

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:

- SML application process continuing to progress
- Peak strengthened its financial position through completion of a A\$1.5m Placement
- Steps taken to reduce costs and conserve cash pending receipt of SML
- Second option period for Teesside refinery site activated through to June 2021
- Offtake and Project Finance dialogues continue despite Australian travel restrictions

Tanzania Special Mining Licence (SML) status

Despite the Perth based executive being unable to visit Tanzania at these times the Company has been maintaining a very regular two-way dialogue with the Tanzanian government and its agencies through its in-country team and local professional advisors. These activities have been carefully managed and co-ordinated and progress continues to be made towards the issue of the SML.

On 16 June 2020, President Magufuli dissolved Parliament ahead of the general elections in October 2020. During this run up period all government departments and activities are expected to continue as normal, including on-going meetings of the Government Cabinet. The Company has been given reassurance that the elections will not affect the processing of the SML application.

The Special Mining Licence is the final major 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 most advanced 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 permitted and ready to construct.

The mining industry in Tanzania continues to strengthen with the sector recording a growth rate of 15.3% in the first quarter of 2020 compared to the growth rate of 10 percent recorded for the same quarter in 2019. Mineral concentrate that had been held as part of the dispute between Barrick Gold and the government was also released for export during the June quarter.

A\$1.5m Placement strengthens balance sheet

Due to the Covid-19 pandemic the equity capital market environment continues to be extremely uncertain and volatile. The Board determined to act swiftly and decisively to strengthen the Company's financial position to provide a secure financial platform pending receipt of the SML and improved equity market conditions. On 14 April 2020, Peak completed a \$1.5m Placement, which was well supported by current qualifying investors of the Company.

A total of 100,000,000 fully paid ordinary shares at an issue price of \$0.015 were issued to the Placement participants. Participants also received one attaching listed Option, exercisable at A\$0.03 on or before 14 April 2022 for every two Placement shares issued. An additional 38m



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 30 June 2020:

Ordinary Shares on issue:
1,407.3m

Listed Options:
PEKOD Listed: \$0.03 14 April 2022: 88m

52 week range: 1.5c – 6.1c

Market Cap: \$27.4 (at 2.1c)

ASX: PEK

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listed Options were issued to brokers (or their nominees) who assisted with the Placement.

Expenditure management and cash conservation

To conserve cash, the Company's Directors have deferred a 100% of their Directors' fees, initially for the period April through July 2020. In addition, the Company's executives agreed to a 50% deferral in their contracted cash remuneration over the same period. The deferments will be settled by issue of new fully paid ordinary shares based on the 5-day VWAP of Peak's shares prior to the date of issue. These share issues remain subject to shareholder approval at a General Meeting of Shareholders scheduled for 6 August 2020. These arrangements seek to ensure that the interests of shareholders, Directors and the executive team are strongly aligned whilst reducing the Company's cash burn rate.

There has been some further reduction in headcount and all other expenditure has been minimised. The remaining management team continues to work on identifying additional savings that can be made or any government assistance which may be available, whilst maintaining its operational capacity.

Impact of Covid-19

Whilst the Covid-19 pandemic has caused some initial disruption to the Company's activities it continues to be active on all fronts. Through utilisation of the various conferencing and communication platforms available the day to day activities were largely unaffected. After a few weeks of working from home, consistent with the federal government advice, all Perth based employees returned to working from the office towards the end of May 2020.

In Tanzania the Company's operations in the country continue to be largely unaffected. Following the end of the wet season in June 2020 the Ngualla site remains closed.

Tanzanian Operations

The Project site remained closed for the Quarter. The wet season, which saw heavier rainfall than usual, concluded in June, no damage to the site and its infrastructure has been incurred due to the water run-off and management measures in place, however the site still remains closed pending the grant of the SML.

Community Social Responsibility

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.

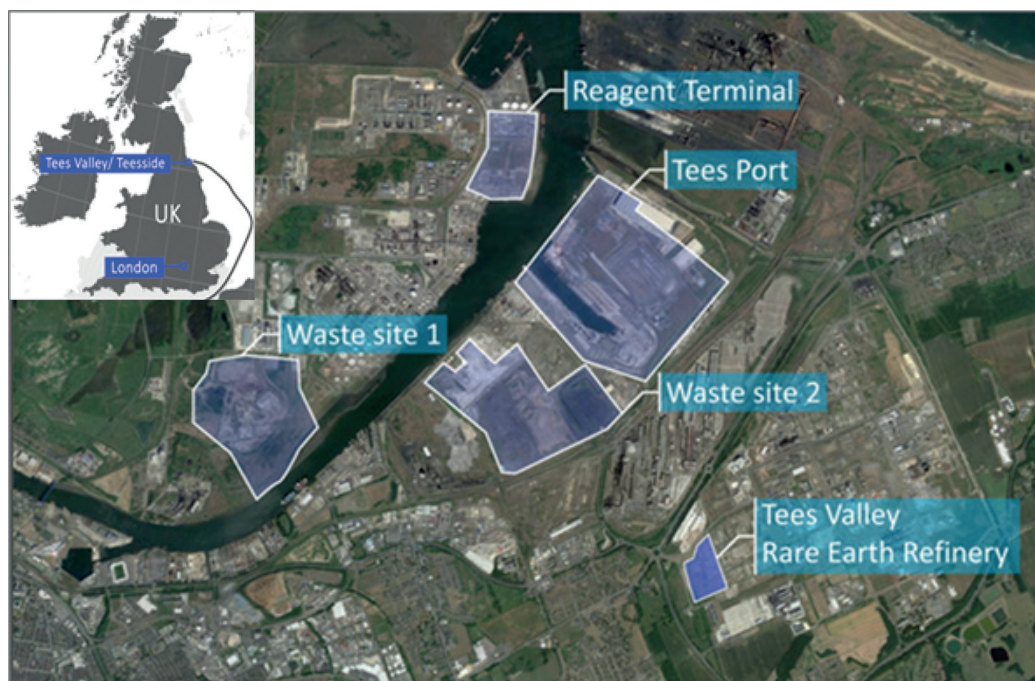
As previously reported, due to the protracted SML application process and whilst the site remains closed the Company is not currently undertaking any Community Programmes.

UK Teesside refinery

During the Quarter the Company activated the second option period with the payment of GBP 48,000. The land option is over a 19-hectare parcel of land located in the Wilton International Site until June 2021.

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



Marketing and Offtake Updates

Since the Covid-19 lockdown and the Australian government imposed travel restrictions, our business development discussions continue via video conference calls and telephone conference calls. The pandemic is another clear example to our potential partners and customers of the vulnerability of the global supply chain and the need for diversification of their critical raw material supplies. With the ongoing China-USA trade dispute having no resolution in sight, a situation that may last for coming years, certainty and surety of supply of these critical materials must become an increasingly core focus for the countries and governments in which these industrial high tech businesses operate.

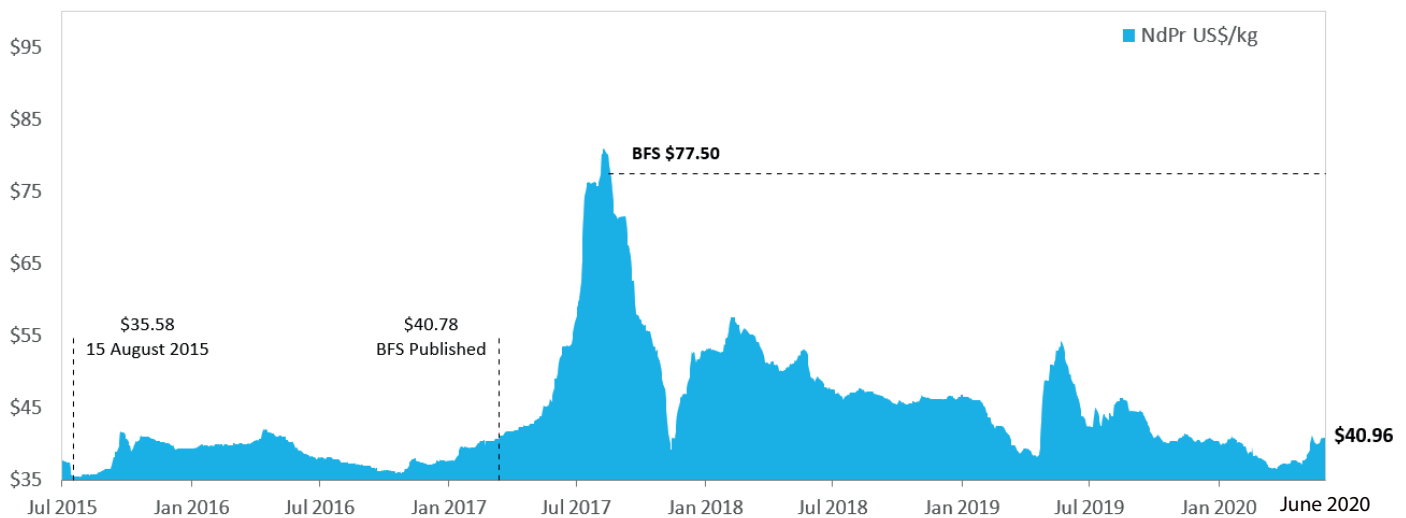
In our dialogue with our potential strategic partners, it is positively acknowledged that Peak has the unique capabilities to offer a fully integrated mine-to-single-rare earth metals solution outside of China. The Company's offtake efforts predominantly continue to be focused at outside of China customers with a particular focus towards Japan and Europe.

Market Update

As would be expected the flow on effects of the Covid pandemic have led to a temporary reduction in demand for rare earths. According to information released by China's General Administration of Customs, China's rare earth exports for the first five months of the year to end of May 2020 were 18,222.6 mt, down 5.4% from the same period last year. It is expected that this will pick up as the global economy begins to open back up.

Pricing Update

NdPr pricing remained stable throughout the Quarter, with the supply and demand side remaining generally in balance. Towards the end of the Quarter and into July has seen consistent incremental weekly price increases up by a total 15% since the Quarter low in mid-April



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

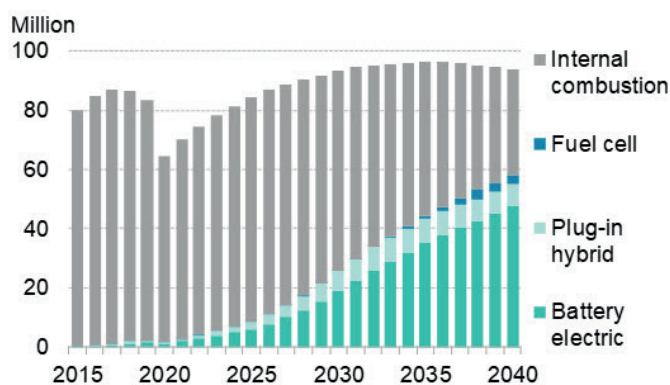
Automotive Update

As reported in the March 2020 quarterly, in response to the Covid pandemic many of the global vehicle manufacturers actioned temporary shutdowns and curtailments to their manufacturing operations.

BloombergNEF expects EV sales to hold up better than combustion vehicles in most markets, due to a backlog of orders, new models, and supportive policy in Europe and China in particular where the governments have introduced new subsidy programs or extended existing ones. Even so, they forecast a drop of 18% to around 1.7 million EVs in 2020. Their forecast shape of the recovery varies around the world, with EV sales in China and Europe pulling ahead.

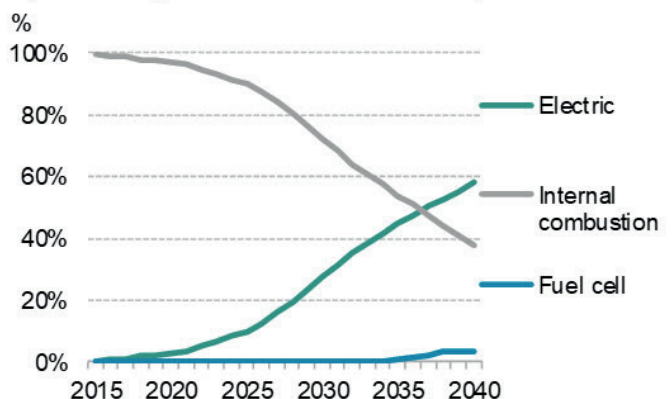
EVs' share of global sales is relatively flat in 2020 at around 3%, but is forecast to rise hitting 7% in 2023 with EV sales of around 5.4 million. Some delay is forecast for new EV launches in North America, but the timelines in Europe and China remain largely unchanged.

Figure 1: Global annual passenger vehicle sales by drivetrain



Source: BNEF. Note: Electric share of annual sales includes battery electric and plug-in hybrid.

Figure 2: Global share of total annual passenger vehicle sales by drivetrain



Each NEV unit represents an additional +1kg of incremental demand for NdPr. Peak's proposition is well positioned to help meet this increasing demand

Corporate

Additional Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) attached for the period ending 30 June 2020 provides details of the Company's financial activities.

No substantive expenditure was incurred on exploration, evaluation or project development activities during the Quarter. A total amount of \$23,000 was paid to Steinepreis Paganin Lawyers & Consultants (including general corporate legal fees), an entity related to Non-executive Director Jonathan Murray (refer item 6.1 of the Appendix 5B). Deferred directors fees and Executive remuneration totalled \$42,500 and \$139,000 respectively at the end of the Quarter.

Share issues

As noted above, on 14 April 2020 the Company issued 100m fully paid ordinary shares and an additional 88m Options pursuant to completion of the Placement. The Options have been listed under the code PEKOD.

Expiry of listed PEKOC Options

61,088,247 listed Options exercisable at \$0.06 expired unexercised on 14 June 2020.

Shareholder General Meeting

The Company will hold a General Meeting of Shareholders on 6 August 2020 to ratify the Placement shares and Options issued in April, approve the issue of shares to Directors and executives in settlement of their deferred fees and remuneration, and also seek approval for adoption of a new constitution. Shareholders are encouraged to submit their proxy vote and attend the meeting where circumstances allow.

Corporate Structure and Cash at Hand:

The corporate structure as at 30 June 2020 was:

ASX: PEK

Ordinary Shares on Issue: 1,407.3 million

PEKOC Listed \$0.03 14 April 2020 Options on Issue: 88 million

Unlisted Options outstanding: 152.8 million[>]
(exercise prices A\$0.03 to A\$0.15)

Cash at hand: \$2.546 million

52 week range: 1.5c – 6.1c*

Market Cap: \$27.4m (at 2.1c)

Liquidity: 1.824 million shares per trading day
(average over 3 months**)

This announcement has been authorised for release by the Company's Board of Directors.



* From 1 July 2019 to 30 June 2020 on ASX ** Average from 1 April 2020 to 30 June 2020 on ASX.
[>] Some subject to milestone and continuing service vesting criteria

Summary of Mining Tenements and Areas of Interest

As at 30 June 2020

Project	Tenement	End of March 2020 Quarter	End of June 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%	Pending	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.*



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Rule 5.5

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PEAK RESOURCES LIMITED

ABN

Quarter ended ("current quarter")

72 112 546 700	JUNE 2020
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Consolidated statement of cash flows	Current quarter \$A'000	Full Year (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		-
1.2 Payments for		
(a) exploration & evaluation		-
(b) development	(443)	(2,060)
(c) production	-	-
(d) staff costs (net of project allocations)	(77)	(765)
(e) administration and corporate costs	(235)	(1,060)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	36
1.5 Interest and other costs of finance paid	-	(61)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	63	172
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(687)	(3,738)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(4)	(12)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	(92)	(92)

Consolidated statement of cash flows		Current quarter \$A'000	Full Year (12 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	(96)	(104)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,500	6,296
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(115)	(231)
3.5	Proceeds from borrowings	-	48
3.6	Repayment of borrowings	-	(1,872)
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	1,385	4,241
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,944	2,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(687)	(3,738)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(96)	(104)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,385	4,241

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Full Year (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,546	2,546

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	546	444
5.2	Call deposits	2,000	1,500
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)	2,546	1,944

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	23
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	Financing facilities <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>	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 – Bank Guarantee re office rent	30	30
7.4	Total financing facilities	30	30
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)	(687)
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)	(687)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,546
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,546
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.7
	<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:	
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:	

Mining exploration entity and oil and gas exploration entity quarterly 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:

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.

Date:30 July 2020.....

Authorised by:Graeme Scott – Company Secretary.....
(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.