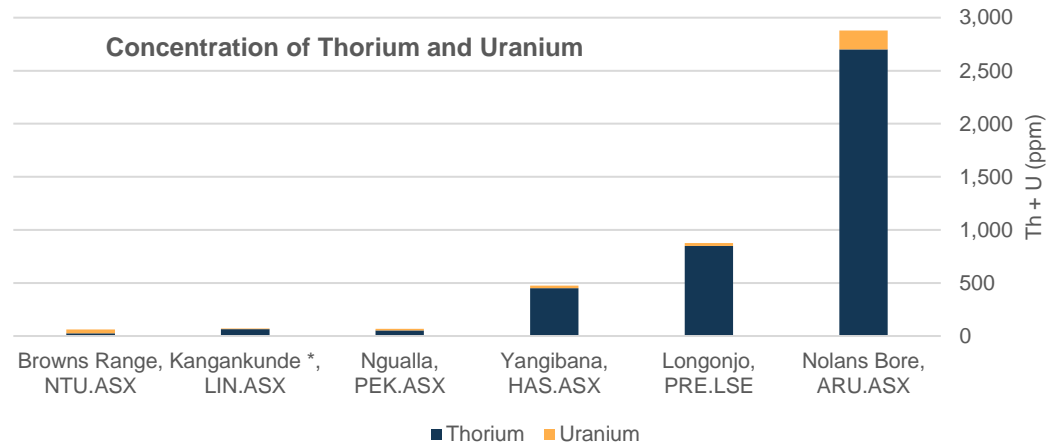


Source: company reports, Evolution Capital, Bubble size according to mineral resources tonnes

For Kangankunde, the bubbles represent the low and high estimates from Table 1.1. Overall, the expected maiden mineral resource estimate should define the Kangankunde project as one of the largest rare earth deposits globally with a large amount of Neodymium (Nd) and Praseodymium (Pr), two of the world’s most sought-after rare earth elements.

Figure 1.2 highlights the very low content of radionuclides (Th and U) which does increase the attractiveness of the concentrate product among potential offtakers.

Figure 1.2 – Concentration of Radionuclides



Source: company reports. * length weighted average of the drill intercepts used as a proxy

Kangankunde Project Valuation

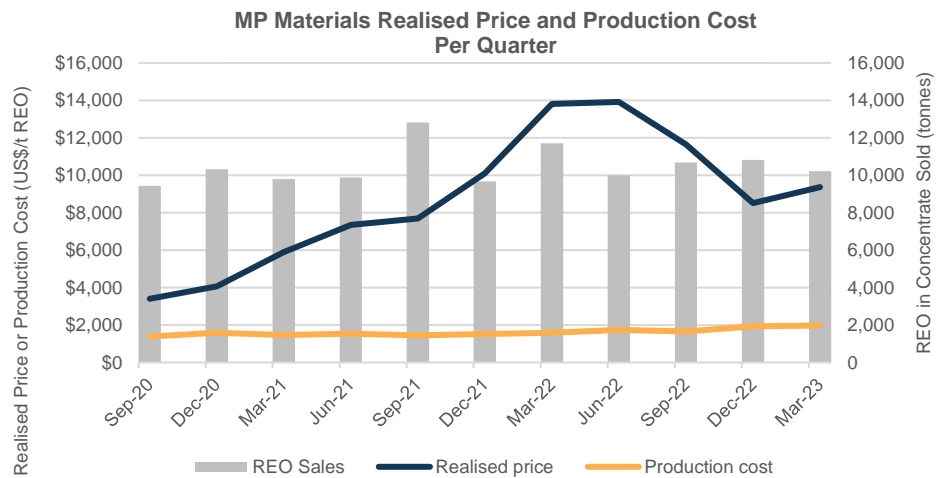
Considering the quality of the project and the likely short path to production of a mixed rare earth concentrate, we have put together a financial model with the following key assumptions:

- Initial mining inventory of 80 million tonnes
- Head grade: 3% in years 1-3, decreasing to 2.4% in yr 4-7 then 2.3%
- Stage 1 throughput of 350,000 tpa from FY2025:
 - Capex US\$30 million
 - Processing cost US\$30/t
- Stage 2 throughput of 1,500,000 tpa from FY2028
 - Capex US\$150 million
 - Processing cost US\$20/t
- Stage 3 throughput of 3,000,000 tpa from FY2031
 - Capex US\$100 million
 - Processing cost US\$15/t
- Recovery: 70%
- Concentrate REO grade 60%
- Other costs:
 - Mining cost: US\$7.5/t
 - General & Administration cost: US\$3.5 million per annum
 - Transportation cost: US\$0.15/t /km to Dar es Salaam
- Royalties 5% of revenue net of shipping cost
- Corporate tax: 30%

For Stage 1 capital expenditure funding, we assumed a short debt or prepayment of US\$20 million. For Stage 2, we assumed an equity capital raising of \$52 million (65 million shares at \$0.80). Stage 3 is self-funded.

With regards to product pricing, we compiled the realised mixed rare earth concentrate pricing disclosed by MP Materials (NYSE: MP) for past production and sales of a 60% TREO concentrate as shown in Figure 1.3. Our base case pricing at US\$8,000/t used for the Kangankunde project is relatively conservative compared to recent pricing and considering that the NdPr enrichment for the Kangankunde project is about 20% TREO compared to about 16% TREO for Mountain Pass.

Figure 1.3 – Realised Prices for MREC



Source: MP Materials quarterly reports

Table 1.1 summarises the Kangankunde project valuation using different product pricing.

Table 1.1 – Kangankunde Project Valuation

REO Price	NPV _{10%} Post Tax	IRR
US\$6,000/t	US\$530m	40%
US\$7,000/t	US\$706m	50%
US\$8,000/t	US\$881m	60%
US\$9,000/t	US\$1,056m	69%
US\$10,000/t	US\$1,231m	79%

Source: Evolution Capital estimates

Considering the current market capitalisation in the order of A\$400 million and a current cash balance estimated in excess of A\$10 million, the funding of Stage 1 either by a prepayment or an equity capital raising should not be an issue. The same applies for Stage 2. Hence to derive the Lindian Resources company valuation we applied a 60% risk factor (or 40% discount) to the project NPV.

Bauxite Projects Peers and Valuation

The various bauxite projects own by Lindian Resources have now become non-core assets. We valued those at a notional value of A\$30 million, which corresponds to the market capitalisation of LIN before the acquisition of the Kangankunde project was announced.

LIN Sum of the Parts Valuation

Table 1.2 summarises the sum of the parts valuation for LIN.

Table 1.2 – LIN Sum of the Parts Valuation

Asset	Value Range	Preferred	Per Share
Kangankunde project (100% interest)	A\$758m-\$1,760m		
60% risked 60% x NPV		\$755.0m	\$0.74
Remaining Acquisition Payments		(\$28.6m)	(\$0.03)
Bauxite Projects		\$30.0m	\$0.03
Cash		\$11.4m	\$0.01
Exercise of Options over 2023-2024		\$0.4m	(\$0.00)
Corporate costs		(\$12.2m)	(\$0.01)
Total		\$756.1m	\$0.74

Source: Evolution Capital estimates

2. LIN Strategy

Lindian’s focus is to advance all operating areas for the prompt development and production at the Kangankunde rare earths project in Malawi.

Whilst the company’s priority has been advancing the development of Kangankunde, Lindian continues to pursue opportunities to commercialise the bauxite assets in Guinea. Indonesia’s export ban of bauxite in late 2022 has resulted in growing demand for Guinea’s bauxite to fill this supply gap. With over 1 billion tonnes of high-quality product across three projects, Lindian is well-placed to benefit here with a heightened level of inquiry from a number of parties.

3. Kangankunde Rare Earths Project

Location and Infrastructure

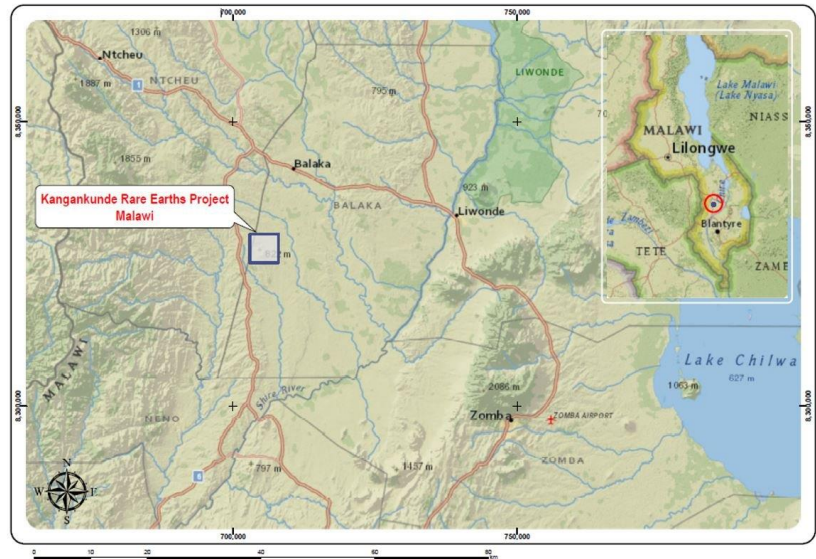
Kangankunde is located 90 kilometres north of the city of Blantyre, the main economic and commercial centre in Malawi. The town of Balaka, 15 kilometres to the north of Kangankunde, a regional trade centre, has a population of about 36,000 people. The project is located close to the main M1 highway, rail lines to ports and high voltage transmission lines.

Rail

As shown on Figure 3.1, a rail line 9km to the east of the project joins Blantyre, and the project, 850km to the Port of Nacala and the Indian Ocean. All rail lines have a 3’6” (1067mm) gauge.

Figure 3.1 – Kangankunde Rare Earths Project Location Maps





Source: LIN

Water

Lake Malawi is an African Great Lake and the southernmost lake in the East African Rift system, located between Malawi, Mozambique and Tanzania. It is the fifth largest freshwater lake in the world by volume, the ninth largest lake in the world by area and the third largest and second deepest lake in Africa. Lake Malawi is between 580 km long, 75 km wide and up to 700 metres deep.

The Shire river that drains Lake Malawi is about 400 km long and flows into the Zambezi River. While it has variable flow rates based on the wet and dry season, it flows at a perennial rate on average at 500 cubic metres every second or 43 million cubic metres every day.

Road

As shown on the small-scale map, Kangankunde is located near the M1 highway (3km to the west) that joins the south and north of the country and tributary roads to Mozambique, Zambia, and Tanzania.

Power

A high voltage (hydropower) powerline is located 4km to the west of the project.

Tenure and Licences

Lindian Resources will progressively acquire 100% of Malawian registered Rift Valley Resource Developments Limited and its 100% owned title to Exploration Licence EPL0514/18R and Mining Licence MML0290/22 (refer ASX announcement dated 1 August 2022) issued under the Malawi Mines and Minerals Act 2018. The Exploration and Mining Licences have an Environmental and Social Impact Assessment Licence No.2:10:16 issued under the Malawi Environmental Management Act No. 19 of 2017.

The project tenure is secured by a Medium Scale Mining Licence (MML 0290) valid to 21 April 2032 and allows an acceleration of multiple work programmes to commercialisation. The 2018 Mines and Minerals Act allows for an initial lease of 25 years and an extension of 15 years. Exploration Licence EL0514 surrounds MML0290.

Figure 3.2 – Kangankunde Licences



Source: LIN

History

The Kangankunde Project, located within MML0290, has been subject to significant historic exploration by Lonrho Plc in the 1970’s and the French geoscience Bureau de Recherches Géologiques et Minières (BRGM) in the 1990’s. The project has an underground adit (a horizontal drive with cross cuts extending at least 300 metre underground).

On 6 September 2007, Lynas Corporation Ltd (ASX: LYC) announced the acquisition of the Kangankunde project for US\$4 million.

At the time, based on more than 2,000m of diamond core drilling and 550 trench samples, an inferred mineral resource of 107,000 tonnes of REO at an average grade of 4.24% REO in 2.53 million tonnes of mineralisation using a cut-off grade of 3.5% REO (JORC 2004 compliant).

The rare earths distribution was estimated as follows:

Table 3.1 – Rare Earths Distribution for the Kangankunde Project

Rare Earths	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%

Source: LYC 6 Sep 2007 ASX announcement

The Kangankunde deposit has also extremely low thorium oxide levels for a rare earths resource as the average of five ore samples analysed by Lynas amounted 11ppm thorium oxide per percentage of REO content. For comparison Lynas’ Mt Weld Rare Earths mine, is considered to have low natural radiation levels with an average of 44ppm thorium oxide per percentage of REO content.

Title Disputes

The original Exclusive Prospecting License (EPL 086/2000) over the area of the Kangankunde project was issued to South African geologist Michael Saner (along with his wholly owned Malawian company, Rift Valley Resource Developments Limited) on 2000 on 15th March 2000 for an initial period of 3 years.

On 25 November 2002, Saner submitted an application to the Malawi Mines Department to renew the EPL 3 months prior to the expiry date of the EPL in compliance with the Mines and Minerals Act. The Malawi Ministry of Mines did not respond to Saner’s renewal application.

The Malawi Ministry of Mines subsequently purportedly issued a Mining License covering the Kangankunde area to a private Malawian firm, 'Rare Earths Company', despite never holding a requisite EPL. Rare Earths Company then on-sold the rights to Lynas Corporation (ASX: LYC) for US\$4m as announced in September 2007, subject to various Malawi Government regulatory approvals.

At the end of October 2011, Lynas received correspondence on behalf of a third party claiming that it was seeking various orders in the Malawi High Court against the Malawi Government. These claims related to, among other items, the Kangankunde Project.

From fiscal year 2012 to 2018, no further capital investment has been made on the Kangankunde project in Malawi and the project remained on hold pending resolution of an ongoing dispute between another claimant in respect of the Kangankunde deposit, and the Malawi government.

On 22 January 2019, the Malawi government has purported to cancel the Lynas' Malawi mining lease and LYC is initiating judicial review proceedings in the Malawi courts challenging that decision.

In parallel and from Lindian, a summary of legal developments with respect to the acquisition that occurred prior to the 2022 financial year is outlined below:

- In August 2018, Lindian announced the commencement of legal action in Malawi in respect of an exclusive option agreement (the "Exclusive Option Agreement") entered into with the since deceased Michael Saner ("Saner") and Rift Valley Resource Developments Limited ("RVR") regarding the Kangankunde Rare Earths Project in Malawi
- As detailed in the Company's ASX announcement on 23 November 2018, Saner and RVR subsequently claimed that changed circumstances in Malawi made the agreement unenforceable and made an offer to enter into a separate agreement for the sale of the Project on completely different terms to those originally agreed between the Company, Saner and RVR.
- Lindian's position was that the terms of the Exclusive Option Agreement remained valid and commenced legal action in the Malawi Courts to defend its rights which culminated in a disappointing decision in the High Court of Malawi, announced to the ASX on the 7 May 2020.
- On 8 July 2020, the Company announced a notice of appeal had been filed (19 May 2020) at the High Court of Malawi in relation to the legal action in respect of an exclusive option agreement for the Kangankunde Project.

On 24 July 2020, Lindian announced that it had received an offer from the legal counsel representing Saner and RVR to settle out of court. Lindian did not accept this offer. On 28 September 2021, the Company announced the Malawi Supreme Court of Appeal would hear an appeal on 8 December.

On 11 November 2021, Lindian was notified that the appeal was adjourned to a later date. On 19 April 2022, Lindian disclosed to the ASX that an appeal hearing for 26 May 2022 had been scheduled in the Malawi Supreme Court of Appeal, in relation to the Exclusive Option Agreement for the Kangankunde Rare Earths Project.

On 27 May 2022, Lindian reached an out-of-court settlement in regards to a dispute relating to its proposed acquisition of up to a 75% interest in Kangankunde. Under the terms of settlement, the parties have agreed to discontinue those proceedings in exchange for Lindian being provided with a 60-day exclusivity period within which to seek to negotiate the terms of a legally-binding transaction to acquire a 100% interest in Rift Valley and its Kangankunde project.

Under the terms of settlement, the parties to the existing legal proceedings in the Malawi Supreme Court of Appeal agreed to discontinue those proceedings in exchange for Lindian being provided with a 60-day exclusivity period, within which to seek to negotiate the terms of a legally-binding transaction whereby Lindian could acquire a 100% interest in the Project.

On 1st August 2022, Lindian confirmed to the ASX that it had reached an agreement to acquire 100% of the shares in RVR, the owner of the Kangankunde Rare Earths Project, for a total purchase price of US\$30 million. On 15 August

2022, the first tranche payment of US\$2.5m was subsequently paid in accordance with the terms of the agreement. On 20th January 2023, the second tranche payment of US\$7.5m was paid. Payment for Tranche 3 is due by August 2023 and Tranche 4, the final instalment, is due August 2026 or at the date of first commercial production, whichever comes first, which ensures Lindian has sufficient time and optionality to consider financing scenarios.

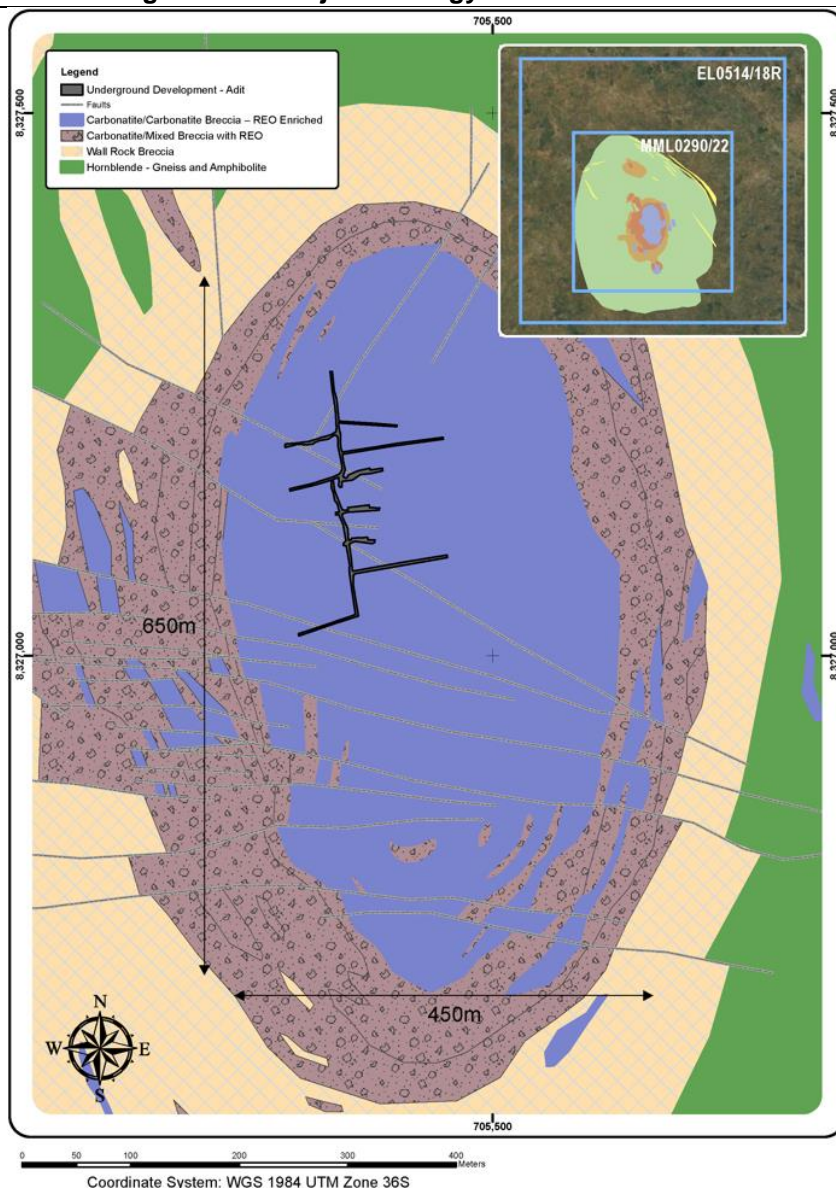
The successful acquisition gives Lindian a unique opportunity to develop the Kangankunde project, which has been cited by analysts as one of the most significant rare earths projects globally.

Geology

Rare earth minerals at Kangankunde are hosted in a carbonatite intrusion. A major rock type is magnesium (dolomitic) carbonatite, while manganese and iron rich carbonatite variants are present. This intrusion shows signs of brecciation with clasts of carbonatite being 'reworked'. The dimension of the central mineralised carbonatite is about 650 metre long by 400 metres wide.

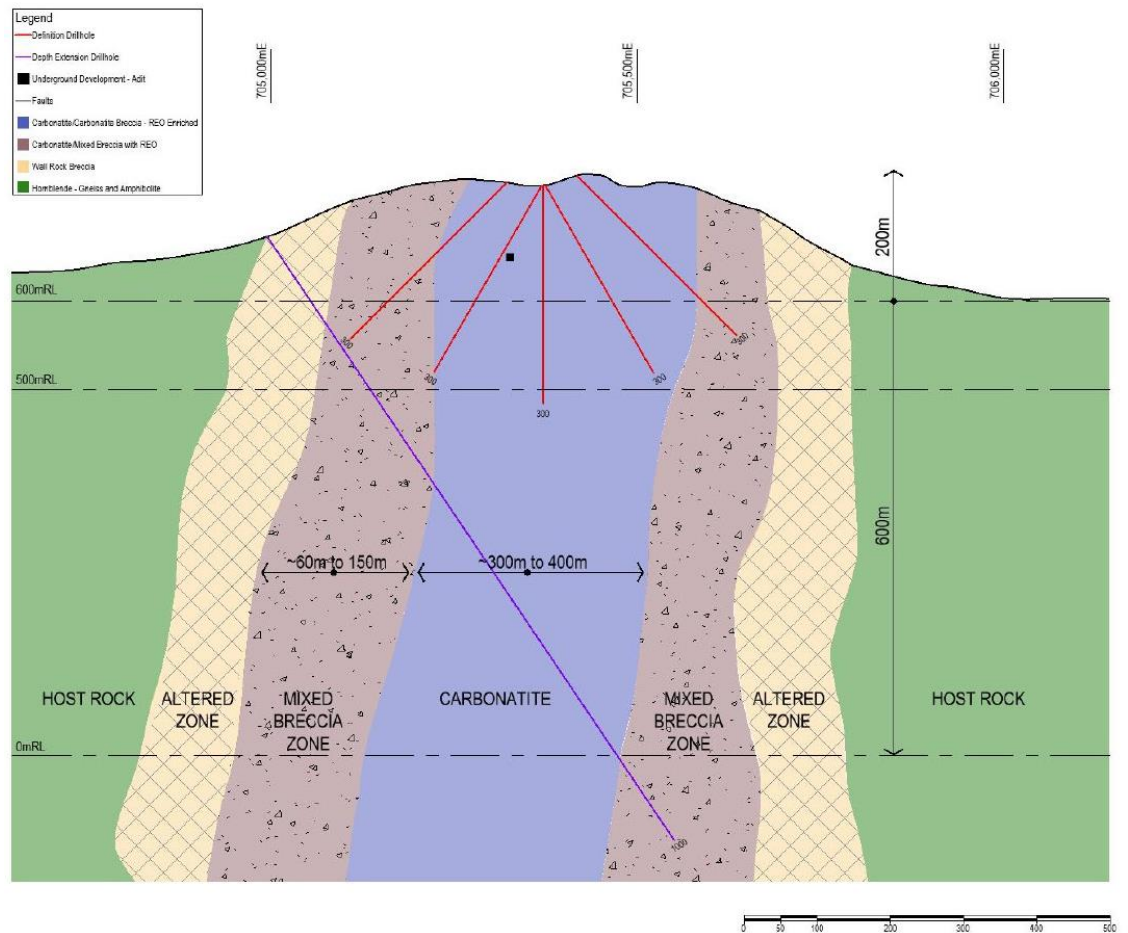
The outer perimeter of the carbonatite consists of a breccia zone where there is mixed host rock and mineralised carbonatite, also mineralised with rare earths. This zone is 50 metres to 300 metres wide around the central carbonatite zone.

Figure 3.3 – Kangankunde Project Geology Plan



Source: LIN

Figure 3.4 – Kangankunde Project Geology Cross-Section



Source: LIN

Mineralogy and Mineralisation

There has been extensive surface mineralisation observed with a potential drill target surface expression of about 650 metres long and 400 metres wide. The mineralisation is dominated with carbonate variants (dolomite, siderite, ankerite), strontianite (strontium carbonate), minor apatite and monazite.

The Phase 1 drilling program is presenting core samples of the deposit that are allowing classification of the rock types and mineralisation by the geology team.

The most common rock type seen is carbonatite, which has variable contents of iron oxide, manganese oxide and pink potassic alteration. To date all the carbonatite assayed has been mineralised with Rare Earths Elements hosted in the mineral monazite. A typical monazite contains various quantities of light Rare Earths with the most common composition being $(Ce,La,Nd,Th)PO_4$. Thorium is typically elevated in most monazite occurrences. The monazite at Kangankunde has an unusual variation including Rare Earths elements like Praseodymium (Pr) but with very low Thorium levels $(Ce,La,Nd,Pr)PO_4$.

The mineralisation is dominated by light Rare Earths of Cerium (Ce), Lanthanum (La), Neodymium (Nd) and Praseodymium (Pr). The total of Nd+Pr content in oxide form constitutes an average of 20.4% of the TREO in all holes reported to date.

All drill samples are routinely scanned on site for radiation with consistently low counts per second (cps) returned. These low readings are supported by the low radiation content of the rare earth bearing monazite mineralisation. Table 2 shows the average Uranium (U) and Thorium (Th) content for the each of the reported drill holes. The length weighted average stands at 65 ppm and 7 ppm for Th and U respectively.

Table 3.2 – Average Radionuclides Thorium and Uranium Content

Hole ID	From (m)	To (m)	Intersection (m)	Th ppm	U ppm
KGKRC001	0	110 (EOH)	110	53	5
KGKRC002	0	250 (EOH)	250	49	8
KGKRC003	0	184 (EOH)	184	51	8
KGKRC004	0	97 (EOH)	97	54	12
KGKRC005	0	117 (EOH)	117	30	3
KGKRC006	0	300 (EOH)	300	32	6
KGKRC007	0	186 (EOH)	186	33	2
KGKRC008	0	272 (EOH)	272	512	8
KGKRC009	0	131 (EOH)	131	58	12
KGKRC010	0	138 (EOH)	138	48	17
KGKRC011	0	32 (EOH)	32	80	3
KGKRC015	0	160 (EOH)	160	39	7
KGKRC016	0	171 (EOH)	171	43	4
KGKRC017	0	163 (EOH)	163	40	9
KGKRC018	18	181 (EOH)	163	78	3
KGKRC019	0	169 (EOH)	169	48	5
KGKRC020	0	167 (EOH)	167	62	8
KGKRC021	0	89 (EOH)	89	37	5
KGKRC022	0	147 (EOH)	147	51	8
KGKRC023	0	23 (EOH)	23	50	7
KGKRC024	0	169 (EOH)	169	50	6
KGKRC025	0	109 (EOH)	109	39	8
KGKRC026	0	168 (EOH)	168	53	9
KGKRC027	0	170 (EOH)	170	56	8
KGKRC028	0	169 (EOH)	169	46	8
KGKRC029	0	84 (EOH)	84	61	5
KGKRC030	0	188 (EOH)	188	40	9
KGKRC031	0	175 (EOH)	175	34	5
KGKRC032	2	181 (EOH)	179	36	7
KGKRC033	0	169 (EOH)	169	33	4
KGKRC034	0	181 (EOH)	181	48	9
KGKRC035	0	147 (EOH)	147	48	8
KGKRC037	0	160 (EOH)	160	67	5
KGKRC038	0	181 (EOH)	181	23	3
KGKRC039	0	150 (EOH)	150	50	2
KGKRC040	0	167 (EOH)	167	30	2
KGKDD001	0	301 (EOH)	300	44	10
KGKDD002	0	188 (EOH)	188	33	3
KGKDD003	0	145 (EOH)	145	45	10
KGKDD004	0	293 (EOH)	293	63	6
KGKRCDD009	0	317 (EOH)	317	54	8

Source: LIN

Phase 1 Drill Program Status

The Phase 1 drill program has been completed with a total of 81 RC holes for 12,520 drill metres and 10 core drill holes, including 6 core tails to RC holes, for 1,642.7 drill metres. The program was designed to give initial data for resource evaluation and mine planning.

Two RC rigs have demobilised from site with the remaining core drilling rig conducting the Phase 2 depth extension drilling.

Assays have been received and reported for 39 RC holes with assays for a further 42 RC holes pending, and for 5 core drill holes with assays for a further 5 core drill holes pending.

Phase 2 Drill Program Status

Lindian is currently undertaking the Phase 2 Drill program and at the date of this report it has completed RC collars to a depth of 150 metres for each hole and has commenced core drilling of the first of the two deep holes.

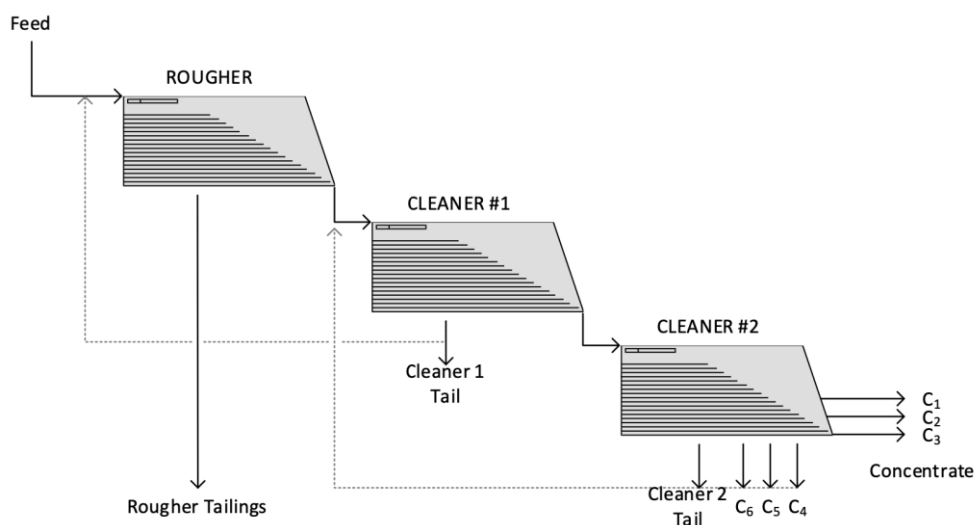
Metallurgy

On March 2023, Lindian Resources reported the results from the initial orientation metallurgical test work undertaken.

Shaking Table Testing

Shaking table testing was undertaken to determine the viability of beneficiating rare earth mineralisation by gravity separation techniques and provide a preliminary indication of the grade and recovery achievable. For practicality in regard to the required sample size for testing, shaking table tests were undertaken *in lieu* of spiralling tests for rougher separation stage at this early stage of evaluation.

Figure 3.5 – Shaking Table Testing Protocol



Source: LIN. Dotted lines represent recycle streams typical for a commercial process scheme

The key highlights from these sequential batch Rougher-Cleaner shaking table tests are as follows:

- Rare Earth mineralisation at Kangankunde is upgradable by gravity beneficiation methods;
- The best performance was observed in the -125+53 μm fraction;
 - In the rougher stage, a 20.1% TREO concentrate was produced with a 90.4% TREO recovery
 - In the 1st cleaner stage, a 36.1% TREO concentrate was produced with a 73.4% TREO recovery
 - In a 2nd cleaner stage, the 1st concentrate produced was at a grade of 62.6% TREO which confirms that 60% TREO concentrates are achievable, although as expected from such an initial open-circuit test, the corresponding recovery was low (1.1%).
- The best performance was observed in the -125+53 μm fraction
- As expected, the finer -53 μm fraction had poor TREO recovery, due to the intrinsic limitation with processing fines with shaking tables.

Analysis of these gravity rare earths concentrates indicates that the major contaminants are strontianite (a strontium carbonate mineral with an SG of ~3.76 t/m³) and barite (a barium sulphate mineral with an SG of ~4.65 t/m³), which is expected given their relatively close specific gravity to the rare earth-bearing monazite mineral (SG of ~5.1 t/m³). However, monazite has a greater magnetic susceptibility than both strontianite and barite, and therefore a subsequent magnetic separation step will allow further upgrade of rare earth concentrate. This

implies that, in the gravity concentration step, rare earth recovery should be emphasised over rare earths concentrate grade.

Multi Gravity Separator Testing

An initial evaluation on the amenability of upgrading Kangankunde Rare Earths mineralisation using a laboratory-scale Multi Gravity Separator (MGS) was undertaken using a sample of fine sized (-53 μm) mineralisation. The MGS has previously found application in beneficiation of heavy minerals such as tin, tungsten and tantalum, with applications in chromite, barites and gold being developed; industry survey indicates there is only seldom application to the recovery of rare earths minerals.

The results show that, generally, a concentrate of 51.7% LREO can be produced with a LREO recovery of 69.7%, which is a fantastic result considering the sample is fine in size.

Wet High Intensity Magnetic Separator (WHIMS) Testing

Scoping magnetic separation tests, using a batch WHIMS machine, were undertaken on a sub-sample of (a) shaking table concentrate and (b) MGS concentrate. The tests were designed to provide an initial indication of processing conditions required to upgrade the REO concentration in gravity concentration intermediate products.

The results show that:

- A magnetic field strength of 0.75 T results in greater than 99% REO recovery to the magnetic product. This is well within the range of magnetic field strengths producible in commercial WHIMS machines.
- An upgrade of REO grade is achievable:
 - For the -125+53 μm test sample, this has resulted in an increase in REO grade from 47% TREO to over 56% REO with a REO recovery over 99%
 - For the -53 μm test sample, this has resulted in an increase in REO grade from 30% TREO to over 39% TREO
- Increasing the hutch water pulsation intensity promises to allow higher TREO grades by allowing removal of entrained non-magnetic products such as strontianite and barite.

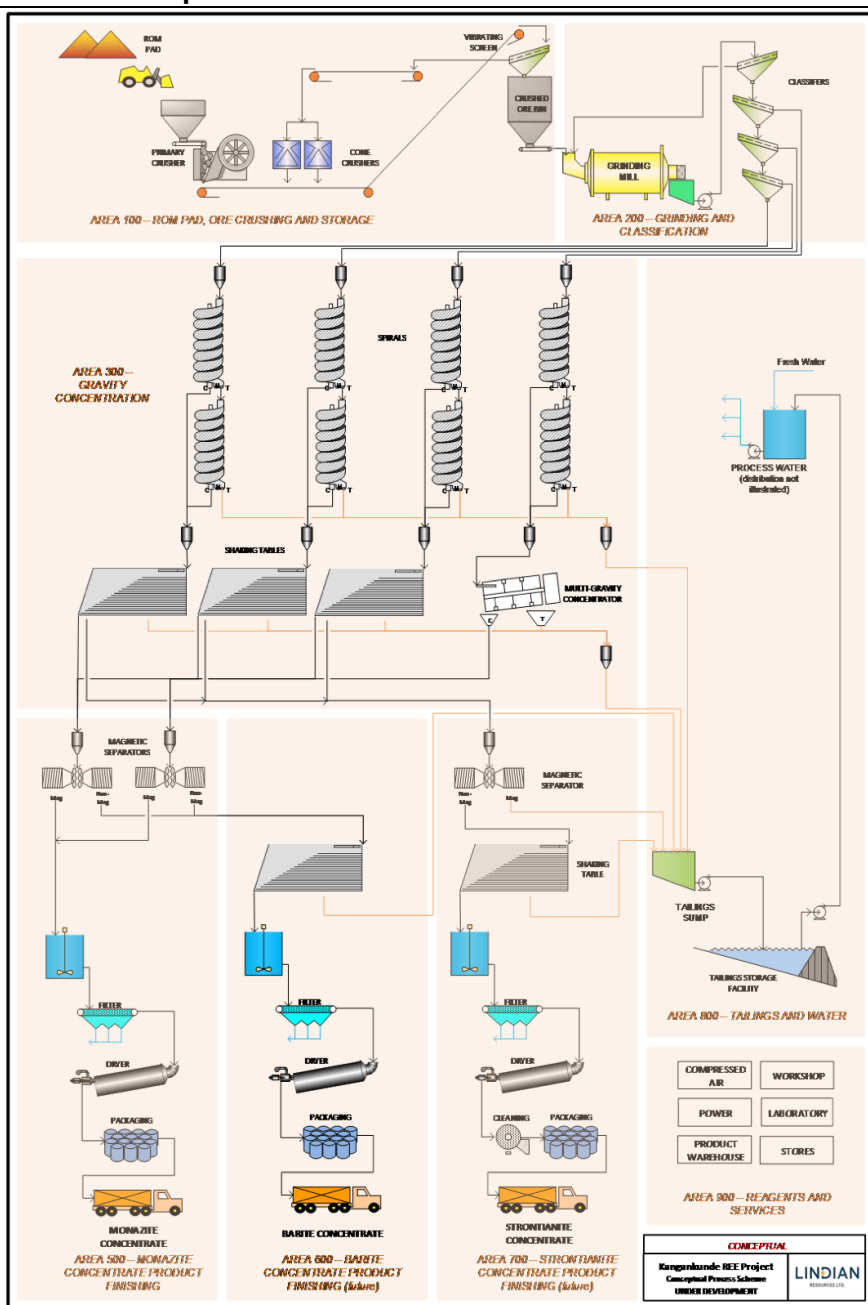
Flowsheet

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 BRGM. 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.

Figure 3.6 – Conceptual Process Flowchart



Source: LIN

Work Programmes

Upcoming technical work programmes include:

- 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

Lindian Resources has commenced ongoing local community engagement and is focused on building key relationships with stakeholders so that the community is aware of the Company's plans for project development and the benefits that development will bring to the community.

Lindian Resources is also planning on undertaking programs in the very near-term to enhance the wellbeing of the local community with respect to health and education improvements.

Malawi

Malawi is a country in southern and eastern Africa that parallels the great Lake Malawi, the 5th largest freshwater lake in the world that fills part of the massive rift valley of the Africa continent. Malawi is a peaceful country known ubiquitously as "the warm heart of Africa", with a government and legal system emanated from the English Westminster system (from colonial rule up to 1964). The Malawi economy is currently heavily reliant on agriculture, a small manufacturing sector and foreign aid. Over 80% of Malawians living in rural areas are engaged in traditional subsistence agriculture. The mining industry in Malawi is in its infancy with a new Mining Act introduced in 2019 expected to forge the way for significant expansion and growth. Having seen the impact of mining in neighbouring countries, the Malawi Government has placed mining as the primary growth sector to diversify the Malawi economy and improve living conditions for its people. A growing mining industry is the central plank of the current President's plans for employment. Significant mineral endowment exists in the form of rare earths, uranium, niobium, tantalum, and graphite in a country substantially underexplored.

4. Lelouma Bauxite Project

Introduction

Bauxite Ore is the primary source of aluminium. Aluminium is an essential material for the energy transition towards low carbon energy sources, and its demand will grow massively by 2050. This metal will be a privileged ally not only in the lightening of vehicles but also in creating electrical infrastructure, solar panels, and wind turbines.

Lindian Resources can supply the market with this critical material, with its 1 billion tonnes of high-quality bauxite resources, located in Guinea, with excellent infrastructure of road, rail and deep-water bulk handling ports.

Previous Work and Infrastructure

The Lelouma Project is a "Tier 1" bauxite project and has an exceptional resource base and has been systematically explored with over US\$10 million of historic expenditure by Sarmin and Lelouma's previous owner, Mitsubishi Corporation. The plateaux hosting the Lelouma bauxite mineralisation are located around 100km northeast of Sangarédi, site of the CBG railway line loading area. The rail line is in turn around 100 km northeast of the port in Kamsar, which exports up to 25Mtpa of bauxite. Lelouma is located just 40km from Lindian's high grade Gaoual conglomerate bauxite project, with both projects within haul distance of existing rail infrastructure presenting the opportunity to fast-track development, moderate capital investment and deliver some of the highest grade ore into the global bauxite market.

Mineral Resource

The Mineral Resource statement for the Lelouma Project was prepared and reported by SRK Consulting (UK) Ltd, in compliance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves, the JORC Code, 2012 Edition (“JORC”), by constraining the in situ model using cut-off grades of >40% Al₂O₃ and <10% SiO₂, a maximum stripping ratio of 1:1 (thickness overburden / thickness bauxite) and a minimum bauxite thickness of 1m, all to satisfy the criteria of reasonable prospects for eventual economic extraction.

Figure 4.1 – Lelouma Mineral Resource and High-Grade Portion

Cut-off Criteria	Mineral Resource Category	Tonnes (Mt)	Al ₂ O ₃ (%)	SiO ₂ (%)
>40% Al ₂ O ₃ <10% SiO ₂ >1m Thick <1 Strip Ratio (waste:ore thickness)	Measured	155	47.9	1.8
	Indicated	743	44.4	2.1
	Measured+Indicated	898	45.0	2.1
	Inferred	2	42.9	2.8
	Grand Total M+I+I	900	45.0	2.1
Cut-off Criteria	Mineral Resource Category	Tonnes (Mt)	Al ₂ O ₃ (%)	SiO ₂ (%)
>45% Al ₂ O ₃ <10% SiO ₂ >1m Thick <1 Strip Ratio (waste:ore thickness)	Measured	115	49.6	1.8
	Indicated	284	47.6	2.1
	Measured+Indicated	398	48.1	2.0
	Inferred	0.1	46.1	2.8
	Grand Total M+I+I	398	48.1	2.0

Source: LIN

5. Gaoual Bauxite Project

Introduction

On 10 April 2019, Lindian signed an exclusive option agreement with KB Bauxite Guinea SARLU and its sole shareholder Guinea Bauxite Pty Ltd to acquire the Gaoual Bauxite Project.

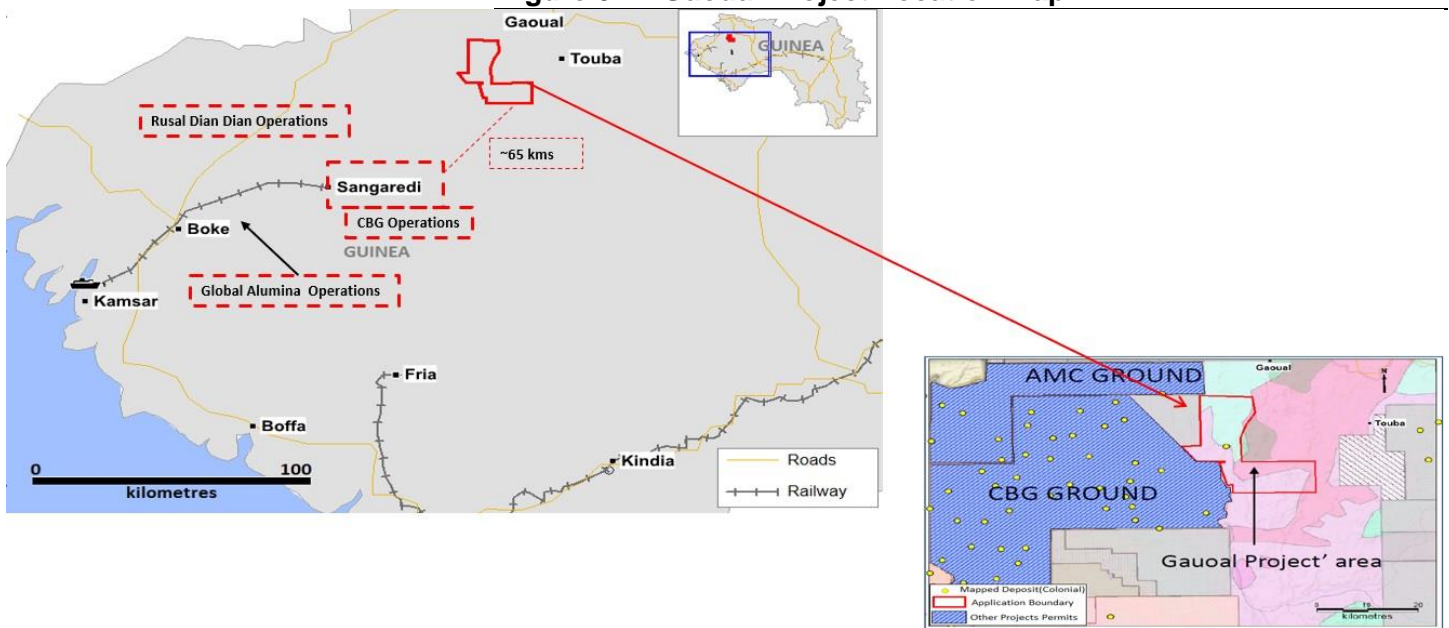
The Gaoual Bauxite Project is in north-western Guinea within the Boké Bauxite Belt. It is situated south of the township of Gaoual in the northern portion of the Kogon-Tomine interfluve, about 65 km northeast of Sangaredi.

The asset contains conglomerate bauxite at the Bouba plateaux which is the same type of ore initially discovered at the Sangaredi bauxite deposit which is owned by Compagnie des Bauxites de Guinée (“CBG”).

Gaoual is one of only two known major ‘Conglomerate Bauxite’ occurrences in discovered in Guinea, the other being Sangaredi - mined for ~30 years by Compagnie des Bauxites de Guinée (CBG).

Gaoual has very similar geological and geochemical characteristics to the Sangaredi Conglomerate Bauxite deposit, which was regarded as vastly superior to all other bauxite.

Figure 5.1 –Gauoal Project Location Map



Source: LIN

Gauoal is located in a world class bauxite province and mining friendly jurisdiction. Gauoal is adjacent to world-class bauxite deposits Koumbia Bauxite Project (Alliance Mining Commodities) and Société des Bauxites de Guinée’s (CBG), and nearby infrastructure - 64 km from Sangaredi Railway and 155 km from Kamsar Port in Kamsartown.

Mineral Resource

The resource was estimated by Cube Consulting, Perth Australia using ordinary kriging. The estimation used ordinary kriging for Al₂O₃, Fe₂O₃, LOI, SiO₂ and TiO₂ was based on 874m of drilling over a total of 131 shallow HQ auger drill holes.

The bauxite is near surface and contains no lower grade bauxite as overburden or intra-burden. It was noted that the results in all areas indicated that the bauxite present was of a high alumina grade.

A total JORC compliant Indicated Resource of 102Mt @ 49.8% Al₂O₃ was defined using a cut-off of 40% Al₂O₃. The resource includes high grade areas with 84Mt @ 51.2% Al₂O₃ using a higher cut-off of 45% Al₂O₃.

Figure 5.2 – Gauoal Mineral Resource

	<i>Resources (Mt)</i>	<i>Cut-off (Al₂O₃%)</i>	<i>Grade (Al₂O₃%)</i>	<i>Grade (SiO₂%)</i>	<i>Category</i>
High Grade Resources	83.8	45	51.2	11.0%	Indicated
Total Resources	101.5	40	49.8	11.5%	Indicated

Source: LIN

6. Woula Bauxite Project

Introduction

The Woula Bauxite Project located in North-Western Guinea, is positioned to be a low capex, early production asset and is ~10km from an existing haul road connecting to the bauxite export terminal of Katougouma.

The Woula Project has been subject to exploration on its southern side, but the eastern, north-south trending limb of the permit remains relatively underexplored, with only a few scout holes completed historically. The Company has entered into a binding agreement to acquire up to 75% of the Woula Bauxite Project, subject to completion of satisfactory due diligence. On completion of the acquisition, Lindian intends to seek to identify high-grade zones within the permit that may be amenable to selective mining techniques, so that in the short-term and for modest capital investment, bauxite DSO product may be able to be delivered to the mine gate or river port for sale to third parties.

Mineral Resource

The Mineral Resource statement for the Woula Bauxite Project was prepared and reported by SRK Consulting (UK) Ltd by constraining the *in situ* model using cut-off grades >34% Al₂O₃ and <10% SiO₂, a maximum stripping ratio of 1:1 (thickness overburden / thickness bauxite) and a minimum bauxite thickness of 1m, all to satisfy the criteria of reasonable prospects for eventual economic extraction.

Figure 6.1 – Woula Mineral Resource

Cut-off Criteria	Mineral Resource	Tonnes	Al ₂ O ₃	SiO ₂
>40% Al ₂ O ₃ 10% SiO ₂ / >1m Thick / <1 Strip Ratio (waste:ore thickness)	Inferred	19	41.7	3.2
	Total	19	41.7	3.2

Source: LIN

7. Tanzanian Bauxite Projects

Lindian's Tanzanian bauxite portfolio consists of two bauxite projects - **Lushoto** and **Pare**, which are situated in Eastern Tanzania's Mozambique Belt.

The portfolio includes 8 highly prospective tenements covering 310km², and Lindian has completed 51% stage 1 acquisition of East African Bauxite Limited – owner of 100% of the Tanzanian bauxite interests.

Both projects have a unique proximity to high-value Asian and Middle East markets, with both **Pare** and **Lushoto** situated within 189km of the deep water port of Tanga.

8. Directors & Management Team

Asimwe Kabunga, Executive Chairman

Mr Kabunga is a Tanzanian born Australian entrepreneur who holds a Bachelor of Science, Mathematics and Physics and has extensive technical and commercial experience in Tanzania, Australia, and the United States.

Mr Kabunga has extensive experience in the mining industry, logistics, land access, tenure negotiation and acquisition, as well as a developer of technology businesses.

Mr Kabunga has been instrumental in establishing the Tanzanian Community of Western Australia Inc, and served as its first President. He was also a founding member of Rafiki Surgical Missions and Safina Foundation, both NGO's dedicated to helping children in Tanzania.

Mr Kabunga also serves as a Non-Executive Chairman of Volt Resources Limited (ASX: VRC) and Executive Chairman of Resource Mining Corporation (ASX:RMI) and Chairman AuKing (ASX:AKN).

Alistair Stephens, Chief Executive Officer

Mr Stephens is a specialist in the critical and strategic commodities sector, with emphasis on rare earths and rare metals, having worked in this area for 20 years. He has 35 years' operational experience in the mining industry with roles in mine geology, mine planning, metallurgy, advanced processing, marketing and logistics. He has extensive hands-on experience in feasibility studies and, as Managing Director of Arafura Resources (to 2010), played an instrumental role in the development of the Nolan's Bore Rare Earths Project that took the company from an early-stage exploration group with a market capitalisation of \$4m to \$400M. Mr Stephens recently delivered the outcomes of a feasibility study for the Kanyika Niobium Project in Malawi where he managed the project for 9 years.

Mr Stephens has been engaged in board roles for over 18 years and has a solid understanding of corporate governance. He has a comprehensive and extensive understanding that is unique in the specialty commodity sector, and an advanced strategic tactical perspective to project development and operational implementation.

Giacomo (Jack) Fazio, Non-Executive Director

Mr Fazio is a highly experienced project, construction and contract/commercial management professional having held senior project management roles with Primero Group Limited, Laing O'Rourke and Forge Group Ltd and is currently a Non-executive Director of ASX listed Volt Resources Ltd. His experience ranges from feasibility studies through to engineering, procurement, construction, and commissioning of diverse mining resources, infrastructure, oil & gas and energy projects.

Yves Ocello, Non-Executive Director

Mr Ocello is a 45-year veteran of the bauxite and alumina industry having been COO of Pechiney's Bauxite and Alumina Division and Director of Technical Projects at Alcan and Rio Tinto Alcan. He has held board positions at a number of significant companies, including Compagnie de Bauxite de Guinee, ("CBG"), a conglomerate bauxite project and Guinea's largest bauxite producer for the past 30 years, Alufer Mining, the first junior miner to construct and commence bauxite operations in Guinea, and Aluminium of Greece, one of Europe's largest alumina refinery and aluminium smelting complexes.

Further, Mr. Ocello's knowledge and expertise is well recognised within China's bauxite and alumina industry and he is an Honorary Director of the Chinese Academy of Sciences in Beijing.

Mr. Ocelllo has many years of practical, hands-on experience across the aluminium value chain from understanding bauxite resources and their specific chemical and mineralogical composition, through to the intricate technical requirements of alumina refining.

Michael Fry, Company Secretary

Mr Fry has over 30 years' experience in the corporate finance industry and extensive experience in Company Secretarial, Chief Financial Officer and Director roles with ASX listed companies. Michael holds a Bachelor of Commerce and is currently Company Secretary of a number of ASX listed companies.

9. Investment Risks

LIN is exposed to a number of risks including:

- **Geological risk:** the actual characteristics of an ore deposit may differ significantly from initial interpretations.
- **Resource risk:** all resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.
- **Commodity price risk:** the revenues LIN will derive mainly through the sale of rare earths and bauxite products exposing the potential income to metal price risk. The price of bauxite and rare earths fluctuates and is affected by many factors beyond the control of LIN. Such factors include supply and demand fluctuations, technological advancements and macro-economic factors.
- **Exchange Rate risk:** The revenue LIN derives from the sale of metal products exposes the potential income to exchange rate risk. International prices of bauxite and rare earths are denominated in United States dollars, whereas the financial reporting currency of LIN is the Australian dollar, exposing the company to the fluctuations and volatility of the rate of exchange between the USD and the AUD as determined by international markets.
- **Mining risk:** A reduction in mine production would result in reduced revenue.
- **Processing risks:** A reduction in plant throughput would result in reduced revenue. In all processing plants, some metal is lost rather than reporting to the valuable product. If the recovery of metal is less than forecast, then revenue will be reduced.
- **Operational cost risk:** an increase in operating costs will reduce the profitability and free cash generation of the project.
- **Management and labour risk:** an experienced and skilled management team is essential to the successful development and operation of mining projects.

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