

## Quarterly Activities Report and Appendix 5B

**June 2021 Quarter****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 a Special Mining Licence application for the Ngualla Rare Earth Project
- Exercise of an option over the Teesside Refinery site and the execution of a 250-year lease
- Executive search underway for senior technical and commercial positions
- Positive United Kingdom and European Electric Vehicle developments
- Rapid growth in global Electric Vehicle sales
- Recent rebound in the NdPr Oxide price

**Ngualla Rare Earth Project**

There was strong engagement with the Government of the United Republic of Tanzania ("**Government**") during the Quarter on the importance of progressing the company's Special Mining Licence ("**SML**") application. There was mutual recognition of the importance of the project, the benefits to Tanzania and the local community as well as the strategic attraction of developing a rare earth and battery materials mining sector.

Peak greatly appreciated several positive public comments made by the Hon. Dotto Biteko (MP), Minister for Minerals during the Quarter on both the Ngualla Project and our SML application.

Following the end of the Quarter, the Company was delighted to announce on the 22 July 2021 that it had received confirmation that the Cabinet of Ministers of the Government had approved the grant of the SML.

This elevates the Ngualla Project's status as one of the highest-grade Neodymium and Praseodymium rare earth deposits in the world with a completed bankable feasibility study, low operating costs, an initial 26-year mine life and large high-grade reserves and resources.

Peak will now work with the Government to finalise an Economic Framework Agreement, Shareholders' Agreement and other related documents required as part of a formal grant of the SML by the Minister of Minerals. In parallel with these negotiations, Peak will also progress workstreams relating to funding, offtake and development arrangements for the Ngualla Project, with construction targeted to commence by the end of September 2022.

## **UK Teesside Refinery**

On 28 May 2021 Peak announced that it had served notice to exercise its option for a 250-year lease over its 19-hectare Teesside Refinery site in the Tees Valley, United Kingdom (“UK”). The lease was formerly executed on 11 June 2021.

Peak paid an upfront amount of GBP1,858,712 to exercise the option, with annual rent under the lease agreement structured as a nominal peppercorn payment.

The site is located within the Teesside freeport area in Northern England. It is close to the deepwater Teesport and benefits from “plug and play” infrastructure and utilities solutions.

Peak intends to construct its Teesside Refinery on the site, which will receive high-grade rare earth concentrate from the Ngualla Project and produce Neodymium Praseodymium Oxide (“NdPr Oxide”) and other separated rare earth products, which are critical for electric vehicles and renewable energy technologies.

## **Executive Search**

During the Quarter, Peak engaged an international recruitment firm to undertake searches for the roles of a Chief Operations and Development Officer, Head of Technical Services and Head of Sales & Marketing.

Peak is in the process of finalising interviews with shortlisted candidates and hopes to make formal appointments shortly.

## **United Kingdom and European Electric Vehicle Developments**

In November 2020 the UK Government announced a ban on the sale of internal combustion engine (i.e. petrol and diesel) vehicles by 2030. In conjunction with this announcement, it has been pursuing a series of policies focused on the transition of its auto-sector and associated supply chains (inclusive of rare earth production) towards electric vehicles.

Recent developments in the UK auto-sector include Nissan and Envision AESC announcing a GBP1 billion Electric Vehicle Hub in Sunderland in North-East England and Stellantis announcing a GBP100 million investment to transform its plant in Ellesmere Port, to become its first dedicated battery electric vehicle site.

Separately the European Union has recently announced a proposal to ban the sale of new internal combustion engines from 2035 and establish public charging stations at no more than 60km apart on major roads by 2025.

## **Electric Vehicle Sales**

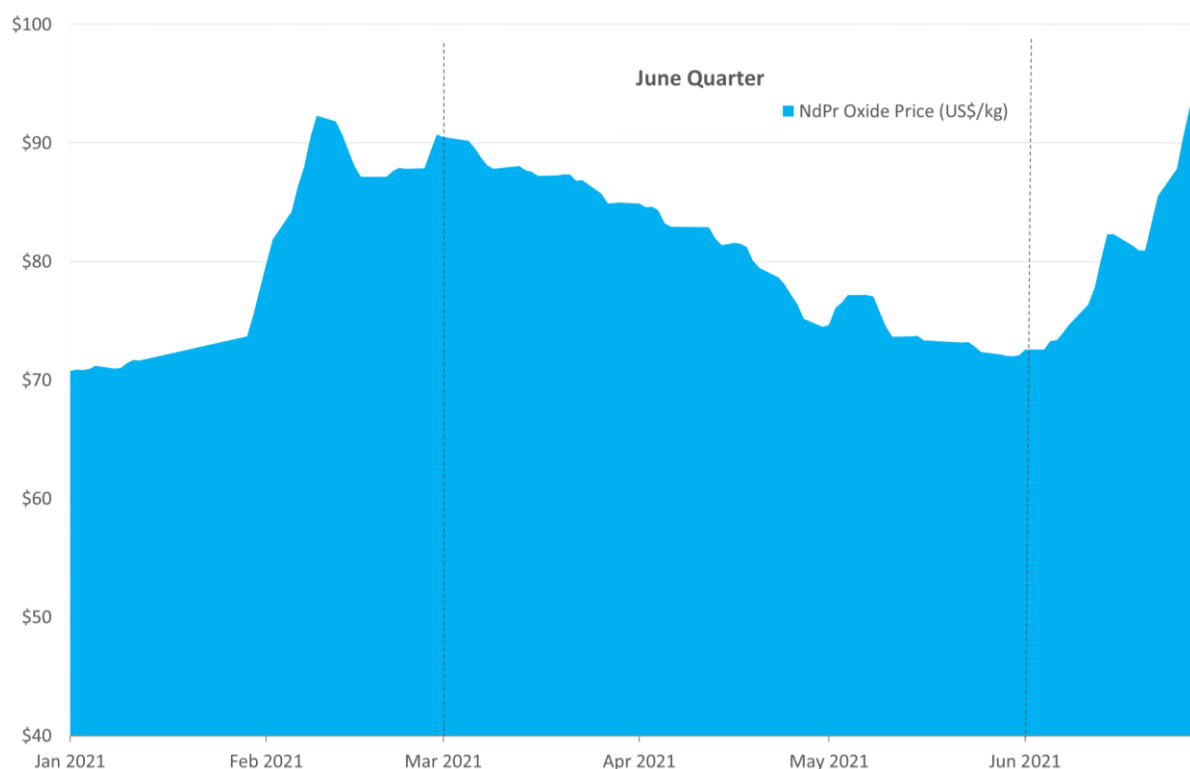
Rapid growth in the Electric Vehicle (“EV”) sales have continued throughout the second quarter of 2021. Adamas Intelligence estimates that between May 2021 and the corresponding period in 2020 that global passenger EV sales increased by 148%, global motor power deployed in all newly sold

passenger EVs increased by around 164% and NdFeB consumption in passenger EV traction motors and generators increased by around 170%.

**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 declined during the June Quarter before rebounding in early July and rising back above US\$90/kg.



**NdPr Prices China in US\$/kg over the 6 months ended 23 July 2021. Source Asian Metal (China Domestic)**

Peak is well positioned to benefit from a combination of rising NdPr Oxide prices, rapid growth in electric vehicle production, increasingly stringent global decarbonisation targets and growing calls for diversity of supply in rare earths.

## Corporate

### Corporate Cash at Hand and Securities Information as at 30 June 2021

**ASX:** PEK

**Cash at hand:** \$2.682 million

**Ordinary Shares on Issue:** 1,629 million

**52 week range:** 1.9c – 14c\*

**PEKOD Listed \$0.03 14 April 2022 Options on Issue:** 86.04 million

**Market Cap:** \$162.9m (at 10.0c)

**Unlisted Options outstanding:** 20.17 million<sup>></sup>  
(exercise prices A\$0.03 to A\$0.15)

**Liquidity:** 5.225 million shares per trading day  
(average over 3 months\*\*)

**Unlisted Performance Rights outstanding:** 21.44 million<sup>#</sup>

\* From 1 July 2020 to 30 June 2021 on ASX \*\* Average from 1 April 2021 to 30 June 2021.

<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 30 June 2021 provides details of the Company's financial activities.

No substantive expenditure was incurred on exploration, evaluation or development activities during the Quarter. The material expenditure incurred in the Quarter was on exercise of the Teesside lease option as aforementioned. Payments of \$219,944 reported in Item 6.1 of the attached Appendix 5B, relates to salaries, fees and superannuation paid to Directors.

This announcement is authorised by release by the Managing Director.

## Summary of Mining Tenements and Areas of Interest

As at 30 June 2021.

Project	Tenement	End of June 2021 Quarter	Status	Arrangement/Comment
Mikuwo	PL 9157/2013	100%	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Mlingi	PL10897/2016	100%	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Ngualla	SML/00601/2017	100%	Cabinet approval, pending formal grant	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.

### **Forward Looking Statements**

This announcement contains forward-looking information which is based on the assumptions, estimates, analysis and opinions of management and engaged consultants made in light of experience and perception of trends, current conditions and expected developments, as well as other factors believed to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect.

Assumptions have been made by the Company regarding, among other things: the commodity prices, the timely receipt of required approvals, the accuracy of capital and operating cost estimates, the completion of studies on its exploration and development activities, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used by the Company.

Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate.

Forward-looking information involves known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking information. Readers should not place undue reliance on forward-looking information. Neither the Company nor its directors undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. 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 – Hon. Abdullah Mwinyi**

**Non-Executive Director – Giselle Collins**

**Non-Executive Director – Rebecca Morgan**

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

## CORPORATE DETAILS

### AS AT 30 JUNE 2021:

**Ordinary Shares on Issue:** 1,629 million

**Listed Options**

**PEKOD Listed: \$0.03 14 April 2022:** 86.04m

**52 week range:** 1.9c – 14.0c

**Market Cap:** \$162.9m (at 10.0c)

### ASX:PEK

### Peak Resources Limited

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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")

JUNE 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(353)	(1,716)
	(c) production	-	-
	(d) staff costs (net of project allocations)	(239)	(741)
	(e) administration and corporate costs	(564)	(1,137)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	14
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>(1,155)</b>	<b>(3,478)</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	(4,051)	(4,051)
	(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 (12 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
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,051)</b>	<b>(4,020)</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	1,437	3,674
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(390)
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>1,434</b>	<b>7,634</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	6,454	2,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,155)	(3,478)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,051)	(4,020)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,434	7,634

## 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 (12 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>2,682</b>	<b>2,682</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	2,682	6,454
5.2	Call deposits	-	-
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>2,682</b>	<b>6,454</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	220
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)	(1,155)
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)	(1,155)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,682
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,682
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.32
<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: 30<sup>th</sup> July 2021

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.