

HD Peak Resources Limited - Funding and Technical Programs Update, Ngualla Rare Earth Project

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Peak Resources Limited (ASX Code: PEK) is pleased to provide an update on progress in relation to the receipt of funds from strategic partners and technical programs underway.

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Peak has previously announced agreements with Appian Natural Resources Fund ('Appian') and the International Finance Corporation ('IFC') to fund the development of the Ngualla Rare Earth Project and **Company** through Bankable Feasibility Study for a total investment of US \$25 **million**.

HIGHLIGHTS

IFC has completed its mandatory 30 day disclosure period and confirmed formal board approval of the investment in Peak and the Ngualla Rare Earth Project.

All parties (Peak, Appian and IFC) continue to work co-operatively to complete the documentation for the Principal Transaction, which is at an advanced stage and is expected to be finalized prior to the end of January 2015.

All conditions precedent required for the second tranche of US \$2 **million** of the Bridge Loan Facility have now been met or extended and the funds are expected to be received by Peak this week.

A series of key development programs that have the potential to further improve the Ngualla Rare Earth Projects attractive economics are now underway.

Strategic Partners

On 29 September 2014 Peak announced details of a ~US \$25 **million** total funding agreement with Jersey based Appian Natural Resources Fund. On completion, the investment is expected to fully fund Peak and the Ngualla Rare Earth Project through the Bankable Feasibility Study (BFS).

Following the introduction by Appian, IFC is proposing to participate with Appian in the US \$25million total investment described above, on a 20:80% pro rata basis (IFC 20%; Appian 80%). IFC's mandatory disclosure period has now been completed and IFC's Board has given approval to proceed

The first US \$1 **million** (A\$1.1 **million**) of the Bridge Loan Facility ('BLF') was received in early October.

All conditions precedent required for the second tranche of US \$2 **million** of the BLF have now been met or extended and the additional funds are expected to be received this week.

All parties (Peak, Appian and IFC) continue to work co-operatively to complete the documentation for the Principal Transaction, which is at an advanced stage and is expected to be finalized prior to the end of January 2015.

About Appian

Appian Natural Resources Fund is a private **equity** fund which has been established to invest specifically in the metals and **mining** sector. Appian has a uniquely collaborative investment approach that seeks to partner with local owners, managers and investors to leverage its world-class operational and corporate

finance expertise. With this value-add approach and long-term investment horizon, it aims to generate significant value for the investors and other stakeholders of both the **Company** and Appian.

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in about 100 countries, IFC use their capital, expertise, and influence to help eliminate extreme poverty and boost shared prosperity. In FY14, IFC provided more than \$22 **billion** in financing to improve lives in developing countries and tackle the most urgent challenges of development.

Technical work programs

The Bridge Loan Facility of US \$3million has been agreed to allow Peak to progress key work programs designed to evaluate the potential for further economic upside in the Ngualla Rare Earth Project whilst formal documentation for the Principal Transaction is being completed.

Individual programs now underway include:

Beneficiation breakthrough confirmation work on varied **ore** samples

Beneficiation Optimisation programs in Australia and **China**

Leach recovery optimization for the high grade mineral concentrate

Location study for hydrometallurgical section of process plant

The further beneficiation programs will allow Peak to further investigate the 'Beneficiation Breakthrough' test work.

The beneficiation breakthrough test work produced a 34.4% rare earth oxide mineral concentrate from a typical sample of Ngualla's Bastnaesite Zone mineralization. This is double the concentrate grade assumed in the Preliminary Feasibility Study.

The ability to produce a high grade mineral concentrate in the first process stage of beneficiation should lower capital and operating costs due to smaller second stage acid leach recovery plant components and reduced reagent use.

Additional tests using the 'Beneficiation Breakthrough' flowsheet have been completed at two Perth laboratories on a number of additional samples of Ngualla's mineralization during November. The work has successfully repeated previous results, thereby increasing confidence in the robustness of the process and the ability to produce a consistent high grade mineral concentrate.

Whilst the beneficiation breakthrough flowsheet is a bespoke flotation only process that has been developed for the Ngualla style of mineralization, it is yet to be fully optimised. A beneficiation optimization program has commenced in Perth to investigate the potential for further improvements in mineral concentrate REO grades and / or recoveries.

Peak has also commissioned simultaneous beneficiation research programs at two technical institutes in **China** that have extensive experience in rare earth processing. Preparation of a high grade mineral concentrate from a 1.3 tonne bulk sample of mineralization using the 'Beneficiation Breakthrough' flowsheet has also commenced in Perth. The resulting mineral concentrate will be used as feed for additional testwork on further improving and optimising the downstream acid recovery flowsheet.

The results of these beneficiation and leach recovery optimization programs will be used to design pilot plants to provide operating data to assist in upscaling the developed processes to the commercial operation. To this end, a 22 tonne bulk sample of typical mineralization has been collected by a trenching program on site at Ngualla and is in transit to Australia to provide feed for the pilot plants. Design and operation of the pilot plants will be completed in 2015 as part of the BFS.

The production of a high grade mineral concentrate may offer the potential to reduce Ngualla's operating costs by locating the subsequent recovery and separation stages of the processing plant close to port and power facilities which should allow Peak to reduce reagent, transport and power costs.

The build out of the Peak team for the development studies has also commenced and we look forward to providing further details on these appointments in due course.

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