

HIGHLIGHTS:

Peak Resources Limited ("Peak" or the "Company") continue to progress the development of its 75% owned Ngualla Rare Earth Project ("Project") with the following activities occurring during the Quarter:

- Meeting with the newly appointed Tanzanian Mining Minister
- SML recommended for approval by the Mining Commissioner to the Minister
- Further productive visits with potential off-take partners
- Testwork programs validate and provide potential for further Project optimisation

Meeting with the newly appointed Minister of Minerals

In early January 2019 the President of Tanzania, Dr John Magufuli promoted the deputy Minister of Minerals Dotto Biteko to Minister. Mr Biteko replaces Angellah Kairuki who has been appointed Minister of State to the Prime Minister's investment office. Stanslaus Nyongo who, alongside Mr Biteko, was also a deputy minister under Madam Kairuki will remain as sole Deputy Minister.

The Company has an excellent on-going relationship with the new minister from dealing with him in his capacity as deputy minister and is confident that there will be good continuity between the outgoing and in-coming ministers.

The Company's Tanzanian Commercial Manager, Ismail Diwani met with Hon Biteko on 15 January to congratulate him on his appointment and to expedite the issue of the Special Mining Licence (SML). The Minister confirmed that he "understands the urgency of the SML" and he will "play his part to push this as swiftly as it can get". The Minister stated that his office has received the approved application from the Mining Commission and the planning team of the Ministry is preparing the relevant Cabinet Papers.

A follow up meeting between the Minister and Peak's executive has been set for early February.

SML recommended for approval by the Mining Commission

The Tanzanian Mining Commission has confirmed to the Company that they are satisfied with the application and supporting documents received and has recommended the licence for approval to the Minister of Minerals. The Minister is required to seek cabinet approval prior to the SML being granted. The final information submitted to the Commission included a strategy and commitment to explore and potentially develop the other commodities that have previously been identified within the Ngualla licence area. These commodities include Fluorspar, Barite, Niobium and Phosphate, details of each are included below.



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:
John Jetter
Jonathan Murray
Darren Townsend
Tony Pearson

Chief Executive Officer:
Rocky Smith

Company Secretary:
Graeme Scott

CORPORATE DETAILS

AS AT 31 Dec 2018:

Ordinary Shares on issue:
799.3m

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

52 week range:
2.5c – 6.4c

Market Cap:
\$22.7m (at 2.6c)

ASX: PEK

Peak Resources Limited
Ground Floor, 5 Ord Street,
West Perth, WA 6005.
PO Box 603, West Perth 6872.

ASX: PEK ACN: 112 546 700

Telephone: +61 8 9200 5360
info@peakresources.com.au
www.peakresources.com.au

Fluorspar

A Fluorspar occurrence has been discovered in the fenite rim around the carbonatite body at Ngualla as shown in the plan below. To date work undertaken includes trenching and rock chip sampling in early stage exploration to assess the deposit. The rock chip sampling of outcropping mineralisation was encouraging and assayed up to 96% fluorspar.

The available trenching data is at a very early stage of evaluation and does not allow for a JORC Mineral Resource or an Exploration Target status at present. The Company does however believe that the occurrence is large enough to warrant future further exploration. (Refer ASX announcement of 20 February 2017 titled "Wide zones of high grade fluorite identified at Ngualla")

As shown in the Figure 1 the fluorspar occurrence occurs well outside the Rare Earth mining and infrastructure. The identified fluorspar mineralisation potential will not therefore be impacted by the rare earth mine.

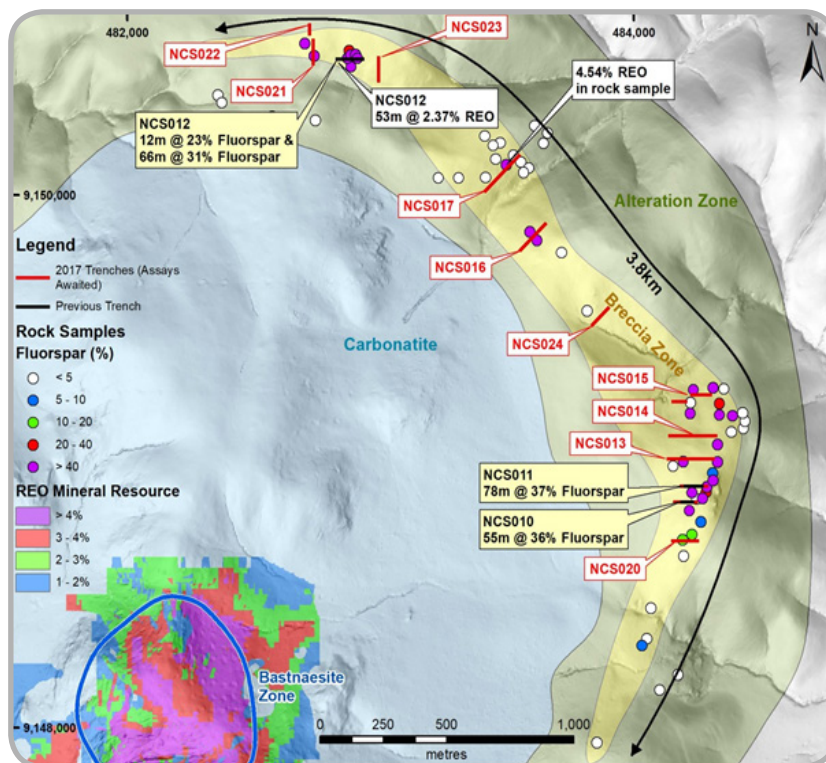


Figure 1 - Location of trenches reported in relation to rare earth mineralisation in the centre of the Ngualla Carbonatite Complex and fluorspar and rare earth zones discovered to date within the fenite alteration zone

The Company's intention is to continue exploration on this occurrence following the development of the rare earth operation. Profits from the Rare Earth mine will partly be used to fund this exploration. Infrastructure built for the rare earth mine will assist in making a potential mining operation economic.

Barite

The weathered bastnaesite zone that is the primary resource to be mined at Ngualla is comprised of approximately 40% Barite. Over 90% of the Barite that is planned to be mined at Ngualla as part of the Rare Earth operation reports to the first tailings stream of the rare earth plant. This stream comes from the barite pre-float circuit with a grade of approximately 90% and would therefore be suitable as drilling mud. At the current projected mining rate this equates to approximately 200,000 tonnes per annum of Barite being produced from the planned processing plant. To ensure that the barite resource is not lost the tailings dam at Ngualla has been designed with separate cells for the Barite stream. (Refer to ASX announcement of 2 March 2017 titled "Ngualla Mineral Resource estimate re-stated to include barite" for details).

Niobium

Niobium occurrences have been detected over most of the area at Ngualla. The higher grade and potentially economic targets were intersected in drilling within the weathered carbonatite to the north of the Bastnaesite Zone outside the rare earth mining zone and shown in the figure below. The relatively shallow <20m mineralisation extends over 1km x 1km area. Mineralogy testing by the Company identified pyrochlore and columbite as the primary Niobium minerals. These higher grade zones would be the focus of further exploration activities by the company after the development of the rare earth mine. Particular attention will be focussed on the magnetic anomaly in that area. (Refer ASX announcement of 15 February 2010 titled "Final drill results received from the Ngualla Rare Earth Project"). The Company has made initial representations to the management at the nearby Panda Hill project in Mbeya to investigate the potential for that company to process the Ngualla Niobium. Panda Hill have confirmed that this could be a possibility and the companies will continue to work together to further explore this potential.

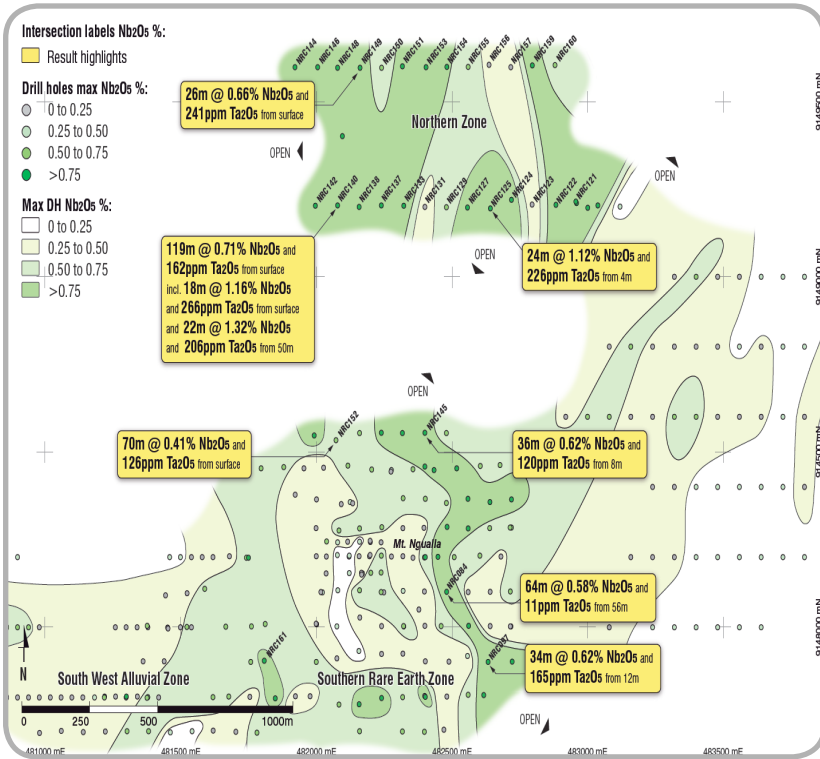


Figure 2 - Plan view of maximum down hole Nb₂O₅ in the Southern Rare Earth and Northern Zones of the Ngualla Carbonatite showing niobium - tantalum intersections highlights. Mineralisation remains open to the north, south and west.

Phosphate

Phosphate occurrences have also been detected over much of the Ngualla area. In fact it was the phosphate potential that first attracted Peak to the Project. As shown on the plan below the phosphate mainly occurs outside the rare earth mining zone with the higher grades occurring in the northern zone. The phosphate potential will not therefore be encumbered by the rare earth activities.

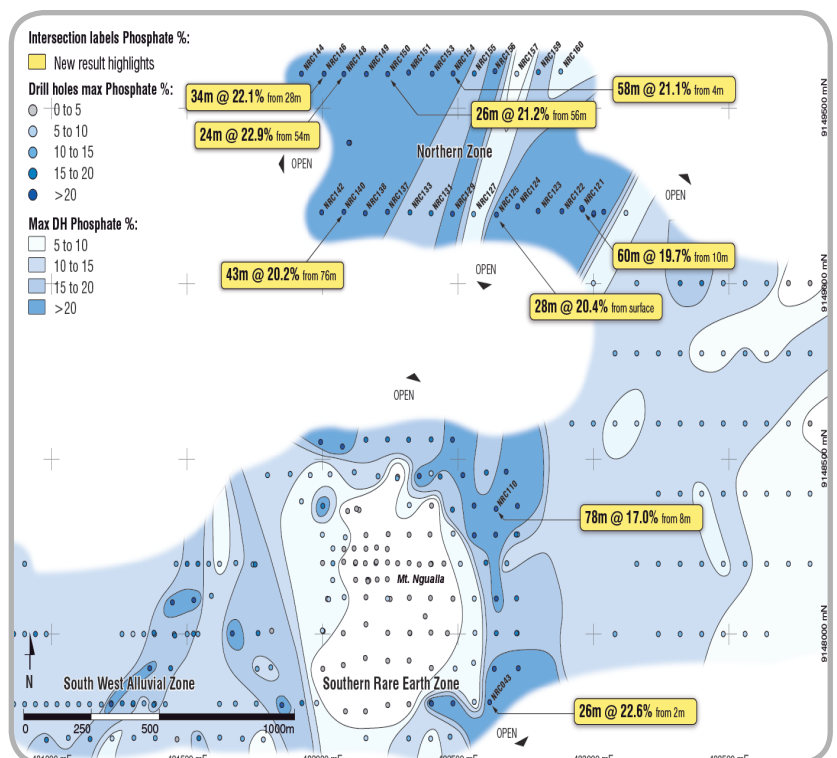


Figure 3 - Plan view of maximum down hole phosphate in the Southern Rare Earth Zones of the Ngualla Carbonatite showing phosphate intersections highlights. Mineralisation remains open to the north, south and west.

Concentrations over 20% P₂O₅ have been reported in the Northern Zone due to weathering of carbonate minerals. The weathering upgrades the grade from approximate 6% P₂O₅ average in Fresh Rock. It is these weathered zones in the north that show the most potential for success and will be the focus of future exploration to be undertaken after the rare earth mine is developed and operating. (Refer ASX announcement of 15 February 2010 titled "Final drill results received from the Ngualla Rare Earth Project")

The Mineralogy of the phosphate is primarily Apatite in the Northern Zone, some Monazite in periphery of the Bastnaesite Zone. Apatite is used to produce fertiliser for the agricultural industry and is therefore of particular interest to the local communities who are very reliant on farming.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referenced in this report and listed following: ASX announcement of 20 February 2017 titled "Wide zones of high grade fluorite identified at Ngualla", ASX announcement of 2 March 2017 titled "Ngualla Mineral Resource estimate re-stated to include barite", and ASX announcement of 15 February 2010 titled "Final drill results received from the Ngualla Rare Earth Project". The Company also confirms that all the material assumptions and technical parameters underpinning the mineral resources estimates in the ASX announcement of 2 March 2017 titled "Ngualla Mineral Resource estimate re-stated to include barite" continue to apply and have not materially changed.

Tanzanian Operations

The project office and site were closed in early December ahead of the wet season. The main operations undertaken prior to the site closure include;

- Handover of the Itiziro classroom and community projects
- Community Liaison with the local and wider Ngwala community
- Receive guests including government officials and potential investors



Figure 4 – The Regional Commissioner for Songwe officially opens the classrooms at Itiziro.

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.

The construction of two classrooms and a teacher's office at the Itiziro local school were completed and handed over to the community in November at a formal ceremony. The ceremony was attended by the recently appointed Regional Commissioner for Songwe, Brigadier General (retired) Nicodemus Mwangela and other local dignitaries.

Testwork Programs Validate Use of Collector and Provides Potential for Further Project Optimisation

During the Quarter a limited testwork program was completed on the preferred collector identified towards the end of completion of the Bankable Feasibility Study. The testwork validated and confirmed previous results which underpins a brief reagent optimisation program, currently underway.

Marketing and Communications

During the Quarter member's of Peak's executive team continued further engagement and visits with potential customers. More of these potential customers are growing to realise the need to have a more diversified supply of material including material sources that are independent of China.

Market Update

China

The Ministry of Industry and Information Technology (MIIT) has published an update of their rare earth guidelines in which they confirmed that they will step up efforts to eliminate illegal mining, production and smuggling of rare earth materials (main focus Myanmar) and will continue to encourage further downstream integration of the industry.

The MIIT made clear that the overall regulation and supervision in the industry had improved, but illegal mining, smuggling and production continued to disrupt “market order” and damage the interests of legitimate enterprises. The MIIT confirmed that they will step up their efforts and in 2019 will focus on preventing and stopping any illegal mining and illegal recycling activities to ensure that unauthorized practice and facilities are eliminated. This is important news as the recycling sector is a known channel for illegal material and including this sector under the supervision of the government represents a major change for this part of the rare earth industry. MIIT also confirmed that they will establish a “traceability system” to prevent buyers from using illegal materials and to ensure that producers do not exceed the governmental established quota. Non-law abiding companies will have their licences suspended.

The big 6 Chinese State owned entities (SoE) are executing the downstream integration governmental agenda. Recently several of them have announced various investments in the E-mobility area and in particular in the permanent magnet motor industry sector. For example, Xiamen Tungsten announced in December 2018 that is to build a Permanent magnet motor industrial park in Jimei District, Xiamen City.

The aforementioned new Chinese regulations and other industry announcements can be found on the Peak Resources website under “The Market - China” section.

Australia/Malaysia

Lynas Corporation had a limited output from their Malaysian Lynas Advanced Materials Plant (LAMP) in December 2018. The background to this was the need for them to comply with processing restrictions which is part of their current Operating License. Since the beginning of 2019 normal production at the LAMP has resumed. However, the long term future of the LAMP plant is uncertain after the Malaysian Atomic Energy Licencing Board (AELB) announced new pre-conditions for the renewal of the operating license of the LAMP plant which is scheduled for renewal in September 2019. One of the main requirements from the Malaysian authorities is that Lynas is requested to remove (export) certain waste from Malaysia. At the beginning of this year, Lynas has appealed against these requirements. The global rare earth community is following these events and developments with interest; Lynas is the world’s major supplier of rare earths outside China and recent developments have shown how vulnerable the non-Chinese rare earth supply chain still is.

Peak sees these recent developments as a confirmation of our industry and market understanding. On the demand side we see continuous growth in the NdFeB permanent magnets sector supported by the global trend of the electrification of our society and on the supply side, we see that the regulations in China are tightening which is the main global supply base for this specific material – this represents the dichotomy facing rare earth customers. We believe that the global rare earth downstream community will need to revisit their rare earth sourcing strategies as these factors begin to impact on their supply chain and operations. Diversification of the global supply footprint will be instrumental for the future success of the global NdFeB industry. The key will be to assure production and raw material supply to maintain full operations and profitability and at the same time to mitigate any operational and political risk exposure.

Pricing Update

Chinese rare earth prices remained stable and flat during the last Quarter. Recently a weaker US dollar against the yuan pushed export prices up.

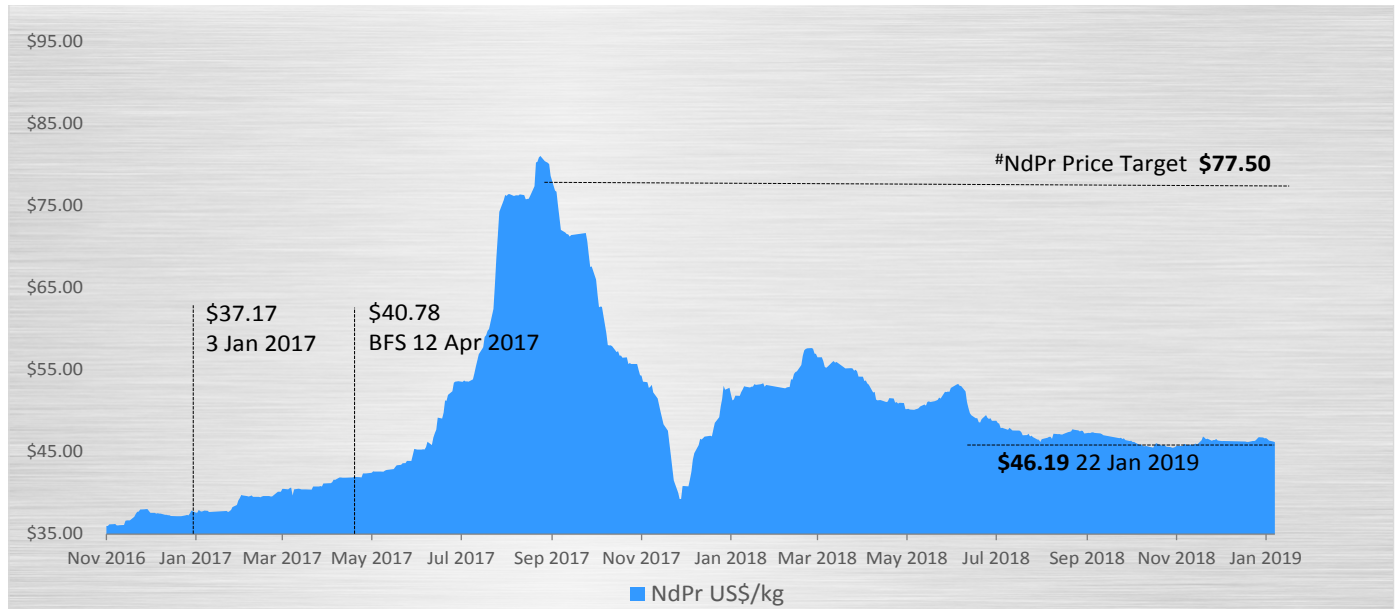


Figure 5: NdPr Prices China in US\$/kg since November 2016. Source Asian Metal (China Domestic)

#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

Annual General Meeting

Peak held its Annual General Meeting on 13 November 2018. All resolutions put to the meeting were passed on a show of hands.

Corporate Structure and Cash at Hand

The corporate structure as at 31 December 2018 was:

ASX: PEK

Ordinary Shares on Issue: 799.3 million

PEKOC Listed \$0.06 14 June 2020

Options on Issue: 61.1 million

Unlisted Options outstanding: 84.75 million[>]
(exercise prices A\$0.05 to A\$0.15)

Cash at hand: \$4.113 million[^] (Peak Resources Limited only)

Appian Debt (due September 2019):
US\$1.361million

52 week range: 2.5c – 6.4c*

Market Cap: \$22.7(at 2.6c)

Liquidity: 0.385 million shares per trading day
(average over 3 months**)

* From 1 January 2018 to 31 December 2018** Average from 1 October 2018 to 31 December 2018 #.

[^] PAM, 75% PEK ownership, also retained cash at bank of US\$2k at the end of the Quarter.

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



Rocky Smith, Chief Executive Officer

Summary of Mining Tenements and Areas of Interest

As at 31 December 2018

Project	Tenement	End of September 2018 Quarter	End of December 2018 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	Quarter ended ("current quarter")
72112546700	DECEMBER 2018

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	(339)	(705)
(c) production	-	-
(d) staff costs (net of development allocations)	(285)	(515)
(e) administration and corporate costs	(167)	(416)
(f) development costs recovered	94	184
(g) administration costs recovered	12	27
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	69
1.5 Interest and other costs of finance paid	(79)	(170)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(734)	(1,526)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(3)
(b) tenements (see item 10)	-	-

+ See chapter 19 for defined terms
1 September 2016

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Appendix 5B

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	(217)	(548)
	(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	(36)	(79)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(253)	(630)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6	6
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	-	(25)
3.5	Proceeds from borrowings – Appian loan	70	141
3.6	Repayment of borrowings	(141)	(313)
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	(65)	(191)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,165	6,460
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(734)	(1,526)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(253)	(630)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(65)	(191)

+ See chapter 19 for defined terms
1 September 2016

Appendix 5B

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	4,113	4,113

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	613	265
5.2 Call deposits	3,500	4,900
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)	4,113[#]	5,165[#]

[#]figure excludes cash at end of the Quarter retained by Peak's majority (75%) owned associate company Peak African Minerals (PAM). PAM had cash at bank at the end of Quarter of US\$14k (previous quarter US\$6k).

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	55
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, 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	

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

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	1,930	1,930
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.		

Loan facilities are a fully drawn 3 year unsecured term loan, maturing in September 2019, provided by Appian Pinnacle Holdco Limited. The remaining outstanding loan is denominated as US\$1.361m (1A\$=0.7052US\$), interest of 15% per annum is calculated daily and capitalised at the end of each calendar quarter payable at time of the loan repayment. \$70k (US\$49k) interest was capitalised to the loan at the end of the Quarter. Year to date \$314k (US\$227k) of principal and accrued interest has been repaid by offset for Appian's 20% share of the Project costs.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs (net of recoveries)	191
9.5 Administration and corporate costs (net of recoveries)	204
9.6 Other – Company's share of PAM project evaluation and development costs	898
9.7 Total estimated cash outflows	1,293*

* The above figures are for Peak's costs and its share of the project development and evaluation expenditure only. Additional project development and evaluation expenditure will be incurred and should be funded proportionately by the other PAM investors.

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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: ...29 January 2019.....

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.