

ASX Announcement 25 August 2021

Commencement of Bankable Feasibility Study Update

- A Bankable Feasibility Study Update has been commissioned for the Ngualla Rare Earth Project and the Teesside Refinery
- Amec Foster Wheeler, which led the original Bankable Feasibility Study completed in 2017, has been re-engaged to oversee the updated study
- Since the original Bankable Feasibility Study was completed several opportunities to enhance project returns have been identified including a change in flotation collector and potential alternative access road
- Bankable Feasibility Study Update will also cover optimisation of project execution strategy, early works planning and updating operating and capital cost estimates
- Given the rigour of the original Bankable Feasibility Study no changes to the design of plant or process flowsheets are envisaged
- The Bankable Feasibility Study Update is expected to be completed by the end of February 2022 and cost approximately A\$1.7 million
- Follows the recent approval of a Special Mining Licence application by the Tanzanian Cabinet, the execution of a 250-year lease over the Teesside site and an equity capital raising
- Marks another important milestone in progressing the Ngualla and Teesside projects towards development and construction and will support ongoing project and export financing initiatives

Peak Resources Limited (ASX: **PEK**) (“**Peak**” or the “**Company**”) is pleased to announce that it has commissioned Amec Foster Wheeler Australia Pty Ltd (“**Amec Foster Wheeler**”) (part of the Wood Group plc) to lead an updated Bankable Feasibility Study (“**BFS Update**”) on the Ngualla Rare Earth Project and the Teesside Refinery.

The commissioning of the BFS Update follows the recent achievement of the following milestones:

- Implementation of a Planning Permission for the Teesside Refinery;
- Execution of a 250-year lease over the Teesside Refinery site in the Tees Valley in the United Kingdom;
- Approval by the Tanzanian Cabinet of a Special Mining Licence (“**SML**”) application for the Ngualla Rare Earth Project;
- Proposed repayment and termination of the ANRF Royalty Facility, subject to shareholder approval; and

ASX Announcement 25 August 2021

- Recapitalisation of the Company via an equity raising, with proceeds to be used to progress the development of the Ngualla Rare Earth Project and the Teesside Refinery, to expand its technical and marketing team, and to repay the ANRF Royalty Facility.

Background

Peak completed a Bankable Feasibility Study (“BFS”) in April 2017 in partnership with Amec Foster Wheeler¹. The BFS was backed by extensive pilot plant test work, detailed engineering design and cost studies and JORC 2012 Compliant Ore Reserves and Mineral Resources estimates. It covered a mine and multi-stage processing plant on-site at Ngualla and a rare earths refinery in the Tees Valley.

Since the BFS, Peak has identified an opportunity to adopt a lower cost flotation collector and the potential of developing a more direct and lower cost access road to the Ngualla Project site.

There has also been a material increase in NdPr Oxide prices since the completion of the BFS.

Flotation Collector

Following the BFS, Peak completed an internal optimisation study in August 2017, which assessed the use of a lower cost flotation collector². The study concluded that the assessed flotation collector would lower costs as well as flotation residence time. This opens opportunities for increased plant throughput or reduced capital for the floatation circuit. The BFS Update will include a flotation optimisation program and testwork covering the proposed change in flotation collector.

Ngualla Access Road

The Ngualla Project was formerly located in the Chunya District of the Mbeya Region. However, following the subdivision of the Mbeya Region, the project is now located in the Songwe Region and Songwe District. The Songwe District is headquartered in the town of Mkwajuni.

The Chunya District Government previously required the development of an ~84km access road link to Lupa (“Eastern Access Road”). However, following the changes in regional boundaries there is potential to redevelop and expand an existing access route from Kininga to site, which would only be ~48km (“Southern Access Road”) (Figure 1).

The Southern Access Road is currently the sole access road to the Ngualla site, the Ngualla Village and the surrounding community. The road incurred significant damage during the last Wet Season and requires repairs and remediation.

Given the importance of this road to the community and early works programs for the Ngualla Project, Peak intends to initiate an engineering, design and construction tender process that

¹ The Bankable Feasibility Study is reported in the Company’s ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017. The technical information and Competent Persons Statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

² See ASX Announcement on 28 August 2017, “Process optimisation study boosts Ngualla’s operating margin”

ASX Announcement 25 August 2021

will support remediation, improved safety, an increase in capacity and better protection against heavy rainfalls.

An Environmental and Social Impact Assessment on the Southern Access Road has been commissioned. The BFS Update will assess the potential to utilise this access road and avoid the costs associated with constructing the Eastern Access Road.

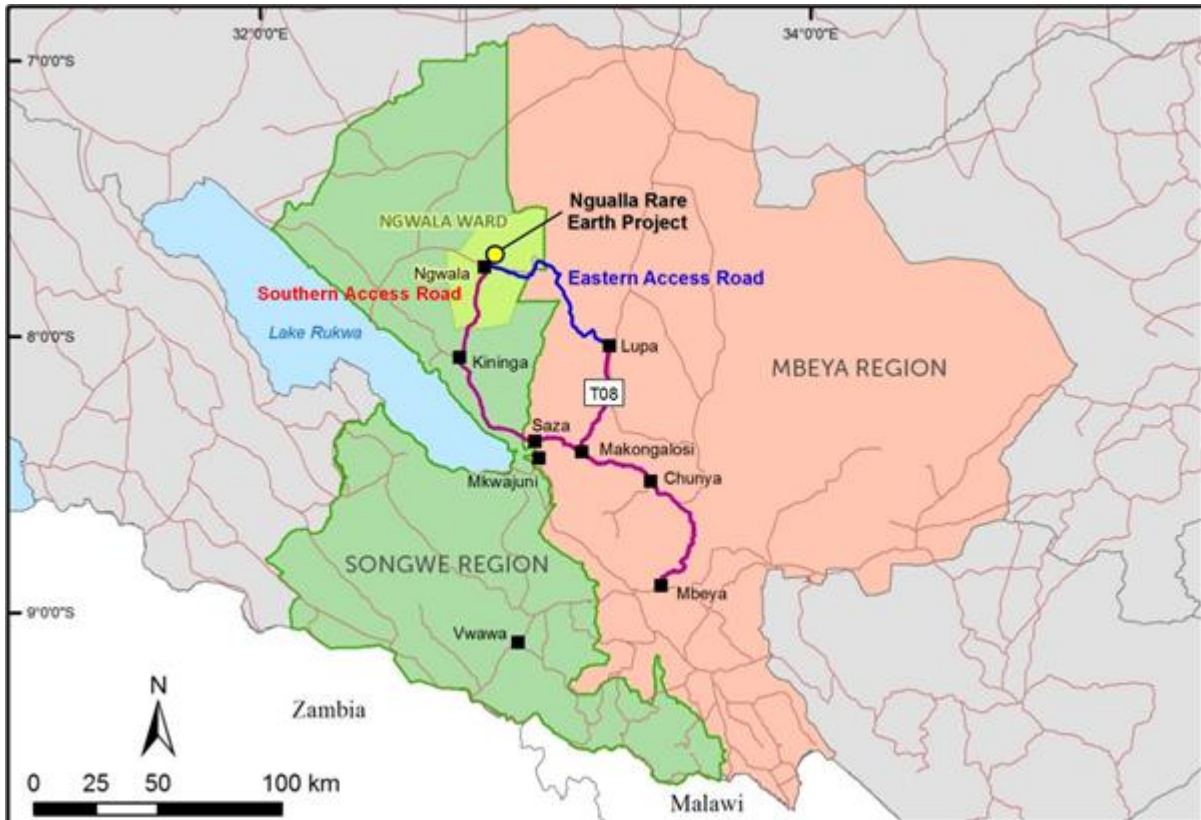


Figure 1: Location of potential and existing access roads to the Ngualla site

NdPr Oxide Prices

The Ngualla Rare Earth Project Update released to the market in October 2017 was predicted on long-term NdPr Oxide prices of US\$77.50/kg.

NdPr Oxide prices have appreciated significantly since the release of the study. A comparison of spot prices to the BFS assumed price of US\$77.50/kg is set out in Figure 2.

A projected range of NdPr Oxide prices is set out in Figure 3 and captures three pricing scenarios released by Adamas Intelligence in May 2021. Under each of the three scenarios the NdPr Oxide price is projected to be more than US\$100/kg by 2030.

NdPr Oxide and other rare earth price assumptions will be revisited as part of the BFS Update.

ASX Announcement 25 August 2021

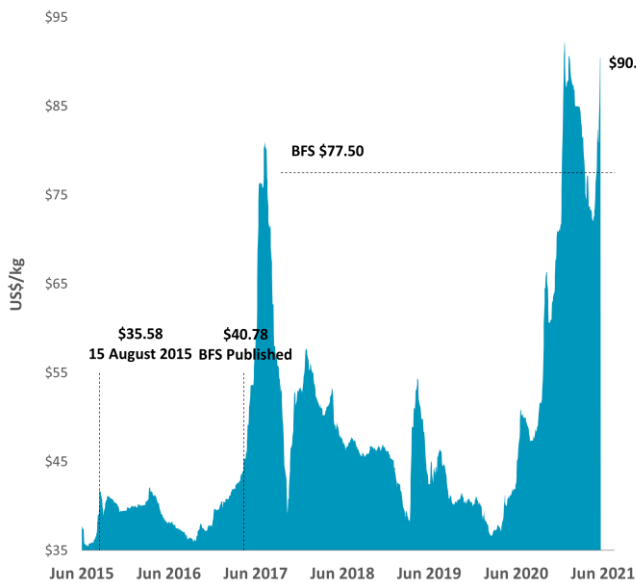


Figure 2: Historical NdPr Oxide Prices

Source: Asian Metal

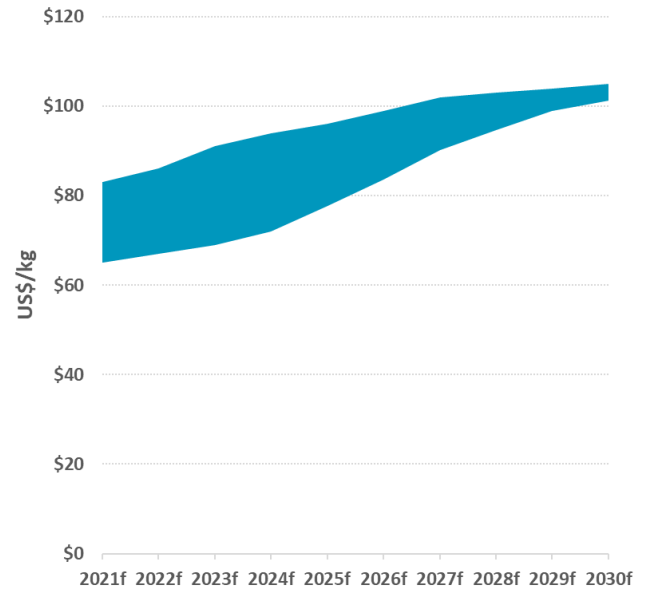


Figure 3: Projected NdPr Oxide Price Range

Source: Adamsintel

BFS Update

Given the comprehensive pilot plant testwork and detailed engineering undertaken as part of the BFS, no changes are expected to the existing BFS plant design and flow sheets.

The key focus areas for the BFS Update include:

- Early delivery of the Southern Access Road rehabilitation works;
- Updated transport logistics study;
- Flotation process optimisation including testwork and analysis;
- Mine plan update;
- Tailings storage facility evaluation;
- Renewable energy studies;
- Project execution strategy development;
- Early works and project execution planning;
- Operating and capital expenditure estimate updates to reflect current market pricing; and
- Updated pricing assumptions for NdPr Oxide and other separated rare earth products.

The BFS Update is expected to be completed by the end of February 2022 and to cost approximately A\$1.7 million. It will be funded from the capital raising announced on 6 August 2021.

ASX Announcement 25 August 2021

The completion of the BFS Update is expected to be a major milestone in progressing the Ngualla and Teesside projects towards a final investment decision and will support ongoing project and export financing initiatives.

An indicative timeline with key milestones is set out below.

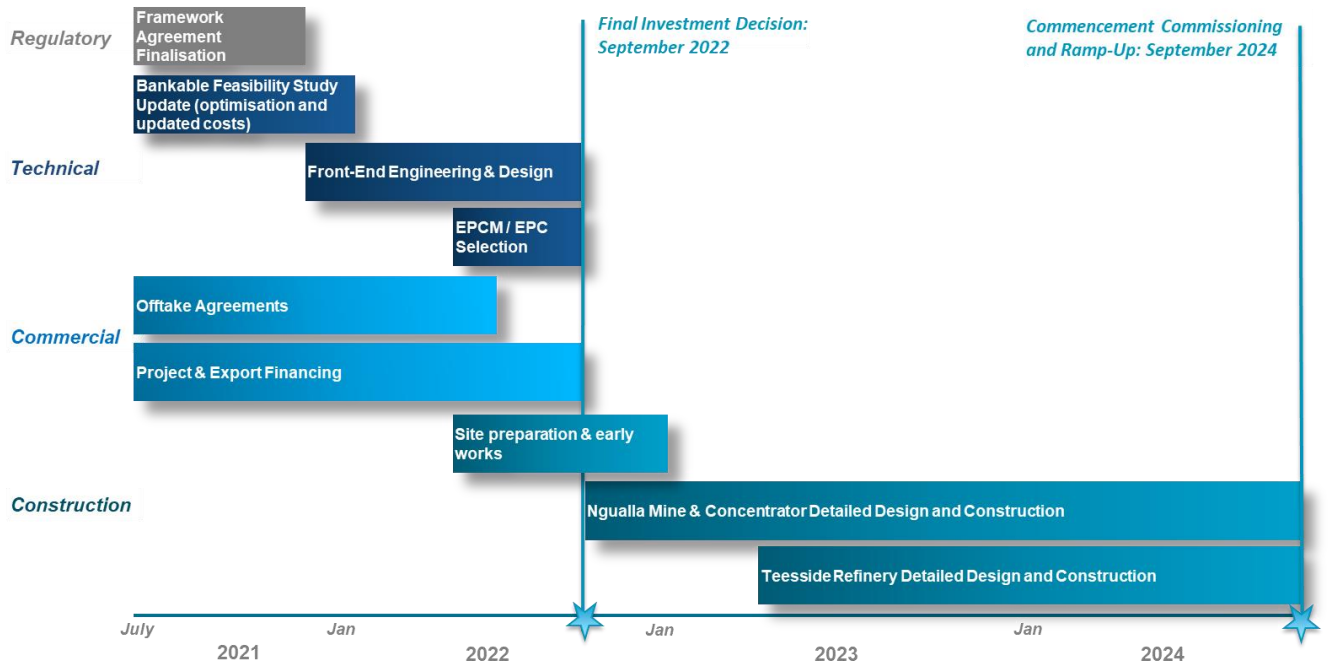


Figure 4: Indicative timeline for the Ngualla Project and Teesside Refinery

This announcement is authorised for release by the Company’s Board of Directors.

Bardin Davis
Managing Director

Media inquiries:
Michael Vaughan
Fivemark Partners
+61 422 602 720

ASX Announcement 25 August 2021

JORC Compliance Ore Reserve, Ore Resource and Bankable Feasibility Study

This announcement references the Ngualla Project Ore Reserves, Ore Resources, the Bankable Feasibility Study (“BFS”) and its outputs.

The technical information and Competent Persons statements for the Ore Reserves and Mineral Resources are reported in the Company’s ASX announcements 22 February 2016, 2 March 2017 and 12 April 2017.

The BFS 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.

Notwithstanding, the Company has commissioned a BFS Update as announced herein.

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.