

Tanzania has one of the highest grade rare earth deposits in the world

☒ Peak Resources Ltd ('Peak', ASX: PEK; OTCQX: PKRLY) has completed its rights issue successfully and it was oversubscribed. This means that the Preliminary Feasibility Study and the Reserve estimate are also closer to completion. At the end of January, Peak advised the Australian stock exchange that "its pro-rata non-renounceable rights issue made pursuant to a prospectus dated 5 December 2013 closed oversubscribed", having received share subscriptions totaling AUD\$3,520,335. This will certainly facilitate the completion of the key Preliminary Feasibility Study (PFS) for the Ngualla Rare Earth Project in Tanzania in 2014.

The oversubscription may well have been prompted by the fact that the PFS will reflect the rising prices for the critical rare earths, which will increase projected annual revenue. The PFS will be followed by the maiden Reserve estimate. The higher rare earth prices will be compounded by the fact that the Ngualla project is based on a proven high value mineralization and low-cost processing method, delivering high value rare earth oxides. Peak has noted that the Ngualla project is proceeding on schedule and that it will have relatively low operational cost (USD\$ 10.09/kg REO – on average these exceed USD 11/ton – and capital costs of USD\$ 400 million with annual revenues of USD\$ 361 million) and long term potential as suggested by the scoping study and preliminary economic assessment.

Peak's Ngualla deposit has a maiden mineral resource of 170 million tons at 2.24% REO, one of the largest and highest grade rare earth deposits in the world. The Ngualla project also offers metallurgical advantages given the fact that the

deposits have shown a mineralization, bastnaesite – typically rich in lanthanum, cerium and most importantly in yttrium – with very little uranium and thorium content, which eases processing and reduces capital cost requirements.

Tanzania is one of Africa's most politically stable and economically promising countries in Africa. Recent and significant offshore gas discoveries will only serve to increase investment interest in Tanzania, already East Africa's second largest economy. Tanzania offers a very important advantage when it comes to commodities trading: well developed shipping ports; moreover, significant discoveries of natural gas will also contribute to growth and infrastructure development, helping to improve and boost power generation even in the most remote areas. Tanzania expects to 'graduate' from Least Developed Country (LDC) status into a middle income nation by 2025 and it has India and China as its targets.

China is indeed interested in East African minerals and several Chinese mining firms have taken stakes – and considering further investment – in projects in Tanzania and the Indian Ocean, which is an ideal area for export logistics to China. Last December, Peak announced that it had secured a non-binding Memorandum of Understanding with a Chinese rare earth producer to help in the processing and beneficiation of the Ngualla resource. The unnamed Chinese company is said to have a well established marketing network and located close to port facilities and other important transportation infrastructure. India has also shown interest in this region as shown by the effects on the East African coal sector.