

ASX Announcement 6 August 2021

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## Equity Placement of A\$30 Million and Termination of the Ngualla Rare Earth Project Royalty

- Peak has received firm commitments to raise A\$30 million (pre transaction costs) through a two-tranche placement priced at A\$0.09 per share
  - Tranche One comprising 226.8 million shares utilising Peak’s current Listing Rule 7.1 15% capacity to raise A\$20.4 million
  - Tranche Two comprising 106.4 million shares to raise a further A\$9.6 million, subject to shareholder approval
- Eligible shareholders will be able to acquire Peak shares at the placement price through a Share Purchase Plan to raise a further \$4 million, subject to shareholder approval
- Proceeds will be used to progress the development of the Ngualla Project and the Teesside Refinery (including offtake and financing arrangements), to expand the Company’s technical and marketing team, and to repay the ANRF Royalty Facility in full
- Repayment of the ANRF Royalty Facility and accrued interest to cost approximately US\$10 million and will result in the termination of a 2% life-of-mine gross revenue royalty and the release of related security arrangements
- Termination of the royalty and related security arrangements enables Peak to fulfil its commitment to transfer the Ngualla Project Special Mining Licence into a newly registered Tanzanian company that will be jointly owned by Peak (84%) and the Tanzanian Government (16%)
- The repayment of the ANRF Royalty Facility also enhances shareholders’ exposure to the Ngualla Rare Earth Project and better positions the project to secure attractive long-term financing
- The ANRF transaction remains subject to shareholder approval and successful completion of the placement

Peak Resources Limited (ASX:PEK) (“**Peak**” or the “**Company**”) is pleased to announce that it has received commitments to raise approximately A\$30 million through a two-tranche structure to institutional, sophisticated and professional investors (“**Placement**”).

The Placement follows the recent announcement that the Cabinet of Ministers (“**Cabinet**”) of the Government of the United Republic of Tanzania (the “**Government**”) has approved the grant of a Special Mining Licence for the Ngualla Rare Earth Project (the “**Ngualla Project**”) to PR NG Minerals Ltd (“**PR NG**”), a 100% owned Tanzanian incorporated subsidiary of Peak (the “**SML Approval**”).

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The net proceeds of the Placement will be used by Peak to progress the development of the Ngualla Project and the Teesside Refinery (including offtake and financing arrangements), expanding the Company's technical and marketing team, and the repayment of the ANRF Royalty Facility.

Commenting on the Placement and the repayment of the ANRF Royalty Facility, the Managing Director of Peak, Bardin Davis, said:

*"We are delighted to be welcoming new Australian and international institutional investors on to our register. The placement will support Peak as it progresses offtake, funding and development milestones for the Ngualla Project and the Teesside Refinery.*

*The repayment of the ANRF Royalty Facility will clear the way for Peak to meet its commitment to transfer the Special Mining Licence into a newly registered company that will be jointly owned by Peak (84%) and the Tanzanian Government (16%).*

*The termination of the life-of-mine royalty further de-risks the financing of the Ngualla Project and provides shareholders with increased exposure to earnings from the project and the potential upside in rare earth prices. A combination of lower project outflows and the removal of security arrangements will also better position the project to secure attractive long-term project and export financing support.*

*Importantly the cost of repaying the financing facility is materially below the anticipated value of the royalty stream over the life of the Ngualla Project and reflects the significant enhancement in the value of the project since July 2015."*

### **Tranche One Placement**

Under Tranche One of the Placement, Peak will issue 226.8 million new fully paid ordinary shares at A\$0.09 per share, raising a total of A\$20.4 million before transaction costs, to institutional, sophisticated and professional investors ("**Tranche One Placement**"). The shares will be issued under Peak's existing placement capacity under ASX Listing Rule 7.1 on or about 12 August 2021.

The Placement price of A\$0.09 per share represents a discount of 18.2% to the last closing price of Peak shares on ASX before the announcement of the placement of A\$0.11 and a 23.5% discount to the 5-day volume-weighted average price (VWAP) up to that date.

### **Tranche Two Placement**

Peak has also received firm commitments for a further 106.4 new fully paid ordinary shares at the same price of A\$0.09 per share to raise an additional A\$9.6 million (before transaction costs) ("**Tranche Two Placement**").

Completion of the Tranche Two Placement is subject to Peak shareholder approval pursuant to Listing Rule 7.1, which approval will be sought at an Extraordinary General Meeting scheduled to be held in late September 2021.

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### **Syndicate and Fees**

Aitken Murray Capital Partners, Canaccord Genuity (Australia) Limited and Fosters Stockbroking have acted as Joint Lead Managers to the Placement (“**JLMs**”) and Ashanti Capital has acted as Co-Manager to the Placement. The syndicate is entitled to a fee of 4% of gross proceeds raised pursuant to the Placement.

### **Share Purchase Plan to raise up to a further A\$4 million**

In addition to the Placement, and to provide the Company’s existing shareholders with the opportunity to increase their investment in the Company at the same price as shares issued under the Placement, the Company will be making an offer to all eligible shareholders to participate in a share purchase plan (“**SPP**”) to raise up to a further A\$4 million.

Due to applicable ASIC requirements, eligible shareholders will be those shareholders who are registered as holders of ordinary fully paid shares in Peak on the record date (expected to be 4.00pm (WST) on 5 August 2021) and did not participate to the maximum amount of A\$30,000 in the SPP announced in October 2020.

The shares offered under the SPP will be priced at the same A\$0.09 per share price as the Placement. Eligible shareholders under the SPP offer may apply for additional shares up to the maximum A\$30,000 limit (less any amount taken up pursuant to the October 2020 SPP).

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet to be dispatched to eligible shareholders.

### **Repayment of the ANRF Royalty Facility**

Peak has entered into a Royalty Repayment and Release Agreement (“**Repayment Agreement**”) with respect to the repayment of a financing facility (“**ANRF Royalty Facility**”) made available by ANRF Royalty Company Limited (“**ANRF**”), a company associated with Peak substantial shareholder Appian Pinnacle Holdco Limited, pursuant to a royalty agreement entered into between the parties in September 2014 (“**Royalty Agreement**”).

The Repayment Agreement includes agreement on the payment of accrued interest on the principal sum outstanding under the ANRF Royalty Facility as at the date of the SML Approval, the removal of security arrangements in connection with the ANRF Royalty Facility, and the termination of the Royalty Agreement and the 2% life-of-mine gross revenue royalty.

The option to enter into the Royalty Agreement, which provides a 2% gross revenue royalty over the life of the Ngualla Project, was granted to ANRF as part of the financing package for the Bankable Feasibility Study (“**BFS**”) for the Ngualla Project announced by the Company in September 2014. In July 2015, ANRF exercised its option and extended a US\$5,191,191 financing package to the Company as part of the funding for the BFS.

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The financing and royalty arrangements were secured by a fixed and floating debenture over the assets and undertakings by PR NG, which currently holds the Ngualla Project licences. The royalty was to be calculated by reference to the price of final refined or separated rare earth products.

Under the Repayment Agreement, at Completion PR NG will make a payment to ANRF of US\$9,987,566, which comprises the repayment of principal of US\$5,191,191 and an accrued interest payment of US\$4,787,566. As part of the Repayment Agreement, the Royalty Agreement and the 2% gross revenue royalty over the life of the Ngualla Project is being terminated and PR NG will be released from the associated security arrangements.

Completion under the Repayment Agreement is at least 5 Business Days after satisfaction of the Conditions. The following are the Conditions to be satisfied on or before 3 months from the date of the Repayment Agreement:

1. the Company's shareholders approving the transaction pursuant to ASX Listing Rule 10.1.
2. the Company raising A\$20 million by way of a capital raising (which will be met on completion of the Placement).

Further information regarding the proposed repayment of the ANRF Royalty Facility, including an independent expert's report opining on the fairness and reasonableness of the proposed transaction, will be provided to shareholders in the shareholder meeting documentation expected to be dispatched to shareholders later this month.

### Indicative timetable for the Placement and SPP Offer:

|   |                              |
|---|------------------------------|
| Record Date for Share Purchase Plan   | Wednesday, 5 August 2021     |
| Announce Placement, Share Purchase Plan and ANFR Repayment Agreement  | Friday, 6 August 2021        |
| Issue of shares under Tranche One of the Placement  | Thursday, 12 August 2021     |
| Despatch of Notice of Shareholder Meeting   | Tuesday, 31 August 2021      |
| Dispatch Share Purchase Plan booklet to shareholders<br>Opening date for the Share Purchase Plan                  | Monday, 6 September 2021     |
| Shareholder Meeting to approve Tranche Two of the Placement; the Share Purchase Plan and ANFR Repayment Agreement | Friday, 24 September 2021    |
| Issue of shares under Tranche Two of the Placement  | Tuesday, 28 September 2021   |
| Closing Date for Share Purchase Plan  | Wednesday, 29 September 2021 |
| Announcement of result of the Share Purchase Plan   | Friday, 1 October 2021       |
| Issue of shares under the Share Purchase Plan   | Tuesday, 5 October 2021      |

\*These dates are indicative only. The Company reserves the right to vary the dates without notice.

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This announcement has been authorised for release by the Company's Board of Directors.

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