

## Binding Heads of Agreement executed with IFC

Peak Resources Limited (ASX: **PEK**) (“**Peak**” or the “**Company**”) is pleased to announce that further to the Company’s announcement on 29 July 2019 - *Peak set to move to 100% ownership of the Ngualla Project*, a Binding Heads of Agreement has now been executed with International Finance Corporation (**IFC**) (**IFC BHoA**).

Signing of the IFC BHoA and the previously executed Binding Heads of Agreement (**Appian BHoA**) with Appian Pinnacle HoldCo Limited (**Appian**) to roll up their ownership interest in Mauritian registered company, Peak African Minerals (**PAM**) into Peak, paves the way for Peak to move to 100% ownership of the Ngualla Rare Earth Project (**Project**).

Peak’s Chairman, Peter Meurer commented “*We thank IFC for their constructive and collaborative approach leading to the signing of this agreement in a timely manner*”

*“We thank IFC for their support and input into the advancement of the Project and we welcome their continued support as we take the next steps towards development of this globally significant Project.”*

The Company believes the proposed simplification of the PAM ownership structure and streamlining of the governance procedures will ensure that the interests of all shareholders will be aligned towards the development of the Project. The proposed simplified structure is intended to facilitate the introduction of additional institutional investors in Peak and development partners to the Project. This has already been demonstrated by the introduction of a number of new institutional investors who participated in the Company’s \$4.8m capital raising completed on 8 August 2019.

### Key terms of the BHoAs:

#### IFC BHoA

- Completion of the IFC BHoA will be subject to and conditional on completion of the Appian BHoA, and the simultaneous completion of both BHoAs (together, the **Transaction**).
- IFC to receive 64,268,651 Peak Shares in exchange for its entire (post dilution 3.85%) ownership interests in PAM.
- This will result in IFC holding approximately 7.33% of Peak Shares on issue at settlement (assuming the IFC BHoA completes simultaneously with the Appian BHoA, and no other Peak Shares are issued).
- Termination of the PAM Shareholders Agreement.

#### Appian BHoA

- Completion of the Appian BHoA is subject to and conditional on completion of the IFC BHoA.
- Appian to receive 327,490,452 new fully paid ordinary shares in Peak (**Peak Shares**) in exchange for its entire (20%) ownership interests in PAM.

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- This will result in Appian holding approximately 33.55% of Peak Shares on issue at settlement (assuming the IFC BHoA is executed on the terms outlined below, and completes simultaneously with the Appian BHoA, and no other Peak Shares are issued).
- Appian to meet its 20% share of PAM Group costs until settlement.
- Termination of the PAM Shareholders Agreement.
- Appian will continue to have entitlement to Peak Board nominees as follows: two directors while Appian owns 20% or more of PEK shares, reducing to one director while Appian owns above 10% but less than 20%.

**Peak ownership - current and post Transaction\***

| <b>Current:</b>                |                    |                     |                        | <b>Proforma:</b>               |                      |                     |                        |
|--------------------------------|--------------------|---------------------|------------------------|--------------------------------|----------------------|---------------------|------------------------|
|                                | No.of Shares       | Ownership<br>% Peak | Ownership<br>% Project |                                | No.of Shares         | Ownership<br>% Peak | Ownership<br>% Project |
| <b>Peak Shares outstanding</b> | <b>919,144,249</b> | <b>100.00%</b>      | <b>75.00%</b>          | <b>Peak Shares outstanding</b> | <b>1,310,903,353</b> | <b>100.00%</b>      | <b>100.00%</b>         |
| Appian                         | 112,351,377        | 12.22%              | 9.17%                  | Appian                         | 439,841,829          | 33.55%              | 33.55%                 |
| IFC                            | 31,846,257         | 3.46%               | 2.60%                  | IFC                            | 96,114,908           | 7.33%               | 7.33%                  |
| Other Shareholders             | 774,946,615        | 84.31%              | 63.23%                 | Other Shareholders             | 774,946,615          | 59.12%              | 59.12%                 |

\* includes the 119,888,380 shares issues pursuant to the \$4.8m Placement capital raising completed on 8 August 2019.

Completion of the Transaction is conditional upon the satisfaction of the following key outstanding conditions precedent:

- Peak obtaining all necessary shareholder and regulatory approvals required by the Corporations Act, Listing Rules and other applicable laws in relation to the Transaction;
- receipt of an independent expert's report prepared for the purpose of obtaining the approvals concluding that the Transaction is either fair and reasonable or not fair but reasonable to the non-associated shareholders of Peak;
- each of the conditions to settlement being satisfied or waived; and
- there being no Material Adverse Effect in relation to Peak and its subsidiaries.

Preparation of the materials to seek the required approvals for the transaction is well advanced and the Company will shortly give notice of a General Meeting of Shareholders to seek their approval for the Transaction. Full details will be included in the notice of meeting and explanatory materials, incorporating the independent expert's report, which will be provided to all shareholders.

For and on behalf of Peak Resources Limited.

**Rocky Smith**  
Chief Executive Officer