

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:

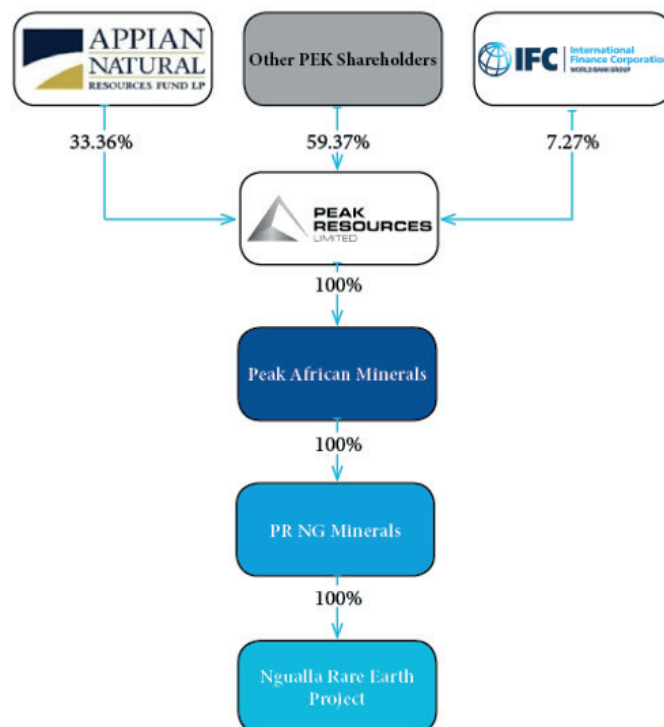
- Peak moves to 100% ownership of the Ngualla Project on completion of acquisition
- USA shows interest in the Ngualla Project
- Tanzanian Cabinet's SML approval process underway
- Western Governmental activities directed towards diversification of Rare Earths supply

Peak moves to 100% ownership of the Ngualla Project on completion of acquisition

On 12 November 2019, Peak was pleased to announce completion of the project ownership restructuring transaction with Peak now having a 100% ownership interest in the Ngualla Rare Earth Project.

The transaction with Appian Pinnacle Holdco Limited ("Appian") and International Finance Corporation ("IFC") saw them swap out their ownership interests in Mauritian registered company, Peak African Minerals ("PAM") for additional shares in Peak Resources Limited. PAM is the parent company of Tanzanian registered PR NG Minerals Limited which is the holder of the Project's Exploration Licences and Special Mining Licence application.

A total of 386,161,369 new fully paid ordinary shares were issued to Appian and IFC on completion. The diagram below shows the new and current ownership status for the Project:



Developing the Ngualla Project into an
– ethically sustainable
– long term
– high quality supplier of choice to the global high technology rare earth market

DIRECTORS

Non-Executive Chairman:
Peter Meurer

Non-Executive Directors:
Jonathan Murray
Tony Pearson
Robert Sennitt

Chief Executive Officer:
Rocky Smith

Company Secretary:
Graeme Scott

CORPORATE DETAILS

AS AT 31 December 2019:

Ordinary Shares on issue:
1,305.3m

Listed Options:
PEKOC Listed: \$0.06 14 Jun 2020:
61.1m

52 week range: 2.0c – 6.6c

Market Cap: \$50.9 (at 3.9c)

ASX: PEK

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The new Project ownership structure improves availability of institutional equity funding and probability of finding a strategic partner(s) to make equity investment at the Project level.

USA shows interest in the Ngualla Project

During the Quarter Peak's CEO, Rocky Smith completed a global trip to promote the Company and pursue business development opportunities. During the trip he held extremely productive meetings with several government funding agencies in the UK, USA and Japan.

Following preliminary screening of the Project information Peak received a "letter of interest" from the Overseas Private Investment Corporation (OPIC), a U.S. government agency charged with promoting investment in developing countries, stating that it will consider financing the Project subject to its usual review and approval processes. The Project falls right within the remit of these organisations.

The recent ongoing and well publicised Western government determination to achieve, China independent, surety and stable supplies of critical materials, such as the rare earth products Peak plans to produce; NdPr Oxide, Lanthanum Carbonate, Cerium Carbonate and a mixed Heavy Rare Earth Carbonate, provides the Company with confidence that the necessary project finance may be available from a number of identified potential sources.

Both the UK and USA have significant funds available to support and promote business activity, including for the development of mining projects, in Africa. These financing activities are ongoing and the Company looks forward to providing further updates with any substantive progress.

Tanzanian Cabinet's Special Mining Licence (SML) approval process underway

During the Quarter the Company hosted a governmental site visit as part of the Cabinet approval process for the Project SML. The special delegation of government experts and officials spent 4 days at the Ngualla site visiting the licence area, exploration camp and meeting with the local community. The visit was an opportunity for the Company to highlight the positive impact the Project will have, not only on the local community but to Tanzania as a whole. The mine when operational will be the largest employer in the area and will contribute a considerable amount to the nations mining related gross domestic product and government revenues. The initial capital investment will also include a substantial upgrade to the access to the Ngualla area which will open up a large parcel of agricultural land to both domestic and international markets. The meeting with the local community followed a tour of some of the many community projects including school buildings, teacher's accommodation and medical facilities that the Company has undertaken since it started exploration in the area. The appreciation for the community projects and the desire to see the Project commence was evidenced by the unanimous support expressed by the local community to the delegation.

Peak sees the visit as a very positive move forward towards the issuing of the SML with the delegation left satisfied that their queries had been answered in an open and transparent manner.

A follow up meeting with the Company and governmental officials is expected to be held during the March quarter to address any additional questions following the site visit, and prior to a recommendation being made to the President and Cabinet for the SML approval.

The Mining Licence is the final regulatory requirement for the Ngualla Project, with the associated Teesside Refinery already fully permitted and land secured under option. Once granted the Ngualla Project will be the only rare earth development project that has a JORC Compliant Ore Reserve, completed definitive feasibility study and fully piloted process from ore to separated oxides that is fully permitted and ready to construct.

Tanzania Operations

The Project site remained open for most of the Quarter in order to maintain a presence in the area and to also facilitate investor, governmental visits and offtake partner visits to the deposit. The site and project office is now closed for the wet season.

Community Social Responsibility

As previously reported, due to the protracted SML application process the Company has not undertaken any major Community Programmes this season, however Peak does continue to assist the local community where practical and cost effective to do so. A number of community initiatives were completed and handed over to the community prior to the site closure including: supply of a new delivery bed and equipment for the Ngwala maternity ward, supply and installation of soccer and netball goal posts at three schools in the Ngwala ward, and renovation of the kindergarten classroom at Ngwala primary school.



Songwe DED with PRNG Minerals CLO receiving the renovated classroom and 15 desks

Peak takes its community and social responsibilities very seriously and is proud of its record to date. The projects undertaken in the past and the manner in which it engages with the local community has resulted in widespread support for the Project.

UK Teesside refinery

During the Quarter Peak's CEO visited the site and met with various stakeholder groups and potential suppliers of chemical reagents. The local Teesside community remain extremely supportive of Peak's development plans. The Company has a further eighteen month on its option, over a 19 hectare parcel of land located in the Wilton International Site.

Planning permissions for the refinery and environmental licences for operation of the facility are all in place. Potential exists for Peak to create a go to rare earth processing hub at Teesside:

- Site fully permitted for construction and operation
- 250 year land option with room for expansion
- Excellent infrastructure and location to market
- Sustainable options for waste management and disposal
- Readily available low cost reagents

Marketing and Offtake Updates

Peak's Sales and Marketing Manager undertook an extensive marketing and customer engagement trip during November 2019 through Europe and Asia to progress existing and hold new discussion aimed towards securing binding offtake agreements. These discussions and agreements will set the foundations for project finance to enable Peak to become the second outside of China fully integrated rare earth oxide and metal supplier. A large number of introductory and follow up meetings were held with tier 1 motor producers, magnet producers, and trading houses in addition to direct meetings with a number of automotive groups.

Peak has to date issued ten detailed term sheets with discussions on-going with a number of these groups.

Peak also attended multiple networking conferences in Europe and Asia including the Metal Events¹, Rare Earth Conference held in Kuala Lumpur, Malaysia in early November. These events provide a good platform for exposure of the Company to industry participants and for Peak to continue to forge strong relationships with the groups and investors in attendance.

Market Update

Governmental activities directed towards diversification of Rare Earths supply:

Australian and US Initiative – Meetings between US and Australian officials have formalised a partnership intended to bolster supply of rare earths and other critical minerals from outside China. Export finance agencies in the nations will consider new measures to help accelerate mine projects. As a result of these discussions, in November 2019, the Australian and USA government agreed an MoU on Critical Energy Minerals.

Australia – Minister for Resources, Senator Matt Canavan announced in November 2019 that a new Critical Minerals Facilitation Office is to be opened on 1 January 2020, within the Department of Industry, aimed at securing critical mineral projects for Australia.

USA/Department of Defence – President Donald Trump ordered the US Defence Department to spur production of a range of rare-earth magnets used in military hardware amid concerns China could, at any time, restrict exports of the products. Based on this directive the U.S. Army plans to fund construction of rare earths processing facilities, part of an urgent push by Washington to secure domestic supply of the minerals used to make military weapons and electronics. The move would mark the first financial investment by the U.S. military into commercial-scale rare earths production since World War Two's Manhattan Project built the first atomic bomb.

China Governmental activities – China has raised its annual mining quota for rare earths to 132,000 tons for 2019, 10% above last year's record high.

In December 2019, Myanmar's government ordered the shutdown of rare earth ore mines and banned rare earth carbonate ores exports to China permanently. This follows unauthorised mining activity and environmental disruptions, with the permanent ban forecast to tighten feedstock supplies and push up rare earths prices in China. China relies heavily on Myanmar's ore supplies, as key feedstocks for medium and heavy rare earths production.

Automotive Manufacturers continue to fast track and prioritise development of their electric vehicle platforms:

Volkswagen Group China – Announced in November 2019 that together with its Chinese partners, has pledged to invest more than US\$4.4bn next year, with around 40% of this investment going toward e-mobility. This will accelerate the Group's electrification strategy.

The Volkswagen Group – Announced in December 2019 that it is forging ahead with the fundamental change of system in individual mobility and systematically aligning with electric drives. The Group is planning to launch almost 70 new

electric models in the next ten years – instead of the 50 previously planned. As a result, the projected number of vehicles to be built on the Group’s electric platforms in the next decade will increase from 15 million to 22 million.

In January 2020 it was reported VW Group is set to take a 20% stake in Chinese electric vehicle battery maker Guoxuan High-tech Co Ltd amid electric push. The deal would mark Volkswagen’s first direct ownership in a Chinese battery maker and comes as the Wolfsburg-based automaker strives to meet a goal of selling 1.5 million new energy vehicles (NEVs) a year in China by 2025, including plug-in hybrid cars.

Hyundai Motor Group – Announced in January 2020 it will invest more than US\$87 billion over next 5 years - Executive Vice Chairman Euisun Chung sets business competitiveness, future-readiness, and innovative management & organization as key pillars of group-wide strategy for new year. The Group set ambitious new targets including 44 electrified models and 1.67 million annual sales by 2025.

BMW – Announced in November 2019 orders for more than 10 billion euros worth of battery cells. BMW plans to have 25 electrified models in its offering by 2023, with more than half of them fully electric. It expects sales of electrified vehicles to double between 2019 and 2021.

China – In early January 2020, China’s Minister of Industry and Information Technology Miao Wei reportedly told senior auto industry executives at the EV100 forum in Beijing that the government will not cut subsidies for new energy vehicles (NEVs) any further in July 2020. According to Reuters news wires, the minister also said Chinese NEV sales hit 163,000 units in December, almost double the November 2019 sales total of 83,000. This figure brings the country’s 2019 full year NEV sales to 1.2 million units.

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 pricing remained stable throughout the Quarter, with the supply and demand side remaining largely in balance.



NdPr Prices China in US\$/kg since July 2015. Source Asian Metal (China Domestic)

#Target price which is required to realise similar financial performance as communicated in the BFS incorporating the process improvements of the "Process optimisation study boosts Ngualla's operating margin" dated 28 August 2017

Corporate

Share issues

As noted above on completion of the Project ownership restructuring transaction the Company issued a total of 386,161,369 new fully paid ordinary shares to Appian and IFC as consideration for their ownership interests in the Ngualla Project.

Shareholder Meetings

The Company held a General Meeting of Shareholders on 4 November 2019 to approve the Ngualla Project ownership restructuring transaction and other items. All resolutions put to the meeting were passed on a show of hands.

The Annual General Meeting was held on 19 November 2019. All resolutions put to the meeting were passed on a show of hands.

Robert Sennitt appointed Non-Executive Director

Post Quarter end Robert Sennitt joined the Peak Board as Appian Pinnacle Holdco Limited's (Appian) 2nd Nominee Director replacing Mr John Jetter. Robert is a Senior Advisor to Appian in Australia. He has been involved in the resources sector in Australia for over thirty years as an investment banker with J.P. Morgan, Macquarie Bank and RBC Capital Markets and more recently as Managing Director of Mineral Deposits Limited (MDL). At MDL he sat on the Executive Committee that had responsibility for the management of the TiZir Mineral Sands Joint Venture, comprising the Grande Cote mining operation in Senegal and the TTI smelting operation in Norway.

Robert's African project operations experience adds to the Board's skillset. The Company continues to regularly review the composition of the Board to ensure it retains the appropriate skillsets for its activities and corporate objectives.

Corporate Structure and Cash at Hand:

The corporate structure as at 31 December 2019 was:

ASX: PEK

Ordinary Shares on Issue: 1,305.3 million

PEKOC Listed \$0.06 14 June 2020 Options on Issue: 61.1 million

Unlisted Options outstanding: 160.8 million[>]
(exercise prices A\$0.03 to A\$0.15)

Unlisted Performance Rights: 10 million[#]

Cash at hand: \$2.882 million

52 week range: 2.0c – 6.6c*

Market Cap: \$50.9m (at 3.9c)

Liquidity: 1.957 million shares per trading day
(average over 3 months**)



Rocky Smith
Chief Executive Officer

* From 1 January 2019 to 31 December 2019 on ASX ** Average from 1 October 2019 to 31 December 2019 on ASX.

[>]Some subject to milestone and continuing service vesting criteria

[#]Vest subject to performance and continuing service criteria

Summary of Mining Tenements and Areas of Interest

As at 31 December 2019

Project	Tenement	End of September 2019 Quarter	End of December 2019 Quarter	Status	Arrangement/Comment
Mikuwo	PL 9157/2013	75%	75%	Granted	Held by 100% Tanzanian associate company PR NG Minerals Ltd
Mlingi	PL10897/2016	75%	75%	Granted	Held by 100% Tanzanian associate company PR NG Minerals Ltd
Ngualla	SML/00601/2017	75%	75%	Pending	Held by 100% Tanzanian associate company PR NG Minerals Ltd

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

PEAK RESOURCES LIMITED

ABN

72112546700

Quarter ended ("current quarter")

DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(766)	(1,117)
(c) production	-	-
(d) staff costs (net of development allocations)	(232)	(466)
(e) administration and corporate costs	(295)	(600)
(f) development costs recovered	(88)	-
(g) administration costs recovered	(16)	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	22
1.5 Interest and other costs of finance paid	(6)	(61)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	110	110
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,281)	(2,112)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(8)
(b) tenements (see item 10)	-	-

+ See chapter 19 for defined terms
1 September 2016

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) investments in associate companies	123	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to / from other entities – associate companies	145	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	268	(8)

During the Quarter, Peak's ownership interest in associate company Peak African Minerals (PAM) moved to 100% (previously 75%). PAM's activities are now consolidated into the Peak Group.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,795
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(32)	(116)
3.5	Proceeds from borrowings – Appian loan	-	48
3.6	Repayment of borrowings	-	(1,872)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Restricted cash for debt repayment	-	-
3.10	Net cash from / (used in) financing activities	(32)	2,855

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,927	2,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,281)	(2,112)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	268	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(32)	2,855

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,882	2,882

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	882	677
5.2	Call deposits	2,000	3,250
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)	2,882	3,927[#]

[#]figure excludes cash at end of the September Quarter retained by Peak's majority (75%) owned associate company Peak African Minerals (PAM). PAM had cash at bank at the end of the September Quarter of US\$14k. Following completion of the announced Project ownership restructuring transaction in November 2019, PAM is now consolidated into the Peak Group.

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	83
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 Directors fees paid to Directors and payments to Steinepreis Paganin Lawyers & Consultants (including legal fees for the Project ownership restructuring transaction completed in November 2019), an entity related to Non-executive Director Jonathan Murray.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Bank Guarantee re office rent	30	30

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	793
9.3 Production	-
9.4 Staff costs (net of project allocations)	205
9.5 Administration and corporate costs	207
9.6 Other	-
9.7 Total estimated cash outflows	1,205

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer Quarterly Activities Report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer Quarterly Activities Report		

+ See chapter 19 for defined terms
1 September 2016

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:*Graeme Scott*.....
Company secretary

Date: ...28 January 2020.....

Print name:Graeme Scott.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.