



ASX Announcement 16 July 2024

**Lenders Consortium sign a non-binding indicative Term Sheet
supporting US\$176.6m of debt for the Ngualla Project**

- **Continued strong momentum on the Ngualla Project debt funding process with the signing of a non-binding indicative Term Sheet by the Lenders Consortium**
- **Supports a complete debt solution for the Ngualla Project with aggregate debt of US\$176.6m**
- **The non-binding indicative Term Sheet has been signed by the following Lenders Consortium participants**
 - **Industrial Development Corporation of South Africa Limited**
 - **Development Bank of Southern Africa Limited**
 - **CRDB Bank PLC – Tanzania**
 - **NMB Bank PLC – Tanzania**
 - **East African commercial bank**
- **In addition, Export Credit Insurance Corporation of South Africa SOC Limited has confirmed indicative appetite to provide political and commercial risk insurance cover for a South African content-level linked senior debt tranche**
- **Lenders Consortium is set to commence its legal, tax, financial, insurance, technical, social and environmental due diligence (“Due Diligence”) and formal credit approval processes ahead of a target Financial Investment Decision in December 2024**

Peak Rare Earths Limited (ASX: **PEK**) (“**Peak**” or the “**Company**”) is pleased to announce the signing of a non-binding indicative Lenders Consortium Term Sheet (“**Terms Sheet**”) as part of its project financing process for the Ngualla Rare Earth Project (“**Ngualla Project**”). The Term Sheet underpins a complete debt solution for the Ngualla Project with aggregate debt of US\$176.6m. It follows the announcement by Peak of the formation of the Lenders Consortium and indicative debt funding appetite on 29 April 2024.

Following the signing of the Term Sheet, the Lending Consortium is set to commence its Due Diligence and formal credit approval processes in connection with the Ngualla Project. It has been signed by the following Lending Consortium participants:

- Industrial Development Corporation of South Africa Limited (“**IDC**”);
- Development Bank of Southern Africa Limited (“**DBSA**”) – potential participation will specifically be used to fund supporting infrastructure related to the project;
- CRDB Bank PLC – Tanzania (“**CRDB**”);



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- NMB Bank PLC – Tanzania (“NMB”); and
- An East African commercial bank (“East African Bank”).

In addition, Export Credit Insurance Corporation of South Africa SOC Limited (“ECIC”) has confirmed indicative appetite to provide political and commercial risk insurance cover for a South African content-level linked senior debt tranche. Discussions are also continuing with other prospective financiers.

Key aspects of the Term Sheet include:

- A two-tranche, senior secured project finance facility incorporating:
 - a covered tranche supported by political and commercial risk insurance, and
 - an uncovered tranche (consisting of both USD and Tanzanian Shillings);
- Total debt of US\$176.6m;
- Facility tenor of up to nine years including a grace period for construction and ramp up;
- Provision for a cost overrun facility; and
- Market standard debt covenants.

It is noted that the above terms are strictly subject to Due Diligence and formal credit approval processes.

Commenting on the financing process, Bardin Davis, the CEO of Peak, said:

“We are delighted by the strong support from some of Africa’s leading development finance institutions and export credit agencies. It is also particularly pleasing to have strong participation from major Tanzanian and East African focused banks. This marks an important validation of the Ngualla Project and another major milestone as we progress towards a Final Investment Decision”.

In support of a fully funded solution for the Ngualla Project and to minimise the need for Peak to contribute equity funding, a strategic partnering process focused on introducing a project level investor is continuing.

A Cost and Optimisation Study targeting an expansion in production and further reductions in costs and funding requirements is also underway. Revised “bankable” production and cost estimates are expected to be finalised ahead of a targeted Financial Decision in December 2024.



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Financier profiles

A brief overview of the financiers is set out below.

ECIC:

The ECIC is South Africa's official export credit and foreign investment insurance provider. It provides Political Risk Insurance and Commercial Risk Insurance cover for financings to support South African and African content levels being achieved.

IDC:

The IDC is wholly owned by the Government of South Africa and a prominent African Development Financial Institution ("ADFI"). It has a mandate to support industries and enterprises that contribute to job creation, technology advancement and competitiveness. It plays a pivotal role in fostering innovation and entrepreneurship.

DBSA:

The DBSA is wholly owned by the Government of South Africa and is another leading ADFI. The DBSA has a mandate to accelerate sustainable socio-economic development in South Africa, the Southern African Development Community ("SADC") and the wider African community.

CRDB:

CRDB Bank is headquartered in Dar es Salaam, Tanzania, and is a leading financial institution in East Africa. It offers a broad suite of banking solutions and operational capabilities across the personal, corporate, agricultural, and SME sectors. CRDB has a strategic network of branches, ATMs and agents across Tanzania. It also has operations in the Democratic Republic of Congo and Burundi.

NMB:

NMB is a full-service commercial bank incorporated in Tanzania. It provides a suite of financial services and products to retail customers, farmers, SMEs, corporates, institutions and the Government via its Retail, Wholesale, and Treasury business divisions. NMB is one of the largest commercial banks in Tanzania with over 231 branches employing over 3,600 staff and servicing over 7 million customers.

East African Bank:

The bank is Kenyan headquartered and focused on financially empowering and elevating African communities at a grassroots level. It has been involved in several recent mining financing transactions across Africa.



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This announcement is authorised for release by the Company's Executive Chairman and Chief Executive Officer.

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Forward-Looking Statements

This announcement contains forward-looking information and prospective financial material, which is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. Such forward-looking statements are expectations or beliefs of the Company based on information currently available to it. All references in this announcement, to potential financing arrangements should be read subject to this cautionary statement.