

Quarterly Activities Report and Appendix 5B

September 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:

- Tanzanian Cabinet approval of a Special Mining Licence application for the Ngualla Rare Earth Project
- Completion of an A\$30 million equity placement and a ~A\$1.7 million Share Purchase Plan
- Repayment of the ANRF Royalty Facility and the termination of a 2% life-of-mine royalty
- Commencement of a Bankable Feasibility Study Update
- Initiation of Economic Framework Agreement discussions
- Senior technical and commercial appointments
- Research reports published
- Speculation around further Chinese consolidation
- Continuation of rapid growth in global Electric Vehicle sales
- Strong appreciation in the NdPr Oxide price

Tanzanian Cabinet Approval of a Special Mining Licence

Peak announced on 22 July that the Cabinet of Ministers ("Cabinet") of the Government of the United Republic of Tanzania (the "Government") had approved the Special Mining Licence ("SML") application by PR NG Minerals Ltd ("PR NG"), a wholly owned Tanzanian incorporated subsidiary of Peak, for the Ngualla Rare Earth Project ("Ngualla Project").

The SML is the milestone regulatory authorisation required to develop the Ngualla Project under the Mining Act of the United Republic of Tanzania ("Tanzania").

Subject to the formal grant of the SML by the Minister of Minerals, PR NG has provided a commitment to the Government to work jointly to establish a Tanzanian registered company ("Newco"), to which PR NG will transfer the SML and to seek any requisite consents. Newco is to be owned 84% by Peak (via a wholly owned entity) and 16% by the Government (to be held in the form of non-dilutable free carried interest shares).

The Hon. Dotto Biteko (MP), the Tanzanian Minister for Minerals made the following comments in relation to the SML application approval:

“The Government is pleased to announce the approval of a Special Mining Licence application to develop the Ngualla Rare Earth Project and its partnership with Peak Resources. This project represents an exciting opportunity for Tanzania to play an important global role in the supply of strategically important rare earth elements.

We look forward to seeing the many benefits of the project being delivered to the people of Tanzania through employment, investment in social and regional infrastructure, as well as additional revenue from dividends, taxes, royalties and duties.”

Equity Raising Completed

A A\$30 million two-tranche equity placement was completed to institutional, sophisticated and professional investors in the quarter at an issue price of A\$0.09 per share. It resulted in numerous new Australian and institutional shareholders joining the register.

Retail shareholders were also extended a similar opportunity via a Share Purchase Plan (“SPP”) raising at A\$0.09 per share. The SPP enabled Peak to raise a further A\$1.675 million.

The use of proceeds for the combined A\$31.675 million includes the following:

- Progressing development of the Ngualla Project and Teesside Refinery (including offtake and financing arrangements);
- Expanding the Company’s technical and marketing team; and
- Repaying the ANRF Royalty Facility.

Repayment of Royalty Facility

On 6 August 2021 Peak announced an intention to repay a financing facility from ANRF Royalty Company Limited (“ANRF”) for a total of US\$9,978,755. This financing facility was extended to Peak in 2015 and used to fund the original Bankable Feasibility Study. It was accompanied by a 2% life-of-mine royalty and security arrangements and a series of undertakings.

The rationale for repaying the ANRF Royalty facility included:

- Enabling Peak to meet its commitments to the Government of Tanzania in relation to the transfer of the SML into a newly incorporated entity that would be owned 84% by Peak and 16% by the Government;
- Termination of a 2% revenue royalty obligation over the life of the Ngualla Project;
- Increasing shareholder exposure to project earnings; and
- Enhanced financeability of the integrated Ngualla-Teesside Projects.

An Independent Expert determined that the proposed repayment of the facility was fair and reasonable and that fair value was between US\$24.9 – US\$35.0 million.

Shareholders approved the transaction on the 28 September 2021 and it was completed on 5 October 2021.

Commencement of a Bankable Feasibility Study Update




On 25 August Peak announced that Amec Foster Wheeler (part of the Wood Group plc) had been engaged to lead a Bankable Feasibility Study (“BFS”) Update. Amec Foster Wheeler led the original BFS which was completed in 2017.

Since the original BFS was completed several opportunities to enhance project returns have been identified including an increase in capacity, change in flotation collector and the potential to construct a shorter and lower cost access road to the Ngualla site. Other aspects of the BFS Update include optimisation of project execution strategy, early works planning and updating operating and capital cost estimates.

Senior Technical and Commercial Appointments

Peak has made a series of senior and commercial appointments to support the BFS Update and to advance the Ngualla and Teesside projects towards development and construction.

Key appointments include the following:

	<p>Lello Galassi – Head of Operations & Development</p> <p>Lello has been a project manager and developer for 14 brownfield and greenfield international mining and large infrastructure projects. Lello has a strong track-record in the delivery of greenfield projects, cost control and schedule targets, best practice with respect to safety, environmental and community outcomes and the development of associated infrastructure. His international experience extends to the Democratic Republic of Congo (“DRC”), Guinea, South Africa, Peru, Chile, Guyana, Spain, Australia and Canada. During his career he has worked with ICL, Rio Tinto, Freeport McMoran and Phelps Dodge.</p> <p>Lello was most recently Vice President Project Development & Construction with Sabina Gold & Silver Corporation</p>
	<p>Mark Godfrey – Head of Technical Services</p> <p>Mark holds over 40 years of metallurgical experience and has worked with a broad suite of leading international mining companies including Glencore, Newcrest, MMG, Rio Tinto, BHP and Impala Platinum. Mark has spent a significant portion of his career in Africa and has extensive experience in overseeing feasibility studies, pilot plant test work, optimisation of flow sheets, commissioning of projects, debottlenecking and operational enhancements.</p> <p>Mark was most recently Technical Manager Metallurgy at the Komoto Copper Project (Glencore) based in the DRC</p>
	<p>Andrea Cornwell – Head of marketing & Sales</p> <p>Andrea has over 28 years of international resources marketing experience and has held senior strategic marketing and sales roles with major resources groups such as South32, BHP, Vale, Anglo American and Shell. She has led “go-to market” strategies for large greenfield projects and has substantial experience in leading and executing international marketing strategies, developing and managing customer relationships, overseeing shipping and logistics as well as structuring long-term offtake and sales agreements.</p>

	Andrea's most recent role was Vice President Marketing, Carbon Steel Raw Materials & Freight with South32 based in Singapore.
	<p>Gavin Beer – Consulting Metallurgist</p> <p>Gavin holds approximately 30 years of relevant technical and operational experience and specialises in the rare earth and critical metal sectors.</p> <p>Gavin was the General Manager Metallurgy for Peak between 2015 and 2017 and was responsible for the development and optimisation of the metallurgical process from Ore-to NdPr Oxide and other separated rare earth products. He managed pilot plants for the beneficiation, hydrometallurgy and solvent extraction separation processes that led into the original Bankable Feasibility Study ("BFS") completed in 2017.</p>
	<p>Matthew Horgan – GM Corporate Development</p> <p>Matthew joined Peak Resources from the corporate advisory firm Azure Capital and was previously with Alcoa where he held a range of corporate development, commercial, marketing and chemical engineering roles.</p>

The technical appointments of Lello, Mark and Gavin provide Peak with a highly experienced and complementary team with a combined track-record in the development and optimisation of African and international mining and rare earth projects. An important area of near-term focus is around the potential to further optimise the integrated Ngualla-Teesside project through the BFS Update process.

The appointment of Andrea and Matthew provides Peak with a strong marketing, commercial and corporate development capabilities. Both Andrea and Matthew will support existing marketing and strategic discussions and lead additional offtake, customer and strategic initiatives.

Engagement on Economic Framework Agreement

Following Tanzanian Cabinet approval of the SML application for the Ngualla Project, the Tanzanian Government has formed a Government Negotiation Team ("GNT") for the purposes of negotiating and agreeing an Economic Framework Agreement. Peak has submitted a series of draft documents to the GNT including an Articles of Association, Memorandum of Association and a Shareholders Agreement. It intends to submit an Economic Framework Agreement Term Sheet in the coming week.

Research Reports Published

Peak commissioned a research initiation report from Simon Francis from Orior Capital, which was published on 27 September 2021.

A separate research report from Fosters Stockbroking was released on 1 October 2021.

Copies of both reports are available on the Peak Corporate Website
(<https://www.peakresources.com.au/research-reports/>).

Rumoured Chinese Consolidation

There have been recent media articles on the potential consolidation of the Chinese rare earth sector. It has been speculated that the Chinese Government may wish to consolidate its six rare earth mining entities into two companies with a Northern consolidated entity focusing on light rare earths and a Southern consolidated entity focused on heavy rare earths.

Peak believes that any further consolidation of the Chinese rare earth sector is likely to result in the following:

- Greater enforcement of production and export quotas in China;
- A decrease in illegal rare earth mining activities in China;
- Increased market concentration supporting higher market prices;
- Rising concerns around security of supply and increased appetite for long-term offtakes; and
- Stronger rare earth funding appetite across Export Credit Agencies and Development Banks.

United Kingdom Electric Vehicle Developments

Ford has announced a £230 million investment to transform its vehicle transmission facility at Halewood in the North-West of England to build electric power units for future Ford electric vehicles in Europe.

This follows other recent positive developments including 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.

Electric Vehicle Sales

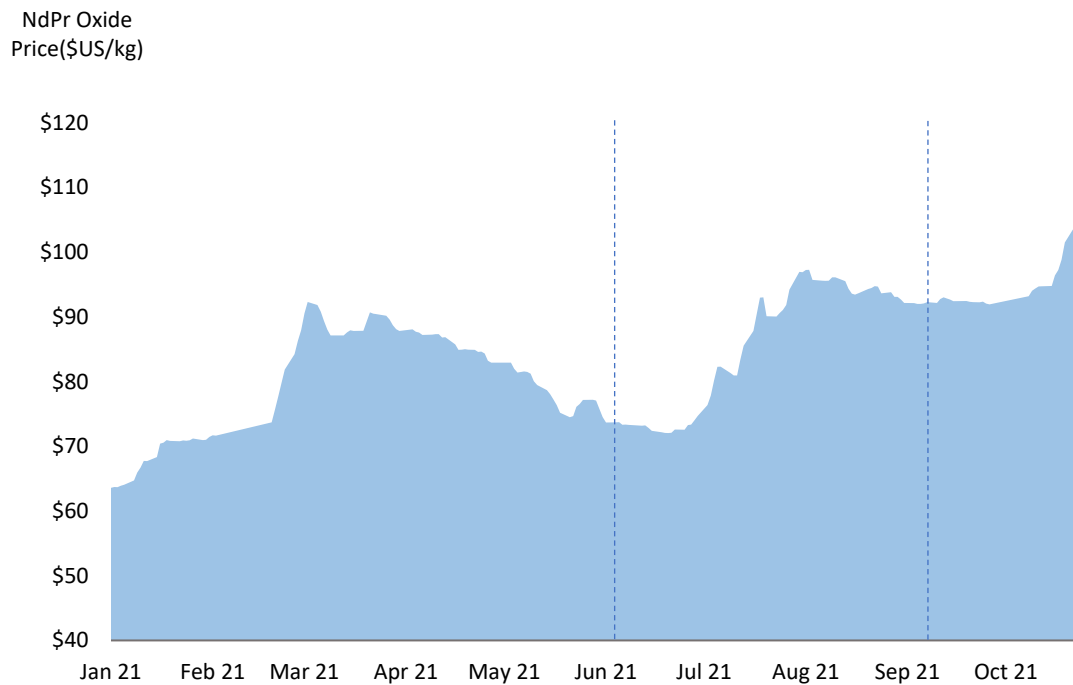
Rapid growth in the Electric Vehicle ("EV") sales have continued throughout the third quarter of 2021. Adamas Intelligence estimates that between August 2021 and the corresponding period in 2020 that global passenger EV sales increased by 76%, global motor power deployed in all newly sold passenger EVs increased by around 78% and NdFeB consumption in passenger EV traction motors and generators increased by around 84%.

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 over the September quarter rising from a low of US\$74/kg in early July to finish the quarter at US\$92/kg. Prices have continued to appreciate since the end of the

quarter and closed at US\$113/kg on 28 October 2021. As at this date the average year-to-date NdPr Oxide price is US\$84/kg.



YTD NdPr Prices China in US\$/kg through to 28 October 2021. Source Asian Metal (China Domestic)

Corporate

Corporate Cash at Hand and Securities Information as at 30 September 2021

ASX: PEK

Cash at hand: A\$20.6 million

Ordinary Shares on Issue: 1,860.6 million

52 week range: 2.7c – 14.0c*

PEKOC Listed \$0.03 14 April 2020 Options on Issue: 81.5 million

Market Cap: A\$169m (at 9.1c)

Unlisted Options outstanding: 20.2 million[>]
 (exercise prices [A\$0.03 to A\$0.15])

Liquidity: 6.3 million shares per trading day
 (average over 3 months**)

Unlisted Performance Rights outstanding: 20.6 million[#]

* From 1 October 2020 to 30 September 2021 on ASX ** Average from 1 July 2021 to 30 September 2021 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 30 September 2021 provides details of the Company's financial activities.

There was no substantive exploration activity undertaken in the period. Expenditure incurred on exploration, evaluation or development activities during the quarter on the Ngualla – Teesside Project totalled \$325k.

Expenditure incurred during the quarter on administration and corporate costs totalled \$1.061m, inclusive of \$670k on material one off costs or annual payments for:

- Royalty Buyback transaction costs
- Annual Insurance Renewals
- Recruitment Costs
- ASX Annual Listing Fee

Payments of \$162k reported in Item 6.1 of the attached Appendix 5B, relates to salaries, fees and superannuation paid to Directors.

Summary of Mining Tenements and Areas of Interest

As at 30 September 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%	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.*



Bankable Feasibility Study

This announcement references the Bankable Feasibility Study (“BFS”) and BFS Update.

The BFS is reported in the Company’s ASX announcements dated 12 April 2017, 28 August 2017 and 12 October 2017. An Optimisation Study is reported in the Company’s ASX announcements dated 28 August 2017. The BFS Update is reported in the Company’s ASX announcements dated 25 August 2021 and 28 October 2021.

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

The Company confirms that at this time it is not aware of any new information or data that materially affects the information included in the relevant announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company also advises that it is undertaking a Bankable Feasibility Study Update and negotiating an Economic Framework Agreement with the Government of Tanzania, the outcome of one or both, may confirm new information or data that materially affects the information included in the relevant announcements.

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 30 SEPTEMBER 2021:

Ordinary Shares on Issue: 1,860.6 million

Listed Options

PEKOD Listed: \$0.03 14 April 2022: 81.5m

52 week range: 2.7c – 14.0c

Market Cap: \$169m (at 9.1c)

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")

SEPTEMBER 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(325)	(325)
	(c) production	-	-
	(d) staff costs	(282)	(282)
	(e) administration and corporate costs	(1,061)	(1,061)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST/VAT and other taxes)	(144)	(144)
1.9	Net cash from / (used in) operating activities	(1,810)	(1,810)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(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	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	20,417	20,417
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	187	187
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(869)	(869)
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	19,735	19,735

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,682	2,682
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,810)	(1,810)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	19,735	19,735

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	20,605	20,605

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	20,605	2,682
5.2 Call deposits	-	-
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)	20,605	2,682

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	162
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>	

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	-	-
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)	(1,810)
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)	(1,810)
8.4	Cash and cash equivalents at quarter end (item 4.6)	20,605
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	20,605
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <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>	11.38
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 October 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.