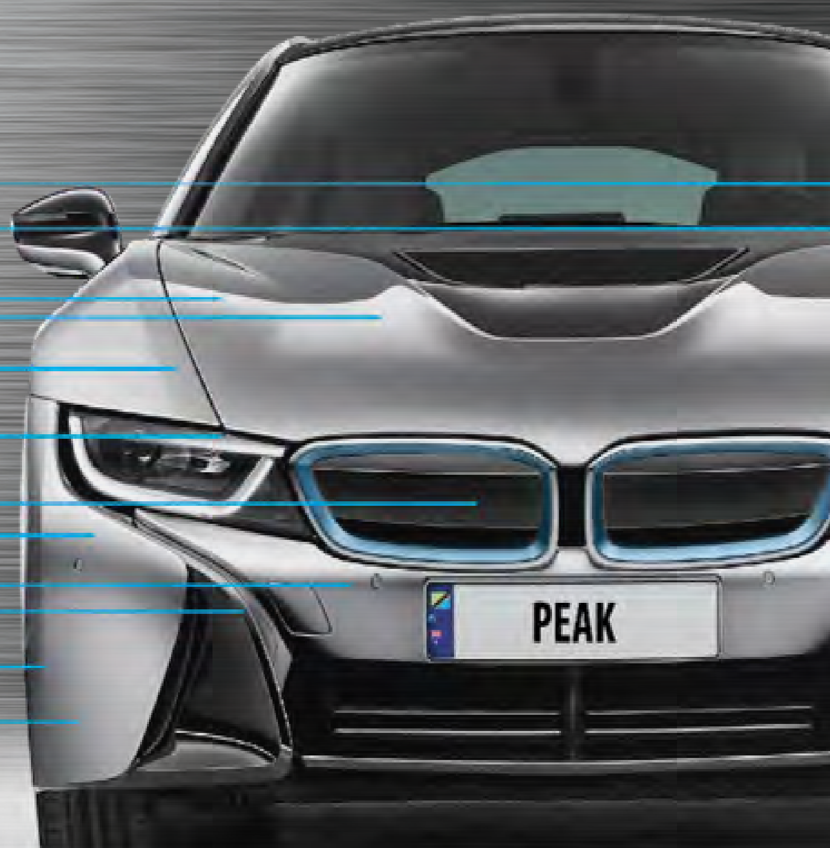
PEAK RESOURCES LIMITED

ANNUAL REPORT 2018

Nd
Neodymium

Pr
Praseodymium

ENABLING LOW CARBON TECHNOLOGIES



Corporate Directory

Directors

Non-Executive Chairman:

Peter Muerer

Non-Executive Directors:

Jonathan Murray

John Jetter

Tony Pearson

Darren Townsend

Chief Executive Officer:

Rocky Smith

Company Secretary/Chief Financial Officer:

Graeme Scott

Registered office

Ground Floor, 5 Ord Street

West Perth, WA 6005

Contact details

Phone: +61 8 9200 5360

Fax: +61 8 9226 3831

Email: info@peakresources.com.au

Web: www.peakresources.com.au

ACN: 112 546 700

Home stock exhange

ASX: Australian Securities Exchange, Perth

Code: PEK

Auditors

Ernst and Young

11 Mounts Bay Road

Perth, WA 6000

Share registry

Link Market Services

Level 12, 680 George Street

Sydney, NSW 2000

Solicitors

Steinepreis Paganin (Australia)

The Read Building

Level 4, 16 Milligan Street

Perth WA 6000

Clyde & Co/Ako Law (Tanzania)

11th Floor, Jubilee Towers, Ohio Street

Dar es Salaam, Tanzania

Contents

2018 Highlights

Step by Step towards development:

✓ Special Mining Licence application lodged for the development of the Ngualla Rare Earth Project in Tanzania

✓ Board and executive appointments position Peak towards project development

✓ Environmental permit and planning permissions received for UK, Teesside rare earth refinery

✓ Land option secured for Teesside refinery

✓ Successful capital raisings leave Peak well funded to secure final approvals and offtake

✓ NdPr prices improved during the year above the Project Optimisation Study pricing assumptions and remain comfortably above the Projects breakeven point

✓ The Project Optimisation Study enables delivery of similar economic outcomes as the Bankable Feasability Study ("BFS") at a lower price deck:

> Average consolidated annual EBITDA US $150m pa over the 26 year life of the Project

> Post Tax NPV8 US$612m and IRR 22% at the then current rare earth prices

> Total Life of Project Opex intensity US$32.24/kg NdPr is the breakeven point for a positive cash flow, well below current prices.

2015

- ✓ Appointment of AMEC FW as BFS lead Engineering firm
- ✓ Beneficiation pilot plant
- ✓ Advancement of ESIA
- ✓ BFS Drilling Program
- ✓ AUD $23.4m investment from Appian & IFC
- ✓ Optimisation Studies:
  - Location of downstream plant
  - Stockpiling of Cerium
  - Beneficiation Improvement

2016

- ✓ Results from pilot plant test work complete
- ✓ New mineral resource estimate
- ✓ Project economics updated
- ✓ Advance engineering
- ✓ Advance Environmental Permitting

2017

- ✓ Bankable Feasibility Study completed delivering a US $35m p.a or 30% savings in operating costs compared to Pre Feasibility Study
- ✓ Tanzanian Environmental Certificate received
- ✓ Project Optimisation delivered similar financial results with a lower price deck. NdPr price reduced from US$85kg to US $77.50kg
- ✓ Special Mining Licence Application Submitted

2019+

- Secure Grant of Special Mining Licence in Tanzania - application lodged
- Ramp up discussions with potential offtake partners with special focus on magnet manufacturers
- Secure strategic partner to fund development of Ngualla
- Front End Engineering and Design (FEED)
- Commencement of Operations Readiness Programs

Chairman's Letter

Peter Meurer

4 October 2018

Dear Shareholder

I am delighted to be addressing you for the first time since joining the Company as Chairman in April 2018. I accepted the position after I had undertaken extensive due diligence. My findings gave me great enthusiasm for the opportunities for the Company and convinced me that the Ngualla Rare Earth Project is an outstanding resource development opportunity. I am pleased to be able to share with you some of these insights into Peak Resources and Ngualla;

1) Ngualla is one of the best NdPr resources in the world, having a larger resource than Lynas or Mt. Pass, with relatively high grade ore and very importantly a high ratio of NdPr.

In addition, the Company has a strategic vision for a fully integrated rare earth development with a refinery located in the Tees Valley in the United Kingdom. This in my opinion is a distinct advantage for Peak Resources.

2) My discussions with other mining companies and individuals with mining operations in Tanzania, left me with the impression that most of the past and current mining operations were largely unaffected, in spite of the 2017 mining law changes. While the outlook for the future operations seemed uncertain, many indicated they believed now was a good time to be having discussions with the Tanzanian government about mining licenses, because open and transparent discussions would likely be welcome by the government that welcomes a healthy mining industry, indeed it is most encouraging to see several new mining licences recently approved in Tanzania.

3) The Peak management team were open and positive, and it is a real benefit to the Company that many have previous rare earths experience. Their enthusiasm for the Project is driven by the following attributes; its high ore quality, positive piloting results, optimized process design, and one of the world's lowest projected operating cost positions for production of NdPr.

4) Finally the undeniable thematic of the coming Electric Vehicle (EV) Revolution is demonstrated by the major automotive Original Equipment Manufacturers (OEM's) forecasting double digit % growth in EVs as a percentage of their total production by 2025, with many OEM's forecasting growth in excess of 25% per annum. We are just at the beginning of this consumer driven transformation.

Peak Resources' market capitalization is without a doubt one of the most heavily depressed by the perceived issues related to Tanzania, but now that uncertainty is being removed it is time to build value back in the Company and prepare to bring this outstanding resource into production. It is worth reflecting on the Bankable Feasibility Study (BFS) that was completed in April 2017, that points to a Project valuation of approximately US$700m at forecast NdPr prices. The BFS is an important document for the Company as it defines the natural advantages of the Project.

Chairman's Letter
(continued)

Building this business up step by step, by addressing each concern, focusing on finding the right strategic partners to help drive the development forward and being in the right position to take best advantage of the increase in metal pricing that will come with higher NdPr consumption. This will drive shareholder value.

I'm excited to be here and I'm ready to help push Peak Resources into it's rightful position as one of the best rare earth producers to fully separated products operating outside of China.

In concluding, I would like to thank all stakeholders who are involved with the Company, but in particular our shareholders, and Peak's Management team.

Peter Meurer
Non-Executive Chairman

THE ASSET - THE MARKET - THE TEAM

PEAK RESOURCES - MORE THAN THE SUM OF ITS PARTS AND THE FIRST CHOICE FOR INVESTMENT IN THE RARE EARTH SPACE.

CEO's Letter

Rocky Smith

4 October 2018

Dear Shareholder

Introduction

The Electric Vehicle (EV) Revolution will have a significant impact on the demand for NdPr, making it clear, we are getting very close to seeing this business take off. The Ngualla Project remains the best undeveloped NdPr project in the world.
Now that we are close to securing our Special Mining Licence (SML) in Tanzania, we will start moving toward securing finance, final engineering, and then construction for both the Ngualla and Teesside facilities.

In a significant appointment to the board, Mr. Peter Meurer joined Peak Resources as the Non-Executive Chairman. Peter has years of leadership in the financial industry, the last being Executive Chairman at Nomura Australia Bank. His extensive experience and connections were evident in our last fundraising activity, resulting in it being over-subscribed we capped it out at A$7million dollars. Peak's financial health has rarely been better, and we are focused on delivering our project pre-development activities.

Market Conditions

To date, Lithium, Cobalt and Graphite have often been the center of the EV discussion, but these battery minerals can go nowhere without an NdFeB magnet motor to move the car. NdPr consumers around the world are starting to wake up to the realisation that tight supply of materials will cause them disruptions if they don't secure dedicated "outside of China" NdPr supply. Over the coming year, this reality is set to improve our commercial position and dialogues.

Some industry and financial analysts are starting to see and forecast that the NdPr consumption will outstrip the current worldwide production capacity, starting as early as 2021. In a recent analysis by investment bank UBS, dated 23 July 2018, they make a clear case for this timing.

The timing of bringing the Ngualla Project online will be important, because when this supply tightness occurs the metal pricing will react. In the last quarter of 2017, supply tightened due to Chinese clamping down on illegal and environmentally non-compliant production, we saw an over 100% increase in pricing in just a few months.

More alarming for the consumers of NdPr is the fact, that from today, for the next 10 - 15 years, the NdPr consumption is forecast to grow at 2,000 MT/year which is just a little less than planned annual production from our project. Given the timing for finding and putting a rare earth operation into production is usually around +10 years, our NdPr production business will continue to have opportunities for many years to come.

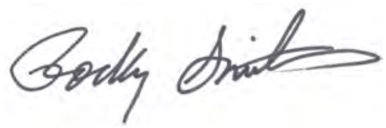
The Future

It is easy to get excited about the future, but the work of putting together a leading rare earth company “outside of China”, will require a lot of focused efforts. We need the support of the Tanzanian government, and our strategic investors, to develop this opportunity. An initial investment will support the Front End Engineering Design (FEED) activity and kickoff of the Operational Readiness programs.

Our plan will then turn to finding strategic and equity partners, coupled with finance partners to deliver the funding package for both plants. Once our financing has been secured, the execution of the construction phase begins.

Thanks

I want to thank the Peak Resources team, our project partners, the members of Tanzanian government and our shareholders. Without your support our progress would not be possible.



Rocky Smith
Chief Executive Officer

View of Ngualla Hill

Summary

The year saw successful completion of a project optimisation program which led to significantly improved project economics. These results further reinforced the Company's 75% owned Ngualla Rare Earth Project in Tanzania as one of the leading magnet rare earth development project opportunities.

With 90% of Ngualla's future revenue to be derived from neodymium-praseodymium oxide ("NdPr"), the project is one of a very few capable of helping to meet the predicted surge in demand for this vital raw material for the high performance permanent magnets used in the preferred motors of electric vehicles (EVs).

The Special Mining Licence ("SML") application was lodged for the Ngualla Project with the Ministry of Energy and Minerals in August 2017. Unfortunately the grant of the licence has been delayed following the enactment of the legislative changes announced by the Tanzanian Government in July 2017. The newly formed Mining Commission which is to make recommendation to the Government for the granting of licences made the final appointments to the Commission in April 2018 and it has now begun processing the backlog of applications. We understand that Ngualla is one of only three SML applications and the Minister of Minerals has requested that these applications are dealt with as a priority. Now that the Commission is active we are optimistic that the SML is now not too far away. The SML is the last permit required in Tanzania ahead of a construction decision once financing can be secured.

Our Site 2 refinery, planned for Teesside, UK received planning permission for construction in June 2018. In the same month we secured an option for a 250 year lease over the refinery site. The site is ideally located close to port facilities, availability of chemicals and has great "plug and play" infrastructure and waste disposal facilities. The Company has been welcomed by the Teesside community and there is a ready and skilled workforce waiting for the construction to begin. The environmental permit was also received in September 2018.

Once the SML is acquired this represents the last permit needed ahead of a construction decision once financing can be secured. With this in mind the Company has increased its offtake marketing activity with a number of trips made to China, Europe and the US to engage with interested offtake parties, the reception has generally been very positive both towards the Company and the Ngualla Project with a growing recognition that the demand for our planned products, in particular NdPr, will not be able to be met by the current producers. This expected demand is going to be driven by the increasing moves by the car manufacturers to bring EVs to their model line ups, along with the incremental demand required for wind turbines, robotics and other new battery operated applications.

PEAK - AHEAD OF THE PACK

The only development stage Project that has fully piloted all stages of the process through to seperated products, with a fully costed plan and strategy to process to separated proucts in-house.

PEAK RESOURCES

Process Optimisation Studies Lead to Improved Project Economics

The Company completed a process optimisation study in August 2017 and released a comprehensive Project Update to include the latest rare earth price trends at that time (ASX Announcement "Lower price deck delivers similar BFS results for Ngualla" of 12 October 2017).

The Project Update study builds on the BFS completed in April 2017 by including the improvements gained from the collector screening testwork (ASX Announcement "Process optimisation study boosts Ngualla's operating margin" of 28 August 2017). The financial analysis of the study outcomes reinforces Ngualla's position as the leading development project for NdPr.

The study shows that Ngualla's already low unit operating costs are driven even lower, resulting in a significant 20% increase in operating margin at BFS prices due to improved production rates, for an estimated total additional capital outlay of US $9 million.

A financial analysis of the project using the process optimisation improvements combined with a lower rare earth price assumption delivers project economics at a similar level to those of the BFS.

The financial evaluation of the Project Update using the price deck of NdPr US$ 77.50/kg, Lanthanum oxide US$ 3.70/kg and Cerium oxide US$ 2.20. Recent demand projections for coming EV revolution, suggest NdPr consumption will increase by 2,000 MT/year through 2035, which shows Ngualla to be a long term and profitable project, with substantial upside should prices increase further.

Table 1 provides a comparison of key project financial assumptions and outcomes between the BFS rare earth price assumptions and the Project Update process optimisation with the lower price deck. The results illustrate the exceptional status and quality of the Ngualla Project.

The average annual operating margin, NPV_{10}, IRR and payback period are all already close to the BFS analysis despite the BFS assuming 10% higher NdPr prices. The solid project economics provides support for the Company's focus to progress Ngualla towards production in time for the increased demand for NdPr from electric vehicles.

Highlights Include:

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

NdPr Market Developments and Business Development Activities

The financial markets and end users are beginning to realise the important part rare earths and in particular the magnet metals Neodymium and Praseodymium (NdPr) will play in the electric vehicle revolution. NdPr will be a key component with over 95% of drive motors in EVs set to utilise NdPr magnets. Peak is well placed to offer high-quality products from an ethical, fully transparent supply chain solution and with approximately 90% (see figure 1) of the Ngualla Project revenue projected to be derived from NdPr.

Table 1: Comparison of BFS production assumptions to Project Update

PRODUCTION ASSUMPTIONS	BFS	PROJECT UPDATE
Life of Operation	31 Years	26 Years

AVERAGE ANNUAL PRODUCTION (TONNES)	BFS	PROJECT UPDATE
Ore Mill Feed	624,000 tpa	711,000 tpa
Processed Mineral Concentrate	28,300 tpa	32,700 tpa
NdPr mixed oxide 2N	2,420 tpa	2,810 tpa
La oxide equivalent (final product: La carbonate)	3,650 tpa	4,230 tpa
Ce oxide equivalent (final prduct Ce carbonate)	1,660 tpa	1,920 tpa
SEG and Mixed Heavy oxide equivalent (final product mixed carbonate)	280 tpa	330 tpa

CAPITAL COSTS	BFS	PROJECT UPDATE
Total Capital cost*	US $356m	US $365
Average Annual Consolidated Sustaining Capital	US $5m	US $5m

OPERATING COSTS	BFS	PROJECT UPDATE
Average Annual Operating Cost#	US $83m	US $91m
Unit operating cost> (/kg NdPr)	**US $34.20**	**US $32.24**

FINANCIAL METRICS	BFS	PROJECT UPDATE
Consolidated Average Annual Revenue	US $228m	US $241m
Average Annual Operating margin (EBITDA)	US $145m	US $150m
Annual Average Consolidated (Post Tax) Cashflow	US $104m	US $108m
NPV_8 - Post Tax and Royalties	US $633m	US $612m
NPV_{10} - Post Tax and Royalties	US $445m	US $444m
IRR - Post Tax and Royalties	21%	22%
Operating Margin	64%	62%
Payback Period (from Start of Operations)	5 years	5 years

COMMODITY PRICE ASSUMPTIONS AVERAGE LOM	BFS	PROJECT UPDATE
NdPr Mixed Oxide 2N Min 75% Nd_2O_3	US $85.00/kg	US $77.50/kg
Lanthanum Oxide Equivalent	US $4.41/kg	US $3.70/kg
Cerium Oxide Equivalent	US $2.25/kg	US $2.20/kg
SEG Mixed Heavy Oxide Equivalent	US $8.00/kg	US $8.00/kg

*Total pre production Capex, for Ngualla mine and Multi-stage Processing Facility and Tees Valley refinery combined.
#Material assumptions are as per BFS and Ore Reserve ASX Announcements of 12 April 2017 except where indicated in this report.

The information is extracted from the report entitled "Lower price deck delivers similar BFS results for Ngualla" released on the 12 October 2017 and is available to view on the Company's website www.peakresources.com.au/asx-announcements/. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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

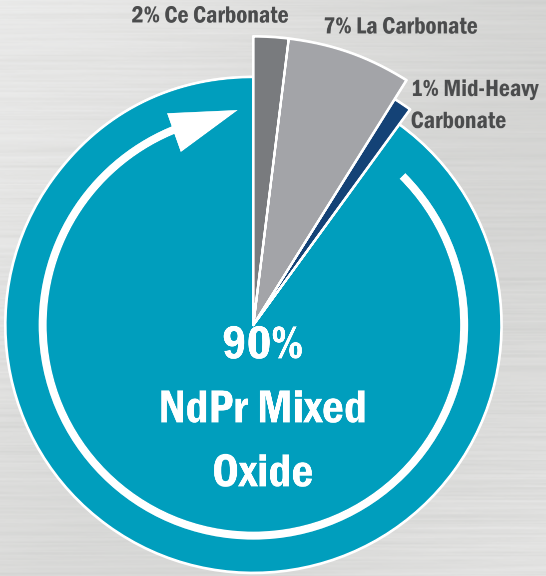
Final products from the project planned to be produced annually are:

- **2,810 tonnes of neodymium and praseodymium oxide**
  (2N min 75% Nd_2O_3)
- **8,040 tonnes lanthanum carbonate**
  (equivalent to 4,230tpa oxide)
- **3,475 tonnes cerium carbonate**
  (equivalent to 1,920tpa oxide)
- **625 tonnes of mixed SEG and Heavy rare earth carbonate**
  (equivalent to 330tpa oxide)

Relative value contributors by product type and constituent REO's.*

**Relative value of contained REO equivalent product mix based on prices assumed in the BFS for individual rare earth oxide*

Relative value contributors



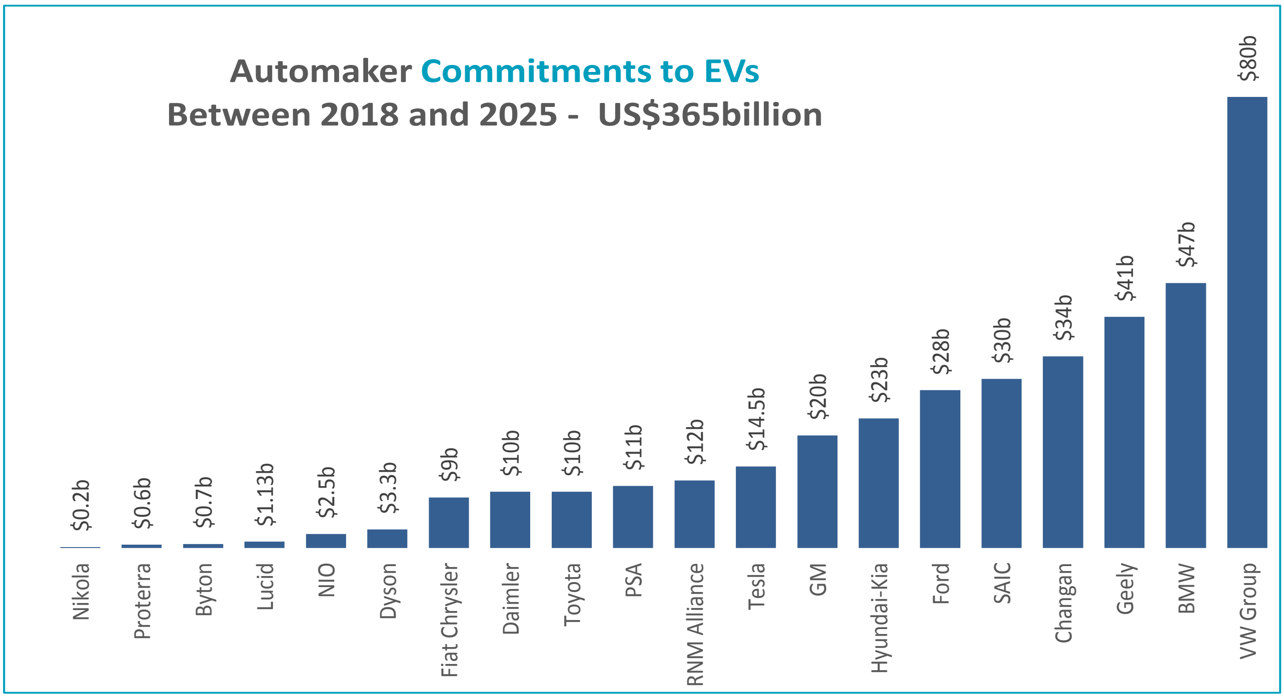
Neodymium and praseodymium are expected to generate 90% of Ngualla's future revenue

Figure 1 - Ngualla Project planned annual production

Key Demand Drivers

E-Mobility - literally the driving force of change

The VW-Gate for petrol engines and now the "Dieselgate" are accelerating the transition towards E-mobility. The automotive industry is currently facing meeting the new legislation objectives for CO^2 reduction (WLTP) and NOx requirements (RDE).



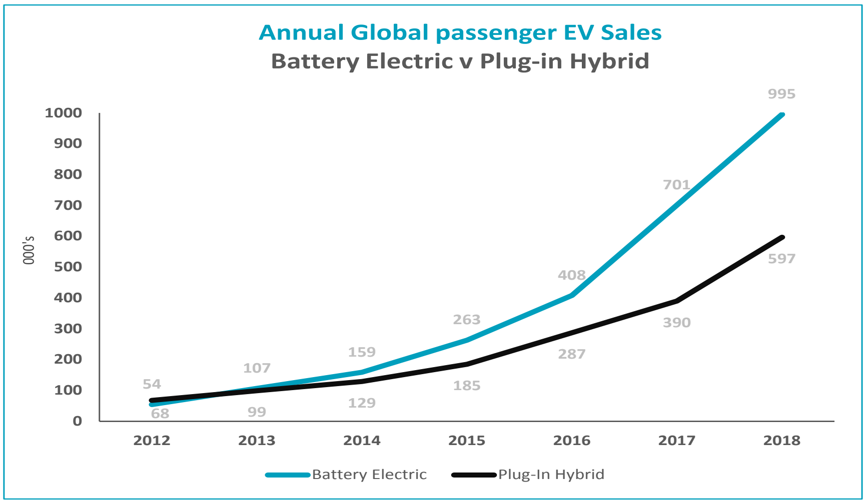
Source: Peak Resources Limited based on individual company and industry announcements

All the big Automotive Original Equipment Manufacturers (OEM) are expecting to reach double digits in percentage of sales for electric vehicles in their portfolios by 2025. To get an idea of the size of what is coming we recommend to observe the many investment announcements from the car manufacturers related to electric and hybrid vehicles; according to a recently published study from AlixPartners the investment commitment has reached an eye-popping US$255 billion in R&D and capital expenditures to support the launch of more than 200 new electric vehicle models to the market by 2022. Additionally, approximately US$61 billion is being invested in autonomous vehicle technology. The consulting group also indicated that 55% of M&A in the automotive sector over the last two years were in some way connected to electrification or autonomy.

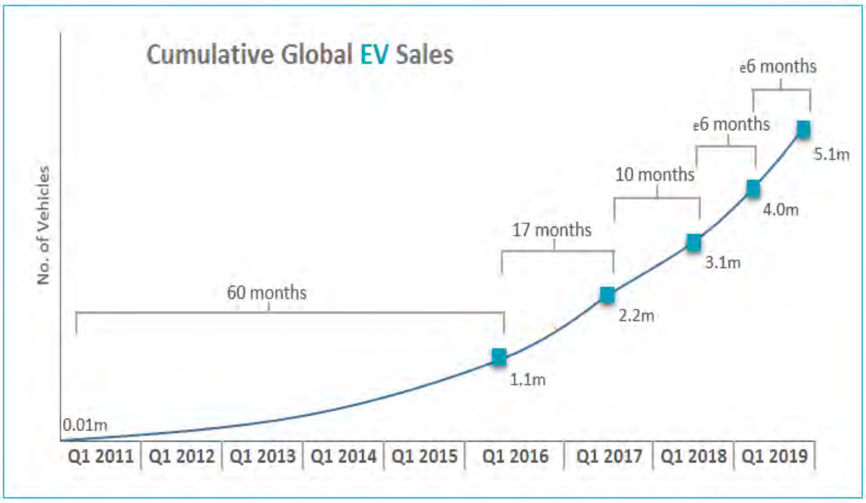
China leading the pack – EVs are here to stay

China's growing E-mobility market will achieve annual sales of more than one million new energy vehicles in calendar year 2018. The Chinese economy is on track to double this figure soon, becoming undeniably the single biggest electric vehicles market in the world in both sales and manufacturing. The Chinese are not only dominating globally the private passenger car sector, they are also aggressively converting their public transport by switching complete cities in one go to electric buses as demonstrated recently in Shenzhen, where 16,000 city buses were electrified. This all points to the undeniable fact that EVs are here to stay, they will be the driver for the automobile industry, and with it a new age for new commodities is starting. This view is supported by recent analysis published by the likes of Bloomberg Energy and the International Energy Agency.

Peak is positive that electrification will happen and with it the world will experience a shift in today's landscape, producing new commodity champions to support this wave. Peak and the Ngualla Project are ideally positioned to capture and ride this wave.



Source: Bloomberg New Energy Finance



Source: Bloomberg New Energy Finance

Other applications and new technologies

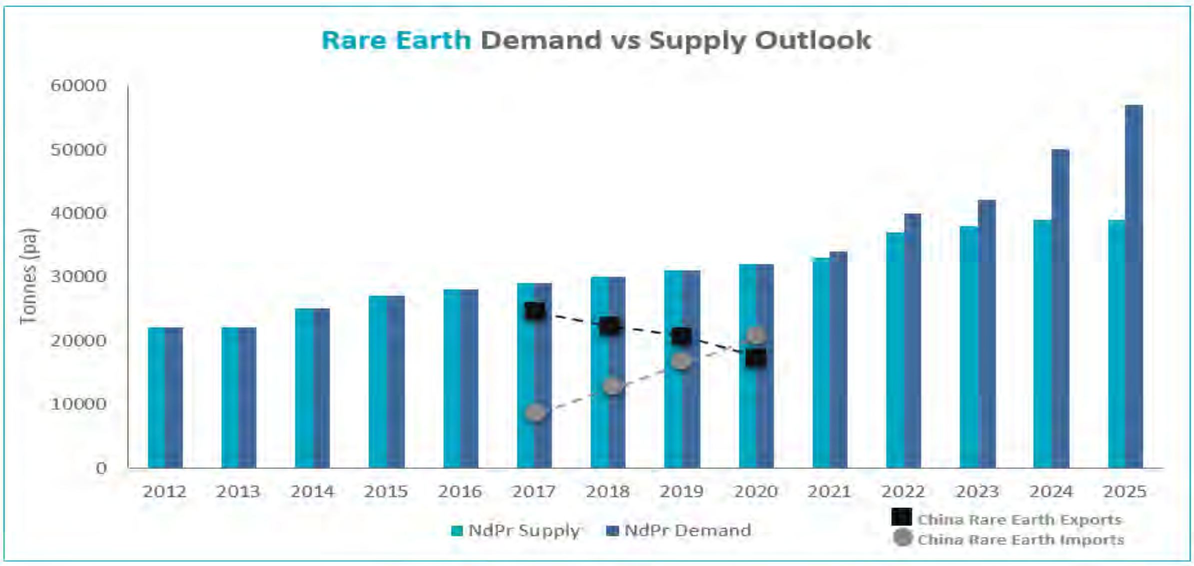
In the near term the second biggest driver of NdPr demand are wind turbines. Wind power prices fell rapidly for both onshore and offshore, and the offshore sector had its best year yet. The bid prices for new projects were down due to technology innovation and scale, reduced financing costs due to lower perceived risk, and fierce competition in the industry. We saw in 2017 dramatic price reductions in the market. Markets in Morocco, India, Mexico and Canada realised prices in the area of US$ 0.03/kWh, with a recent Mexican tender coming in with prices well below US$ 0.02/kWh. Meanwhile, offshore wind had its first 'subsidy-free' bids in tenders in Germany and the Netherlands, with tenders for nearly 2 GW of new offshore wind capacity receiving no more than the wholesale price of electricity. So overall a promising outlook for wind industry delivering another robust year with more than 52 GW added (about 4% less than in 2016) for a total of 539 GW. With these new records, the market is optimistic to accomplish new record highs in the coming years.

Supply Considerations and Constraints

New environmental protection procedures impacting the Chinese supply chain

The Chinese government has continued to reinforce their environmental policy. Environmental inspection rounds, especially from the central government, along with violations identified, led to plant shutdowns, rectification and environmental upgrades. According to market sources Asian Metal, Ganzhou Jisheng Technology Co. Ltd., NdPr oxide output has been reduced by an estimated 60% month on month in June 2018 affected by the environmental inspection activities. The Chinese environmental and supply side reforms will likely impact the overall supply availability of material in the market (e.g. Made in China 2025) and lead to increased production costs (Beautiful China Policy e.g. Environmental Protection tax law and Blue Sky Protection Plan).

This view is further supported by the published goals of the 5 Year Rare Earth Industry Plan by China's Ministry of Industry and Information Technology (MIIT) which aims for further consolidation and vertical integration of the rare earth industry. A task force was formed in January 2018 by China Association of Automobile Manufacturers and Association of China Rare Earth Industry, as directed by MIIT, to facilitate upstream and downstream cooperation among the rare earth, permanent magnet, motor and new energy vehicles sectors. Baotou recently announced that the Northern Rare Earth Group plans to invest RMB 10 billion (US$~1.5 billion) in building a national center of excellence for the production and research and development of electric motors. Furthermore, Xiamen Tungsten announced signing of an agreement with Jimei District Government of Xiamen City on the construction of an Electric Motor Permanent Magnet Park. As the cornerstone investor, Xiamen Tungsten will invest approximately RMB 2 billion (US$~300 million) to establish an industrial development fund with other investors, in order to raise RMB 10 billion for permanent magnet motor development and manufacturing programs.



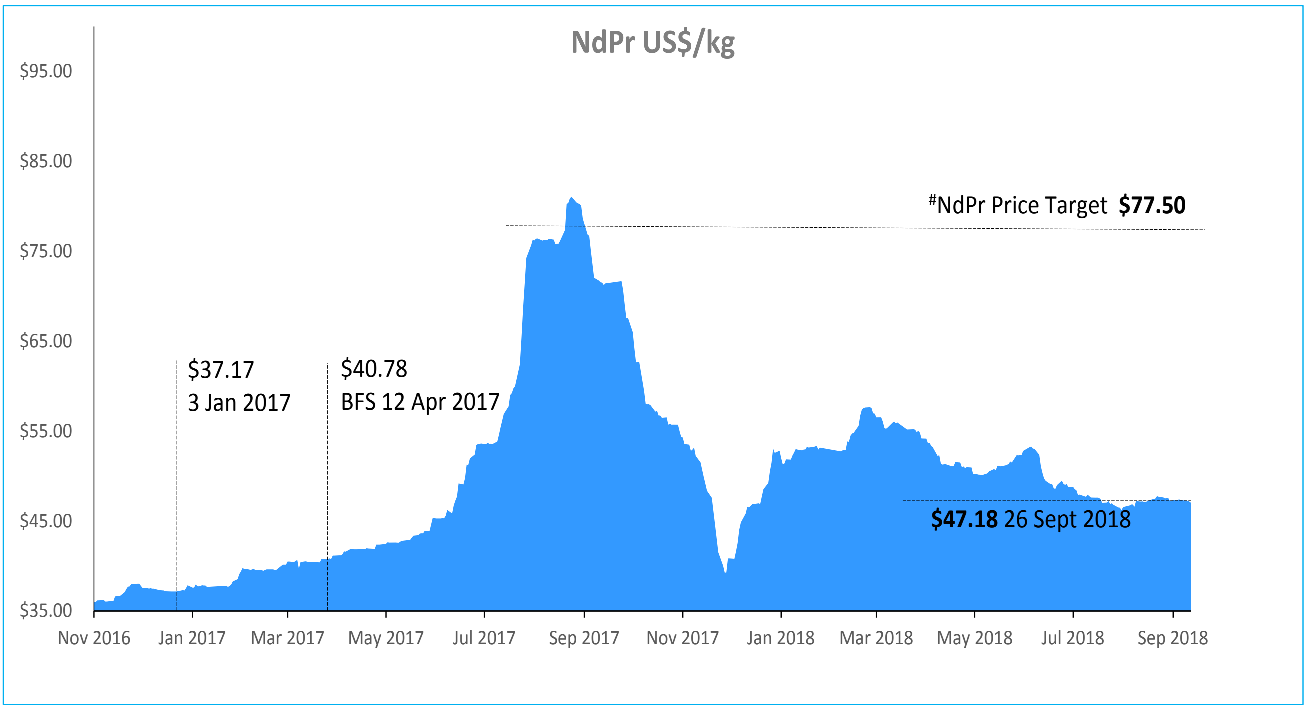
Source: Peak Resources Limited based individual company and industry announcements

We anticipate that the Chinese government must start to raise the quota annually to meet their communicated 5 year rare earth industry targets of 140,000t per annum by 2020. We don't view these increases as a negative that leads to increased supply, but rather implementation of a mechanism which enables the Chinese government to legitimise certain already existing output. There has been no NdPr stockpiling activities from the Chinese government since June 2017 amidst several rounds of discussions. We expect that the Chinese government will most likely carry out a new stockpiling program in Q4-2018.

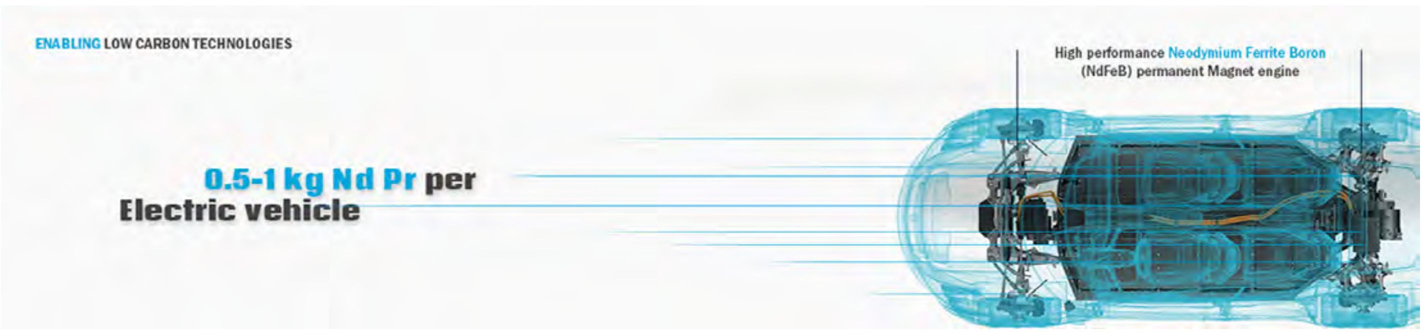
New Quota and Chinese stockpiling program

China's Ministry of Natural Resources & Ministry of Industry and Information Technology have increased the rare earth mining quota to 120,000t for calendar year 2018, a 15,000t or 14% increase from 105,000t in 2017. The 2018 first half year quota was 70% of the 2017 full year quota which represented a 40% increase from the corresponding 2017 first half. The balance of the 2018 full year quota leaves 2018 second half year quota 11% less than the same period last year and 37% less than the quota used for the first half of 2018.

NdPr Market Pricing



Source: Asian Metal



NdPr prices improved during the year to be periodically above the Project Optimisation Study pricing assumptions and currently remain comfortably above the Projects operating cost breakeven pricing. One particular period was illustrative of where we anticipate the price will move once the expected supply constraints arrive; starting in July 2017 over 3 month period we saw a price increase reaching around US$80 / kg NdPr, driven by the governmental environmental inspections and compliance initiatives in China. The compliance activities temporarily reduced the available manufacturing capacity and in consequence reduced the NdPr oxide output over that period causing the price spike. Following this price peak the market normalised for a period to around USD$50-55 / kg NdPr and more recently in July-August 2018 the price for NdPr has pulled back further below US$50 / kg NdPr, the latter is mainly a result of a stronger US dollar whilst at the same time the Yuan experienced a quite significant devaluation.

Marketing and communication

Peak stepped up its marketing activities during the year to introduce the Company and the Ngualla Project to the global rare earth and offtake community through participation and presentations at a number of rare earth industry conferences in China. These conferences are a great platform to proactively promote our Project and we are seeing increased interest and engagement from potential offtake partners throughout the supply chain. We are also targeting industry participants elsewhere in Asia, Europe and the US where there is an increasing understanding of the need to secure supplies of material independent of China.

The biggest blind spot in the global commodity market - NdPr

In February 2018, Peak Resources published a white paper to share its industry insights and outline why we believe NdPr is the biggest blind spot in the global commodity market. The world is openly concerned about exhausting its supplies of battery metals such as lithium, graphite and cobalt, however, at this point it is still not widely understood that behind each battery is a motor and that nearly all announced NEVs (new energy vehicles) and other mobility applications will be equipped with a NdPr permanent magnet motor. Technology metals and very importantly NdPr will be at the heart of the next industrial rEVolution. The white paper aims is to provide a 360 degree perspective on the rare earth market (China, supply & demand, upcoming megatrends like EV, drones, clean energy from wind) with a particular focus on NdPr and permanent magnets as well as an overall benchmark analysis on development rare earth projects worldwide. The white paper is available to download from our website: http://www.peakresources.com.au/whitepaper/

Organisational Changes Positioning Ngualla Ready for Development

Highly experienced investment banker, Peter Meurer commenced as Non-Executive Chairman

Peter Meurer commenced as Non-Executive Chairman on 23 April 2018. Peter's experience, extensive contacts and strategic guidance are well matched to the requirements for the final stages in the development path for the Ngualla Project.

Peter has a distinguished career of over 40 years in the Corporate Finance sector and is currently Non-Executive Chairman of Nomura Australia. 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. During his tenure at Nomura, Peter has been involved in domestic and international M&A transactions together with their project financings.

Experience Rare Earth industry operator, Rocky Smith installed as CEO

In September 2017 Rocky Smith, the previous Chief Operating Officer of Peak, took on the role of Chief Executive Officer of the Company. Rocky has been with Peak since early 2016 and is an experienced executive with unique operational experience having managed the Mountain Pass rare earth operation in the USA prior to joining the Company. Rocky's involvement in completing the development of the processing flow sheet, BFS and Optimisation Study has made a significant contribution to the Ngualla Project's economics.

Tanzania Ngualla Project Permitting

A Special Mining Licence (SML) application for the Ngualla Rare Earth Project was lodged at the end of August 2017. Major pre-requisites for the grant of an SML include an Environmental Impact Assessment Certificate and detailed Feasibility Study. The completion of these items, together with the sustained rise in NdPr prices of over 100% in the 12 months to August 2017 provided the impetus to lodge the application through the Company's 75% owned Tanzanian company and the holder of the Ngualla Prospecting Licences, PR NG Minerals Limited.

An SML is restricted to major mining and processing projects such as Ngualla that have a capital investment over US$100 million and offers superior advantages over a Mining Licence ("ML") in terms of the maximum area and period of tenure that can be approved. The SML application lodged for Ngualla is for a duration of 31 years over an area of 18.14km².

Social and Environmental Responsibility

Peak takes its community and social responsibilities very seriously and is proud of its record to date. The projects undertaken in the past and the manner in which the Company engages with the local community has resulted in widespread support for the Ngualla project.

The current programme includes the construction of two classrooms and a teacher's office at a local school. The construction of the classrooms commenced in 2017 and is anticipated to be completed before the Ngualla site closes again this November for the wet season.

Above: Community classroom's project at Itiziro nearing completion

Above: CEO Rocky Smith and Project Manager Patrick Ochieng inspect Site Plans

Above: The Ngualla camp team September 2018

Teesside, UK Rare Earth Refinery

Planning permission secured

Planning permission for the planned refinery was granted in June by the Redcar and Cleveland Borough Council. The permission is a substantial milestone in the development of the refinery and the primary regulatory hurdle required to allow the construction of the plant. The receipt of the planning permission was a culmination of 18 months of work by Peak and its UK based engineering and environmental consultants WYG. The environment licence which is required for the operation of the facility was also received from the Environment Agency in September 2018.

Teesside Refinery

The Teesside rare earth refinery and separation plant is planned to process 32,700 tonnes per year of beneficiated ore from the proposed Ngualla mine and processing plant in Tanzania. The refinery will produce high purity rare earths including 2,800 tonnes of mixed Neodymium (Nd) and Praseodymium (Pr) oxide. Nd and Pr are the core ingredients for permanent magnets used in the high-efficiency electric-motors and generators that are crucial to low carbon technologies such as EVs wind energy, robotics and many others. The demand for NdPr is projected to grow exponentially as these new technologies grow in response to the global low carbon revolution.

The Teesside plant is a key differentiator between Peak and other rare earth development companies as Peak is the only current developer who is planning to produce saleable rare earth oxide products in-house enabling the company to sell its products directly to end users and manufacturers. The plant will also significantly add value to the project as the separated rare earths will command a higher price than a less refined concentrate or a mixed carbonate.

Option Agreement Signed for Refinery Land

Following a Heads of Terms agreed with the UK's Homes and Communities Agency (HCA) in 2017 the Company signed a 2-year option for a 250 year lease over a 19 hectare parcel of land in Teesside. The agreement also includes the ability to extend the option for a further 12 months if required.

Located in the Wilton International Site, near the town of Middleborough in the United Kingdom, the site is in a large industrial park offering a "plug and play" option with access to reliable competitively priced power, other utilities and services. Wilton is also adjacent to the 3rd largest deep water port in the UK to which the beneficiated rare earth minerals will be shipped. The site also offers an existing effluent disposal system and is close to a number of solid waste management facilities. The large (19 hectares) size of the parcel of land will allow space for future expansions that the Company is considering which include the doubling of production as well as allowing for potential metal making facilities and acid making plants.

3D Model of the Teesside Refinery located in the Teesvalley Industrial Area

Global Requirements for NdPr

BEV/PHEV

Air Con + Refrigeration

Electronics

Hybrid EVs

Wind Turbines

Automotive

Other Industrial

Industrial Robotics

Speakers

E-Bikes

Director's Report

The directors of Peak Resources Limited submit herewith the financial statements of the Company for the financial year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors Report as follows:

DIRECTORS

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

Mr Peter Meurer	Non-Executive Chairman (Appointed 23 April 2018)
Mr Darren Townsend	Non-Executive Director
Mr Jonathan Murray	Non-Executive Director
Mr John Jetter	Non-Executive Director
Mr Tony Pearson	Non-Executive Director (Appointed 21 August 2018)
Mr Peter Harold	Non-Executive Chairman (Resigned 31 December 2017)
Mr David Hammond	Technical Director (Resigned 3 November 2017)

INFORMATION ON DIRECTORS

Mr Peter Meurer *– Non-Executive Chairman (Appointed 23 April 2018)*
MBA from RMIT

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

Peter is currently the Non-Executive Chairman of Nomura Australia.

Mr Darren Townsend *– Non-Executive Director (Appointed 3 February 2014, Managing Director from 3 February 2014 to 3 November 2017)*
B.Eng (Mining-Hons) EMBA Managing Director

Darren is a mining engineer with extensive mining and corporate experience. Prior to joining Peak over a period of 6 years Darren was President & CEO of TSXV listed Pacific Wildcat Resources Corp where he was responsible for building a tantalum mine in Mozambique and completing the acquisition and resource drill out of a large rare earth and niobium project in Kenya. Previously Darren has also worked at De Grey Mining Ltd where he held the position of Managing Director from May 2006 to December 2007. Prior to that he was General Manager of Operations at Sons of Gwalia's (now Talison) Wodgina Tantalum operations and over a period of 7 years, led and managed the development of the mine to become the world's largest hard rock Tantalum operations. Darren is not currently a director of any other listed companies.

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

Jonathan is a partner at independent corporate law firm Steinepreis Paganin, based in Perth, Western Australia. He specialises in equity capital raisings, all forms of acquisitions and divestments, governance and corporate compliance.
Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia). Jonathan has also served as a director of the following other listed companies:

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

***Mr John Jetter** – Non-Executive Director (Appointed 1 April 2015)*
BLaw, BEcon, INSEAD

John has Bachelor of Law and Bachelor of Economics degrees and has extensive international finance and M&A experience having been the former Managing Director, CEO and head of investment banking of JP Morgan in Germany and Austria, and a member of the European Advisory Council of JP Morgan in London. He has held various senior positions with JP Morgan during which time he focused his attention on major corporate clients and advised on some of Europe's largest transactions. Before joining JPMorgan, he spent 12 years with CRA Limited (now Rio Tinto) in a variety of senior management roles gaining extensive experience in the mining and mineral processing industries. In addition, John has an extensive understanding of the rare earths industry and has been actively involved in negotiating and executing rare earth offtake agreements. John has also served as a director of the following other listed companies:

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

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

Tony is an experienced international natural resources executive and company director. He is currently a Commissioner at the Independent Planning Commission, and prior to this he was a group executive at TSX/HKEx listed SouthGobi Resources, based in Hong Kong, where he was responsible for the company's corporate and strategic initiatives. Tony also has over 15 year's commercial and investment banking experience, covering the Asia Pacific natural resources industry, most recently as a Managing Director at HSBC. During his career Tony has raised or invested in excess of $15bn across equities, hybrids, bonds, convertibles and project finance. Tony is not currently a director of any other listed companies.

***Mr Peter Harold** – Non-Executive Chairman (Appointed 1 December 2015, Resigned 31 December 2017)*
B.AppSc (Chem), AFAICD

Mr. Harold trained as an industrial chemist and has almost 30 years operational and corporate experience in the minerals industry specialising in financing, marketing, operating and business development with a focus on building cash flow generative businesses. Peter was a founding director of Panoramic Resources Limited (formerly Sally Malay Mining) and has been responsible for managing the company through the development phase of the $65 million Savannah (formerly the Sally Malay) Nickel Project in the Kimberley region of WA and the acquisition of five other resource projects. Peter also serves as a director of the following other listed companies:

- Panoramic Resources Limited – from 16 March 2001
- Pacifico MInerals Limited - from 19 August 2013
- Horizon Gold Limited – from 10 August 2016

***Mr David Hammond** – Technical Director (Appointed 25 October 2010, Resigned 3 November 2017)*
MSc in Mineral Exploration, DIC, BSc (Hons), MAusIMM

David has over 25 years technical and management experience in Africa, Australia and South America. He has been Technical Director with Peak and the Ngualla Project for almost seven years, since the second drill hole into the main Bastnaesite Zone. He was previously the Exploration Manager with De Grey Mining Limited working on projects in the Pilbara and new project acquisitions globally. Previous positions include Exploration Manager for Sons of Gwalia in NE Goldfields of Western Australia and Project Geologist with Billiton/Gencor in South Africa and Zambia in a range of commodities and geological deposit styles.

COMPANY SECRETARY

The following person(s) have held the position of company secretary during or at the end of the financial year:

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

Graeme is a fellow of the Association of Chartered Certified Accountants (UK) with more than 20 years' experience in professional and corporate roles in both Australia and the UK. He has spent the last 14 years working in the resources sector in CFO and Company Secretarial roles for both ASX and TSX listed companies.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Company consisted of:
(a) Mineral processing technological evaluations;
(b) Mining and associated infrastructure, feasibility evaluations; and
(c) Mineral definition and development.

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $4,903,224 (2017: loss $4,886,187).

The basic and diluted loss per share for the Group for the year was 0.82 cents (2017: 1.04 cents).

FINANCIAL POSITION

The net assets of the Group have increased from $22,675,197 at 30 June 2017 to $31,217,637 at 30 June 2018.

The Group's working capital, being current assets less current liabilities, was $7,594,395 at 30 June 2018 (2017: $2,653,847).

The Company completed a two tranche new share placement in May 2018 which resulted in the Company raising $7.33m before costs. A total of 183,264,889 new shares were issued at $0.04 per share, in addition each subscriber received a free 1 for 2, 2 year option exercisable at $0.06 before 14 June 2020. The Company's major shareholder and project partner Appian Natural Resources Fund (Appian) maintained its pre placement ownership interest percentage in the Company with its $1.031m subscription applied towards part repayment of the loan due to Appian from the Company. In addition Appian provided a waiver from the mandatory loan repayment provisions on the balance of funds raised by the placement.

As reported with $6.47m cash at bank at the end of the reporting period Peak is well funded going into the 2018/2019 financial year to meet its share of the Ngualla Project costs, 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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

During the year the Company has made further contributions to Associate Company, Peak African Minerals (PAM) amounting to $2,592,090 for its share of the Ngualla Project costs. Peak maintains a 75% interest in PAM (Appian 20%, IFC 5%). During the year the Company repaid $3.121m to Appian against the loan facility provided by Appian to the Company.

Capital raising equity issues were made during the year as follows:
- 15 September 2017 placement - issue of 30,625,000 shares at $0.04 per share to raise $1,225,000
- 25 September 2017 completion of placement - issue of 39,375,000 shares at $0.04 per share to raise $1,575,000
- 27 October 2017 pursuant to a 1 for 8 Rights Issue - issue of 50,056,627 shares at $0.04 per share to raise $2,002,265
- 2 November 2017 pursuant to the shortfall offer pursuant to the 1 for 8 Rights Issue - issue of 18,375,264 shares at $0.04 per share to raise $735,111
- 3 May 2018 placement issue tranche 1 - issue of 86,000,000 shares at $0.04 per share to raise $3,440,000
- 21 June 2018 placement issue tranche 2 issue - issue of 97,264,889 shares at $0.04 per share to raise $3,890,596

Participants in the September 2017 placement and 1 for 8 rights issue each received 1 for 2 free attaching option exercisable at $0.06 each on or before 1 November 2018. 81,215,888 options have been issued which trade under the code PEKOB on the ASX.

Participants in the May and June 2018 placement each received a 1 for 3 free attaching option exercisable at $0.06 each on or before 14 June 2020. 61,088,247 options have been issued which trade on the ASX under the code PEKOC.

AFTER BALANCE DATE EVENTS

There have been no events subsequent to 30 June 2018 that are expected to have a material impact on the financial statements or operations of the Company.

MEETINGS OF DIRECTORS

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

	Board Meetings	
	Number held and entitled to attend	*Number attended*
Peter Meurer	2	2
Peter Harold	15	15
Darren Townsend	19	17
David Hammond	13	10
Jonathan Murray	19	19
John Jetter	19	19
Tony Pearson	0	0

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

EQUITY HOLIDINGS OF DIRECTORS

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

	Equity shares	Equity options	Performance Rights
Peter Meurer	1,250,000	30,416,666	-
Jonathan Murray	2,638,753	10,424,376	-
Darren Townsend	675,000	10,037,500	-
John Jetter	-	10,000,000	-
Tony Pearson	-	-	-

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

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL ISSUES

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

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations which exceed specified thresholds. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

PEAK RESOURCES

REMUNERATION REPORT (AUDITED)

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

Remuneration Policy

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

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

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

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

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

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

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

Non-executive director remuneration

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

Performance based remuneration

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

During the year the company issued the following performance based option packages to its directors:

- 14,000,000 Unlisted Options exercisable at $0.10, expiring 21 June 2022, vesting subject to continuous service and the Company either (a) entering into an agreement with a strategic partner for the development of its Ngualla Project; or (b) attracting $20 million worth of funding for FEED (Front End Engineering and Design) for the development of the Ngualla Project.

- 30,000,000 Unlisted Options exercisable at $0.15, expiring 21 June 2023, vesting subject to continuous service and the Company settling a funding package for the development and construction of the Ngualla Project.

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

The Company received approval from Shareholders for its Employee Option Plan (EOP) and Performance Rights Plan (PRP) at the Annual General Meeting on 29 November 2017. Under the scheme eligible participants will, subject to meeting continuing service conditions, be offered the following series of Options:

- Tranche 1 – 50% of share Options by number of total package with an exercise price set at an approximate 25% premium to the 1 month VWAP to date of issue. These Options will vest on 30 June 2018 subject to satisfaction of continuing service with the Company at that time. The Options will expire 3 years from the date of issue.

- Tranche 2 - 25% of share Options by number of total package with an exercise price set at an approximate 25% premium to the 1 month VWAP to date of issue. These Options will vest on issue on or around 1 January 2019 and will be issued subject to satisfaction of criteria determined by the Board including continuing service with the Company at that time. The Options will expire 3 years from the date of issue.

- Tranche 3 - 25% of share Options by number of total package with an exercise price set at an approximate 25% premium to the 1 month VWAP to date of issue. These Options will vest on issue on or around 1 January 2020 and will be issued subject to satisfaction of criteria determined by the Board including continuing service with the Company at that time. The Options will expire 3 years from the date of issue.

During the year the Tranche 1 issues have been made to employees with a total of 11,750,000 Options issued with an exercise price of $0.0625 and expire on 16 January 2021.

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

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

	2018 $	2017 $	2016 $	2015 $	2014 $
Total income	618,718	1,861,274	9,253	38,426	54,134
Net loss before tax	(4,903,224)	(4,886,187)	(15,892,428)	(4,195,877)	(3,148,903)
Net loss after tax	(4,903,224)	(4,886,187)	(15,892,428)	(4,195,877)	(3,148,903)
Closing share price at end of year	$0.036	$0.067	$0.048	$0.085	$0.06
Basic loss per share (cents)	0.82	1.04	3.95	1.13	1.05
Dividends per share	-	-	-	-	-

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

Details of remuneration

The relevant Key Management Personnel (KMP) of the group for the 2018 financial year were:

- Peter Meurer – Non-Executive Chairman (Appointed 23 April 2018)
- Darren Townsend – Non-Executive Director (Transitioned from MD to N.E.D 3 November 2017)
- Jonathan Murray – Non-Executive Director
- John Jetter- Non-Executive Director
- Rocky Smith – Chief Executive Officer (Transitioned from COO to CEO 21 September 2017)
- Michael Prassas – Executive General Manager Sales, Market & Business Development
- Graeme Scott– Chief financial Officer & Company Secretary
- Lucas Stanfield – General Manager of Development (Became a KMP 2 October 2017)
- Peter Harold – Non-Executive Chairman (Resigned 31 December 2017)
- David Hammond – Technical Director (Resigned 3 November 2017)

Total remuneration for the year was:

	2018 $	2017 $
Salary and fees	1,647,780	1,571,607
Non-monetary benefits	88,830	59,011
Superannuation	64,923	78,850
Share based payments	34,489	215,130
Total	**1,836,022**	**1,924,598**

Remuneration of individual KMP's were:

	Short term benefits		Post-employment benefits	Share based payments			Proportion related to:	
	Salary & fees	Non-monetary	Super-annuation	Performance Rights*	Options	Total	Equity#	Performance#
30-Jun-18	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors								
Peter Meurer	9,444	-	-	-	160,785	170,229	94%	0%
Peter Harold	30,000	-	2,850	-	-	32,850	0%	0%
Darren Townsend	190,464	-	8,666	(298,043)	32,473	(66,440)	14%	0%
David Hammond[1]	185,031	-	8,282	(149,022)	-	44,291	0%	0%
Jonathan Murray	35,000	-	-	-	32,473	67,473	48%	0%
John Jetter	35,000	-	-	-	32,473	67,473	48%	0%
	484,939	**-**	**19,798**	**(447,065)**	**258,204**	**315,876**	**34%**	**0%**
Executives								
Rocky Smith[2]	414,091	61,658	-	-	89,340	565,089	15%	0%
Michael Prassas	273,750	27,172	-	-	44,670	345,592	12%	0%
Graeme Scott	240,000	-	22,800	-	44,670	307,470	14%	0%
Lucas Stanfield[3]	235,000	-	22,325	-	44,670	301,995	15%	0%
	1,162,841	**88,830**	**45,125**	**-**	**223,350**	**1,520,146**	**15%**	**0%**
Total remuneration	**1,647,780**	**88,830**	**64,923**	**(447,065)**	**481,554**	**1,836,022**	**21%**	**0%**

* The value of the performance rights expensed from date of issue to 30 June 2017 totalling $447,805 ($298,043 for Darren Townsend and $149,022 for David Hammond) were written back during the year on cancellation of the rights due to the vesting conditions not having been meet.
# The % excludes the value of the performance rights which were written back during the year.
1 Darren Townsend and David Hammond ceased executive employment during the year. Included in their salary and fees is accrued leave entitlements paid out totalling $62,754 for Darren Townsend and $97,851 for David Hammond.
2 Rocky Smith received a performance bonus relating to the completion of the BFS totalling $25,000 included in his Salary and fees for the period.
3 Lucas Stanfield become a KMP on 2 October 2017. His remuneration for the full year has been included in this report.

	Short term benefits		Post-employment benefits	Share based payments			Proportion related to:	
	Salary & fees	Non-monetary	Super-annuation	Performance Rights*	Options	Total	Equity#	Performance#
30-Jun-17	$	$	$	$	$	$	%	%
Directors								
Peter Harold	60,000	-	5,700	-	5,449	71,149	8%	0%
Darren Townsend	300,000	-	28,500	119,022	9,596	457,118	2%	26%
David Hammond	250,000	-	23,750	59,511	6,398	339,659	2%	18%
Jonathan Murray	35,011	-	-	-	1,599	36,610	4%	0%
John Jetter	35,004	-	-	-	1,271	36,275	4%	0%
Robin Mills	8,751	-	-	-	-	8,751	0%	0%
	688,766	**-**	**57,950**	**178,533**	**24,313**	**949,562**	**2%**	**19%**
Executives								
Rocky Smith	389,091	30,204	-	-	6,590	425,885	2%	0%
Michael Prassas	273,750	28,807	-	-	3,295	305,852	1%	0%
Graeme Scott	220,000	-	20,900	-	2,399	243,299	1%	0%
	882,841	**59,011**	**20,900**	**-**	**12,284**	**975,036**	**1%**	**0%**
Total remuneration	**1,571,607**	**59,011**	**78,850**	**178,533**	**36,597**	**1,924,598**	**3%**	**9%**

* The performance rights are subject to achievement of performance milestone vesting criteria.

Some options will vest subject to length of service and performance criteria.

<u>Options and performance rights granted during the year ended 30 June 2018</u>

Options granted during the year

30-Jun-18	Date of issue	Number of options issued	Value per Option*	Total value of issue $	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year
Directors								
Peter Meurer	21-Jun-18	10,000,000	$0.0159	159,300	21-Jun-18	$0.0500	21-Jun-21	10,000,000
	21-Jun-18	5,000,000	$0.0130	64,850		$0.1000	21-Jun-22	-
	21-Jun-18	15,000,000	$0.0127	190,350		$0.1500	21-Jun-23	-
Darren Townsend	21-Jun-18	2,000,000	$0.0159	31,860	21-Jun-18	$0.0500	21-Jun-21	2,000,000
	21-Jun-18	3,000,000	$0.0130	38,910		$0.1000	21-Jun-22	-
	21-Jun-18	5,000,000	$0.0127	63,450		$0.1500	21-Jun-23	-
Jonathan Murray	21-Jun-18	2,000,000	$0.0159	31,860	21-Jun-18	$0.0500	21-Jun-21	2,000,000
	21-Jun-18	3,000,000	$0.0130	38,910		$0.1000	21-Jun-22	-
	21-Jun-18	5,000,000	$0.0127	63,450		$0.1500	21-Jun-23	-
John Jetter	21-Jun-18	2,000,000	$0.0159	31,860	21-Jun-18	$0.0500	21-Jun-21	2,000,000
	21-Jun-18	3,000,000	$0.0130	38,910		$0.1000	21-Jun-22	-
	21-Jun-18	5,000,000	$0.0127	63,450		$0.1500	21-Jun-23	-
		60,000,000		**817,160**				**16,000,000**

30-Jun-18	Date of issue	Number of options issued	Value per Option*	Total value of issue $	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year
Executives								
Rocky Smith	16-Jan-18	3,000,000	$0.0298	89,340	30-Jun-18	$0.0625	16-Jan-21	3,000,000
Michael Prassas	16-Jan-18	1,500,000	$0.0298	44,670	30-Jun-18	$0.0625	16-Jan-21	1,500,000
Graeme Scott	16-Jan-18	1,500,000	$0.0298	44,670	30-Jun-18	$0.0625	16-Jan-21	1,500,000
Lucas Stanfield	16-Jan-18	1,500,000	$0.0298	44,670	30-Jun-18	$0.0625	16-Jan-21	1,500,000
		7,500,000		**223,350**				**7,500,000**
Total		**67,500,000**		**1,040,510**				**23,500,000**

* Options are valued using the Black-Scholes method on date of grant.

\# Unvested Options vest on achievement of milestones and length of service criteria.

Options granted during the year ended 30 June 2017

30-Jun-17	Date of issue	Number of options issued	Value per Option[1]	Total value of issue	Vesting Date[2]	Exercise Price	Expiry Date	Number vested during the year
Directors								
Peter Harold	16-Nov-16	500,000	$0.007	3,500	16-Nov-16	$ 0.15	5-Jan-18	500,000
	16-Nov-16	500,000	$0.004	2,000	5-Jan-17	$ 0.20	5-Jan-18	500,000
		1,000,000		**5,500**				**1,000,000**
Executives		-		-				-
Total		**1,000,000**		**5,500**				**1,000,000**

No Performance Rights were granted during the year ended 30 June 2018 or 30 June 2017.

Shareholdings of KMP's

30-Jun-18	Opening Balance	Granted as Remuneration	Exercise of Options/PRs	Cancelled	Market Transactions#	Closing Balance
Directors						
Peter Meurer	-	-	-	-	1,250,000	1,250,000
Peter Harold*	-	-	-	-	-	-
Darren Townsend	600,000	-	-	-	75,000	675,000
David Hammond*	1,590,198	-	-	(1,590,198)	-	-
Jonathan Murray	1,456,669	-	-	-	1,182,084	2,638,753
John Jetter	-	-	-	-	-	-
	3,646,867	**-**	**-**	**(1,590,198)**	**2,507,084**	**4,563,753**
Executives						
Rocky Smith	-	-	-	-	1,249,989	1,249,989
Michael Prassas	-	-	-	-	3,750,000	3,750,000
Graeme Scott	-	-	-	-	325,000	325,000
Lucas Stanfield	-	-	-	-	-	-
	-	**-**	**-**	**-**	**5,324,989**	**5,324,989**
Total	**3,646,867**	**-**	**-**	**(1,590,198)**	**7,832,073**	**9,888,742**

Participation in the Company's equity capital raisings.
* Mr Harold and Mr Hammond ceased to be KMP's during the period and their holdings are not reported at period end.

Option Holdings of KMP's including performance rights

30-Jun-18	Opening Balance	Granted as Remuneration	Exercise of Options & PRs	Expired/ Cancelled[1]	Market Transactions#	Closing Balance	Vested at 30 June
Directors							
Peter Meurer	-	30,000,000	-		416,666	30,416,666	10,416,666
Peter Harold*	1,000,000	-	-	(1,000,000)	-	-	-
Darren Townsend	9,000,000	10,000,000	-	(9,000,000)	37,500	10,037,500	2,037,500
David Hammond*	5,166,666	-	-	(5,166,666)	-	-	-
Jonathan Murray	666,666	10,000,000	-	(666,666)	424,376	10,424,376	2,424,376
John Jetter	666,666	10,000,000	-	(666,666)	-	10,000,000	2,000,000
	16,499,998	**60,000,000**	**-**	**(16,499,998)**	**878,542**	**60,878,542**	**16,878,542**
Executives							
Rocky Smith	4,000,000	3,000,000	-	(4,000,000)	520,827	3,520,827	3,520,827
Michael Prassas	2,000,000	1,500,000	-	(2,000,000)	1,458,333	2,958,333	2,958,333
Graeme Scott	1,000,000	1,500,000	-	(1,000,000)	141,666	1,641,666	1,641,666
Lucas Stanfield	666,666	1,500,000	-	(666,666)	-	1,500,000	1,500,000
	7,666,666	**7,500,000**	**-**	**(7,666,666)**	**2,120,826**	**9,620,826**	**9,620,826**
Total	**24,166,664**	**67,500,000**	**-**	**(24,166,664)**	**2,999,368**	**70,499,368**	**26,499,368**

Participation in the company's equity capital raisings.
* Mr Harold and Mr Hammond ceased to be KMP's during the period and their holdings are not reported at period end.
[1] 7,500,000 performance rights issued to Darren Townsend and Dave Hammond expired for failure to meet the vesting conditions. A further 8,333,332 and 8,333,332 options expired unexercised, these options were granted in the year ended 30 June 2015 and had an exercise price of $0.15 and $0.20 per share respectively and expired on 5 January 2018.

Performance income as a proportion of total income

Rocky Smith received a performance bonus relating to the completion of the Company's Bankable Feasibility Study totalling $25,000 which is included in his total reported Salary and fees of $414,091 for the period. No other bonuses have been paid to executives during the year.

Service agreements:

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

Peter Meurer – Non-Executive Chairman (Appointed 23 April 2018)
Under Peter's agreement annual directors fees of $50,000 effective 23 April 2018 were payable. No retirement benefits are provided for.

Jonathan Murray / John Jetter/ Darren Townsend - Non-Executive Directors
Non-Executive Directors are appointed by letter agreement with no fixed term ceasing on resignation or removal as a director in accordance with the Corporations Act. Fees are currently set at $40,000 (previously $35,000) per annum effective 1 July 2018. No retirement benefits are provided for.

Darren Townsend - Managing Director– (Transitioned from MD to N.E.D 3 November 2017)
Darren was employed under an Executive Service Agreement (ESA). The agreement provided for an annual salary of $328,500 (previously $400,000) inclusive of superannuation effective 1 May 2016, plus a fully expensed vehicle (not taken), expenses, discretionary bonuses, options and performance rights. The Executive was entitled to leave in accordance with the relevant legislation. Darren resigned from the role of Managing Director on 3 November 2017 and transitioned to the position of Non-Executive Director.

Rocky Smith – Chief Executive Officer - (Transitioned from COO to CEO 21 September 2017)
Rocky is employed under an ESA. The agreement provides for an annual salary of $377,775 inclusive of superannuation, plus private health and life cover, annual airfares, expenses, discretionary performance bonuses and options. The Executive is entitled to leave in accordance with the relevant legislation. Rocky's engagement has no fixed term but is subject to a six month notice period from either party.

Michael Prassas – Executive General Manager Sales, Marketing and Business Development (appointed 18 February 2016)
Michael is employed under an ESA. The agreement provides for an annual salary of $250,000, plus superannuation, plus private health, annual airfares, expenses, discretionary performance bonuses and options. The Executive is entitled to leave in accordance with the relevant legislation. Michael's engagement has no fixed term but is subject to a six month notice period from either party.

Lucas Stanfield – Development Manager (appointed executive 2 October 2017)
Lucas is employed under an ESA. The agreement provides for an annual salary of $235,000 effective 1 November 2016, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive is entitled to leave in accordance with the relevant legislation. Lucas's engagement has no fixed term but is subject to a three month notice period from either party.

Graeme Scott – CFO & Company Secretary (appointed 3 November 2014)
Graeme is employed under an ESA. The agreement provides for an annual salary of $250,000 (previously $220,000) effective 1 November 2017, plus superannuation, expenses, discretionary performance bonuses and eligibility for options. The Executive is entitled to leave in accordance with the relevant legislation. Graeme's engagement has no fixed term but is subject to a three month notice period from either party.

Peter Harold – Non-Executive Chairman (Resigned 31 December 2017)
Under Peter's agreement annual directors fees of $60,000 (previously $70,000) effective 1 June 2016, plus superannuation were payable. No retirement benefits are provided for. Peter resigned from the role as of 31 December 2017.

Dave Hammond – Technical Director (Resigned 3 November 2017)
Dave was employed under an ESA. The agreement provided for an annual salary of $250,000 (previously $300,000) effective 1 May 2016, plus superannuation, expenses, and eligibility for options. The Executive was entitled to leave in accordance with the relevant legislation. Dave resigned as of 3 November 2017.

Other transactions
During the year Steinepreis Paganin Lawyers and Consultants a legal practice associated with Mr Jonathan Murray received $191,327 (2017: $79,990) as fees for the provision of legal advice. Balance outstanding at 30 June 2018 and included in trade creditors $35,332 (30 June 2017: $24,468).

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

(End of Remuneration Report)

OPTIONS AND PERFORMANCE RIGHTS

At the date of this report

Listed options on issue are:

CODE	Expiry Date	Exercise Price	Number under option
PEKOB	1 November 2018	$0.06	81,215,888
PEKOC	14 June 2020	$0.06	61,088,247

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

Expiry Date	Exercise Price	Number under option
1 November 2018*	$0.06	12,000,000
27 February 2021	$0.06	4,000,000
14 June 2021	$0.065	9,000,000

* Listed PEKOB Options

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

Expiry Date	Exercise Price	Number under option
16 January 2021	$0.0625	11,750,000
21 June 2021	$0.05	16,000,000
21 June 2022	$0.10	14,000,000*
21 June 2023	$0.15	30,000,000*

* Vesting subject to length of service criteria and achievement of performance milestones.

During the year 20,616,666 Options with exercise prices ranging from $0.15 to $0.55 expired unexercised.

During the year 8,000,000 Performance Rights expired through the failure to achieve the vesting conditions.

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.

Details of options issued during the year are detailed in the Remuneration Report. No Performance Rights were issued during the year.

There were no Performance Rights remaining on issue at the date of this report.

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 such 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 such 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 THE 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 2018 has been received and can be found immediately following this Directors’ report.

Details of amounts paid or payable to the auditor for non-audit services are set out in Note 5 to the Financial Statements.

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

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- The nature of the services provided does not compromise the general principles relating to auditors independence as set out in the APES 110 (Code of Ethics for Professional Accountants).

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

On behalf of the Directors

Peter Meurer
Non-executive Chairman
Perth, 11 September 2018

Auditor's Independence Declaration

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 Peak Resources Limited for the financial year ended 30 June 2018, 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 period.

Ernst & Young

Darryn Hall Partner
Perth
11 September 2018

EY
Building a better working world

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

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

Independent Auditor's Report to the Members of Peak Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Peak Resources Limited (the 'Company') and its subsidiaries (collectively the 'Group'), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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* (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. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our report.

DH:RP:PEAK:034

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.

Recoverability of the investment in associate

Why significant	How our audit addressed the key audit matter
As at 30 June 2018, the Group holds a 75% interest in Peak African Minerals ("PAM"). PAM is a Mauritian company that currently owns 100% of the shares in PR NG Minerals Limited ("PRNG"), the 100% owner of the Ngualla Project. The Group's investment in PAM is accounted for using the equity method. The carrying amount of the investment in PAM amounted to $31.1 million (2017: $29.5 million). Disclosure of investment in PAM is included in notes 3 and 4 to the financial report including reference to the status of a Special Mining License in Tanzania over one of PRNG's 3 licenses. Upon conclusion of a bankable feasibility study and the follow up internal process optimisation study for the Ngualla Project, the Group incorporated these into an overall assessment for the recoverability of the investment in associate. The Group has determined that the recoverable amount is higher than the carrying amount and assessed that it is reasonable that no impairment was recognised as at 30 June 2018. We focused on this matter because of the significant judgment and estimates involved in the determination of the recoverable amount of the Ngualla Project including assumptions relating to commodity prices, capital and operating costs and an appropriate discount rate to reflect the risk having regard to the current status of the Ngualla Project.	We assessed the reasonableness of the Group's impairment assessment process and the resultant recoverable value determined for the Ngualla Project. Our audit procedures included the following: ► Assessed the recoverability of the investment in associate with reference to project economic models and assumptions included in the recoverable amount determination such as commodity prices, capital and operating costs, foreign exchange rates and discount rates. ► Assessed the competence, capabilities and objectivity of the Group's experts involved on project economic models. ► Involved our valuation specialists to assist us in evaluating the methodology used in the impairment model and the reasonableness of the discount rate and commodity prices used in the computation. ► Performed market comparison of commodity prices and conducted a price sensitivity analysis to assess the impact of the changes in the commodity prices. ► Reviewed legal 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 areas to which the project relates. This has been set out in Note 4 of the financial report.

Building a better working world

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 2018 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.

Building a better working world

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 enitity'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, related safeguards.

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.

Building a better working world

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Peak Resources Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

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

Ernst & Young

Darryn Hall Partner
Perth
11 September 2018

DH:RP:PEAK:034

PEAK RESOURCES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Interest income	5	39,635	21,746
R&D rebate received	5	561,907	1,813,602
Other income	5	17,176	25,926
Total income		**618,718**	**1,861,274**
Employee benefits expenses		(732,455)	(905,730)
Share based payments expenses		(459,792)	(230,173)
Depreciation expenses		(11,232)	(15,871)
Borrowing costs		(1,499,506)	(983,721)
Administrative and other costs		(763,939)	(692,504)
Technical feasibility costs	5	(27,260)	(1,985,476)
Share of loss of associate	4	(2,027,758)	(1,433,955)
Loss recognised on partial disposal of associate	3	-	(500,031)
Loss before income tax		**(4,903,224)**	**(4,886,187)**
Income tax expense	8	-	-
Loss after income tax		**(4,903,224)**	**(4,886,187)**
Other comprehensive income/(loss), net of tax			
Items that could be transferred to profit or loss in future:			
Exchange differences on translation of foreign operations		(48,576)	41,064
Recycled to the profit and loss on disposal of former subsidiary		-	(172,425)
Group's share of associate's other comprehensive income		1,068,269	(851,914)
Total comprehensive loss for the year		**(3,883,531)**	**(5,869,462)**
Loss per share (in cents)			
Basic and Diluted loss per share	7	(0.82)	(1.04)

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	9	6,468,748	2,125,680
Trade and other receivables	10	63,487	29,437
Other financial assets	11	30,000	55,000
Other assets – due from associate	12	1,526,145	1,227,526
Prepayments		12,275	4,709
Total current assets		**8,100,655**	**3,442,352**
Non-current assets			
Property plant and equipment	13	6,731	16,500
Investment in associate	4	31,114,813	29,482,222
Investments	14	8,000	8,000
Other assets	15	127,254	-
Total non-current assets		**31,256,798**	**29,506,722**
Total assets		**39,357,453**	**32,949,074**
LIABILITIES			
Current liabilities			
Trade and other payables	16	345,809	588,264
Provisions	17	160,451	200,241
Total current liabilities		**506,260**	**788,505**
Non-current liabilities			
Other payables	16	870,170	303,454
Loans and borrowings – due to associate and other parties	18	6,763,386	9,181,918
Total non-current liabilities		**7,633,556**	**9,485,372**
Total liabilities		**8,139,816**	**10,273,877**
Net assets		**31,217,637**	**22,675,197**
EQUITY			
Contributed equity	20	77,217,398	65,251,219
Reserves	19	4,042,304	2,562,819
Accumulated losses		(50,042,065)	(45,138,841)
Total equity		**31,217,637**	**22,675,197**

The statement should be read in conjunction with the accompanying notes

PEAK RESOURCES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,583,327)	(4,407,854)
Interest received		25,406	21,585
R&D rebate received		578,241	1,813,602
Borrowing costs paid		(969,000)	(725,523)
Cash used in operating activities	9	**(1,948,680)**	**(3,298,190)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(3,207)	(4,778)
Proceeds from sale of non-current assets		1,743	-
Payment for Site 2 Land Purchase Option		(127,253)	-
Contributions to associates	4	(2,592,080)	(6,593,537)
Cash used in investing activities		**(2,720,797)**	**(6,598,315)**
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		12,867,878	1,502,784
Reduction in performance bonds – restricted cash		25,000	-
Costs of issuing equity shares		(901,699)	(79,840)
(Repayment of) / Proceeds from borrowings		(2,588,447)	1,663,294
(Loan to) / Borrowings from associate and other parties		(298,618)	6,968,319
Cash generated from financing activities		**9,104,114**	**10,054,557**
Net decrease in cash and cash equivalents		4,434,637	158,053
Balance at the beginning of the year		2,125,680	1,723,830
Effect of foreign currency translation		(91,569)	243,797
Balance at the end of the year	9	**6,468,748**	**2,125,680**

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

	Contributed Equity $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
At 1 July 2016	**63,828,274**	**1,807,143**	**1,508,778**	**(40,252,654)**	**26,891,541**
Loss for the year 2017	-	-	-	(4,886,187)	(4,886,187)
Other comprehensive income	-	-	(131,361)	-	(131,361)
Group's share of associate's other comprehensive income	-	-	(851,914)	-	(851,914)
Total comprehensive loss for the year	**-**	**-**	**(983,275)**	**(4,886,187)**	**(5,869,462)**
Equity issued	1,502,784	-	-	-	1,502,784
Performance rights exercised	-	-	-	-	-
Equity based payments	-	230,173	-	-	230,173
Transaction costs	(79,839)	-	-	-	(79,839)
At 30 June 2017	**65,251,219**	**2,037,316**	**525,503**	**(45,138,841)**	**22,675,197**
Loss for the year 2018	-	-	-	(4,903,224)	(4,903,224)
Other comprehensive income	-	-	(48,576)	-	(48,576)
Group's share of associate's other comprehensive income	-	-	1,068,269	-	1,068,269
Total comprehensive loss for the year	**-**	**-**	**1,019,693**	**(4,903,224)**	**(3,883,531)**
Equity issued	12,867,878	-	-	-	12,867,878
Performance rights exercised	-	-	-	-	-
Equity based payments	-	459,792	-	-	459,792
Transaction costs	(901,699)	-	-	-	(901,699)
At 30 June 2018	**77,217,398**	**2,497,108**	**1,545,196**	**(50,042,065)**	**31,217,637**

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 2018 was authorised for issue in accordance with a resolution of the directors on 6 September 2018.

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 introduction to the Annual Report.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for Available for sale (AFS) Investments which are measured at fair value. All amounts are presented in Australian Dollars unless otherwise noted.

The functional and presentation currency is Australian Dollars.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, 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 (IFRS).

Going concern

The Group has net current assets of $7,594,395 (2017: net current assets $2,653,847) and incurred an operating cash outflow after income tax of $1,948,680 (30 June 2017: $3,298,190) for the year ended 30 June 2018. The Group's ability to continue as a going concern and meet its debts as and when they fall due is dependent on the ability to raise additional capital.

As reported, with $6.47m cash at bank at the end of the reporting period Peak is well funded in the short term to meet its share of the Ngualla Project costs, and its corporate and administration requirements. In order to progress the project further, on a time-frame planned by management, the Group's cashflow forecasts suggest there will be a need in the future to obtain further funding. In the directors' opinion, there are reasonable grounds to believe that the Company has the ability to raise further funding as and when required. However, in the event additional funding is not forthcoming the Group may be unable to continue as a going concern. 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.

The Company completed a two tranche new share placement in May 2018 which resulted in the Company raising $7.33m before costs. A total of 183,264,889 new shares were issued at $0.04 per share, in addition each subscriber received a free 1 for 2 2 year option exercisable at $0.06 before 14 June 2020. The Company's major shareholder and project partner Appian Natural Resources Fund (Appian) maintained its pre placement ownership interest percentage in the Company with its $1.031m subscription applied towards part repayment of the loan due to Appian from the Company. In addition Appian provided a waiver from the mandatory repayment provisions of the term loan facility for this placement. The loan facility provides that for equity funds raised by the Company over a 12 month period:

a) 25% of any funds raised pursuant to a capital raising of up to $3 million are applied towards repayment of the Appian loan; and
b) 50% of any funds raised pursuant to a capital raising of over $3 million are applied towards repayment of the Appian loan.

b) Adoption of new or revised accounting standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The Group applied for the first time certain amendments to the standards which are effective for annual periods beginning on or after 1 July 2017. The nature and the impact of each new standard or amendment is described below.

Title	Summary
AASB 2016 – 2: Amendments to Australian accounting Standards – Disclosure Initiative: Amendments to AASB 107	The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 24.
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This Standard makes amendments to AASB 112 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. This does not have an impact on the Group's financial statements.
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	This Standard clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. This does not have an impact on the Group's financial statements.

Standards and Interpretations in issue not yet adopted

A number of new Standards, amendment of Standards and interpretations have been issued but are not yet effective and have not been adopted by the Group as at the financial reporting date. The potential effect of these Standards is yet to be fully determined. However, it is not expected that the new or amended Standards will significantly affect the Group's accounting policies, financial position or performance, except for the following:

Title	Summary	Impact on Group financial report	Application date for Group
AASB 9 – Financial Instruments	A finalised version of AASB 9 which contains accounting requirements for financial instruments, replacing AASB 139 Financial Instruments: Recognition and Measurement. The standard contains requirements in the areas of classification and measurement, impairment, hedge accounting and de-recognition.	A review has been undertaken by the management, the standard is not expected to have an impact on the Group with the exception of the classification of some receivable between measurement at amortised cost and at fair value through profit and loss. Based on initial assessment, upon adoption, the Group expects to recognise a transition adjustment to the opening retained earnings amounting to $0.6-$0.7 million.	1 July 2018
AASB 15 - Revenue from Contracts with Customers	AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	Based on the Group's current operations, this is not expected to have a material impact on the Group.	1 July 2018
AASB16 – Leases	IFRS 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. IFRS 16 contains disclosure requirements for lessees.	The Group is still assessing the impact of this standard.	1 July 2019

Title	Summary	Impact on Group financial report	Application date for Group
AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interest in the associate or joint venture. AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual periods beginning on or after 1 January 2018 instead of 1 January 2016.	Based on the Group's current operations, this is not expected to have any impact on the Group.	1 January 2018
AASB Interpretation 22 – Foreign Currency Transactions and Advance Consideration	The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	Based on the Group's current operations, this is not expected to have a material impact on the Group.	1 January 2018
AASB Interpretation 23 – Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ▯ Whether an entity considers uncertain tax treatments separately ▯ The assumptions and entity makes about the examination of tax treatments by taxation authorities ▯ How an entity determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ▯ How an entity considers changes in facts and circumstances	Based on the Group's current operations, this is not expected to have a material impact on the Group.	1 January 2019

c) Basis of consolidation

The consolidated financial statements of Peak Resources Limited comprise the financial statements of the Group and its subsidiaries as at 30 June 2018. 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 economic entity, 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 profit or loss 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.

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

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

Upon loss of significant influence over the associate, 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.

e) Foreign Currency Translation

The financial statements have been presented in Australian Dollars.

Translation of foreign operations
As at the reporting date the assets and liabilities of foreign operations are translated 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.

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. 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.

f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion at rates agreed between the parties.

Interest
Revenue is recognised as the interest accrues.

Debt forgiveness
Debt forgiveness is being recognised as income in profit or loss in the year in which the debt is forgiven or when the debtholders right of claim over the debt is fully exhausted.

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

i) Income tax

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

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

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

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

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

k) Earnings per share

a. Basic earnings per share

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

b. Diluted earnings per share

Diluted EPS is calculated as the net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and,
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

l) Financial Instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument. The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

The financial instruments of the Group are (i) cash and cash equivalents; (ii) trade and other receivables; (iii) trade and other payables, iv) available for sale investments; (v) short term loans; (vi) long term loans and borrowings; and (vii) other financial assets, including bank deposits.

m) Cash and Cash Equivalents

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

n) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

o) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.
The useful life of the assets have been set at the following levels to determine the depreciation rates:
- Leasehold improvements: 2 years
- Plant and equipment: 2 to 5 years
- Other assets: 2 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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 item) is included in the profit or loss in the period the item is derecognised.

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) Deferred 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 they are 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;
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

The recoverable amount of exploration and evaluation assets is the higher of fair value less costs to sell 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. The amounts are unsecured and are usually paid within 30 days of recognition.

r) Provisions

Provisions are recognised when the entity 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 is the Employee Option Plan (**EOP**) and Performance Rights Plan **(PRP**), which provides benefits to directors, senior executives and other eligible participants as determined by the Board.

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

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

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

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

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

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

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

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

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

t) Borrowing costs

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

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

u) Critical accounting judgements and estimates

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

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

Impairment of deferred exploration and evaluation costs

The future recoverability of deferred 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 deferred exploration and evaluation costs is determined not to be recoverable in the future, this 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.

Capitalisation of Exploration and Evaluation

The Group assesses the criteria on which exploration and evaluation expenditure is capitalised based on the criteria in Note 2(p).

3. LOSS ON PARTIAL DISPOSAL OF ASSOCIATE

Pursuant to the closing of stage 1 of the financing transaction with Appian and IFC on 24 July 2015, in which Appian and IFC acquired a direct 12.5% interest in Peak African Minerals (PAM), the company that held the interests in the Group's Ngualla project, it was determined that Peak Resources no longer solely controlled nor did it have joint control of PAM despite maintaining its majority ownership and beneficial interests in PAM.

The Company determined that based on its involvement in the PAM Board (albeit it does not control the Board decisions) along with its ownership interest in the company, Peak Resources is deemed to have significant influence over PAM and accordingly is considered to be an associate under Australian Accounting Standards. In accordance with the requirements of Australian Accounting Standards, the PAM Group was deconsolidated from the Peak Group effective July 2015 and the retained interest in PAM re-measured at its fair value at that time, being the deemed cost on initial recognition of Peak's investment in the associate. Fair value was determined with reference to the implied market value of the Appian and IFC payment which is an arms-length transaction therefore the Directors believed represented fair value in an orderly transaction. The fair value is level 3 per the fair value hierarchy. The Company recorded a $6,848,406 gain (including the re-cycle of associated foreign currency translation reserve on reclassification from a subsidiary to an associate) related to this disposal in the half-year 31 December 2015 period.

At the end of the prior period, a portion of the investment in associate was classified as held for sale at 30 June 2016 in accordance with the dilution of a further 12.5% interest related to stage 2 of the financing transaction with Appian and IFC. On completion of stage 2 of the financing transaction by Appian and IFC in August 2016 and September 2016 respectively, they invested a combined US$2,874,955 into PAM an additional 10% and 2.5% interest respectively with the Group's remaining interest in the PAM Group diluted to 75%. Pursuant to the additional contributions of capital, by Appian and IFC for the stage 2 referred to above, in the associate between 30 June 2016 and the dates of deemed disposal, the Company has recorded a loss of $500,031 on the disposal of this 12.5% interest in the PAM Group during the period ending 30 June 2017. There were no changes in the interest held in the PAM Group in the current period.

4. INVESTMENTS IN ASSOCIATES

As set out in Note 3, the Group has an 75% interest in Pan African Minerals (PAM), a company domiciled in Mauritius, that owns 100% of the shares in PR NG Minerals Limited ("PRNG"), the 100% owner of the Ngualla Project in Tanzania. The Group's interest in PAM is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in PAM:

	$AUD 30 June 2018	$AUD 30 June 2017
Current assets	78,330	194,277
Non-current assets	49,329,168	47,059,107
Current liabilities	164,454	564,292
Non-current liabilities	8,530,849	7,980,879
Equity	40,712,195	38,708,212
Income	531,112	264,788
Administrative costs	(105,959)	(316,425)
Employee benefits	(143,038)	(45,628)
Depreciation and amortisation expenses	(35,710)	(35,032)
Other expenses	(305,758)	(1,628,373)
Project costs	(2,639,012)	-
Finance costs	(5,312)	(11,465)
Loss before income tax expense	**(2,703,677)**	**(1,772,135)**
Income tax expense	-	-
Loss for the period	**(2,703,677)**	**(1,772,135)**
Other comprehensive income/(loss)	1,424,359	(1,073,609)
Total comprehensive loss for the period	**(1,279,318)**	**(2,845,744)**
Group's share of loss for the period	**(2,027,758)**	**(1,433,955)**
Group's share of movement of other comprehensive income for the period	**1,068,269**	**(851,914)**
Peak Resources investment in associate:		
Opening balance	29,482,222	25,847,009
Less Group’s share of loss in the associate for the period	(2,027,758)	(1,433,955)
Loss on partial disposal	-	(500,031)
Recycle of FCTR on partial disposal	-	(172,424)
Add Group’s share of movement in other comprehensive income in the associate for the period	1,068,269	(851,914)
Peaks additional equity investment in PAM during the period	2,592,080	6,593,537
Investment in associate	**31,114,813**	**29,482,222**
Classified in the statement of financial position as:		
Investment in associate	31,114,813	29,482,222
Investment in associate	**31,114,813**	**29,482,222**

Tenure over Ngualla Project

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

5. INCOME AND EXPENDITURE ITEMS

	2018 $	2017 $
Included in loss for the year are:		
Interest received	39,635	21,746
Gain on sale of non-current assets	841	-
Australian R&D rebate	561,907	1,813,602
Other income	16,335	25,926
Total other income	**618,718**	**1,861,274**
Occupancy costs	(122,364)	(209,069)
Listing compliance costs	(76,019)	(55,489)
Travel & accommodation	(81,638)	(106,007)
Technical feasibility costs	(27,260)	(1,985,476)
	Auditors' remuneration	
Amounts received or due and receivable by Ernst and Young for:		
Audit and review of financial statements	65,038	82,814
Taxation services	-	-
	65,038	**82,814**
Subsidiaries audit and review of financial statements	5,548	5,886
Subsidiaries taxation services	-	-
	5,548	**5,886**

6. OPERATING SEGMENTS

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

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

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

E&D	30 June 2018 E&D Total	Unallocated	Total	30 June 2017 E&D	Unallocated	Total
	$	$	$	$	$	$
Interest income	-	39,635	39,635	-	21,746	21,746
Other income	-	579,083	579,083	-	1,839,528	1,839,528
Total income	**-**	**618,718**	**618,718**	**-**	**1,861,274**	**1,861,274**
Depreciation and amortisation	-	(11,232)	(11,232)	(195)	(15,676)	(15,871)
Impairment of exploration and evaluation costs	-	-	-	-	-	-
Impairment of Investments	-	-	-	-	-	-
Share based payment expenses	-	(459,792)	(459,792)	-	(230,173)	(230,173)
Borrowing costs	-	(1,499,506)	(1,499,506)	-	(983,721)	(983,721)
Gain on disposal of former subsidiary	-	-	-	-	(500,031)	(500,031)
Share of loss of associate	(2,027,758)	-	(2,027,758)	(1,433,955)	-	(1,433,955)
Technical feasibility costs	(27,260)	-	(27,260)	(1,985,476)	-	(1,985,476)
Other expenses	-	(1,496,394)	(1,496,394)	-	(1,598,234)	(1,598,234)
Income Tax	-	-	-	-	-	-
Segment results	**(2,055,018)**	**(2,848,206)**	**(4,903,224)**	**(3,419,626)**	**(1,466,561)**	**(4,886,187)**
Segment assets	**31,114,813**	**8,242,640**	**39,357,453**	**29,482,222**	**3,466,853**	**32,949,074**
Segment liabilities	**-**	**(8,139,816)**	**(8,139,816)**	**-**	**(10,273,877)**	**(10,273,877)**
Additions to non-current assets:						
Plant and equipment	-	3,207	3,207	-	4,778	4,778
Investment in associate	2,592,080	-	2,592,080	6,593,537	-	6,593,537
	2,592,080	**3,207**	**2,595,287**	**6,593,537**	**4,778**	**6,598,315**

7. LOSS PER SHARE

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

	2018 Cents	2017 Cents
Basic and Diluted loss per share based on reported losses after tax as set out in the Statement of Comprehensive Income	(0.82)	(1.04)
	Nos.	**Nos.**
Weighted average number of ordinary shares used in calculating Basic & Diluted loss per share	594,373,862	470,332,142
Anti-dilutive options over ordinary shares and performance rights excluded from the weighted average number of shares	-	43,383,332

8. INCOME TAX

		2018 $	2017 $
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 benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2017: 27.5%)	(1,348,386)	(1,343,702)
	Add tax effect of:		
	- Revenue losses not recognised	509,097	706,555
	- Other non-allowable items	849,119	7,497,098
	- Other deferred tax balances not recognised	163,669	-
		173,499	6,859,951
	Less tax effect of:		
	- Other deferred tax balances not recognised	-	6,361,210
	- Non-assessable items	173,499	498,741
	Income tax expense reported in statement of comprehensive income	-	-
c.	**Deferred tax recognised at 27.5% (2017:27.5%)** (Note 1):		
	Deferred tax liabilities:		
	Investment in associate	(4,527,414)	(4,791,325)
	Accrued interest	(4,281)	(369)
	Other	(3,266)	(2,185)
	Deferred tax assets:		
	Carry forward revenue losses	4,534,961	4,793,879
	Net deferred tax	-	-
d.	**Unrecognised deferred tax assets at 27.5% (2017:27.5%)** (Note 1):		
	Carry forward revenue losses	1,142,411	403,882
	Carry forward capital losses	270,879	270,879
	Unrealised FX	395,210	144,513
	Capital raising costs	186,081	197,674
	Provisions and accruals	343,867	128,626
	Other	7,392	15,311
		2,345,840	**1,160,885**

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 2027 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

Reconciliation of cash and cash equivalent	2018 $	2017 $
For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	318,748	1,581,180
Short term deposits	6,150,000	544,500
	6,468,748	**2,125,680**

Reconciliation of operating loss to operating cash flows		
Loss for the year	**(4,903,224)**	**(4,886,187)**
Adjustments for non-cash items:		
Loss on partial disposal of associate	-	500,031
Share of loss of associate	2,027,758	1,433,955
Share based payments expenses	459,792	230,173
Depreciation expenses	11,232	15,871
Foreign exchange gain/loss	212,908	(202,731)
Movement in working capital items:		
Increase/(Decrease) in trade and other receivables	(34,049)	95,564
Increase/(Decrease) in prepayments	(7,568)	27,627
Increase/(Decrease) in trade and other payables	324,261	(526,116)
Increase/(Decrease) in provisions	(39,790)	13,623
	(1,948,680)	**(3,298,190)**

10. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Current		
GST receivable	45,993	25,510
Other receivable	17,494	3,927
	63,487	**29,437**
Ageing of receivables		
Recoverable within 3 months	63,487	29,437
Beyond 3 months	-	-
	63,487	**29,437**

Receivables are non-interest bearing and unsecured

11. OTHER FINANCIAL ASSETS

	2018 $	2017 $
Bank Term Deposit	30,000	55,000
	30,000	**55,000**

A deposit of $30,000 (2017: $55,000) has been secured against a guarantee issued by the bank as a rental deposit for the office lease. This cash balance is not available for withdrawal until the guarantee is withdrawn.

12. OTHER ASSETS – DUE FROM ASSOCIATE

	2018 $	2017 $
Associate-company loan receivables	1,526,145	1,227,526
	1,526,145	**1,227,526**

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

13. PROPERTY, PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and equipment		
At cost	97,701	103,002
Accumulated depreciation	(90,970)	(86,502)
	6,731	**16,500**
Movement in net carrying amount		
Balance at the beginning of the year	16,500	27,593
Additions	3,207	4,778
Disposals	(1,744)	-
Depreciation for the year	(11,232)	(15,871)
Balance at the end of the year	**6,731**	**16,500**

14. INVESTMENTS

	2018 $	2017 $
Investment in listed shares – at fair value (Level 1)	8,000	8,000
	8,000	**8,000**

15. OTHER ASSESTS

	2018 $	2017 $
Site 2 option payment	127,254	-
	127,254	**-**

The Company has signed a 24 month option for a 250 year lease on a 19 hectare parcel of land in Teesside for a rare earth refinery and separation plant. The agreement also includes the ability to extend the option for a further 12 months if required. The option term commenced on 18 June 2018.

16. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current		
Trade and other payables	**345,809**	**588,264**
Non-current		
Other payables	**870,170**	**303,454**
Ageing of payables		
Payable within 3 months	345,809	588,264
Beyond 12 months	870,170	303,454
	1,215,979	**891,718**

Payables are non-interest bearing, unsecured and are generally payable in 30-90 days

17. PROVISIONS

	2018 $	2017 $
Employee benefits - leave entitlements	160,451	200,241

	2018 $
Annual leave and long service leave	
At 1 July 2017	**200,241**
Arising during the year	188,748
Utilised during the year	(228,538)
At 30 June 2018	**160,451**

18. LOANS AND BORROWINGS

	2018 $	2017 $
Non-current:		
Working capital loan facility – Peak African Minerals	4,756,887	4,586,972
Bridging Loan – Appian Pinnacle Holdco Limited	2,006,499	4,594,946
Balance at the end of the year	**6,763,386**	**9,181,918**

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

Non-current – Appian loan facility – On 20 September 2016 Appian advanced A$4,179,828 (US$3,145,739) under a full draw down 3 year loan facility. The loan is denominated in US$ with interest of 15% per annum calculated daily and capitalised at the end of each calendar quarter, payable at the time of the loan repayment. Provisions of the facility provide for partial mandatory repayment from subsequent capital raisings undertaken by the Company. During the year repayments of principal and interest totalling $3,021,436 (US$2,400,837) were made.

19. RESERVES

	Share based payment reserve $	Foreign currency translation reserve $	Total $
At 30 June 2016	**1,807,143**	**1,508,778**	**3,315,921**
Share based payment made in 2017	230,173	-	230,173
Recycled to profit and loss on partial disposal of associate	-	(172,425)	(172,425)
Group's share of associates FCTR	-	(851,914)	(851,914)
Exchange difference on translation of foreign operations	-	41,064	41,064
At 30 June 2017	**2,037,316**	**525,503**	**2,562,819**
Share based payment made in 2018	459,792	-	459,792
Group's share of associates FCTR	-	1,068,269	1,068,269
Exchange difference on translation of foreign operations	-	(48,576)	(48,576)
At 30 June 2018	**2,497,108**	**1,545,196**	**4,042,304**

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.

20. CONTRIBUTED EQUITY

		Nos.	$
Balance at 30 June 2016		**454,474,034**	**63,828,274**
Issue of Placement Shares to IFC and Appian	14-Oct-16	16,306,957	815,348
Issue of Shares on conversion of loan note at $0.103 per share	11-Nov-16	6,674,140	687,436
Equity issue costs			(79,839)
Balance at 30 June 2017		**477,455,131**	**65,251,219**
PEK placement @ 4c per share	15-Sep-17	30,625,000	1,225,000
PEK placement @ 4c per share	25-Sep-17	39,375,000	1,575,000
PEK 1:8 Entitlement Issue @ 4c per share	27-Oct-17	50,056,627	2,002,265
PEK 1:8 Entitlement Issue @ 4c per share	2-Nov-17	18,375,264	735,011
PEKOB 6c Option Conversions	27-Feb-18	100	6
PEK placement @ 4c per share	3-May-18	86,000,000	3,440,000
PEK placement @ 4c per share	21-Jun-18	97,264,889	3,890,596
Equity issue costs			(901,699)
Balance at 30 June 2018		**799,152,011**	**77,217,398**

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 227,054,035 options over unissued shares as follows:

Options over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exer-cise Price	Expiry Date
Balance at 30 June 2017		28,616,666			
Expired:					
Unlisted options with an exercise price of $0.15	5-Jan-18	(10,549,999)			
Unlisted options with an exercise price of $0.20	5-Jan-18	(9,916,667)			
Unlisted performance rights which failed to achieve the vesting criteria	5-Jan-18	(8,000,000)			
Unlisted Options, exercisable at $0.55	3-Mar-18	(150,000)			
		-			
Issued:					
PEKOB listed $0.06 options	27-Oct-17	25,028,257	Vested	0.060	1/11/2018
PEKOB listed $0.06 options	2-Nov-17	54,187,631	Vested	0.060	1/11/2018
PEKOB listed $0.06 options	11-Dec-17	2,000,000	Vested	0.060	1/11/2018
PEKOC listed options exercisable at $0.06 expiring 14 June 2020	21-Jun-18	61,088,247	Vested	0.060	14/06/2020
Unlisted Options, exercisable at $0.06 expiring 27 February 2021	27-Feb-18	4,000,000	Vested	0.060	27/02/2021
Unlisted Options, exercisable at $0.0625 expiring 16 January 2021.	16-Jan-18	11,750,000	Vested	0.0625	16/01/2021
Unlisted Options, exercisable at $0.05 expiring 21 June 2021	21-Jun-18	16,000,000	Vested	0.05	21/06/2021
Unlisted Options, exercisable at $0.10 expiring 21 June 2022	21-Jun-18	14,000,000	Unvested	0.10	21/06/2022
Unlisted Options, exercisable at $0.15 expiring 21 June 2023	21-Jun-18	30,000,000	Unvested	0.15	21/06/2023
Unlisted Options, exercisable at $0.065 expiring 14 June 2021.	21-Jun-18	9,000,000	Vested	0.065	14/06/2021
Exercised:					
PEKOB listed options exercisable at $0.06	27-Feb-18	(100)			
Balance at 30 June 2018		**227,054,035**	Vested & unvested	$0.05 -$0.15	1/11/2018 - 21/06/2023

Pursuant to shareholder approval obtained at the General Meeting held on 14 June 2018, 60,000,000 options were issued to Directors subject various vesting conditions. A further 11,750,000 options were issued to employees under the Employee Share Options plan approved at the Annual General Meeting held on 29 November 2017. 28,616,666 options and performance rights expired unexercised during the period.

Participants in the September 2017 placement and 1 for 8 rights issue each received 1 for 2 free attaching option exercisable at $0.06 each on or before 1 November 2018. 81,215,888 options have been issued which trade under the code PEKOB on the ASX.

Participants in the May and June 2018 placement each received a 1 for 3 free attaching option exercisable at $0.06 each on or before 14 June 2020. 61,088,247 options have been issued which trade on the ASX under the code PEKOC.

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.

21. SHARE BASED PAYMENTS

Employee share option plan

The group has an 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 29 November 2017. During the financial year ended 30 June 2018 a total of 11,750,000 Options were issued under the EOP to directors, executives, employees and contractors.

Outside of the EOP an additional 60,000,000 options were issued to directors, some subject to various performance vesting conditions as approved by shareholders at the General Meeting of the Company on 14th June 2018.

31,000,000 Options were also issued to Brokers and Advisors to the company during the year.

Options granted during and as at the year ended 30 June 2018:	Number	WA Exercise Price	Value per option
Outstanding at 1 July 2017	**20,466,666**	**$0.18**	
Granted during the year:			
02-Nov-17 - issue of $0.06 vested options expiring 1-Nov-2018	10,000,000	$0.06	$0.0086
11-Dec-17 - issue of $0.06 vested options expiring 1-Nov-2018	2,000,000	$0.06	$0.0140
16-Jan-18 - issue of $0.0625 vested options expiring 16-Jan-2021	11,750,000	$0.0625	$0.0298
21-Jun-2018 - issue of $0.05 options, vesting subject to performance criteria, expiring 21-Jun-2021	16,000,000	$0.05	$0.0159
21-Jun-2018 - issue of $0.10 options, vesting subject to performance criteria, expiring 21-Jun-2022[1]	14,000,000	$0.10	$0.0130
21-Jun-2018 - issue of $0.15 options, vesting subject to performance criteria, expiring 21-Jun-2023[2]	30,000,000	$0.15	$0.0127
27-Feb-2018 - issue of $0.06 vested options expiring 27-Feb-2021	4,000,000	$0.06	$0.01885
21-Jun-18 - issue of $0.065 vested options expiring 14-Jun-2021	9,000,000	$0.065	$0.01546
Exercised during the year	-	-	
Expired during the year	(20,466,666)	-	
Outstanding at 30 June 2018	**96,750,000**	**$0.093**	
Exercisable at 30 June 2018	52,750,000	$0.058	

WA (weighted average)

Options granted during and as at the year ended 30 June 2017:

	Number	WA Exercise Price	Value per option
Outstanding at 1 July 2016	**28,983,332**	**$0.16**	
Granted during the year:			
16-Nov-16 - issue of $0.15 vested options expiring 5-Jun-2018	500,000	$0.15	$0.007
16-Nov-16 - issue of $0.20 options vested on 5-Jan-2017 expiring 5-Jan-2018	500,000	$0.20	$0.004
Exercised during the year	-	-	
Expired during the year	(9,516,666)	-	
Outstanding at 30 June 2017	**20,466,666**	**$0.18**	
Exercisable at 30 June 2017	20,466,666	$0.18	

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 $0.104 (2017: $0.175).

The weighted average remaining contractual life for share options outstanding at 30 June 2018 was 3.94 years (2017: 0.52 years).

The weighted average fair value of options issued during the year was $0.0163 per option (2017: $0.006).

Performance Rights Plan

The group has a 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 29 November 2017.

During the year ended 30 June 2018, 8,000,000 performance rights expired due to the vesting conditions not being met. No additional performance rights were issued during the period.

Performance rights granted during and as at the year ended 30 June 2018:

	Number	Exercise Price
Outstanding at 1 July 2017	**8,000,000**	**$0.00**
Granted during the year:	-	-
Exercised during the year	-	-
Expired during the year	(8,000,000)	-
Outstanding at 30 June 2018	**-**	**$0.00**
Exercisable at 30 June 2018	-	-

Performance rights granted during and as at the year ended 30 June 2017:

	Number	Exercise Price
Outstanding at 1 July 2016	**8,000,000**	**$0.00**
Granted during the year:	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 30 June 2017	**8,000,000**	**$0.00**
Exercisable at 30 June 2017	-	-

The volume weighted exercise price of rights issued during the year was $0.00 (2017: $0.00)

The weighted average remaining contractual life for rights options outstanding at 30 June 2018 was 0 years (2017: 0.52 years)

The weighted average fair value of rights issued during the year was $0.00 per right (2017: $0.00)

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

	2018	2017
WA Share price on date of grant	**$0.042**	**$0.067**
WA Risk-free interest rate	**1.50%**	**1.50%**
Dividend yield	**0%**	**0%**
Expected volatility	**77%**	**77%**

(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 $459,792 (2017: $230,173) is $Nil (2017: $Nil) relating to the shares issued during the year, $939,661 (2017: $39,738) related to options granted during the year and prior year, and -$479.869* (2017: $190,435) relating to performance rights granted in the prior year.

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

22. CONTINGENCIES AND COMMITMENTS

Lease commitments

The company has committed to an office lease of $33,000 per annum for 3 years to 31 December 2020. The lease provides a break clause during each year of the lease.

	2018	2017
	$	$
Up to 1 year	16,500	8,100
1 to 5 Years	-	-
	16,500	**8,100**

Capital Commitments

At 30 June 2018, the Group has no capital commitments. (2017: Nil).

Contingencies
At 30 June 2018, the Group had no contingencies (2017: Nil).

23. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2018	2017
	$	$
Salary and fees – short term benefits	1,647,780	1,571,607
Non-monetary benefits	88,830	59,011
Superannuation	64,923	78,850
Share based payments	34,489	215,130
	1,836,022	**1,924,598**

Loans to KMP's
No loans were made to KMP's during the financial year (2017: 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 $191,327 (2016: $79,990) as fees for the provision of legal advice. Balance outstanding at 30 June 2018 and included in trade creditors $35,332 (30 June 2017: $24,468).

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.

24. 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:

		Ownership interest	
	Incorporation	**2018**	**2017**
Parent			
Peak Resources Limited	Australia	100%	100%
Controlled entities			
PRL Pty Ltd	Australia	100%	100%
Peak Hill Gold Mines Pty Ltd	Australia	100%	100%
Redpalm Pty Ltd	Australia	100%	100%
Pan African Exploration Limited	Australia	100%	100%
Peak Resources (Tanzania) Limited	Tanzania	100%	100%
Peak Technology Metals Limited	U.K	100%	-
Associated entities			
Peak African Minerals Limited (Directly)	Mauritius	75%	75%
PR Ng Minerals Limited (Indirectly)	Tanzania	75%	75%

25. FINANCIAL INSTRUMENTS

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) trade and other payables; (iv) AFS investments; (v) short term loans; (vi) long term loans and borrowings; and (vii) other financial assets, including bank deposits.

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

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

Fair value of financial instruments

	2018 $	2017 $
Cash and cash equivalents	6,468,748	2,125,680
Trade and other receivables	63,487	29,437
Other financial assets	30,000	55,000
Due from associate	912,895	1,227,526
Financial assets	8,000	8,000
Trade and other payables	(1,215,979)	(891,718)
Non-current – Loans and borrowings	(6,763,386)	(9,181,918)

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

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

For the Non-current – Loans and borrowings their carrying amounts approximate their fair values as it is subject to commercial lending rates.

Credit Risk

The group's credit risks arise from potential default of trade and other receivables, cash and cash equivalents, other financial assets and amount due from associates. The maximum credit exposure is limited to the carrying amount of trade and other receivables and amount due from associates $1,589,631 (2017: $1,256,964) at reporting dates.

As at 30 June 2018, 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:

	2018			2017		
	Up to 3 months	> 3 months	Total	Up to 3 months	> 3 months	Total
	$	$	$	$	$	$
Financial liabilities						
Trade and other payables	(345,809)	(870,170)	(1,215,979)	(588,264)	(1,678,792)	(2,267,056)
Short term loans	-	-	-	-	-	-
Long term loans(1)(2)	-	(8,390,514)	(8,390,514)	-	(10,810,908)	(10,810,908)
Total financial liabilities	**(345,809)**	**(9,260,684)**	**(9,606,493)**	**(588,264)**	**(12,489,700)**	**(13,077,964)**
Financial assets						
Cash and cash equivalents	6,468,748	-	6,468,748	2,125,680	-	2,125,680
Other financial assets	-	30,000	30,000	-	55,000	55,000
Due from associate	306,524	1,219,621	1,526,145	1,227,526	-	1,227,526
Investments	-	135,254	135,254	-	8,000	8,000
Trade and other receivables	63,487	-	63,487	29,437	-	29,437
Total financial assets	**6,838,759**	**1,384,875**	**8,223,634**	**3,382,643**	**63,000**	**3,445,643**

1) PAM working capital facility is repayable the earlier of 29 March 2021 or on the commencement of commercial production from the Ngualla project.
2) Appian Bridging loan advanced on 20 September 2016 with a 3 year loan facility. Provisions of the facility provide for partial mandatory repayment from subsequent capital raisings undertaken by the Company

Interest rate risk

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

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

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

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

	2018	2017
	$	$
Cash and cash equivalents	6,468,748	2,125,680
Impact on profit and equity: +1% movement	64,687	21,257
Impact on profit and equity: -1% movement	(64,687)	(21,257)

Foreign currency risk

The Group's exposure to foreign currency price risk is limited to the USD denominated loan balances. At 30 June 2018 the Group had an outstanding balance of USD $5,657,210 (2017: $6,999,377). 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.

	2018 US$	2017 US$
USD$ denominated loan balances	5,657,210	6,999,377
Impact on profit and equity: +5% movement in USD exchange rate	282,861	349,969
Impact on profit and equity: -5% movement in USD exchange rate	(282,861)	(349,969)

Commodity price risk

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

Changes in liabilities arising from financing activities

		2018		
	1-Jul-17 $	Cash flows $	Foreign exchange movement $	30-Jun-18 $
Financial liabilities				
Non-current interest bearing loans and borrowing	(9,181,918)	2,588,447	(169,915)	(6,763,386)
Total liabilities from financing activities	**(9,181,918)**	**2,588,447**	**(169,915)**	**(6,763,386)**

26. SUBSEQUENT EVENTS

There were no subsequent events to 30 June 2018 that have a material impact on the financial statements at present.

27. PARENT ENTITY DISCLOSURE

The following details information related to the parent entity, Peak Resources Limited, at 30 June 2018. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2018 $	2017 $
Financial position		
Current assets	6,565,840	2,205,611
Non-current assets	31,287,441	28,292,944
Total assets	**37,853,281**	**30,498,555**
Current liabilities	499,125	777,851
Non-current liabilities	7,633,556	9,485,371
Total liabilities	**8,132,681**	**10,263,222**
Net assets	**29,720,600**	**20,235,333**
Equity		
Contributed equity	77,533,149	65,566,970
Share based payment reserve	2,560,592	2,100,800
Accumulated losses	(50,373,141)	(47,432,437)
Total equity	**29,720,600**	**20,235,333**
Financial performance		
Loss for the year	(2,940,704)	(2,834,658)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(2,940,704)**	**(2,834,658)**

Peak Resources Limited had no commitments to purchase property, plant and equipment or contingent liabilities, other than the performance guarantee as referred to in Note 22, at year end.

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 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 2018 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 2018 and performance of the consolidated entity 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

Peter Meurer
Non-Executive Chairman
Perth, 11 September 2018

Tenement Schedule and Reserves and Resources

PEAK RESOURCES

TENEMENT SCHEDULE

Project	Tenement	%	Status	Arrangement/Comment
Tanzanian Projects				
Mikuwo	PL 9157/2013	75*	Granted	Held by 100% Tanzanian associate company PR NG Minerals Ltd
Mlingi	PL 10897/2016	75*	Granted	Held by 100% Tanzanian associate company PR NG Minerals Ltd
Ngualla	SML 00601/2017	75*	Application	Held by 100% Tanzanian associate company PR NG Minerals Ltd

*Peak holds a 75% beneficial interest in the above three licences with Appian and IFC holding a 20% and 5% interest respectively through their equity interest in Peak African Minerals.

ORE RESERVES AND MINERAL RESOURCES

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

Peak ensures that the Ore Reserve and Mineral Resources estimates are subject to appropriate governance and internal controls which are reviewed periodically in line with the expansion and development of the Company. The annual review date is 30 June.

The Mineral Resource estimate and Ore Reserve were derived by independent consulting organisations whose staff are highly competent and professional. Competent Persons named by the company are Members or Fellows of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined in the JORC Code. The Mineral Resource consultant carried out rigorous reviews of the quality of the database and geological models prior to estimation. Internal technical reviews are carried out systematically by both of the independent consulting organisations.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

THERE HAS BEEN NO CHANGE TO ORE RESERVES AND MINERAL RESOURCES WITH PREVIOUS YEAR

Ore Reserve estimates

The Ore Reserve estimate was completed by Orelogy Consulting Pty Ltd and released to the ASX on 12 April 2017 titled "Ngualla Rare Earth Project - Updated Ore Reserve". The release includes a detailed summary of the supporting project assumptions and data.

Table 1: Classification of Ore Reserve estimates for the Weathered Bastnaesite Zone at Ngualla.

	ORE RESERVE AS AT 30 JUNE 2018		
JORC CATEGORY	Ore Tonnes (millions)	REO %	Contained REO Tonnes
Proved	17.0	4.78	813,000
Probable	1.5	5.10	74,000
Total	**18.5**	**4.80**	**887,000**

See Table 2 for the breakdown of individual REO's. Reported according to the JORC 2012 Code and Guidelines.

Table 2: Relative components of individual rare earth oxides (including yttrium) as a percentage of total REO for the Ngualla Project Ore Reserve estimate (refer to Table 1)

RARE EARTH OXIDES	REO GRADE (%)			% OF TOTAL REO		
	Proved	**Probable**	**All**	**Proved**	**Probable**	**All**
Lanthanum	1.318	1.418	1.326	27.59	27.80	27.61
Cerium	2.305	2.456	2.317	48.25	48.15	48.24
Praseodymium	0.228	0.243	0.229	4.77	4.77	4.77
Neodymium	0.788	0.838	0.792	16.49	16.43	16.49
Samarium	0.077	0.082	0.077	1.61	1.61	1.61
Europium	0.014	0.015	0.014	0.30	0.28	0.30
Gadolinium	0.029	0.031	0.030	0.62	0.60	0.62
Terbium	0.002	0.002	0.002	0.05	0.05	0.05
Dysprosium	0.004	0.004	0.004	0.07	0.07	0.07
Holmium	0.000	0.000	0.000	0.01	0.01	0.01
Erbium	0.001	0.002	0.002	0.03	0.03	0.03
Thulium	0.000	0.000	0.000	0.00	0.00	0.00
Ytterbium	0.001	0.001	0.001	0.01	0.01	0.01
Lutetium	0.000	0.000	0.000	0.00	0.00	0.00
Yttrium	0.010	0.010	0.010	0.20	0.19	0.20
Total REO	**4.78**	**5.10**	**4.80**	**100.00**	**100.00**	**100.00**

Values may not balance due to rounding to 0.01%

Ore Reserves

The information in the announcement that relates to Ore Reserve estimates and estimated mine operating costs is based on information compiled by Mr Ryan Locke, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Locke is a Principal Planner and is employed by Orelogy Pty Ltd, an independent consultant to Peak Resources. Mr Locke has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ryan Locke consents to the inclusion in the report of the maters based on his information in the form and context in which it appears.

Mineral Resource estimates

The information in this statement that relates to the Mineral Resource estimates is based on work conducted by Rod Brown of SRK Consulting (Australasia) Pty Ltd, and the work conducted by Peak Resources, which SRK has reviewed. Rod Brown takes responsibility for the Mineral Resource estimate. Rod Brown is a Member of The Australian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activities undertaken, to qualify as Competent Person in terms of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition).Rod Brown consents to the inclusion of such information in this report in the form and context in which it appears.

Project Engineering and Cost Estimation

The information in this report that relates to infrastructure, project execution and cost estimating is based on information compiled and / or reviewed by Lucas Stanfield who is a Member of the Australasian Institute of Mining and Metallurgy. Lucas Stanfield is the General Manager – Development for Peak Resources Limited and is a Mining Engineer with sufficient experience relevant to the activity which he is undertaking to be recognized as competent to compile and report. Lucas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral Resource estimates

The Mineral Resource as at 30 June 2018 is detailed in the ASX announcement titled 'Mineral Resource estimate re-stated to include barite' of 2 March 2017. The estimates were reported according to the JORC 2012 Code and Guidelines and were completed by Rod Brown of SRK Consulting (Australasia) Pty Ltd.

Table 3: Classification of All Mineral Resources for the Ngualla Rare Earth Project at a 1.0% REO cut-off grade.

			MINERAL RESOURCE AS AT 30 JUNE 2018			
	Lower Cut-off Grade	JORC Category	Ore Tonnes (millions)	REO %	Contained REO Tonnes	$BaSO_4$ %
Ngualla All Mineral Resources	1.0% REO	Measured	86.1	2.61	2,250,000	20.2
		Indicated	112.6	1.81	2,040,000	13.8
		Inferred	15.7	2.15	340,000	17.6
		Total	**214.4**	**2.15**	**4,620,000**	**16.6**

** REO (%) includes all the lanthanide elements plus yttrium oxide. See Tables 5 for breakdown of individual REO's. Figures above may not sum due to rounding. The number of significant figures does not impy an added level of precision.*

The Weathered Bastnaesite Zone Mineral Resource estimate summarised below is a subset and contained within the All Mineral Resources reported in Table 3 above and is detailed in the same ASX announcements as stated above.

Table 4: Classification of Mineral Resources for the Weathered Bastnaesite Zone mineralisation at a 1.0% and 3.0% REO cut-off grades.

			MINERAL RESOURCE AS AT 30 JUNE 2018			
	Lower Cut-off Grade	JORC Category	Ore Tonnes (millions)	REO %	Contained REO Tonnes	$BaSO_4$ %
Ngualla Weathered Bastnaesite Zone	1.0% REO	Measured	18.9	4.75	900,000	37.8
		Indicated	1.9	4.85	90,000	38.3
		Inferred	0.5	4.43	20,000	31.5
		Total	**21.3**	**4.75**	**1,010,000**	**37.7**
	3.0% REO	Measured	17.9	4.88	870,000	38.6
		Indicated	1.7	5.14	90,000	39.3
		Inferred	0.4	4.84	20,000	35.4
		Total	**19.9**	**4.90**	**980,000**	**38.6**

** REO (%) includes all the lanthanide elements plus yttrium oxide. See Table 5 for breakdown of individual REO's. The Weathered Bastnaesite Zone Mineral Resource is contained within an is a subset of the Total All Ngualla Project Mineral Resource at a 1% REO cut-off grade in Table 3 above. Figures above may not sum due to rounding. The number of significant figures does not impy an added level of precision.*

Tenement Schedule and Reserves and Resources (continued)

Table 5: Relative components of individual rare earth element oxides (including yttrium) as a percentage of total REO for 2018 Total Ngualla +1% REO, Weathered Bastnaesite Zone +1% REO and Weathered Bastnaesite Zone +3% REO and Mineral Resources summarised in Tables 3 and 4.

OXIDE		NGUALLA 2018 TOTAL MINERAL RESOURCE		NGUALLA 2018 WEATHERED BASTNAESITE ZONE RESOURCE		NGUALLA 2018 WEATHERED BASTNAESITE ZONE RESOURCE	
		1% REO		1% REO		3% REO	
		REO grade (%)	% of total REO	REO grade (%)	% of total REO	REO grade (%)	% of total REO
Lanthanum	La_2O_3	0.587	27.25	1.310	27.58	1.353	27.63
Cerium	CeO_2	1.039	48.23	2.293	48.27	2.364	48.27
Praseodymium	Pr_6O_{11}	0.104	4.81	0.227	4.77	0.234	4.77
Neodymium	Nd_2O_3	0.348	16.2	0.784	16.5	0.806	16.5
Samarium	Sm_2O_3	0.036	1.66	0.076	1.60	0.078	1.60
Europium	Eu_2O_3	0.007	0.34	0.014	0.29	0.014	0.29
Gadolinium	Gd_2O_3	0.016	0.75	0.029	0.61	0.030	0.61
Terbium	Tb_4O_7	0.001	0.07	0.002	0.05	0.002	0.05
Dysprosium	Dy_2O_3	0.003	0.16	0.004	0.07	0.004	0.08
Holmium	Ho_2O_3	0.000	0.02	0.000	0.01	0.000	0.01
Erbium	Er_2O_3	0.001	0.06	0.002	0.03	0.002	0.03
Thulium	Tm_2O_3	0.000	0.00	0.000	0.00	0.000	0.00
Ytterbium	Yb_2O_3	0.001	0.04	0.001	0.01	0.001	0.01
Lutetium	Lu_2O_3	0.000	0.00	0.000	0.00	0.000	0.00
Yttrium	Y_2O_3	0.010	0.47	0.010	0.20	0.010	0.20
Total		**2.15**	**100**	**4.75**	**100**	**4.90**	**100**

** Figures may not sum due to rounding.*

ADDITIONAL SHAREHOLDER INFORMATION

Quoted security distribution

The distribution of members and their holdings of quoted equity securities in the company as at 28 September 2018 were as follows:

Number Held as at 28 September 2018	Class of Equity Securities Fully Paid Ordinary Shares
1-1,000	165
1,001 - 5,000	295
5,001 – 10,000	289
10,001 - 100,000	1139
100,001 and over	735
Total	**2623**

There were 929 holders with less than a marketable parcel of fully paid shares.

Number Held as at 28 September 2018	Class of Equity Securities PEKOB $0.06 Options (Expire 1 November 2018)
1-1,000	73
1,001 - 5,000	113
5,001 – 10,000	58
10,001 - 100,000	149
100,001 and over	104
Total	**497**

Number Held as at 28 September 2018	Class of Equity Securities PEKOC $0.06 Options (Expire 14 June 2020)
1-1,000	-
1,001 - 5,000	-
5,001 – 10,000	-
10,001 - 100,000	23
100,001 and over	95
Total	**118**

PEAK RESOURCES

Substantial Security holders

Substantial shareholders listed in the Company's register as at 28 September 2018 were:

Holder	Number of shares	Percentage of issued capital
APPIAN PINNACLE HOLDCO LIMITED	112,351,377	14.06%

Unquoted Securities

Class of Equity Security	Number	Number of Security Holders
$0.05 options expiring 21 June 2021	16,000,000	4
$0.06 options expiring 21 February 2021	4,000,000	2
$0.0625 options expiring 16 January 2021	11,750,000	11
$0.065 options expiring 14 June 2021	9,000,000	3
Unvested $0.10 options expiring 21 June 2022	14,000,000	4
Unvested $0.15 options expiring 21 June 2023	30,000,000	4

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

Class of Equity Security	Number	Holder
$0.05 options expiring 21 June 2021	10,000,000	Meurer Investments Pty Ltd
$0.06 options expiring 21 February 2021	2,500,000	ACN 161 604 315 Pty Ltd
$0.06 options expiring 21 February 2021	1,500,000	Tyche Investments Pty ltd
$0.0625 options expiring 16 January 2021	3,000,000	Rocky Smith
$0.065 options expiring 14 June 2021	4,500,000	Melshare Nominees Pty Ltd
$0.065 options expiring 14 June 2021	3,000,000	ACN 161 604 315 PTY LTD
Unvested $0.10 options expiring 21 June 2022	5,000,000	Meurer Investments Pty Ltd
Unvested $0.15 options expiring 21 June 2023	15,000,000	Meurer Investments Pty Ltd

Voting Rights

Ordinary Shares

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

Restricted Securities

As at 30 June 2018, there were no restricted securities.

Additional Shareholder Information
(continued)

PEAK RESOURCES

Twenty largest security holders

The names of the twenty largest holdings of quoted equity securities as at 28 September 2018 are as follows:

Name	Number Held of Ordinary Fully Paid Shares	% Held of Issued Ordinary Capital
CITICORP NOMINEES PTY LIMITED	118,637,066	14.85
INTERNATIONAL FINANCE CORPORATION	31,846,257	3.99
J P MORGAN NOMINEES AUSTRALIA LIMITED	30,972,660	3.88
CRX INVESTMENTS PTY LIMITED	16,427,337	2.06
SAMBOLD PTY LTD	16,325,000	2.04
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,076,026	1.76
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	12,609,662	1.58
ERP STRATEGIC MINERALS LLC	12,500,000	1.56
BUSHELL NOMINEES PTY LTD	11,072,401	1.39
JBBM PTY LTD	10,500,000	1.31
ONE MANAGED INVESTMENT FUNDS LIMITED	7,875,000	0.99
DIRDOT PTY LIMITED	7,149,882	0.89
HOTLAKE PTY LTD	7,146,366	0.89
CS FOURTH NOMINEES PTY LIMITED	6,731,000	0.84
PINNACLE SUPERANNUATION PTY LIMITED	6,500,000	0.81
ACN 161 604 315 PTY LTD	6,250,000	0.78
ASHABIA PTY LTD	6,200,000	0.78
BEPPE SUPER PTY LIMITED	6,156,250	0.77
JB ADVISORY PTY LIMITED	6,150,000	0.77
BNP PARABIS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	5,295,476	0.66
TOTAL TOP 20	**340,420,383**	**42.60%**
TOTAL	**799,152,011**	**100.00%**

Name	Number Held of PEKOB $0.06 Options Shares (Expire 1 November 2018)	% Held of Issued PEKOB Options
ERP STRATEGIC MINERALS LLC	6,250,000	7.70
CITICORP NOMINEES PTY LIMITED	4,812,349	5.93
MR MICHAEL NOEL JEFFERY	4,204,687	5.18
TYCHE INVESTMENTS PTY LTD	3,567,500	4.39
JBBM PTY LTD	3,125,000	3.85
ACN 161 604 315 PTY LTD	3,000,000	3.69
ACN 161 604 315 PTY LTD	2,901,224	3.57
ACN 161 604 315 PTY LTD	2,631,387	3.24
723 PTY LTD	2,000,000	2.46
ZENIX NOMINEES PTY LTD	2,000,000	2.46
SAIL AHEAD PTY LTD	1,923,437	2.37
MR CHRISTOPHER RUSSELL VICKERS	1,500,000	1.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,386,840	1.71
CRX INVESTMENTS PTY LIMITED	1,250,000	1.54
MRS JENNY LEE BUSHELL	1,250,000	1.54
YARANDI INVESTMENTS PTY LTD	1,250,000	1.54
BUSHELL NOMINEES PTY LTD	1,250,000	1.54
UNAVAL NOMINEES PTY LTD UNAVAL MANAGEMENT RETIREMENT	1,125,000	1.39
BEPPE SUPER PTY LIMITED	1,053,125	1.30
SAMBOLD PTY LTD	900,428	1.11
TOTAL TOP 20	**47,380,977**	**58.34%**
TOTAL	**81,215,788**	**100.00%**

Additional Shareholder Information
(continued)

Name	Number Held of PEKOCB $0.06 Options Shares (Expire 14 June 2020)	% Held of Issued PEKOC Options
CITICORP NOMINEES PTY LIMITED	8,588,296	14.06
723 PTY LIMITED	5,057,521	7.70
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	4,166,666	6.82
CS FOURTH NOMINEES PTY LIMITED	2,083,333	3.41
ACN 161 604 315 PTY LTD	2,083,333	3.41
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,083,333	3.41
JB ADVISORY PTY LIMITED	2,050,000	3.36
NERO RESOURCE FUND PTY LTD	1,250,000	2.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,250,000	2.05
BEPPE SUPER PTY LIMITED	1,033,333	1.69
WISEVEST PTY LTD	866,666	1.42
BNP PARIBAS NOMINEES PTY LTD	837,500	1.37
ASHABIA PTY LTD	833,333	1.36
JBBM PTY LTD	833,333	1.36
CRX INVESTMENTS PTY LIMITED	833,333	1.36
SPRING STREET HOLDINGS PTY LTD	833,333	1.36
MR MICHAEL DIMITRIOS PRASSAS	833,333	1.36
MR KEVIN GERARD DOYLE	824,999	1.35
ACN 161 604 315 PTY LTD	816,666	1.34
723 PTY LIMITED	791,666	1.30
TOTAL TOP 20	**37,949,977**	**61.55%**
TOTAL	**61,088,247**	**100.00%**

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

CORPORATE GOVERNANCE STATEMENT

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

PEAK RESOURCES LIMITED

www.peakresources.com.au
Ground Floor, 5 Ord Street
West Perth, WA 6005
P: +61 8 9200 5360