



30 August 2022

ASX Market Announcements

Via e-lodgment

Execution of Share Sale Agreement with Peloton Resources Pty Ltd

Resource Development Group Ltd (RDG) wish to advise that it has executed a Share Sale Agreement (SSA) with the shareholders of Peloton Resources Pty Ltd (Peloton). Although there is no immediate consideration, the SSA contains an option for a 12-month period, to acquire all the issued capital of Peloton, subject to the achievement of certain outcomes.

Peloton is a private Australian company, focused on commercialising its proprietary patented technology to process bauxite residue (red mud) and produce high value products, including High Purity Alumina (HPA) a critical mineral and a material integral in the production of lithium-ion batteries, LED lights and synthetic sapphire.

Since its establishment in 2013, Peloton has undertaken significant research and development programs in the United Kingdom and Australia, leading to Peloton patenting its processes and successfully producing HPA and iron oxide from red mud, a waste by-product of the Bayer process.

Most of the alumina produced globally is done via the Bayer process and for every tonne of alumina produced, approximately 1 -1.5 tonnes of red mud are generated, resulting in an estimated 4 billion tonnes of red mud being stored in tailings storage facilities around the world, posing significant environmental, land management and cost challenges for producers. As a result of Australia being one of the largest producers of alumina in the world, there are red mud tailings storage facilities in Western Australia, Queensland, Northern Territory and Tasmania. To date, Peloton has processed red mud from multiple Australian locations.

Under the terms of the SSA, RDG will fund the design, construction, and operation of a pilot plant, capable of processing 50kg of red mud per day to prove the proprietary process at scale. In return, RDG will have an exclusive option to acquire the entire issued capital of Peloton for an agreed period.

The option will be exercised, and the parties will be required to proceed with completion (subject to satisfaction or waiver of certain conditions precedent) upon either of the following occurring during the 12-month option period:

- (a) the pilot plant achieving production levels of at least an average 4N HPA for a period of 21 consecutive operational days with this production level certified by an independent third-party laboratory nominated by RDG and consented to by Peloton's representative (such consent to not be unreasonably withheld); or
- (b) RDG delivering to Peloton a written notice stating that RDG wishes to exercise the option.



The conditions precedent referred to above, consist of three items:

1. The parties having obtained all necessary regulatory approvals to complete the transaction, including any approvals required to be obtained under ASX Listing Rule 6.1 in relation to the proposed consideration and for the avoidance of doubt does not include any requirement for shareholder approval.
2. Peloton providing to RDG with an executed Deed of Termination in relation to an existing royalty agreement.
3. No material adverse change having occurred in relation to Peloton prior to completion.

Upon satisfaction of the above conditions at or before completion, the shareholders of Peloton will be given two elements of consideration:

- \$1 million in cash consideration; and
- \$3 million of ordinary RDG shares based on a value per share equal to the 14-day VWAP.

A further deferred element of consideration will be given to shareholders of Peloton as follows:

- \$3 million of ordinary RDG shares based on a value per share equal to the 14-day VWAP, subject to an agreement being reached for the supply of red mud by either Peloton or RDG within a 48-month period from the completion date referred to above.

Furthermore, a new royalty deed will be entered into on or before the completion date between the parties which includes the existing Peloton shareholders amongst others. The royalty is an aggregate 10% net profit royalty to be applied to each project entered into by Peloton after the completion date.

RDG's Managing Director, Mr. Andrew Ellison said: "Since 2015 RDG has been diversifying its business and now working with Peloton, will provide us with an opportunity to commercialise a technology to convert a waste into High Value Products, in particular HPA, a material with an incredible forecast growth. Construction of the pilot plant is commencing, and we expect to have it completed within the next 4 months. This is a very exciting opportunity for RDG and is part of our plan to grow our value-added minerals business into having additional long-term sustainable revenue, as we expect from our Lucky Bay Garnet project."

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

Yours faithfully

Michael Kenyon
Company Secretary