



ASX Announcement 18 April 2023

Signing of Framework Agreement for the Ngualla Rare Earth Project

- **Binding Framework Agreement for the Ngualla Rare Earth Project has been executed with the Government of Tanzania in the presence of the Tanzanian President**
- **Supports attractive economic returns and strong alignment of interests with the Government of Tanzania**
- **Framework Agreement facilitates Peak's staged development approach and the initial development of Ngualla as a standalone concentrate operation, which**
 - **Enables Peak to capitalise on growing global appetite for high-grade rare earth concentrate**
 - **Lowers upfront capital and funding requirements as well as technical and commissioning risks**
- **Follows the recently completed Bankable Feasibility Update and the signing of a strategic and offtake MOU with major shareholder Shenghe**
- **Further elevates Ngualla as one of the world's highest-grade and most advanced undeveloped rare earth projects with a fully piloted flow sheet, JORC compliant Ore Reserves, an initial 24-year life-of-mine, and substantial exploration and development upside**
- **An independent feasibility assessment of a Tanzanian MREC refinery and other downstream opportunities to be jointly commissioned with the Government of Tanzania**
- **Targeting a Final Investment Decision by the end of September 2023**

Peak Rare Earths Limited (ASX: **PEK**) ("**Peak**" or the "**Company**") is pleased to announce that on Monday 17 April 2023 a binding Framework Agreement was signed with the Government of the United Republic of Tanzania ("**Government of Tanzania**") with respect to the Ngualla Rare Earth Project ("**Ngualla Project**").

The Framework Agreement sets out the basis of the Government of Tanzania's agreement for the licencing, development, economic benefit sharing and the formation of a joint venture between Peak and the Government of Tanzania with respect to the development and operation of the Ngualla Project.

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The signing of the Framework Agreement follows the recent joint establishment of the following companies by Peak and the Government of Tanzania:

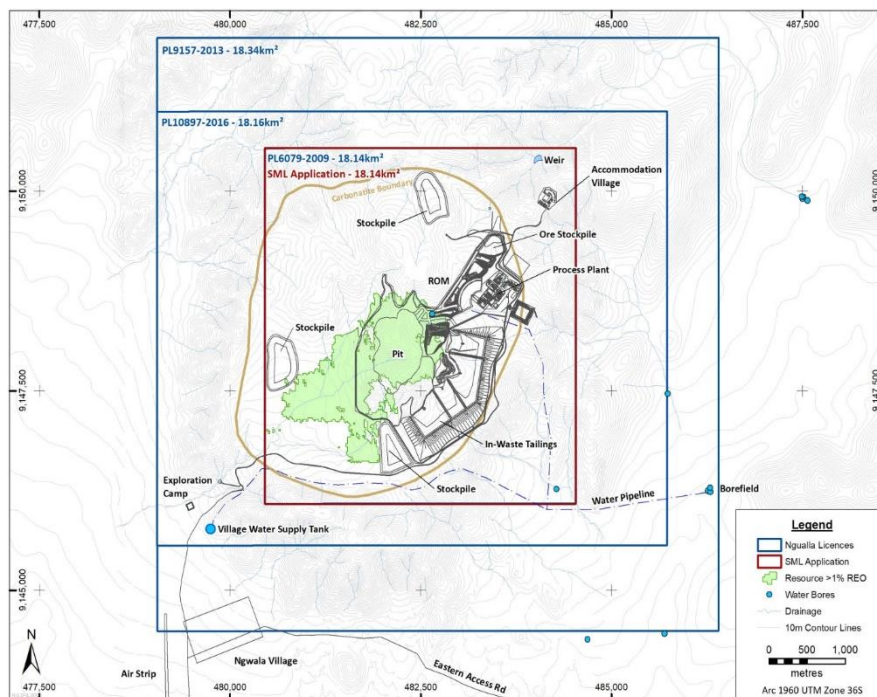
- Mamba Minerals Corporation Limited (“**MML**”) – that will own and operate the Ngualla Project; and
- Mamba Refinery Corporation Limited (“**MRL**”) – that will own and operate any future Tanzanian refining and downstream operations.

Both entities are owned 84% by Peak (via a 100% owned UK subsidiary, Ngualla Group UK Limited) and 16% by the Government of Tanzania (via the Treasury Registrar).

Peak and the Government of Tanzania have also agreed a series of other documents contemplated by the Framework Agreement relating to the formation and management of MML and MRL, including Memorandum and Articles of Association and a Shareholders Agreement.

The Cabinet of Ministers (“**Cabinet**”) of the Government of Tanzania approved a Special Mining Licence (“**SML**”) application for the Ngualla Project in July 2021. Under the Framework Agreement, the Ngualla Project SML will include the amalgamation of the original SML application area, a Prospecting Licence (PL 10897/2016) and a recently expired Prospecting Licence (PL 9157/2013). It is expected that the SML will be formally granted to MML shortly.

Ngualla Project – Special Mining Licence area





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Peak would like to extend its appreciation and gratitude to the Government of Tanzania for its strong support for the Ngualla Project. In particular, the Company 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 Chair and members of the Special Presidential Government Negotiation Team; the Chair and members of the Mining Commission; Honourable MP for Songwe Province; 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 Hon. Dr Dotto Biteko (MP), Minister for Minerals of the United Republic of Tanzania said:

“The signing of the Ngualla Rare Earth Framework Agreement marks a major milestone for the Government of Tanzania and Peak Rare Earths.

The project will position Tanzania as a major player in the international rare earths sector and enable us to play an important role in supporting global decarbonisation initiatives.

It will also support the delivery of employment, investment in social and regional infrastructure as well as a substantial source of revenue for the government in the form of dividends, royalties and taxes.”

Russell Scrimshaw, Executive Chair of Peak, commented:

“We are delighted to be partnering with the Government of Tanzania in the development of the world-class Ngualla Rare Earth Project.

Development of the Ngualla Project will deliver direct foreign investment of more than US\$320 million into the Tanzanian economy, generate hundreds of direct and thousands of indirect jobs for Tanzanians and position Tanzania as one of the major rare earth producers outside of China. It represents an opportunity to deliver multi-generational opportunities to the people of Tanzania.”

Bardin Davis, Chief Executive Officer of Peak, further commented:

“The Framework Agreement lays the foundations for robust returns for Peak shareholders, long-term and sustainable benefits for the community and a substantial source of future revenue for the Government of Tanzania.

It further elevates Ngualla’s position as the premier undeveloped rare earth project in the world with high-grade Ore Reserves, low levels of radionuclides, a fully piloted flowsheet, and a completed Updated Bankable Feasibility Study.



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We are now well positioned to progress completion of early works, offtake and financing workstreams ahead of the targeted commencement of construction in October 2023."

Ngualla Rare Earth Project

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.

As part of a staged development strategy, the Ngualla Project will initially be developed to produce a high-grade concentrate for export to third-party refiners. In support of this approach, Peak has recently signed a non-binding strategic and concentrate offtake Memorandum of Understanding ("**MOU**") with its largest shareholder, Shenghe Resources (Singapore) Pte Ltd ("**Shenghe**")².

A Bankable Feasibility Study Update ("**BFS Update**") covering the development of the Ngualla Project as a standalone concentrate project was completed in October 2022. It supports a technically robust project with highly attractive economics and shareholder returns.

The Ngualla Project entails the development of a mine, mill, beneficiation facilities, concentrator, community projects and associated infrastructure. It will create around 600 direct jobs and 3,000 indirect jobs during construction as well as around 220 direct and 1,000 indirect jobs during operations.

The Ngualla Project will deliver the Government of Tanzania a substantial source of revenue in the form of corporate taxes, indirect taxes, royalties, and dividends arising from its 16% non-dilutable free carried interest.

NdPr accounts for over 92% of the projected basket value of the Ngualla Project's high-grade concentrate. This 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.

In support of a staged integration and refining strategy, Peak will commission an independent study into the feasibility of a Tanzanian refinery and further downstream

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, 12 April 2017 and 24 October 2022.

² See ASX Announcement - Peak and Shenghe Resources Sign Offtake and Strategic Co-operation MOU, dated 19 October 2022.



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processing in partnership with the Government of Tanzania. This study will assess the technical, economic and environmental feasibility of a Tanzanian refinery as well as the potential to produce intermediate products such as a mixed rare earth carbonate (“MREC”).

Investment Highlights

The finalisation of the Framework Agreement further elevates the world-class status of the for the Ngualla Project. Key investment highlights include the following:

- **Compelling rare earths outlook:** demand for rare earths continues to accelerate due to rapid growth in electric vehicles and wind turbines;
- **World-class asset:** Ngualla is one of the largest and highest grade undeveloped rare earth deposits in the world, with significant exploration and development upside;
- **Attractive mining jurisdiction:** Tanzania is an established and rapidly growing mining jurisdiction with rising foreign investment and prioritisation of new mining projects;
- **De-risked sequenced development strategy:** Peak’s sequenced development approach reduces upfront capital and funding requirements as well as technical and execution risk;
- **Supportive strategic and offtake partner:** a strategic and offtake MOU with Shenghe that enables Peak to replicate Shenghe’s successful co-operation with NYSE-listed rare earth producer MP Materials; and
- **Strong ESG credentials:** the Ngualla Project is underpinned by a commitment to ESG best practices and a strong track-record of supporting the local community.

Framework Agreement

The Framework Agreement, which is the basis of the Government of Tanzania’s agreement for the licencing, development, economic benefit sharing and the formation of a joint venture between Peak and the Government of Tanzania with respect to the development and operation of the Ngualla Project, sets out the fiscal framework for the project and provides for the economic and legal benefits provided to each of the parties, and has been negotiated to record the parties’ agreement as to:

- the rights and obligations of the parties in relation to the Ngualla Project;
- the term, development and conduct of mining and beneficiation operations on the site of the Ngualla Project;



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- the fiscal assumptions underlying how economic benefits will be shared between the parties;
- the manner in which the joint venture entities MML and MRL will be owned, controlled, managed and financed, and
- the manner in which the key principles of the Framework Agreement will be implemented.

The parties to the Framework Agreement are the Government of Tanzania (represented by the Minister for Minerals), Peak Rare Earths Limited, and Peak subsidiaries, PR NG Minerals Limited, and Ngualla Group UK Limited

The key terms of the Framework Agreement include:

Term of SML:

The initial term of the SML is for the shorter of 33 years and the life of the mine, with the ability to extend on application in accordance with the law at the time. The SML will be held by MML, of which the Government of Tanzania holds 16% ownership by virtue of its free-carried interest.

Right to export rare earth concentrate:

Peak is granted the right to export and sell high-grade rare earth concentrate from the Ngualla Project to third parties on terms and conditions approved by the Tanzanian Mining Commission. Such right enables Peak to commence the development of Ngualla Project as a standalone concentrate operation, allowing Peak to capitalise on the growing demand globally for high-grade bastnaesite concentrate.

In country refining:

The Framework Agreement allows for Peak's staged development approach as well as the Government of Tanzania's policy of maximising in-country processing and value addition where feasible.

Under the Framework Agreement, a Beneficiation and Refinery Development Plan ("**BRDP**") will be submitted within the next three months to the Tanzanian Mining Commission for its review and approval.

The BRDP will be updated following the finalisation of an Independent Refinery Feasibility Study ("**IRFS**"), which shall be jointly overseen by Peak and the Government of Tanzania. The IRFS will assess the technical, economic and environmental feasibility of a rare earth refinery and further downstream processing opportunities in Tanzania.



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Any future Tanzanian refining and downstream interests will be held under MRL, of which the Government of Tanzania holds a 16% free carried interest.

Economic benefits sharing:

Economic benefits derived from the Ngualla Project by the parties will be subject to the "Economic Benefits Sharing Principle" as follows:

- the Government of Tanzania will have the share of economic benefits under Tanzanian Law through the payment of royalties and taxes and its 16% free carried interest; and
- Peak will have the share of economic benefits received through the payment of its 84% share of dividends and its proportion of returns of capital to Class A shareholders.

The Framework Agreement provides that if circumstances exist after the date of the Framework Agreement that may impact the application of the agreement, the sharing of economic benefits will be reviewed in accordance with the principle of "economic equilibrium" as provided in section 100E of the Mining Act, Cap 123 to restore the "Economic Benefits Sharing Principle".

Fiscal assumptions:

The fiscal assumptions underlying the "Economic Benefits Sharing Principle" include:

- any taxes, royalties, duties, fees, levies, tax liabilities imposed and payable by MML and MRL in accordance with applicable laws; and
- the Government has a 16% interest in any equity contribution by the Class A Shareholders, whether by way of subscription for shares or certain shareholder loans.

The Framework Agreement also includes other customary terms governing the relationship between the parties in the pursuit of the development and operation of the Ngualla Project.

Shareholders Agreement and Memorandum and Articles of Association

The Shareholders Agreement governs the parties' agreement in respect of, among other things, (i) maintaining the Government of Tanzania's 16% non-dilutable free carried interest throughout the life of the project, (ii) the parties rights to dividends and distributions, (iii) transfer restrictions and rights of pre-emption, (iv) board composition and decision-making, (v) the appointment of management of MML and MRL, and (vi) the funding of MML and MRL. Other customary provisions in the Memorandum and Articles of Association and the Shareholders Agreement also apply to the parties' joint venture relationship and the governance of MML and MRL with respect to the development and operation of the Ngualla Project.



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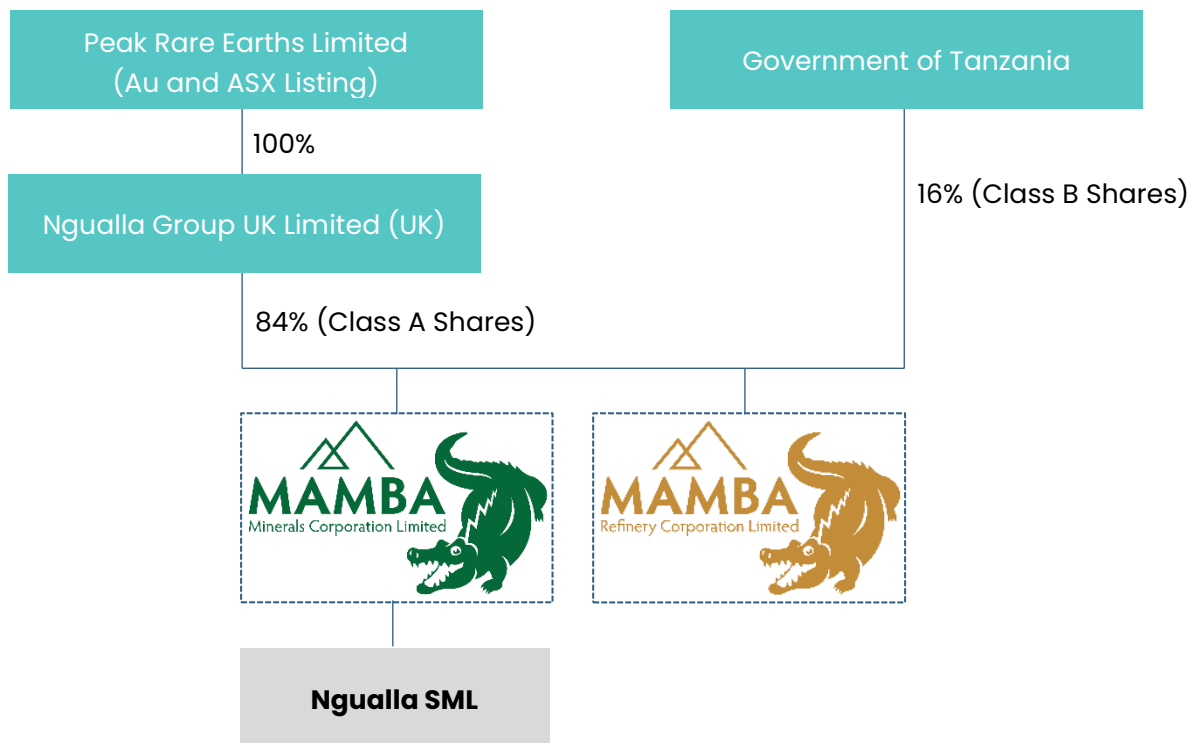
The Memorandum and Articles of Association provides for MML and MRL to initially have a total of five directors, three to be appointed by Peak and two to be appointed by the Government of Tanzania.

The Shareholders Agreement provides that the chairman of the board of directors of MML and MRL shall be recommended by Peak, which must be approved by the Government of Tanzania.

Corporate structure

Peak’s interests in MML and MRL are held via Ngualla Group UK Limited. As required under Tanzanian law, the Government’s 16% ownership is in the form of non-dilutable free carried interest shares in the capital of MML and MRL.

PR NG Minerals Limited, which previously held Peak’s interests in the Ngualla Project, will be retained for the purpose of potentially pursuing other mining opportunities in the future.





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Indicative Timeline

Peak is now well positioned to increase its focus on completing key technical and commercial workstreams ahead of a targeted final investment decision by the end of September 2023 and the commencement of construction in October 2023. An indicative timeline is set out below.

Task	Date/Month
Commencement of EPCM tender	May 2023
FEED commencement	Jun 2023
EPCM tendering complete	Jul 2023
Commencement of enabling works and bulk earthworks	Jul 2023
FEED completion	Sept 2023
Financial Investment Decision	30 Sep 2023
EPCM award and transition to full scope of work	Oct 2023
Construction commences	Oct 2023
Commissioning commences	Apr 2025
Ramp-up commences	Aug 2025
First shipment of concentrate	Sep 2025

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

Bardin Davis

Chief Executive Officer

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Compliance Statement

This announcement references the BFS Update reported in the Company's ASX announcement dated 24 October 2022. 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, 12 April 2017 and 24 October 2022.

The Company confirms that at this time it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

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

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.