



Annual Financial Report  
30 June 2020

**TABLE OF CONTENTS**

Directors' Report.....	2
Auditor's Independence Declaration .....	21
Independent Auditor's Report.....	22
Consolidated Statement of Comprehensive Income.....	28
Consolidated Statement of Financial Position.....	29
Consolidated Statement of Cash Flows .....	30
Consolidated Statement of Changes in Equity.....	31
Notes to Financial Statements .....	32
Directors' Declaration .....	66
Tenement Schedule .....	67
Additional Shareholder Information .....	68

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### DIRECTORS' REPORT

The directors of Peak Resources Limited ("Company") submit herewith the financial statements of the Company for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### DIRECTORS

---

The names and details of the Company's directors in office during and since the financial year end until the date of the report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Tony Pearson	Non-Executive Chairman (Appointed Interim Chairman 16 September 2020)
Mr Jonathan Murray	Non-Executive Director
Mr Robert Sennitt	Non-Executive Director (Appointed 15 January 2020, Resigned 11 September 2020)
Mr Peter Meurer	Non-Executive Director (Resigned 16 September 2020)
Mr John Jetter	Non-Executive Director (Resigned 15 January 2020)

#### INFORMATION ON DIRECTORS

**Mr Peter Meurer** – *Non-Executive Chairman (Appointed 23 April 2018, Resigned 16 September 2020)*  
*MBA from RMIT*

Peter has had a distinguished career of over 40 years in the Corporate Finance sector and was most recently Non-Executive Chairman of Nomura Australia. He first joined Nomura Australia in 2009 and prior to this held the roles of Vice Chairman for Citigroup and Merrill Lynch. Peter has a strong strategic focus and has forged trusted advisor relationships through the many market related transactions in which he has been involved covering all aspect of corporate finance including equity raisings, debt financing, corporate advisory and M&A.

Peter is not currently a director of any other listed companies and held no public company directorships in the past three years.

**Mr Jonathan Murray** – *Non-Executive Director (Appointed 22 February 2011, Chairman from 1 April 2015 to 30 November 2015 and 31 December 2017 until 22 April 2018)*  
*Bachelor Laws and Commerce*

Jonathan is a partner at independent corporate law firm Steinepreis Paganin, based in Perth, Western Australia. He specialises in equity capital raisings, all forms of acquisitions and divestments, governance and corporate compliance. Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia). Jonathan serves as a director of the following other listed companies and held no other public company directorships in the past three years:

- Hannans Limited Ltd – from 22 January 2010
- Vietnam Industrial Investments Limited - from 19 January 2016

**Mr Robert Sennitt** – *Non-Executive Director (Appointed 15 January 2020, Resigned 11 September 2020)*  
*BEC (Sydney Uni) and Member of the Institute of Chartered Accountants*

Robert joined the Peak Board as Appian Pinnacle Holdco Limited's (Appian) 2nd Nominee Director and replaces 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, initially as an investment banker where he held senior positions with J.P. Morgan, Macquarie Bank and RBC Capital Markets and more recently as Managing Director and CEO of Mineral Deposits Limited (MDL), before its takeover in July 2018. At MDL, Robert was appointed to 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.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Robert is not currently a director of any other listed companies and ceased to be a director of listed company, MDL in August 2018.

**Mr Tony Pearson** – *Interim Non-Executive Chairman (Appointed 16 September 2020) Non-Executive Director (Appointed 21 August 2018)*  
B.Comm, AICD

Tony is an experienced international natural resources executive and company director. He is currently Chair of ASX listed Cellnet, The Royal Botanic Garden & Domain Trust, and Communicare. Prior to this, he was a Commissioner at the Independent Planning Commission, a group executive at TSX/HKEx listed SouthGobi Resources, based in Hong Kong, where he was responsible for the company's corporate and strategic initiatives. Tony also has over 15 year's commercial and investment banking experience, covering the Asia Pacific natural resources industry, most recently as a Managing Director at HSBC. During his career Tony has raised or invested in excess of \$15billion across equities, hybrids, bonds, convertibles and project finance. Tony serves as a director of the following other listed companies and held no other public company directorships in the past three years:

- Cellnet Group Ltd – from 5 October 2018

**Mr John Jetter** – *Non-Executive Director (Appointed 1 April 2015, Resigned 15 January 2020)*  
B.Law, BEcon, INSEAD

John has Bachelor of Law and Bachelor of Economics degrees and has extensive international finance and M&A experience having been the former Managing Director, CEO and head of investment banking of JP Morgan in Germany and Austria, and a member of the European Advisory Council of JP Morgan in London. He has held various senior positions with JP Morgan during which time he focused his attention on major corporate clients and advised on some of Europe's largest transactions. Before joining JPMorgan, he spent 12 years with CRA Limited (now Rio Tinto) in a variety of senior management roles gaining extensive experience in the mining and mineral processing industries. In addition, John has an extensive understanding of the rare earths industry and has been actively involved in negotiating and executing rare earth offtake agreements. John serves as a director of the following other listed companies and held no other public company directorships in the past three years:

- Otto Energy – from 10 December 2007
- Venture Minerals Ltd – from 8 June 2010

### COMPANY SECRETARY

**Graeme Scott** – *Company Secretary (Appointed 3 November 2014)*  
FCCA

Graeme is a fellow of the Association of Chartered Certified Accountants (UK) with more than 20 years' experience in professional and corporate roles in both Australia and the UK. He has spent the last 15 years working in the resources sector in CFO and Company Secretarial roles for both ASX and TSX listed companies.

### PRINCIPAL ACTIVITIES

---

During the year, the principal activities of the Company consisted of:

- (a) Mineral processing technological evaluations;
- (b) Mining and associated infrastructure, feasibility evaluations; and
- (c) Mineral definition and development.

### OPERATING RESULTS

---

The profit of the Group after providing for income tax amounted to \$7,652,714 (2019: loss \$4,596,053).

The basic and diluted profit per share for the Group for the year was 0.65cents (2019: loss 0.58 cents).

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### FINANCIAL POSITION

---

The net assets of the Group have increased from \$27,947,140 at 30 June 2019 to \$55,868,357 at 30 June 2020.

The Group's working capital, being current assets less current liabilities, was \$2,037,335 at 30 June 2020 (2019: \$351,045). As reported with \$2.55million cash at bank at the end of the reporting period, Peak is well funded going into the 2020/2021 financial year to fund the Ngualla Project, and its corporate and administration requirements.

### DIVIDENDS PAID OR RECOMMENDED

---

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### REVIEW OF OPERATIONS

---

#### SUMMARY

##### Highlights

- SML application process continuing to progress in Tanzania
- NdPr prices up by +35% since April 2020
- Fully permitted rare earth hub in the UK can provide an NdPr supply independent of China
- Peak 100% ownership structure lays the foundations for development of the Ngualla Project
- Swift action taken to strengthen balance sheet and manage expenditure

Activities during the year have been focussed on securing the Special Mining Licence (SML) for the Mine and associated process facility in Tanzania. Implementation of the new legislation in Tanzania has been a drawn out process for all parties, however recent strides forward mean that the Company is now only awaiting Tanzanian Government Cabinet approval of its SML application.

Receipt of the SML is the final major permitting hurdle for the complete Project. Once approved, the Company will be in a position to negotiate an economic framework for the project with the Tanzanian Government, including the form and nature of the Government's free carried interest. with the Company already having secured an option over land for the refinery in Teesside, UK and all permitting for construction and operation of the refinery already received. Increasing desire from western countries and their governments to secure a rare earth supply chain independent of China highlights the opportunity and value of Peak's plans to develop both the Ngualla rare earth deposit and Teesside separation facility.

To position Peak ready to capitalise on the increased focus on NdPr, and the burgeoning demand for NdPr expected from the increasing take up of electric vehicles led the Company to restructure the ownership of the Project with Peak moving back up to a 100% interest level. Peak believes the simplified ownership structure will assist in readying the Company to secure project development finance, including attracting additional institutional investors and strategic development partners to the Project. With the NdPr price showing steady increases over the last few months of the financial year and beyond these developments look well timed.

The Group's operations have been largely unaffected by the Covid-19 pandemic, however it has made capital market conditions extremely volatile. The Company acted swiftly in April 2020 to keep a tight rein on expenditure and prudently undertook a \$1.5million placement to strengthen the Company's financial position.

Once the SML is granted, and with the positive market dynamics and increased NdPr pricing all working in the right direction the Company is well positioned to advance the Project in the forthcoming year.

### SML APPLICATION PROCESS CONTINUING TO PROGRESS IN TANZANIA

In recent months, despite the Perth based executive being unable to visit Tanzania, 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 being made towards the issue of the SML.

Tanzania is scheduled to hold 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 have little affect on the processing of the SML application.

There were a number of important developments to the SML application process during the year; following a recommendation for grant by the Mining Commission the SML application was presented to the Cabinet in early October 2019. Following the Cabinet's deliberation, a Presidential delegation comprised of a number of officials from all relevant government departments were tasked with undertaking a full technical due diligence of the country's two pending SML applications. As part of this due diligence the delegation visited the Ngualla site in the middle of October 2019. The main focus of the delegation was to validate the Company's JORC compliant resource model and to independently sample available diamond and RC drill core held at the site. During this process the Company has been commended on a number of occasions for its open and transparent approach to sharing information with the government. The delegation has completed its technical due diligence. Although the Company is not privy to the Presidential delegation's report it understands that the due diligence process has been satisfied. The Technical Report is now awaiting submission to the Cabinet of the Tanzanian Government and the Cabinet's approval for the issue of the SML.

**The 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. Upon receipt of the SML, the Project will be the among the most advanced rare earth development projects 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.**

### Positive Mining industry developments in Tanzania

The Tanzanian government has taken a number of steps during the year to encourage investment and reinvigorate the country's mining industry. The sector recorded 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 Corp (Barrick) and the government was also released for export during the June quarter. This followed the announcements in January 2020 that Barrick had concluded its negotiations with the Tanzanian government. The Company has understands that the terms of the agreement, which broadly implement mechanisms that will see a 50/50 split of the economic benefits from Barrick's mining operations between Barrick and the Tanzanian Government, will form the blueprint for all future SML's, something that Peak welcomes.

### NdPr PRICES ON THE UP FED BY FUNDAMENTALS

The vulnerability of the global supply chain and the need for businesses to diversify their critical raw material supplies has been evident for much of the last year through the ongoing China-USA trade dispute and more recently the supply chain disruptions caused by the Covid-19 pandemic. 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.

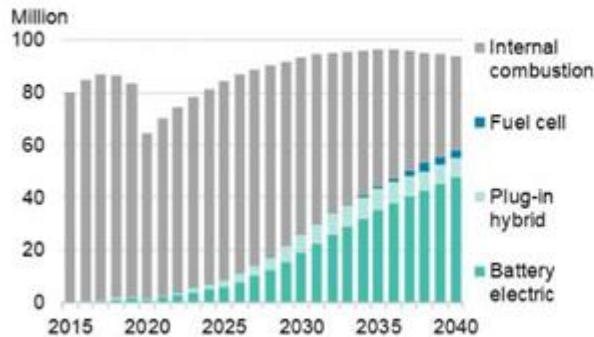
In our dialogue with our potential strategic partners and customers, it is positively acknowledged that Peak has the unique capabilities to offer a fully integrated mine-to-single-rare earth metals solution outside of China. The Company's offtake efforts predominantly continue to be focused at outside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

### Electric Vehicles (EV) to drive demand

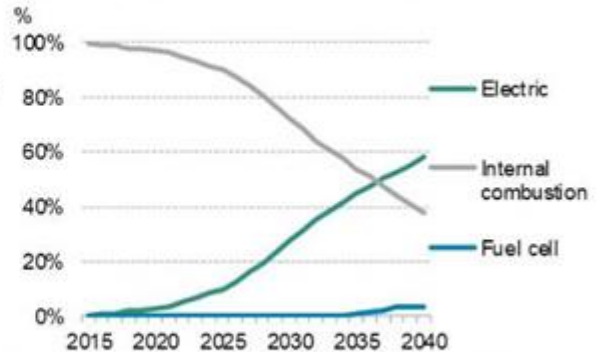
Despite and in fact due to the pandemic, EV sales and the transition to electric mobility more widely is expected to accelerate in most markets. Many vehicle manufacturers have fast tracked their focus to EVs and new models. Supportive policy in Europe and China in particular where the governments have introduced new subsidy programs or extended existing ones emphasised the need for manufactures to prioritise EVs .

EVs' share of global sales 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**



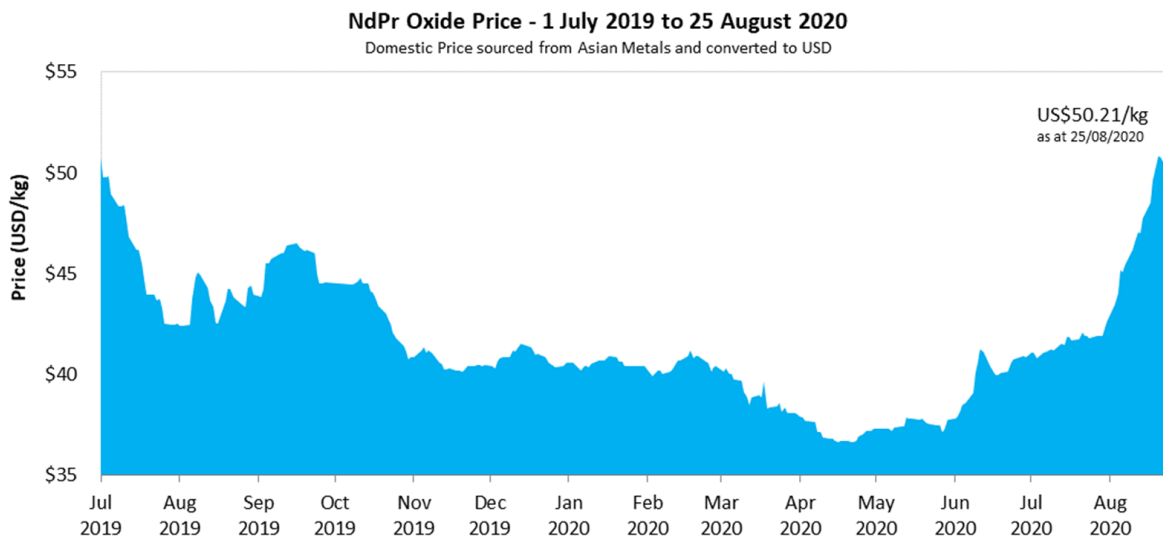
**Figure 2: Global share of total annual passenger vehicle sales by drivetrain**



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

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

These market dynamics are starting to deliver a steady increase in the NdPr price:



Source: Peak Resources and Asian Metals

**FULLY PERMITTED RARE EARTH HUB IN THE UK CAN SUPPLY AN NdPr SUPPLY INDEPENDENT OF CHINA**

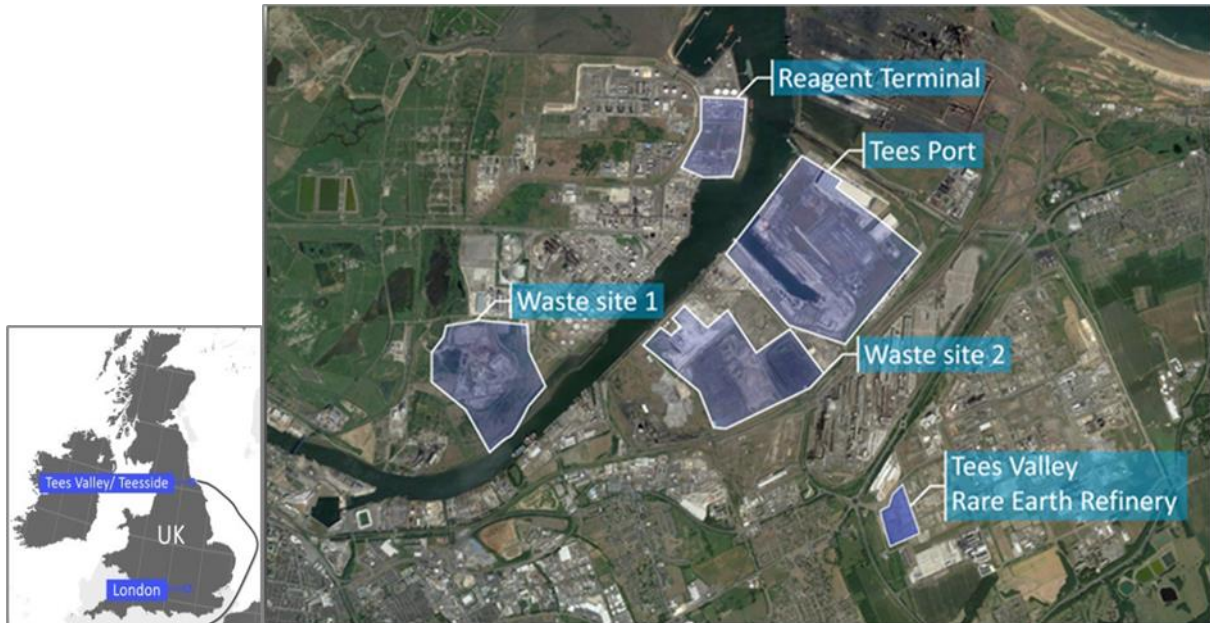
In June 2020 the Company activated the second option period with the payment of GBP 48,000. The land option is over a 19-hectare parcel of land located in the Wilton International Site until June 2021.

**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 and take in additional feedstock from other rare earth projects:**

- Site fully permitted for construction and operation
- 250-year land option with room for expansion
- Excellent infrastructure and location to market

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

- Sustainable options for waste management and disposal
- Readily available low cost reagents



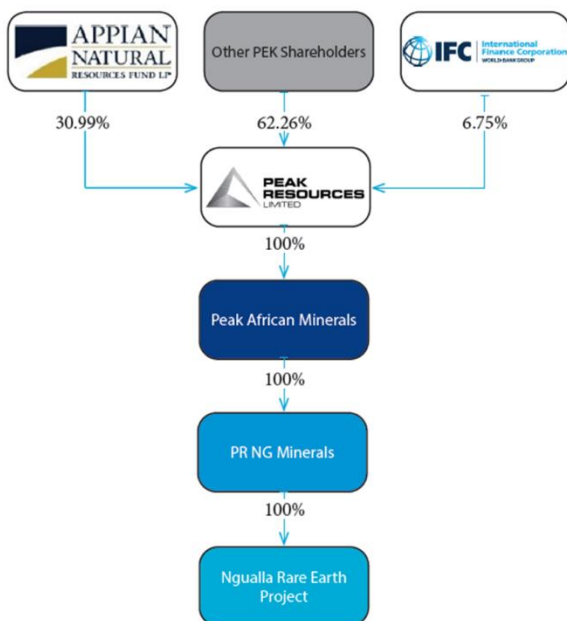
*Teesside refinery site and surrounding area and facilities*

### PEAK 100% OWNERSHIP STRUCTURE LAYS THE FOUNDATIONS FOR PROJECT DEVELOPMENT

The Project ownership restructuring transaction completed in November 2019 improves availability of institutional equity funding and probability of finding a strategic partner(s) to make equity investment at the Project level.

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 current ownership structure for the Project:





## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### SWIFT ACTION TAKEN TO STRENGTHEN THE FINANCIAL POSITION AND MANAGE EXPENDITURE

Due to the Covid-19 pandemic the equity 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 \$1.5million 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 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 deferred a 100% of their Directors' fees for the period April through July 2020. In addition, the Company's executive agreed to a 50% deferral in their contracted cash remuneration over the same period. Following receipt of shareholder approval the deferrals were 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 arrangements sought 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, where possible.

### Impact of Covid-19

Whilst the Covid-19 pandemic caused some initial disruption to the Company's activities, through utilisation of the various conferencing and communication platforms available the day to day activities have been 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 government acted early and implemented a number of measures including the closing of schools, quarantining international visitors, restriction on travel and the implementation of social distancing. During this period the government moved to teleconferencing rather than face to face meetings which allowed for the SML application process to continue.

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 opened in August 2020 to undertake essential maintenance activities.

### OUTSTANDING PROJECT FUNDAMENTALS

The Project update reported in October 2017 demonstrates the exceptional fundamentals of the Project and excellent exposure to the NdPr price, with over 90% of its planned revenue to come from NdPr:

- Post Tax NPV8 US\$ 612 million and IRR 22% at Project Update rare earth price assumptions.
- Total Life of Project Opex intensity US\$ 32.24 / kg NdPr is the breakeven point for a positive cash flow, well below current prices.
- Total pre-production CAPEX of US\$ 365 million for the Ngualla and Tees Valley refinery combined. This has the potential to be the lowest Capex among its peers for a fully integrated producer.
- Average consolidated annual EBITDA US\$ 150 mpa over the 26 year life of the Project.

PRODUCTION ASSUMPTIONS	
Life of Mine	26 Years
Average Life of Mine REO Grade	4.80%
Life of Mine Strip Ratio (Waste: Ore)	1.78
Average Mill Throughput	711,000 tpa
Average REO Mineral Concentrate Production	32,700 tpa
Average NdPr Mixed Oxide 2N Production	2,810 tpa

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Average La Oxide Equivalent Production (final product: 7,995 tpa Carbonate)	4,230 tpa
Average Ce Oxide Equivalent Production (final product: 3,475 tpa Carbonate)	1,920 tpa
Average SEG and Mixed Heavy Oxide Equivalent Production (final product: 625 tpa Carbonate)	330 tpa

OPERATING COSTS	
Average Operating Cost - Ngualla plus concentrate transport	US\$ 51m p.a
Average Tees Valley Refinery Operating Cost to Final Product	US\$ 40m p.a
Total Consolidated Operating Cost to Final Product	US\$ 91m p.a
Total Consolidated Operating Cost/kg (NdPr Mixed Oxide 2N#)	US\$ 32.24/kg

CAPITAL COSTS including growth and contingency	
Ngualla (Mine and Process)	US\$ 52 million
Ngualla (Infrastructure)	US\$ 138 million
Tees Valley Refinery	US\$ 157 million
Owners Costs	US\$ 18 million
Total Capital Pre-Production	US\$ 365 million
Average Annual Consolidated Sustaining Capital	US\$ 5 million

FINANCIAL METRICS	
Consolidated Total Revenue	US\$ 6.27 billion
Consolidated Average Annual Revenue	US\$ 241m p.a
Total Consolidated (Post Tax) Cash Generation	US\$ 3.01 billion
Annual Average Consolidated (Post Tax) Cashflow	US\$ 108 m p.a
Average Annual EBITDA	US\$ 150 m p.a
NPV <sub>8</sub> - Pre Tax and Royalties	US\$ 914 million
NPV <sub>8</sub> - Post Tax and Royalties	US\$ 612 million
NPV <sub>10</sub> - Pre Tax and Royalties	US\$ 686 million
NPV <sub>10</sub> - Post Tax and Royalties	US\$ 444 million
IRR - Pre Tax and Royalties	26%
IRR - Post Tax and Royalties	22%
Operating Margin	62%
Payback Period (from Start of Operations)	5 Years

COMMODITY PRICE ASSUMPTIONS average LOM	
NdPr Mixed Oxide 2N Min 75% Nd <sub>2</sub> O <sub>3</sub>	US\$ 77.50/kg
Lanthanum Rare Earth Oxide Equivalent	US\$ 3.70/kg
Cerium Rare Earth Oxide Equivalent	US\$ 2.20/kg
SEG Mixed Heavy Oxide Equivalent	US\$ 8.00/kg

*Figure 2: Ngualla Project production assumptions and projected economics*

#Material assumptions are as per BFS and Ore Reserve ASX Announcements of 12 April 2017 except where indicated in this report.

*The information is extracted from the report entitled "Lower price deck delivers similar BFS results for Ngualla" released on the 12 October 2017 and is available to view on the Company's website [www.peakresources.com.au/asx-announcements/](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.*

*The information in this report pertaining to the Project financial and economic analysis has not been audited and contains non-IFRS measures; EBITDA is a non IFRS measure calculated as the earnings before tax, interest, depreciation and amortisation.*

## SOCIAL AND ENVIRONMENTAL 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 the Company engages with the local community has resulted in widespread support for the Ngualla project.

Due to the protracted SML application process the Company did not undertake any major Community Programmes during the year, 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 in December 2019 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*

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

---

Other than detailed below and in the Review of Operations above there were no significant changes in the state of affairs of the Company, during the financial year:

On 4 November 2019 Peak's shareholders approved the acquisition of the remaining 25% interest in PAM a company domiciled in Mauritius that owns 100% of the shares in PR NG Minerals Limited ("PRNG"), the 100% owner of the Ngualla Project in Tanzania. All conditions of the acquisition were satisfied and completion occurred on 12 November 2019. A total of 386,161,369 new fully paid ordinary shares were issued at an issue price at the completion date of \$0.043 to Appian Pinnacle Holdco Limited (Appian) and International Finance Corporation (IFC), after reduction for their outstanding contributions for the PAM group costs to completion. The cost of this acquisition consideration was \$16,604,938.

The total cost of acquisition has been determined using the accumulated cost approach with the difference between this cost and the carrying value of Peak's equity accounted investment of its interest in associate on derecognition taken through the profit and loss as part of the gain on acquisition and reconsolidation of associate of \$10,429,216.

The Group's acquisition of PAM was accounted for as an asset acquisition rather than a business combination in the consolidated financial statements.

Following the initial announcement of the Project ownership restructuring transaction above, on 8 August 2019 the Company completed a placement of 119,888,380 new fully paid ordinary shares to sophisticated, professional and other exempt investors. The placement was undertaken at \$0.04 per share raising gross funds, before fees, of \$4.795m. Part of the proceeds from the placement were used to repay in full the balance of the outstanding loan due to Appian (repaid US\$1.314m on 10 September 2019).

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

On 14 April 2020, 100,000,000 fully paid ordinary shares were issued following a placement of shares to sophisticated, professional and other exempt investors at \$0.015 per share to raise \$1,500,000 before costs. Participants in the placement each received 1 for 2 free attaching quoted options exercisable at \$0.03 each on or before 14 April 2022. A further 38,000,000 quoted options were issued to brokers of the placement. The total of 88,000,000 options have been issued which trade under the code PEKOD on the ASX.

On 14 June 2020 61,088,247 PEKOC \$0.06 options expired unexercised.

### AFTER BALANCE DATE EVENTS

---

Non-executive directors Mr Sennitt and Mr Meurer resigned as directors of the Company on 11 September 2020 and 16 September 2020 respectively, with Mr Pearson becoming the interim non-executive chairman. On than the matters referred to above there were no other events that have a material impact on the financial statements or operations of the Group and Company.

### MEETINGS OF DIRECTORS

---

The number of meetings attended by each Director of the Company during the financial year was:

	Board Meetings	
	Number held and entitled to attend	Number attended
Peter Meurer	13	13
Jonathan Murray	13	13
John Jetter	6	5
Robert Sennitt	7	7
Tony Pearson	13	12

*Note – no Audit Committee Meetings or Remuneration Committee Meetings were held during the year as the function of these committees was dealt with by the full Board.*

### EQUITY HOLDINGS OF DIRECTORS

---

As at the date of this report, the Directors' interest in the Company were:

	Equity shares	Equity options	Performance Rights
Peter Meurer	1,737,365	30,000,000	-
Jonathan Murray	3,028,575	10,000,000	-
Robert Sennitt	-	-	-
Tony Pearson	245,583	10,000,000	-

Details of issues made to directors during the period are provided in the Remuneration Report.

### FUTURE DEVELOPMENTS

---

Likely future developments in the operations of the Group are referred to elsewhere in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative.

### ENVIRONMENTAL ISSUES

---

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The directors of the Company are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations which exceed specified thresholds. At the current stage of development, the Directors have determined that the NGER Act has no

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

effect on the Company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

### REMUNERATION REPORT (AUDITED)

---

The remuneration report outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

#### **Remuneration Policy**

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Company's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Company reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives and employees are also entitled to participate in the employee share and option arrangements.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan. Non-executive directors are not provided with any specified retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued at the difference between the market price of those shares and the amount paid by the director or executive. Options and performance rights are valued using the Black-Scholes methodology. Details of options and performance rights provided to directors are detailed in the Remuneration Report.

#### **Non-executive director remuneration**

The remuneration of non-executive directors has been set at a maximum of \$300,000 as approved by shareholders at the 26 November 2015 annual general meeting.

#### **Performance based remuneration**

The Company continues to review and consider the inclusion of performance based remuneration component built into director and executive remuneration packages.

During the year the company issued the following performance based option packages to a director, Tony Pearson:

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

- 2,000,000 Unlisted Options exercisable at \$0.05, expiring 21 June 2021, vesting subject to continuous service criteria.
- 3,000,000 Unlisted Options exercisable at \$0.10, expiring 21 June 2022, vesting subject to continuous service and the Company either (a) entering into an agreement with a strategic partner for the development of its Ngualla Project; or (b) attracting \$20 million worth of funding for FEED (Front End Engineering and Design) for the development of the Ngualla Project.
- 5,000,000 Unlisted Options exercisable at \$0.15, expiring 21 June 2023, vesting subject to continuous service and the Company settling a funding package for the development and construction of the Ngualla Project.

The Board consider that the achievement of these milestones will deliver increased shareholder wealth.

The Company received approval from Shareholders for an Employee Option Plan (EOP) and Performance Rights Plan (PRP) at the Annual General Meeting on 29 November 2017.

During the 2019 financial year the Board approved a Long Term Incentive Scheme (LTIS) and Short Term Incentive Scheme (STIS) with issues made under the EOP and PRP respectively. No new issues were made under the schemes during the 2020 financial year.

On 5 March 2020, 41,300,000 Unlisted 2019 LTIS \$0.03 options expiring 5 March 2023 and 2,000,000 2019 STIS Performance rights issued under the above schemes vested. 8,000,000 Performance Rights lapsed which failed to meet the vesting criteria.

Subsequent to cessation of service to the Company the following unlisted options issued to former directors were cancelled:

- 3,000,000 unlisted options with an exercise price of \$0.10
- 5,000,000 unlisted options with an exercise price of \$0.15

### **Company performance, shareholder wealth and director's and executive's remuneration**

Summary of group's performance and movements in Peak Resources Limited's share price over the last five years:

	2020	2019	2018	2017	2016
Total income (\$)	12,374,452	98,795	618,718	1,861,274	9,253
Net profit/(loss) before tax (\$)	7,652,714	(4,596,053)	(4,903,224)	(4,886,187)	(15,892,428)
Net profit/(loss) after tax (\$)	7,652,714	(4,596,053)	(4,903,224)	(4,886,187)	(15,892,428)
Closing share price at end of year (cents)	\$0.021	\$0.048	\$0.036	\$0.067	\$0.048
Basic profit/(loss) per share (cents)	0.65	(0.58)	(0.82)	(1.04)	(3.95)
Dividends per share (cents)	-	-	-	-	-

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through a policy to issue options and in some instances performance rights to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. Details of directors and executives interests in shares and options at year end are detailed below.

### **Details of remuneration**

The relevant Key Management Personnel (KMP) of the group for the 2020 financial year were:

- Peter Meurer – Non-Executive Chairman
- Jonathan Murray – Non-Executive Director
- Robert Sennitt – Non-Executive Director (Appointed 15 January 2020)
- Tony Pearson – Non-Executive Director

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

- John Jetter- Non-Executive Director (Resigned 15 January 2020)
- Rocky Smith – Chief Executive Officer
- Michael Prassas – Executive General Manager Sales, Marketing & Business Development
- Graeme Scott– Chief Financial Officer & Company Secretary
- Lucas Stanfield – General Manager of Development

### Total remuneration for the year was:

	2020 \$	2019 \$
Salary and fees	1,304,150	1,371,249
Non-monetary benefits	88,048	103,032
Superannuation	69,825	57,950
Share based payments	305,485	395,256
<b>Total</b>	<b>1,767,508</b>	<b>1,927,487</b>

### Remuneration of individual KMP's were:

	Short term benefits		Post-employment benefits	Share based payments		Total	Proportion related to:	
	Salary & fees*	Non-monetary	Super-annuation*	Performance Rights	Options		Equity#	Performance#
30-Jun-20	\$	\$	\$	\$	\$	\$	%	%

#### Directors

Peter Meurer	50,000	-	-	-	54,367	104,367	52%	0%
Jonathan Murray	40,000	-	-	-	22,452	62,452	36%	0%
Robert Sennitt <sup>2</sup>	18,415	-	-	-	-	18,415	0%	0%
Tony Pearson	40,000	-	-	-	57,164	97,164	59%	0%
John Jetter <sup>1</sup>	31,644	-	-	-	(23,065)	8,579	0%	0%
	<b>180,059</b>	-	-	-	<b>110,918</b>	<b>290,977</b>	<b>38%</b>	<b>0%</b>

#### Executives

Rocky Smith <sup>3</sup>	389,091	49,297	-	(3,914)	70,178	504,652	14%	0%
Michael Prassas	250,000	38,751	23,750	(2,516)	46,254	356,239	13%	0%
Graeme Scott	250,000	-	23,750	(2,516)	46,254	317,488	15%	0%
Lucas Stanfield	235,000	-	22,325	(2,237)	43,064	298,152	14%	0%
	<b>1,124,091</b>	<b>88,048</b>	<b>69,825</b>	<b>(11,183)</b>	<b>205,750</b>	<b>1,476,531</b>	<b>14%</b>	<b>0%</b>
<b>Total</b>	<b>1,304,150</b>	<b>88,048</b>	<b>69,825</b>	<b>(11,183)</b>	<b>316,668</b>	<b>1,767,508</b>	<b>18%</b>	<b>0%</b>

# The % excludes the value of the options which were written back during the year.

<sup>1</sup> Mr Jetter ceased service with the company on 15 January 2020.

<sup>2</sup> Mr Sennitt was appointed 15 January 2020.

<sup>3</sup> Mr Smith has a salary of \$377,775 and also received an insurance allowance of \$11,316 under his employment contract.

\* The Company's executive team agreed to a 50% deferral in their contracted cash remuneration and the Company's Directors agreed to defer a 100% of their Directors' fees for four months for the period 1 April 2020 to 31 July 2020. As at 30 June 2020 the gross deferred amounts owing to Directors and Executives reported in trade and other payables and reported in the table above totalled \$190,323. The deferred executive remuneration and Directors fees was settled in equity based on \$0.0342 Per Ordinary Fully Paid Share calculated based on the 5 day VWAP up to and including 6 August 2020 for a total value of consideration \$128,662, this amount is net of PAYG withholding tax obligations due on the deferred amounts.

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**Remuneration of individual KMP's were:**

30-Jun-19	Short term benefits		Post-employment benefits	Share based payments		Total	Proportion related to:	
	Salary & fees	Non-monetary	Super-annuation	Performance Rights	Options		Equity <sup>#</sup>	Performance <sup>#</sup>
	\$	\$	\$	\$	\$	\$	%	%

**Directors**

Peter Meurer	50,000	-	-	-	54,367	104,367	52%	0%
Darren Townsend <sup>1</sup>	26,667	-	-	-	(613)	26,054	0%	0%
Jonathan Murray	40,000	-	-	-	22,452	62,452	36%	0%
John Jetter	40,000	-	-	-	22,452	62,452	36%	0%
Tony Pearson <sup>2</sup>	34,517	-	-	-	-	34,517	0%	0%
	<b>191,184</b>	-	-	-	<b>98,658</b>	<b>289,842</b>	<b>34%</b>	<b>0%</b>

**Executives**

Rocky Smith <sup>3</sup>	389,091	85,573	-	20,714	83,170	578,548	14%	4%
Michael Prassas <sup>4</sup>	275,974	17,459	11,875	13,316	52,450	371,074	14%	4%
Graeme Scott <sup>5</sup>	280,000	-	23,750	13,316	52,450	369,516	14%	4%
Lucas Stanfield	235,000	-	22,325	11,837	49,345	318,507	15%	4%
	<b>1,180,065</b>	<b>103,032</b>	<b>57,950</b>	<b>59,183</b>	<b>237,415</b>	<b>1,637,645</b>	<b>14%</b>	<b>4%</b>
<b>Total</b>	<b>1,371,249</b>	<b>103,032</b>	<b>57,950</b>	<b>59,183</b>	<b>336,073</b>	<b>1,927,487</b>	<b>17%</b>	<b>3%</b>

<sup>#</sup> The % excludes the value of the options which were written back during the year.

<sup>1</sup> Mr Townsend ceased employment with the company on 28 February 2019.

<sup>2</sup> Mr Pearson was appointed 21 August 2018.

<sup>3</sup> Mr Smith has a salary of \$377,775 and also received an insurance allowance of \$11,316 under his employment contract.

<sup>4</sup> Mr Prassas received his superannuation entitlement for the half year to 31 December 2018 as salary totalling \$11,875. He also received a cash payment of \$14,099 for his annual flight allowance under his employment contract.

<sup>5</sup> Mr Scott received a retention bonus of \$30,000 included in his Salary and fees for the period.

**Options and performance rights granted / vested / cancelled during the year ended 30 June 2020**

**Options granted during the year:**

30-Jun-20	Date of issue	Number of options issued	Value per Option*	Total value of issue \$	Vesting Date <sup>#</sup>	Exercise Price	Expiry Date	Number vested during the year
<b>Directors</b>								
Peter Meurer	-	-	-	-	-	-	-	-
Jonathan Murray	-	-	-	-	-	-	-	-
John Jetter <sup>1</sup>	-	-	-	-	-	-	-	-
Tony Pearson	11-Nov-19	2,000,000	\$0.0144	28,754	11-Nov-19	\$0.0500	21-Jun-21	2,000,000
	11-Nov-19	3,000,000	\$0.0111	33,399	21-Jun-22	\$0.1000	21-Jun-22	-
	11-Nov-19	5,000,000	\$0.0112	56,205	21-Jun-23	\$0.1500	21-Jun-23	-
Robert Sennitt <sup>2</sup>	-	-	-	-	-	-	-	-
		<b>10,000,000</b>		<b>118,358</b>				<b>2,000,000</b>

**Executives**

Rocky Smith	-	-	-	-	5-Mar-20	\$0.030	5-Mar-23	11,000,000
Michael Prassas	-	-	-	-	5-Mar-20	\$0.030	5-Mar-23	7,250,000
Graeme Scott	-	-	-	-	5-Mar-20	\$0.030	5-Mar-23	7,250,000
Lucas Stanfield	-	-	-	-	5-Mar-20	\$0.030	5-Mar-23	6,750,000
	-	-	-	-	-	-	-	32,250,000
<b>Total</b>		<b>10,000,000</b>		<b>118,358</b>				<b>34,250,000</b>

\* Options are valued using the Black-Scholes option pricing model on date of grant.

<sup>#</sup> Unvested Options vest on achievement of length of service criteria.

<sup>1</sup> Mr Jetter resigned 15 January 2020.

<sup>2</sup> Mr Sennitt was appointed 15 January 2020.



**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

No performance rights were granted during the year.

**Movements in performance rights during the year:**

30-Jun-20	Date of issue	Number of performance rights lapsed	Value per performance right*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year
<b>Directors</b>								
Peter Meurer	-	-	-	-	-	-	-	-
Darren Townsend	-	-	-	-	-	-	-	-
Jonathan Murray	-	-	-	-	-	-	-	-
John Jetter	-	-	-	-	-	-	-	-
Tony Pearson	-	-	-	-	-	-	-	-
<b>Executives</b>								
Rocky Smith	5-Mar-19	(2,800,000)	\$0.024	(67,200)	5-Mar-20	-	5-Mar-21	700,000
Michael Prassas	5-Mar-19	(1,800,000)	\$0.024	(43,200)	5-Mar-20	-	5-Mar-21	450,000
Graeme Scott	5-Mar-19	(1,800,000)	\$0.024	(43,200)	5-Mar-20	-	5-Mar-21	450,000
Lucas Stanfield	5-Mar-19	(1,600,000)	\$0.024	(38,400)	5-Mar-20	-	5-Mar-21	400,000
		<b>(8,000,000)</b>		<b>(192,000)</b>				<b>2,000,000</b>
<b>Total</b>		<b>(8,000,000)</b>		<b>(192,000)</b>				<b>2,000,000</b>

\* Performance Rights are valued using the Black-Scholes option pricing model on date of grant.

# The unvested Performance Rights to vest on achievement of performance criteria, as determined by the Company's Board, by 5 March 2020 or the Performance Rights will lapse.

**Options and performance rights granted / vested / cancelled during the year ended 30 June 2019**

**Options granted during the year:**

30-Jun-19	Date of issue	Number of options issued	Value per Option*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year
<b>Directors</b>								
Peter Meurer	-	-	-	-	-	-	-	-
Darren Townsend <sup>1</sup>	-	-	-	-	-	-	-	-
Jonathan Murray	-	-	-	-	-	-	-	-
John Jetter	-	-	-	-	-	-	-	-
Tony Pearson	-	-	-	-	-	-	-	-
<b>Executives</b>								
Rocky Smith	17-Jan-19	1,500,000	\$0.0099	14,878	17-Jan-19	\$0.035	17-Jan-22	1,500,000
	5-Mar-19	11,000,000	\$0.0126	138,470	5-Mar-20	\$0.030	5-Mar-23	-
Michael Prassas	17-Jan-19	750,000	\$0.0099	7,439	17-Jan-19	\$0.035	17-Jan-22	750,000
	5-Mar-19	7,250,000	\$0.0126	91,264	5-Mar-20	\$0.030	5-Mar-23	-
Graeme Scott	17-Jan-19	750,000	\$0.0099	7,439	17-Jan-19	\$0.035	17-Jan-22	750,000
	5-Mar-19	7,250,000	\$0.0126	91,264	5-Mar-20	\$0.030	5-Mar-23	-
Lucas Stanfield	17-Jan-19	750,000	\$0.0099	7,439	17-Jan-19	\$0.035	17-Jan-22	750,000
	5-Mar-19	6,750,000	\$0.0126	84,970	5-Mar-20	\$0.030	5-Mar-23	-
		<b>36,000,000</b>		<b>443,165</b>				<b>3,750,000</b>
<b>Total</b>		<b>36,000,000</b>		<b>443,165</b>				<b>3,750,000</b>

\* Options are valued using the Black-Scholes option pricing model on date of grant.

# Unvested Options vest on achievement of length of service criteria.

<sup>1</sup>Mr Townsend resigned 28 February 2019.

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**Performance Rights granted during the year:**

30-Jun-19	Date of issue	Number of performance rights issued	Value per performance right*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year
<b>Directors</b>								
Peter Meurer	-	-	-	-	-	-	-	-
Darren Townsend	-	-	-	-	-	-	-	-
Jonathan Murray	-	-	-	-	-	-	-	-
John Jetter	-	-	-	-	-	-	-	-
Tony Pearson	-	-	-	-	-	-	-	-
<b>Executives</b>								
Rocky Smith	5-Mar-19	3,500,000	\$0.024	84,000	5-Mar-20	-	5-Mar-23	-
Michael Prassas	5-Mar-19	2,250,000	\$0.024	54,000	5-Mar-20	-	5-Mar-23	-
Graeme Scott	5-Mar-19	2,250,000	\$0.024	54,000	5-Mar-20	-	5-Mar-23	-
Lucas Stanfield	5-Mar-19	2,000,000	\$0.024	48,000	5-Mar-20	-	5-Mar-23	-
		<b>10,000,000</b>		<b>240,000</b>				-
<b>Total</b>		<b>10,000,000</b>		<b>240,000</b>				-

\* Performance Rights are valued using the Black-Scholes option pricing model on date of grant.

# The unvested Performance Rights to vest on achievement of performance criteria, as determined by the Company's Board, by 5 March 2020 or the Performance Rights will lapse.

**Shareholdings of KMP's**

30-Jun-20	Opening Balance	Granted as Remuneration	Exercise of Options/PRs	Other Movements	Closing Balance
<b>Directors</b>					
Peter Meurer	1,250,000	-	-	-	1,250,000
Jonathan Murray	2,638,753	-	-	-	2,638,753
John Jetter*	-	-	-	-	-
Tony Pearson	-	-	-	-	-
Robert Sennitt	-	-	-	-	-
	<b>3,888,753</b>	-	-	-	<b>3,888,753</b>
<b>Executives</b>					
Rocky Smith	1,249,989	-	-	-	1,249,989
Michael Prassas	3,750,000	-	-	1,333,334	5,083,334
Graeme Scott	325,000	-	-	-	325,000
Lucas Stanfield	-	-	-	-	-
	<b>5,324,989</b>	-	-	<b>1,333,334</b>	<b>6,658,323</b>
<b>Total</b>	<b>9,213,742</b>	-	-	<b>1,333,334</b>	<b>10,547,076</b>

\* Mr Jetter ceased to be KMP's during the period and his holdings are not reported at period end.

**Option Holdings of KMP's including performance rights**

30-Jun-20	Opening Balance	Granted as Remuneration	Exercise of Options & PRs	Expired/Cancelled <sup>1</sup>	Other Movements	Closing Balance	Vested at 30 June
<b>Directors</b>							
Peter Meurer	30,416,666	-	-	(416,666)	-	30,000,000	10,000,000
Jonathan Murray	10,333,334	-	-	(333,334)	-	10,000,000	2,000,000
John Jetter	10,000,000	-	-	(8,000,000)	(2,000,000)	-	-

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Tony Pearson	-	10,000,000	-	-	-	10,000,000	2,000,000
Robert Sennitt	-	-	-	-	-	-	-
	<b>50,750,000</b>	<b>10,000,000</b>	-	<b>(8,750,000)</b>	<b>(2,000,000)</b>	<b>50,000,000</b>	<b>14,000,000</b>

### **Executives**

Rocky Smith	19,208,333	-	-	(3,008,333)	-	16,200,000	16,200,000
Michael Prassas	12,583,333	-	-	(2,633,333)	666,667	10,616,667	10,616,667
Graeme Scott	11,791,666	-	-	(1,841,666)	-	9,950,000	9,950,000
Lucas Stanfield	11,000,000	-	-	(1,600,000)	-	9,400,000	9,400,000
	<b>54,583,332</b>	-	-	<b>(9,083,332)</b>	<b>666,667</b>	<b>46,166,667</b>	<b>46,166,667</b>
<b>Total</b>	<b>105,333,332</b>	<b>10,000,000</b>	-	<b>(17,833,332)</b>	<b>(1,333,333)</b>	<b>96,166,667</b>	<b>60,166,667</b>

\* Mr Jetter ceased to be KMP's during the period and his holdings are not reported at period end.

<sup>1</sup> 8,000,000 options issued to Mr Jetter were cancelled following cessation of service. A further 1,833,332 PEKOC listed options issued to KMP's expired unexercised, these options were granted through participation in the Company's capital raisings and had an exercise price of \$0.06 and expired on 14 June 2020. A further 8,000,000 performance rights issued to executives expired.

### **Performance income as a proportion of total income**

No bonuses have been paid to executives during the year.

### **Service agreements:**

The key terms of the service agreements with the KMP's are:

#### ***Peter Meurer – Non-Executive Chairman (Appointed 23 April 2018)***

Under Peter's agreement annual directors fees of \$50,000 effective 23 April 2018 were payable. No retirement benefits are provided for.

#### ***Jonathan Murray / John Jetter (Resigned 15 January 2020) / Tony Pearson / Robert Sennitt (Appointed 15 January 2020) - Non-Executive Directors***

Non-Executive Directors are appointed by letter agreement with no fixed term ceasing on resignation or removal as a director in accordance with the Corporations Act 2001. Fees are currently set at \$40,000 per annum effective 1 July 2018. No retirement benefits are provided for.

#### ***Rocky Smith – Chief Executive Officer - (Transitioned from COO to CEO 21 September 2017)***

Rocky is employed under an Executive Service Agreement (ESA). The agreement provides for an annual salary of \$377,775 inclusive of superannuation, plus private health and life cover insurance, annual airfares, expenses, discretionary performance bonuses and options. The Executive is entitled to leave in accordance with the relevant legislation. Rocky's engagement has no fixed term but is subject to a six month notice period from either party.

#### ***Michael Prassas – Executive General Manager Sales, Marketing and Business Development (appointed 18 February 2016)***

Michael is employed under an ESA. The agreement provides for an annual salary of \$250,000, plus superannuation, plus private health, annual airfares, expenses, discretionary performance bonuses and options. The Executive is entitled to leave in accordance with the relevant legislation. Michael's engagement has no fixed term but is subject to a six month notice period from either party. Mr Prassas ceased employment with the Company on 15 July 2020.

#### ***Lucas Stanfield – Development Manager (appointed executive 2 October 2017)***

Lucas is employed under an ESA. The agreement provides for an annual salary of \$235,000 effective 1 November 2016, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive is entitled to leave in accordance with the relevant legislation. Lucas's engagement has no fixed term but is subject to a three month notice period from either party except six months' notice following a change of control termination.

#### ***Graeme Scott – CFO & Company Secretary (appointed 3 November 2014)***

Graeme is employed under an ESA. The agreement provides for an annual salary of \$250,000 effective 1 November 2017, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive is entitled to leave in accordance with the relevant legislation. Graeme's engagement has no fixed term but is subject to a three month notice period from either party except six months' notice following a change of control termination.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### **Other transactions**

During the year Steinepreis Paganin Lawyers and Consultants, a legal practice associated with Mr Jonathan Murray received \$139,723 (2019: \$20,010) as fees for the provision of legal advice. Balance outstanding at 30 June 2020 and included in trade creditors \$7,428 (30 June 2019: \$10,946).

These costs have not been included in directors' remuneration as these fees were not paid to individual directors in relation to the management of the affairs of the Company. All transactions were entered into on normal commercial terms.

*(End of Remuneration Report)*

### **OPTIONS AND PERFORMANCE RIGHTS**

At the date of this report Listed options on issue are:

CODE	Expiry Date	Exercise Price	Number under option
PEKOD	14 April 2022	\$0.03	88,000,000

Unissued ordinary shares of the Company under option to service providers only are:

Expiry Date	Exercise Price	Number under option
27 February 2021	\$0.06	4,000,000
14 June 2021	\$0.065	9,000,000
11 November 2020	\$0.06	5,994,419
11 May 2021	\$0.06	21,000,000

Unissued ordinary shares of the Company under option to directors, employees and former employees are:

Expiry Date	Exercise Price	Number under option
16 January 2021	\$0.065	11,750,000
21 June 2021	\$0.05	18,000,000
21 June 2022	\$0.10	11,000,000*
21 June 2023	\$0.15	25,000,000*
17 January 2022	\$0.035	5,750,000
5 March 2023	\$0.03	41,300,000

\* Vesting subject to length of service and milestone criteria.

On 14 June 2020, 61,088,247 PEKOC listed Options with an exercise price of \$0.06 expired unexercised.

During the year 8,000,000 Unlisted director options with exercises prices ranging from \$0.10 to \$0.15 were cancelled following cessation of service.

Details of options issued during the year are detailed in the Remuneration Report and note 22 to this report.

At the date of this report Performance Rights on issue to employees are:

Expiry Date	Exercise Price	Number of Performance Rights
5 March 2021	\$Nil	2,000,000*

\*Vested Performance Rights.

No Performance Rights were issued during the year.

Option or rights holders do not have any right, by virtue of the option or right to participate in any share issue of the Company or any related body corporate

**INDEMNIFYING OFFICERS OR AUDITOR**

---

During the financial year, the company paid a premium in respect of a contract insuring the directors and officers of the Company and related body corporates against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as an officer or auditor.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

**PROCEEDINGS ON BEHALF OF COMPANY**

---

No person has applied to the court under legislation such as section 237 of the Corporations Act of Australia for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the consolidated entity with leave of the court under such legislation.

**AUDITOR'S INDEPENDENCE DECLARATION**

---

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found immediately following this Directors' report.

No amounts have been paid or payable to the auditor for non-audit services, payments to the auditors are set out in Note 5 to the Financial Statements.

The Board of Directors is satisfied that the provision of non-audit services performed during the year by the Company's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services did not compromise the external auditor's independence for the following reason:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditors independence as set out in the APES 110 (Code of Ethics for Professional Accountants).

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,



Tony Pearson  
Non-executive Chairman  
Perth, 17 September 2020



**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **Auditor's independence declaration to the directors of Peak Resources Limited**

As lead auditor for the audit of the financial report of Peak Resources Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Peak Resources Limited and the entities it controlled during the financial year.

A stylized, handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer  
Partner  
17 September 2020



**Building a better  
working world**

Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## **Independent auditor's report to the members of Peak Resources Limited**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Peak Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material uncertainty related to going concern**

We draw attention to Note 2(a) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

### 1. Acquisition of remaining interest in Peak African Minerals (Mauritius) Limited ("PAM")

#### Why significant

On 12 November 2019 (acquisition date), the Group completed the acquisition of the remaining 25% interest in PAM not already held by it. PAM owns all the shares in PR NG Minerals Limited ("PRNG"), the 100% owner of the Ngualla Project ("Ngualla" or "the Project").

Up to the acquisition date, the Group's 75% interest in PAM had been accounted for using the equity method. At the acquisition date, the Group determined the transaction to be an asset acquisition rather than a business combination (refer to Note 4 of the financial report).

This transaction has resulted in a gain of \$10.4 million in the consolidated statement of comprehensive income on the derecognition of PAM as an equity accounted associate. This gain included \$3.7 million of foreign exchange differences which arose on the previous equity accounting for the investment in PAM and has been transferred from the reserves to the consolidated statement of comprehensive income.

This was considered to be a key audit matter because the acquisition was significant to the Group and accounting for the derecognition of PAM as an equity accounted associate and its subsequent acquisition was complex due to the judgement required by the Group to identify and determine the gain on derecognition of PAM as an associate and the subsequent determination of the fair values of all assets and liabilities acquired.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Read the purchase agreement to gain an understanding of its key terms;
- ▶ Assessed the appropriateness of the acquisition accounting applied for the Group's 100% interest in PAM, including accounting for the derecognition of the Group's equity accounted investment and the determination of the gain on derecognition of the Group's equity accounted investment in PAM;
- ▶ Assessed the Group's determination of the acquisition date, the fair value of the acquisition consideration as well as the fair value of the assets and liabilities acquired, including considering whether the valuation methodologies applied were in accordance with Australian Accounting Standards;
- ▶ Involved our tax specialists in assessing the tax implications arising from this acquisition;
- ▶ Reviewed the adequacy of the Group's disclosures in the financial report relating to this acquisition.



## 2. Carrying value of capitalised exploration and evaluation assets

### Why significant

As at 30 June 2020, the Group held capitalised exploration and evaluation assets of \$59.4 million, representing 95% of the Group's total assets.

The carrying amount of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

The determination as to whether there are any indicators to require the exploration and evaluation assets to be assessed for impairment involves a number of judgments, including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The directors did not identify any impairment indicators at 30 June 2020.

Refer to Note 14 in the financial report for capitalised exploration and evaluation asset balances and related disclosures.

This was considered a key audit matter because of the significant judgment involved in determining whether any impairment indicators were present for the Group's capitalised exploration and evaluation asset balances.

### How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements. This included reviewing correspondence between the Group and its external legal counsel with respect to the status of PRNG's mining and prospecting license rights applications and the status of its tenure over the Project
- ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's cash-flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group
- ▶ Assessed whether exploration and evaluation data existed to indicate that the carrying value of capitalised exploration and evaluation was unlikely to be recovered through development or sale
- ▶ Considered the fair value of the Project imputed by the acquisition of the 25% interest in PAM in November 2019
- ▶ Reviewed the adequacy of the Group's disclosures in Note 14 of the financial report.

### 3. Measurement of royalty liability

#### Why significant

At 30 June 2020, the Group has a royalty liability in its consolidated statement of financial position of \$5.8 million, representing 90% of the Group's total liabilities. These funds were originally advanced to PRNG to fund the completion of the Definitive Feasibility Study for Ngualla.

This secured liability is repayable via a 2% gross revenue royalty from the future mining operations at Ngualla. In light of this, the Group is required to estimate the amount and timing of repayments necessary to extinguish this liability. Any changes to the estimated amount and timing of repayments will impact this liability's measurement.

As a result of the delays in the award of the Special Mining Licence for Ngualla, the Group has re-estimated the amount and timing of these repayments at 30 June 2020. This remeasurement has resulted in a reduction of the royalty liability in the consolidated statement of financial position of \$1.7 million and a corresponding gain recognised in the consolidated statement of comprehensive income.

Given the significant degree of judgement involved in the Group's estimates of the amount and timing of repayments, we consider this a key audit matter.

Refer to Note 19 in the consolidated financial statements for the liability balance and related disclosures.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We assessed whether this liability was appropriately recognised and measured in accordance with AASB 9 *Financial Instruments*
- ▶ We considered and challenged the Group's assessment of the expected amount and timing of repayments based on the Project's Definitive Feasibility Study
- ▶ We assessed whether the original effective interest rate used in the amortised cost calculation for the loan was in accordance with AASB 9
- ▶ We obtained and reviewed management's calculation of the amortised cost and classification of this loan in accordance with the requirements of AASB 9
- ▶ We assessed the adequacy of the related disclosures in the consolidated financial statements.

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation

- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Peak Resources Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Pierre Dreyer  
Partner  
Perth  
17 September 2020

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Interest income	5	37,034	98,245
R&D rebate received	5	110,037	-
Other income	5	62,500	550
Gain on re-measurement of financial liabilities	19	1,735,665	-
Gain on derecognition of associate	4	10,429,216	-
<b>Total income</b>		<b>12,374,452</b>	<b>98,795</b>
Employee benefits expenses		(705,365)	(902,217)
Share based payments expenses		(819,645)	(471,005)
Depreciation expenses		(16,899)	(5,886)
Borrowing costs		(297,520)	(1,163,204)
Administrative and other costs		(1,510,336)	(1,096,476)
Technical feasibility costs	5	(948,436)	(132,000)
Share of loss of associate	3	(353,988)	(924,060)
Fair value adjustments to other assets measured at fair value through profit or loss		(69,549)	-
<b>Profit/ (Loss) before income tax</b>		<b>7,652,714</b>	<b>(4,596,053)</b>
Income tax expense	8	-	-
<b>Profit/ (Loss) after income tax</b>		<b>7,652,714</b>	<b>(4,596,053)</b>
Other comprehensive income/(loss), net of tax			
<i>Items that could be transferred to profit or loss in future:</i>			
Recycled to the profit or loss on derecognition of associate		(3,764,892)	-
Exchange differences on translation of foreign operations		40,792	(156,378)
Group's share of associate's other comprehensive income		503,253	1,683,792
<b>Total comprehensive income/(loss) for the year</b>		<b>4,431,867</b>	<b>(3,068,639)</b>
<b>Profit/(loss) per share (in cents)</b>			
Basic and Diluted profit/(loss) per share	7	0.65	(0.58)

The statement should be read in conjunction with the accompanying notes

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,546,021	2,147,324
Trade and other receivables	10	31,962	17,275
Other financial assets	11	30,000	30,000
Loans – due from associates measured at fair value through profit or loss (FVPTL)	12	-	446,532
Prepayments		84,466	6,929
<b>Total current assets</b>		<b>2,692,449</b>	<b>2,648,060</b>
<b>Non-current assets</b>			
Loans – due from associates measured at FVPTL	12	-	416,961
Property plant and equipment	13	41,789	6,196
Exploration and evaluation costs	14	59,419,382	-
Investment in associate	3	-	33,509,484
Investments	15	8,000	8,000
Other assets	16	219,284	127,254
<b>Total non-current assets</b>		<b>59,688,455</b>	<b>34,067,895</b>
<b>Total assets</b>		<b>62,380,904</b>	<b>36,715,955</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	412,178	276,252
Provisions	18	242,936	196,668
Loans and borrowings	19	-	1,824,095
<b>Total current liabilities</b>		<b>655,114</b>	<b>2,297,015</b>
<b>Non-current liabilities</b>			
Other payables	17	-	1,430,011
Loans and borrowings	19	5,857,433	5,041,789
<b>Total non-current liabilities</b>		<b>5,857,433</b>	<b>6,471,800</b>
<b>Total liabilities</b>		<b>6,512,547</b>	<b>8,768,815</b>
<b>Net assets</b>		<b>55,868,357</b>	<b>27,947,140</b>
<b>EQUITY</b>			
Contributed equity	21	99,893,335	77,223,630
Reserves	20	3,616,198	6,017,400
Accumulated losses		(47,641,176)	(55,293,890)
<b>Total equity</b>		<b>55,868,357</b>	<b>27,947,140</b>

The statement should be read in conjunction with the accompanying notes

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(3,129,879)	(1,513,664)
Interest received		36,210	110,309
Government rebates received		172,537	-
Borrowing costs paid		(67,463)	(315,823)
<b>Cash used in operating activities</b>	9	<b>(2,988,595)</b>	<b>(1,719,178)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(11,685)	(5,350)
Payment for Teesside Land Purchase Option		(92,030)	-
Contributions to associates	3	(667,861)	(2,100,117)
Cash acquired on acquisition of PAM	4	41,897	-
<b>Cash used in investing activities</b>		<b>(729,679)</b>	<b>(2,105,467)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		6,295,535	6,232
Costs of issuing equity shares		(230,767)	-
Repayment of borrowings		(1,914,947)	(560,031)
Proceeds from borrowings		48,246	272,306
(Repayment to) associate and other parties		(28,065)	(140,008)
<b>Cash generated from/(used in) financing activities</b>		<b>4,170,002</b>	<b>(421,501)</b>
Net increase/ (decrease) in cash and cash equivalents		451,728	(4,246,146)
Balance at the beginning of the year		2,147,324	6,468,748
Effect of foreign currency translation		(53,031)	(75,278)
<b>Balance at the end of the year</b>	9	<b>2,546,021</b>	<b>2,147,324</b>

The statement should be read in conjunction with the accompanying notes

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year Ended 30 June 2020

	Contributed Equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulate d losses \$	Total equity \$
<b>At 1 July 2018</b>	<b>77,217,398</b>	<b>2,497,108</b>	<b>1,521,873</b>	<b>(50,697,837)</b>	<b>30,538,542</b>
Loss for the year 2019	-	-	-	(4,596,053)	(4,596,053)
Other comprehensive loss	-	-	(156,378)	-	(156,378)
Group's share of associate's other comprehensive income	-	-	1,683,792	-	1,683,792
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>1,527,414</b>	<b>(4,596,053)</b>	<b>(3,068,639)</b>
Equity issued	6,232	-	-	-	6,232
Equity based payments	-	471,005	-	-	471,005
<b>At 30 June 2019</b>	<b>77,223,630</b>	<b>2,968,113</b>	<b>3,049,287</b>	<b>(55,293,890)</b>	<b>27,947,140</b>
Profit for the year 2020	-	-	-	7,652,714	7,652,714
Other comprehensive loss	-	-	(3,724,100)	-	(3,724,100)
Group's share of associate's other comprehensive income	-	-	503,253	-	503,253
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>(3,220,847)</b>	<b>7,652,714</b>	<b>4,431,867</b>
Equity issued	22,900,472	-	-	-	22,900,472
Equity based payments	-	819,645	-	-	819,645
Transaction costs	(230,767)	-	-	-	(230,767)
<b>At 30 June 2020</b>	<b>99,893,335</b>	<b>3,787,758</b>	<b>(171,560)</b>	<b>(47,641,176)</b>	<b>55,868,357</b>

The statement should be read in conjunction with the accompanying notes



## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

---

The financial report of Peak Resources Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 17 September 2020.

Peak Resources Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The address of its registered office and principal place of business is disclosed in the corporate directory in the Annual Report.

The principal activity of the Group during the year was exploration and evaluation of mineral licences.

### 2. SIGNIFICANT ACCOUNTING POLICIES

---

#### *a) Basis of Preparation*

---

The consolidated financial statements have been prepared on the basis of historical cost, except for other assets and non-current assets which are measured at fair value through profit or loss. All amounts are presented in Australian Dollars unless otherwise noted.

#### *Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### *Going concern*

The Group has net current assets of \$2,037,335 (2019: \$351,045) at 30 June 2020 and incurred an operating cash outflow of \$2,988,595 for the year ended 30 June 2020 (2019: \$1,719,178).

The Group's ability to continue as a going concern and meet its debts as and when they fall due is dependent on the ability to raise additional capital.

As reported, with \$2.55million cash at bank at the end of the reporting period Peak is well funded in the short term to fund the Ngualla Project, and its corporate and administration requirements. In order to progress the project further, on a time-frame planned by management, the Group's cashflow forecasts indicate that there will be a need in the future to obtain further funding.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to raise further funding as and when required based on its past ability to raise equity funding. However, in the event that additional funding is not forthcoming, the Group will need to reduce its discretionary spending to ensure that it has sufficient cash on hand to continue its operations. As a result of the need to raise additional equity or reduce discretionary spending if funds are not forthcoming, there is a material uncertainty whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

***b) Impact of new standards applied for the first time***

---

The accounting policies adopted in the preparation of the consolidated financial statements for the year are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2019, except for the adoption of new and amended accounting standards and interpretations effective as of 1 July 2019, being AASB 16 "Leases" and AASB Interpretation 23 "Uncertainty over Income Tax Treatments". The adoption of these new and amended accounting standards and interpretations did not have a material impact on the consolidated entity and no restatement of comparative financial information to reflect the adoption of these new standards and interpretations was required.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

**AASB 16 Leases**

AASB 16 was issued in January 2016 and it replaces AASB 117 "Leases", AASB Interpretation 4 "Determining whether an Arrangement contains a Lease", AASB Interpretation 115 "Operating Leases – Incentives" and AASB Interpretation 127 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. AASB 16 requires lessees and lessors to make more extensive disclosures than under AASB 117.

**Transition to AASB 16**

The Group adopted AASB 16 retrospectively to each prior reporting period presented. The Group elected to apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4. The Group has not applied the standard to contracts that were not previously identified as containing a lease applying AASB 117 and AASB Interpretation 4. The Group has only one lease which expires on 31 December 2020. and the impact of AASB 16 is not material.

**AASB Interpretation 23 Uncertainty over Income Tax Treatment**

This Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

The interpretation requires that an entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. There was no material impact to the consolidated entity from adopting this interpretation.

Since the Group operates in a complex multinational tax environment, applying the Interpretation in future may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

### ***Standards issued but not yet effective***

Significant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements is not expected to be material. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

### **New and amended Accounting Standards and Interpretations issued but not yet effective**

#### **AASB 2019-1 Conceptual Framework for Financial Reporting**

AASB 2019-1 is effective for annual periods being on or after 1 January 2020. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

The Group is in the process of assessing the impact of the new Conceptual Framework.

#### **AASB 2018-7 Definition of Material**

AASB 2018-7 is effective for annual periods being on or after 1 January 2020.

This Standard amends AASB 101 "Presentation of Financial Statements" and AAS 108 "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group is in the process of assessing the impact of the new amendment.

#### **AASB 2019-5 Disclosure Of the Effect of New IFRS Standards Not Yet Issued in Australia**

AASB 2019-5 is effective for annual periods being on or after 1 January 2020.

This standard amends AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 on the potential effect of an

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

IFRS Standard that has not yet been issued by the AASB so that such entity complying with Australian Accounting Standards can assess compliance with IFRS standards.

The Group is in the process of assessing the impact of the new amendment.

### ***c) Basis of consolidation***

---

The consolidated financial statements of Peak Resources Limited comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity. All controlled entities have a June financial year-end.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased through an equity transaction.

### ***d) Investment in associates***

---

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially measured at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the entity became an associate.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition when there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statement of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate in a situation which is not an asset acquisition, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit and loss. In the case of an asset acquisition (which is not a business combination) where the Group loses significant influence but gains control of an investment, the Group takes any difference between the total historical cost of acquisition of the investment and the carrying value of the associate upon loss of significant influence to the profit and loss.

### ***e) Foreign Currency Translation***

---

The financial statements have been presented in Australian Dollars, which is the Group's presentation currency.

#### ***Foreign currency transactions***

In preparing the financial statements of each individual group entity, transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The Company's functional currency is Australian dollars. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, and gain or loss in exchange rate movements are recognised in profit or loss.

#### ***Translation of foreign operations***

As at the reporting date the assets and liabilities of foreign operations are translated from their functional currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on translation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

### ***f) Other income***

---

#### ***Interest***

Interest income is recognised as the interest accrues on the financial asset carried at amortised cost.

#### ***R&D rebate grant***

The Group is treating its receipt of the R&D rebate as government grant.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Government grants are recognised as income when there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the asset to which it relates, the net value of which is amortised over its expected useful life.

### ***g) Employee benefits***

---

Employee benefits such as salary and wages are measured at the rate at which the entity expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### ***Superannuation entitlements***

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

### ***h) Leases***

---

***Accounting policy effective from 1 July 2019:*** The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

The Group's lease pertains to the short-term lease of its office space. This has been recognised as a expense in Administrative and other costs in the statement of comprehensive income.

***Accounting policy applied until 30 June 2019:*** Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

### ***i) Income tax***

---

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

### **j) Other taxes**

---

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

When the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

### **k) Earnings per share**

---

#### **a. Basic earnings per share**

Basic earnings per share ("EPS") is determined by dividing the group operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### **b. Diluted earnings per share**

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### **l) Financial Instruments**

---

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### ***Financial assets at amortised cost (debt instruments)***

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

### ***Financial assets designated at fair value through OCI (equity instruments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on



## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### **Financial liabilities**

#### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below

### ***Loans and borrowings***

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings.

### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The financial instruments of the Group are (i) cash and cash equivalents; (ii) trade and other receivables; (iii) trade and other payables, (iv) loans and borrowings; (v) loans due from associates measured at fair value through profit or loss; (vi) other financial assets, including bank deposits.

### **m) Cash and Cash Equivalents**

---

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **n) Trade and Other Receivables**

---

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost, less provisions for expected credit losses. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **o) Property, plant and equipment**

---

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value

The useful life of the assets have been set at the following levels to determine the depreciation rates:

Plant and equipment: 2 to 5 years

**Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses, if any, are recognised in the profit or loss.

**Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**p) Exploration and evaluation costs**

---

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

The rights to tenure of the area of interest are current; and at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

The recoverable amount of exploration and evaluation assets is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to production assets.

**q) Trade and Other Payables**

---

Trade payables and other payables are initially recognised at fair value, then carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arising when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**r) Provisions**

---

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**s) Share-based payment transactions**

---

**Equity settled transactions:**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The current plans in place to provide these benefits are the Employee Option Plan (“EOP”) and Performance Rights Plan (“PRP”), which provides benefits to directors, senior executives and other eligible participants as determined by the Board.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Peak Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired and
- the Group’s best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### ***t) Borrowing costs***

---

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### ***u) Critical accounting judgements and estimates***

---

In the application of Australian Accounting Standards, management is required to make judgments about applying accounting policies and estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Impairment of investment in associate***

Impairment exists when the carrying value of the investment in associate exceeds its recoverable amount. The recoverable amount is referenced to project economic models and assumptions included in the recoverable amount determination such as commodity prices, capital and operating costs, foreign exchange rates and discount rates.

To the extent that investment in associate is determined not to be recoverable, the Group recognises the loss within 'Share of loss of associate' in the consolidated statement of comprehensive income.

#### ***Impairment of exploration and evaluation costs***

The future recoverability of exploration and evaluation costs are dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that exploration and evaluation costs is determined not to be recoverable in the future, this impairment will reduce profits and net assets in the period in which this determination is made.

#### ***Share based payment transactions***

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

#### ***Accounting for contingent consideration in asset acquisition***

In accounting for the cash component of contingent consideration payable in an asset acquisition, including future royalties, the Group considers AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" to be the

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

applicable accounting standard. Accordingly, no obligation for the cash component of contingent consideration payable based on the future performance of the asset and actions of the Group is recognised at the date of purchase of the related asset.

### **Measurement of royalty liability**

The Group is required to estimate the amount and timing of anticipated repayment dates for the royalty liability disclosed in note 19. Any changes in either the estimated timing or amount of repayments will impact the measurement of this liability through the profit and loss and these changes could be significant.

### **Impact of the COVID-19 pandemic**

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report. Management have considered the potential impact of the COVID-19 pandemic in the significant accounting judgements, estimates and assumptions. However, as these are subject to increased uncertainty the actual outcomes may differ from the estimates.

### **3. INVESTMENTS IN ASSOCIATES**

The Group had a 75% interest in Peak African Minerals (PAM), a company domiciled in Mauritius that owns 100% of the shares in PR NG Minerals Limited (“PRNG”), the 100% owner of the Ngualla Project in Tanzania. On 12 November 2019 Peak reacquired the balance of the shares in PAM to move back to a 100% ownership interest. The PAM group is now accounted for as a subsidiary and consolidated into the Peak Group. Prior to re-consolidation on 12 November 2019, Peak Group’s interest in PAM was accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group’s investment in PAM to date of consolidation:

	\$AUD For the period 1 July 2019 to date of acquisition	\$AUD For the year ended 30 June 2019
<b>Group's share of loss for the period</b>	(353,988)	(924,060)
<b>Group's share of movement of other comprehensive income for the period</b>	503,253	1,683,792
<b>Peak Resources investment in associate:</b>		
Opening balance	33,509,484	30,649,635
Less Group’s share of loss in the associate for the period	(353,988)	(924,060)
Add Group’s share of movement in other comprehensive income in the associate for the period	503,253	1,683,792
Peak’s additional equity investment in PAM during the period	667,861	2,100,117
Less: Equity investment in PAM prior to reconsolidation	(34,326,610)	-
<b>Investment in associate</b>	<b>-</b>	<b>33,509,484</b>
	\$AUD As at 30 June 2020	\$AUD As at 30 June 2019
<b>Classified in the statement of financial position as:</b>		
<b>Investment in associate</b>	<b>-</b>	<b>33,509,484</b>

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### Tenure over Ngualla Project

The Ngualla Project tenure is held over three licence areas held by PRNG; the area containing the Mineral Resource is subject to a Special Mining Licence (SML) application lodged in August 2017 for which grant is still pending following enactment of the changes to the Mining legislation announced by the Tanzanian Government in July 2017. The Prospecting Licence (PL) which PRNG held over this area, at the time of lodgment of the SML application, expired in September 2017. The Tanzanian Mining Act provides that the PL will remain valid until grant or refusal to grant an application for a licence is made. The Company expects the SML to be granted in due course. The other two licence areas are also held by PRNG under granted PLs.

### 4. ASSET ACQUISITION

On 4 November 2019 Peak's shareholders approved the acquisition of the remaining 25% interest in PAM. All conditions of the acquisition were satisfied and completion occurred on 12 November 2019. A total of 386,161,369 new fully paid ordinary shares were issued at an issue price at the completion date of \$0.043 to Appian Pinnacle Holdco Limited (Appian) and International Finance Corporation (IFC), after reduction for their outstanding contributions for the PAM group costs to completion. The cost of this acquisition consideration was \$16,604,938.

The total cost of acquisition has been determined using the accumulated cost approach with the difference between this cost and the carrying value of Peak's equity accounted investment of its interest in associate on derecognition taken through the profit and loss as part of the gain on acquisition and reconsolidation of associate of \$10,429,216.

The Group's acquisition of PAM was accounted for as an asset acquisition rather than a business combination in the consolidated financial statements. The following table illustrates the apportionment of the acquisition cost to the assets and liabilities of PAM Group at their relative fair values at the acquisition date.

	12 November 2019 \$
<b>Fair value of consideration transferred</b>	
Amount settled for the purchase of the 25% interest in PAM	16,604,938
Previous costs of acquisition	35,182,644
<b>Total cost of PAM acquisition</b>	<b>51,787,582</b>
<b>Assignment of carrying amounts in PAM on acquisition at their relative fair values:</b>	
Cash and cash equivalents	41,897
Trade and other receivables	811
Prepayments	78,160
Exploration and evaluation expenditure	59,173,422
Property, plant and equipment	40,807
Trade and other payables	(29,165)
Royalty liability	(7,518,350)
<b>Total cost of PAM acquisition</b>	<b>51,787,582</b>

### 5. INCOME AND EXPENDITURE ITEMS

	2020 \$	2019 \$
<b>Included in profit/(loss) for the year are:</b>		
Interest received <sup>1</sup>	37,034	98,245
Australian R&D rebate	110,037	-

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

Other income	62,500	550
Total other income	209,571	98,795

<sup>1</sup>This is interest received from instruments held at amortised cost calculated using effective interest method.

Corporate and compliance costs	(120,587)	(81,966)
Occupancy costs	(92,462)	(63,184)
Travel costs	(275,276)	(55,570)
Technical feasibility costs	(948,436)	(132,000)

**Auditors' remuneration**

**Fees to Ernst & Young (Australia):**

Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities

79,971                      74,963

**Total fees to Ernst & Young (Australia) (A)**

**79,971                      74,963**

**Fees to other overseas member firms of Ernst & Young (Australia)**

Fees for auditing the financial report of any controlled entities

30,229                      7,201

**Total fees to overseas member firms of Ernst & Young (Australia) (B)**

**30,229                      7,201**

**Total auditor's remuneration (A)+(B)**

**110,200                      82,164**

**6. OPERATING SEGMENTS**

Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on the exploration activities of the Group. The chief operating decision makers include the board of directors. The Group's reportable segments under AASB 8 are as follows:

- Exploration & Development (E&D) – Group's exploration and development activities for the Ngualla project in Tanzania; and
- Unallocated - to manage the corporate affairs of the group.

The segments have applied the same accounting policies as applied to the Group and disclosed in the notes 1 and 2 to these financial statements.

	<b>30 June 2020</b>			<b>30 June 2019</b>		
	<b>E&amp;D</b>	<b>Unallocated</b>	<b>Total</b>	<b>E&amp;D</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	-	37,034	37,034	-	98,245	98,245
Other income	-	172,537	172,537	-	550	550
Re-measurement gain on royalty liability	-	1,735,665	1,735,665	-	-	-
Gain on derecognition of associate	-	10,429,216	10,429,216	-	-	-
<b>Total income</b>	-	<b>12,374,452</b>	<b>12,374,452</b>	-	<b>98,795</b>	<b>98,795</b>
Depreciation and amortisation	(11,196)	(5,703)	(16,899)	-	(5,886)	(5,886)
Share based payment expenses	-	(819,645)	(819,645)	-	(471,005)	(471,005)



**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

Borrowing costs	-	(297,520)	(297,520)	-	(1,163,204)	(1,163,204)
Share of loss of associate	(353,988)	-	(353,988)	(924,060)	-	(924,060)
Technical feasibility costs	(948,436)	-	(948,436)	(132,000)	-	(132,000)
Other expenses	-	(2,285,249)	(2,285,249)	-	(1,998,693)	(1,998,693)
Income Tax	-	-	-	-	-	-
<b>Segment results</b>	<b>(1,313,620)</b>	<b>8,966,336</b>	<b>7,652,715</b>	<b>(1,056,060)</b>	<b>(3,539,993)</b>	<b>(4,596,053)</b>
<b>Segment assets</b>	<b>59,448,993</b>	<b>2,931,911</b>	<b>62,380,904</b>	<b>33,509,484</b>	<b>3,206,471</b>	<b>36,715,955</b>
<b>Segment liabilities</b>	<b>(5,857,433)</b>	<b>(655,114)</b>	<b>(6,514,547)</b>	-	<b>(8,768,815)</b>	<b>(8,768,815)</b>
<b>Additions to non-current assets during the year:</b>						
Plant and equipment	-	11,686	11,686	-	5,350	5,350
Investment in associate	667,861	-	667,861	2,100,117	-	2,100,117
	<b>667,861</b>	<b>11,686</b>	<b>679,550</b>	<b>2,100,117</b>	<b>5,350</b>	<b>2,105,467</b>

**7. PROFIT/(LOSS) PER SHARE**

The following reflects the income and share data used in the total operations basic and dilutive earnings per share computations:

	<b>2020</b>	<b>2019</b>
	<b>Cents</b>	<b>Cents</b>
Basic and Diluted profit/ (loss) per share based on reported losses after tax as set out in the Statement of Comprehensive Income	0.65	(0.58)

	<b>2020</b>	<b>2019</b>
	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	1,174,788,181	799,220,870
Weighted average number of ordinary shares used in calculating diluted profit/(loss) per share	1,175,432,990	799,220,870
Anti-dilutive options over ordinary shares and performance rights excluded from the weighted average number of shares	204,794,419	183,054,035

**8. INCOME TAX**

	<b>CONSOLIDATED</b>	<b>CONSOLIDATED</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>a. The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of comprehensive income	-	-
<b>b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Loss before income tax	7,652,715	4,596,053
Prima facie tax benefit on loss from ordinary activities before income tax at 30.0% (2019:30%)	2,295,815	(1,378,816)
Add tax effect of:		

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

	CONSOLIDATED 2020 \$	CONSOLIDATED 2019 \$
- Revenue losses not recognised	699,892	643,673
- Other non-allowable items	686,311	804,265
- Other deferred tax balances not recognised	61,301	300,036
	3,743,319	369,158
Less tax effect of:		
- Gain on derecognition of associate	3,128,765	-
- Gain on re-measurement of financial liabilities	520,700	-
- Non-assessable items	93,854	369,158
Income tax expense reported in statement of comprehensive income	-	-
<b>c. Deferred tax recognised at 30.0% (2019:27.5%):</b>		
<b>Deferred tax liabilities:</b>		
Investment in associate	-	(5,053,678)
Accrued interest	(1,299)	(1,051)
Other	(3,649)	(4,106)
<b>Deferred tax assets:</b>		
Carry forward revenue losses	4,948	5,058,835
<b>Net deferred tax</b>	-	-
<b>d. Unrecognised deferred tax assets at 30.0% (2019:27.5%) (Note 1):</b>		
Carry forward revenue losses	7,452,367	1,766,535
Carry forward capital losses	295,504	295,504
Unrealised FX	487,097	583,737
Capital raising costs	93,369	112,121
Provisions and accruals	859,008	628,940
Other	-	1,292
	9,187,345	3,388,129

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

**Note 1** - the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

**Note 2 - Tax Consolidation**

For the purpose of income taxation, the Company and its 100% Australian controlled entities have formed a tax consolidated group effective from 1 July 2012.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

9. CASH AND CASH EQUIVALENTS

	2020	2019
Reconciliation of cash and cash equivalent	\$	\$
<b>For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:</b>		
Cash at bank and in hand	546,021	547,324
Short term deposits	2,000,000	1,600,000
	<b>2,546,021</b>	<b>2,147,324</b>
Reconciliation of operating profit/(loss) to operating cash flows		
<b>Profit/(Loss) for the year</b>	<b>7,652,714</b>	<b>(4,596,053)</b>
<b>Adjustments for non-cash items:</b>		
Gain on derecognition of associate	(10,429,216)	-
Gain on re-measurement of financial liabilities	(1,735,665)	-
Fair value adjustments	69,549	16,603
Share of loss of associate	353,988	924,060
Share based payments expenses	819,645	471,005
Depreciation expenses	16,899	5,886
Foreign exchange gain/loss	43,948	270,461
Other non-cash items	(174,131)	-
<b>Movement in working capital items:</b>		
(Increase)/Decrease in trade and other receivables	(25,551)	46,211
Decrease in prepayments	624	5,347
Increase in trade and other payables	372,333	1,101,084
Increase in provisions	46,268	36,218
	<b>(2,988,595)</b>	<b>(1,719,178)</b>

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**10. TRADE AND OTHER RECEIVABLES**

	2020	2019
	\$	\$
<i>Current</i>		
GST receivable	21,671	13,772
Other receivable	10,291	3,503
	<b>31,962</b>	<b>17,275</b>
<i>Ageing of receivables</i>		
Recoverable within 3 months	31,962	17,275
	<b>31,962</b>	<b>17,275</b>

Receivables are non-interest bearing and unsecured

**11. OTHER FINANCIAL ASSETS**

	2020	2019
	\$	\$
Bank Term Deposit	30,000	30,000
	<b>30,000</b>	<b>30,000</b>

A deposit of \$30,000 (2019: \$30,000) has been secured against a guarantee issued by the bank as a rental deposit for the office lease. This cash balance is not available for withdrawal until the guarantee is withdrawn.

**12. LOANS – DUE FROM ASSOCIATE**

	2020	2019
	\$	\$
<b>Current</b>		
Loans – due from associates measured at FVTPL	-	446,532
<b>Non-current</b>		
Loans – due from associates measured at FVTPL	-	416,961
	-	<b>863,493</b>

The Associate-company loan receivables are non-recourse, interest free loans and repayable on demand.

**13. PROPERTY, PLANT AND EQUIPMENT**

	2020	2019
	\$	\$
<b>Plant and equipment</b>		
At cost	309,768	103,052
Accumulated depreciation	(267,979)	(96,856)
	<b>41,789</b>	<b>6,196</b>
<b>Movement in net carrying amount</b>		
Balance at the beginning of the year	6,196	6,731
Additions on acquisition of PAM	40,807	-
Additions	11,685	5,351
Depreciation for the year	(16,899)	(5,886)
Balance at the end of the year	<b>41,789</b>	<b>6,196</b>

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**14. EXPLORATION AND EVALUATION EXPENDITURE**

	2020	2019
	\$	\$
<b>Movement in net carrying amount:</b>		
Balance at beginning of year	-	-
Additions on acquisition of PAM	59,173,422	-
Foreign exchange movements	245,960	-
<b>Balance at 30 June</b>	<b>59,419,382</b>	<b>-</b>
<b>Capitalised areas of interest</b>		
Ngualla Rare Earth Project, Tanzania	59,419,382	-
	<b>59,419,382</b>	<b>-</b>

**15. INVESTMENTS**

	2020	2019
	\$	\$
Investment in listed shares – at fair value through profit or loss (Level 1)	8,000	8,000
	<b>8,000</b>	<b>8,000</b>

**16. OTHER ASSETS**

	2020	2019
	\$	\$
Site 2 option payment	219,284	127,254
	<b>219,284</b>	<b>127,254</b>

The Company signed a 24 month option on 18 June 2018 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 included the ability to extend the option for a further 12 months. The Company extended the option for a further 12 months commencing on 18 June 2020.

**17. TRADE AND OTHER PAYABLES**

	2020	2019
	\$	\$
<i>Current</i>		
Trade and other payables	412,178	276,252
<i>Non-current</i>		
Other payables	-	1,430,011
<i>Ageing of payables</i>		
Payable within 3 months	412,178	276,252
Beyond 12 months	-	1,430,011
	<b>412,178</b>	<b>1,706,263</b>

Payables are non-interest bearing, unsecured and are generally payable in 30-120 days.

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**18. PROVISIONS**

	<b>2020</b>	<b>2019</b>
	\$	\$
Employee benefits - leave entitlements	242,936	196,668

**19. LOANS AND BORROWINGS**

	<b>2020</b>	<b>2019</b>
	\$	\$
<i>Current:</i>		
Appian loan facility	-	1,824,095
<b>Total Current loans &amp; borrowings</b>	<b>-</b>	<b>1,824,095</b>

*Non-current:*

Working capital loan facility – Peak African Minerals	-	5,041,789
ANRF Royalty Liability	5,857,433	-
<b>Total Non-Current loans &amp; borrowings</b>	<b>5,857,433</b>	<b>5,041,789</b>

**30 June 2020**

*Non-current* – ANRF Royalty Liability – In July 2015 ANRF Royalty Company Limited (ANRF) and International Finance Corporation (IFC) advanced US\$5,191,191 to PRNG towards completion of the Definitive Feasibility Study for the Ngualla Rare Earth's project. This amount will be repaid via a 2% gross sales royalty from the potential mining operation. Forms of security customary for an agreement of this type have been agreed and have been or are registered including share pledges over the shares in PRNG, and asset level security given by PRNG.

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Movement in net carrying amount of ANRF Royalty Liability:</b>		
Balance at beginning of year	-	-
Additions on acquisition of PAM	(7,518,350)	-
Gain on re-measurement	1,735,665	-
Foreign exchange movements	(74,748)	-
<b>Balance at 30 June</b>	<b>5,857,433</b>	<b>-</b>

**30 June 2019**

*Current* – Appian loan facility – On 20 September 2016 Appian advanced A\$4,179,828 (US\$3,145,739) under a full draw down 3 year loan facility. The loan is denominated in US\$ with interest of 15% per annum calculated daily and capitalised at the end of each calendar quarter, payable at the time of the loan repayment. Provisions of the facility provide for partial mandatory repayment from subsequent capital raisings undertaken by the Company. The loan was fully repaid on its maturity in September 2019.

*Non-current* – majority owned associate company Peak African Minerals has provided a working capital loan facility of up to US\$4,209,317 of which the facility is deemed fully drawn down at the end of the financial year. The facility is repayable the earlier of 29 March 2021 or on the commencement of commercial production from the Ngualla project. Interest accrues at 8% per annum until repayment.

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**20. RESERVES**

	Share based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$
<b>At 1 July 2018</b>	<b>2,497,108</b>	<b>1,521,873</b>	<b>4,018,981</b>
Share based payment made in 2019	471,005	-	471,005
Group's share of associates FCTR	-	1,683,792	1,683,792
Exchange difference on translation of foreign operations	-	(156,378)	(156,378)
<b>At 30 June 2019</b>	<b>2,968,113</b>	<b>3,049,287</b>	<b>6,017,400</b>
Share based payment made in 2020	819,645	-	819,645
Group's share of associates FCTR	-	503,253	503,253
Recycled to the profit or loss on derecognition of associate	-	(3,764,892)	(3,764,892)
Exchange difference on translation of foreign operations	-	40,792	40,792
<b>At 30 June 2020</b>	<b>3,787,758</b>	<b>(171,560)</b>	<b>3,616,918</b>

Share based payment reserve – the reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for supply of goods and services.

Foreign currency translation reserve – the reserve is used to recognise exchange differences arising from translation of foreign operations to the Australian dollar.

**21. CONTRIBUTED EQUITY**

		Nos.	\$
<b>Balance at 30 June 2018</b>		<b>799,152,011</b>	<b>77,217,398</b>
PEKOB 6c Option Conversions	1-Nov-18	103,858	6,232
<b>Balance at 30 June 2019</b>		<b>799,255,869</b>	<b>77,223,630</b>
PEK placement @4c per share	8-Aug-19	119,888,380	4,795,534
PAM Rollup consideration	12-Nov-19	386,161,369	16,604,938
PEK placement @ 1.5c per share	14-Apr-20	100,000,000	1,500,000
Equity issue costs		-	(230,767)
<b>Balance at 30 June 2020</b>		<b>1,405,305,618</b>	<b>99,893,335</b>

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**Options over ordinary shares**

At the end of the reporting period, there were 242,794,419 options (including performance rights) over unissued shares as follows:

Options over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
<b>Balance at 30 June 2019</b>		194,888,247			
<b>Expired:</b>					

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

PEKOC Listed options with an exercise price of \$0.06	14-Jun-20	(61,088,247)			
Unlisted options with an exercise price of \$0.10	6-Mar-20	(3,000,000)			
Unlisted options with an exercise price of \$0.15	6-Mar-20	(5,000,000)			
Expired Performance Rights	5-Mar-20	<u>(8,000,000)</u>			
		(77,088,247)			
<b>Issued:</b>					
PEKOD Listed options with an exercise price of \$0.03 expiring 14/04/2022	14-Apr-20	88,000,000	Vested	0.03	14/04/2022
Unlisted Options, exercisable at \$0.06 expiring 11 May 2021	11-Nov-19	14,000,000	Vested	0.06	11/05/2021
Unlisted Options, exercisable at \$0.06 expiring 11 May 2021	18-Dec-19	7,000,000	Vested	0.06	11/05/2021
Unlisted Options, exercisable at \$0.06 expiring 11 Nov 2020	11-Nov-19	5,994,419	Vested	0.06	11/11/2020
Unlisted Options, exercisable at \$0.05 expiring 21 June 2021	11-Nov-19	2,000,000	Vested	0.05	21/06/2021
Unlisted Options, exercisable at \$0.10 expiring 21 June 2022	11-Nov-19	3,000,000	Unvested	0.10	21/06/2022
Unlisted Options, exercisable at \$0.15 expiring 21 June 2023	11-Nov-19	5,000,000	Unvested	0.15	21/06/2023
<b>Exercised:</b>					
Nil					
<b>Balance at 30 June 2020</b>		<b>242,794,419</b>	Vested & unvested	\$0.00 - \$0.15	16/01/2021 - 21/06/2023

During the year no options and performance rights were issued to employees under the EOP and PRP approved at the Annual General Meeting held on 29 November 2017. During the year a total of 61,088,247 options expired unexercised and 8,000,000 options and 8,000,000 performance rights lapsed for failing to meet the vesting criteria.

### **Capital Management Policy**

The Group's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Group manages its contributed equity and reserves as part of its capital. The Group is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the Group are funded through equity and debt raised in various tranches. The overall capital management policy of the Group remains unchanged and is consistent with prior years.

## **22. SHARE BASED PAYMENTS**

### **Employee share option plan**

The Group has an EOP for the granting of options to eligible participants which was approved by Shareholders at a General Meeting of the Company on 29 November 2017. During the financial year ended 30 June 2020 no Options were issued under the EOP to executives and employees.



**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

**Options granted during and as at the year ended 30 June 2020:**

	<b>Number</b>	<b>WA Exercise Price</b>	<b>Value per option</b>
<b>Outstanding at 1 July 2019</b>	<b>123,800,000</b>	<b>\$0.0701</b>	
<b>Granted / Vested during the year:</b>			
12-Nov-2019 issue of \$0.05 vested Unlisted options expiring 21-Jun-2021	2,000,000	\$0.05	\$0.0144
12-Nov-2019 issue of \$0.10 unvested Unlisted options expiring 21-Jun-2022 <sup>1</sup>	3,000,000	\$0.10	\$0.0111
12-Nov-2019 issue of \$0.15 unvested Unlisted options expiring 21-Jun-2023 <sup>2</sup>	5,000,000	\$0.15	\$0.0112
11-Nov-2019 Issue of \$0.06 vested Unlisted Options expiring 11-May-2021	14,000,000	\$0.06	\$0.0115
18-Dec-2019 Issue of \$0.06 vested Unlisted Options expiring 11-May-2021	7,000,000	\$0.06	\$0.0083
11-Nov-2019 Issue of \$0.06 vested Unlisted Options expiring 11-Nov-2020	5,994,419	\$0.06	\$0.0083
14-Apr-2020 Issue of \$0.03 vested PEKOD Listed Options expiring 14-Apr-2022	38,000,000	\$0.03	\$0.0049
Exercised during the year	-	-	
Expired during the year	(8,000,000)	-	
<b>Outstanding at 30 June 2020</b>	<b>190,794,419</b>	<b>\$0.0659</b>	
Exercisable at 30 June 2020	154,794,419	\$0.0436	

*WA (weighted average)*

**Options granted during and as at the year ended 30 June 2019:**

	<b>Number</b>	<b>WA Exercise Price</b>	<b>Value per option</b>
<b>Outstanding at 1 July 2018</b>	<b>96,750,000</b>	<b>\$0.093</b>	
<b>Granted / Vested during the year:</b>			
17-Jan-19 - issue of \$0.035 vested options expiring 17-Jan-2022	5,750,000	\$0.035	\$0.0099
5-Mar-2019 - issue of \$0.03 options, vesting after 1 years continuous service, expiring 05-Mar-2023	43,000,000	\$0.03	\$0.0126
Exercised during the year	-	-	
Expired during the year	(21,700,000)	-	
<b>Outstanding at 30 June 2019</b>	<b>123,800,000</b>	<b>\$0.0701</b>	
Exercisable at 30 June 2019	46,500,000	\$0.0557	

*WA (weighted average)*

<sup>1</sup>The Unlisted Options exercisable at \$0.10, expiring 21 June 2022 issued to Directors, vesting subject to continuous service and the Company either (a) entering into an agreement with a strategic partner for the development of its Ngualla Project; or (b) attracting \$20 million worth of funding for FEED (Front End Engineering and Design) for the development of the Ngualla Project.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

<sup>2</sup>The Unlisted Options exercisable at \$0.15, expiring 21 June 2023 issued to Directors, vesting subject to continuous service and the Company settling a funding package for the development and construction of the Ngualla Project.

The volume weighted exercise price of options issued during the year was \$0.052 (2019: \$0.031).

The weighted average remaining contractual life for share options outstanding at 30 June 2020 was 1.78 years (2019: 3.01 years).

The weighted average fair value of options issued during the year was \$0.0076 per option (2019: \$0.0123).

### Performance Rights Plan

The Group has a PRP for the granting of performance rights to eligible participants which was last approved by Shareholders at a General Meeting of the Company on 29 November 2017.

No issues of performance rights were made during the year ended 30 June 2020 (2019: 10,000,000).

#### Performance rights granted during and as at the year ended 30 June 2020:

	Number	Exercise Price	Value per performance right
<b>Outstanding at 1 July 2019</b>	10,000,000	-	\$0.024
Expired during the year	(8,000,000)	-	
<b>Outstanding at 30 June 2020</b>	<b>2,000,000</b>	<b>\$0.00</b>	
Exercisable at 30 June 2020	2,000,000	\$0.00	
WA (weighted average)			

#### Performance rights granted during and as at the year ended 30 June 2019:

	Number	Exercise Price	Value per performance right
<b>Outstanding at 1 July 2018</b>	-	-	
Granted during the year:	10,000,000	-	\$0.024
<b>Outstanding at 30 June 2019</b>	<b>10,000,000</b>	<b>\$0.00</b>	
Exercisable at 30 June 2019	-	-	

\*Vest subject to achievement of performance criteria as determined by the Company's Board.

The volume weighted exercise price of rights issued during the year was \$0.00 (2019: \$0.00)

The weighted average remaining contractual life for rights outstanding at 30 June 2020 was 0.68 years (2019: 0.68 years)

The weighted average fair value of rights issued during the year was \$0.024 per right (2019: \$0.024)

**The options and performance rights have been valued using the Black-Scholes option pricing model with the following inputs:**

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Options and performance rights granted during year ended 30 June 2020:

**12-Nov-2019 issue of \$0.05 vested  
Unlisted options expiring 21-Jun-  
2021**

WA Share price on date of grant	<b>\$0.043</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0144</b>

**12-Nov-2019 issue of \$0.10 unvested  
Unlisted options expiring 21-Jun-  
2022**

WA Share price on date of grant	<b>\$0.043</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0111</b>

**12-Nov-2019 issue of \$0.15 unvested  
Unlisted options expiring 21-Jun-  
2023**

WA Share price on date of grant	<b>\$0.043</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0112</b>

**11-Nov-2019 Issue of \$0.06 vested  
Unlisted Options expiring 11-May-  
2021**

WA Share price on date of grant	<b>\$0.043</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0115</b>

**18-Dec-2019 Issue of \$0.06 vested  
Unlisted Options expiring 11-May-  
2021**

WA Share price on date of grant	<b>\$0.038</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0083</b>

**11-Nov-2019 Issue of \$0.06 vested  
Unlisted Options expiring 11-Nov-  
2020**

WA Share price on date of grant	<b>\$0.043</b>
WA Risk-free interest rate	<b>0.75%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0085</b>

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**14-Apr-2020 Issue of \$0.03 vested PEKOD Listed Options expiring 14-Apr-2022**

WA Share price on date of grant	<b>\$0.018</b>
WA Risk-free interest rate	<b>0.25%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0049</b>

*(WA weighted average)*

**Options and performance rights granted during the year ended 30 June 2019:**

**16-Jan-19 - issue of \$0.035 vested options expiring 17-Jan-2022**

WA Share price on date of grant	<b>\$0.024</b>
WA Risk-free interest rate	<b>1.50%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0099</b>

**5-Mar-2019 - issue of \$0.03 options, vesting after 1 years continuous service, expiring 05-Mar-2023**

WA Share price on date of grant	<b>\$0.024</b>
WA Risk-free interest rate	<b>1.50%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per Option	<b>\$0.0126</b>

**5-Mar-2019 - unvested Performance Rights to vest on achievement of performance criteria by 5 March 2020 or the Performance Rights will lapse**

WA Share price on date of grant	<b>\$0.024</b>
WA Risk-free interest rate	<b>1.50%</b>
Dividend yield	<b>0%</b>
Expected volatility	<b>77%</b>
Value per performance right	<b>\$0.024</b>

*(WA weighted average)*

The expected volatility reflects the assumption that historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the case.

The value of options and performance rights granted are expensed over the vesting period. Included in share based payments expense of \$819,645 (2019: \$471,005) is \$Nil (2019: \$Nil) relating to the shares issued during the year, \$830,828\* (2019: \$411,822) related to options granted during the year and prior year, and -\$11,183\* (2019: \$59,183) relating to performance rights granted in the prior year.

\*Write back of non-market based Options and Performance Rights expired unvested during the year.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### 23. CONTINGENCIES AND COMMITMENTS

#### Lease commitments

The company was committed to an office lease of \$35,010 per annum for 3 years to 31 December 2020. The lease provides a break clause during each year of the lease and has been classified as a short-term lease.

	2020	2019
	\$	\$
Up to 1 year	17,505	16,500
1 to 5 Years	-	-
	<b>17,505</b>	<b>16,500</b>

#### Capital Commitments

At 30 June 2020, the Group has no capital commitments. (2019: Nil).

#### Contingencies

At 30 June 2020, the Group had no contingencies (2019: Nil).

### 24. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2020	2019
	\$	\$
Salary and fees – short term benefits	1,304,150	1,371,249
Non-monetary benefits	88,048	103,032
Superannuation	69,825	57,950
Share based payments	305,485	395,256
	<b>1,767,508</b>	<b>1,927,487</b>

#### Loans to KMP's

No loans were made to KMP's during the financial year (2019: Nil)

The Company's executive team agreed to a 50% deferral in their contracted cash remuneration and the Company's Directors agreed to defer a 100% of their Directors' fees for four months for the period 1 April 2020 to 31 July 2020. As at 30 June 2020 the gross deferred amounts owing to Directors and Executives reported in Trade and other payables totalled \$190,323. The deferred executive remuneration and Directors fees was settled in equity based on \$0.0342 Per Ordinary Fully Paid Share calculated based on the 5 day VWAP up to and including 6 August 2020 for a total value of consideration \$128,662, this amount is net of PAYG withholding tax obligations due on the deferred amounts.

#### Other transaction and balances with KMP's

During the year Steinepreis Paganin Lawyers and Consultants, a legal practice associated with Mr Jonathan Murray received \$139,723 (2019: \$20,010) as fees for the provision of legal advice. Balance outstanding at 30 June 2020 and included in trade creditors \$7,428 (30 June 2019: \$10,946)

These costs have not been included in directors' remuneration as these fees were not paid to individual directors in relation to the management of the affairs of the Company. All transactions were entered into on normal commercial terms.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### 25. GROUP STRUCTURE

#### Parent and subsidiaries

The parent and the ultimate parent entity of the Group is Peak Resources Limited, a company listed on the Australian Securities Exchange.

The components of the Group are:

	Incorporation	Ownership interest	
		2020	2019
<b>Parent</b>			
Peak Resources Limited	Australia	100%	100%
<b>Controlled entities</b>			
PRL Pty Ltd	Australia	100%	100%
Peak Hill Gold Mines Pty Ltd	Australia	100%	100%
Redpalm Pty Ltd	Australia	100%	100%
Pan African Exploration Limited	Australia	100%	100%
Peak Resources (Tanzania) Limited	Tanzania	100%	100%
Peak Technology Metals Limited	U.K	100%	100%
Peak African Minerals Limited (Directly)	Mauritius	100%	75%
PR Ng Minerals Limited (Indirectly)	Tanzania	100%	75%

### 26. FINANCIAL INSTRUMENTS

The financial instruments of the Group are (i) cash and cash equivalents; (ii) trade and other receivables; (iii) trade and other payables, iv) loans and borrowings; (v) loans due from associates measured at fair value through profit or loss; (vi) other financial assets, including bank deposits.

The Group's principal financial instruments are cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The financial instruments expose the group to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

#### Fair value of financial instruments

	2020	2019
	\$	\$
Cash and cash equivalents	2,546,021	2,147,324
Trade and other receivables	31,962	17,275
Other financial assets	30,000	30,000
Loans due from associate carried at FVTPL	-	863,493
Investments	8,000	8,000
Trade and other payables	(412,178)	(1,706,263)
Current loans and borrowings	-	(1,824,095)
Non-Current loans and borrowings	(5,857,433)	(5,041,789)

The carrying amount of financial instruments closely approximate their fair value on account of the short maturity cycle except Loans Due from Associate carried at FVTPL and Non-current – Loans and Borrowings.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

For Due from Associate and Non-current, their fair value is determined by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities (Level 2).

For the Non-current – Loans and borrowings carrying amounts approximate their fair values as they are subject market rates (Level 2).

### **Credit Risk**

The Group's credit risks arise from potential default of trade and other receivables, cash and cash equivalents, other financial assets and amount due from associates. The maximum credit exposure is limited to the carrying amount of trade and other receivables and amount's due from associates \$31,962 (2019: \$1,735,578) at reporting dates.

As at 30 June 2020, the receivable balances consist primarily of GST credits. Management does not consider the GST receivable to be at risk of default as these are receivable from the Government agencies.

Credit risk from balances with banks and financial instruments is mitigated by holding balances with banks with a high credit rating. The maximum exposure for cash and cash equivalents is shown below.

There were no significant concentrations of credit risks.

### **Liquidity risk**

The Group's liquidity risks arise from potential inability of the Group to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds. The Group is exposed to liquidity risk on account of trade and other payables. The Group manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

The contractual maturity analysis of the Group's financial instruments are noted below:

	2020			2019		
	Up to 3 months	> 3 months	Total	Up to 3 months	> 3 months	Total
	\$	\$	\$	\$	\$	\$
<b><i>Financial liabilities</i></b>						
Trade and other payables	(412,178)	-	(412,178)	(276,252)	(1,430,011)	(1,706,263)
Short term loans	-	-	-	(1,824,095)	-	(1,824,095)
Long term loans	-	-	-	-	(6,826,811)	(6,826,811)
Royalty liability	-	(5,857,433)	(5,857,433)	-	-	-
<b><i>Total financial liabilities</i></b>	<b>(412,178)</b>	<b>(5,857,433)</b>	<b>(6,269,611)</b>	<b>(2,100,347)</b>	<b>(8,256,822)</b>	<b>(10,357,169)</b>
<b><i>Financial assets</i></b>						
Cash and cash equivalents	2,546,021	-	2,546,021	2,147,324	-	2,147,324
Other financial assets	-	30,000	30,000	-	30,000	30,000
Loans due from associate	-	-	-	446,532	416,961	863,493
Investments	-	8,000	8,000	-	8,000	8,000
Trade and other receivables	31,962	-	31,962	17,275	-	17,275
<b><i>Total financial assets</i></b>	<b>2,577,983</b>	<b>38,000</b>	<b>2,615,983</b>	<b>2,611,131</b>	<b>454,961</b>	<b>3,066,092</b>

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### **Interest rate risk**

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

Management does not closely monitor the interest rates offered on cash and cash equivalents as the Group's primary objective is exploration of resources rather than earning interest income. The cash balances are invested at the prevailing short term market interest rates with credit worthy financial institutions.

The sensitivity of the interest bearing financial instruments to a 1% change in market interest rate are noted below:

	2020	2019
	\$	\$
Cash and cash equivalents	2,546,021	2,147,324
Impact on profit and equity: +1% movement	25,460	21,473
Impact on profit and equity: -1% movement	(25,460)	(21,473)

### **Foreign currency risk**

The Group's exposure to foreign currency price risk is limited to the USD denominated loans and royalty liability balances. At 30 June 2020 the Group had an outstanding balance of USD \$5,191,191 (2019: USD \$6,236,664). The Group will transfer cash and cash equivalents into foreign currency to meet short term expenditure obligations.

The Group's expenditure obligations in Tanzania are primarily in US dollars as a result the Group is exposed to fluctuations in the US dollar to Australian currency. These exposures are not subject to a hedging programme. The Board and management from time to time having regard to likely forward commitments review this policy.

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax and equity is due to changes in the fair value of the USD denominated loan balances.

	2020	2019
	\$	\$
USD\$ denominated loan balances in AU\$	-	8,295,894
USD\$ denominated Royalty Liability balances in AU\$	5,857,433	-
Impact on profit: +5% movement in USD exchange rate	-	414,795
Impact on profit: -5% movement in USD exchange rate	-	(414,795)
Impact on equity: +5% movement in USD exchange rate	292,872	414,795
Impact on equity: -5% movement in USD exchange rate	(292,872)	(414,795)

### **Commodity price risk**

The Group's exposure to commodity price risk is minimal at this stage of the operation.



PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

**Changes in liabilities arising from financing activities during the year ended 30 June 2020:**

	1-Jul-19	Cash flows	2020		30-Jun-20
			Foreign exchange movement	Other Movement	
	\$	\$	\$	\$	\$
<b>Financial liabilities</b>					
Current and Non-current interest bearing loans and borrowings	(6,865,884)	-	-	6,865,884	-
Royalty Liability	-	-	(74,748)	(5,782,685)	(5,857,433)
<b>Total liabilities from financing activities</b>	<b>(6,865,884)</b>	<b>-</b>	<b>(74,748)</b>	<b>1,083,199</b>	<b>(5,857,433)</b>

**Changes in liabilities arising from financing activities during the year ended 30 June 2019:**

	1-Jul-18	Cash flows	2019		30-Jun-19
			Foreign exchange movement	Other Movement	
	\$	\$	\$	\$	\$
<b>Financial liabilities</b>					
Current and Non-current interest bearing loans and borrowings	(6,763,386)	287,725	(373,620)	(16,603)	(6,865,884)
<b>Total liabilities from financing activities</b>	<b>(6,763,386)</b>	<b>287,725</b>	<b>(373,620)</b>	<b>(16,603)</b>	<b>(6,865,884)</b>

**27. SUBSEQUENT EVENTS**

On 3 July 2020, 2,000,000 Ordinary Fully Paid Shares were issued to employees on exercise of their vested performance rights.

On 7 August 2020, Peak issued 3,762,020 Ordinary Fully Paid Shares in settlement of deferred directors fees and deferred executive remuneration approved by shareholders at a General Meeting of Shareholders on 6 August 2020.

Non-executive directors Mr Sennitt and Mr Meurer resigned as directors of the Company on 11 September 2020 and 16 September 2020 respectively with Mr Pearson becoming the Interim non-executive chairman.

Other than the matters referred to above there were no other events that have a material impact on the financial statements or operations of the Group and Company.

## PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

### 28. PARENT ENTITY DISCLOSURE

The following details information related to the parent entity, Peak Resources Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2020	2019
	\$	\$
<b>Financial position</b>		
Current assets	2,551,299	2,201,439
Non-current assets	40,997,981	22,071,069
<b>Total assets</b>	<b>43,549,280</b>	<b>24,272,508</b>
<hr/>		
Current liabilities	573,547	2,287,914
Non-current liabilities	7,580,226	6,006,554
<b>Total liabilities</b>	<b>8,153,773</b>	<b>8,294,468</b>
<hr/>		
<b>Net assets</b>	<b>35,395,507</b>	<b>15,978,040</b>
<hr/>		
<b>Equity</b>		
Contributed equity	100,209,089	77,539,381
Share based payment reserve	3,851,242	3,031,596
Accumulated losses	(68,664,824)	(64,592,937)
<b>Total equity</b>	<b>35,395,507</b>	<b>15,978,040</b>
<hr/>		
<b>Financial performance</b>		
Loss for the year	(3,606,640)	(2,747,320)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,606,640)</b>	<b>(2,747,320)</b>

Peak Resources Limited had no commitments to purchase property, plant and equipment or contingent liabilities, other than the performance guarantee as referred to in Note 23, at year end (2019: None).

### 29. NON-CASH FINANCING AND INVESTING ACTIVITIES

The acquisition of the balance of PAM's shares from Appian and IFC was settled via the issue of 386,161,369 shares with a value of \$16,604,938 (see Notes 4 and 14).

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Peak Resources Limited, I state that:

In the opinion of the Directors:

- (a) Subject to the matters set out in Note 2(a) to the Financial Statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) the attached financial statements and notes thereto for the financial year ended 30 June 2020 are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2020 and performance of the Group for the year ended on that date;
- (d) The Directors have been given the declarations required by section 295A of the Corporations Act 2001

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors



Tony Pearson  
Non-Executive Chairman  
Perth, 17 September 2020

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

TENEMENT SCHEDULE

Project	Tenement	%	Status	Arrangement/Comment
<b>Tanzanian Projects</b>				
Mikuwo	PL 9157/2013	100	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Mlingi	PL 10897/2016	100	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Ngualla	SML 00601/2017	100	Application	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd

**ADDITIONAL SHAREHOLDER INFORMATION**

***Quoted security distribution***

The distribution of members and their holdings of quoted equity securities in the company as at 7 September 2020 were as follows:

<b>Number Held as at 7 September 2020</b>	<b>Class of Equity Securities Fully Paid Ordinary Shares</b>
1-1,000	171
1,001 - 5,000	283
5,001 – 10,000	273
10,001 - 100,000	1,446
100,001 and over	886
<b>Total</b>	<b>3,059</b>

There were 918 holders with less than a marketable parcel of fully paid shares.

<b>Number Held as at 7 September 2020</b>	<b>Class of Equity Securities PEKOD \$0.03 Options (Expire 14 April 2022)</b>
1-1,000	-
1,001 - 5,000	-
5,001 – 10,000	-
10,001 - 100,000	2
100,001 and over	76
<b>Total</b>	<b>78</b>

***Substantial Security holders***

Substantial shareholders listed in the Company’s register as at 7 September 2020 were:

<b>Holder</b>	<b>Number of shares</b>	<b>Percentage of issued capital</b>
APPIAN PINNACLE HOLDCO LIMITED	435,878,376	30.89%
INTERNATIONAL FINANCE CORPORATION	94,870,449	6.72%

***Unquoted Securities***

<b>Class of Equity Security</b>	<b>Number</b>	<b>Number of Security Holders</b>
\$0.03 options expiring 5 March 2023	41,300,000	10
\$0.035 options expiring 17 January 2022	5,750,000	11
\$0.05 options expiring 21 June 2021	18,000,000	5
\$0.06 options expiring 27 February 2021	4,000,000	2
\$0.06 options expiring 11 May 2021	21,000,000	7
\$0.06 options expiring 11 November 2020	5,994,419	4
\$0.065 options expiring 16 January 2021	11,750,000	11
\$0.065 options expiring 14 June 2021	9,000,000	3
Unvested \$0.10 options expiring 21 June 2022	11,000,000	3
Unvested \$0.15 options expiring 21 June 2023	25,000,000	3

**Names of persons holding greater than 20% of a class of unquoted securities:**

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

<b>Class of Equity Security</b>	<b>Number</b>	<b>Holder</b>
\$0.03 options expiring 5 March 2023	11,000,000	Rocky Smith
\$0.035 options expiring 17 January 2022	1,500,000	Rocky Smith
\$0.05 options expiring 21 June 2021	10,000,000	Meurer Investments Pty Ltd
\$0.06 options expiring 21 February 2021	2,500,000	ACN 161 604 315 Pty Ltd
\$0.06 options expiring 21 February 2021	1,500,000	Tyche Investments Pty Ltd
\$0.06 options expiring 11 May 2021	7,195,760	Angus William Napier Aitken
\$0.06 options expiring 11 May 2021	7,000,000	Fosters Stockbroking Nominees Pty Ltd
\$0.06 options expiring 11 November 2020	2,994,419	ACN 161 604 315 Pty Ltd
\$0.06 options expiring 11 November 2020	2,400,000	Angus William Napier Aitken
\$0.065 options expiring 16 January 2021	3,000,000	Rocky Smith
\$0.065 options expiring 14 June 2021	4,500,000	Melshare Nominees Pty Ltd
\$0.065 options expiring 14 June 2021	3,000,000	ACN 161 604 315 PTY LTD
Unvested \$0.10 options expiring 21 June 2022	5,000,000	Meurer Investments Pty Ltd
Unvested \$0.15 options expiring 21 June 2023	15,000,000	Meurer Investments Pty Ltd

**Voting Rights**

**Ordinary Shares**

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

**Restricted Securities**

As at 30 June 2020, there were no restricted securities.

**Twenty largest security holders**

The names of the twenty largest holdings of quoted equity securities as at 7 September 2020 are as follows:

<b>Name</b>	<b>Number Held of Ordinary Fully Paid Shares</b>	<b>% Held of Issued Ordinary Capital</b>
CITICORP NOMINEES PTY LIMITED	442,943,402	31.39
INTERNATIONAL FINANCE CORPORATION	94,870,449	6.72
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	23,209,879	1.64
CS FOURTH NOMINEES PTY LIMITED	22,747,440	1.61
BUSHELL NOMINEES PTY LTD	19,614,068	1.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	16,915,049	1.20
JBBM PTY LTD	16,766,666	1.19
SAMBOLD PTY LTD	16,325,000	1.16
CRX SECURITIES PTY LIMITED	14,500,000	1.03
PINNACLE SUPERANNUATION PTY LIMITED	14,000,000	0.99
SAIL AHEAD PTY LTD	10,700,000	0.76
ASHABIA PTY LTD	10,000,000	0.71
BEPPE SUPER PTY LIMITED	8,656,250	0.61
BOSTON FIRST CAPITAL PTY LTD	8,500,000	0.60
BUELL PTY LTD	8,008,790	0.57
ONE MANAGED INVESTMENT FUNDS LIMITED	7,875,000	0.56
DIRDOT PTY LIMITED	7,149,882	0.51
HOTLAKE PTY LTD	7,146,366	0.51
RENOM PTY LTD	7,000,000	0.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,869,680	0.49
<b>TOTAL TOP 20</b>	<b>763,797,921</b>	<b>54.13%</b>
<b>TOTAL</b>	<b>1,411,067,638</b>	<b>100.00%</b>

**PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT**

<b>Name</b>	<b>Number Held of PEKOD \$0.03 Options Shares (Expire 14 April 2022)</b>	<b>% Held of Issued PEKOC Options</b>
ACN 161 604 315 PTY LTD	23,000,000	26.14
924 PTY LTD	5,700,000	6.48
SHAW AND PARTNERS LIMITED	5,000,000	5.68
JBBM PTY LTD	3,333,333	3.79
BUSHELL NOMINEES PTY LTD	3,333,333	3.79
SAIL AHEAD PTY LTD	3,000,000	3.41
MRS DANIELLA WEBER	3,000,000	3.41
PINNACLE SUPERANNUATION PTY LIMITED	2,000,000	2.27
MISS JACLYN MARIE LEMKE	2,000,000	2.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,750,000	1.99
BOSTON FIRST CAPITAL PTY LTD	1,666,667	1.89
MR RICHARD SMITH	1,666,667	1.89
NINETY THREE PTY LTD	1,615,351	1.84
MR DAVID JAMES STEWART	1,549,999	1.76
ASHABIA PTY LTD	1,500,000	1.70
KRUGER PARK PTY LTD	1,166,667	1.33
SEVENSPEED PTY LTD	1,125,000	1.28
J A ADVISORY SERVICES PTY LTD	1,000,000	1.14
YARANDI INVESTMENTS PTY LTD	1,000,000	1.14
DUNN & HORNE PTY LTD	1,000,000	1.14
<b>TOTAL TOP 20</b>	<b>65,407,017</b>	<b>74.33%</b>
<b>TOTAL</b>	<b>88,000,000</b>	<b>100.00%</b>

*Note: Information in the above schedule is based on data recorded in the Company's Share Register on the date noted. A listed holder may hold shareholdings or hold an associated shareholding in addition to those listed above. The data provided is solely attributable to a HIN or SRN particular to that holding and as such may not necessarily represent the total of all holdings of the shareholder noted or their associates.*

## Corporate Directory

### DIRECTORS

Tony Pearson Interim Non-Executive Chairman  
Jonathan Murray Non-Executive Director

### COMPANY SECRETARY

Graeme Scott

### REGISTERED OFFICE

Ground Floor  
5 Ord Street  
West Perth WA 6005

### SOLICITORS

Steinepreis Paganin (Australia)  
The Read Building  
Level 4, 16 Milligan Street  
Perth WA 6000

Clyde & Co/Ako Law (Tanzania)  
11th Floor, Jubilee Towers  
Ohio Street, Dar es Salaam  
Tanzania

### AUDITORS

Ernst and Young  
11 Mounts Bay Road  
Perth WA 6000

### SHARE REGISTRY

Link Market Services Limited  
Level 12,  
680 George Street  
Sydney NSW 2000

### CONTACT DETAILS

Website: [www.peakresources.com.au](http://www.peakresources.com.au)  
Email: [info@peakresources.com.au](mailto:info@peakresources.com.au)  
Telephone: (08) 9200 5360  
Facsimile: (08) 9226 3831

### STOCK EXCHANGE LISTING

Australian Securities Exchange Limited  
Home Exchange: Perth, Western Australia  
Code: PEK

## Corporate Governance Statement

The Company has adopted the recommendations of the ASX Corporate Governance Council's Principles and Recommendations (Third Edition) in regard to the Corporate Governance Disclosures and provides disclosure of the Company's Corporate Governance Statement on the Company's website at: <http://www.peakresources.com.au/corporate-governance/>