



**PEAK
RESOURCES**
LIMITED
and its Controlled Entities

Annual Financial Report
30 June 2021

TABLE OF CONTENTS

Directors' Report..... 2

Auditor's Independence Declaration 25

Independent Auditor's Report..... 26

Consolidated Statement of Comprehensive Income 32

Consolidated Statement of Financial Position 33

Consolidated Statement of Cash Flows 34

Consolidated Statement of Changes in Equity 35

Notes to Financial Statements 36

Directors' Declaration 72

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

DIRECTORS' REPORT

The directors of Peak Resources Limited ("Company") (ACN: 112 546 700) submit herewith the financial statements of the Company for the financial year ended 30 June 2021. 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 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 Chair (appointed Chair 21 October 2020, Non-Exec Director from 21 Aug 2018)
Bardin Davis	Managing Director (MD) (appointed Non-Exec Director 21 Oct 2020, MD 9 Dec 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 Chair (resigned 16 September 2020)
Robert Sennitt	Non-Executive Director (resigned 11 September 2020)

INFORMATION ON DIRECTORS

Tony Pearson – Non-Executive Chair (Appointed 21 October 2020), Interim Non-Executive Chair (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 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 years' commercial and investment banking experience, covering the Asia Pacific natural resources industry, most recently as a Managing Director at HSBC.

Tony is a member of the Audit & Risk Committee and Nomination & Remuneration Committee.

Tony serves as a non-executive 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
- Xanadu Mines Limited - from 3 May 2021

Bardin Davis – Managing Director (Appointed 9 December 2020), Non-Executive Director (Appointed 21 October 2020)
GAICD, MAppFin, GradDipAcc, BAg Econ (1st Class Hons)

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. Bardin held no listed public company directorships in the past three years.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

The Hon. Abdullah Mwinyi – Non-Executive Director (Appointed 15 November 2020)
LLB, LLM (Cardiff University)

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.

Abdullah has held no ASX listed public company directorships in the past three years.

Giselle Collins - Non-executive Director (Appointed 9 March 2021)
BA Econ, Chartered Accountant (CAANZ), GAICD

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, a non-executive of Generation Life and a Trustee of the Royal Botanic Garden & Domain Trust.

Giselle was previously Chairman of Aon Superannuation as Trustee for Aon Master Trust (now SmartMonday), Chairman of the Travelodge Hotel Group and Chairman of The Heart Research Institute. Giselle has served as a non executive director on a diverse range of other boards including Big4 Holiday Parks, Minjerribah Camping and the Royal Australian Institute of Architects.

Giselle has been appointed Chair of the Company's Audit & Risk Committee and is a member of the Nomination & Remuneration Committee.

Giselle is a non-executive director of ASX listed Cooper Energy Limited, appointed 19 August 2021, and ASX listed Hotel Property Investments, appointed 19 April 2017.

Rebecca Morgan - Non-executive Director (Appointed 9 March 2021)
BSc(Hons) (Applied Geology), GradDip(Mine Engineering), MScEng (Mine Engineering)

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.

Rebecca has been appointed Chair of the Company's Remuneration and Nomination Committee.

Rebecca is a non-executive director of ASX listed Salt Lake Potash Limited, appointed 22 June 2021. She was a director of Vulcan Energy Resources Limited (formerly Kopper Resources Limited) from 5 February 2018 to 4 September 2019.

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

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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, Resigned 8 March 2021*)
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). In his time as a director of the Group, Jonathan served 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 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.

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

COMPANY SECRETARY

Phil Rundell - *Company Secretary (Appointed 16 December 2020)*
CA

Phil was a former Partner at Coopers & Lybrand (now PricewaterhouseCoopers) and a Director at Ferrier Hodgson. He is now a sole practitioner Chartered Accountant and has specialised in providing company secretarial, compliance, accounting and reconstruction services for the last 10 years.

Graeme Scott – *Company Secretary (Appointed 3 November 2014, Ceased Employment 16 December 2020)*
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) Progressing approvals for the Ngualla Project and Teesside Refinery

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$4,770,848 (2020: profit \$7,652,714).

The basic and diluted loss per share for the Group for the year was 0.31 cents (2020: profit 0.65 cents).

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

FINANCIAL POSITION

The net assets of the Group have decreased from \$55,868,357 at 30 June 2020 to \$55,294,679 at 30 June 2021.

The Group's working capital, being current assets less current liabilities, was \$2,892,383 at 30 June 2021 (2020: \$2,037,355).

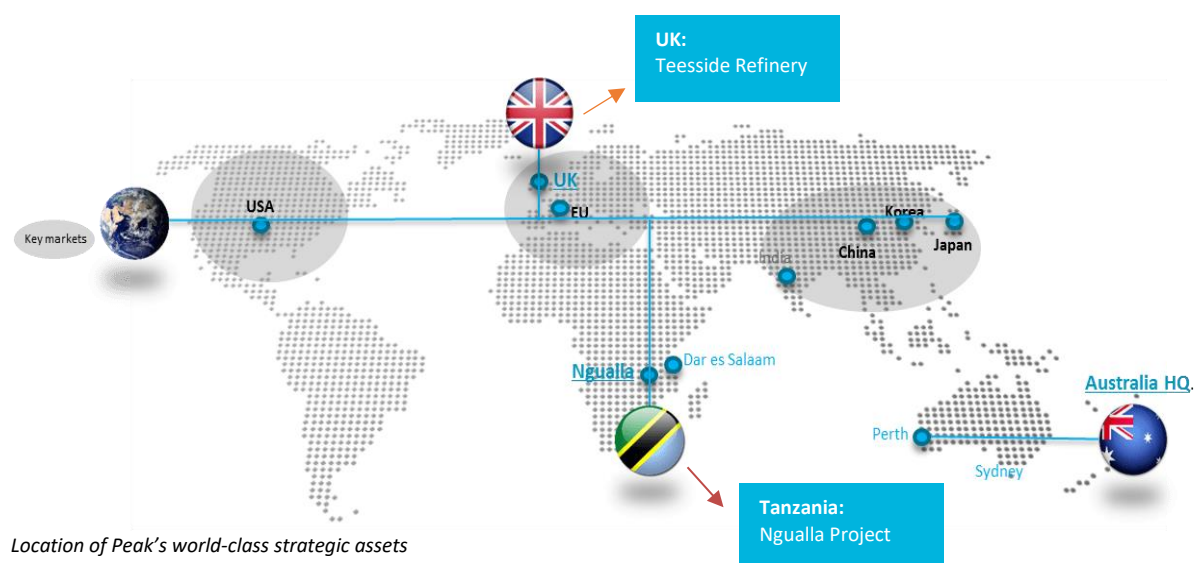
The Company had \$2.68 million cash at bank at the end of the reporting period, and with \$20.4 million received (pre transaction costs) post period end for the first tranche of a \$30 million capital raising (refer to subsequent event note 27), it is well funded going into the 2021/2022 financial year 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

The Company continues to progress the pre-development activities of its world-class strategic assets; the Ngualla Rare Earth Project ("Ngualla Project") in Tanzania and the Teesside Rare Earth Refinery and Separation Facility ("Teesside Refinery") in the United Kingdom. It aims to become an integrated 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 key events with respect to the Company's operations over the last twelve months and to the date of this Directors' Report are as follows:

- Implementation of a board and management restructure;
- Completion of an A\$4.35 million capital raising;
- Exercise of an option to enter a 250-year lease over the Teesside Refinery site;
- Strong engagement with the Government of the United Republic of Tanzania ("Tanzanian Government") resulting in securing the approval of the Special Mining Licence (SML) application by the Cabinet of the Tanzanian Government in July 2021;
- Proceeding with a two tranche A\$30.0 million Placement and A\$4.0 million Share Purchase Plan, which was initiated August 2021;
- Appointing senior technical and commercial executives and consultants; and
- Increasingly attractive sector fundamentals and rising NdPr Oxide prices.

Board and management restructure

Departures and resignations

During the year Mr Peter Meurer resigned from his role as Non-Executive Chairman of Peak while Mr Rob Sennitt and Mr Jonathan Murray resigned from their positions as non-executive directors to the Company. In addition, during the period the CEO, Mr Rocky Smith and CFO, Mr Graeme Scott ceased their employment with the Company.

Confirmation as Non-Executive Chair – Tony Pearson

Tony Pearson was appointed as Non-Executive Chair of the Company on 21 October 2020. Tony has been an independent Non-executive Director of Peak since August 2018 and was appointed acting Chair on 11 September 2020. Tony has been appointed a member of the Company's Audit & Risk and Remuneration and Nomination Committees.

Appointment of Managing Director – Bardin Davis

Bardin Davis was appointed a non-executive director of the Company on 21 October 2020 and subsequently commenced duties as Managing Director and Chief Executive Officer of the Company on 9 December 2020.

Appointment of Company Secretary and Chief Financial Officer – Phil Rundell

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

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.

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 was subsequently appointed to the role of Chair of the Company's Audit & Risk Committee and is a member of the Company's Remuneration and Nomination Committee.

Appointment of Rebecca Morgan as a non-executive director*

Rebecca Morgan was appointed to the board of Peak as a non-executive director on 9 March 2021. Rebecca was subsequently appointed as Chair of the Remuneration and Nomination Committee and is a member of the Company's Audit & Risk Committee.

*Ms Collins and Ms Morgan, having been appointed by other Directors on 9 March 2021, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seek election from Shareholders at the Annual General Meeting to be held later in 2021.

Other personnel changes

During the year the Company engaged an international recruitment firm to commence searches for key executive roles. Following the year end the Company was pleased to announce the appointments of Head of Development & Operations, Head of Technical Services, Consulting Metallurgist and General Manager, Corporate Development & Finance. The Company is also in the final stages of negotiation with its preferred Head of Marketing and Sales and hopes to make an announcement in October.

\$4.35 million capital raising completed

A\$3.5 million Placement

In October 2020, the Company completed a placement of 109,375,000 fully paid ordinary shares in the Company at an issue price of A\$0.032 per Share to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act 2001 (Cth) to raise A\$3.5 million before costs.

Share Purchase Plan Offer for \$0.85 million

In addition to the placement, and to ensure wider shareholder 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 A\$0.85 million. 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.

Exercise of Teesside option

On 28 May 2021 Peak exercised its option to enter a 250-year lease over its 19-hectare Teesside Refinery site in the Tees Valley, United Kingdom. Peak paid an upfront amount of approximately £1.9 million to exercise the option, with annual rent structured as a nominal peppercorn payment.

Peak intends to construct its Teesside Refinery on the site; producing Neodymium Praseodymium ("NdPr") Oxide and other separated products from rare earth concentrate supplied by the Company's Ngualla Project in Tanzania. The site is close to the deepwater Teesport and benefits from access to existing and competitive infrastructure and utilities. It is also located within the Teesside designated Freeport area. Following recent announcements by the UK Government, freeport areas are expected to benefit from lower tariffs and customs charges, simplified customs procedures, and tax breaks to encourage investment and government support to promote regeneration and innovation.

Ngualla Special Mining Licence Application

The Company continued its strong engagement with the Tanzanian Government during the year regarding its Ngualla Project Special Mining Licence ("SML") application.

Events Subsequent to Reporting Date

There were several key milestones related to the advancement of the Ngualla project that occurred subsequent to the period end.

Approval of SML application

On 22 July 2021, the Company announced that the Cabinet of Ministers of the Tanzanian Government had approved its SML application; the final major regulatory approval required for the Ngualla Project to proceed. The SML provides the Company with the exclusive right to conduct mining operations at Ngualla, with the licence area covering approximately 18.14km². Peak will now work with the Tanzanian Government to finalise an Economic Framework Agreement, Shareholder's Agreement and other related documentation required as part of a formal grant of the SML by the Minister of Minerals.

A\$30.0 million Placement and A\$4.0 million Share Purchase Plan

On 6 August 2021 the Company announced commencement of a two-tranche equity placement to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act 2001. The Placement, totalling A\$30.0 million at a price of A\$0.09 per share, comprises of:

- Tranche One - comprising of an A\$20.4 million raising and the issuance of 226.8 million shares completed on 13 August 2021, utilising Peak's capacity to issue up to 15% new capital without shareholder approval per Listing Rule 7.1; and
- Tranche Two - comprising of an additional A\$9.6 million raising and the issuance of a further 106.4 million shares, subject to shareholder approval at the General Meeting called for 28 September 2021.
- Peak also announced a Shareholder Placement Plan ("SPP") of up to A\$4.0 million, which is subject to shareholder approval at the General Meeting called for 28 September 2021.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

The net proceeds of the Placement and SPP will be used by Peak to progress the development of the Ngualla Project and the Teesside Refinery (including offtake and financing arrangements), expanding the Company's technical and marketing team, and the repayment of the ANRF Royalty Facility.

Repayment of the ANRF Royalty Facility

Contemporaneous to the placement and SPP announced on 6 August 2021, Peak also announced that it had entered into a Royalty Repayment and Release Agreement ("Royalty Agreement") with respect to the repayment of a 2.0% life of mine gross revenue royalty financing facility made available by ANRF Royalty Company Limited ("ANRF"), a company associated with Peak substantial shareholder Appian Pinnacle Holdco Limited.

Under the Royalty Agreement, Peak will make a payment to ANRF of US\$10.0 million, which comprises the repayment of principal of US\$5.2 million and an accrued interest payment of US\$4.8 million. The Royalty Agreement is subject to shareholder approval at the General Meeting called for 28 September 2021 pursuant to ASX listing Rule 10.1

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than detailed below, in Note 27 of the financial statements (subsequent events) and in the Review of Operations above, there were no significant changes in the state of affairs of the Company during the financial year:

A total of 59,418,747 listed and un-listed options were exercised during the year with various exercise prices and expiry dates raising \$3.24 million. A further 15,017,000 vested performance rights were exercised for \$nil consideration.

During the year 4,829,240 shares were issued in lieu of cash consideration for wages and fees with a value of \$202,629. A further 8,250,000 shares were issued raising \$435,000 under settlement deeds entered with ex-employees.

MEETINGS OF DIRECTORS

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

	Board Meetings	
	<i>Number held and entitled to attend</i>	<i>Number attended</i>
Tony Pearson	23	22
Bardin Davis	13	13
Abdullah Mwinyi	8	5
Giselle Collins	6	6
Rebecca Morgan	6	6
Peter Meurer	7	7
Jonathan Murray	17	16
Robert Sennitt	3	3

An Audit and Risk Committee was formed during the year consisting of three non-executive directors. The number of meetings attended by each member of the Committee during the financial year was:

	Audit & Risk Committee Meetings	
	<i>Number held and entitled to attend</i>	<i>Number attended</i>
Giselle Collins	1	1
Rebecca Morgan	1	1
Tony Pearson	1	1

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

EQUITY HOLDINGS OF DIRECTORS

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

	Equity shares	Equity options	Performance Rights
Tony Pearson	4,706,647	8,000,000	3,250,000
Bardin Davis	9,055,907	-	16,250,000
Abdullah Mwinyi	-	-	1,000,000
Giselle Collins	-	-	-
Rebecca Morgan	-	-	-

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 the Teesside refinery site 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 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 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:

A Remuneration and Nomination Committee was formed post year end to review the remuneration policy that sets the terms and conditions for the executive directors and other senior executives. All executives receive a base salary (which is based on factors such as length of service, expertise and experience) and superannuation is paid for Australian resident employees and directors. 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, performance rights and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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 to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and subject to shareholders approval are able to participate in the employee option and performance rights plans. Non-executive directors are provided superannuation benefits in accordance with Australian statutory requirements, where the Non-Executive Director is a non-Australian resident the superannuation benefit is provided as an additional fee.

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 total remuneration of non-executive directors has been set at a maximum of \$300,000 (that excludes share-based payments) 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.

The Company received approval from shareholders for adoption of an Incentive Employee Option Plan (EOP), Incentive Performance Rights Plan (PRP), and Director Fee Plan at the Annual General Meeting on 23 December 2020.

The objectives of the EOP and PRP are to attract, motivate and retain key employees and the Company considers that the adoption of the Plans and the future issue of securities under the Plans will provide selected employees with the opportunity to participate in the future growth of the Company.

The objective of the Director Fee Plan is to permit the issue of Shares in lieu of Director salaries and fees which would otherwise be payable in cash, consistent with the Company's restructure remuneration model adopted in October 2020.

Following shareholder approval at the Annual General Meeting held on 21 December 2020, the company issued the following incentive performance rights expiring 5 February 2025 with an exercise price of \$nil to directors with the vesting milestones set out below.

Class	Bardin Davis	Tony Pearson	Jonathan Murray	Abdullah Mwinyi
Class A.1 Performance Rights	1,875,000	375,000	75,000	75,000
Class A.2 Performance Rights	1,875,000	375,000	75,000	75,000
Class B Performance Rights	3,750,000	750,000	150,000	150,000
Class C.1 Performance Rights	1,875,000	375,000	75,000	75,000
Class C.2 Performance Rights	1,875,000	375,000	75,000	75,000
Class D Performance Rights	3,750,000	750,000	150,000	150,000
Class E.1 Performance Rights	1,875,000	375,000	75,000	75,000
Class E.2 Performance Rights	1,875,000	375,000	75,000	75,000
Class F Performance Rights	3,125,000	625,000	125,000	125,000
Class G Performance Rights	3,125,000	625,000	125,000	125,000
Total	25,000,000	5,000,000	1,000,000	1,000,000

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

The Performance Rights shall have the following vesting criteria (each, a Milestone) attached to them:

- (i) **Class A Performance Rights:** Class A Performance Rights shall vest:
 - (A) **Class A.1 Performance Rights:** on the Company announcing grant of the Special Mining Licence (SML) by the Tanzanian Government for the Ngualla Rare Earth Project (**Project**); and
 - (B) **Class A.2 Performance Rights:** on the Company announcing the execution of a binding framework agreement with respect to the Project.
- (ii) **Class B Performance Rights:** Class B Performance Rights shall vest on the Company announcing a Teesside solution being one or more of the following:
 - (A) the Company entering into an agreement to purchase the land at Teesside currently the subject of option;
 - (B) the Company entering into an agreement for a site swap of the current Teesside location on terms which include (without limitation) recovery of sunk costs and full permitting of the new site; or
 - (C) the Company entering an agreement securing an alternate site (to Teesside) for the establishment of a rare earth processing hub.
- (iii) **Class C Performance Rights:** Class C Performance Rights shall vest:
 - (A) **Class C.1 Performance Rights:** on the Company announcing the commencement of FEED activities by the Company in relation to a rare earths processing hub; and
 - (B) **Class C.2 Performance Rights:** on the Company announcing that it has commenced construction of a rare earth processing hub.
- (iv) **Class D Performance Rights:** Class D Performance Rights shall vest on the Company announcing that it has executed a binding agreement with:
 - (A) a strategic partner for the development of the Project; or
 - (B) with an external party for the financing of the development of the Project.
- (v) **Class E Performance Rights:** Class E Performance Rights shall vest on the Company's Share price achieving a volume average weighted price (VWAP) of:
 - (A) **Class E.1 Performance Rights:** greater than 10 cents over 20 consecutive trading days; and
 - (B) **Class E.2 Performance Rights:** greater than 15 cents over 20 consecutive trading days.
- (vi) **Class F Performance Rights:** Class F Performance Rights shall vest on the later to occur of:
 - (A) any of one or more of the Milestones set out in paragraphs (a)(i)(A) or (B), (a)(ii), (a)(iii)(A) or (B) or (a)(iv) being satisfied; and
 - (B) the Company's Share price achieving a VWAP of greater than 10 cents over 20 consecutive trading days; and
- (vii) **Class G Performance Rights:** Class G Performance Rights shall vest on the later to occur of:
 - (A) any of one or more of the Milestones set out in paragraphs (a)(i)(A) or (B), (a)(ii), (a)(iii)(A) or (B) or (a)(iv) being satisfied; and
 - (B) the Company's Share price achieving a VWAP of greater than 15 cents over 20 consecutive trading days.

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

During the year class B, E1 and F milestones were met resulting in the vesting of 10,925,000 performance rights, with 350,000 remaining unexercised at the end of the year.

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. On 8 September 2020, 4,600,000 STIS performance rights with a expiry date for 8 September 2021 and an exercise price of \$nil and 7,600,000 LTIS performance rights with a expiry date for 8 September 2024 and an exercise price of \$nil were issued to executives.

The STIS Performance Rights vest on achievement of the following performance criteria;

Class A.1 17% by number on the receipt by the Company of the Special Mining Licence (SML) from the Tanzanian Government for the Ngualla Rare Earth Project (Project).

Class A.2 17% by number on the presentation of a framework agreement received from the Tanzanian Government with respect to the Project that, in the opinion of the Board provides sufficient certainty on the legislative and fiscal

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

terms apply to the Company's operations that allows the Company to engage with external parties in relation to the potential financing of the Project.

Class B 33% by number on completion of an equity capital raising of a minimum amount of AUD\$1.5 million for the Company on or before 31 December 2020.

Class C 33% by number on a Teesside solution being one or more of the following:

(A) the Company entering into an agreement to purchase the land at Teesside currently the subject of option; (B) the Company entering into an agreement for a site swap of the current Teesside location on terms which include (without limitation) recovery of sunk costs and full permitting of the new site; or (C) the Company entering an agreement securing an alternate site (to Teesside) for the establishment of a rare earth processing hub.

The vesting criteria must have been met by 8 September 2021. There were no vested and unvested STIS performance rights issued to executives on issue at 30 June 2021.

1,518,000 STIS performance rights issued to executives vested and were exercised during the year.

The LTIS Performance Rights vest on achievement of the following performance criteria:

Class D.1 12.5% by number on the receipt by the Company of the Special Mining Licence (SML) from the Tanzanian Government for the Ngualla Rare Earth Project (Project)

Class D.2 12.5% by number on the execution of a binding framework agreement between the Tanzanian Government and PRNG Minerals Ltd (the Tanzanian operating subsidiary of the Company) with respect to the Project.

Class E 25% by number on the commencement of FEED activities by the Company.

Class F 25% by number on the Company agreeing terms with an external party for the financing of a rare earth processing hub at Teesside in the United Kingdom or entering alternative arrangements for the creation of a rare earth processing hub in a different geographic location.

Class G 25% by number on the Company signing of a binding agreement with a strategic partner for the Further Development of the Project.

The vesting criteria must be met by 8 September 2024 otherwise the Performance Rights will lapse. There were no vested and unvested LTIS performance rights issued to executives on issue at 30 June 2021.

No LTIS performance rights vested during the year.

Subsequent to cessation of service to the Company the following unlisted options and performance rights issued to former directors and executives lapsed or were cancelled:

Lapsed:

- 8,000,000 unlisted options with an exercise price of \$0.10
- 20,000,000 unlisted options with an exercise price of \$0.15
- 11,607,000 performance rights with an exercise price of \$nil

Cancelled:

- 7,500,000 unlisted options with an exercise price of \$0.065
- 2,250,000 unlisted options with an exercise price of \$0.035
- 25,975,000 unlisted options with an exercise price of \$0.030

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Company performance, shareholder returns 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:

	2021	2020	2019	2018	2017
Total income (\$)	111,008	12,374,452	98,795	618,718	1,861,274
Net profit/(loss) before tax (\$)	(4,770,848)	7,652,714 [#]	(4,596,053)	(4,903,224)	(4,886,187)
Net profit/(loss) after tax (\$)	(4,770,848)	7,652,714 [#]	(4,596,053)	(4,903,224)	(4,886,187)
Closing share price at end of year (cents)	\$0.10	\$0.021	\$0.048	\$0.036	\$0.067
Basic profit/(loss) per share (cents)	(0.31)	0.65	(0.58)	(0.82)	(1.04)
Dividends per share (cents)	-	-	-	-	-

[#] Includes gain on remeasurement of financial liabilities of \$1.7million (note 19) and gain on derecognition of associate \$10.4million (note 4).

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 KMP remuneration

The relevant Key Management Personnel (KMP) of the group for the 2021 financial year were:

- Tony Pearson – Chair (appointed Chair 21 October 2020, Non-Exec Director from 21 Aug 2018)
- Bardin Davis - Managing Director (MD) (appointed Non-Exec Director 21 Oct 2020, MD from 9 Dec 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)
- Peter Meurer – Non-Executive Chair (Resigned 16 September 2020)
- Jonathan Murray – Non-Executive Director (Resigned 8 March 2021)
- Robert Sennitt – Non-Executive Director (Resigned 11 September 2020)
- Philip Rundell - Chief Financial Officer & Company Secretary (Appointed 16 December 2020)
- Rocky Smith – Chief Executive Officer (Ceased employment 8 December 2020)
- Michael Prassas – General Manager Sales & Marketing (Ceased employment 15 July 2020)
- Graeme Scott– Chief Financial Officer & Company Secretary (Ceased employment 18 December 2020)
- Lucas Stanfield – General Manager of Development (Ceased employment 15 January 2020)

Total KMP remuneration for the year was:

	2021 \$	2020 \$
Salary and fees	1,078,312	1,304,150
Non-monetary benefits	18,240	88,048
Superannuation	80,163	69,825
Share based payments	787,526	305,485
Termination Payments	191,661	-
Total	2,155,902	1,767,508

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Remuneration of individual KMP's were:

	Short term benefits		Post-employment	Share based payments		Termination Payments	Total	Proportion related to:	
	Salary & fees*	Non-monetary	Superannuation*	Performance^	Options^			Equity#	Performance#
30-Jun-21	\$	\$	\$	\$	\$	\$	\$	%	%
Directors									
Tony Pearson ¹	133,476	-	19,759	137,785	28,332	-	319,352	9%	43%
Bardin Davis ²	204,232	-	19,380	688,923	-	-	912,535	0%	75%
Abdullah Mwinyi ³	35,284	-	-	27,557	-	-	62,841	0%	44%
Giselle Collins ⁴	15,457	-	1,468	-	-	-	16,925	0%	0%
Rebecca Morgan ⁵	15,457	-	1,468	-	-	-	16,925	0%	0%
Peter Meurer ⁶	10,556	-	-	-	(110,220)	-	(99,664)	0%	0%
Jonathan Murray ⁷	42,345	-	-	4,500	(45,517)	-	1,328	0%	11%
Robert Sennitt ⁸	3,332	-	-	-	-	-	3,332	0%	0%
	460,139	-	42,075	858,765	(127,405)	-	1,233,574	2%	62%
Executives									
Philip Rundell ⁹	62,317	-	-	-	-	-	62,317	0%	0%
Rocky Smith ¹⁰	162,121	6,500	-	-	-	-	168,621	14%	0%
Michael Prassas ¹¹	61,180	11,740	12,865	-	-	163,462	249,247	13%	0%
Graeme Scott ¹²	153,144	-	14,143	28,083	-	28,199	223,569	15%	0%
Lucas Stanfield ¹³	179,411	-	11,080	28,083	-	-	218,574	14%	0%
	618,173	18,240	38,088	56,166	-	191,661	922,328	0%	6%
Total	1,078,312	18,240	80,163	914,931	(127,405)	191,661	2,155,902	1%	40%

* 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. The gross deferred amounts are excluded from the salary and fees for 2021 as they have been accrued and reported in 2020.

^Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the current period.

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

¹ Mr Pearson received \$54,666 for additional executive services the net amount after PAYG withholding tax obligations was settled in shares and is included in salary and fees. From 1 November to 30 June 2021 two thirds of Mr Pearson's Chair fees were agreed to be settled in shares totalling \$51,383 and are included in salary and fees. Mr Pearson was back paid \$8,082 in statutory superannuation entitlements for previous periods where the Company had not met this obligation.

² Mr Davis was appointed in the role of non-executive director on 21 October 2020 before transitioning to the Managing Director position on 9 December 2020. Mr Davis' non-executive director fees totalled \$6,720 the net amount after PAYG withholding tax obligations was settled in shares. Mr Davis ESA stipulated that \$75,000 per year of his total Managing Director fees were to be paid in shares, during the year Mr Davis earned \$42,030 as part of his equity component of his salary the net amount after PAYG withholding tax obligations was settled in shares. The share settled fees are included in salary and fees for the period.

³ Mr Mwinyi was appointed to the role of non-executive director on 15 November 2020

⁴ Ms Collins was appointed to the role of non-executive director on 9 March 2021

⁵ Ms Morgan was appointed to the role of non-executive director on 9 March 2021

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

⁶ Mr Meurer ceased employment with the company on 16 September 2020. On cessation of employment Mr Meurer's unvested performance-based options lapsed and the expensed share-based payments recognised under AASB 2 of \$110,220 for those options reversed.

⁷ Mr Murray ceased employment with the company on 8 March 2021. Mr Murray received \$12,773 in fees for additional executive services, payment of which was settled in shares. The share settled fees are included in Salary and fees for the period. On cessation of employment Mr Murray's unvested performance-based options lapsed and the expensed share-based payments recognised under AASB 2 of \$45,517 for those options reversed.

⁸ Mr Sennitt ceased employment with the company on 11 September 2020.

⁹ Mr Rundell was appointed to the role of CFO and Company Secretary on 16 December 2020.

¹⁰ Mr Smith ceased employment with the company on 8 December 2020.

¹¹ Mr Prassas ceased employment with the company on 15 July 2020, in accordance with the terms of his ESA, Mr Prassas received a termination payment of \$125,000 for 6 months' notice paid in lieu plus other statutory redundancy entitlements. The unused annual leave paid out on termination totalled \$50,764 and is included in his salary and fees.

¹² Mr Scott ceased employment with the company on 18 December 2020, in accordance with the terms of his ESA, Mr Scott received a termination payment of \$28,199 for his notice paid in lieu plus other statutory redundancy entitlements. The unused annual leave paid out on termination totalled \$32,318 and is included in his salary and fees.

¹³ Mr Stanfield ceased employment with the company on 15 December 2020.

Remuneration of individual KMP's were:

	Short term benefits		Post-employment	Share based payments		Termination Payments	Total	Proportion related to:	
	Salary & fees*	Non-monetary	Superannuation*	Performance	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 ²	18,415	-	-	-	-	-	18,415	0%	0%
Tony Pearson	40,000	-	-	-	57,164	-	97,164	59%	0%
John Jetter ¹	31,644	-	-	-	(23,065)	-	8,579	0%	0%
	180,059	-	-	-	110,918	-	290,977	38%	0%
Executives									
Rocky Smith ³	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%
	1,124,091	88,048	69,825	(11,183)	205,750	-	1,476,531	14%	0%
Total	1,304,150	88,048	69,825	(11,183)	316,668	-	1,767,508	18%	0%

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

* 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.

¹ Mr Jetter ceased service with the company on 15 January 2020.

² Mr Sennitt was appointed 15 January 2020.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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

Options and performance rights granted / vested / lapsed during the year ended 30 June 2021

Movements in options during the year:

30-Jun-21	Date of issue	Number of options issued	Fair value per Option*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/cancelled during the year
Directors									
Tony Pearson	-	-	-	-	-	-	-	-	-
Bardin Davis	-	-	-	-	-	-	-	-	-
Abdullah Mwinyi	-	-	-	-	-	-	-	-	-
Giselle Collins	-	-	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-	-	-
Peter Meurer	-	-	-	-	-	\$0.10	21-Jun-22	-	(5,000,000)
	-	-	-	-	-	\$0.15	21-Jun-23	-	(15,000,000)
Jonathan Murray	-	-	-	-	-	\$0.10	21-Jun-22	-	(3,000,000)
	-	-	-	-	-	\$0.15	21-Jun-23	-	(5,000,000)
	-	-	-	-	-	-	-	-	(28,000,000)
Executives									
Rocky Smith	-	-	-	-	-	\$0.065	16-Jan-21	-	(3,000,000)
	-	-	-	-	-	\$0.035	17-Jan-22	-	(1,500,000)
	-	-	-	-	-	\$0.030	5-Mar-23	-	(11,000,000)
Michael Prassas	-	-	-	-	-	\$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	\$0.030	5-Mar-23	-	(4,350,000)
Graeme Scott	-	-	-	-	-	\$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	\$0.035	17-Jan-22	-	(750,000)
	-	-	-	-	-	\$0.030	5-Mar-23	-	(7,250,000)
Lucas Stanfield	-	-	-	-	-	\$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	\$0.030	5-Mar-23	-	(3,375,000)
	-	-	-	-	-	-	-	-	(35,725,000)
Total	-	-	-	-	-	-	-	-	(63,725,000)

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

Unvested Options vest on achievement of length of service criteria.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Movements in performance rights during the year:

30-Jun-21	Date of issue	Number of performance rights issued	Fair value per performance right*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/cancelled during the year
Directors									
Tony Pearson	5-Feb-21	5,000,000	\$0.06	300,000	28-May-21	\$nil	5-Feb-25	1,750,000	
Bardin Davis	5-Feb-21	25,000,000	\$0.06	1,500,000	28-May-21	\$nil	5-Feb-25	8,750,000	
Abdullah Mwinyi	5-Feb-21	1,000,000	\$0.06	60,000	28-May-21	\$nil	5-Feb-25	350,000	
Giselle Collins	-	-	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-	-	-
Peter Meurer	-	-	-	-	-	-	-	-	-
Jonathan Murray	5-Feb-21	1,000,000	\$0.06	60,000	5-Mar-21	\$nil	5-Feb-25	75,000	(925,000)
Robert Sennitt	-	-	-	-	-	-	-	-	-
	-	32,000,000		1,920,000				10,925,000	(925,000)
Executives									
Philip Rundell	-	-	-	-	-	-	-	-	-
Rocky Smith	-	-	-	-	-	-	-	-	-
Michael Prassas	-	-	-	-	-	-	-	-	-
Graeme Scott	8-Sep-20	2,300,000	\$0.037	85,100	17-Nov-20	\$nil	8-Sep-21	759,000	(1,541,000)
	8-Sep-20	3,800,000	\$0.037	140,600	-	\$nil	8-Sep-24	-	(3,800,000)
Lucas Stanfield	8-Sep-20	2,300,000	\$0.037	85,100	17-Nov-20	\$nil	8-Sep-21	759,000	(1,541,000)
	8-Sep-20	3,800,000	\$0.037	140,600	-	\$nil	8-Sep-24	-	(3,800,000)
	-	12,200,000		451,400				1,518,000	(10,682,000)
Total	-	44,200,000		2,371,400				12,443,000	(11,607,000)

* 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 February 2025 or the Performance Rights will lapse. For vesting of performance rights with the same expiry date occurring on multiple dates during the period the most recent date is reported in the table.

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

Movements in options during the year:

30-Jun-20	Date of issue	Number of options issued	Fair value per Option*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/cancelled during the year
Directors									
Peter Meurer	-	-	-	-	-	-	-	-	-
Jonathan Murray	-	-	-	-	-	-	-	-	-
John Jetter ¹	-	-	-	-	-	-	-	-	-
Tony Pearson	11-Nov-19	2,000,000	\$0.0144	28,754	11-Nov-19	\$0.0500	21-Jun-21	2,000,000	-

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

	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 ²	-	-	-	-				-	-
		10,000,000		118,358				2,000,000	-

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	-
Total		10,000,000		118,358				34,250,000	-

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

Unvested Options vest on achievement of length of service criteria.

¹Mr Jetter resigned 15 January 2020.

²Mr Sennitt was appointed 15 January 2020.

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 issued	Fair value per performance right*	Total value of issue \$	Vesting Date [#]	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/cancelled during the year
Directors									
Peter Meurer		-	-	-		-	-	-	-
Darren Townsend		-	-	-		-	-	-	-
Jonathan Murray		-	-	-		-	-	-	-
John Jetter		-	-	-		-	-	-	-
Tony Pearson		-	-	-		-	-	-	-
		-	-	-		-	-	-	-

Executives

Rocky Smith		-	-	-	5-Mar-20	-	5-Mar-21	700,000	(2,800,000)
Michael Prassas		-	-	-	5-Mar-20	-	5-Mar-21	450,000	(1,800,000)
Graeme Scott		-	-	-	5-Mar-20	-	5-Mar-21	450,000	(1,800,000)
Lucas Stanfield		-	-	-	5-Mar-20	-	5-Mar-21	400,000	(1,600,000)
		-	-	-		-		2,000,000	(8,000,000)
Total		-	-	-		-		2,000,000	(8,000,000)

* 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.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Shareholdings of KMP's

30-Jun-21	Opening Balance	Granted as Remuneration	Exercise of Options/PRs	Other Movements	Closing Balance
Directors					
Tony Pearson	-	883,056	3,750,000	-	4,633,056
Bardin Davis	-	204,260	8,750,000	-	8,954,260
Abdullah Mwinyi	-	-	-	-	-
Giselle Collins	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-
Peter Meurer*	1,250,000	487,365	-	(1,737,365)	-
Jonathan Murray*	2,638,753	615,399	2,075,000	(5,329,152)	-
Robert Sennit*	-	389,822	-	(389,822)	-
	3,888,753	2,579,902	14,575,000	(7,456,339)	13,587,316
Executives					
Philip Rundell	-	-	-	-	-
Rocky Smith*	1,249,989	984,934	700,000	(2,934,923)	-
Michael Prassas*	5,083,334	-	450,000	(5,533,334)	-
Graeme Scott*	325,000	651,808	1,209,000	(2,185,808)	-
Lucas Stanfield*	-	612,686	1,159,000	(1,771,686)	-
	6,658,323	2,249,428	3,518,000	(12,425,751)	-
Total	10,547,076	4,829,330	18,093,000	(19,882,090)	13,587,316

* Ceased to be KMP's during the period and their holdings are not reported at period end.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Option Holdings of KMP's including performance rights

30-Jun-21	Opening Balance	Granted as Remuneration	Exercise of Options & PRs	Expired/ Lapsed	Other Movements	Closing Balance	Vested at 30 June
Directors							
Tony Pearson	10,000,000	5,000,000	(3,750,000)	-	-	11,250,000	-
Bardin Davis	-	25,000,000	(8,750,000)	-	-	16,250,000	-
Abdullah Mwinyi	-	1,000,000	-	-	-	1,000,000	350,000
Giselle Collins	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-
Peter Meurer*	30,000,000	-	-	(20,000,000)	(10,000,000)	-	-
Jonathan Murray*	10,000,000	1,000,000	(2,075,000)	(8,925,000)	-	-	-
Robert Sennitt*	-	-	-	-	-	-	-
	50,000,000	32,000,000	(14,575,000)	(28,925,000)	(10,000,000)	28,500,000	350,000
Executives							
Philip Rundell	-	-	-	-	-	-	-
Rocky Smith*	16,200,000	-	(700,000)	(15,500,000)	-	-	-
Michael Prassas*	10,616,667	-	(450,000)	-	(10,166,667)	-	-
Graeme Scott*	9,950,000	6,100,000	(1,209,000)	(5,341,000)	(9,500,000)	-	-
Lucas Stanfield*	9,400,000	6,100,000	(1,159,000)	(5,341,000)	(9,000,000)	-	-
	46,166,667	12,200,000	(3,518,000)	(26,182,000)	(28,666,667)	-	-
Total	96,166,667	44,200,000	(18,093,000)	(55,107,000)	(38,666,667)	28,500,000	350,000

* Ceased to be KMP's during the period and their holdings are not reported at period end.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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:

Tony Pearson (Appointed acting Chair 16 September 2020 and confirmed as Chair 21 October 2020)

Chair Fees are currently set at \$95,000 plus superannuation entitlements per annum effective 21 October 2020 (\$50,000 per annum previously).

Under Tony's voluntary letter of agreement with the Company, two thirds of his annual directors' fees were settled in shares quarterly to 30 June 2021, with the issue price based on the 20 day VWAP of the Company's share price to the end of the respective quarter.

Peter Meurer – Non-Executive Chairman (Appointed 23 April 2018, Resigned 16 September 2020)

Under Peter's agreement annual directors' fees of \$50,000 effective 23 April 2018 were payable.

Non-Executive Directors - Jonathan Murray (Resigned 8 March 2021) / Tony Pearson (Appointed acting Chair 21 October 2020) / Robert Sennitt (Appointed 15 January 2020, Resigned 11 September 2020) / Bardin Davis (Appointed 21 October 2020, transitioned to MD 9 December 2020)/ Abdullah Mwinyi (Appointed 15 November 2020)/ Giselle Collins (Appointed 9 March 2021)/ Rebecca Morgan (Appointed 9 March 2021)

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 \$50,000 plus superannuation entitlements per annum effective 18 September 2020 (\$40,000 per annum previously), non-resident directors are entitled to receive the superannuation component as fees.

Under Jonathan Murray's voluntary letter of agreement with the Company, two thirds of his annual directors' fees are to be settled in shares quarterly, with the issue price based on the 20day VWAP of the Company's share price to the end of the respective quarter.

Bardin Davis – Managing Director - (Appointed MD 9 December 2020)

Bardin is employed under an Executive Service Agreement (ESA). The agreement provides for an annual salary of \$350,000 plus statutory superannuation capped at the concessional contribution threshold. Under the terms of the ESA, \$75,000 of the annual salary after deducting PAYG withholding tax obligations, was settled in shares quarterly to 30 June 2021, with the issue price based on the 20 day VWAP of the Company's share price to the end of the respective quarter. Bardin has been issued 25,000,000 performance rights under the ESA. Bardin is entitled to leave in accordance with the relevant legislation. The engagement had no fixed term but is subject to a six-month notice period from either party.

Philip Rundell – CFO & Company Secretary (Appointed 16 December 2020)

Philip is employed under a consulting agreement with the Company. The agreement allows for an hourly charge rate of \$200 per hour to a maximum of \$1,500 per day. The engagement has no fixed term and is subject to a 15 day notice period from either party.

Rocky Smith – Chief Executive Officer - (Transitioned from COO to CEO 21 September 2017, ceased employment 8 December 2020)

Rocky was employed under an Executive Service Agreement (ESA). The agreement provided 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 was entitled to leave in accordance with the relevant legislation. The engagement had no fixed term but was subject to a six-month notice period from either party. Mr Smith ceased employment with the Company on 11 September 2020.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Michael Prassas – Executive General Manager Sales, Marketing and Business Development (appointed 18 February 2016, ceased employment 15 July 2020)

Michael was employed under an ESA. The agreement provided for an annual salary of \$250,000, plus superannuation, plus private health, annual airfares, expenses, discretionary performance bonuses and options. The Executive was entitled to leave in accordance with the relevant legislation. Michael's engagement had 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, resigned 15 December 2020)

Lucas was employed under an ESA. The agreement provided for an annual salary of \$265,000 effective 1 September 2020, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive was entitled to leave in accordance with the relevant legislation. Lucas's engagement had no fixed term but was subject to a three month notice period from either party except six months' notice following a change of control termination. Mr Stanfield resigned on 15 December 2020.

Graeme Scott – CFO & Company Secretary (appointed 3 November 2014, ceased employment 18 December 2020)

Graeme was employed under an ESA. The agreement provided for an annual salary of \$265,000 effective 1 September 2020, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive was entitled to leave in accordance with the relevant legislation. Graeme's engagement had no fixed term but was subject to a three month notice period from either party except six months' notice following a change of control termination. Mr Scott ceased employment with the Company on 18 December 2020.

Related party transactions

During the year, Steinepreis Paganin Lawyers and Consultants, a legal practice associated with Mr Jonathan Murray received \$89,677 (2020: \$139,723) as fees for the provision of legal advice. The balance outstanding at 30 June 2021 and included in trade creditors is \$1,183 (30 June 2020: \$7,428).

These costs have not been included in directors remuneration as these fees were not paid to the individual director 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	81,541,253

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

Expiry Date	Exercise Price	Number under option
21 June 2022	\$0.10	3,000,000*
21 June 2023	\$0.15	5,000,000*
17 January 2022	\$0.035	2,375,000
5 March 2023	\$0.03	9,790,000

*Vesting subject to length of service and milestone criteria.

There are no unissued ordinary shares of the Company under option to service providers.

During the year a total of 59,418,747 listed and unlisted options were exercised at various exercise prices. A total of 75,169,419 unlisted options with exercises prices ranging from \$0.03 to \$0.15 lapsed, were cancelled, or expired unexercised. No options were issued.

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

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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

Expiry Date	Exercise Price	Number of Performance Rights
5 February 2025	\$Nil	20,632,000

During the year 47,000,000 performance rights were issued to directors and employees of the Company. A total of 15,017,000 vested performance rights were exercised for nil consideration and a total of 12,545,000 performance rights lapsed, were cancelled, or expired.

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 2021 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).

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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,

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end.

Tony Pearson
Non-executive Chair
Sydney, 15 September 2021



**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 2021, 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.

Ernst & Young

Pierre Dreyer
Partner
15 September 2021

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 2021, 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 2021 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. Carrying value of capitalised exploration and evaluation assets

Why significant

As at 30 June 2021, the Group's Tanzanian subsidiary, PR NG Minerals Limited ("PRNG"), held 100% of the Ngualla Project ("Project") which included capitalised exploration and evaluation assets of \$54.5 million, representing 88% 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 2021.

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 and the significance of these 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
- ▶ Reviewed the adequacy of the Group's disclosures in Note 14 of the financial report.

2. Measurement of royalty liability

Why significant

At 30 June 2021, the Group has a royalty liability in its consolidated statement of financial position of \$5.7 million, representing 90% of the Group's total liabilities. This loan was originally advanced to PRNG to fund the completion of the Definitive Feasibility Study ("DFS") for the Project.

This secured liability is repayable via a 2% gross revenue royalty ("royalty") earned from the future mining operations at the Project. In light of this, the Group is required to estimate the amount and timing of the royalty earned in order to extinguish this liability. Changes to the estimated amount and timing of the loan repayments will impact this liability's measurement.

Subsequent to 30 June 2021 and as disclosed in Note 27, the Group announced that it had entered into a conditional agreement to fully extinguish the royalty liability.

Given the significant degree of judgement involved in the Group's estimates of the amount and timing of repayments, and that the conditional agreement to extinguish this liability subsequent to year end constituted a non-adjusting event subsequent to balance date, we consider this a key audit matter.

Refer to Notes 19 and 27 in the consolidated financial statements for the liability balance and related disclosures and the details of the conditional agreement to extinguish this liability respectively.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We assessed whether this liability was appropriately measured in accordance with AASB 9 *Financial Instruments* ("AASB 9")
- ▶ We considered and challenged the Group's assessment of the expected amount and timing of repayments based on the Project's DFS
- ▶ We confirmed that the original effective interest rate, as required by AASB 9, continued to be used in the amortised cost calculation for the liability in the current year
- ▶ We obtained and reviewed management's calculation of the amortised cost and classification of this liability in accordance with the requirements of AASB 9
- ▶ We challenged the Group's assessment that the conditional agreement to extinguish this liability constituted a non-adjusting subsequent event in accordance with AASB 110 *Events after the Reporting Period*
- ▶ 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 2021 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 the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Peak Resources Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.



**Building a better
working world**

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
15 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Interest income	5	9,246	37,034
R&D rebate	5	46,137	110,037
Other income	5	55,625	62,500
Gain on re-measurement of financial liabilities	19	-	1,735,665
Gain on derecognition of associate	4	-	10,429,216
Total income		111,008	12,374,452
Employee benefits expenses		(725,552)	(705,365)
Share based payments expenses		(856,325)	(819,645)
Depreciation expenses	12, 13	(23,049)	(16,899)
Borrowing costs		-	(297,520)
Administrative and other costs		(1,397,265)	(1,510,336)
Technical feasibility costs		(1,555,761)	(948,436)
Accretion of interest on royalty liability	19	(323,904)	-
Share of loss of associate	3	-	(353,988)
Fair value adjustments to other assets measured at fair value through profit or loss		-	(69,549)
Profit/ (Loss) before income tax		(4,770,848)	7,652,714
Income tax expense	8	-	-
Profit/ (Loss) after income tax		(4,770,848)	7,652,714
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		(4,483,550)	40,792
Group's share of associate's other comprehensive income		-	503,253
Total comprehensive income/(loss) for the year		(9,254,398)	4,431,867
Profit/(loss) per share (in cents)			
Basic and Diluted profit/(loss) per share	6	(0.31)	0.65

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,680,367	2,546,021
Trade and other receivables	10	732,455	31,962
Other financial assets	11	-	30,000
Prepayments		84,740	84,466
Total current assets		3,497,562	2,692,449
Non-current assets			
Property plant and equipment	12	24,819	41,789
Right-of-use asset	13	3,583,243	-
Exploration and evaluation costs	14	54,472,897	59,419,382
Investments	15	8,000	8,000
Other assets	16	-	219,284
Total non-current assets		58,088,959	59,688,455
Total assets		61,586,521	62,380,904
LIABILITIES			
Current liabilities			
Trade and other payables	17	576,746	412,178
Provisions	18	28,433	242,936
Total current liabilities		605,179	655,114
Non-current liabilities			
Royalty liability	19	5,686,663	5,857,433
Total non-current liabilities		5,686,663	5,857,433
Total liabilities		6,291,842	6,512,547
Net assets		55,294,679	55,868,357
EQUITY			
Contributed equity	21	107,717,730	99,893,335
Reserves	20	(11,027)	3,616,198
Accumulated losses		(52,412,024)	(47,641,176)
Total equity		55,294,679	55,868,357

The statement should be read in conjunction with the accompanying note

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
OPERATING ACTIVITIES			
Payments to suppliers and employees		(4,583,832)	(3,129,879)
Interest received		13,574	36,210
Government rebates received		101,762	172,537
Borrowing costs paid		-	(67,463)
Cash used in operating activities	9	(4,468,496)	(2,988,595)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(245)	(11,685)
Proceeds from sale of non-current assets		531	-
Payment for Teesside Lease purchase option		-	(92,030)
Contributions to associates	3	-	(667,861)
Cash acquired on acquisition of PAM	4	-	41,897
Cash generated from (used in) investing activities		286	(729,679)
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		8,227,067	6,295,535
Costs of issuing equity shares		(402,673)	(230,767)
Proceeds from redemption of bank guarantee		30,000	-
Payment for principal portion of lease liabilities		(3,220,347)	-
Repayment of borrowings		-	(1,914,947)
Proceeds from borrowings		-	48,246
Repayment to associate and other parties		-	(28,065)
Cash generated from financing activities		4,634,047	4,170,002
Net increase in cash and cash equivalents		165,837	451,728
Balance at the beginning of the year		2,546,021	2,147,324
Effect of foreign currency translation		(31,491)	(53,031)
Balance at the end of the year	9	2,680,367	2,546,021

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2021

	Contributed Equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
At 30 June 2019	77,223,630	2,968,113	3,049,287	(55,293,890)	27,947,140
Profit for the year	-	-	-	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
Total comprehensive income/(loss) for the year	-	-	(3,220,847)	7,652,714	4,431,867
Equity issued	22,900,472	-	-	-	22,900,472
Equity based payments	-	819,645	-	-	819,645
Transaction costs	(230,767)	-	-	-	(230,767)
At 30 June 2020	99,893,335	3,787,758	(171,560)	(47,641,176)	55,868,357
Loss for the year	-	-	-	(4,770,848)	(4,770,848)
Other comprehensive loss	-	-	(4,483,550)	-	(4,483,550)
Total comprehensive income/(loss) for the year	-	-	(4,483,550)	(4,770,848)	(9,254,398)
Equity issued	8,227,067	-	-	-	8,227,067
Equity based payments	-	856,325	-	-	856,325
Transaction costs	(402,672)	-	-	-	(402,672)
At 30 June 2021	107,717,730	4,644,083	(4,655,110)	(52,412,024)	55,294,679

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 2021 was authorised for issue in accordance with a resolution of the directors on 15 September 2021.

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. 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 incurred a loss after tax of \$4,770,848 (2020: profit of \$7,652,714) and had operating cash outflows of \$4,468,496 for the year ended 30 June 2021 (2020: \$2,988,595).

In order to fund the Ngualla Project and Teesside Refinery as well as the Group's corporate and administration requirements, the Group's cashflow forecasts through to 31 December 2022 indicate they will be required to obtain additional funding during this period.

As disclosed in Note 27 of the financial report, the Group successfully raised \$20.4 million on 13 August 2021 under Tranche One of a proposed two-tranche equity placement. The receipt of further funds under Tranche Two of the equity placement totalling \$9.6 million, is subject to shareholder approval at the General Meeting called for 28 September 2021.

The Company is also undertaking a Share Placement Plan ("SPP") to raise up to \$4 million. The SPP is also subject to shareholder approval and the final amount raised subject to eligible participant take-up.

The net proceeds of the two-tranche placement and SPP will be used by Peak to progress the development of the Ngualla Project and the Teesside Refinery (including offtake and financing arrangements), expand the Company's technical and marketing team and repay the ANRF Royalty Facility and interest ("ANRF royalty"). The US\$10 million payment to settle the ANRF royalty comprises the repayment of principal of US\$5.2 million and an accrued interest payment of US\$4.8 million (see Note 27). The agreement to repay the ANRF royalty is subject to shareholder approval at the General Meeting called for 28 September 2021.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to successfully raise adequate equity funding as required, as demonstrated by the successful equity raisings in the current year (see Note 21) and the Tranche One raising completed subsequent to year end. Accordingly, the Directors consider there is a reasonable basis to conclude that the Tranche Two equity raising will be successfully completed at the General Meeting called for 28 September 2021.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

However, in the event that the Tranche Two equity raising is not successfully completed, and additional funding is not forthcoming, the Group would need to revise its current plans with respect to the development of the Ngualla Project and Teesside Refinery to ensure that it has sufficient cash on hand to continue its operations.

As a result of the need to raise additional equity to continue with the planned development of the Ngualla Project and the Teesside Refinery, if the Tranche Two funds are not forthcoming, there is a material uncertainty whether the Group will be able to progress with its current development initiatives and continue as a going concern and therefore in this circumstance 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 2020, except for the adoption of new and amended accounting standards and interpretations effective as of 1 July 2020. 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.

Amendments to AASB 3: Definition of a Business

The amendment to AASB 3 *Business Combinations* 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 clarifies 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.

Amendments to AASB 7, AASB 9 and AASB 139 Interest Rate Benchmark Reform

The amendments to AASB 9 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 uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have 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 AAB 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. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, 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.

Amendments to AASB 16 Covid-19 Related Rent Concessions

The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. This amendment 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.

Amendments to AASB 101: Classification of Liabilities as Current or Non-current

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The Group is currently assessing the impact the amendments will have on current practice.

Reference to the Conceptual Framework – Amendments to AASB 3

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of AASB 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of AASB 137 or Australian IFRIC 21 *Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in AASB 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to AASB 116

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have an impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137

In May 2020, the IASB issued amendments to AASB 137 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

AASB 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to AASB standards process the IASB issued amendment to AASB 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Group first applies the amendment. The amendments are not expected to have an impact on the Group.

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 2021. 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 statements 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 a 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

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Lease 26 years

The right-of-use assets are also subject to impairment. The carrying values of right-of-use assets 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.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of its office space. This has been recognised as an expense in Administrative and other costs in the consolidated statement of comprehensive income.

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
- 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.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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

i) 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.

ii) 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 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:

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

- 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 AASB 132 *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 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.

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 and loans and borrowings.

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 the royalty liability.

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, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables and v) royalty liability.

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

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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 Incentive Employee Option Plan (EOP), Incentive Performance Rights Plan (PRP), and Director Fee Plan, 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.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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.

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.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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 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 18. 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.

3. INVESTMENTS IN ASSOCIATES

Prior to acquisition of the remaining interest in Peak African Minerals (PAM) on 12 November 2019 (see Note 4), the investment in PAM was accounted for using the equity method in the consolidated financial statements.

For the year ended 30 June 2020, the Group recognised a share of loss in the associate amounting to \$353,988.

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 \$
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 cost of PAM acquisition	51,787,582

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. 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. In July 2021, the Cabinet of Ministers of the Government of the United Republic of Tanzania has approved the SML application. The Group is committed to working with the Tanzanian Government to finalise an Economic Framework Agreement, Shareholders' Agreement and other related documentation required as part of a formal grant of the SML by the Minister of Minerals.

The other two licence areas are also held by PRNG under granted PLs.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

5. INCOME AND EXPENDITURE ITEMS

	2021	2020
	\$	\$
Included in profit/(loss) for the year are:		
Interest income	9,246	37,034
Australian R&D rebate	46,137	110,037
Other income	55,625	62,500
Total other income	111,008	209,571
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	75,560	79,971
Total fees to Ernst & Young (Australia) (A)	75,560	79,971
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	29,119	30,229
Total fees to overseas member firms of Ernst & Young (Australia) (B)	29,119	30,229
Total auditor's remuneration (A)+(B)	104,679	110,200

6. PROFIT/(LOSS) PER SHARE

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

	2021	2020
	Cents	Cents
Basic and Diluted profit/ (loss) per share based on reported losses after tax as set out in the Statement of Comprehensive Income	(0.31)	0.65

	2021	2020
	Nos.	Nos.
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	1,526,071,733	1,174,788,181
Weighted average number of ordinary shares used in calculating diluted profit/(loss) per share	1,526,071,733	1,175,432,990
Anti-dilutive options over ordinary shares and performance rights excluded from the weighted average number of shares	98,206,253	204,794,419

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

7. 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.

	<u>30 June 2021</u>			<u>30 June 2020</u>		
	E&D \$	Unallocated \$	Total \$	E&D \$	Unallocated \$	Total \$
Interest income	-	9,246	9,246	-	37,034	37,034
Other income	-	101,762	101,762	-	172,537	172,537
Re-measurement gain on royalty liability	-	-	-	-	1,735,665	1,735,665
Gain on derecognition of associate	-	-	-	-	10,429,216	10,429,216
Total income	-	111,008	111,008	-	12,374,452	12,374,452
Depreciation and amortisation	(16,607)	(6,442)	(23,049)	(11,196)	(5,703)	(16,899)
Share based payment expenses	-	(856,325)	(856,325)	-	(819,645)	(819,645)
Borrowing costs	-	-	-	-	(297,520)	(297,520)
Share of loss of associate	-	-	-	(353,988)	-	(353,988)
Technical feasibility costs	(1,555,761)	-	(1,555,761)	(948,436)	-	(948,436)
Other expenses	-	(2,446,721)	(2,446,721)	-	(2,285,249)	(2,285,249)
Income Tax	-	-	-	-	-	-
Segment results	(1,572,368)	(3,198,480)	(4,770,848)	(1,313,620)	8,966,335	7,652,716
Segment assets	58,076,050	3,510,471	61,586,521	59,448,993	2,931,911	62,380,904
Segment liabilities	(5,686,663)	(605,179)	(6,291,842)	(5,857,433)	(655,114)	(6,512,547)
Additions to non-current assets during the year:						
Plant and equipment	-	245	245	-	11,686	11,686
Right-of-use assets	3,583,243	-	3,583,243	-	-	-
Investment in associate	-	-	-	667,861	-	667,861
	3,583,243	245	3,583,488	667,861	11,686	679,547

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

8. INCOME TAX

	CONSOLIDATED 2021 \$	CONSOLIDATED 2020 \$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of comprehensive income	-	-
b. The prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(Loss) before income tax	(4,770,848)	7,652,714
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30.0% (2020:30%)	(1,431,254)	2,295,814
Add tax effect of:		
- Revenue losses not recognised	617,258	699,892
- Other non-allowable items	1,320,223	686,311
- Other deferred tax balances not recognised	-	61,301
	506,227	3,743,318
Less tax effect of:		
- Gain on derecognition of associate	-	3,128,765
- Gain on re-measurement of financial liabilities	-	520,700
- Other deferred tax balances not recognised	136,169	-
- Non-assessable items	370,058	93,853
Income tax expense reported in statement of comprehensive income	-	-
c. Deferred tax recognised at 30.0% (2020:30%) (Note 1):		
Deferred tax liabilities:		
Accrued interest	-	(1,299)
Other	-	3,649
Deferred tax assets:		
Carry forward revenue losses	-	4,948
Net deferred tax	-	-
d. Unrecognised deferred tax assets at 30.0% (2020:30%) (Note 1):		
Carry forward revenue losses	8,037,807	7,452,367
Carry forward capital losses	295,504	295,504
Unrealised FX	265,945	487,097
Capital raising costs	86,725	93,369
Provisions and accruals	979,943	859,008
Other	9,350	-
	9,675,274	9,187,345

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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.

9. CASH AND CASH EQUIVALENTS

	2021	2020
Reconciliation of cash and cash equivalent	\$	\$
For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	2,680,367	546,021
Short term deposits	-	2,000,000
	2,680,367	2,546,021
Reconciliation of operating profit/(loss) to operating cash flows		
Profit/(Loss) for the year	(4,770,848)	7,652,714
Adjustments for non-cash items:		
Gain on derecognition of associate	-	(10,429,216)
Gain on re-measurement of financial liabilities	-	(1,735,665)
Accretion of interest on royalty liability	323,904	-
Fair value adjustments	-	69,549
Share of loss of associate	-	353,988
Share based payments expenses	856,325	819,645
Depreciation expenses	23,049	16,899
Foreign exchange gain/loss	(6,089)	43,948
Other non-cash items	543	(174,131)
Movement in working capital items:		
Increase in trade and other receivables	(845,171)	(25,551)
(Increase)/Decrease in prepayments	(274)	624
Increase in trade and other payables	164,568	372,333
Increase/(Decrease) in provisions	(214,503)	46,268
	(4,468,496)	(2,988,595)

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
<i>Current</i>		
GST/VAT receivable	730,375	21,671
Other receivable	2,080	10,291
	732,455	31,962
<i>Ageing of receivables</i>		
Recoverable within 3 months	732,455	31,962
	732,455	31,962

Receivables are non-interest bearing and unsecured.

11. OTHER FINANCIAL ASSETS

	2021	2020
	\$	\$
Bank Term Deposit	-	30,000
	-	30,000

On termination of the office lease in December 2020, the bank guarantee secured against a deposit of \$30,000 was released, and the deposit was returned to the Company (2020: deposit \$30,000).

12. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	\$	\$
Plant and equipment		
At cost	213,309	309,768
Accumulated depreciation	(188,490)	(267,979)
	24,819	41,789
Movement in net carrying amount		
Balance at the beginning of the year	41,789	6,196
Additions on acquisition of PAM	-	40,807
Net Additions / (Disposals)	(828)	11,685
Depreciation for the year	(16,142)	(16,899)
Balance at the end of the year	24,819	41,789

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

13. LEASES

RIGHT OF USE ASSETS

	2021	2020
	\$	\$
Movement in net carrying amount:		
Balance at beginning of year	-	-
Additions	3,590,150	-
Depreciation for the year	(6,907)	-
Balance at 30 June	3,583,243	-

LEASE LIABILITIES

	2021	2020
	\$	\$
Movement in net carrying amount:		
Balance at beginning of year	-	-
Additions	3,220,392	-
Repayments	(3,220,392)	-
Balance at 30 June	-	-

During the year, the Group executed an option for a 250-year lease on a 19-hectare parcel of land in Teesside for an upfront payment of £1,858,712 (net of VAT receivable) and with an annual peppercorn lease payment of £0.01 per annum. The historical option payment costs were deducted from the final settlement amount.

The Group also has certain contracts which contain a lease with terms of 12 months or less and contracts which contain a lease of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these. Leases that are short-term and low value amounted to \$35,434 for the year ended 30 June 2021 (2020: \$56,769).

14. EXPLORATION AND EVALUATION EXPENDITURE

	2021	2020
	\$	\$
Movement in net carrying amount:		
Balance at beginning of year	59,419,382	-
Additions on acquisition of PAM	-	59,173,422
Foreign exchange movements	(4,946,485)	245,960
Balance at 30 June	54,472,897	59,419,382
Capitalised areas of interest		
Ngualla Rare Earth Project, Tanzania	54,472,897	59,419,382
	54,472,897	59,419,382

15. INVESTMENTS

	2021	2020
	\$	\$
Investment in listed shares – at fair value through profit or loss (Level 1)	8,000	8,000
	8,000	8,000

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

16. OTHER ASSETS

	2021	2020
	\$	\$
Teesside option payment	-	219,284
	-	219,284

During the period, the Group executed an option for a 250-year lease on a 19 hectare parcel of land in Teesside for a rare earth refinery and separation plant. The historical option payment costs were deducted from the final settlement amount, which has been accounted for as a right-of-use asset under Note 13 of the consolidated financial statements.

17. TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
<i>Current</i>		
Trade and other payables	576,746	412,178
<i>Ageing of payables</i>		
Payable within 3 months	576,476	412,178
Beyond 12 months	-	-
	576,476	412,178

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

18. PROVISIONS

	2021	2020
	\$	\$
Employee benefits - leave entitlements	28,433	242,936

19. ROYALTY LIABILITY

	2021	2020
	\$	\$
<i>Non-current:</i>		
ANRF Royalty Liability	5,686,663	5,857,433
	5,686,663	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.

On 6 August 2021, the Group announced that it had entered into a Royalty Repayment and Release Agreement with respect to the ANRF Royalty Liability, details of which are set out in Note 27.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

	2021	2020
	\$	\$
Movement in net carrying amount of ANRF Royalty Liability:		
Balance at beginning of year	5,857,433	-
Additions on acquisition of PAM	-	7,518,350
Gain on re-measurement	-	(1,735,665)
Accretion of interest	323,904	-
Foreign exchange movements	(494,674)	74,748
Balance at 30 June	5,686,663	5,857,433

20. RESERVES

	Share based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$
At 30 June 2019	2,968,113	3,049,287	6,017,400
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
At 30 June 2020	3,787,758	(171,560)	3,616,198
Share based payment made in 2021	856,325	-	856,325
Exchange difference on translation of foreign operations	-	(4,483,550)	(4,483,550)
At 30 June 2021	4,644,083	(4,655,110)	(11,027)

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.	\$
Balance at 30 June 2019		799,255,869	77,223,630
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
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
Issue of shares for nil consideration on exercise of vested Performance Rights	3-Jul-20	2,000,000	-
Shares issued in settlement of deferred directors fees and deferred executive remuneration @ \$0.0342	7-Aug-20	3,762,020	128,661

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

		Nos.	\$
Placement @3.2c per share	28-Oct-20	109,375,000	3,500,000
SPP @3.2c per share	17-Nov-20	26,562,493	850,000
Issue of shares for nil consideration on exercise of vested Performance Rights	24-Nov-20	2,442,000	-
Shares issued in settlement of director fees at \$0.063078 per Share	23-Dec-20	861,469	54,340
Issue of shares on exercise of unlisted options	25-Jan-21	750,000	48,750
Issue of shares on exercise of unlisted options	25-Jan-21	14,000,000	700,000
Issue of shares on settlement deed	29-Jan-21	3,019,230	196,250
Issue of shares on exercise of unlisted options	29-Jan-21	400,000	20,000
Issue of shares on settlement deed	1-Feb-21	4,500,000	191,250
Issue of shares on exercise of unlisted options	2-Feb-21	4,000,000	240,000
Issue of shares on exercise of unlisted options	2-Feb-21	4,000,000	240,000
Issue of shares on exercise of unlisted options	2-Feb-21	800,000	40,000
Issue of shares on exercise of unlisted options	4-Feb-21	800,000	40,000
Issue of shares on exercise of unlisted options	11-Feb-21	2,000,000	100,000
Issue of shares on settlement deed	15-Feb-21	730,770	47,500
Issue of shares on exercise of unlisted options	15-Feb-21	1,125,000	39,375
Issue of shares on exercise of unlisted options	19-Feb-21	3,375,000	101,250
Issue of shares on exercise of unlisted options	5-Mar-21	1,750,000	52,500
Issue of shares for nil consideration on exercise of vested performance rights	8-Mar-21	75,000	-
Issue of shares on exercise of unlisted options	11-Mar-21	3,000,000	180,000
Issue of shares for nil consideration on exercise of vested performance rights	1-Apr-21	2,250,000	-
Shares issued in settlement of director fees at \$0.0954 per share	1-Apr-21	205,751	19,628
Issue of shares on exercise of unlisted options	6-May-21	11,166,295	669,978
Issue of shares on exercise of unlisted options	7-May-21	2,171,596	130,296
Issue of shares on exercise of unlisted options	10-May-21	662,109	39,727
Issue of shares on exercise of unlisted options	25-May-21	208,747	6,262
Issue of shares on exercise of unlisted options	4-Jun-21	4,500,000	292,500
Issue of shares on exercise of unlisted options	10-Jun-21	4,500,000	292,500
Issue of shares for nil consideration on exercise of vested performance rights	21-Jun-21	8,250,000	-
Issue of shares on exercise of unlisted options	25-Jun-21	210,000	6,300
Equity issue costs			(402,672)
Balance at 30 June 2021		1,628,758,098	107,717,730

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 127,644,253 options (including performance rights) over unissued shares as follows:

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Options over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
Balance at 30 June 2020		242,794,419			
Expired/ Lapsed/ Cancelled:					
Expired unexercised – PEKAI Vested Options	24-Nov-20	(5,994,419)		\$0.06	11-Nov-20
Cancelled – PEKAI Unlisted options vesting subject to various performance milestones	24-Nov-20	(5,000,000)		\$0.10	21-Jun-22
Cancelled – PEKAI Options vesting subject to various performance milestones	24-Nov-20	(15,000,000)		\$0.15	21-Jun-23
Lapse of Unlisted PEKAI Options	18-Dec-20	(3,000,000)		\$0.065	16-Jan-21
Lapse of Unlisted PEKAI Options	18-Dec-20	(1,500,000)		\$0.035	17-Jan-22
Lapse of Unlisted PEKAI Options	18-Dec-20	(11,000,000)		\$0.03	5-Mar-23
Expired unexercised - Unlisted PEKAI Options	25-Jan-21	(2,250,000)		\$0.065	16-Jan-21
PEKAK Performance Rights lapsed on cessation of employment	25-Jan-21	(4,020,000)		-	8-Sep-21
PEKAK Performance Rights lapsed on cessation of employment	25-Jan-21	(7,600,000)		-	8-Sep-24
Expired unexercised - Unlisted options	29-Jan-21	(5,750,000)		\$0.065	16-Jan-21
Cancelled on settlement deed - Unlisted options	29-Jan-21	(9,675,000)		\$0.03	5-Mar-23
Cancelled on settlement deed - Unlisted options	01-Feb-21	(750,000)		\$0.035	17-Jan-22
Cancelled on settlement deed - Unlisted options	01-Feb-21	(7,250,000)		\$0.03	5-Mar-23
Cancelled – PEKAI Options vesting subject to various performance milestones	09-Mar-21	(3,000,000)		\$0.10	21-Jun-22
Cancelled – PEKAI Options vesting subject to various performance milestones	09-Mar-21	(5,000,000)		\$0.15	21-Jun-23
Performance Rights lapsed on cessation of employment	09-Mar-21	(925,000)		-	5-Feb-25
		(87,714,419)			
Issued:					
Performance Rights as a Short Term Incentive employees. The Performance Rights will vest on achievement of performance milestones set by the Board	08-Sep-20	7,400,000	Vested & Unvested	-	8-Sep-21
Performance Rights as a Long Term Incentive to employees. The Performance Rights will vest on achievement of performance milestones set by the Board.	08-Sep-20	7,600,000	Unvested	-	8-Sep-24

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Options over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
Performance Rights issued under the Company's Incentive Performance Rights Plan and with the approval of the Company's shareholders given at the Annual General Meeting held on 21 December 2020.	05-Feb-21	32,000,000	Unvested	-	5-Feb-25
		47,000,000			
Exercised:					
Vested Performance Rights	03-Jul-20	(2,000,000)		-	5-Mar-21
Vested PEKAK STI Performance Rights	24-Nov-20	(2,442,000)		-	8-Sep-21
Unlisted PEKAI Options	25-Jan-21	(750,000)		\$0.065	16-Jan-21
Unlisted PEKAI Options	25-Jan-21	(14,000,000)		\$0.05	21-Jun-21
Unlisted PEKAI Options	29-Jan-21	(400,000)		\$0.05	21-Jun-21
Unlisted PEKAI Options	02-Feb-21	(4,000,000)		\$0.06	27-Feb-21
Unlisted PEKAI Options	02-Feb-21	(4,000,000)		\$0.06	11-May-21
Unlisted PEKAI Options	02-Feb-21	(800,000)		\$0.05	21-Jun-21
Unlisted PEKAI Options	04-Feb-21	(800,000)		\$0.05	21-Jun-21
Unlisted PEKAI Options	11-Feb-21	(2,000,000)		\$0.05	21-Jun-21
Unlisted PEKAI Options	15-Feb-21	(1,125,000)		\$0.035	17-Jan-22
Unlisted PEKAI Options	19-Feb-21	(3,375,000)		\$0.03	5-Mar-23
Listed PEKOD Options	05-Mar-21	(1,750,000)		\$0.03	14-Apr-21
Vested PEKAK Performance Rights	08-Mar-21	(75,000)		-	5-Feb-25
Unlisted PEKAI Options	11-Mar-21	(3,000,000)		\$0.06	11-May-21
Vested PEKAK Performance Rights	01-Apr-21	(2,250,000)		-	5-Feb-25
Unlisted PEKAI Options	06-May-21	(11,166,295)		\$0.06	11-May-21
Unlisted PEKAI Options	07-May-21	(2,171,596)		\$0.06	11-May-21
Unlisted PEKAI Options	10-May-21	(662,109)		\$0.06	11-May-21
Listed PEKOD Options	25-May-21	(208,747)		\$0.03	14-Apr-21
Unlisted PEKAI Options	04-Jun-21	(4,500,000)		\$0.065	14-Jun-21
Unlisted PEKAI Options	10-Jun-21	(4,500,000)		\$0.065	14-Jun-21
Vested Performance Rights	21-Jun-21	(8,250,000)		-	5-Feb-25
Unlisted PEKAI Options	25-Jun-21	(210,000)		\$0.03	5-Mar-23
		(74,435,747)			
Balance at 30 June 2021		127,644,253	Vested & unvested	\$0.00 - \$0.15	08/09/2021 - 05/02/2025

During the year 47,000,000 performance rights were issued to employees under the Performance Rights Plan's approved at the Annual General Meeting held on 29 November 2017 and 21 December 2020. No options were issued under the EOP. During the year a total of 75,169,419 options and 12,545,000 performance rights expired, lapsed or were cancelled.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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 Incentive Employee Option Plan (EOP) for the granting of options to eligible participants which was approved by Shareholders at a General Meeting of the Company on 21 December 2020. During the financial year ended 30 June 2021, no options were issued under the EOP to executives and employees.

Options granted during and as at the year ended 30 June 2021:

	Number	WA Exercise Price [^]	Fair value per option
Outstanding at 1 July 2020	190,794,419	\$0.0659	
Granted / Vested during the year:	-	-	-
Exercised during the year	57,460,000)	-	
Expired/ Lapsed/ Cancelled during the year	(75,169,419)	-	
Outstanding at 30 June 2021	58,165,000	\$0.0441	
Exercisable at 30 June 2021	50,165,000	\$0.0302	

[^]WA (weighted average)

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

	Number	WA Exercise Price [^]	Fair value per option
Outstanding at 1 July 2019	123,800,000	\$0.0701	
Granted / Vested during the year:			
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 ¹	3,000,000	\$0.10	\$0.0111
12-Nov-2019 issue of \$0.15 unvested Unlisted options expiring 21-Jun-2023 ²	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	-	-	

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Expired during the year	(8,000,000)	-
Outstanding at 30 June 2020	190,794,419	\$0.0659
Exercisable at 30 June 2020	154,794,419	\$0.0436

[^]WA (weighted average)

¹ 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.

² 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 \$nil (2020: \$0.052).

The weighted average remaining contractual life for share options outstanding at 30 June 2021 was 1.04 years (2020: 1.78 years).

The weighted average fair value of options issued during the year was \$nil per option (2020: \$0.0076).

Performance Rights Plan

The Group has an Incentive Performance Rights Plan (PRP) for the granting of performance rights to eligible participants which was last approved by Shareholders at a General Meeting of the Company on 21 December 2020.

47,000,000 performance rights were issued during the year ended 30 June 2021 (2020: Nil).

Performance rights granted during and as at the year ended 30 June 2021:

	Number	Exercise Price	Fair value per performance right
Outstanding at 1 July 2020	2,000,000	-	\$0.024
Granted during the year:			
Performance Rights as a Short-Term Incentive employees. The Performance Rights will vest on achievement of performance milestones set by the Board	7,400,000	-	0.037
Performance Rights as a Long-Term Incentive to employees. The Performance Rights will vest on achievement of performance milestones set by the Board	7,600,000	-	0.037
Performance Rights issued under the Company's Incentive Performance Rights Plan and with the approval of the Company's shareholders given at the Annual General Meeting held on 21 December 2020	32,000,000	-	0.06
Expired/ Lapsed during the year	(12,545,000)	-	
Exercised during the year	(15,017,000)		
Outstanding at 30 June 2021	21,438,000	-	
Exercisable at 30 June 2021	-	-	

WA (weighted average)

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

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

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

*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 (2020: \$0.00)

The weighted average remaining contractual life for rights outstanding at 30 June 2021 was 3.81 years (2020: 0.68 years)

The weighted average fair value of rights issued during the year was \$0.059 per right (2020: \$nil)

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

Options and performance rights granted during the year ended 30 June 2021:

8-Sep-2020 – unvested STI Performance Rights to vest on achievement of performance criteria by 8 Sep 2021 or the Performance Rights will lapse

WA Share price on date of grant	\$0.037
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per performance right	\$0.037

8-Sep-2020 – unvested LTI Performance Rights to vest on achievement of performance criteria by 8 Sep 2024 or the Performance Rights will lapse

WA Share price on date of grant	\$0.037
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per performance right	\$0.037

5-Feb-2021 – unvested Performance Rights to vest on achievement of performance criteria by 5 Feb 2025 or the Performance Rights will lapse

WA Share price on date of grant	\$0.06
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per performance right	\$0.06

(WA weighted average)

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	\$0.043
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0144

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

WA Share price on date of grant	\$0.043
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0111

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

WA Share price on date of grant	\$0.043
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0112

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

WA Share price on date of grant	\$0.043
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0115

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

WA Share price on date of grant	\$0.038
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0083

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

WA Share price on date of grant	\$0.043
WA Risk-free interest rate	0.75%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0085

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	\$0.018
WA Risk-free interest rate	0.25%
Dividend yield	0%
Expected volatility	77%
Fair value per Option	\$0.0049

(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 \$856,325 (2020: \$819,645) is \$Nil (2020: \$Nil) relating to the shares issued during the year, -\$127,405* (2020: \$830,828*) related to options granted during the year and prior year, and \$983,730* (2020: -\$11,183*) relating to performance rights granted in the prior year.

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

23. CONTINGENCIES AND COMMITMENTS

Lease commitments

The Group is committed to an office lease for its Tanzanian office with the lease commitments until 28 February 2024.

	2021	2020
	\$	\$
Up to 1 year	12,425	17,505
1 to 5 Years	20,708	-
	33,133	17,505

The Group also has certain contracts which contain a lease with terms of 12 months or less and contracts which contain a lease of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these. Leases that are short-term and low value amounted to \$35,434 for the year ended 30 June 2021 (2020: \$56,769).

Capital Commitments

At 30 June 2021, the Group has no capital commitments. (2020: Nil).

Contingencies

At 30 June 2021, the Group had no contingencies (2020: Nil).

24. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2021	2020
	\$	\$
Salary and fees – short term benefits	1,078,312	1,304,150
Non-monetary benefits	18,240	88,048
Superannuation	80,163	69,825
Share based payments [^]	787,526	305,485
Termination Payments	191,661	-
	2,155,902	1,767,508

[^]Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the period.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Loans to KMP's

No loans were made to KMP's during the financial year (2020: Nil)

Other transaction and balances with KMP's

During the year Steinepreis Paganin Lawyers and Consultants, a legal practice associated with Mr Jonathan Murray received \$89,677 (2020: \$139,723) as fees for the provision of legal advice. Balance outstanding at 30 June 2021 and included in trade creditors amounted to \$1,183 (30 June 2020: \$7,428).

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.

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		
		2021	2020	
<u>Parent</u>				
Peak Resources Limited	Australia	100%	100%	
<u>Controlled entities</u>				
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 African Minerals Limited	Mauritius	100%	100%	
PR Ng Minerals Limited (Indirectly)	Tanzania	100%	100%	
Peak Technology Metals Limited	United Kingdom	100%	100%	
Teesside Rare Earth Elements Limited (indirectly)	United Kingdom	100%	-	
Ngualla Group UK Limited (indirectly)	United Kingdom	100%	-	

26. FINANCIAL INSTRUMENTS

The financial instruments of the Group are (i) cash and cash equivalents, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables, v) royalty liability.

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.

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Fair value of financial instruments

	2021	2020
	\$	\$
Cash and cash equivalents	2,680,367	2,546,021
Trade and other receivables	732,455	31,962
Other financial assets	-	30,000
Investments	8,000	8,000
Trade and other payables	(576,746)	(412,178)
Royalty liability	(5,686,663)	(5,857,433)

The carrying amount of financial instruments closely approximate their fair value on account of the short maturity cycle except for royalty liability.

The carrying amount of royalty liability approximates its fair values as it is subject to market rates (Level 2).

Credit Risk

The Group's credit risks arise from potential default of trade and other receivables, cash and cash equivalents and other financial assets. The maximum credit exposure is limited to the carrying amount of trade and other receivables of \$732,455 (2020: \$31,962) at 30 June 2021.

As at 30 June 2021, 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:

	2021			2020		
	Up to 3 months	> 3 months	Total	Up to 3 months	> 3 months	Total
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities</i>						
Trade and other payables	(576,746)	-	(576,746)	(412,178)	-	(412,178)
Royalty liability	-	(5,686,663)	(5,686,663)	-	(5,857,433)	(5,857,433)
<i>Total financial liabilities</i>	(576,746)	(5,686,663)	(6,263,409)	(412,178)	(5,857,433)	(6,269,611)
<i>Financial assets</i>						
Cash and cash equivalents	2,680,367	-	2,680,367	2,546,021	-	2,546,021
Other financial assets	-	-	-	-	30,000	30,000

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Investments	-	8,000	8,000	-	8,000	8,000
Trade and other receivables	732,455	-	732,455	31,962	-	31,962
Total financial assets	3,412,822	8,000	3,420,822	2,577,983	38,000	2,615,983

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. Trade and 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:

	2021	2020
	\$	\$
Cash and cash equivalents	2,680,367	2,546,021
Impact on profit and equity: +1% movement	26,804	25,460
Impact on profit and equity: -1% movement	(26,804)	(25,460)

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 2021 the Group had an outstanding balance of USD \$5,191,191 (2020: USD \$5,191,191). 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.

	2021	2020
	\$	\$
USD\$ denominated Royalty liability balances in AU\$	5,686,663	5,857,433
Impact on profit and equity: +5% movement in USD exchange rate	284,333	292,872
Impact on profit and equity: -5% movement in USD exchange rate	(284,333)	(292,872)

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 2021:

	2021				30-Jun-21
	1-Jul-20	Cash flows	Foreign exchange movement	Other Movement	
	\$	\$	\$	\$	\$
Financial liabilities					
Royalty liability	5,857,433	-	(494,674)	323,904	5,686,663
Lease liabilities	-	(3,220,392)	-	3,220,392	-
Total liabilities from financing activities	5,857,433	(3,220,392)	(494,674)	3,544,296	5,686,663

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

	2020				30-Jun-20
	1-Jul-19	Cash flows	Foreign exchange movement	Other Movement	
	\$	\$	\$	\$	\$
Financial liabilities					
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
Total liabilities from financing activities	6,865,884	-	74,748	(1,083,199)	5,857,433

27. SUBSEQUENT EVENTS

On 22 July 2021, the Cabinet of Ministers of the Government of Tanzania announced that it had approved Peak's SML application, the final major regulatory approval required for the Ngualla project. The SML provides the Company with the exclusive right to conduct mining operations at Ngualla, with the licence covering an area of approximately 18.14km². Peak will now work with the government to finalise an Economic Framework Agreement, Shareholder's Agreement and other related documentation required as part of a formal grant of the SML by the Minister of Minerals.

Following firm commitments from investors, on 6 August 2021 the Company announced commencement of a two-tranche equity placement to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act 2001. The Placement, totalling A\$30.0 million at a price of A\$0.09 per share, consists of:

- Tranche One placement comprising of 226.8 million shares (A\$20.4 million) issued on 13 August 2021 which utilised Peak's capacity to issue up to 15% new capital without shareholder approval per Listing Rule 7.1; and
- Tranche Two placement comprising of a further 106.4 million shares (A\$9.6 million), subject to shareholder approval at the General Meeting called for 28 September 2021.
- Additionally, as a way for existing shareholders to increase their investment in the Company at the same price as the placement, Peak also announced a SPP of up to A\$4.0 million subject to shareholder approval at the General Meeting called for 28 September 2021.

The net proceeds of the Placement and SPP will be used by Peak to progress the development of the Ngualla Project and the Teesside Refinery (including offtake and financing arrangements), expanding the Company's technical and marketing team, and the repayment of the ANRF Royalty Facility.

Contemporaneous to the placement and SPP announced on 6 August 2021, Peak also announced that it had entered into a Royalty Repayment and Release Agreement ("Royalty Agreement") with respect to the repayment of a 2.0% life

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

of mine gross revenue royalty financing facility made available by ANRF Royalty Company Limited (“ANRF”), a company associated with Peak substantial shareholder Appian Pinnacle Holdco Limited.

Under the Royalty Agreement, Peak will make a payment to ANRF of US\$10.0 million (gross of withholding tax), which comprises the repayment of principal of US\$5.2 million and an accrued interest payment of US\$4.8 million. The Royalty Agreement is subject to shareholder approval at the General Meeting called for 28 September 2021 pursuant to ASX listing Rule 10.1.

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.

28. PARENT ENTITY DISCLOSURE

The following details information related to the parent entity, Peak Resources Limited, at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2021	2020
	\$	\$
Financial position		
Current assets	3,347,560	2,551,299
Non-current assets	46,208,048	40,997,981
Total assets	49,555,608	43,549,280
Current liabilities	420,005	573,547
Non-current liabilities	7,834,740	7,580,226
Total liabilities	8,254,745	8,153,773
Net assets	41,300,863	35,395,507
Equity		
Contributed equity	108,033,483	100,209,089
Share based payment reserve	4,707,567	3,851,242
Accumulated losses	(71,440,187)	(68,664,824)
Total equity	41,300,863	35,395,507
Financial performance		
Loss for the year	(2,775,363)	(3,606,640)
Other comprehensive income	-	-
Total comprehensive loss for the year	(2,775,363)	(3,606,640)

Peak Resources Limited had no commitments to purchase property, plant and equipment or contingent liabilities at 30 June 2021 (2020: None).

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 2021 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 2021 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 Chair
Sydney, 15 September 2021

PEAK RESOURCES LIMITED – ANNUAL FINANCIAL REPORT

Corporate Directory

PEAK RESOURCES LIMITED

ABN:72 112 546 700

DIRECTORS

Tony Pearson Non-Executive Chair
Bardin Davis Managing Director
Abdullah Mwinyi Non-Executive Director
Giselle Collins Non-Executive Director
Rebecca Morgan Non-Executive Director

COMPANY SECRETARY

Philip Rundell

REGISTERED OFFICE

Mezzanine Floor
190 St Georges Terrace
Perth WA 6000

SOLICITORS

Corrs Chambers Westgarth (Australia)
Level 6
Brookfield Place Tower 2
123 St Georges Terrace
Perth WA 6000

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

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
Email: 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/>