

Ngualla Project Update

Peak Resources Limited (ASX: **PEK**) (“**Peak**” or the “**Company**”) is pleased to provide an update on the progress of the Ngualla Rare Earth Project (**Project**).

Highlights:

- Special Mining Licence awaiting Cabinet sign-off
- Regulatory requirements set for completion in both Tanzania and the UK
- Offtake discussions well advanced
- Increased Interest in Rare Earths

Special Mining Licence Application

The Company continues a very active engagement process with the Tanzanian Government Ministries and Mining Commission to expedite the issue of the Special Mining Licence (SML). At a meeting with Minister for Minerals, Hon Doto Biteko in March confirmation was provided that the Parliamentary Cabinet Papers in relation to the Project’s SML application have been prepared and are awaiting consideration by the Cabinet. The Minister also noted that he is confident that the Cabinet will approve the application after the rigorous assessment already undertaken by the Mining Commission. He also stressed that although the application process had taken a significant amount of time the Government and in particular his new Ministry is highly motivated to have the pending SMLs approved as soon as possible to facilitate new investment into the country through the resources sector.

The Company received notice in October 2018 that the Mining Commission had recommended the SML application for approval. A meeting with the Chairman and CEO of the Mining Commission at the end of March this year confirmed that the Cabinet Secretaries were currently reviewing the application ahead of the Cabinet Meeting. As part of this review the Company was asked to submit further information on the Project’s financial model and resource data.

Both the Minister and Commission reiterated their full support for the Project and for the Company. The Minister is aware of the numerous community programs that the Company has undertaken and the wider support the Company has in the local region. The Chairman of the Mining Commission stressed that the delay has unfortunately been caused by the new processes that were introduced in the 2017 legislation and the time it has taken for the Government to implement those changes. The delay does not reflect any lack of support from the Government, which is keen for the Company to develop the Project as quickly as possible.

The Company continues to do all within its control to expedite the SML; with the Peak executive responsible for the application travelling regularly to Dodoma, the Tanzanian capital, and the Company’s in-country manager also in the process of relocating from Dar es Salaam to Dodoma following the Government Ministry’s move to the capital last year.

CEO, Rocky Smith commented *“The SML 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.”*

Offtake Updates

In February and March, the Company continued off-take discussions with key stakeholders in the global rare earth downstream Industry. The Company is focusing on quality key strategic and established industry players with a significant demand for NdFeB permanent magnets or NdPr oxide. These include 3 main sectors; automotive, renewable energies, and magnet and alloy manufacture.

In times of uncertainty and trade wars, diversification of the supply chain is a significant advantage for these up and downstream businesses. This is particularly true for a core material like NdPr oxide which is crucial for the next industrial revolution - the electrification of society and its heart the electric NdFeB permanent magnet motor.

CEO, Rocky Smith commented *“Discussions are well advanced with quality potential offtake partners with a number of confidential Memorandums of Understanding and Term Sheets under negotiation. On receipt of the SML, Peak looks forward to progressing these discussions to binding agreements on terms which will underpin the Company’s ability to secure project development financing.”*

As noted below, there is an increased focus on supply of rare earths and the Ngualla Projects outstanding attributes leave the Company well positioned to capitalize on these developments with the aim of becoming the next producer of NdPr oxide operating in an environmentally sustainable manner.

Increased Interest in Rare Earths

Focus is increasing on the rare earth sector and the Company notes the unsolicited A\$1.5 billion cash bid for Lynas (ASX:LYC) by Wesfarmers (ASX:WES). Lynas is currently the only globally significant producer of rare earths operating outside of China.

The permanent increase of Chinese rare earth material imports underpinned by China’s nearly doubling of its electric vehicles sales in 2018, compared to the prior year, shows that the global demand for NdPr is increasing steadily. The Chinese Government is embracing the shift in the automotive Industry towards electric vehicles and E-mobility in a way no other country can match; electric vehicles have become one of the 10 core pillars of the “Made in China in 2025” agenda, this assures that Chinese policies are aligned to fully support the overarching governmental strategy to become a world leader in this technology and industry segment.

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Peak continues to promote the Project strongly and is looking forward to sharing further updates with the market.

For and on behalf of Peak Resources Limited.

Rocky Smith
Chief Executive Officer