

HAVING A RARE OLD TIME IN AFRICA

With a new gold rush sweeping across Africa, Peak Resources is something of an odd man out. The company is targeting rare earths to take advantage of the boom in flat screen TVs and mobile phones.

IT'S CALLED RARE EARTH for a very good reason.

If you are outside China, it is more commonly known as impossible earth.

That's because the People's Republic of China controls 97% of rare earth minerals global production.

And in a voracious consumer market where the 17 elements which fit into the rare earth "basket" are in increasing demand, that is creating a problem.

Because the Chinese are continually tightening exports as their domestic consumption – riding the coat-tails of the country's economic explosion – soars.

Which is what has veteran mining industry identity Alastair Hunter back in Africa with his Perth-based company Peak Resources, a company Hunter described as "a junior explorer with well-founded aspirations to become a medium ranked player" in the market.

As its chairman, Hunter brings more than 40 years experience in exploration throughout Australia, North America and Africa.

"I have been in and out of Africa for the past 20 years but very serious about what it has to offer for the past 10," Hunter said.

"One of the reasons I have been looking there is there is just too much

red tape, too much government in Australia now.

"Gone are the days when you could just go bush and go to work."

Hunter also wanted to be different to the current gold rush.

He said he did a lot of research into phosphate and in the course of that work the potential of the rare earth market "stood out like a sore thumb".

Today the company holds an extensive portfolio, with the Ngualla rare earth project in southern Tanzania its focus.

Peak's portfolio has been acquired through the selection of exploration assets to provide exposure to a range of mineral types in areas of known potential that are either under or poorly explored.

Rare earths are a group of 17 elements, including the lanthanides plus yttrium and scandium.

They have similar chemical structures that give them unique mechanical, chemical, metallurgical, optical, catalytic, nuclear, magnetic, and abrasive properties.

While not necessarily rare in term of their occurrence within the earth's crust, the presence of rare earths in commercially-viable deposits is relatively limited. The rare part of the name refers to the difficulty in obtaining the pure elements, not their abundance.

Peak has discovered extensive rare earth oxide (REO), niobium-tantalum and phosphate mineralisation within the Ngualla carbonatite in southern Tanzania.

The company has rights to earn 80% of this exciting new project, which has the potential to host large, near surface deposits of REO, niobium-tantalum and phosphate.

Ngualla is a roughly-circular volcanic pipe with a diameter of approximately 3.8km. A central north-south orientated ridge is surrounded by areas covered in alluvium up to 30m thick.

Some of the mineralisation at Ngualla is similar in style to Mt Weld (Lynas Corporation) in Western Australia and Zandkopsdrift (Frontier Rare Earths) in South Africa – being REO, phosphate and tantalum-niobium enrichment in a deeply-developed regolith profile above a large carbonatite.

Mineralisation is also contained in extensive alluvial deposits around these central hills of weathered carbonatite.

There had not been any previous drilling on this project before Peak started its exploration of the carbonatite in late 2009, and it has now completed surface sampling, mapping, an airborne geophysical survey and two significant phases of drilling.

"We see this as a virgin discovery – and a major discovery," Hunter said.

"It may not yet be the world's biggest rare earth site outside China but we believe it is up there – and has significant potential.

"It is a mine site with a minimum 30-40 year life, because although we have extensive higher-grade mineralisation at the surface, as is

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ALASTAIR HUNTER
PEAK RESOURCES

consistent with this type of mining, we also still have mineralisation at 180m in our deepest drilling.”

Aircore drilling by Peak in July 2010 identified extensive zones of REO, niobium-tantalum and/or phosphate mineralisation in unconsolidated alluvial sediments, and also phosphate in the weathered bedrock beneath.

The alluvial deposits are up to 30m thick and surround central hills of outcropping weathered carbonatite.

Hunter said the diversity of demand for rare earth – from lighter, stronger metal for car frames through to flat screen televisions, mobile phones, green light bulbs and magnets for wind farms – means demand will keep rising.

They also have military applications.

He said he knew demand had to rise in line with technology.

“But mostly we see rare earth as green minerals – the building blocks of a clean energy future,” he said.

“The Chinese have controlled global production forever, but their resource is finite so the search is on for new sources.

“The good thing about rare earth is if you have one of the 17, you tend to have them all at a site.”

Generally associated with carbonatites, as a result of volcanic activity, the real trick with rare earth is the extraction, particularly as in most cases it is also associated with high levels of radioactivity – frequently from uranium and thorium – creating transport and storage issues.

“Every deposit has its own eccentricities, but in our case in Tanzania’s southern central rare earth zone we have very low radiation so it won’t be anywhere near the problem it is in other mine sites,” Hunter said.

“That alone will give us a kick start as we plan to be a JORC-compliant resource by the first quarter of calendar 2012, which means we are basically on track with our forecasts to the market. Which in this part of the world, where there is a working season, a wet season and a very wet season, is good going.”

The good going is also being boosted by Chinese investment in, and support of, the Tanzanian economy, including a new trunk road that will bring a major bitumen highway within 40km of the Ngualla project.

Hunter said Peak would be able to connect with the highway via a gravel road.

“Although we will have to put our own power in, every project has its



pluses and minuses, and here we have more water than we can ever use, including a creek system through our site,” he said.

“Also there is no habitation in our site, no agriculture and very little wildlife so we cannot foresee any issues in expanding the project as the mine is developed.

“In Swahili Ngualla means bald head, which reflects the appearance of a large piece of our mostly bare land, and which has made the mineralisation so accessible.

“At the same time Tanzania is one of the most politically stable countries in Africa, which also makes it a great place to work.”

Hunter said Peak would be at prefeasibility for Ngualla by mid 2012, full feasibility a year later and at full production within four years.

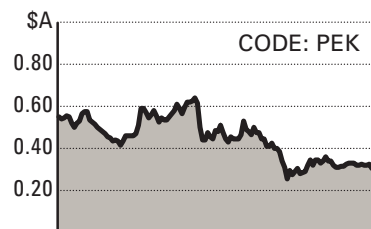
To “make it fly” he said Peak would eventually be looking for a consumer partner to come on board, ideally as a direct investor, which would be good for the business and its shareholders.

“Continued exploration success at Ngualla is seen by the directors as being a major driver of shareholder growth,” he said.

“We’re still to get the recognition the quality of this project deserves but to date we have been focused on the fundamentals and the tangible results will come. We want to tell our story as a result-based story, not a maybe story. And with what we already have, and what we know, we will soon have a good story to tell.” – **Andrew Mole**

Drilling at the highly prospective Ngualla project

PEAK RESOURCES AT A GLANCE



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MARKET CAPITALISATION

\$A47.57 million (at press time)

QUOTED SHARES ON ISSUE

155,979,600

MAJOR SHAREHOLDERS

Hunter Family Controlled Equities 5.98%
Michael Bushell 2.90%
RM Corporate Pty Ltd 2.64%
UBS Nominees Pty Ltd 2.23%