

26 November 2021

Ms Barbara Lim
Adviser, Listing Compliance (Perth)
ASX Limited
Level 40, Central Park
152 - 158 St Georges Terrace
PERTH WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Barbara

Lindian Resources Limited - Appendix 5B Query

We refer to your letter dated 23 November 2021 in relation to the Appendix 5B quarterly reports for the period ended 30 September 2021 lodged by Lindian Resources Limited (**LIN** or the **Company**) with ASX on 29 October 2021 (**Appendix 5B Query**) and respond as follows.

Unless otherwise defined below, capitalised terms in this letter have the meaning given to those terms in the Appendix 5B Query.

1 In response to Q1 and Q2, LIN states that “it anticipates the net operating cashflows to remain at the current level for the next quarter” and that “on the 22 October 2021, the Company announced that it had secured a short term facility (“the Facility”) for \$300,000...for a period of 2 months maturing on 21 December 2021”. Given that LIN has reported:

1.1 negative operating cash flows of \$344,000;

1.2 cash at the end of the quarter of \$128,000; and

1.3 that the Facility matures on 21 December 2021,

does LIN consider that it has sufficient cash reserves to repay the Facility and continue operations?

Yes.

On 25 November 2021, LIN announced to ASX that:

- it had received commitments from a number of sophisticated and professional investors and existing shareholders to raise \$1,000,000 in a non-brokered placement through the issue of 33,333,334 fully paid ordinary shares in the capital of LIN (**Shares**) at an issue price of \$0.03 per Share (**Placement**);
- subject to shareholder approval, 10,000,000 of these Shares will be issued to Kabunga Holdings Pty Ltd (**KHPL**), in repayment of the principal outstanding on the Facility (**KHPL Shares**); and
- LIN had reached agreement with KHPL to extend the maturity date of the Facility until the date of shareholder approval for issue of the 10,000,000 Shares to KHPL, which is anticipated to be on 1 February 2022.

Accordingly, LIN is no longer required to repay the principal outstanding on the Facility in cash.



2 Does LIN expect to be able to continue its operations and to meet its business objectives, and if so, on what basis?

Yes.

LIN expects to receive \$700,000 on or about 3 December 2021 in connection with the Placement (excluding the issue of the KHPL Shares). LIN anticipates its net operating cashflows for the quarter ending 31 December 2021 will remain at a similar level to that of the quarter ended 30 September 2021.

Having regard to these matters, combined with the fact that the maturity date for the Facility has been deferred and that the principal outstanding on the Facility is no longer required to be repaid in cash, LIN expects to be able to continue its operations and to meet its business objectives.

3 Does LIN consider that its financial condition is sufficient to warrant continued quotation of its securities and its continued listing on the Official List of ASX. Please explain the basis for your conclusion.

Yes.

As noted in the response to question 2 above, LIN expects to receive \$700,000 on or about 3 December 2021. Following repayment of the Facility, Lindian expects to be debt free and well-funded given its low monthly cash burn rate and modest projected project expenditure.

Accordingly, LIN considers that its financial condition is sufficient to warrant continued quotation of its securities and its continued listing on the Official List of ASX.

4 If the answer to question 3 is 'No' please explain what steps LIN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.

N/A

5 Please confirm that LIN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.

LIN confirms that it is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not been released to market.

6 Please confirm that LIN's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LIN with delegated authority from the board to respond to ASX on disclosure matters.

LIN confirms that its Board has authorised the responses to the questions above.

By order of the Board

Susan Park
Company Secretary



23 November 2021

Reference: 43029

Ms Susan Park
Company Secretary
Lindian Resources Limited

By email

Dear Ms Park

Lindian Resources Limited ('LIN'): Appendix 5B - Query

ASX refers to the following:

A. LIN's Appendix 5B quarterly reports for the period ended 30 September 2021 lodged with ASX Market Announcements Platform on 29 October 2021 (the 'Appendix 5B'), in which LIN has disclosed:

- (i) Receipts from customers of \$0.
- (ii) Negative net operating cash flows for the quarter of \$344,000.
- (iii) Cash at the end of the quarter of \$128,000.
- (iv) Less than 1 estimated quarter of funding available.
- (v) The following responses to the questions in section 8.8 of the Appendix 5B as set out below:
 - a. Q1 – Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
 - b. A1 – *“The Company anticipates the net operating cashflows to remain at the current level for the next quarter”.*
 - c. Q2 – Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
 - d. A2 – *“On the 22 October 2021 the Company announced it had secured a short term facility (“the Facility”) for \$300,000 on an arm’s-length basis from Kabunga Holdings Pty Ltd, a company associated with Chairman Asimwe Kabunga. The unsecured loan is for a period of two months maturing on 21 December 2021 at a rate of 7% per annum (non-compounding) with interest payable at maturity. Given Lindian’s low monthly cash burn rate, the Facility gives the Company the necessary financial flexibility in the coming months to continue advancing its three bauxite projects in Guinea. Interest from third parties including in-country bauxite mining and aluminium companies as well as traders and other off-takers remains encouraging and a range of project development strategies are being pursued”.*
 - e. Q3 – Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
 - f. A3 – *“The Company considers that it will have sufficient capital to continue its operations and meet its objectives”,*

(together, the 'Responses').

Request for Information

ASX does not consider the Responses have adequately addressed the questions posed in section 8.8 of the Appendix 5B form. In view of that, ASX asks LIN to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. In response to Q1 and Q2, LIN states that *“it anticipates the net operating cashflows to remain at the current level for the next quarter”* and that *“on the 22 October 2021, the Company announced that it had secured a short term facility (“the Facility”) for \$300,000 ...for a period of 2 months maturing on 21 December 2021”*. Given that LIN has reported:
 - 1.1 negative operating cash flows of \$344,000;
 - 1.2 cash at the end of the quarter of \$128,000; and
 - 1.3 that the Facility matures on 21 December 2021,does LIN consider that it has sufficient cash reserves to repay the Facility and continue operations?
2. Does LIN expect to be able to continue its operations and to meet its business objectives, and if so, on what basis?
3. Does LIN consider that its financial condition is sufficient to warrant continued quotation of its securities and its continued listing on the Official List of ASX. Please explain the basis for your conclusion.
4. If the answer to question 3 is ‘No’ please explain what steps LIN has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rule 12.2.
5. Please confirm that LIN is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
6. Please confirm that LIN’s responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LIN with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that LIN considers may be relevant to ASX forming an opinion on whether LIN is complying with Listing Rule 12.2 that a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AWST Friday, 26 November 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LIN’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require LIN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LIN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in LIN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to LIN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LIN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Barbara Lim
Adviser, Listings Compliance (Perth)