

Peak Signs Option Agreement for Teesside Refinery land

Peak Resources Limited (ASX: **PEK**) (“**Peak**” or the “**Company**”) is pleased to announce that it has entered into an option agreement for the long term lease of the land for the proposed Teesside rare earth refinery and separation plant.

Highlights:

- **2 year option** period with a right to extend for a further 12 months
- Long term **250 year** lease negotiated on favorable terms.
- In an existing industrial park with “**plug and play**” utilities
- Adjacent to the UK’s **3rd largest port**, rail and road networks
- Access to bulk **low cost chemicals** and a highly **skilled workforce**
- **Tax incentives** available through Government Enterprise Zone status.

Following a Heads of Terms agreed with the UK’s Homes and Communities Agency “**HCA**” in 2017 the Company has signed a 2-year option for a 250 year lease on a 19 hectare parcel of land in Teesside for a rare earth refinery and separation plant. The agreement also includes the ability to extend the option for a further 12 months if required. The site will be home to a rare earth refinery and separation plant designed to process 32,700 tonnes per year of beneficiated ore from the proposed Ngualla rare earth mine and processing plant in Tanzania. The refinery will produce high purity rare earths including in particular 2,800 tonnes of mixed Neodymium (Nd) and Praseodymium (Pr) oxide. Nd and Pr are the core ingredients for permanent magnets used in the high-efficiency electric-motors and generators that are crucial to low carbon technologies such as electric vehicles, wind energy, robotics and many others. The demand for NdPr is projected to grow exponentially as these new technologies grow in response to the global low carbon revolution.

The Teesside plant is a key differentiator between Peak and other rare earth development companies as Peak is the only current developer who is planning to produce saleable rare earth oxide products in-house enabling the company to sell its products directly to end users and manufacturers. The plant will also significantly add value to the project as the separated rare earths will command a higher price than a less refined concentrate or a mixed carbonate.

“Peak invested a significant sum of money and time into developing and piloting the leaching and separating of the rare earths for our feasibility study. This pilot work, supplemented by extensive first-hand experience of processing rare earths, means that Peak is one of only a handful of companies outside of the current producers to have the required knowledge to produce high purity rare earth oxides. As a result we will not be reliant on Chinese or other 3rd party refineries for toll processing our material and thus we will be in a position to maximize the value of our products.” Commented Rocky Smith, Peak’s CEO.

For and on behalf of Peak Resources Limited.

Rocky Smith
Chief Executive Officer

Compliance Statement

Information relating to Infrastructure, project execution, cost estimating, metallurgical test work, exploration results, Mineral Resource estimates and Ore Reserve estimates is extracted from the report entitled “Lower price deck delivers similar BFS results for Ngualla” created on the 12th of October 2017 and is available to view on <http://www.peakresources.com.au/asx-announcements/>. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

Further Details

Located in the Wilton International Site in Tees Valley, near the town of Middleborough in the United Kingdom, the site is in a large industrial park offering a “plug and play” option with access to reliable competitively priced power, other utilities and services. Wilton is also adjacent to the 3rd largest deep water port in the UK to which the beneficiated rare earth minerals will be shipped. The site also offers an existing effluent disposal system and is close to a number of solid waste management facilities. The large (19 hectares) size of the parcel of land will allow space for future expansions that the Company is considering which include the doubling of production as well as allowing for potential metal making facilities and acid making plants.



Figure 1 - Regional View of the Wilton Site

The Teesside area has a long history with the chemical industry with major chemical companies operating in the area for over three quarters of a century. This legacy means that Teesside has the support infrastructure and skilled workforce required to operate a rare earth refinery. The refining of rare earths is a chemical intensive process with over 3.5 tonnes of chemicals required to process 1 tonne of concentrate. Shipping the concentrate to the chemicals rather than shipping the chemicals to the concentrate has obvious economic benefits as well as being a safer and more environmentally responsible approach. The

decision to locate the refinery in the UK was made in 2016 after an extensive global search including such locations as Malaysia, Vietnam, the Middle East and Europe.



Figure 2 – Teesport looking toward the Wilton International Site

The Wilton International site also benefits from being located within a UK government designated Enterprise Zone which provides an Enhanced Capital Allowance. Companies locating in these sites can receive a first year capital allowance of 100% on qualifying plant and machinery. This scheme will effectively increase the company's available free cash in the early years of production allowing for the quicker repayment of debts and earlier returns to investors. The UK's long term tax rate, currently 18% and set to reduce to 17% from the 1st of April 2020 is also very competitive on a global scale.



Figure 3 - The Refinery plot in the Wilton International Site