

PEAK RESOURCES

RESOURCESTOCKS

TANZANIA PROVIDES RARE OPPORTUNITY

Peak Resources went into east Africa looking for a “company-making” project. They may have found it.

THE NGUALLA RARE earths project lies in remote southwest Tanzania and was acquired by Peak while they were investigating a wide range of minerals projects in the country.

Peak entered the region to find a compelling investment around which the company could grow.

“In June 2008, Peak made a decision to look for phosphate in Africa, because the phosphate price had shot up,” chairman Alastair Hunter said.

“We initiated research and had an African geologist who found us six projects in Tanzania to consider.

“We went through them and Ngualla was the one really stood out because it had been explored as part of a regional program.”

Peak acquired Pan African Exploration, assuming all of Pan’s holdings in the country including a joint venture agreement with Tanzanian partner, Zari Exploration.

Under the JV, Peak has the right to earn up to 70-75% in five gold projects.

Prospectivity for phosphate was what Peak was chasing at Ngualla, but the company found much more.

“There had been various phases of exploration by various groups looking for different commodities but nobody had done any serious

work,” Hunter said. “We started to do our initial geochemistry work for phosphate and realised there were other elements.”

Soil sampling was undertaken over three lines 800 metres apart and Peak found interesting results including base metals, rare earths, niobium, tantalum and titanium.

It was the rare earths and niobium that stood out to directors.

An exploration licence was granted in September 2009 and work started within a week.

Very quickly Ngualla evolved from a phosphate target into a rare earths project.

Peak has so far drilled 373 aircore and four reverse-circulation holes for a total of 6077 metres and took a further 1100m of soil samples.

“All four RC holes were mineralised from top to bottom and two of the holes were from what is emerging as a niobium zone,” Peak executive director Mark Maine said.

“Two were from the rare earths section and averaged, over the full length of the hole, in excess of 3 per cent, with 5 per cent zones within that.

“That’s where the high-grade material potentially is. Those rare earth and niobium results were what drove the share price.”

Better results from the two rare

earths holes included 40m at 3.2% total rare earth oxide (TREO) and 20m at 3.7% TREO.

Intercepts from the niobium RC holes include 30m at 0.38% niobium and 150 parts per million tantalum and 24m at 0.39% niobium and 128ppm tantalum.

As the results trickled through to the market, the response was bullish and the company’s stock jumped seven-fold in less than three months.

Based on the results and investors’ positive response, Peak has gone back for another round of exploration with a planned 7000m of RC drilling to commence in late October.

Two broad target areas emerged in the first drilling campaign – a hard-rock and an alluvial zone.

“The initial focus on the alluvials was because of the economics of the soft drillable material,” Maine said.

“We have done soil-sampling right across the hard rock and that’s highlighted the fact that the potential of the hard rock mineralisation will be of a much higher tenor than what we’re seeing in the alluvials.

“We’re now moving towards the hard rock with the drilling program which we will start in October.”

An airborne geophysics survey was concluded in August and a final report is due before the end of the year.

“Preliminary information is certainly explaining a lot and confirming what we suspected from the soil geochemistry and is providing us with a fair bit of excitement,” Maine said.

The company has more than enough cash in the bank to fund this drilling program following a recent \$2.3 million placement.

“This program will give us a

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MARK MAINE
PEAK RESOURCES



reasonable indication of the overall potential of the project," Maine said.

"We have enormous faith in the project as it stands from what we've seen and the results we've got so far.

"It's a question of proving it up with this program and giving investors and ourselves a better understanding of what we've got."

Hunter said tonnage at Ngualla, which stood at 3.5 kilometres in diameter, would not be an issue and Peak had to zero in on a high-grade zone to kick-start the project.

"We want to gain enough information out of this program to assess the project throughout the rainy season and use this data as a benchmark for next year's drilling, which would lead to a JORC-compliant resource," he said.

In the meantime, the company also will consider its other projects in Tanzania and Australia.

"We have a group of about five gold projects around Lake Victoria in Tanzania," Maine said.

"The gold portfolio we've got would be enough to support the company by itself.

"Most of the gold is relatively greenfields, but we're actively looking for other opportunities."

Closer to home, Peak holds ground in the exciting Doolgunna district.

Exploration completed by Peak and previous parties significantly increased the prospectivity of the Three Rivers project with the discovery of extensive geochemical and geophysical anomalies and

the return of anomalous rock chip samples.

Results included 33.5% copper, 59% iron, 6.4% lead, 46.5ppm silver and 44.1% manganese.

"We've just completed a geophysics survey there to provide us with an indication on where to go next," Maine said.

"We've got a number of companies sitting around that tenement in a region that is an emerging story and we're bringing it on gradually, but it's certainly not the focus of the company."

The focus is well and truly on Ngualla, which Hunter is confident will not only have a significant impact on the company, but on the rare earths industry globally.

"If you look at the major rare earths projects in Australia; Nolans and Mt Weld, they've been known about for years and the companies have been able to launch themselves off a good-quality, large database," Hunter said.

"What we've done in 12 months is amazing.

"Relatively speaking, we've had a very successful, aggressive, professional program over the past year.

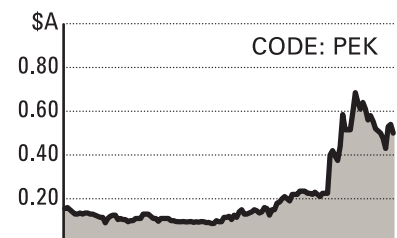
"By looking at the data we've got already, we can tell Ngualla is starting to shape up potential as a big rare earths project by world standards."

Peak is up to the task.

"We want to push this through as quickly and aggressively as we can," Maine said. – **Blake Wilshaw**

Drilling at Ngualla has returned exciting hits and a follow-up program is underway

PEAK RESOURCES AT A GLANCE



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MARKET CAPITALISATION

\$A61 million (at press time)

QUOTED SHARES ON ISSUE

124,635,593

MAJOR SHAREHOLDERS

UBS Nominees 3,864,351 shares
Lost Ark Nominees 3,477,000 shares
Minico 3,304,000 shares