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ASX Market Announcements
Via e-lodgment

RDG EXECUTES ASSET SALE AGREEMENT TO ACQUIRE A 100% INTEREST IN THE BALLINE GARNET PROJECT

Further to an announcement on 10 December 2020, Resource Development Group Ltd (ASX: RDG) ("RDG" or "Company") is delighted to announce that it has executed an Asset Sale Agreement to acquire a 100% interest in the Balline Garnet Project ("Balline" or "the Project"). The transaction has also been completed simultaneously, as all of the material conditions precedent were satisfied.

Although the announcement of 10 December 2020 anticipated the purchase of 100% of the issued capital of Australian Garnet Pty Ltd (AGPL), the transaction was still subject to legal and commercial due diligence of AGPL at that time.

After due consideration, the Company found an asset purchase to be more suitable, and on that basis has established a wholly owned subsidiary, Australian Garnet Resources Pty Ltd, that has now acquired the tenements of the Balline Garnet Project.

The terms of the acquisition were largely the same as previously announced on 10 December and include the following:

- Payment of \$4m to AGPL to enable payments to creditors, bondholders and its principal financier, Nebari Natural Resources Credit Fund, in full satisfaction of a loan provided to AGPL;
- Issue of 355,000,000 shares in RDG, to the vendor (or nominee(s)) to be issued in two tranches as follows:
 - **Tranche 1:** 280,000,000 RDG shares issued at completion; and
 - **Tranche 2:** 75,000,000 RDG shares following FIRB approval of the transaction. Should FIRB not approve the transaction, RDG will settle Tranche 2 by paying the vendor in cash based on a RDG share price equal to a 10% discount to the 30-day volume weighted average price calculated at that time. Tranche 2 will be subject to a voluntary escrow period for a period of 12 months from completion.

The Company is also pleased to advise that Mr. Keith Mayes (Managing Director of AGPL) has agreed to join RDG to lead the development and future operation of the Project, along with other key management.



The Company's major shareholder, Mineral Resources Limited (ASX: MIN) (MRL), has agreed to extend the scope of the existing loan to the Company (refer to ASX announcement 19 March 2020) to include the Balline Project, thus enabling RDG the ability to develop the Project, and take it into production as soon as possible. In that respect, the Project has all of the regulatory approvals in place in order to commence procurement, installation of the process plant and commence early works.

Andrew Ellison, RDG Managing Director said, "We are delighted to own this very exciting garnet project that has the potential to provide a long-term revenue stream and deliver value to our shareholders. As we will now have two projects in progress, the garnet and manganese projects, we will be able to progress further by taking them into production and transition the Company into having a long-term sustainable revenue stream and profitability. We are also extremely grateful for the significant support being provided by our major shareholder, MRL."

This announcement is authorised for market release by the Board of Resource Development Group Ltd.

Michael Kenyon
Company Secretary

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