

# A defining partnership to underpin the Ngualla Project

**Binding offtake agreement and non-binding strategic EPC and funding MOU**

**August 2023**



**ASX: PEK**

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# Peak and Shenghe ... a defining partnership

## Messages from Peak's Executive Chair ...

1. Transformative partnership for Peak, Shenghe and the Ngualla Project
2. Provides Peak with an integrated offtake, development and funding pathway
3. Supported by Shenghe's strong market, technical and financial position
4. Builds on the substantial de-risking already undertaken by Peak's new leadership
5. Lays the foundation for Peak to be positioned as the next major rare earth player



*"Shenghe regards the Ngualla Project as the premier undeveloped rare earth project in the world. We are excited to be partnering with Peak, and its Tanzanian entity Mamba Minerals, in the development of this world-class project through the provision of offtake, technical and funding support."*

**- Mr. Huang Ping, Deputy Executive Chairman of Shenghe Resources Holding Co., Ltd**

# Peak ... positioned to be the next rare earth producer

## A binding offtake agreement with a pathway to an integrated development and funding solution for the Ngualla Project

### De-risking milestones already achieved ...



#### Technical

- Completion of BFS Update<sup>1</sup>
- Commencement of FEED and Early Works



#### Regulatory

- Execution of FWA and grant of Special Mining Licence<sup>2</sup>
- All key approvals and licences in place



#### Leadership

- Strengthening of Board of Directors and management
- Appointment of Mamba Directors

### ...with a binding offtake and strategic non-binding EPC and funding MOU<sup>3</sup>



#### Binding offtake

- Binding offtake solution for 100% of concentrate production
- Robust terms and tenor that underpin funding of project



#### Funding

- Pathway to complete funding solution for Ngualla Project
- Future debt raising and equity dilution to be minimised by Shenghe project-level investment



#### Project execution

- Fixed-price and turnkey EPC execution model
- Further optimisation opportunities with reputable EPC partners

1. See 24 October 2022 ASX announcement. The Company confirms that at this time, other than the change to an EPC approach and resulting financial outcomes which are to be determined, it is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates in the announcement continues to apply and have not materially changed.

2. Special Mining Licence was granted to Mamba Minerals Corporation Ltd, an 84% owned subsidiary of Peak and 16% owned by the Government of Tanzania

3. See ASX announcement 9 August 2023.



# Shenghe offtake agreement ... a binding and complete solution

Peak is uniquely positioned with a binding offtake solution for 100% of its concentrate

## Offtake agreement – key terms ...

<b>Products</b>	<ul style="list-style-type: none"><li>• 100% of concentrate production</li><li>• 50% of MREC and separated oxide production</li></ul>
<b>Take-or-Pay</b>	<ul style="list-style-type: none"><li>• Shenghe<sup>1</sup> obligated to pay for and take delivery</li></ul>
<b>Pricing</b>	<ul style="list-style-type: none"><li>• Market-based pricing formula<sup>2</sup></li><li>• Reflects value of contained rare earth elements after deductions</li></ul>
<b>Term</b>	<ul style="list-style-type: none"><li>• Initial 7-year term</li><li>• May be extended by mutual agreement</li></ul>
<b>Conditions include</b>	<ul style="list-style-type: none"><li>• Approvals from Peak shareholders, Mamba board, Shenghe<sup>1</sup> board and/or shareholders and Tanzanian Mining Commission</li></ul>
<b>Termination</b>	<ul style="list-style-type: none"><li>• Right to terminate where financial close on project funding not been achieved within 6 months of the FEED</li></ul>

## ... and points of strengths

- ✓ **Complete concentrate offtake solution**
- ✓ **Preserves optionality to move further downstream into an MREC<sup>3</sup> or refined oxide**
- ✓ **Strategically important project and source of offtake for Shenghe**
- ✓ **Shenghe is well capitalised and the largest importer of rare earth concentrate into China**
- ✓ **Supported by a non-binding EPC and funding MOU**
- ✓ **Termination right creates a strong incentive for Shenghe to deliver a timely and attractive funding solution**

1. The binding offtake signed has been signed with Shenghe Resources (Singapore) Pte Ltd, a wholly owned subsidiary of the listed entity Shenghe Resources Holding Co., Ltd. Approval is required from the board of the listed parent entity Shenghe Resources Holding Co., Ltd  
2. The prices for contained rare earth elements are sourced from Asian Metals (Asianmetal.com)  
3. Mixed Rare Earth Carbonate ("MREC")

# Ngualla concentrate ... a highly desirable product

## Binding offtake agreement with Shenghe delivers attractive payabilities across rare earth pricing cycle

### Ngualla bastnaesite concentrate .... key features

#### Mineralogy

- Bastnaesite mineralogy – optimum mineralogy for existing refining capacity within China
- Avoids higher processing charges associated with monazite based products

#### NdPr %

- LOM NdPr % of 22.3%<sup>1</sup> – one of the highest on the market
- NdPr % of 22.6%<sup>1</sup> across first six years of production
- Over 92%<sup>2</sup> of revenue associated with contained NdPr

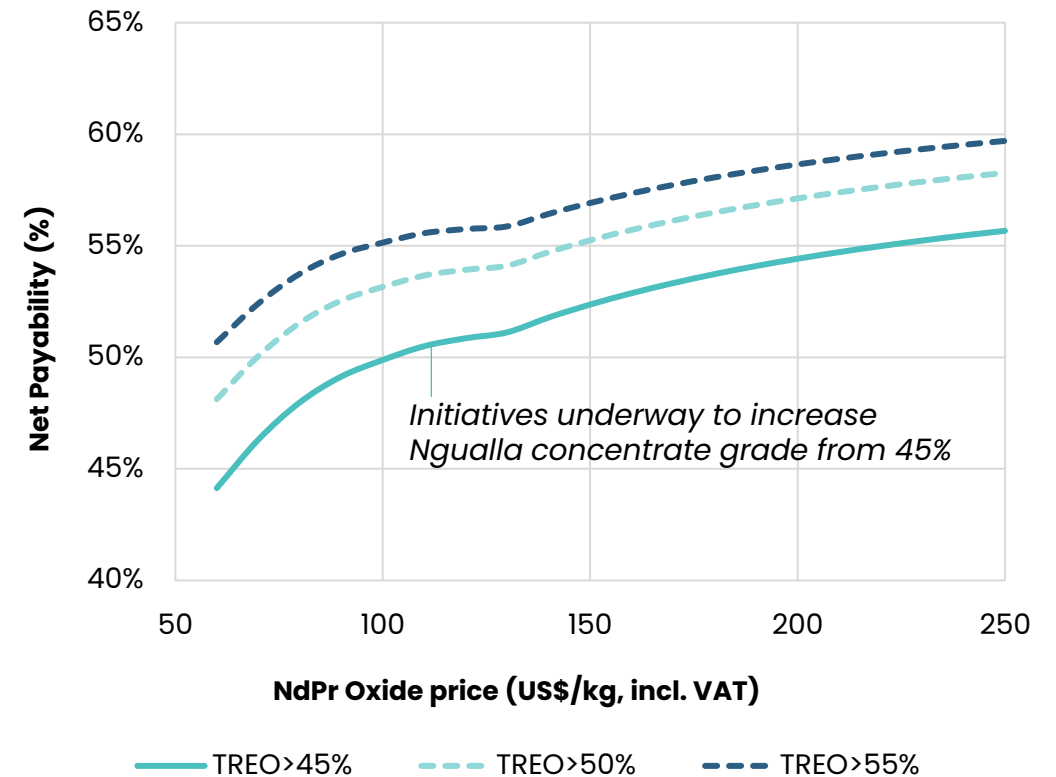
#### Grade

- Currently targeting a product grade of at least 45.0% TREO – similar to other concentrate products on market
- Evaluation of several flowsheet initiatives underway<sup>4</sup> that could materially increase product grade

#### Deleterious elements

- Minimal radionuclides (U / Th) – avoids significant waste management charges from refiner
- Low levels of acid consuming minerals such as calcite and dolomite – reduces processing costs

**Net payability of Ngualla concentrate<sup>3</sup>**  
(at different concentrate grades)



1. Based on BFS Update for the Ngualla Project completed on 24 October 2022.

2. Based on current spot prices including an NdPr Oxide price of US\$65/kg, an LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33/kg

3. Based on a LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33.43/kg. Assumes Ngualla concentrate specifications of 22.3% NdPr, 44.2% Ce, 30.1% La and 2.9% SEG Heavy (LOM averages). Payabilities are inclusive of a VAT deduction (e.g., based on a final price payable to Peak)

4. See June 2023 Quarterly Activities Report completed on 31 July 2023

# Strategic non-binding MOU ... an integrated offtake, development and funding pathway

Supports further optimisation, a fixed price solution and limits equity requirements

## Non-binding MOU – key terms ...

### EPC delivery

- Shenghe to deliver an EPC solution<sup>1</sup>
- Potential to appoint BGRIMM as EPC sub-contractor

### Project funding

- Shenghe to source a project funding solution<sup>1</sup>
- Terms to be mutually acceptable to Peak and Shenghe

### Project investment

- Potential for Shenghe to subscribe for a significant, non-controlling investment in the Ngualla Project<sup>2</sup>

### Standstill

- Standstill provisions remain in place
- Limits Shenghe to a max. 19.9% interest in Peak

### Term

- MOU expires on 31 May 2024 (6 months after FEED)
- Can be extended by mutual agreement

## ... and points of strengths



**Complements the Offtake Agreement and provides for an integrated offtake, development and funding solution**



**Supports a fixed price and turnkey EPC solution**



**Leverages the technical strengths of Shenghe and BGRIMM to further optimise the Ngualla Project**



**Potential for Shenghe to secure a significant non-controlling project interest will limit Peak's debt and equity funding requirements**



**Enables Peak to retain a controlling interest in the Ngualla Project**

# Integrated solution... supported by strong and well credentialed partners

Shenghe is a well capitalised and technically strong strategic partner that can draw upon EPC support from BGRIMM

## Shenghe overview



- ✓ Peak's **largest shareholder** with ~19.8% shareholding
- ✓ Current **investment** in Peak **+A\$45m**
- ✓ Shanghai listed non-SOE with **~US\$3.1b** market capitalisation
- ✓ **Largest importer of rare earth concentrate** into China
- ✓ Internationally recognised expertise in mining and processing **bastnaesite mineralisation**
- ✓ Key strategic partner **and ~8% shareholding in MP Materials** (NYSE:MP; market cap ~US\$4.0b)

## Shenghe overseas rare earths investments



9.2% holding



Undisclosed holding



7.8% holding



90% holding



19.8% holding

## BGRIMM overview<sup>1</sup>



**BGRIMM TECHNOLOGY GROUP**

*Shenghe has the right to appoint BGRIMM as EPC sub-contractor*

- ✓ **Largest mining related** research and design institution within China
- ✓ Strong **rare earth value chain** and **African** experience
- ✓ Involved in the engineering and design of Shenghe's **Lianyungang and Dalucao rare earth facilities**
- ✓ Core businesses include technical and engineering services in **non-ferrous commodities and flotation technology**

## Select BGRIMM projects



盛和资源

Engineering and design for the beneficiation circuit of Shenghe's Lianyungang rare earth plant in China



Previous metallurgical work for Arafura's Nolan's rare earth refinery in Australia



Led overall delivery of Huayou's PE527 mine copper-cobalt mine in the Democratic Republic of Congo



1. BGRIMM stands for the Beijing General Research Institute of Mining and Metallurgy



# Strategic non-binding MOU ... provides a pathway to an actionable funding solution

Funding strategy aims to minimise future debt and equity raising requirements and dilution to Peak shareholders



## Primary funding source

- ✓ Peak and Shenghe seek to further optimise the project and reduce development costs
- ✓ Shenghe subscribes for a significant non-controlling investment in Ngualla Group UK Limited<sup>1</sup>
- ✓ Shenghe to fund disproportionate share of upfront capital in exchange for effective project stake



## Residual funding sources

Shenghe to deliver solution for any residual funding requirements which may include:

- ✓ A prepayment structure for concentrate offtake
- ✓ A loan / standby debt facility to Peak
- ✓ External funding via Chinese commercial and policy banks



## Full funding solution for the Ngualla Project

- ✓ Minimises future equity dilution to Peak shareholders
- ✓ Utilises Shenghe's strong balance sheet and banking relationships
- ✓ Reduces requirement for third-party funding

<sup>1</sup>. Interest in Ngualla Group UK Ltd to be determined post FEED and prior to a Final Investment Decision having regard to the EPC agreement and revised development costs

# Indicative timeline ... targeting Final Investment Decision by May 2024

First concentrate scheduled for April 2026, 24 months after a Final Investment Decision

	2023					2024					2025					2026											
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	J	J	A	S	O	N
FEED	█	█	█	█	█																						
Decision on EPC / EPCM model					✓																						
Funding discussions	█	█	█	█	█	█	█	█	█	█																	
Enabling Works and Early Works	█	█	█	█	█	█	█	█	█	█																	
<b>Final Investment Decision (FID)</b>										✓																	
Construction											█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Commissioning																					█	█	█	█			
Ramp-up																						█	█	█			
First concentrate																											✓

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