(ABN 72 112 546 700)

Half Year Report

31 December 2020

COMPANY DIRECTORY

Non-Executive Chairman
Tony Pearson

Managing Director
Bardin Davis

Non-Executive Directors
Abdulla Mwinyi
Giselle Collins
Rebecca Morgan

Company Secretary
Philip Rundell

Principal and Registered Office
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Auditors
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PERTH WA 6000

Share Registrar
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Securities Exchange Listing
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: PEK

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Director's Report

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

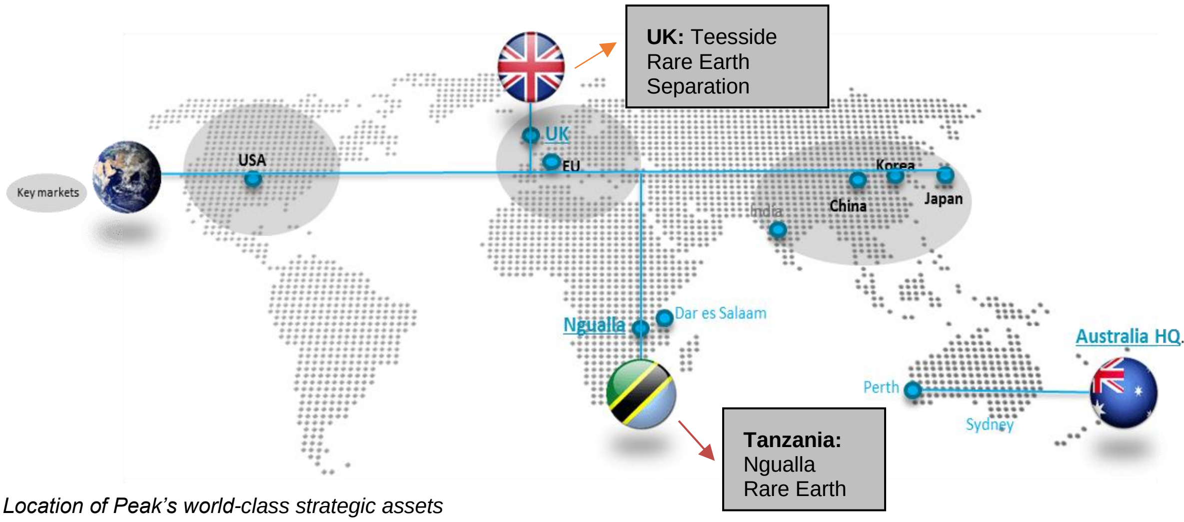
Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tony Pearson	Non-Executive Chairman (appointed Chair 21 October 2020)
Bardin Davis	Managing Director (MD) (appointed Non-Exec Director 21 October 2020, MD 9 December 2020)
Abdullah Mwinyi	Non-Executive Director (appointed 15 November 2020)
Giselle Collins	Non-Executive Director (appointed 9 March 2021)
Rebecca Morgan	Non-Executive Director (appointed 9 March 2021)
Jonathan Murray	Non-Executive Director (resigned 8 March 2021)
Peter Meurer	Non-Executive Chairman (resigned 17 September 2020)
Robert Sennitt	Non-Executive Director (resigned 17 September 2020)

Review of Operations

The Company continues to progress the development and commercialisation of its world-class strategic assets; the Ngualla Rare Earth deposit in Tanzania and the Teesside Rare Earth separation facility in the UK (together the Ngualla Rare Earth Project) aiming to become a long-term, low cost supplier of Neodymium and Praseodymium (NdPr) Oxide to the expanding high-tech permanent magnet market.



Location of Peak's world-class strategic assets

The consolidated entity recorded an operating loss after income tax of $2,119,413 for the half-year ended 31 December 2020 (31 December 2019: profit $7,677,053).

The key events of the Company's operations over the last six months and to the date of this Directors' Report are as follows:

- The Company implemented a board and management restructure.
- An oversubscribed $4.35 million capital raising was completed.
- The Special Mining Licence application for the Ngualla deposit continues to advance with strong engagement with the Government of the United Republic of Tanzania; and
- Increasingly attractive rare earth fundamentals and rising NdPr Oxide prices.

Board and management restructure

Confirmation as Chairman – Tony Pearson

The Company also confirmed the appointment of Tony Pearson as Non-executive Chairman on 21 October 2020. Tony was acting chair following the director resignations noted below. Tony has been an independent Non-executive Director of Peak since August 2018.

Tony is an experienced international natural resources executive and company director. He is currently the Chairman of ASX listed Cellnet, a Trustee of the Royal Botanical Gardens & Domain Trust and a Non-Executive Director of Communicare Inc. He was formerly a Commissioner at the Independent Planning Commission, and previously 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.

Appointment of Managing Director – Bardin Davis

Bardin Davis was appointed a Non-Executive Director of the Company on 21 October 2020 and commenced executive duties on 9 December 2020. Bardin's immediate focus is to finalise the receipt of the Special Mining License (SML) over the Company's 100% owned Ngualla rare earth deposit in Tanzania, and to oversee the negotiation of the framework agreement with the Tanzanian Government for the development of the Ngualla project on terms that will facilitate the assessment of project financing options.

Bardin has over 20 years of investment banking and corporate experience in the mining and energy sectors. Previous roles include the Chief Financial Officer of UPC\AC Renewables, the Head of the Resources & Energy Group – Asia Pacific, Deputy Head of Corporates – Asia Pacific and Head of Advisory – Australia for HSBC and Head of Metals & Mining Asia for Macquarie Capital. He has significant emerging markets experience and has worked on a broad range of international advisory, capital markets and financing transactions.

Appointment of Company Secretary and Chief Financial Officer – Phil Rundell

Phil Rundell was appointed Company Secretary and Chief Financial Officer to the Company, effective 16 December 2020.

Phil was a former Partner at Coopers & Lybrand (now PricewatehouseCoopers) and a Director at Ferrier Hodgson. He is now a sole practitioner Chartered Accountant specialising in providing company secretarial, compliance, accounting and reconstruction services.

Appointment of The Hon. Abdullah Mwinyi as a non-executive director

The Hon. Abdullah Mwinyi joined the board of Peak as non-executive director on 15 November 2020. Abdullah is a member of the Tanzanian Parliament, having entered Parliament in 2007. He has also held roles as a Member of the East African Legislative Assembly (2007 – 2017), where he was Chair of the Legal, Privileges and Rules Committee and the Regional Affairs and Conflict Resolution Committee, and Chair of Swala Oil and Gas (Tanzania) plc. Abdullah is a lawyer by profession, having been awarded a LLB and LLM from the University of Cardiff, and, in 2007, established Asyla Attorneys, where he specialises in corporate, commercial, labour and employment law.

Appointment of Giselle Collins as a non-executive director

Giselle Collins was appointed to the board of Peak as non-executive director on 9 March 2021. Giselle brings a wealth of audit, risk, governance, and compliance experience to Peak. Giselle is currently Chair of Larrakia Darwin Hotel, a non-executive director of ASX listed Hotel Property Investments and Vinomofo (where she is Chair of both company's Audit & Risk Committees), a non-executive of Generation Life and a Trustee of the Royal Botanic Garden & Domain Trust.

Giselle has a Bachelor of Economics degree from the University of Sydney, a Graduate Diploma in Applied Finance and Investments from the Securities Institute of Australia and is a Graduate Member of the Australian Institute of Company Directors. Giselle is also a Member of Chartered Accountants Australia and New Zealand.

Giselle will assume the role of Chair of the Company's Audit & Risk Committee

Appointment of Rebecca Morgan as a non-executive director

Rebecca Morgan was appointed to the board of Peak as non-executive director on 9 March 2021. Rebecca is a geologist and mining engineer with 19 years of international resources industry experience working with major mining houses, consulting groups, and junior explorers globally, including Africa. She has experience across all sectors of the resource industry, including rare earth market research, project due diligence, independent reporting and mineral asset valuation.

Rebecca has a Bachelor of Science (Hons) Applied Geology; Post Graduate Diploma (Mine Engineering, and a Master of Engineering Science (Majoring in Mineral Economics and Mine Optimisation) from Curtin University. Rebecca is also a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy.

The above changes followed the announcements during the half year that Mr Peter Meurer and Mr Rob Sennitt had resigned their respective positions as Non-executive Chairman and Non-executive Director to the Company. In addition, during the period the CEO, Mr Rocky Smith and CFO, Mr Graeme Scott ceased their employment with the Company. Subsequent to the period end, on 8 March 2021, Mr Jonathan Murray resigned as a Non-Executive director of the Company.

$4.35 million capital raising completed

$3.5 million Placement

In October 2020, the Company completed a placement of 109,375,000 fully paid ordinary shares ("Shares") in the Company at an issue price of $0.032 per Share to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act 2001 (Cth) to raise $3,500,000 before costs (Placement).

Share Purchase Plan Offer for $0.85 million

In addition to the above Placement, and to ensure wider participation by the Company's existing loyal shareholders, the Company made an offer to all eligible shareholders to participate in a Share Purchase Plan (SPP) to raise up to $500,000. Due to overwhelming uptake and demand from current shareholders, the Board determined to close the SPP early and to upscale the offer to $850,000 from the original $500,000. The Shares offered under the SPP were priced at the same $0.032 per Share price as the Placement. The SPP closed on 17 November 2020 with 26,562,493 fully paid ordinary shares in the Company issued to existing shareholders.

Events Subsequent to Reporting Date

Subsequent to the period end, 36,000,000 unlisted and listed options at various exercise prices and expiry dates were exercised to provide gross proceeds of A$1,801,875 to the Company. A further 8,250,000 shares were issued for gross proceeds of $435,000.

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.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Ernst Young to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 of this half year financial report. This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

Bardin Davis
Managing Director
Dated this 12th day of March 2021

Tony Pearson
Chairman
Dated this 12th day of March 2021

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

As lead auditor for the review of the half-year financial report of Peak Resources Limited for the half-year ended 31 December 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 review; and

b. No contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
12 March 2021

PD:AJ:PEAK:004

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Half Year Ended 31 December 2020

	Notes	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Interest received		6,015	24,191
R&D rebate and other grants received		101,762	110,037
Gain on derecognition of associate	5	-	10,429,216
		107,777	**10,563,444**
Employee benefits expenses		(140,564)	(309,697)
Share based payments expenses		(261,141)	(683,897)
Depreciation and amortisation expenses		(9,405)	(2,809)
Loss on disposal of assets		(543)	-
Accretion of interest on royalty liability	7	(166,091)	-
Borrowing costs		-	(286,187)
Administrative and other costs	3	(670,705)	(856,077)
Technical feasibility costs	3	(978,741)	(324,187)
Share of loss of associate	4	-	(353,988)
Fair value adjustments to other assets measured at fair value through profit or loss		-	(69,549)
		(2,227,190)	**(2,886,391)**
(Loss)/profit before income tax expense		**(2,119,413)**	**7,677,053**
Income tax expense		-	-
Net (loss)/profit for the period		**(2,119,413)**	**7,677,053**
Other comprehensive (loss)/income			
Items which may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		(5,439,686)	(858,495)
Recycled to the profit and loss on derecognition of associate		-	(3,764,893)
Group's share of associate's other comprehensive income		-	503,253
Other comprehensive (loss)/income for the period net of tax		**(5,439,686)**	**(4,120,135)**
Total comprehensive (loss)/income for the period		**(7,559,099)**	**3,556,918**
Basic and diluted earnings/(loss) per share (in cents)		(0.14)	0.77

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	Consolidated As at 31 December 2020 $	 As at 30 June 2020 $
ASSETS			
Current assets			
Cash and cash equivalents		4,788,998	2,546,021
Trade and other receivables		52,944	31,962
Other financial assets		30,000	30,000
Prepayments		47,546	84,466
Total current assets		**4,919,488**	**2,692,449**
Non-current assets			
Property, plant and equipment		31,544	41,789
Exploration and evaluation costs	6	53,376,651	59,419,382
Investments		8,000	8,000
Other assets		219,283	219,284
Total non-current assets		**53,635,478**	**59,688,455**
Total assets		**58,554,966**	**62,380,904**
LIABILITIES			
Current liabilities			
Trade and other payables		382,688	412,178
Provisions		11,386	242,936
Total current liabilities		**394,074**	**655,114**
Non-current liabilities			
Royalty liability	7	5,413,411	5,857,433
Total non-current liabilities		**5,413,411**	**5,857,433**
Total liabilities		**5,807,485**	**6,512,547**
Net assets		**52,747,481**	**55,868,357**
EQUITY			
Contributed equity	8	104,070,417	99,893,335
Reserves	9	(1,562,347)	3,616,198
Accumulated losses		(49,760,589)	(47,641,176)
Total equity		**52,747,481**	**55,868,357**

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half Year Ended 31 December 2020

	Notes	Consolidated 31 December 2020 $	31 December 2019 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,043,637)	(1,447,428)
Interest received		8,382	22,306
R&D tax refund and other grants received		101,762	110,037
Borrowing costs paid		-	(60,858)
Cash used in operating activities		**(1,933,493)**	**(1,375,943)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(233)	(7,617)
Proceeds from sale of non-current assets		530	-
Investment in associate		-	(667,861)
Cash acquired on acquisition of associate	5	-	41,897
Cash used in investing activities		**297**	**(633,581)**
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		4,533,002	4,795,534
Cost of issuing equity shares		(355,920)	(115,638)
Repayment of borrowings		-	(1,914,947)
Proceeds from borrowings		-	48,247
Loan to associate and other parties		-	(28,065)
Cash generated from/(used in) financing activities		**4,177,082**	**2,785,131**
Net increase in cash and cash equivalents held		2,243,886	775,607
Balance at the beginning of the period		2,546,021	2,147,324
Effect of foreign currency translation		(909)	(40,869)
Balance at the end of the half year		**4,788,998**	**2,882,062**

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended 31 December 2020

	Consolidated				
	Contributed Equity	**Share based payment reserve**	**Foreign Currency translation reserve**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**
At 1 July 2019	77,223,630	2,968,113	3,049,287	(55,293,890)	**27,947,140**
Profit for the period	-	-	-	7,677,053	**7,677,053**
Other comprehensive loss	-	-	(4,623,388)	-	**(4,623,388)**
Group's share of associate's other comprehensive income	-	-	503,253	-	**503,253**
Total comprehensive income/(loss) for the period	**-**	**-**	**(4,120,135)**	**7,677,053**	**3,556,918**
Equity issued	21,400,472	-	-	-	**21,400,472**
Transaction costs	(115,638)	-	-	-	**(115,638)**
Share based payments	-	683,897	-	-	**683,897**
At 31 December 2019	**98,508,464**	**3,652,010**	**(1,070,848)**	**(47,616,837)**	**53,472,789**
At 1 July 2020	99,893,335	3,787,758	(171,560)	(47,641,176)	**55,868,357**
Loss for the period	-	-	-	(2,119,413)	**(2,119,413)**
Other comprehensive loss	-	-	(5,439,686)	-	**(5,481,890)**
Total comprehensive loss for the period	**-**	**-**	**(5,439,686)**	**(2,119,413)**	**(7,559,099)**
Equity issued	4,533,002	-	-	-	**4,533,002**
Transaction costs	(355,920)	-	-	-	**(355,920)**
Share based payments	-	261,141	-	-	**261,141**
At 31 December 2020	**104,070,417**	**4,048,899**	**(5,611,246)**	**(49,760,589)**	**52,747,481**

The statement should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
For the Half Year Ended 31 December 2020

1 Corporate information

The financial report of Peak Resources Limited (the Group) for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 12 March 2021.

Peak Resources Limited is a 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 introduction to the Half Year Report of 31 December 2020.

The principal activity of the Group during the year was the investment in exploration and evaluation of mineral projects.

2 Statement of significant accounting policies

a) Statement of compliance

The half-year consolidated financial statements are a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standard AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Peak Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim review period except as set out below.

b) Basis of preparation

The half-year report has been prepared on an accruals basis and is based on historical cost. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Going Concern

The Group has net current assets of $4,525,414 as at 31 December 2020 (30 June 2020: $2,037,335) and for the half-year ended 31 December 2020 incurred an operating cash outflow of $1,933,493 (half-year ended 31 December 2019 operating cash outflow of $1,375,943).

Based on the Group's cashflow forecasts, as the Group works towards the finalisation of permitting and the commencement of development activities for the Ngualla project, the Group will be required to raise additional funds over the course of the next 12 months.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to raise further funding as needed. 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 in operation. As a result of the need to raise additional equity or reduce discretionary spending if funds are not forthcoming, there is 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 half-year financial report. 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.

c) Basis of consolidation

The consolidated financial statements of Peak Resources Limited comprise the financial statements of the Group and its subsidiaries as at 31 December 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)

2 Statement of significant accounting policies (continued)

c) Basis of consolidation (continued)

- 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 consistencies 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 Group 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.

The acquisition of the remaining ownership of the PAM Group in the prior year (refer note 5) was accounted for as an asset acquisition, with the Group electing to utilise the total historical cost of acquisition for its investment in the PAM Group. The Group has applied this accumulated acquisition cost to the assets and liabilities acquired at their relative fair values.

d) Impact of new standards applied for the first time

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2020 and the corresponding interim review period, except for the adoption of new and amended accounting standards and interpretations effective as of 1 July 2020, as per below. The adoption of these new and amended accounting standards and interpretations did not have an impact on the consolidated entity.

Amendments to AASB 3: *Definition of a Business*

The amendment to AASB 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to AASB 7, AAB 9 and IAS 39: *Interest Rate Benchmark Reform*

The amendments to AASB 9 *Financial Instruments* and AASB 139 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to AASB 101 and AASB 108: *Definition of Material*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, 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. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

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.

3 (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	Consolidated	
	31 December 2020 $	**31 December 2019 $**
The following income and expense items are relevant in explaining the financial performance for the half-year:		
Administrative and other costs		
- Corporate and compliance	(62,363)	(75,119)
- Occupancy expenses	(44,379)	(53,196)
- Travel expenses	(31,114)	(106,639)
- Other expenses	(538,928)	(592,581)
- Unrealised foreign exchange gain/(loss)	6,079	(28,542)
Total Administrative and other costs	**670,705**	**856,077**
Technical feasibility costs	(978,741)	(324,187)

4 INVESTMENTS IN ASSOCIATES

Prior to acquisition of the remaining interest in Peak African Minerals (PAM) on 12 November 2019 (see Note 5), the investment in PAM was accounted for using the equity method in the consolidated financial statements.

For the period ended 31 December 2019, the Group recognised a share of loss in the associate amounting to $353,988.

5 ASSET ACQUISITION

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 was 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 $
Fair value of consideration transferred	
Amount settled for the purchase of the 25% interest in PAM	**16,604,938**
Previous costs of acquisition	35,182,644
Total cost of PAM acquisition	**51,787,582**

Assignment of carrying amounts in PAM on acquisition at their relative fair values:	
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)
Total net assets acquired	**51,787,582**

The exploration and evaluation expenditure relates in its entirety to the Ngualla Project.

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 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 lodgement 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 PL.

6 EXPLORATION AND EVALUATION COSTS

	Consolidated	
	31 December 2020 $	**30 June 2020 $**
Movement in net carrying amount:		
Balance at beginning of period	59,419,382	-
Acquired on acquisition of PAM	-	59,173,422
Foreign exchange movements	(6,042,731)	245,960
Balance at end of period	**53,376,651**	**59,419,382**
Capitalised areas of interest:		
Ngualla Rare Earth Project, Tanzania	53,376,651	59,419,382
	53,376,651	**59,419,382**

The ultimate recoupment of the costs carried forward for the exploration and evaluation phases is dependent on successful development and commercial exploitation or sale of the respective exploration areas.

Exploration and evaluation costs are assessed for impairment by the directors when facts and circumstances suggest that the carrying amount exceeds the further economic benefits that may be recovered from the asset. This assessment is performed when the above circumstances occur and at every reporting date.

7 ROYALTY LIABILITY

	Consolidated	
	31 December 2020 $	**30 June 2020 $**
Balance at beginning of period	5,857,433	-
Recognised on acquisition of PAM	-	7,518,350
Gain on re-measurement	-	(1,735,665)
Accretion of interest	166,091	-
Foreign exchange movements	(610,113)	74,748
Balance at 31 December 2020	**5,413,411**	**5,857,433**

Advance for future royalty – In July 2015 ANRF Royalty Company Limited (ANRF) and International Finance Corporation (IFC) advanced US$5,191,191 for a 2% Gross Sales Royalty from the Ngualla Rare Earth's project. Forms of security customary for an agreement of this type have been agreed and have been or are registered including asset level security given by PR NG Minerals Limited. The 2% Gross Sales Royalty is a life-of-mine/ life-of-refinery Royalty that will continue to be payable on revenues generated from the operation after the Royalty Advance of US$5,191,191 has been repaid. As the Group has yet to be granted the Special Mining Licence for the Ngualla project or made a Final Investment Decision, at this point in time, the recognition of a liability for its contingent consideration is not considered probable and hence no additional liability has been brought to account.

8 CONTRIBUTED EQUITY

	Issue Date	Nos.	$
Balance at 30 June 2019		**799,255,869**	**77,223,630**
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)
Balance at 30 June 2020		**1,405,305,618**	**99,893,335**
Shares issued on exercise of vested performance rights @ $Nil per share	3-Jul-20	2,000,000	-
Shares issued in settlement of deferred directors fees and deferred executive remuneration @ 3.42c per share	7-Aug-20	3,762,020	128,662
Placement @ 3.2c per share	26-Oct-20	109,375,000	3,500,000
Share Purchase Plan @ 3.2c per share	17-Nov-2020	26,562,493	850,000
Shares issued on exercise of vested performance rights @ $Nil per share	24-Nov-20	2,442,000	-
Shares issued in settlement of directors' fees and equity component of executive remuneration @ 6.3078c per share	23-Dec-20	861,469	54,340
Equity Issue Costs			(355,920)
Balance at 31 December 2020		**1,550,308,600**	**104,070,417**

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 (including performance rights)

The following performance rights issues were made during the period:

7,400,000^ Performance Rights as a Short-Term Incentive to employees expiring 8 September 2021.

7,600,000^ Performance Rights as a Long-Term Incentive to employees expiring 8 September 2024.

The following options and performance rights were cancelled/expired/exercised during the period:

5,994,419 Unlisted Options exercisable at $0.06 expiring 11 November 2020 expired unexercised.

5,000,000# Unlisted Options exercisable at $0.10 expiring 21 June 2022 were cancelled for failing to meet the vesting conditions.

15,000,000# Unlisted Options exercisable at $0.15 expiring 21 June 2023 were cancelled for failing to meet the vesting conditions.

3,000,000 unlisted options with an exercise price of $0.065 lapsed unexercised.

1,500,000 unlisted options with an exercise price of $0.035 lapsed unexercised.

11,000,000 unlisted options with an exercise price of $0.03 lapsed unexercised.

2,000,000 vested Performance Rights exercisable on or before 5 March 2021 were exercised

2,442,000 vested Performance Rights exercisable on or before 8 September 2021 were exercised

length of service and milestone vesting criteria applied

^The Performance Rights will vest on achievement of performance milestones set by the Board

8 CONTRIBUTED EQUITY (continued)

Options on issue at 31 December 2020:

Options over ordinary shares (including performance rights)	Date of Issue	Nos	Status	Exercise Price	Expiry Date
PEKOD listed options	14-Apr-20	88,000,000	Vested	$0.03	14/04/2022
Unlisted Options	27-Feb-18	4,000,000	Vested	$0.060	27/02/2021
Unlisted Options	16-Jan-18	8,750,000	Vested	$0.065	16/01/2021
Unlisted Options	21-Jun-18	16,000,000	Vested	$0.05	21/06/2021
Unlisted Options	21-Jun-18	3,000,000	Unvested	$0.10	21/06/2022
Unlisted Options	21-Jun-18	5,000,000	Unvested	$0.15	21/06/2023
Unlisted Options	21-Jun-18	9,000,000	Vested	$0.065	14/06/2021
Unlisted Options	16-Jan-19	4,250,000	Vested	$0.035	17/01/2022
Unlisted Options	6-May-19	30,300,000	Vested	$0.030	05/03/2023
Unlisted Options	04-Nov-19	2,000,000	Vested	$0.05	21/06/2021
Unlisted Options	04-Nov-19	3,000,000	Unvested	$0.10	21/06/2022
Unlisted Options	04-Nov-19	5,000,000	Unvested	$0.15	21/06/2023
Unlisted Options	04-Nov-19	21,000,000	Vested	$0.060	11/05/2021
Performance Rights STI	08-Sep-2020	4,958,000	Unvested	$nil	08/09/2021
Performance Rights LTI	08-Sep-2020	7,600,000	Unvested	$nil	08/09/2024
Balance at 31 December 2020		**211,858,000**	**Vested & unvested**	**$nil-$0.15**	**16/01/2021 - 08/09/2024**

9 RESERVES

	Share based payment reserve	Foreign Currency translation reserve	Total
	$	$	$
At 1 July 2019	**2,968,113**	**3,049,287**	**6,017,400**
Share based payment made 1 July 2019 to 30 June 2020	819,645	-	819,645
Group's share of associates FCTR	-	503,253	503,253
Recycled to the profit and loss on derecognition of associate	-	(3,764,892)	(3,764,892)
Exchange difference on translation of foreign operations	-	40,792	40,792
At 30 June 2020	**3,787,758**	**(171,560)**	**3,616,198**
Share based payment made 1 July 2019 to 31 December 2020	261,141	-	**261,141**
Exchange difference on translation of foreign operations	-	(5,439,686)	**(5,439,686)**
At 31 December 2020	**4,048,899**	**(5,611,246)**	**(1,562,347)**

The share-based payment 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 is used to recognise exchange difference arising from the translation of foreign operations to the Australian dollar which is the consolidated entity's presentation currency.

10 OPERATING SEGMEN*TS*

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM is the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment and the Group's activities as an investor in one exploration project. Accordingly, the Group has only one reportable segment and the results been the same as the Group results.

11 COMMITMENTS

Peak Resources Limited had no commitments to purchase property, plant and equipment or contingent liabilities at half year end 31 December 2020 (31 December 2019: $33,000 to 31 December 2020).

Peak's 100% owned subsidiary Peak African Minerals has provided a fully drawn working capital loan facility of US$4,209,317 at 8% interest plus a finance charge of US$684,000. The facility is not currently due and payable, however if and when the facility is repaid the interest and finance charge will be subject to withholding tax at 10% which is estimated to be US$214,379 as at 31 December 2020.

12 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the period end, 36,000,000 unlisted and listed options at various exercise prices and expiry dates were exercised to provide gross proceeds of A$1,801,875 to the Company. A further 8,250,000 shares were issued for gross proceeds of $435,000.

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 (2019: None).

13 NON-CASH FINANCING AND INVESTING ACTIVITIES

The acquisition of the balance of PAM's shares from Appian and IFC in the prior period was settled via the issue of 386,161,369 shares with a value of $16,604,938 (see Notes 5 and 8).

DIRECTORS' DECLARATION

In the opinion of the directors of Peak Resources Limited ('the Company'):

The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

a. complying with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year then ended.

Subject to the matters set out in note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Bardin Davis
Managing Director
Dated this 12th day of March 2021

Tony Pearson
Chairman
Dated this 12th day of March 2021

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Peak Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

PD:AJ:PEAK:005

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Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Pierre Dreyer
Partner
Perth
12 March 2021