

ASX Announcement 22 July 2021

Cabinet Approval of Special Mining Licence Application for the Ngualla Rare Earth Project

- A Special Mining Licence application for Peak's Ngualla Rare Earth Project has been approved by the Cabinet of the Tanzanian Government
- Represents a transformational milestone and marks the final major regulatory approval
- Paves the way for financing, offtake and development workstreams, with construction at Ngualla targeted to commence by the end of September 2022
- Elevates Ngualla's status as one of the highest-grade Neodymium and Praseodymium rare earth deposits in the world with a completed bankable feasibility study, low operating costs, an initial 26-year mine life and large high-grade reserves and resources
- Follows Peak's exercise of an option for a 250-year lease over the Teesside Refinery site, which is to be developed to process Ngualla's high-grade rare earth concentrate
- Positions Peak to benefit from strong rare earth market fundamentals including rapid global growth in electric vehicles and renewable energy

Peak Resources Limited (ASX: **PEK**) ("**Peak**" or the "**Company**") is pleased to announce that the Cabinet of Ministers ("**Cabinet**") of the Government of the United Republic of Tanzania (the "**Government**") has approved the Special Mining Licence ("**SML**") application by PR NG Minerals Ltd ("**PR NG**"), a wholly owned Tanzanian incorporated subsidiary of Peak, for the Ngualla Rare Earth Project ("**Ngualla Project**"). Peak is committed to working with the Government to finalise an Economic Framework Agreement, Shareholders' Agreement and other related documentation required as part of a formal grant of the SML by the Minister of Minerals ("**Government Agreements**").

The SML is the milestone regulatory authorisation required to develop the Ngualla Project under the Mining Act of the United Republic of Tanzania ("**Tanzania**").

The SML will provide the exclusive right to conduct mining operations at the Ngualla Project, which covers an area of approximately 18.14km².

In parallel with the negotiation of the Government Agreements, Peak will now progress workstreams relating to funding, offtake and development arrangements for the Ngualla Project, with construction targeted to commence by the end of September 2022.

Peak would like to extend its appreciation and gratitude to the Government for its strong support for the Ngualla Project. In particular, it would like to thank Her Excellency Samia Suluhu Hassan, the President of Tanzania; Cabinet members; Honourable Minister for Minerals; Honourable Deputy Minister for Minerals; Permanent Secretary for Minerals; the Chairman and members of the Mining Commission; Honourable MP for Songwe Province;

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Regional Commissioner for the Songwe Region; District Commissioners of the Songwe District; and all other officials involved in assisting Peak to reach this transformational milestone.

The Ngualla Project is one of the largest, highest grade and lowest cost Neodymium and Praseodymium (“NdPr”) rare earth projects in the world. It is located approximately 147km from the city of Mbeya in southern Tanzania and on the edge of the East African Rift Valley. It has large and high-grade Ore Reserves (18.5Mt grading at 4.8% Rare Earth Oxide (“REO”) for 887kt REO) and Mineral Resources (214.4Mt grading 2.15% REO for 4.61Mt REO)¹.

The Ngualla Project entails the construction of a mine, mill, concentrator, community projects and associated infrastructure. Construction of the project is expected to cost approximately US\$200 million and create around 600 direct jobs during construction and around 220 direct jobs during operations. As part of Peak’s integrated strategy, the project will produce a rare earth concentrate grading 45% REO, which will be shipped to its planned rare earths refinery in the Tees Valley, United Kingdom, which will produce NdPr Oxide and other separated rare earth products.

NdPr is the key element in high-strength permanent magnets, which are used in the production of electric vehicles and wind turbines. The demand outlook for NdPr is strong and closely aligned to global trends around decarbonisation, the electrification of transport and renewable energy generation.

China currently produces around 90% of the world’s NdPr Oxide, and the Ngualla Project will position Tanzania as one of the major rare earth suppliers outside of China.

The Hon. Dotto Biteko (MP), Minister for Minerals of the United Republic of Tanzania, said:

“The Government is pleased to announce the approval of a Special Mining Licence application to develop the Ngualla Rare Earth Project and its partnership with Peak Resources. This project represents an exciting opportunity for Tanzania to play an important global role in the supply of strategically important rare earth elements.”

We look forward to seeing the many benefits of the project being delivered to the people of Tanzania through employment, investment in social and regional infrastructure, as well as additional revenue from dividends, taxes, royalties and duties.”

Tony Pearson, Non-Executive Chair of Peak, commented:

“The approval of the SML application is a critical milestone in the development of the Ngualla Project, resulting from strong collaboration with the Government of the United Republic of Tanzania and all other stakeholders over a period of several years.”

We look forward to continuing our close collaboration with the Government, working with local communities, and cooperating with relevant authorities to finalise an Economic Framework Agreement that will support the successful financing of the project and the delivery of multi-generational benefits and opportunities for the people of Tanzania.”

¹ The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

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Bardin Davis, Managing Director of Peak, further commented:

“This is a landmark moment for Peak and will position Ngualla among the most advanced rare earth development projects that is fully permitted, has a JORC Compliant Ore Reserve, licence to mine, completed Bankable Feasibility Study and a fully piloted process from ore to separated oxides.

With Ngualla being one of the highest-grade Neodymium and Praseodymium deposits in the world, Peak is ideally placed to benefit from the growing global focus on electric vehicles and decarbonisation technologies, as well as international initiatives to diversify the supply of rare earths.

This is a very exciting time for Peak as we progress Ngualla towards development and construction.”

Tanzanian SML

Cabinet has approved the SML application by PR NG, a 100% owned Tanzanian incorporated subsidiary of Peak, for the Ngualla Rare Earth Project. The SML will provide an exclusive right to conduct mining operations and cover an area of approximately 18.14km².

An SML is the form of mining licence granted in Tanzania for large-scale mining operations entailing a capital investment of at least US\$100 million. It provides exclusive right to the holder to conduct mining operations in the mining area for the minerals specified in the SML for its term and is renewable on application at any time not less than one year prior to expiry.

The SML approval process requires in-depth technical due diligence undertaken by the Tanzanian Ministry of Minerals Technical Committee, approval by Cabinet and formal execution grant by the Minister for Minerals.



Figure 1: Location of the Ngualla Project in Tanzania.

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Joint Venture with the Government

Subject to the formal grant of the SML by the Minister of Minerals, PR NG has provided a commitment to the Government to work jointly to establish a Tanzanian registered company (“**Newco**”), to which PR NG will transfer the SML and to seek any requisite consents. Newco is to be owned 84% by Peak (via a wholly owned entity) and 16% by the Government. As required under Tanzanian law, the Government’s ownership is to be in the form of non-dilutable free carried interest shares in the capital of Newco.

Next steps include finalising a Shareholders’ Agreement and constitution relating to Newco and negotiating an Economic Framework Agreement (“**EFA**”) with the Government. The EFA is expected to set out the fiscal framework for the project and provide economic and legal benefits. It will be negotiated with the Government in the coming months. Peak’s other Prospecting Licences over the Mikuwo and Mlingi tenements will continue to be owned 100% by PR NG.

Differentiated rare earth exposure

The grant of the SML will further enhance the unique positioning of Peak, with key points of differentiation including²:

- **World-class high-grade deposit** – high-grade weathered bastnaesite, with low levels of radionuclides and acid consuming elements;
- **Ore Reserves** – 18.5Mt grading at 4.8% REO for 887kt REO;
- **Mineral Resources** – 214.4Mt grading 2.15% REO for 4.61Mt REO;
- **Life-of-mine** – initially 26 years (based on current Ore Reserves);
- **Low-strip ratio** – 1.77;
- **High grade concentrate** – 45% REO;
- **Scale of production** – 9.3ktpa REO (including 2.8ktpa of NdPr Oxide);
- **Low operating costs** – US\$32.24/kg NdPr (prior to by-product credits);
- **Low capital expenditure costs** – US\$5.00/kg NdPr Oxide (over initial life-of-mine);
- **Bankable Feasibility Study (“BFS”)** – completed in early 2017; and
- **Pilot plant** – flow sheet tested via a full-scale pilot plant from ore to concentrate to final refined oxide products.

Strategic focus

Following Cabinet approval of the SML application, Peak will continue to focus on progressing the Ngualla Project towards funding and development. Near-term milestones include:

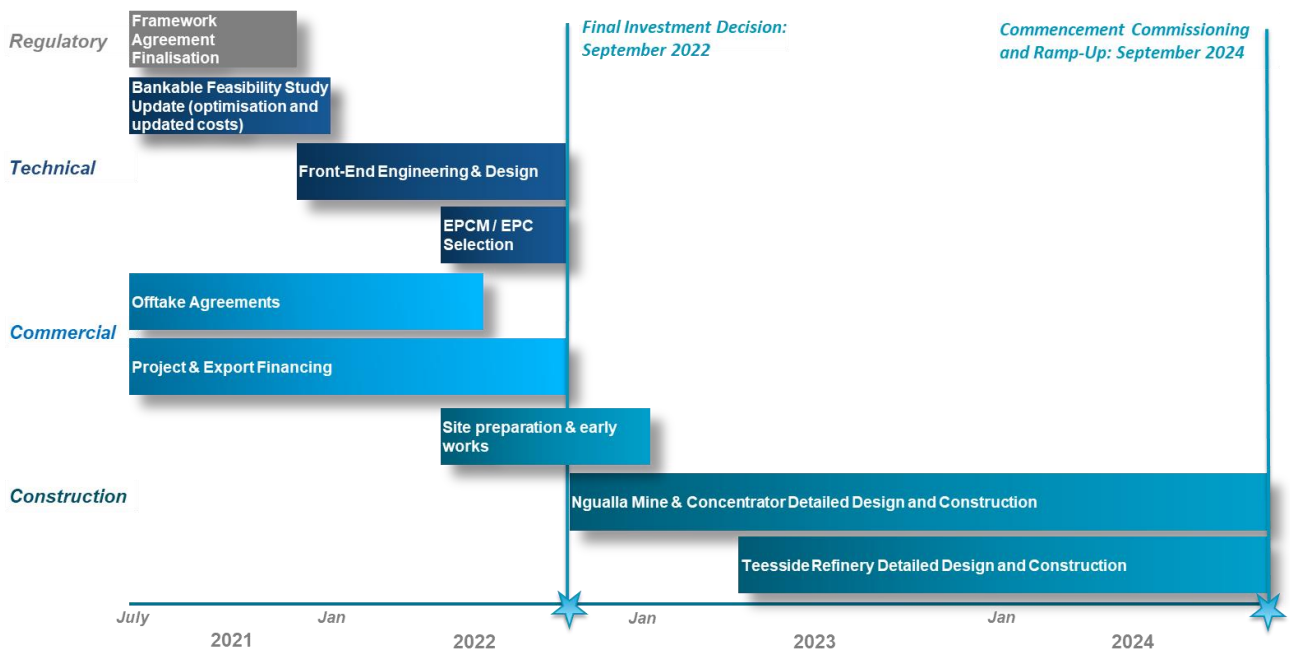
- Creating Newco and negotiating a Shareholders’ Agreement and an EFA with the Government;

² The Bankable Feasibility Study is reported in the Company’s ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017. The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

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- Updating the BFS to reflect any movement in operating and capital costs and additional optimisation and process improvement opportunities (since its finalisation in April 2017);
- Commencing Front-End Engineering & Design (“FEED”) activities;
- Awarding Engineering Procurement and Construction (“EPC”), Engineering Procurement and Construction Management (“EPCM”) and other construction and development contract(s); and
- Negotiating agreements with offtakers, strategic partners, export credit agencies and financiers on project financing.

Peak is targeting to complete these milestones and be in a position to make a final investment decision on the commencement of construction by the end of September 2022. Construction and commissioning of the Ngualla Project is anticipated to take approximately two years. An indicative timeline is set out below.



This announcement is authorised for release by the Company’s Board of Directors.

Bardin Davis
Managing Director

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About Peak Resources

Peak Resources Limited (“**Peak**”) is an ASX listed company, which holds a 100% interest in the prospecting (exploration) rights, via its wholly owned Tanzanian incorporated entity PR NG Minerals Limited (“**PR NG**”), to the Ngualla Rare Earths Project in Tanzania (the “**Ngualla Project**”). The Cabinet of Ministers (“**Cabinet**”) of the Government of the United Republic of Tanzania (the “**Government**”) has approved a Special Mining Licence (“**SML**”) application for the Ngualla Project by PR NG. In conjunction with Cabinet approval of the SML application, PR NG has provided a commitment to the Government, to transfer the SML to a new Tanzanian company to be owned 84% by Peak and 16% by the Government (in the form of free carried shares).

Rare earths mineralisation was first discovered at Ngualla in 2010. Peak completed a Bankable Feasibility Study (“**BFS**”) in April 2017 in partnership with leading international consultants led by Amec Foster Wheeler (now part of the Wood Group). The BFS was backed by extensive pilot plant test work, detailed engineering design and cost studies and a high confidence Mineral Resources estimate. It covered a mine and a multi-stage processing plant on-site at Ngualla and a rare earths refinery in the Tees Valley.

Following the BFS, Peak completed an internal optimisation study in August 2017, which increased design capacity through the processing facilities by approximately 16%.

About the Ngualla Project

The Ngualla Rare Earth Project is one of the largest, highest grade and lowest cost Neodymium and Praseodymium (“**NdPr**”) rare earth projects in the world.

It is centred on the Ngualla Carbonatite in southern Tanzania, 147 km from the city of Mbeya on the edge of the East African Rift Valley.

The weathered Bastnaesite Zone that is the target for development occurs as a thick blanket of high-grade rare earth mineralisation from surface on Ngualla Hill. Rare earths are contained within the mineral bastnaesite within a weathered host rock that contains very low levels of phosphate, acid-consuming carbonate minerals, uranium and thorium. This makes it easy to mine by low strip ratio open pit techniques and produce a high-grade processed concentrate through a multi-stage processing plant located on-site. The low levels of acid consuming carbonate minerals also support lower reagent consumption levels (and associated costs) as part of the refining and separation process. The ore is also amenable to an alkali roast process which avoids the environmental impacts and costs associated with an acid baking process.

The JORC (2012) compliant Mineral Resource estimated for the Ngualla Project above a 1% REO cut-off is 214.4 million tonnes at 2.15% REO, for 4.61 million tonnes of contained REO. Included in this Mineral Resource is the Weathered Bastnaesite Zone Mineral Resource, of which the Measured and Indicated portions form the basis of the JORC (2012) compliant Ore Reserves³.

³ The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

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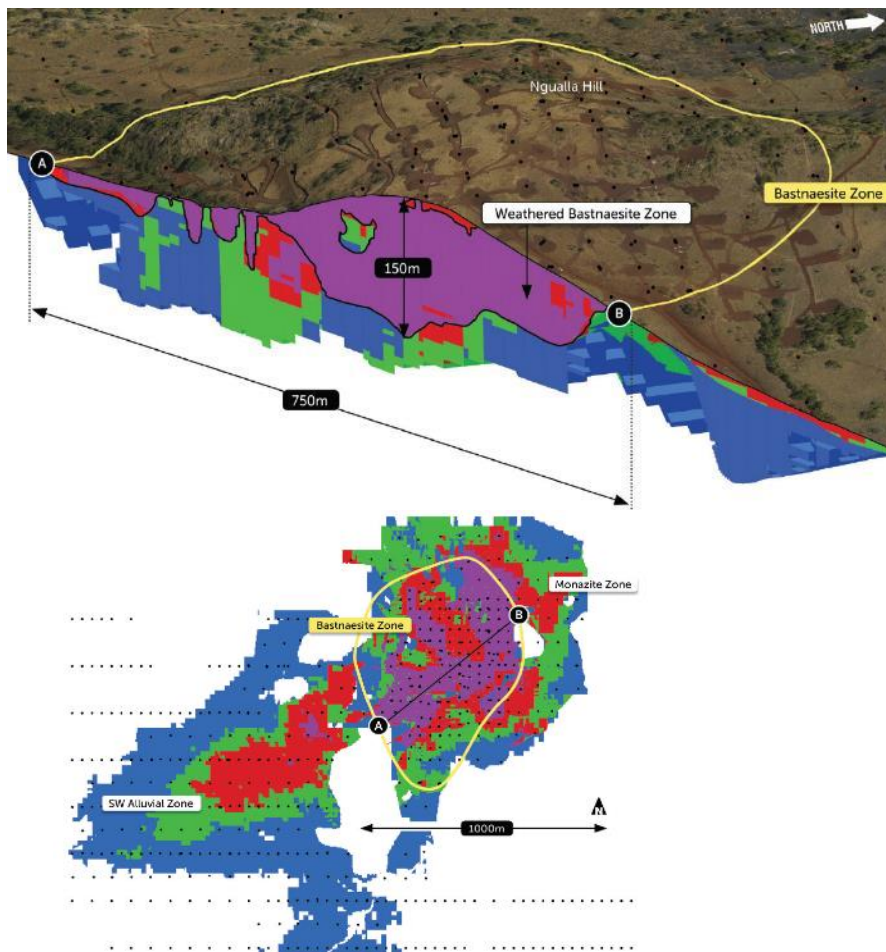


Figure 2: The Ngualla deposit

The 2016 Ngualla Measured, Indicated and Inferred Mineral Resource for the Weathered Bastnaesite Zone is 21.3 million tonnes at 4.75% REO, for 1.01 million tonnes of contained REO at a 1.0% REO cut-off grade⁴. This includes 17.9 million tonnes at 4.88% REO for 870,000 tonnes of contained REO of Measured Mineral Resources at a 3.0% cut-off grade.

The 2017 Ngualla Ore Reserve has been estimated at 18.5 million tonnes at 4.80% REO for 887,000 tonnes of contained REO⁵. The Ore Reserve represents an initial mine life of 26 years or 22% of the total Mineral Resource, which could be mined for over 100 years.

The 2017 BFS is based on exporting approximately 32,700 tonnes per annum of rare earth concentrate grading 45% REO from Tanzania to its proposed rare earths refinery in the Tees Valley⁶.

Ngualla is also host to widespread, high grade niobium-tantalum, phosphate, fluorspar and barite mineralisation. These additional commodities are at an early stage of evaluation and represent potential upside opportunities for additional products from the project.

⁴ The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company's ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

⁵ The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company's ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

⁶ The Bankable Feasibility Study is reported in the Company's ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017.

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Tanzania is politically stable and has a well-established mining culture, being the fourth largest gold producer in Africa. Existing transport infrastructure, which will be upgraded as part of the Ngualla Project, together with a low tonnage, high value product will enable cost effective transport from Ngualla to the deep-water port in Dar es Salaam.



Figure 3: Ngualla plant 3D layout comprising of (1.) SAG & ball milling, (2.) Barite pre-float circuit, (3.) Rare earth flotation circuits, (4.) Re grind circuit and (5.) Concentrate & tailings de-watering

JORC Compliance Ore Reserve, Ore Resource and Bankable Feasibility Study

This announcement references the Ngualla Project Ore Reserves, Ore Resources, the Bankable Feasibility Study (“BFS”) and its outputs.

The technical information and Competent Persons statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

The BFS is reported in the Company’s ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017.

The ASX announcements are available to view on the Company’s website and the ASX Announcements platform.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

The Framework Agreement to be negotiated with the Government of the United Republic of Tanzania may require an update to the BFS.

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Forward Looking Statements

This announcement contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the commodity prices, the timely receipt of required approvals, the accuracy of capital and operating cost estimates, the completion of studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Readers should not place undue reliance on forward-looking information. Neither the Company nor its directors undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.