

ASX Announcement 29 July 2019

Peak set to move to 100% ownership of Ngualla Project

Peak Resources Limited (ASX: **PEK**) ("**Peak**" or the "**Company**") is pleased to announce that it has entered into a conditional agreement to move to 100% ownership of the Ngualla Rare Earth Project (**Project**).

Peak has reached a Binding Heads of Agreement (**Appian BHoA**) with Appian Pinnacle HoldCo Limited (**Appian**) to roll up its ownership interest in Mauritian registered company, Peak African Minerals (**PAM**) into Peak on the terms set out below (**Appian Roll-up**).

PAM is the parent company of Tanzanian registered PR NG Minerals Limited which is the holder of the Project's Exploration Licences and Special Mining Licence application.

Completion of the Appian Roll-up is conditional on the other shareholder in PAM, International Finance Corporation (**IFC**), entering into its own Binding Heads of Agreement (**IFC BHoA**) within 30 days of the date of the Appian BHoA, being 28 August 2019, under which it agrees to roll up its ownership interest in PAM into Peak (**IFC Roll-up**) on the terms outlined below.

The Company believes the proposed simplification of the PAM ownership structure and streamlining of the governance procedures will ensure that the interests of all shareholders will be aligned towards the development of the Project. The proposed simplified structure is intended to facilitate the introduction of additional institutional investors in Peak and development partners to the Project.

Peak's Chairman, Peter Meurer commented "*I am extremely pleased that we have been able to reach this agreement with Appian. We expect to be able to finalise an agreement with IFC soon, which will enable us to present a clear path to development for development partners and institutional investors.*"

"Appian and IFC demonstrated great foresight investing into the Project at a time when the commodity markets were largely unaware of the burgeoning importance of Rare Earths. The importance of Rare Earths has recently been brought sharply into focus by the ongoing trade dispute between the USA and China, and the underlying demand fundamentals supported by the e-Revolution assure of great opportunities for Peak and the Project."

"It was Appian and IFC's initial investment that has assisted Peak to become the most advanced and leading Rare Earth project development company. We look forward to both Appian and IFC's continued support as we push towards implementation of the Project."

Key terms of the Appian BHoA:

Appian BHoA

- Completion of the Appian BHoA is subject to and conditional on execution of the IFC BHoA by 28 August 2019 on the terms outlined below, and the simultaneous completion of both BHoAs (together, the **Transaction**).
- Appian to receive 327,490,452 new fully paid ordinary shares in Peak (**Peak Shares**) in exchange for its entire (20%) ownership interests in PAM.
- This will result in Appian holding approximately 36.93% of Peak Shares on issue at settlement (assuming the IFC BHoA is executed on the terms outlined below, and completes simultaneously with the Appian BHoA, and no other Peak Shares are issued).
- Appian to meet its 20% share of PAM Group costs until settlement.
- Termination of the PAM Shareholders Agreement.
- Appian will continue to have entitlement to Peak Board nominees as follows: two directors while Appian owns 20% or more of PEK shares, reducing to one director while Appian owns above 10% but less than 20%.

Proposed IFC BHoA

Completion of the proposed IFC BHoA will be subject to and conditional on completion of the Appian BHoA. The proposed IFC BHoA currently contemplates the following terms:

- IFC to receive 64,268,651 Peak Shares in exchange for its entire (post dilution 3.85%) ownership interests in PAM.
- This will result in IFC holding approximately 8.07% of Peak Shares on issue at settlement (assuming the IFC BHoA completes simultaneously with the Appian BHoA, and no other Peak Shares are issued).
- Termination of the PAM Shareholders Agreement.

Completion of the proposed IFC BHoA will also be conditional upon (amongst other things):

- Peak obtaining all necessary shareholder and regulatory approvals required by the Corporations Act, Listing Rules and other applicable laws in relation to the Transaction;
- receipt of an independent expert's report prepared for the purpose of obtaining the approvals concluding that the Transaction is either fair and reasonable or not fair but reasonable to the non-associated shareholders of Peak;
- each of the conditions to settlement of the Appian Roll-Up being satisfied or waived; and
- there being no Material Adverse Effect in Peak and its subsidiaries.

Subject to IFC executing the IFC BHoA on the above terms, it is intended that the BHoAs will be interconditional and that settlement will occur simultaneously. Appian and IFC's interest in the 2% Gross Revenue Royalty from the Project will remain unaffected by the Transaction.

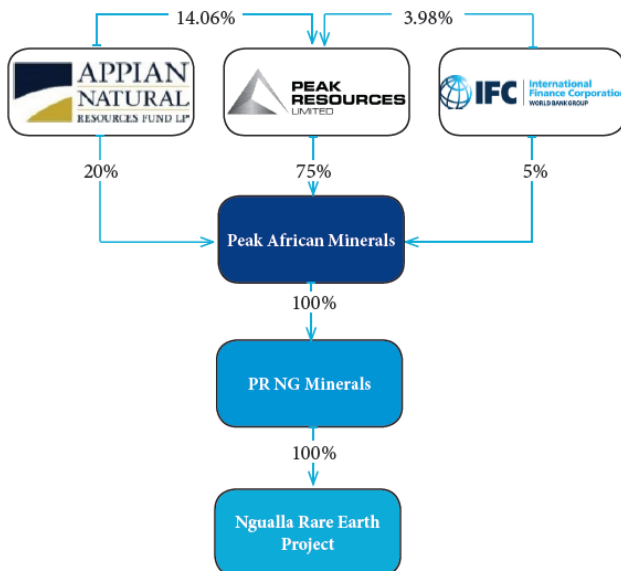
Peak ownership - current and post Transaction

Current:	No.of Shares	Ownership	
		% Peak	% Project
Peak Shares outstanding	799,255,869	100.00%	75.00%
Appian	112,351,377	14.06%	10.54%
IFC	31,846,257	3.98%	2.99%
Other Shareholders	655,058,235	81.96%	61.47%

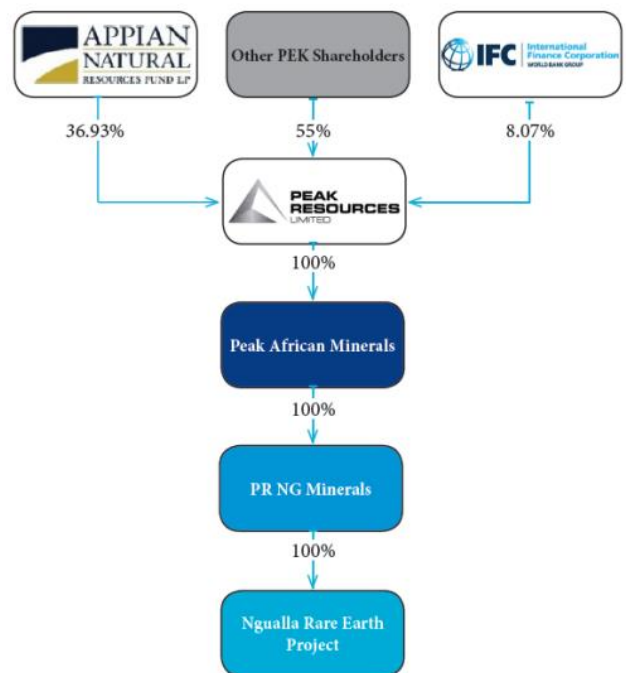
Proforma:	No.of Shares	Ownership	
		% Peak	% Project
Peak Shares outstanding	1,191,014,973	100.00%	100.00%
Appian	439,841,829	36.93%	36.93%
IFC	96,114,908	8.07%	8.07%
Other Shareholders	655,058,235	55.00%	55.00%

Project ownership - current and post Transaction

Current:



Proforma:



Steps to settlement of the Transaction

As noted above, settlement of the Transaction is subject to and conditional on IFC executing the IFC BHoA on the terms outlined above. If IFC does not execute the IFC BHoA on the terms outlined above, there is no guarantee that the Appian Roll-up will occur or that the Transaction will proceed.

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The Company will continue to update the market as appropriate on progress with finalizing the IFC BHoA with IFC. If IFC executes the IFC BHoA on the terms outlined above, the Company will in due course call a General Meeting of Shareholders to seek approval for the Transaction. Full details will be included in the notice of meeting and explanatory materials, incorporating the independent expert's report, which will be provided to all shareholders.

For and on behalf of Peak Resources Limited.

Rocky Smith
Chief Executive Officer

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