

# Quarterly Activities Report and Appendix 5B

## March 2021 Quarter

### HIGHLIGHTS

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

- New Tanzanian President, H.E. Samia Suluhu Hassan, leads a successful transition of power
- Appointment of Giselle Collins and Rebecca Morgan as Non-Executive Directors
- Teesside selected as a "freeport" by the United Kingdom Government
- Successful implementation of a Planning Permission for the Teesside Refinery
- Increasing international focus around the importance of diversity in supply in rare earths and supporting production outside of China
- Strong appreciation in NdPr Oxide prices over the Quarter

### Tanzanian President

Peak was greatly saddened by passing of the President of the United Republic of Tanzania ("Tanzania"), H.E. John Pombe Magufuli, on the 18th March 2021. We publicly recognised the substantial contribution President Magufuli made to the development of Tanzania and expressed our condolences to his family, the Government, and the people of Tanzania.

As per the Constitution of Tanzania, the former Vice-President, H.E. Samia Suluhu Hassan has assumed the role of President. Following an official period of mourning, the Cabinet of Ministers of the Government ("Cabinet") and Permanent Secretaries for all major ministries have also been confirmed. Both the Minister for Minerals, the Hon. Doto Biteko and the Deputy Minister for Minerals, the Hon. Prof. Shukrani Manya, were re-appointed.

Since her inauguration, President, H.E. Samia Suluhu Hassan has led a smooth and successful transition of power. Since assuming office, she has stressed the importance of democracy, individual freedoms and the freedom of the press. The President has also committed to the adoption of a scientific approach to COVID-19. From a business perspective the President recently signed an agreement with the Government of Uganda and French national oil company, Total, to construct the East African Crude Pipeline. She has also communicated a more supportive stance towards business and foreign investment as well as a desire to expediently resolve tax and other issues with mining joint venture partners.

Peak is awaiting approval of a Special Mining Licence ("SML") by Cabinet and the formal grant of the SML by the Minister of Minerals.

The SML is the final major regulatory requirement for the Project. Once approved, the Company will be able to negotiate an Economic Framework Agreement 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 appointments**

The Company announced on 22 December 2020 that Jonathan Murray intended to retire as a Non-Executive Director in early 2021. His resignation was announced by the Company on 9 March 2021. Jonathan joined the Board on 22 February 2011 as a Non-Executive Director and served as Chair in 2015 and 2018. The Board expresses its gratitude to Jonathan for his substantial contribution and wishes him well in his future endeavours.

On 9 March 2021, the Company also announced the appointment of Giselle Collins and Rebecca Morgan as Independent Non-Executive Directors. Giselle has a strong accounting and governance background and has been appointed Chair of the Company's Audit & Risk Committee. Rebecca is a geologist and mining engineer with significant African and rare earth experience.

### **Independent Non-Executive Director – Giselle Collins**

Giselle brings a wealth of audit, risk, governance and compliance experience to Peak. Giselle is currently Chair of Larrakia Darwin Hotel, a non-executive director of ASX listed Hotel Property Investments and Vinomofo (where she is Chair of both company's Audit & Risk Committees), a non-executive of Generation Life and a Trustee of the Royal Botanic Garden & Domain Trust.

Giselle has a Bachelor of Economics degree from the University of Sydney, a Graduate Diploma in Applied Finance and Investments from the Securities Institute of Australia and is a Graduate Member of the Australian Institute of Company Directors. Giselle is also a Member of Chartered Accountants Australia and New Zealand. Giselle will assume the role of Chair of the Company's Audit & Risk Committee

### **Independent Non-Executive Director – Rebecca Morgan**

Rebecca is a geologist and mining engineer with 19 years of international resources industry experience working with major mining houses, consulting groups, and junior explorers globally, including Africa. She has experience across all sectors of the resource industry, including rare earth market research, project due diligence, independent reporting and mineral asset valuation.

Rebecca has a Bachelor of Science (Hons) Applied Geology; Post Graduate Diploma (Mine Engineering, and a Master of Engineering Science (Majoring in Mineral Economics and Mine Optimisation) from Curtin University. Rebecca is also a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy.

## UK Teesside refinery

On Wednesday 3 March 2021, the Government of the United Kingdom announced that Teesside had been selected as one of eight new Freeports. Freeport areas will benefit from tax relief, lower tariffs and customs, simplified customs procedures, streamlined planning processes, tax breaks to encourage investment and government support to promote regeneration and innovation.

The Teesside Freeport will cover an area of approximately 4,500 acres, which will position it as the largest Freeport area in the United Kingdom.

Peak intends to construct a rare earth refinery in the Tees Valley and holds an option with Homes England over a 19-hectare parcel of land located within 3km of the Teesport and within the designated Freeport area. This option is exercisable at a cost of £1.8 million (A\$3.2 million) and would provide for a 250-year lease. Peak is actively engaging with Homes England around the potential exercise of this option, which currently expires on 18 June 2021 and is subject to funding and other conditions.

A Planning Permission for the Teesside Refinery, which was granted by the Redcar & Cleveland Borough Council ("RCBC"), has been successfully implemented by the construction of part of an internal road within the site. These site works commenced on the 22 March 2021 and the RCBC has since confirmed in correspondence that they consider the planning permission to be extant. Site investigation works, which also commenced on 22 March 2021, are continuing.

## Market Update

There has also been increased international focus around the importance of diversity in supply in rare earth elements and supporting production outside of China. Contributing factors include the strategic importance of rare earth elements, the nexus between rare earths and e-mobility and decarbonisation, increasing market tightness, COVID-19 supply chain disruptions and rising geo-political and trade concerns.

Recent international developments include:

- Australian Government – announcing a "Resources Technology and Critical Minerals Processing National Manufacturing Priority" roadmap;
- European Union - European Commission President, Ursula von der Leyen, warning against overreliance on China for rare earth elements; and
- United States- President Joe Biden issuing an executive order to review critical material supply chains including rare earths.

## Electric Vehicle Sales

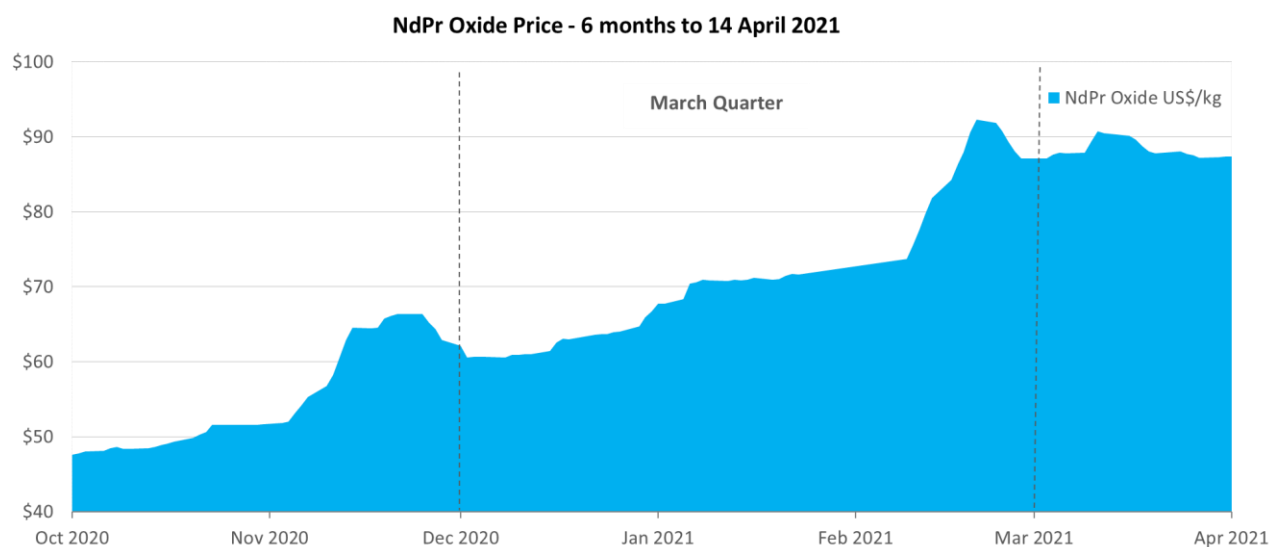
Strong growth in the Electric Vehicle ("EV") sales have continued throughout the first quarter of 2021. Adamas Intelligence estimates that between February 2021 and the corresponding period in 2020 that global passenger EV sales increased by 63%, global motor power deployed in all newly sold passenger

EVs increased by around 95% and NdFeB consumption in passenger EV traction motors and generators increased by around 100%.

**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 appreciated strongly during the March Quarter. Prices increased from around US\$63/kg at the end of December 2020, peaked at around US\$92/kg in early March 2021 and ended the quarter at around US\$89/kg.



**NdPr Prices China in US\$/kg over the 6 months ended 14 April 2021. Source Asian Metal (China Domestic)**

## Corporate

### Corporate Cash at Hand and Securities Information at 31 March 2021

**ASX:** PEK

**Cash at hand:** \$6.454 million

**Ordinary Shares on Issue:** 1,594, 633,600

**52 week range:** 1.5c – 14c\*

**PEKOC Listed \$0.03 14 April 2020 Options on Issue:** 86,250,000

**Market Cap:** \$138.7m (at 8.7c)

**Unlisted Options outstanding:** 43,375,000  
(exercise prices A\$0.03 to A\$0.15)

**Liquidity:** 6.115 million shares per trading day  
(average over 3 months\*\*)

**Unlisted Performance Rights outstanding:** 31,938,000<sup>#</sup>

\* From 1 April 2020 to 31 March 2021 on ASX \*\* Average from 1 January 2021 to 31 March 2021 on ASX.  
<sup>#</sup> Some subject to milestone and continuing service vesting criteria <sup>\*</sup>subject to performance vesting criteria

## Additional Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) attached for the period ending 31 March 2021 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 \$108,193 was paid for directors' fees and \$1,555 payments to Steinepreis Paganin Lawyers & Consultants (including general corporate legal fees), an entity related to former Non-Executive Director Jonathan Murray (refer item 6.1 of the Appendix 5B).

## Summary of Mining Tenements and Areas of Interest

As at 31 March 2021

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 Ngualla JORC 2012 Ore Reserves and Mineral Resources, technical information and competent persons statements are reported in the Company's ASX announcements dated 12 April 2017, 2 March 2017 and 22 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 Managing Director.

## DIRECTORS

**Non-Executive Chairman – Tony Pearson**

**Managing Director – Bardin Davis**

**Non-Executive Director – Hon. Abdullah Mwinyi**

**Non-Executive Director – Giselle Collins**

**Non-Executive Director – Rebecca Morgan**

**Chief Financial Officer/Company Secretary – Philip Rundell**

## CORPORATE DETAILS

### AS AT 31 MARCH 2021:

**Ordinary Shares on Issue:** 1,595.6 million

**Listed Options**

**PEKOD Listed: \$0.03 14 April 2022:** 86.25m

**52 week range:** 1.5c – 14.0c

**Market Cap:** \$138.7m (at 8.7c)

### 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")

MARCH 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(371)	(1,363)
	(c) production	-	-
	(d) staff costs (net of project allocations)	(67)	(502)
	(e) administration and corporate costs	(121)	(573)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	13
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	102
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(554)</b>	<b>(2,323)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
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	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	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)	30	30
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>30</b>	<b>31</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,350
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	2,237	2,237
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(46)	(387)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,191</b>	<b>6,200</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,787	2,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(554)	(2,323)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	30	31
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,191	6,200

## 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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,454</b>	<b>6,454</b>

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	6,454	1,787
5.2	Call deposits	-	3,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,454</b>	<b>4,787</b>

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	110
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

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(554)
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)	(554)
8.4	Cash and cash equivalents at quarter end (item 4.6)	6,454
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	6,454
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	11.65
<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		

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

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: 29<sup>th</sup> April 2021

Authorised by: The Audit & Risk Committee  
(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.