

AMENDED QUARTERLY ACTIVITIES REPORT & APPENDIX 5B – DECEMBER 2020

Peak Resources Limited provides the enclosed amended Quarterly Activities Report & Appendix 5B - December 2020. This amended Quarterly Report corrects an error in the tenement schedule.

For and on behalf of the Managing Director.

Quarterly Activities Report and Appendix 5B

December 2020

HIGHLIGHTS

Peak Resources Limited (“Peak” or the “Company”) continues to progress the development of its 100% owned Ngualla Rare Earth Project (“Project”) with the following events occurring during the Quarter:

- Strong engagement with the Tanzanian Government around the SML process
- Appointment of the Hon. Abdullah Mwinyi as an Independent Non-Executive Director and Mr Philip Rundell as Company Secretary and Chief Financial Officer
- Active engagement around the potential implementation of a Planning Permission and exercise of an option over the Teesside Refinery site
- Increasingly attractive rare earth fundamentals and rising NdPr Oxide prices

Tanzania Special Mining Licence (SML) status

National elections were held in Tanzania in late October 2020 and resulted in the return to power of his excellency President John Pombe Magufuli and the re-appointment of the Hon. Doto Biteko as Mining Minister and the Hon. Prof. Shukrani Manya as Deputy Mining Minister.

Peak has continued its strong engagement with all levels of Government in relation to its Special Mining License (“SML”) application. The Tanzanian Government has advised the Company that its technical due diligence of the project and the SML application undertaken by the Ministry of Minerals Technical Committee (“MMTC”) is complete. Further, the MMTC has confirmed that following Peak’s response to additional information requests in December that no further information is required as part of its assessment process.

The Company understands that the Technical Report and SML application is now awaiting submission to the Cabinet of the Tanzanian Government.

The SML is the final major regulatory requirement for the Project. Once approved, the Company will be in a position to negotiate an economic framework for the project with the Tanzanian Government, including the form and nature of the Government’s free carried interest.

Upon receipt of the SML, the Project will be the among the most advanced rare earth development projects that has a JORC Compliant Ore Reserve, completed definitive feasibility study and fully piloted process from ore to separated oxides that is permitted and ready to construct.

Further board and management renewal ahead of finalisation of Tanzanian permitting

Further to board and management changes set out in the September 2020 Activities Report, the Company announced the appointment of the Hon. Abdullah Mwinyi as an Independent Non-Executive Director on 9 November 2020 and the appointment of Mr Philip Rundell as Company Secretary and Chief Financial Officer on 15 December 2020.

Independent Non-Executive Director – Hon. Abdullah Mwinyi



The Hon. Mr Mwinyi is a member of the Tanzanian Parliament, having entered Parliament in 2007, and was also a Member of the East African Legislative Assembly (2007 – 2017), where he was Chair of the Legal, Privileges and Rules Committee and the Regional Affairs and Conflict Resolution Committee. He is also Chair of Swala Oil and Gas (Tanzania) plc. The Hon. Mr Mwinyi is a lawyer by profession, having been awarded a LLB and LLM from the University of Cardiff, and, in 2007, established Asyla Attorneys, where he specializes in corporate, commercial, labour and employment law.

Company Secretary and Chief Financial Officer – Philip Rundell



Mr Rundell is a former Partner at Coopers & Lybrand (now PriceWaterhouseCoopers) and a Director at Ferrier Hodgson. He is now a sole practitioner Chartered Accountant specialising in providing company secretarial, compliance, accounting and reconstruction services.

UK Teesside refinery

Peak intends to become the second fully integrated producer of NdPr Oxide outside of China with the construction of its own rare earth refinery in the United Kingdom.

Key criteria in assessing the location for a refinery included access to global shipping, cheap and reliable bulk reagent supplies (particularly hydrochloric acid and caustic soda), a labour force with

chemical processing and refinery experience, readily available power, water and environmentally sustainable options to dispose of tailings materials.



The preferred location for the refinery is the Wilton International Site (“Wilton”), which is located near the town of Middlesbrough in the Tees Valley. Wilton is a large-scale industrial park located with existing access to reliable competitively priced power, utilities and services. It is located within 3km of the Teesport a deep-water port (and the third largest UK port by volume) where the rare earth mineral concentrate is intended to be shipped, and close to several facilities that can manage the tailings from the refining process.

Peak holds an option with Homes England over a 19-hectare parcel of land located at the Wilton site, which is exercisable at a cost of approximately £1.8 million and would provide for a 250-year lease. This option, which presently expires on 18 June 2021 is subject to funding and other customary conditions. Planning Permission for the project, which was granted by the Redcar & Cleveland Borough Council, can be implemented up until 10 May 2021.

Peak is actively engaging with a range of stakeholders including the Redcar & Cleveland Borough Council and Homes England around the Planning Permission implementation process and the potential exercise of the option over the site.

Market Update

Rare earth sector fundamentals continue to strengthen, supported by global thematic trends aligned with the decarbonisation of economies, rapidly rising renewable energy generation, electrification of transport, increasing strategic importance of supply chains, requirements for diversity of supply for critical materials, geo-political risks and rising expectations around environmental and sustainability performance.

There have been a series of important developments since the commencement of the Quarter that are relevant to the rare earth sector.

United States

During the election campaign, President Biden pledged to set the United States on a path to net zero greenhouse gas emissions by 2050, with an interim target of decarbonising its power sector by 2035.

Following his inauguration, President Biden issued an Executive Order for the United States to re-join the Paris Agreement on Climate Change.

A key element of the new administration’s clean energy agenda involves expanding tax incentives, including restoring the full federal tax credit for electric vehicle purchases.

United Kingdom

Prime Minister, Boris Johnson, announced in November that the United Kingdom will ban the sale of petrol and diesel vehicles by 2030. He pledged that the United Kingdom would be the first G7 country to switch to electric vehicles and fully decarbonise road transport.

China

In January, the Chinese Government announced a proposed set of regulations covering the broader rare earth sector for public consultation. Key elements include - more stringent project approval processes and enforcement of quotas; banning the sale of products that are illegally mined, separated or smelted; implementation of a product traceability management system; increased supervision and monitoring of the sector; requirement for companies to publish production levels; increased focus on environmental compliance; allowing the import of rare earth materials above production quotas; strict enforcement of import and export restrictions; the creation of a strategic reserve of rare earth resources and products; introductions of random inspections; and higher penalty regimes.

If fully implemented these regulations are likely to support greater sector transparency, higher import levels of rare earth feedstock, lower volumes of Chinese rare earth exports and higher prices associated with strategic reserve purchases.

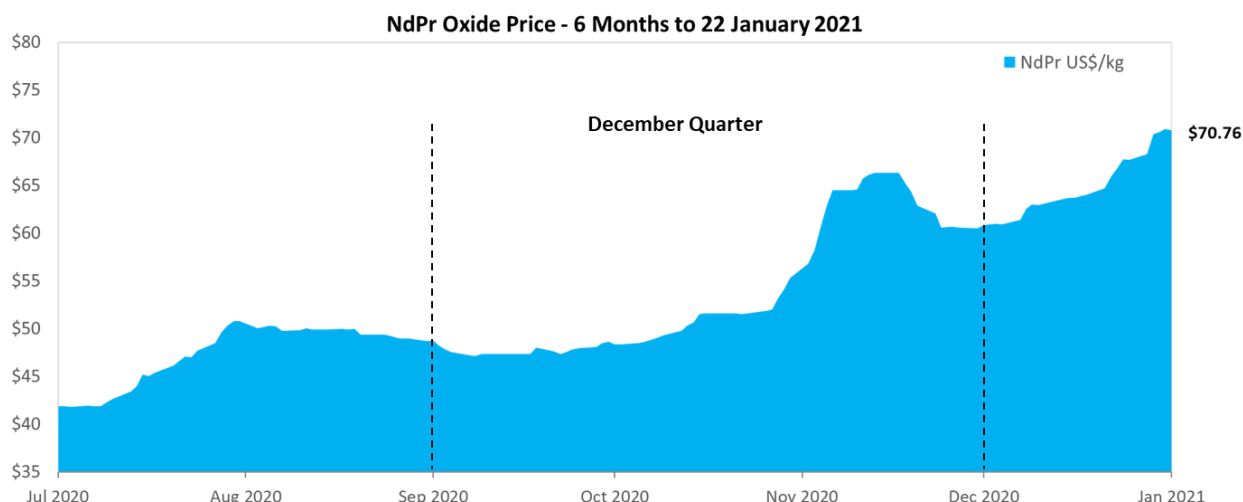
Electric Vehicle Sales

Notwithstanding the impact of COVID-19, EV-volumes.com is projecting 2020 global Electric Vehicle sales to have exceeded 3.2 million, which represents an annual increase of ~43%. Tesla reported 2020 vehicle deliveries of just under half a million, which reflected an annual growth rate of 36%.

Each NEV unit represents an additional +1kg of incremental demand for NdPr. Peak's proposition is well positioned to help meet this increasing demand

Pricing Update

NdPr Oxide prices rose strongly during the December Quarter, peaking at around US\$66/kg in early December and settling at the end of the quarter at US\$63/kg.



NdPr Prices China in US\$/kg over the 12 months ended 22 January 2021. Source Asian Metal (China Domestic)

Corporate

Shareholder Meetings

The Annual General Meeting was held on 21 December 2020. All resolutions were passed on a poll at between 95.75% and 99.98% of the total vote in favour of the 9 resolutions with 43.4% of the register casting votes.

Corporate Cash at Hand and Securities Information at 31 December 2020

ASX: PEK

Cash at hand: \$4.787 million

Ordinary Shares on Issue: 1,550.3 million

52 week range: 2.7c – 7.8c*

PEKOC Listed \$0.03 14 April 2020 Options on Issue: 88 million

Market Cap: \$103.9m (at 6.7c)

Unlisted Options outstanding: 111.3 million[>]
(exercise prices A\$0.03 to A\$0.15)

Liquidity: 5.427 million shares per trading day
(average over 3 months**)

Unlisted Performance Rights outstanding: 0.9 million[#]

* From 1 January 2020 to 31 December 2020 on ASX ** Average from 1 October 2020 to 31 December 2020 on ASX.
[>] Some subject to milestone and continuing service vesting criteria [#]subject to performance vesting criteria

Additional Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) attached for the period ending 31 December 2020 provides details of the Company's financial activities.

No substantive expenditure was incurred on exploration, evaluation or development activities during the Quarter. A total amount of \$98,902 was paid for directors' fees and \$71,053 payments to Steinepreis Paganin Lawyers & Consultants (including general corporate legal fees), an entity related to Non-executive Director Jonathan Murray (refer item 6.1 of the Appendix 5B).

Summary of Mining Tenements and Areas of Interest

As at 31 December 2020

Project	Tenement	End of June 2020 Quarter	End of September 2020 Quarter	Status	Arrangement/Comment
Mikuwo	PL 9157/2013	100%	100%	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Mlingi	PL10897/2016	100%	100%	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Ngualla	SML/00601/2017	100%	100%	Pending	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd

**All tenements held are located in the Songwe Region of the United Republic of Tanzania.*



JORC Compliance Ore Reserve and Definitive Feasibility Study

The technical information and competent persons statements for the Ore Reserves and Resources are reported in the Company's ASX announcements dated 12 April 2017, 2 March 2017 and 26 February 2016.

The Definitive Feasibility Study is reported in the Company's ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements, and that all material assumptions underpinning the estimates continue to apply and have not materially changed.

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

DIRECTORS

Non-Executive Chairman – Tony Pearson

Managing Director – Bardin Davis

Non-Executive Director – Jonathan Murray

Non-Executive Director – Hon. Abdullah Mwinyi

Chief Financial Officer/Company Secretary – Phillip Rundell

CORPORATE DETAILS

AS AT 31 DECEMBER 2020:

Ordinary Shares on Issue: 1,550.3 million

Listed Options

PEKOD Listed: \$0.03 14 April 2022: 88m

52 week range: 2.7c – 7.8c

Market Cap: \$103.9m (at 6.7c)

ASX:PEK

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PEAK RESOURCES LIMITED

ABN

72 112 546 700

Quarter ended ("current quarter")

DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(384)	(992)
	(c) production	-	-
	(d) staff costs (net of project allocations)	(240)	(435)
	(e) administration and corporate costs	(314)	(452)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	59	102
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(877)	(1,769)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	1	1
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1	1

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,350	4,350
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(339)	(341)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,011	4,009

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,652	2,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(877)	(1,769)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,011	4,009

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,787	4,787

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,787	652
5.2	Call deposits	3,000	1,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,787	1,652

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 – gross of share settled	170
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Bank Guarantee re office rent	30	30
7.4	Total financing facilities	30	30
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(877)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(877)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,787
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,787
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.46
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Print Name: Phil Rundell
Company Secretary

Date: 29th January 2020

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.