Peak

RARE EARTHS LIMITED

and its Controlled Entities

Annual Financial Report
30 June 2022

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DIRECTORS' REPORT

The directors of Peak Rare Earths Limited ("Company") (ACN: 112 546 700) submit herewith the financial statements of the Company for the financial year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Russell Scrimshaw	Executive Chairman (appointed 15 August 2022)
Tony Pearson	Non-Executive Deputy Chair (Non-Executive Director from 21 Aug 2018, Chair from 21 October 2020, appointed Deputy Chair from 15 August 2022)
Bardin Davis	Chief Executive Officer (CEO) (Non-Executive Director from 21 Oct 2020, Managing Director (MD) from 9 Dec 2020, stepped down as MD on 9 July 2022 to take up the CEO role)
Abdullah Mwinyi	Non-Executive Director (appointed 15 November 2020)
Giselle Collins	Non-Executive Director (appointed 9 March 2021)
Giles Stapleton	Non-Executive Director (appointed 29 November 2021)
Rebecca Morgan	Non-Executive Director (appointed 9 March 2021, resigned 14 February 2022)

INFORMATION ON DIRECTORS

Russell Scrimshaw – Executive Chairman (Appointed 15 August 2022)

Russell is a distinguished corporate executive and company director with experience in large scale mining project development and operations, product marketing, finance, business development and technology. Russell was a founding director of Fortescue Metals Group and served in executive roles including Deputy CEO and Executive Director. He was a key part of the management team that developed Fortescue's mining, port and rail operations and was instrumental in establishing Fortescue's strong relationships with large steel mill groups across a vast Asian customer base.

More recently Russell was Chairman of UK-listed Sirius Minerals PLC (acquired by Anglo American in 2020), which is developing a large Polyhalite fertiliser project in North Yorkshire, in close proximity to Peak's Teesside site. He has also held senior executive positions at the Commonwealth Bank of Australia and Optus. Russell is currently Chairman of the Garvan Research Foundation, a Non-Executive Director of the Garvan Institute of Medical Research, Vice Chairman of Ignition Wealth and a Non-Executive Director of software company, BrewAI.

Russell served as the Chairman of UK-Listed Sirius Minerals PLC from 2011 to March 2020 and held no other public company directorships in the past three years.

Tony Pearson– Non-Executive Deputy Chair (Non-Executive Director from 21 August 2018, Chair from 21 October 2020, appointed Deputy Chair 15 August 2022)
B.Comm, MAICD

Tony is an experienced international natural resources executive and company director. He is currently the Chair of ASX listed Cellnet Group Ltd, a Non-Executive director of ASX-listed Xanadu Mines Limited, Chair of Lifestyle Solutions, a Trustee of the Royal Botanical Gardens & Domain Trust and a Non-Executive Director of Communicare Inc. He was formerly a Commissioner at the Independent Planning Commission, and previously 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 years' commercial and investment banking experience, covering the Asia Pacific natural resources industry, most recently as a Managing Director at HSBC.

Tony is a member of the Audit & Risk Committee.

Tony serves as a non-executive director of the following other listed companies and held no other public company directorships in the past three years:

- Cellnet Group Ltd – from 5 October 2018
- Xanadu Mines Limited - from 3 May 2021

Bardin Davis – Chief Executive Officer (Non-Executive Director from 21 Oct 2020, Managing Director (MD) from 9 Dec 2020, stepped down as MD on 9 July 2022 to take on the CEO role)
GAICD, MAppFin, GradDipAcc, B.Ag Econ (1st Class Hons)

Bardin has over 25 years of investment banking and corporate experience in the mining and energy sectors. He commenced his career with diversified mining group, North Limited, before moving into investment banking and has also spent time working in renewable energy. Previous roles include the Chief Financial Officer of UPC\AC Renewables, the Head of the Resources & Energy Group – Asia Pacific, Deputy Head of Corporates – Asia Pacific and Head of Advisory – Australia for HSBC and Head of Metals & Mining Asia for Macquarie Capital. He has significant emerging markets experience and has worked on a broad range of international advisory, capital markets and financing transactions.

Bardin held no listed public company directorships in the past three years.

The Hon. Abdullah Mwinyi – Non-Executive Director (Appointed 15 November 2020)
LLB, LLM (Cardiff University)

Abdullah is a member of the Tanzanian Parliament, having entered Parliament in 2007. He has also held roles as a Member of the East African Legislative Assembly (2007 – 2017), where he was Chair of the Legal, Privileges and Rules Committee and the Regional Affairs and Conflict Resolution Committee, and Chair of Swala Oil and Gas (Tanzania) plc. Abdullah is a lawyer by profession, having been awarded a LLB and LLM from the University of Cardiff, and, in 2007, established Asyla Attorneys, where he specialised in corporate, commercial, labour and employment law.

Abdullah has held no listed public company directorships in the past three years.

Giselle Collins - Non-Executive Director (Appointed 9 March 2021)
B. Economics (U.Syd), Chartered Accountant (CAANZ), GAICD, GFINSIA

Giselle brings a wealth of audit, risk, governance, and commercial expertise to Peak. Giselle is currently Chair of ASX listed Hotel Property Investments, a non-executive director of Cooper Energy and Generation Development Group and a Trustee of the Royal Botanic Garden & Domain Trust. Giselle is also Chair of AMP Limited's Responsible Entity board for its listed managed investment schemes (ipac Asset Management).

Giselle was previously Chairman of Aon Superannuation as Trustee for Aon Master Trust (now SmartMonday), Chairman of the Travelodge Hotel Group and Chairman of The Heart Research Institute. Giselle has served as a Non-Executive Director on a diverse range of other boards including Big4 Holiday Parks, GenerationLife, Minjerribah Camping and the Royal Australian Institute of Architects.

Giselle has been appointed Chair of both the Company's Audit & Risk Committee and Nomination & Remuneration Committee.

Giselle is a Chair of ASX listed Hotel Property Investments, appointed 19 April 2017 (appointed as Chair 9th July 2022) and Non-Executive Director of ASX listed Cooper Energy Limited, appointed 19 August 2021, and ASX listed Generation Development Group Limited, appointed 18th November 2021.

Giles Stapleton – Non-Executive Director (Appointed 29 November 2021)

Giles is a barrister in private practice at Selborne Chambers, Sydney. Prior to commencing his legal career, Giles spent approximately fifteen years in executive roles with listed companies in banking, property, and funds management.
Giles' previous role immediately before commencing his legal practice was Head of Investment Management at Valad Property Group where he was responsible for managing a number of direct property funds with AUM of c.A$900m. In

that role, Giles was responsible for the investment strategies, making the investment recommendations to the responsible entity board and investors and for overseeing the execution of the investment strategies of each managed fund. His approach in that role was focussed on actively engaging with the Board and investors of each fund and in delivering the approved strategies.

Rebecca Morgan – Non-Executive Director (Appointed 9 March 2021, Resigned 13 February 2022)
BSc(Hons) (Applied Geology), GradDip(Mine Engineering), MscEng (Mine Engineering)

Rebecca has a Bachelor of Science (Hons) Applied Geology; Post Graduate Diploma (Mine Engineering, and a Master of Engineering Science (Majoring in Mineral Economics and Mine Optimisation) from Curtin University. Rebecca is also a Member of the Australian Institute of Geoscientists and the Australian Institute of Mining and Metallurgy.

Rebecca was appointed Chair of the Company's Nomination and Remuneration Committee.

Rebecca was a Non-Executive Director of ASX listed Salt Lake Potash Limited from 22 June 2021 to 22 October 2021. She was also a director of Vulcan Energy Resources Limited (formerly Koppar Resources Limited) from 5 February 2018 to 4 September 2019.

COMPANY SECRETARY

Phil Rundell – Chief Financial Officer and Company Secretary (Appointed 16 December 2020)
CA, DipBus

Phil was a former Partner at Coopers & Lybrand (now PricewatehouseCoopers) and a Director at Ferrier Hodgson. He is now a sole practitioner Chartered Accountant and has specialised in providing company secretarial, compliance, accounting and reconstruction services for the last 10 years.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the Company included:
(a) Mineral processing technological evaluations;
(b) Mining and associated infrastructure feasibility evaluations; and
(c) Progressing approvals for the Ngualla Project and Teesside Refinery

OPERATING RESULTS

The loss of the Group after providing for income tax amounted to $22,731,602 (2021: loss $4,770,848).

The material expenditures that contributed to the loss that were necessarily incurred to progress the activities of the Company include:

- Employee benefits expenses of $2,579,194 (2021: $725,552) with the recruitment of an experienced management team to undertake the bankable feasibility study update and project execution (refer to the Remuneration Report and Review of Operations);
- Administration and other costs of $4,284,188 (2021: $1,397,265) include consultants and legal costs primarily associated with the Framework Agreement, financing and offtake documentation, negotiation and advice, and additional insurance costs;
- Technical feasibility costs of $7,036,692 (2021: $1,555,761) on the bankable feasibility study update, other technical studies and remediation of the southern access road to the Ngualla project (refer to the Review of Operations); and
- Borrowing costs of $7,874,527 (2021: $323,904) primarily related to interest on repayment of the ANRF Royalty Liability and termination of a gross life-of-mine royalty.

The basic and diluted loss per share for the Group for the year was 11.66 cents (2021: loss 3.13 cents).

FINANCIAL POSITION

The net assets of the Group have increased from $55,294,679 at 30 June 2021 to $70,859,306 at 30 June 2022.

The Group's working capital, being current assets less current liabilities, was $7,879,544 at 30 June 2022 (2021: $2,892,383).

The Company had $9.479 million cash at bank at the end of the reporting period and is well funded going into the 2022/2023 financial year to fund the pre-development activities in respect pf the Ngualla Project, 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.

Review of Operations

Peak Rare Earths Limited (the "Company" or "Peak") continued to progress the pre-development and commercialisation of its world-class Ngualla Rare Earth Project ("Ngualla Project") in Tanzania. After consideration of a number of factors, in August 2022, the Company took the strategic decision to undertake a staged development approach with the Ngualla Project to commence ahead of construction of a refinery.

The key events of the Company's operations over the last twelve months and to the date of this Directors' Report are as follows:

- Tanzanian Cabinet approval of a Special Mining Licence application for the Ngualla Project and Initiation of Economic Framework Agreement discussions;
- Strategic decision for a staged development of the Ngualla Project ahead of construction of a refinery;
- Raising total capital of A$34.421 million in the form of a A$30 million equity placement, A$1.675 million Share Purchase Plan and A$2.746 million from the exercise of options;
- Repayment of the ANRF Royalty Facility and the termination of a 2% life-of-mine royalty;
- Commencement of a Bankable Feasibility Study Update;
- Completion of repairs and improvements to the Ngualla Access Road;
- Progressing Financing and strategic partnerships;
- Senior technical, commercial and Board appointments;
- Engagement of ESG reporting adviser and development of Company values and purpose objective;
- Change of name to Peak Rare Earths Limited; and
- Implementation of a 10-into-1 consolidation of securities.

Tanzanian Cabinet Approval of a Special Mining Licence and Engagement on Economic Framework Agreement

The Company announced on 22 July 2021 that the Cabinet of Ministers ("Cabinet") of the Government of the United Republic of Tanzania (the "Government") had approved the Special Mining Licence ("SML") application by PR NG Minerals Limited ("PR NG"), a wholly owned Tanzanian incorporated subsidiary of the Company, for the Ngualla Rare Earth Project ("Ngualla Project").

The SML is the milestone regulatory authorisation required to develop the Ngualla Project under the Mining Act of the United Republic of Tanzania ("Tanzania").

Subject to the formal grant of the SML by the Minister of Minerals, PR NG has provided a commitment to the Government to work jointly to establish a Tanzanian registered company ("Newco"), to which PR NG will transfer the SML and to seek any requisite consents. Newco is to be owned 84% by Peak (via a wholly owned entity) and 16% by the Government (to be held in the form of non-dilutable free carried interest shares).

The Company has made substantial progress during the year on the Framework Agreement negotiations with the Government of Tanzania in relation to the Ngualla Project and in progressing solutions that will meet Peak's strategic and financial objectives and the Government's objectives to maximise value-addition and financial benefits to the country.

As part of its ongoing engagement with the Government, in March 2022 Peak hosted a delegation from the Government to the Ngualla Project. Senior members of the delegation included the Hon. Dr Stephen Kiruswa - Deputy Minister for Minerals, Hon. Phillip Mulugo – Member of Parliament for the Songwe Region and Mr. Simon Simalenga – Songwe District Commissioner. The Deputy Minister for Minerals, Hon. Dr Stephen Kiruswa, praised Peak's community initiatives and delivered strong messages of government support for the Ngualla Rare Earth Project.

During meetings with the Special Presidential Government Negotiating Committee ("SPGNC"), Peak tabled the potential deferment of any decision to proceed with the construction of the Teesside Refinery until an independent assessment of the technical, economic and environmental feasibility of a Tanzanian rare earth refinery has been completed ("Independent Assessment").

Peak is continuing to engage with the SPGNC on this proposed staged development approach as well as finalising the Framework Agreement.

Staged Development of the Ngualla Project Ahead of Construction of a Refinery

In August 2022, the Company took the strategic decision to undertake a staged development approach with the Ngualla Project to commence ahead of construction of a refinery**.**

Under this approach, Peak would remain committed to a longer-term integrated strategy, but would implement the following staged development approach:

- Initially develop the Ngualla Project by constructing a mine and beneficiation plant to produce rare earth concentrate for export to offshore third-party refineries; and
- Depending upon the outcome of the Independent Assessment, develop a refinery either in Tanzania or at Teesside, UK.

The benefits of this approach include the following:

- Maintaining optionality around the potential of a Tanzanian rare earth refinery;
- Significantly reducing the up-front capital expenditure and funding requirements;

- Lowering commissioning and technical risk around the concurrent development of the Ngualla Project and a rare earth refinery; and

- Taking advantage of offtake appetite for Ngualla's high-grade rare earth concentrate.

Equity Raisings Completed

During the financial year, Peak raised total capital of A$34.421 million.

A$30 million two-tranche equity placement was completed to institutional, sophisticated and professional investors at an issue price of A$0.09 per share on 4th October 2021. It resulted in numerous new Australian and international institutional shareholders joining the register.

Retail shareholders were also extended a similar opportunity via a Share Purchase Plan ("SPP") raising at A$0.09 per share. The SPP enabled Peak to raise a further A$1.675 million.

The use of proceeds for the combined A$31.675 million includes the following:

- Progressing pre-development activities for the Ngualla Project and Teesside Refinery (including offtake and financing arrangements);

- Expanding the Company's technical and marketing team; and

- Repaying the ANRF Royalty Facility.

During the year a further $2.746 million was raised through the exercise of listed and unlisted options.

Repayment of the Royalty Facility

On 6 August 2021, the Company announced an intention to repay a financing facility from ANRF Royalty Company Limited ("ANRF") for a total of US$9,978,755 (A$13,750,524). This financing facility was extended to the Company in 2015 and used to fund the original Bankable Feasibility Study. It was accompanied by a 2% life-of-mine royalty and security arrangements and a series of undertakings.

The rationale for repaying the ANRF Royalty facility included:

- Enabling Peak to meet its commitments to the Government of Tanzania in relation to the transfer of the SML into a newly incorporated entity that would be owned 84% by the Company and 16% by the Government of Tanzania;

- Termination of a 2% revenue royalty obligation over the life of the Ngualla Project;

- Increasing shareholder exposure to project earnings; and

- Enhanced ability to finance the integrated Ngualla Project.

Shareholders approved the transaction on 28 September 2021 and it was completed on 5 October 2021.

Commencement of a Bankable Feasibility Study Update and Target Production Capacity Increase

On 25 August 2021, the Company announced that Amec Foster Wheeler (part of the Wood Group plc) had been engaged to lead a Bankable Feasibility Study ("BFS") Update. Amec Foster Wheeler led the original BFS which was completed in 2017.

The Company identified an opportunity to further optimise the value of its integrated Ngualla-Teesside Project by pursuing an increase in concentrator capacity and the scope of the BFS Update was amended to allow for an increase in the Ngualla flotation plant average Life-of-Mine ("LOM") capacity to 800ktpa. This reflects an approximate 28% increase in capacity over the average LOM capacity of 624ktpa in the BFS published in April 2017 ("April 2017 BFS") and an approximate 13% increase in the average LOM capacity of 711ktpa that was reflected in an internal optimisation study completed in August 2017 ("August 2017 Optimisation").

This higher mine-concentrator throughput should increase the average LOM production to approximately 37.2ktpa of rare earth concentrate.

As part of the BFS Update, testwork has and will continue to be undertaken prior to a Final Investment Decision to support detailed design. The program of work is to focus on optimising recoveries, minimising overall operating costs in the mining and the processing plants and further decreasing the start-up risks.

Key activities progressed during the year included the following:

- Completion of geotechnical studies on the Southern Access and the Plant Access Roads;
- Progressing detailed engineering of the Ngualla mine, mill and concentrator and the Teesside Refinery to support a throughput capacity of 800ktpa;
- Plant layouts redesigned to support improved operability, maintenance and fire safety;
- Updating of mine plan to support the increased throughput capacity of 800ktpa (a ~28% increase over the 2017 Bankable Feasibility Study average capacity of 624ktpa);
- Development of constructability plans for the Ngualla Project and the Teesside Refinery;
- Commissioning of a detailed transportation and logistics study;
- Redesign of the Ngualla Tailings Storage Facility to allow for higher mine throughput and the optimisation of retention structures;
- Beneficiation plant testwork programs;
- Collection of bulk ore samples from the Ngualla Project for an upcoming beneficiation pilot plant campaign;
- Progressing technical and external reviews of the Teesside Refinery;
- Finalisation of process design criteria for the purposes of the Bankable Feasibility Study Update; and
- Process Flow Diagrams (PFDs) and mass balances;
- Commissioning an independent market study for NdPr Oxide and Concentrate by leading intelligence provider Adamas;
- A solar-battery-diesel hybrid power plant design concept at Ngualla;
- A renewable energy study at Teesside;
- Completion of an updated Environmental and Social Impact Assessment (ESIA) at Ngualla and subsequent renewal of Peak's Environmental Certificate by the National Environmental Management Council within Tanzania;
- Hazard Identification Studies (HazID) for both the Ngualla Rare Earth and Teesside Refinery projects; and
- Identifying opportunities to mitigate broader inflationary pressures associated with higher shipping rates, commodity input prices and labour rates.

On 31 August 2022, Peak announced that it expects the BFS Update to be completed between mid-late October 2022.

Ngualla Access Roadworks

A major upgrade of the Southern Access Road was completed over a 48 km length from the village of Kininga to the Ngualla Project. Key aspects of the works included the addition of five new major waterway crossings, repairs to heavily eroded sections of the road, the addition of rock and other aggregates to the roadbed, clearing of trees to widen and improve overall safety of the road with increased visibility. This work was completed without any HSE incidents and with over 50% of the workforce being hired directly from local communities.

The roadworks will support safe and reliable year-round access to the Ngualla Project and the surrounding communities and will also facilitate early project works.

Financing and Strategic Partnerships

Peak with the assistance of its debt adviser, Waterborne Capital, has been engaging with a broad suite of developments banks, export credit agencies and commercial banks on project and export financing appetite and structures. Prospective financiers have been provided with an Information Memorandum, Financial Model and access to a Virtual Data Room.

In conjunction with project and debt financing initiatives, Peak has also been engaging with several strategic parties that have expressed interest in securing a project level investment in the Ngualla Project. Such investments would limit Peak's equity funding requirements.

Senior Technical and Commercial Appointments

The Company made a series of senior and commercial appointments to support the BFS Update and to advance the Ngualla Project towards development and construction.

Key appointments include the following:

Lello Galassi – Head of Operations & Development

Lello has been a project manager and developer for 14 brownfield and greenfield international mining and large infrastructure projects. Lello has a strong track-record in the delivery of greenfield projects, cost control and schedule targets, best practice with respect to safety, environmental and community outcomes and the development of associated infrastructure. His international experience extends to the Democratic Republic of Congo ("DRC"), Guinea, South Africa, Peru, Chile, Guyana, Spain, Australia and Canada. During his career he has worked with ICL, Rio Tinto, Freeport McMoran and Phelps Dodge.

Lello was most recently Vice President Project Development & Construction with Sabina Gold & Silver Corporation

Mark Godfrey – Head of Technical Services

Mark has over 40 years of metallurgical experience and has worked with a broad suite of leading international mining companies including Glencore, Newcrest, MMG, Rio Tinto, BHP and Impala Platinum. Mark has spent a significant portion of his career in Africa and has extensive experience in overseeing feasibility studies, pilot plant test work, optimisation of flow sheets, commissioning of projects, debottlenecking and operational enhancements.

Mark was most recently Technical Manager Metallurgy at the Komoto Copper Project (Glencore) based in the DRC.

Andrea Cornwell – Head of Marketing & Sales

Andrea has over 28 years of international resources marketing experience and has held senior strategic marketing and sales roles with major resources groups such as South32, BHP, Vale, Anglo American and Shell. She has led "go-to market" strategies for large greenfield projects and has substantial experience in leading and executing international marketing strategies, developing and managing customer relationships, overseeing shipping and logistics as well as structuring long-term offtake and sales agreements.

Andrea's most recent role was Vice President Marketing, Carbon Steel Raw Materials & Freight with South32 based in Singapore.

Gavin Beer – Consulting Metallurgist

Gavin has approximately 30 years of relevant technical and operational experience and specialises in the rare earth and critical metal sectors.

Gavin was the General Manager Metallurgy for Peak between 2015 and 2017 and was responsible for the development and optimisation of the metallurgical process from Ore-to NdPr Oxide and other separated rare earth products. He managed pilot plants for the beneficiation, hydrometallurgy and solvent extraction separation processes that led into the original Bankable Feasibility Study ("BFS") completed in 2017.

Matthew Horgan – GM Corporate Development

Matthew joined the Company from the corporate advisory firm Azure Capital and was previously with Alcoa where he held a range of corporate development, commercial, marketing and chemical engineering roles.

The technical appointments of Lello, Mark and Gavin have provided Peak with a highly experienced and complementary team with a combined track-record in the development and optimisation of African and international mining and rare earth projects.

The appointment of Andrea and Matthew has provided Peak with a strong marketing, commercial and corporate development capabilities.

Giles Stapleton Appointed to Board

Giles Stapleton was appointed to the Board of Directors following his election as a Non-Executive Director at the AGM.

Giles is a barrister at Ninth Floor Selborne Chambers in Sydney. His experience as a barrister extends across corporate, commercial, property, equity, and family law. Giles also has extensive experience in banking, property and funds management and was previously Head of Investment Management at Valad Property Group where he was responsible for A$900m of property funds.

Engagement of ESG Reporting Adviser

Peak engaged Environmental, Social and Governance ("ESG") specialists Futureproof, to help develop a multi-year sustainability program. Futureproof is assisting Peak in articulating a relevant Sustainability Strategy that underpins all the ESG work completed to-date, and ensuring its future ESG goals are set with appropriate structures and processes to enhance ESG performance and sophistication as the company develops. The ESG program will be guided by the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

An outline of this ESG framework will be included in the Company's 2022 Annual Report with a standalone Sustainability Report planned for 2023.

Peak's Purpose and Values

The Peak Team completed a set of workshops to develop and agree on a set of principles to govern our purpose, our decision making and the ways that we deal with each other, our communities and other external stakeholders.

The resulting Purpose and Values Statements and set of Values are set out below.

Purpose Statement:

"To develop and operate world-class and sustainable rare earth projects that support global decarbonisation, local communities and shareholder value creation. "

Values Statement:

"At Peak Rare Earths, we act with Integrity to achieve our Purpose and to ensure the Safety, Health and Wellbeing of our people and communities. We are Accountable to our shareholders, employees and stakeholders to deliver and operate our assets by employing a Sustainability ethos and a Progressive mindset. "

Peak Values	Speaks to
Integrity	▪ Ethics ▪ Transparency ▪ Adherence to Anti Bribery and Corruption
Safety, Health & Wellbeing	▪ Commitment to safety best practice ▪ The health and wellbeing of the team
Accountability	▪ Reliability ▪ Trust ▪ Responsibility

Change in name to Peak Rare Earths

Following shareholder approval at the Company's Annual General Meeting ("AGM") held on 29 November 2021, the Company's name was changed from Peak Resources Limited to Peak Rare Earths Limited.

The name change was undertaken to better differentiate the Company and align it with the rare earths sector.

In conjunction with its name change, the Company also launched a new website www.peakrareearths.com.

Implementation of Securities Consolidation

A capital consolidation entailing the conversion of every ten (10) securities into one (1) security was also approved at the AGM.

The rationale for the capital consolidation was to support a more appropriate and effective capital structure and a share price that would be more appealing to a broader range of investors.

The consolidation was completed on 10 December 2021 with trading on a normal T+2 basis commencing on 13 December 2021.

Risk Management

The Company is exposed to business risks which may adversely affect the achievement of its business strategies and financial prospects. During the year the Company conducted workshops to identify, rank and develop controls to mitigate and monitor risks. The Company has identified a number of material risk exposures including but not limited to the following:

Risk	Mitigating Practices
Serious injury or fatality sustained at work	▪ Embedded safety conscious culture ▪ Staff safety training programs ▪ Contractor pre-qualification ▪ Induction and training ▪ Regular review processes and procedures
Uncertain political/fiscal/ tax environments	▪ Ongoing stakeholder/government engagement ▪ Dedicated Country Manager and other in-country expertise ▪ Strong local development track record and local stakeholder support ▪ Active proponents of non-political government agendas
Bribery or corruption	▪ Anti-Bribery and Corruption and Code of Conduct ▪ Inclusion of Anti-Bribery and Corruption requirements for sub-contractors included within contracts ▪ Financial system controls in place ▪ Regular review and audits
Project delivery failure	▪ Establishing project methodology ▪ Use of third-party technical advisors and consultants ▪ Establishing monitoring and reporting processes ▪ Procurement and contract management procedures and practices

Events Subsequent to Reporting Date

On 15 August 2022, Russell Scrimshaw a distinguished corporate executive was appointed to the role of Executive Chairman. Following this appointment, the Company undertook a Board reorganisation with Tony Pearson transitioning to the role of Non-Executive Deputy Chair and Managing Director Bardin Davis assuming the role of Chief Executive Officer, stepping down from the Board to focus on his executive duties.

On 31 August 2021, Peak announced that it expects the BFS Update to be completed between mid-late October 2022.

Other than the matters referred to above there were no other events that have a material impact on the financial statements or operations of the Group and Company.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than detailed below, in Note 27 of the financial statements (subsequent events) and in the Review of Operations above, there were no significant changes in the state of affairs of the Company during the financial year:

On 10 December 2021, the Company completed a consolidation of securities by conversion of every ten (10) securities into one (1) security. The figures below are stated on a post consolidated basis.

- 33,333,333 shares issued under a two-tranche equity placement at an issue price of $0.90 to raise $30 million
- 1,861,451 shares issued under Share Purchase Plan at an issue price of $0.90 to raise a further $1.675 million
- 9,133,333 listed and un-listed options were exercised during the year with various exercise prices and expiry dates raising $2.745 million.

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*
Tony Pearson	13	13
Bardin Davis	13	13
Abdullah Mwinyi	13	6
Giselle Collins	13	13
Rebecca Morgan	9	6
Giles Stapleton	8	8

The Board has an Audit and Risk Committee, with the Committee to comprise of at least three independent non-executive Directors but where circumstances otherwise determine, the Committee can comprise two independent non-executive Directors.

The number of meetings attended by each member of the Committee during the financial year was:

	Audit & Risk Committee Meetings	
	Number held and entitled to attend	*Number attended*
Giselle Collins	5	5
Rebecca Morgan*	4	4
Tony Pearson	5	5

**Resigned during the year.*

A Nomination and Remuneration Committee was formed during the year with the Committee to comprise of at least three independent non- executive Directors but where circumstances otherwise determine, the Committee can comprise two independent non-executive Directors.

The number of meetings attended by each member of the Committee during the financial year was:

	Nomination & Remuneration Committee Meetings	
	Number held and entitled to attend	*Number attended*
Giselle Collins	1	1
Rebecca Morgan*	1	1
Tony Pearson*	1	1
Giles Stapleton^	0	0

**Resigned during the year. ^Appointed during the year*

EQUITY HOLDINGS OF DIRECTORS

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

	Equity shares	Equity options	Performance Rights
Tony Pearson	470,666	500,000	800,000
Abdullah Mwinyi	35,000	-	131,666
Giselle Collins	30,000	-	100,000
Giles Stapleton	110,976	-	-
Russell Scrimshaw	-	-	-

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 Financial 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 the Teesside refinery site 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.

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 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 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 Company has a Remuneration and Nomination Committee to review the remuneration policy that sets the terms and conditions for the executive directors and other senior executives. All executives receive a base salary (which is based on factors such as length of service, expertise and experience) and superannuation is paid for Australian resident employees and directors. The Company 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, performance rights 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 value. 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 to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and subject to shareholders approval are able to participate in the employee option and performance rights plans. Non-executive directors are provided superannuation benefits in accordance with Australian statutory requirements, where the Non-Executive Director is a non-Australian resident the superannuation benefit is provided as an additional fee.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options and performance rights are valued using the appropriate valuation methodology. Details of options and performance rights provided to directors are detailed in the Remuneration Report.

Non-Executive Director Remuneration

The total remuneration of non-executive directors has been set at a maximum of $700,000 (that excludes share-based payments) as approved by shareholders at the 29 November 2021 Annual General Meeting. It does not mean that the Company has utilised the entire maximum sum of $700,000 approved for Non-Executive Directors' fees in each year.

Performance Based Remuneration

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

The Company received approval from shareholders for adoption of an Incentive Employee Option Plan (EOP), Incentive Performance Rights Plan (PRP), and Director Fee Plan at the Annual General Meeting on 23 December 2020.

The objectives of the EOP and PRP are to attract, motivate and retain key employees and the Company considers that the adoption of the Plans and the future issue of securities under the Plans will provide selected employees with the opportunity to participate in the future growth of the Company.

Following shareholder approval at the Annual General Meeting held on 29 November 2021, the Company issued the following incentive performance rights expiring 9 December 2025 to directors and executives with the vesting milestones set out below.

Class	Bardin Davis	Tony Pearson	Abdullah Mwinyi	Giselle Collins	Rebecca Morgan	Phil Rundell
Class A	50,000	75,000	10,526	15,790	15,790	13,334
Class B	50,000	75,000	10,526	15,790	15,790	13,333
Class C	50,000	25,000	3,509	5,263	5,263	40,000
Class D	150,000	75,000	10,526	15,790	15,790	40,000
Class E	150,000	75,000	10,526	15,789	15,789	13,333
Class F	100,000	50,000	7,018	10,526	10,526	26,667
Class G	100,000	50,000	7,018	10,526	10,526	26,667
Class H	50,000	25,000	3,509	5,263	5,263	13,333
Class I	50,000	25,000	3,508	5,263	5,263	13,333
Total	**750,000**	**475,000**	**66,666**	**100,000**	**100,000**	**200,000**

The performance rights shall have the following vesting criteria (each, a Milestone) attached to them, subject to the directors and executives remaining as eligible participants of the plan:

Class A Performance Rights: Class A Performance Rights shall vest subject to the Eligible Participant remaining an Eligible Participant as at the date that is 12 months from the later of the date of acceptance of the Offer or if applicable, the date that shareholder approval to the grant of the Class A Performance Rights to the Eligible Participant is received.

Class B Performance Rights: Class B Performance Rights shall vest subject to the Eligible Participant remaining an Eligible Participant as at the date that is 24 months from the later of the date of acceptance of the Offer or if applicable, the date that shareholder approval to the grant of the Class B Performance Rights to the Eligible Participant is received.

Class C Performance Rights: Class C Performance Rights shall vest when the Company receives a completed study in relation to Front End Engineering and Design (FEED) for the construction of the Teesside rare earth processing and separation plant in the Tees Valley, United Kingdom (Teesside).

Class D Performance Rights: Class D Performance Rights shall vest on the Company, or a subsidiary of the Company, executing a binding agreement with the Government or an authority, or delegate, of the Government of the United Republic of Tanzania that sets out the economic parameters (Framework Agreement) for the development of the Ngualla Rare Earth Project mine and infrastructure in Ngualla, Tanzania (Ngualla Project).

Class E Performance Rights: Class E Performance Rights shall vest on the Company entering into a binding construction contract for the construction of a rare earth refinery at Teesside.

Class F Performance Rights: Class F Performance Rights shall vest on the Company completing an updated Feasibility Study (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)) in respect of the Ngualla Project and the refinery at Teesside.

Class G Performance Rights: Class G Performance Rights shall vest on the execution of a binding and unconditional agreement between the Company and a third party whereby the third party undertakes: (i) to provide equity funding of not less than US$25 million for the development of the refinery at Teesside and/or the Ngualla Project; or (ii) to purchase a minimum of 10% of the annual production of the refinery at Teesside over the first five years of operations as disclosed in the Bankable Feasibility Study (as updated).

Class H Performance Rights: Class H Performance Rights shall vest on: (i) the execution by the Company of a binding agreement(s) with a third party(s) whereby the third party(s) undertakes to provide funding that is sufficient to enable the Company to develop both the refinery at Teesside and the Ngualla Project in accordance with the Bankable Feasibility Study (as updated); and (ii) the provision of the funding referred to in paragraph (i) above becoming unconditional and available to the Company for drawdown.

Class I Performance Rights: Class I Performance Rights shall vest on: (i) the vesting conditions that relate to the Class H Performance Rights having been satisfied; and (ii) the Company announcing to ASX that construction activities in accordance with the Bankable Feasibility Study (as updated) have commenced at the Ngualla Project.

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

During the year the following unlisted options and performance rights issued to directors and executives were exercised/ lapsed or were cancelled:

Exercised:

- 35,000 vested performance rights with an exercise price of $nil

Lapsed:

- 300,000 unlisted options with an exercise price of $1.00
- 100,000 performance rights with an exercise price of $nil

Company Performance, Shareholder Returns and Director's and Executive's Remuneration

Summary of Group's performance and movements in the Peak Rare Earths Limited share price over the last five years:

	2022	2021	2020	2019	2018
Total income ($)	8,602	111,008	12,374,452	98,795	618,718
Net profit/(loss) before tax ($)	(22,731,602)	(4,770,848)	7,652,714#	(4,596,053)	(4,903,224)
Net profit/(loss) after tax ($)	(22,731,602)	(4,770,848)	7,652,714#	(4,596,053)	(4,903,224)
Closing share price at end of year (cents), adjusted^	$0.295	$0.100	$0.210	$0.480	$0.360
Basic profit/(loss) per share (cents)	(11.66)	(3.13)	6.52	(5.75)	(8.25)
Dividends per share (cents)	-	-	-	-	-

Includes gain on remeasurement of financial liabilities of $1.7million and gain on derecognition of associate $10.4million.

^ Note that the closing share price at end of year (cents) has been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Currently, this is facilitated through a policy to issue performance rights and in some instances options 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 KMP Remuneration

The relevant Key Management Personnel (KMP) of the group for the 2022 financial year were:

- Tony Pearson – Chair (appointed Non-Executive Director from 21 Aug 2018, Chair from 21 October 2020,)
- Bardin Davis - Managing Director (MD) (appointed Non-Executive Director 21 Oct 2020, MD from 9 Dec 2020)
- Abdullah Mwinyi - Non-Executive Director (appointed 15 November 2020)
- Giselle Collins - Non-Executive Director (appointed 9 March 2021)
- Giles Stapleton - Non-Executive Director (appointed 29 November 2021)
- Rebecca Morgan - Non-Executive Director (appointed 9 March 2021, resigned 13 February 2022)
- Philip Rundell - Chief Financial Officer & Company Secretary (appointed 16 December 2020)
- Mark Godfrey - Head of Technical Services (appointed 6 September 2021)
- Lello Galassi - Head of Development and Operations (appointed 20 September 2021)
- Andrea Cornwell - Head of Marketing & Sales (appointed 20 October 2021)

Total KMP remuneration for the year was:

	2022 **$**	**2021** **$**
Salary and fees	1,720,824	1,078,312
Non-monetary benefits	-	18,240
Superannuation	93,384	80,163
Share based payments	556,355	787,526
Termination Payments	-	191,661
Total	**2,370,563**	**2,155,902**

Remuneration of individual KMP's were:

	Short term benefits		Post-employment	Share based payments*		Termination Payments	Total	Proportion related to:	
	Salary & fees	Non-monetary	Superannuation	Performance^	Options^			Equity#	Performance#
30-Jun-22	$	$	$	$	$	$	$	%	%
Directors									
Tony Pearson	95,000	-	9,500	106,069	23,360	-	233,929	10%	45%
Bardin Davis	350,000	-	27,500	380,694	-	-	758,194	0%	50%
Abdullah Mwinyi	55,000	-	-	18,604	-	-	73,604	0%	25%
Giselle Collins[1]	75,376	-	7,538	9,209	-	-	92,123	0%	10%
Rebecca Morgan[2]	39,262	-	3,926	-	-	-	43,188	0%	0%
Giles Stapleton[3]	29,167		2,917	-	-	-	32,083	0%	0%
	643,805	**-**	**51,381**	**514,576**	**23,360**	-	**1,233,122**	**2%**	**42%**
Executives									
Philip Rundell[4]	296,000	-	-	18,419	-	-	314,419	0%	6%
Mark Godfrey[5]	234,577	-	22,708	-	-	-	257,284	0%	0%
Lello Galassi[6]	328,493	-	-	-	-	-	328,493	0%	0%
Andrea Cornwell[7]	217,949	-	19,295	-	-	-	237,244	0%	0%
	1,077,019	**-**	**42,003**	**18,419**	**-**	**-**	**1,137,441**	**0%**	**2%**
Total	**1,720,824**	**-**	**93,383**	**532,995**	**23,360**	**-**	**2,370,563**	**1%**	**22%**

*Share Based Payments are non-cash components of remuneration and the consideration reported is an accounting value determined in accordance with AASB2. Inclusive in the consideration reported is the accounting values of unvested performance rights and options subject to performance milestones that as at 30 June 2022 had not yet been achieved. The cash benefit of the unvested performance rights and options will only be received by the KMP following any sale of the resultant shares, which can only be attained after the rights and options have been vested, exercised and the shares are issued.

^Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the current period.

#The % excludes the value of the options which were written back during the year

[1] Ms Collins fees included an additional fee of $20,000 p/a for her role as Chair of the A&R Committee.

[2] Ms Morgan resigned on 13 February 2022

[3] Mr Stapleton was appointed to the role of Non-Executive Director on 29 November 2021

[4] Mr Rundell's fees include a Bonus payment for $50,000 paid during the period.

[5] Mr Godfrey was appointed to the role of Head of Technical Services on 6 September 2021.

[6] Mr Galassi was appointed to the role Head of Development and Operations on 20 September 2021.

[7] Mrs Cornwell was appointed to the role of Head of Marketing & Sales on 20 October 2021.

Remuneration of individual KMP's were:

	Short term benefits		Post-employment	Share based payments		Termination Payments	Total	Proportion related to:	
	Salary & fees*	Non-monetary	Superannuation*	Performance^	Options^			Equity#	Performance#
30-Jun-21	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Directors									
Tony Pearson[1]	133,476	-	19,759	137,785	28,332	-	319,352	9%	43%
Bardin Davis[2]	204,232	-	19,380	688,923	-	-	912,535	0%	75%
Abdullah Mwinyi[3]	35,284	-	-	27,557	-	-	62,841	0%	44%
Giselle Collins[4]	15,457	-	1,468	-	-	-	16,925	0%	0%
Rebecca Morgan[5]	15,457	-	1,468	-	-	-	16,925	0%	0%
Peter Meurer[6]	10,556	-	-	-	(110,220)	-	(99,664)	0%	0%
Jonathan Murray [7]	42,345	-	-	4,500	(45,517)	-	1,328	0%	11%
Robert Sennitt[8]	3,332	-	-	-	-	-	3,332	0%	0%
	460,139	**-**	**42,075**	**858,765**	**(127,405)**	-	**1,233,574**	**2%**	**62%**
Executives									
Philip Rundell[9]	62,317	-	-	-	-	-	62,317	0%	0%
Rocky Smith[10]	162,121	6,500	-	-	-	-	168,621	14%	0%
Michael Prassas[11]	61,180	11,740	12,865	-	-	163,462	249,247	13%	0%
Graeme Scott[12]	153,144	-	14,143	28,083	-	28,199	223,569	15%	0%
Lucas Stanfield[13]	179,411	-	11,080	28,083	-	-	218,574	14%	0%
	618,173	**18,240**	**38,088**	**56,166**	**-**	**191,661**	**922,328**	**0%**	**6%**
Total	**1,078,312**	**18,240**	**80,163**	**914,931**	**(127,405)**	**191,661**	**2,155,902**	**1%**	**40%**

* The Company's executive team agreed to a 50% deferral in their contracted cash remuneration and the Company's Directors agreed to defer a 100% of their Directors' fees for four months for the period 1 April 2020 to 31 July 2020. As at 30 June 2020 the gross deferred amounts owing to Directors and Executives reported in trade and other payables totalled $190,323. The deferred executive remuneration and Directors fees was settled in equity based on $0.0342 Per Ordinary Fully Paid Share calculated based on the 5 day VWAP up to and including 6 August 2020 for a total value of consideration $128,662, this amount is net of PAYG withholding tax obligations due on the deferred amounts. The gross deferred amounts are excluded from the salary and fees for 2021 as they have been accrued and reported in 2020.

^Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the current period.

#The % excludes the value of the options which were written back during the year

1 Mr Pearson received $54,666 for additional executive services the net amount after PAYG withholding tax obligations was settled in shares and is included in salary and fees. From 1 November to 30 June 2021 two thirds of Mr Pearson's Chair fees were agreed to be settled in shares totalling $51,383 and are included in salary and fees. Mr Pearson was back paid $8,082 in statutory superannuation entitlements for previous periods where the Company had not met this obligation.

2 Mr Davis was appointed in the role of non-executive director on 21 October 2020 before transitioning to the Managing Director position on 9 December 2020. Mr Davis' non-executive director fees totalled $6,720 the net amount after PAYG withholding tax obligations was settled in shares. Mr Davis ESA stipulated that $75,000 per year of his total Managing Director fees were to be paid in shares, during the year Mr Davis earned $42,030 as part of his equity component of his salary the net amount after PAYG withholding tax obligations was settled in shares. The share settled fees are included in salary and fees for the period.

3 Mr Mwinyi was appointed to the role of non-executive director on 15 November 2020

4 Ms Collins was appointed to the role of non-executive director on 9 March 2021

5 Ms Morgan was appointed to the role of non-executive director on 9 March 2021

[6] Mr Meurer ceased employment with the company on 16 September 2020. On cessation of employment Mr Meurer's unvested performance-based options lapsed and the expensed share-based payments recognised under AASB 2 of $110,220 for those options reversed.
[7] Mr Murray ceased employment with the company on 8 March 2021. Mr Murray received $12,773 in fees for additional executive services, payment of which was settled in shares. The share settled fees are included in Salary and fees for the period. On cessation of employment Mr Murry's unvested performance-based options lapsed and the expensed share-based payments recognised under AASB 2 of $45,517 for those options reversed.
[8] Mr Sennitt ceased employment with the company on 11 September 2020.
[9] Mr Rundell was appointed to the role of CFO and Company Secretary on 16 December 2020.
[10] Mr Smith ceased employment with the company on 8 December 2020.
[11] Mr Prassas ceased employment with the company on 15 July 2020, in accordance with the terms of his ESA, Mr Prassas received a termination payment of $125,000 for 6 months' notice paid in lieu plus other statutory redundancy entitlements. The unused annual leave paid out on termination totalled $50,764 and is included in his salary and fees.
[12] Mr Scott ceased employment with the company on 18 December 2020, in accordance with the terms of his ESA, Mr Scott received a termination payment of $28,199 for his notice paid in lieu plus other statutory redundancy entitlements. The unused annual leave paid out on termination totalled $32,318 and is included in his salary and fees.
[13] Mr Stanfield ceased employment with the company on 15 December 2020.

Options and performance rights granted / vested / lapsed during the year ended 30 June 2022

Movements in options during the year:

30-Jun-22	Date of issue	Number of options issued	Fair value per Option*	Total value of issue $	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
Directors									
Tony Pearson	-	-	-	-	-	$1.00	21-Jun-22	-	(300,000)
Bardin Davis	-	-	-	-	-	-	-	-	-
Abdullah Mwinyi	-	-	-	-	-	-	-	-	-
Giselle Collins	-	-	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-	-	-
Giles Stapleton	-	-	-	-	-	-	-	-	-
	-	**-**	**--**	**-**				**-**	**(300,000)**
Executives									
Philip Rundell	-	-	-	-	-	-	-	-	-
Mark Godfrey	-	-	-	-	-	-	-	-	-
Lello Galassi	-	-	-	-	-	-	-	-	-
Andrea Cornwell	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	**-**	**-**	-	**-**
Total	**-**	**-**	**-**	**-**	**-**			**-**	**(300,000)**

Note that balances pre share consolidation have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.
* Options are valued using the Black-Scholes option pricing model on date of grant.
# Unvested Options vest on achievement of length of service criteria.

Movements in performance rights during the year:

30-Jun-22	Date of issue	Number of performance rights issued	Fair value per performance right*	Total value of issue $^	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
Directors									
Tony Pearson	9-Dec-21	475,000	$0.66	313,500	-	$nil	9-Dec-25	-	
Bardin Davis	9-Dec-21	750,000	$0.66	495,000	-	$nil	9-Dec-25	-	
Abdullah Mwinyi	9-Dec-21	66,666	$0.66	44,000	-	$nil	9-Dec-25	-	
Giselle Collins	9-Dec-21	100,000	$0.66	66,000	-	$nil	9-Dec-25	-	
Rebecca Morgan	9-Dec-21	100,000	$0.66	66,000	-	$nil	9-Dec-25	-	(100,000)
Giles Stapleton		-	-	-	-	-	-	-	
		1,491,666		**984,500**				**-**	**(100,000)**
Executives									
Philip Rundell	9-Dec-21	200,000	$0.66	132,000	-	$nil	9-Dec-25	-	
Mark Godfrey	-	-	-	-	-	-	-	-	-
Lello Galassi	-	-	-	-	-	-	-	-	-
Andrea Cornwell	-	-	-	-	-	-	-	-	-
	-	**200,000**		**132,000**				**-**	**-**
Total	**-**	**1,691,666**		**1,116,500**				**-**	**(100,000)**

Note that balances pre share consolidation have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

^The Performance Rights were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following any sale of the resultant shares, which can only be attained after the rights have been vested and the shares are issued.

* Performance Rights are valued using the Black-Scholes option pricing model on date of grant.

For vesting of performance rights with the same expiry date occurring on multiple dates during the period the most recent date is reported in the table.

<u>Options and performance rights granted / vested / lapsed during the year ended 30 June 2021</u>

Movements in options during the year:

30-Jun-21	Date of issue	Number of options issued	Fair value per Option*	Total value of issue $	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
Directors									
Tony Pearson	-	-	-	-	-	-	-	-	-
Bardin Davis	-	-	-	-	-	-	-	-	-
Abdullah Mwinyi	-	-	-	-	-	-	-	-	-
Giselle Collins	-	-	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-	-	-
Peter Meurer	-	-	-	-	-	$0.10	21-Jun-22	-	(5,000,000)
	-	-	-	-	-	$0.15	21-Jun-23	-	(15,000,000)

Jonathan Murray	-	-	-	-	-	$0.10	21-Jun-22	-	(3,000,000)
	-	-	-	-	-	$0.15	21-Jun-23	-	(5,000,000)
	-	**-**	**--**	**-**				**-**	**(28,000,000)**
Executives									
Rocky Smith	-	-	-	-	-	$0.065	16-Jan-21	-	(3,000,000)
	-	-	-	-	-	$0.035	17-Jan-22	-	(1,500,000)
	-	-	-	-	-	$0.030	5-Mar-23	-	(11,000,000)
Michael Prassas	-	-	-	-	-	$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	$0.030	5-Mar-23	-	(4,350,000)
Graeme Scott	-	-	-	-	-	$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	$0.035	17-Jan-22	-	(750,000)
	-	-	-	-	-	$0.030	5-Mar-23	-	(7,250,000)
Lucas Stanfield	-	-	-	-	-	$0.065	16-Jan-21	-	(1,500,000)
	-	-	-	-	-	$0.030	5-Mar-23	-	(3,375,000)
	-	-	-	-	-	**-**	**-**	-	**(35,725,000)**
Total	**-**	**-**	**-**	**-**	**-**			**-**	**(63,725,000)**

* Options are valued using the Black-Scholes option pricing model on date of grant.

Unvested Options vest on achievement of length of service criteria.

Movements in performance rights during the year:

30-Jun-21	Date of issue	Number of performance rights issued	Fair value per performance right*	Total value of issue $	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
Directors									
Tony Pearson	5-Feb-21	5,000,000	$0.06	300,000	28-May-21	$nil	5-Feb-25	1,750,000	-
Bardin Davis	5-Feb-21	25,000,000	$0.06	1,500,000	28-May-21	$nil	5-Feb-25	8,750,000	-
Abdullah Mwinyi	5-Feb-21	1,000,000	$0.06	60,000	28-May-21	$nil	5-Feb-25	350,000	-
Giselle Collins	-	-	-	-	-	-	-	-	-
Rebecca Morgan	-	-	-	-	-	-	-	-	-
Peter Meurer	-	-	-	-	-	-	-	-	-
Jonathan Murray	5-Feb-21	1,000,000	$0.06	60,000	5-Mar-21	$nil	5-Feb-25	75,000	(925,000)
Robert Sennitt	-	-	-	-	-			-	-
	-	**32,000,000**		**1,920,000**				**10,925,000**	**(925,000)**
Executives									
Philip Rundell	-	-	-	-	-	-	-	-	-
Rocky Smith	-	-	-	-	-	-	-	-	-
Michael Prassas	-	-	-	-	-	-	-	-	-
Graeme Scott	8-Sep-20	2,300,000	$0.037	85,100	17-Nov-20	$nil	8-Sep-21	759,000	(1,541,000)
	8-Sep-20	3,800,000	$0.037	140,600	-	$nil	8-Sep-24	-	(3,800,000)

Lucas Stanfield	8-Sep-20	2,300,000	$0.037	85,100	17-Nov-20	$nil	8-Sep-21	759,000	(1,541,000)
	8-Sep-20	3,800,000	$0.037	140,600	-	$nil	8-Sep-24	-	(3,800,000)
	-	**12,200,000**		**451,400**				**1,518,000**	**(10,682,000)**
Total	**-**	**44,200,000**		**2,371,400**				**12,443,000**	**(11,607,000)**

* Performance Rights are valued using the Black-Scholes option pricing model on date of grant.

The unvested Performance Rights to vest on achievement of performance criteria, as determined by the Company's Board, by 5 February 2025 or the Performance Rights will lapse. For vesting of performance rights with the same expiry date occurring on multiple dates during the period the most recent date is reported in the table.

Shareholdings of KMP's

30-Jun-22	Opening Balance	Granted as Remuneration	Exercise of Options/PRs	Other Movements	Closing Balance
Directors					
Tony Pearson	463,306	-	-	7,360	470,666
Bardin Davis	895,417	-	-	10,093	905,510
Abdullah Mwinyi	-	-	35,000	-	35,000
Giselle Collins	-	-	-	30,000	30,000
Rebecca Morgan*	-	-	-	-	-
Giles Stapleton	-	-	-	110,976	110,976
	1,358,723	**-**	**35,000**	**158,429**	**1,552,152**
Executives					
Philip Rundell	-	-	-	-	-
Mark Godfrey	-	-	-	-	-
Lello Galassi	-	-	-	-	-
Andrea Cornwell	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Total	**1,358,723**	**-**	**35,000**	**158,429**	**1,552,152**

Note that balances pre share consolidation have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

* 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-22	Opening Balance	Granted as Remuneration	Exercise of Options & PRs#	Expired/ Lapsed	Other Movements	Closing Balance	Vested at 30 June
Directors							
Tony Pearson	1,125,000	475,000	-	(300,000)	-	1,300,000	-
Bardin Davis	1,625,000	750,000	-	-	-	2,375,000	-
Abdullah Mwinyi	100,000	66,666	(35,000)	-	-	131,666	-
Giselle Collins	-	100,000	-	-	-	100,000	-
Rebecca Morgan*	-	100,000	-	(100,000)	-	-	-
Giles Stapleton	-	-	-	-	-	-	-
	2,850,000	**1,491,666**	**(35,000)**	**(400,000)**	**-**	**3,906,666**	**-**
Executives							
Philip Rundell	-	200,000	-	-	-	200,000	-
Mark Godfrey	-	-	-	-	-	-	-
Lello Galassi	-	-	-	-	-	-	-
Andrea Cornwell	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,850,000**	**1,691,666**	**(35,000)**	**(400,000)**	**-**	**4,106,666**	**-**

Note that balances pre share consolidation have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

* Ceased to be KMP's during the period and their holdings are not reported at period end.

During the year, 35,000 performance rights were exercised for 35,000 shares at zero exercise price.

Performance income as a proportion of total income
$50,000 in bonuses have been paid to executives during the year.

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

Tony Pearson (Appointed acting Chair 16 September 2020 and confirmed as Chair 21 October 2020)
Chair Fees were set at $95,000 plus superannuation entitlements per annum.

Non-Executive Directors - Abdullah Mwinyi (Appointed 15 November 2020)/ Giselle Collins (Appointed 9 March 2021)/ Rebecca Morgan (Appointed 9 March 2021, Resigned 13 February 2022)/ Giles Stapleton (Appointed 29 November 2021)
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 2001. Fees are currently set at $50,000 plus superannuation entitlements per annum, non-resident directors are entitled to receive the superannuation component as fees.

Bardin Davis – Managing Director - (Appointed MD 9 December 2020)
Bardin is employed under an Executive Service Agreement (ESA). The agreement provides for an annual salary of $350,000 plus statutory superannuation capped at the concessional contribution threshold. Bardin is entitled to leave in accordance with the relevant legislation. The engagement had no fixed term but is subject to a six-month notice period from either party.

Philip Rundell – CFO & Company Secretary (Appointed 16 December 2020)
Philip is employed under a consulting agreement with the Company. The agreement allows for an hourly charge rate of $200 per hour to a maximum of $1,500 per day. The engagement has no fixed term and is subject to a 15-day notice period from either party. Phil was paid a discretionary bonus of $50,000 during the 2022 financial year.

Mark Godfrey – Head of Technical Services - (Appointed 6 September 2021)
Mark is employed under an Executive Service Agreement (ESA). The agreement provided for an annual salary of $285,000 plus discretionary performance bonuses. The Executive is entitled to superannuation and leave in accordance with the relevant legislation. The engagement had no fixed term but is subject to a three-month notice period from either party. Mark is entitled to be issued 450,000 performance rights under the Company's Performance Rights Plan, in addition he will be entitled to STI's and LTI's which may comprise of a combination of cash, shares and performance rights to be agreed.

Lello Galassi – Head of Development and Operations - (Appointed 20 September 2021)
Lello is employed under an Executive Service Agreement (ESA). The agreement provided for an annual salary of UD$300,000 plus discretionary performance bonuses and will receive 24 days of annual leave per year. Upon relocation to Perth, Australia, the Executive will be entitled to a living away from home allowance of AUD $8,333 per month and will be entitled to superannuation in accordance with the relevant legislation. The engagement had no fixed term but is subject to a three-month notice period from either party. Lello is entitled to be issued 500,000 performance rights under the Company's Performance Rights Plan, in addition he will be entitled to STI's and LTI's which may comprise of a combination of cash, shares and performance rights to be agreed.

Andrea Cornwall – Head of Marketing and Sales - (Appointed 29 November 2021)
Andrea is employed under an Executive Service Agreement (ESA). The agreement provided for an annual salary of $312,500 plus discretionary performance bonuses. The Executive is entitled to superannuation and leave in accordance with the relevant legislation. The engagement had no fixed term but is subject to a three-month notice period from either party. Andrea is entitled to be issued 450,000 performance rights under the Company's Performance Rights Plan, in addition she will be entitled to STI's and LTI's which may comprise of a combination of cash, shares and performance rights to be agreed.

Related party transactions
There were no related party transactions with Key Management Personnel during the year (2021: $89,677). The balance outstanding at 30 June 2022 and included in trade creditors is $nil (30 June 2021: $1,183).
(End of Remuneration Report)

OPTIONS AND PERFORMANCE RIGHTS

At the date of this report no Listed options are on issue.

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

Expiry Date	Exercise Price	Number under option
21 June 2023	$1.50	500,000*
5 March 2023	$0.30	559,000

* Vesting subject to length of service and milestone criteria.

There are no unissued ordinary shares of the Company under option to service providers.

During the year a total of 9,133,333* listed and unlisted options were exercised at various exercise prices. A total of 300,000* unlisted options with exercises price of $1.00* lapsed, were cancelled, or expired unexercised. No options were issued.

Details of options movements during the year are detailed in the Remuneration Report and note 18 to this report.

At the date of this report Performance Rights on issue to directors and employees are:

Expiry Date	Exercise Price	Number of Performance Rights
5 February 2025	$Nil	2,015,000
9 December 2025	$Nil	1,818,266

During the year 1,918,266* performance rights were issued to directors and employees of the Company. A total of 46,200 vested performance rights were exercised for $nil consideration and a total of 147,600* performance rights lapsed, were cancelled, or expired.

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.

*The Company’s share capital underwent a 1:10 share consolidation on 10 December 2021. All movements in the equity components are stated on a post consolidated basis.

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 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 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 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 2022 has been received and can be found immediately following this Directors' report.

No amounts have been paid or payable to the auditor for non-audit services, payments to the auditors are set out in Note 3 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,

Russell Scrimshaw
Executive Chairman
20 September 2022

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
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Auditor's independence declaration to the directors of Peak Rare Earths Limited

As lead auditor for the audit of the financial report of Peak Rare Earths Limited for the financial year ended 30 June 2022, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Peak Rare Earths Limited and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer
Partner
20 September 2022

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

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Independent auditor's report to the members of Peak Rare Earths Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Peak Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 (including Independence Standards)* (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 events or conditions indicate that a material uncertainty exists 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.

Building a better working world

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. 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 matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

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 this matter. 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 matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2022, the Group's Tanzanian subsidiary, PRNG Minerals Limited ("PRNG"), held 100% of the Ngualla Project ("Project") which included capitalised exploration and evaluation assets of $59.1 million, representing 80% of the Group's total assets. The carrying amount of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The determination as to whether there are any indicators to require the exploration and evaluation assets to be assessed for impairment involves a number of judgments, including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The directors did not identify any impairment indicators at 30 June 2022. Refer to Note 12 in the financial report for capitalised exploration and evaluation asset balances and related disclosures. This was considered a key audit matter because of the significant judgment involved in determining whether any impairment indicators were present for the Group's capitalised exploration and evaluation asset balances and the significance of these balances.	In performing our procedures, we: ▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements. This included reviewing 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 Project. ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's cash-flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group. ▶ Assessed whether exploration and evaluation data or contrary information existed to indicate that the carrying value of capitalised exploration and evaluation assets was unlikely to be recovered through successful development or sale. ▶ Reviewed the adequacy of the Group's disclosures in Note 12 of the financial report.

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 2022 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.

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 Group'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, actions taken to eliminate threats or safeguards applied.

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.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Peak Rare Earths Limited for the year ended 30 June 2022, 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

Pierre Dreyer
Partner
Perth
20 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Interest income	3	8,602	9,246
R&D rebate		-	46,137
Other income		-	55,625
Total income		**8,602**	**111,008**
Employee benefits expenses		(2,579,194)	(725,552)
Share based payments expenses	17	(610,449)	(856,325)
Write-off of capitalised exploration costs	12	(156,080)	-
Depreciation expenses	10, 11	(199,074)	(23,049)
Borrowing costs	16	(7,874,527)	(323,904)
Administrative and other costs		(4,284,188)	(1,397,265)
Technical feasibility costs		(7,036,692)	(1,555,761)
Loss before income tax		**(22,731,602)**	**(4,770,848)**
Income tax expense	6	-	-
Loss after income tax		**(22,731,602)**	**(4,770,848)**
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		4,598,141	(4,483,550)
Total comprehensive loss for the year		**(18,133,461)**	**(9,254,398)**
Loss per share (in cents)			
Basic and Diluted loss per share	4	(11.66)	(3.13)

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	7	9,479,379	2,680,367
Trade and other receivables	8	974,411	732,455
Prepayments		80,373	84,740
Total current assets		**10,534,163**	**3,497,562**
Non-current assets			
Other financial assets	9	63,794	-
Property plant and equipment	10	225,337	24,819
Right-of-use asset	11	3,774,955	3,583,243
Exploration and evaluation costs	12	59,114,040	54,472,897
Investments	13	8,000	8,000
Total non-current assets		**63,186,126**	**58,088,959**
Total assets		**73,720,289**	**61,586,521**
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,447,973	576,746
Provisions	15	96,367	28,433
Lease liability – current	11	110,279	-
Total current liabilities		**2,654,619**	**605,179**
Non-current liabilities			
Lease liability – non-current	11	206,364	**-**
Royalty liability	16	-	5,686,663
Total non-current liabilities		**206,364**	**5,686,663**
Total liabilities		**2,860,983**	**6,291,842**
Net assets		**70,859,306**	**55,294,679**
EQUITY			
Contributed equity	18	140,805,369	107,717,730
Reserves	17	5,197,563	(11,027)
Accumulated losses		(75,143,626)	(52,412,024)
Total equity		**70,859,306**	**55,294,679**

The statement should be read in conjunction with the accompanying note

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		(12,137,690)	(4,583,832)
Interest received		8,602	13,574
Government rebates received		-	101,762
Cash used in operating activities	7	**(12,129,088)**	**(4,468,496)**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(239,505)	(245)
Proceeds from sale of non-current assets		-	531
Cash generated from (used in) investing activities		**(239,505)**	**286**
FINANCING ACTIVITIES			
Proceeds from issue of equity shares		34,469,917	8,227,067
Costs of issuing equity shares		(1,382,278)	(402,673)
Proceeds from redemption of bank guarantee		-	30,000
Additions to bank guarantee		(63,794)	-
Payment of lease liabilities		(40,671)	(3,220,347)
Repayment of royalty liability		(13,767,214)	-
Cash generated from financing activities		**19,215,960**	**4,634,047**
Net increase in cash and cash equivalents		6,847,367	165,837
Balance at the beginning of the year		2,680,367	2,546,021
Effect of foreign currency translation		(48,355)	(31,491)
Balance at the end of the year	7	**9,479,379**	**2,680,367**

The statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

	Contributed Equity $	Share based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
At 30 June 2020	**99,893,335**	**3,787,758**	**(171,560)**	**(47,641,176)**	**55,868,357**
Loss for the year	-	-	-	(4,770,848)	(4,770,848)
Other comprehensive loss	-	-	(4,483,550)	-	(4,483,550)
Total comprehensive loss for the year	**-**	**-**	**(4,483,550)**	**(4,770,848)**	**(9,254,398)**
Equity issued	8,227,067	-	-	-	8,227,067
Equity based payments	-	856,325	-	-	856,325
Transaction costs	(402,672)	-	-	-	(402,672)
At 30 June 2021	**107,717,730**	**4,644,083**	**(4,655,110)**	**(52,412,024)**	**55,294,679**
Loss for the year	-	-	-	(22,731,602)	(22,731,602)
Other comprehensive income	-	-	4,598,141	-	4,598,141
Total comprehensive income/(loss) for the year	**-**	**-**	**4,598,141**	**(22,731,602)**	**(18,133,461)**
Equity issued	34,469,917	-	-	-	34,469,917
Equity based payments	-	610,449	-	-	610,449
Transaction costs	(1,382,278)	-	-	-	(1,382,278)
At 30 June 2022	**140,805,369**	**5,254,532**	**(56,969)**	**(75,143,626)**	**70,859,306**

The statement should be read in conjunction with the accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Peak Rare Earths Limited (previously Peak Resources Limited; the Group) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 20 September 2022.

Peak Rare Earths 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 corporate directory in 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. All amounts are presented in Australian Dollars unless otherwise noted.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian 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 as issued by the International Accounting Standards Board (IFRS).

Going concern

The Group incurred a loss after tax of $22,731,602 (2021: $4,770,848) and had operating cash outflows of $12,129,088 for the year ended 30 June 2022 (2021: $4,468,496).

The Group's ability to continue as a going concern and meet its debts as and when they fall due is dependent on its ability to raise additional capital. As reported, with $9,479,379 cash at bank at the end of the reporting period, Peak is well funded in the short term to fund the short term pre-development activities, and its corporate and administration requirements. Further funding will be required to develop the project.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to raise further funding as and when required based on the quality of the project and its past ability to raise equity funding. However, in the event that additional funding is not forthcoming, the Group will need to reduce its discretionary spending to ensure that it has sufficient cash on hand to continue its operations.

As a result of the need to raise additional equity to continue with the planned development of the Ngualla Project, or reduce discretionary spending if funds are not forthcoming, there is a material uncertainty whether the Group will be able to progress with its current development initiatives and continue as a going concern and therefore in this circumstance whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. 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.

b) Impact of new standards applied for the first time

The accounting policies adopted in the preparation of the consolidated financial statements for the year are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2022, except for the adoption of new and amended accounting standards and interpretations effective as of 1 July 2021. The adoption of these new and amended accounting standards and interpretations did not have a material impact on the consolidated entity and no restatement of comparative financial information to reflect the adoption of these new standards and interpretations was required.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

Significant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements is not expected to be material. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective. The standards issued and amendments but not yet effective are not expected to have a material impact on the Group.

- IFRS 17 *Insurance Contracts*
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Reference to the Conceptual Framework – *Amendments to IFRS 3*
- Property, Plant and Equipment: Proceeds before Intended Use – *Amendments to IAS 16*
- Onerous Contracts – Costs of Fulfilling a Contract – *Amendments to IAS 37*
- IFRS 1 F*irst-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter
- IFRS 9 *Financial Instruments* – Fees in the "10 per cent" test for derecognition of financial liabilities
- IAS 41 *Agriculture* – Taxation in fair value measurements
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

c) Basis of consolidation

The consolidated financial statements of Peak Rare Earths Limited comprise the financial statements of the Company and its subsidiaries as at 30 June 2022. 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 Group, 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) Foreign Currency Translation

The financial statements have been presented in Australian Dollars, which is the Group's presentation currency.

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. The Group's functional currency is Australian dollars. 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.

Translation of foreign operations

As at the reporting date the assets and liabilities of foreign operations are translated from their functional currency 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.

e) Other income

Interest

Interest income is recognised as the interest accrues on the financial asset carried at amortised cost.

R&D rebate grant

The Group is treating its receipt of the R&D rebate as a government grant.

Government grants are recognised as income 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.

f) 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 Group'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 Group to employee superannuation funds and are charged as expenses when incurred.

g) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- 3 to 26 years

The right-of-use assets are also subject to impairment. The carrying values of right-of-use assets 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.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of its office space. This has been recognised as an expense in Administrative and other costs in the consolidated statement of comprehensive income.

h) 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.

i) 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.

The 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.

j) Loss per share

i) Basic loss per share

Basic loss 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.

ii) Diluted loss per share

Diluted loss per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to the royalty liability.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The financial instruments of the Group are (i) cash and cash equivalents, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables and v) royalty liability.

l) 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.

m) 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 provisions for expected credit losses. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value

The useful life of the assets have been set at the following levels to determine the depreciation rates:

Plant and equipment: 2 to 5 years

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.

o) 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 it is 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; or
- 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 of disposal 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.

p) 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.

q) Provisions

Provisions are recognised when the Group 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.

r) 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 are the Incentive Performance Rights Plan (PRP) and the Incentive Employee Option Plan (EOP), 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 option pricing 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 Rare Earths 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 loss per share.

s) 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.

t) 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 exploration and evaluation costs

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

Accounting for contingent consideration in asset acquisition

In accounting for the cash component of contingent consideration payable in an asset acquisition, including future royalties, the Group considers AASB 137 "Provisions, Contingent Liabilities and Contingent Assets" to be the applicable accounting standard. Accordingly, no obligation for the cash component of contingent consideration payable based on the future performance of the asset and actions of the Group is recognised at the date of purchase of the related asset.

Measurement of royalty liability

The Group is required to estimate the amount and timing of anticipated repayment dates for the royalty liability disclosed in note 16. Any changes in either the estimated timing or amount of repayments will impact the measurement of this liability through the profit and loss and these changes could be significant.

3. INCOME AND EXPENDITURE ITEMS

	2022 $	2021 $
Included in loss for the year are:		
Interest income	8,602	9,246
Australian R&D rebate	-	46,137
Other income	-	55,625
Total other income	8,602	111,008

	Auditors' remuneration	
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	83,860	75,560
Total fees to Ernst & Young (Australia) (A)	**83,860**	**75,560**
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	29,381	29,119
Total fees to overseas member firms of Ernst & Young (Australia) (B)	**29,381**	**29,119**
Total auditor's remuneration (A)+(B)	**117,314**	**104,679**

4. LOSS PER SHARE

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

	2022 Cents	2021 Cents
Basic and Diluted loss per share based on reported losses after tax as set out in the Statement of Comprehensive Income	(11.66)	(3.13)

	2022 Nos.	2021 Nos.
Weighted average number of ordinary shares used in calculating basic loss per share	195,031,962	152,607,173
Weighted average number of ordinary shares used in calculating diluted loss per share	195,031,962	152,607,173
Anti-dilutive options over ordinary shares and performance rights excluded from the weighted average number of shares	4,433,266	9,820,625

The weighted average number of ordinary shares in the above were adjusted to reflect the capital consolidation entailing the conversion of every ten (10) securities into one (1) security, which occurred on 10 December 2021 (see Note 17).

5. 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.

	30 June 2022			30 June 2021		
	E&D	**Unallocated**	**Total**	**E&D**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Interest income	-	8,602	8,602	-	9,246	9,246
Other income	-	-	-	-	101,762	101,762
Total income	**-**	**8,602**	**8,602**	**-**	**111,008**	**111,008**
Depreciation and amortisation	(165,708)	(33,366)	(199,074)	(16,607)	(6,442)	(23,049)
Share based payment expenses	-	(610,449)	(610,449)	-	(856,325)	(856,325)
Borrowing costs	-	(7,874,527)	(7,874,527)	-	-	-
Write-off of capitalised exploration costs	(156,080)	-	(156,080)	-	-	-
Technical feasibility costs	(7,036,692)	-	(7,036,692)	(1,555,761)	-	(1,555,761)
Other expenses	-	(6,863,382)	(6,863,382)	-	(2,446,721)	(2,446,721)
Income Tax	-	-	-	-	-	-
Segment results	**(7,358,480)**	**(15,373,122)**	**(22,731,602)**	**(1,572,368)**	**(3,198,480)**	**(4,770,848)**
Segment assets	**62,773,663**	**10,946,625**	**73,720,288**	**58,076,050**	**3,510,471**	**61,568,521**
Segment liabilities	**(133,830)**	**(2,727,153)**	**(2,860,983)**	**(5,686,663)**	**(605,179)**	**(6,291,842)**
Additions to non-current assets during the year:						
Plant and equipment	212,010	27,495	239,505	-	245	245
Right-of-use assets	33,432	318,366	351,798	3,583,243	-	3,583,243
	245,442	**345,861**	**591,303**	**3,583,243**	**245**	**3,583,488**

6. INCOME TAX

		CONSOLIDATED 2022 $	CONSOLIDATED 2021 $
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 expense/(benefit) on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:**		
	Loss before income tax	(22,731,602)	(4,770,848)
	Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30.0% (2021:30%)	(6,819,481)	(1,431,254)
	Add tax effect of:		
	- Revenue losses not recognised	1,466,717	617,258
	- Other non-allowable items	4,913,965	1,320,223
		(438,799)	506,227
	Less tax effect of:		
	- Gain on derecognition of associate	-	-
	- Gain on re-measurement of financial liabilities	-	-
	- Other deferred tax balances not recognised	(438,799)	136,169
	- Non-assessable items	-	370,058
	Income tax expense reported in statement of comprehensive income	-	-
c.	**Unrecognised deferred tax assets at 30.0% (2021:30%)** (Note 1)**:**		
	Carry forward revenue losses	9,504,524	8,037,807
	Carry forward capital losses	295,504	295,504
	Unrealised FX	665,723	265,945
	Capital raising costs	298,181	86,725
	Provisions and accruals	1,164,670	979,943
	Net right-of-use assets/lease liability	131,314	-
	Other	9,350	9,350
		12,069,266	9,675,274

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the Group 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 - 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.

7. CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalent	2022 $	2021 $
For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	9,479,379	2,680,367
	9,479,379	**2,680,367**

Reconciliation of operating loss to operating cash flows		
Loss for the year	**(22,731,602)**	**(4,770,848)**
Adjustments for non-cash items:		
Borrowing costs	7,874,527	323,904
Share based payments expenses	610,449	856,325
Creditors settled in equity	19,847	-
Write-off exploration costs	156,080	-
Depreciation expenses	199,073	23,049
Foreign exchange loss/(gain)	40,966	(6,089)
Other non-cash items	-	543
Movement in working capital items:		
Increase in trade and other receivables	(241,956)	(845,171)
(Increase)/Decrease in prepayments	4,367	(274)
Increase in trade and other payables	1,871,227	164,568
Increase/(Decrease) in provisions	67,934	(214,503)
	(12,129,088)	**(4,468,496)**

8. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Current		
GST/VAT receivable	968,271	730,375
Other receivable	6,140	2,080
	974,411	**732,455**
Ageing of receivables		
Recoverable within 3 months	974,411	732,455
	974,411	**732,455**

Receivables are non-interest bearing and unsecured.

9. OTHER FINANCIAL ASSETS

	2022 $	2021 $
Bank Term Deposit	63,794	-
	63,794	**-**

A deposit of $63,794 (2021: $Nil), has been secured against a guarantee issued by the bank for an office rental deposit. This cash balance is not available for withdrawal until the guarantee is withdrawn.

10. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Plant and equipment		
At cost	452,814	213,309
Accumulated depreciation	(227,477)	(188,490)
	225,337	**24,819**
Movement in net carrying amount		
Balance at the beginning of the year	24,819	41,789
Net Additions / (Disposals)	239,505	(828)
Depreciation for the year	(38,987)	(16,142)
Balance at the end of the year	**225,337**	**24,819**

11. LEASES

RIGHT OF USE ASSETS

	2022 $	2021 $
Movement in net carrying amount:		
Balance at beginning of year	3,583,243	-
Additions	351,798	3,590,150
Depreciation for the year	(160,087)	(6,907)
Balance at 30 June 2022	**3,774,954**	**3,583,243**

LEASE LIABILITIES

	2022 $	2021 $
Movement in net carrying amount:		
Balance at beginning of year	-	-
Additions	352,812	3,220,392
Accretion of interest	4,502	-
Lease payments	(40,671)	(3,220,392)
Balance at 30 June 2022	**316,643**	-
Current	110,279	-
Non-Current	206,364	-
Total	**316,643**	-

During the year ended 30 June 2021, the Group executed a 250-year lease on a 19-hectare parcel of land at Teesside, UK for an upfront payment of £1,858,712 or A$3,403,424 (net of VAT receivable) and with an annual peppercorn lease payment of £0.01 or A$0.01 per annum. During the year ended 30 June 2022, the Group executed a 3-year lease on its office space.

The Group also has certain contracts which contain a lease with terms of 12 months or less and contracts which contain a lease of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these. Leases that are short-term and low value amounted to $14,536 for the year ended 30 June 2022 (2021: $35,434).

12. EXPLORATION AND EVALUATION EXPENDITURE

	2022 $	2021 $
Movement in net carrying amount:		
Balance at beginning of year	54,472,897	59,419,382
Exploration assets written off during the year	(156,080)	-
Foreign exchange movements	4,797,223	(4,946,485)
Balance at 30 June	**59,114,040**	**54,472,897**
Capitalised areas of interest		
Ngualla Rare Earth Project, Tanzania	**59,114,040**	**54,472,897**
	59,114,040	**54,472,897**

13. INVESTMENTS

	2022 $	2021 $
Investment in listed shares – at fair value through profit or loss	8,000	8,000
	8,000	**8,000**

14. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Current		
Trade and other payables	**2,447,973**	**576,746**
Ageing of payables		
Payable within 3 months	2,447,973	576,746
	2,447,973	**576,746**

Payables are non-interest bearing, unsecured and are generally payable in 30-120 days.

15. PROVISIONS

	2022 $	2021 $
Employee benefits - leave entitlements	96,367	28,433

16. ROYALTY LIABILITY

	2022 $	2021 $
Non-current:		
ANRF Royalty Liability	-	5,686,663
	-	**5,686,663**

In July 2015, ANRF Royalty Company Limited (ANRF) and International Finance Corporation (IFC) advanced US$5,191,201 to the Group for a 2% Gross Sales Royalty from the Ngualla Rare Earth's project in accordance with the Royalty Agreement. On 5 August 2021, Peak Rare Earths Limited, PR NG Minerals Limited (wholly owned subsidiary of the Group), Appian and ANRF entered into a conditional Royalty Repayment and Release Agreement whereby the parties agreed to terminate the Royalty Agreement following a cash payment by PR NG Minerals Limited to Appian and ANRF of the Principal Sum of US$5,191,201 and accrued interest of US$4,787,554 totalling US$9,978,755 (or A$13,767,214).

The Royalty Repayment and Release Agreement was approved by Peak shareholders at a General Meeting held on 28 September 2021 and the transaction was completed on 5 October 2021. The excess of the total repayment of A$13,767,214 over the carrying value of the royalty liability at 5 October 2021 is recognised as "Borrowing costs" in the profit or loss.

	2022 $	2021 $
Movement in net carrying amount of ANRF Royalty Liability:		
Balance at beginning of year	5,686,663	5,857,433
Accretion of interest	90,688	323,904
Foreign exchange movements	197,460	(494,674)
Repayment of royalty liability	(5,974,811)	-
Balance at 30 June 2022	**-**	**5,686,663**

17. RESERVES

	Share based payment reserve $	Foreign currency translation reserve $	Total $
At 30 June 2020	**3,787,758**	**(171,560)**	**3,616,198**
Share based payments	856,325	-	856,325
Exchange difference on translation of foreign operations	-	(4,483,550)	(4,483,550)
At 30 June 2021	**4,644,083**	**(4,655,110)**	**(11,027)**
Share based payments	610,449	-	610,449
Exchange difference on translation of foreign operations	-	4,598,141	4,598,141
At 30 June 2022	**5,254,532**	**(56,969)**	**5,197,563**

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.

18. CONTRIBUTED EQUITY

		Nos.	$
Balance at 30 June 2020		**1,405,305,618**	**99,893,335**
Issue of shares for nil consideration on exercise of vested Performance Rights	3-Jul-20	2,000,000	-
Shares issued in settlement of deferred directors fees and deferred executive remuneration @ $0.0342	7-Aug-20	3,762,020	128,661
Placement @3.2c per share	28-Oct-20	109,375,000	3,500,000
SPP @3.2c per share	17-Nov-20	26,562,493	850,000
Issue of shares for nil consideration on exercise of vested Performance Rights	24-Nov-20	2,442,000	-
Shares issued in settlement of director fees at $0.063078 per Share	23-Dec-20	861,469	54,340
Issue of shares on exercise of unlisted options	25-Jan-21	750,000	48,750
Issue of shares on exercise of unlisted options	25-Jan-21	14,000,000	700,000
Issue of shares on settlement deed	29-Jan-21	3,019,230	196,250
Issue of shares on exercise of unlisted options	29-Jan-21	400,000	20,000
Issue of shares on settlement deed	1-Feb-21	4,500,000	191,250
Issue of shares on exercise of unlisted options	2-Feb-21	4,000,000	240,000
Issue of shares on exercise of unlisted options	2-Feb-21	4,000,000	240,000
Issue of shares on exercise of unlisted options	2-Feb-21	800,000	40,000
Issue of shares on exercise of unlisted options	4-Feb-21	800,000	40,000
Issue of shares on exercise of unlisted options	11-Feb-21	2,000,000	100,000
Issue of shares on settlement deed	15-Feb-21	730,770	47,500
Issue of shares on exercise of unlisted options	15-Feb-21	1,125,000	39,375
Issue of shares on exercise of unlisted options	19-Feb-21	3,375,000	101,250
Issue of shares on exercise of unlisted options	5-Mar-21	1,750,000	52,500
Issue of shares for nil consideration on exercise of vested performance rights	8-Mar-21	75,000	-
Issue of shares on exercise of unlisted options	11-Mar-21	3,000,000	180,000
Issue of shares for nil consideration on exercise of vested performance rights	1-Apr-21	2,250,000	-
Shares issued in settlement of director fees at $0.0954 per share	1-Apr-21	205,751	19,628
Issue of shares on exercise of unlisted options	6-May-21	11,166,295	669,978
Issue of shares on exercise of unlisted options	7-May-21	2,171,596	130,296
Issue of shares on exercise of unlisted options	10-May-21	662,109	39,727
Issue of shares on exercise of unlisted options	25-May-21	208,747	6,262
Issue of shares on exercise of unlisted options	4-Jun-21	4,500,000	292,500
Issue of shares on exercise of unlisted options	10-Jun-21	4,500,000	292,500
Issue of shares for nil consideration on exercise of vested performance rights	21-Jun-21	8,250,000	-
Issue of shares on exercise of unlisted options	25-Jun-21	210,000	6,300
Equity issue costs			(402,672)
Balance at 30 June 2021		**1,628,758,098**	**107,717,730**
Issue of shares for nil consideration on exercise of vested performance rights	1-Jul-21	330,000	-

		Nos.	$
Shares issued in settlement of equity component of executive remuneration @ 11.3722 cents per share	8-Jul-21	174,518	19,847
Issue of shares on exercise of listed PEKOD options @ 3 cents per share	6-Aug-21	333,333	10,000
Issue of shares Tranche 1 Capital Raising @ 9 cents per share	13-Aug-21	226,851,892	20,416,670
Issue of shares on exercise of listed PEKOD options @ 3 cents per share	8-Sep-21	4,166,667	125,000
Issue of shares on exercise of listed PEKOD options @ 3 cents per share	1-Oct-21	1,300,000	39,000
Issue of shares on exercise of listed PEKAI options @ 3.5 cents per share	1-Oct-21	375,000	13,125
Issue of shares Tranche 2 Capital Raising @ 9 cents per share	4-Oct-21	106,481,442	9,583,330
Issue of shares for nil consideration on exercise of vested performance rights	5-Oct-21	482,000	-
Share Purchase Plan @ 9 cents per share	8-Oct-21	18,614,511	1,675,311
Capital Consolidation 10 securities into 1	10-Dec-21	(1,789,079,928)	-
Issue of shares on exercise of listed PEKAI options @ 35 cents per share	14-Jan-22	75,000	26,250
Issue of shares on exercise of listed PEKAI options @ 30 cents per share	21-Jan-22	290,000	87,000
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	2-Feb-22	66,667	20,000
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	15-Feb-22	32,000	9,600
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	22-Feb-22	18,600	5,580
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	23-Feb-22	129,560	38,868
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	01-Mar-22	500,000	150,000
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	4-Mar-22	116,667	35,000
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	11-Mar-22	100,000	30,000
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	15-Mar-22	651,986	195,596
Issue of shares for nil consideration to Tanzanian employees in recognition of continuing and valued service to the company	17-Mar-22	45,171	29,135
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	17-Mar-22	288,667	86,600
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	22-Mar-22	54,041	16,212
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	24-Mar-22	2,535,116	760,535
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	25-Mar-22	34,578	10,373
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	28-Mar-22	15,000	4,500
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	29-Mar-22	203,709	61,113

		Nos.	$
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	4-Apr-22	215,483	64,645
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	5-Apr-22	51,000	15,300
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	7-Apr-22	2,628,132	788,440
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	12-Apr-22	277,184	83,155
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	19-Apr-22	232,443	69,733
Equity Issue Costs			(1,382,278)
Balance at 30 June 2022		**207,348,537**	**140,805,369**

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 and Performance Rights over ordinary shares

At the end of the reporting period, there were 4,892,266 options and performance rights over unissued shares as follows:

Options and Performance Rights over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
Balance at 30 June 2021		127,644,253			
Expired/ Lapsed/ Cancelled:					
PEKAK Performance Rights lapsed	13-Sep-21	(476,000)		-	13-Sep-21
Capital Consolidation 10 securities into 1 – Unlisted Options & Performance Rights	10-Dec-21	(34,776,000)		-	-
Capital Consolidation 10 securities into 1 – Listed PEKOD Options	10-Dec-21	(73,387,120)		-	-
Lapse of Unlisted PEKAI Options	17-Jan-22	(125,000)		$0.35	17-Jan-22
PEKAK Performance Rights lapsed on director resignation	14-Feb-22	(100,000)		-	9-Dec-25
Lapse of Listed PEKOD Options	17-Apr-22	(3,300)		$0.30	17-Apr-22
Lapse of Unlisted PEKAI Options	21-Jun-22	(300,000)		$1.50	21-Jun-22
		(109,167,420)			
Issued:					
Performance Rights issued as a Long Term Incentive to employees under the Company's Incentive Performance Rights Plan and with the approval of the Company's shareholders given at the Annual General Meeting held on 29 November 2021.	9-Dec-21	1,918,266	Unvested	-	9-Dec-25

Options and Performance Rights over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
		1,918,266			
Exercised:					
Vested PEKAK Performance Rights	1-Jul-21	(330,000)		-	08-Sep-21
Listed PEKOD Options	6-Aug-21	(333,333)		$0.03	14-Apr-22
Listed PEKOD Options	8-Sep-21	(4,166,667)		$0.03	14-Apr-22
Unlisted PEKAI Options	1-Oct-21	(375,000)		$0.035	17-Jan-22
Unlisted PEKAI Options	1-Oct-21	(1,300,000)		$0.03	5-Mar-23
Vested PEKAK Performance Rights	5-Oct-21	(132,000)		-	8-Sep-21
Vested PEKAK Performance Rights	5-Oct-21	(350,000)		-	5-Feb-25
Unlisted PEKAI Options	14-Jan-22	(75,000)		$0.35	17-Jan-22
Unlisted PEKAI Options	21-Jan-22	(290,000)		$0.30	05-Mar-23
Listed PEKOD Options	2-Feb-22	(66,667)		$0.30	14-Apr-22
Listed PEKOD Options	15-Feb-22	(32,000)		$0.30	14-Apr-22
Listed PEKOD Options	22-Feb-22	(18,600)		$0.30	14-Apr-22
Listed PEKOD Options	23-Feb-22	(129,560)		$0.30	14-Apr-22
Listed PEKOD Options	1-Mar-22	(500,000)		$0.30	14-Apr-22
Listed PEKOD Options	4-Mar-22	(116,667)		$0.30	14-Apr-22
Listed PEKOD Options	11-Mar-22	(100,000)		$0.30	14-Apr-22
Listed PEKOD Options	15-Mar-22	(651,986)		$0.30	14-Apr-22
Listed PEKOD Options	17-Mar-22	(288,667)		$0.30	14-Apr-22
Listed PEKOD Options	22-Mar-22	(54,041)		$0.30	14-Apr-22
Listed PEKOD Options	24-Mar-22	(2,535,116)		$0.30	14-Apr-22
Listed PEKOD Options	25-Mar-22	(34,578)		$0.30	14-Apr-22
Listed PEKOD Options	28-Mar-22	(15,000)		$0.30	14-Apr-22
Listed PEKOD Options	29-Mar-22	(203,709)		$0.30	14-Apr-22
Listed PEKOD Options	4-Apr-22	(215,483)		$0.30	14-Apr-22
Listed PEKOD Options	5-Apr-22	(51,000)		$0.30	14-Apr-22
Listed PEKOD Options	7-Apr-22	(2,628,132)		$0.30	14-Apr-22
Listed PEKOD Options	12-Apr-22	(277,184)		$0.30	14-Apr-22
Listed PEKOD Options	19-Apr-22	(232,443)		$0.30	14-Apr-22
		(15,502,833)			
Balance at 30 June 2022		**4,892,266**	Vested & unvested	$0.00 -$1.50	08/09/21 - 09/12/25

For the year ended 30 June 2022, 1,918,266 performance rights were issued to employees under the Performance Rights Plan's approved at the Annual General Meeting held on 29 November 2021. No options were issued under the Employee Option Plan (EOP). During the year a total of 428,300 options and 576,000 performance rights expired, lapsed or were cancelled. Capital consolidation of 10 securities into 1 occurred on 10 December 2021.

During the year ended 30 June 2021, 47,000,000 performance rights were issued to employees under the Performance Rights Plan's approved at the Annual General Meeting held on 29 November 2017 and 21 December 2020. No options were issued under the EOP. During the year a total of 75,169,419 options and 12,545,000 performance rights expired, lapsed or were cancelled.

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.

19. SHARE BASED PAYMENTS

Employee share option plan

The Group has an Incentive Employee Option Plan (EOP) for the granting of options to eligible participants. During the financial year ended 30 June 2022, no options were issued under the EOP to executives and employees.

Options granted during and as at the year ended 30 June 2022:

	Number	WA Exercise Price^
Outstanding at 1 July 2021[1]	**5,816,500**	**$0.4413**
Granted / Vested during the year:	-	-
Exercised during the year	(4,332,500)	-
Expired/ Lapsed/ Cancelled during the year	(425,000)	-
Outstanding at 30 June 2022	**1,059,000**	**$0.8666**
Exercisable at 30 June 2022	559,000	$0.3000

^WA (weighted average)

[1] Outstanding balance of shares at 1 July 2021 adjusted to reflect Capital consolidation of securities 10 to 1 on 10th Dec 2021.

Options granted during and as at the year ended 30 June 2021:

	Number	WA Exercise Price^
Outstanding at 1 July 2020	**190,794,419**	**$0.0659**
Granted / Vested during the year:	-	-
Exercised during the year	57,460,000)	-
Expired/ Lapsed/ Cancelled during the year	(75,169,419)	-
Outstanding at 30 June 2021	**58,165,000**	**$0.0441**
Exercisable at 30 June 2021	50,165,000	$0.0302

^WA (weighted average)

The weighted average remaining contractual life for share options outstanding at 30 June 2022 was 0.82 years (2021: 1.04 years).

Performance Rights Plan

The Group has an Incentive 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 2021.

1,918,266 performance rights were issued during the year ended 30 June 2022 (2021: 47,000,000).

Performance rights granted during and as at the year ended 30 June 2022:

	Number	Exercise Price	Fair value per performance right
Outstanding at 1 July 2021[1]	**2,143,800**	**-**	
Granted during the year:			
Performance Rights issued under the Company's Incentive Performance Rights Plan and with the approval of the Company's shareholders given at the Annual General Meeting held on 29 November 2021	1,918,266	-	$0.66
Expired/ Lapsed during the year	(147,600)	-	
Exercised during the year	(81,200)	-	
Outstanding at 30 June 2022	**3,833,266**	**-**	
Exercisable at 30 June 2022	-	-	

[1] Outstanding balance of shares at 1 July 2021 adjusted to reflect Capital consolidation of securities 10 to 1 on 10th Dec 2021.

Performance rights granted during and as at the year ended 30 June 2021:

	Number	Exercise Price	Fair value per performance right
Outstanding at 1 July 2020	**2,000,000**	**-**	$0.024
Granted during the year:			
Performance Rights as a Short-Term Incentive employees. The Performance Rights will vest on achievement of performance milestones set by the Board	7,400,000	**-**	0.037
Performance Rights as a Long-Term Incentive to employees. The Performance Rights will vest on achievement of performance milestones set by the Board	7,600,000	**-**	0.037
Performance Rights issued under the Company's Incentive Performance Rights Plan and with the approval of the Company's shareholders given at the Annual General Meeting held on 21 December 2020	32,000,000	-	0.06
Expired/Lapsed during the year	(12,545,000)	-	
Exercised during the year	(15,017,000)		
Outstanding at 30 June 2021	**21,438,000**	**-**	
Exercisable at 30 June 2021	-	-	

*Vest subject to achievement of performance criteria as determined by the Company's Board.

The volume weighted exercise price of rights issued during the year was $0.00 (2021: $0.00)

The weighted average remaining contractual life for rights outstanding at 30 June 2022 was 3 years (2021: 3.81 years)

The weighted average fair value of rights issued during the year was $0.66 per right (2021: $0.06273)

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

Options and performance rights granted during the year ended 30 June 2022:

9-Dec-2021 – unvested LTI Performance Rights to vest on achievement of performance criteria by 29 Nov 2025 or the Performance Rights will lapse	
WA Share price on date of grant	**$0.66**
WA Risk-free interest rate	**0.75%**
Dividend yield	**0%**
Expected volatility	**77%**
Fair value per performance right	**$0.66**

(WA weighted average)

Options and performance rights granted during the year ended 30 June 2021:

8-Sep-2020 – unvested STI Performance Rights to vest on achievement of performance criteria by 8 Sep 2021 or the Performance Rights will lapse	
WA Share price on date of grant	**$0.037**
WA Risk-free interest rate	**0.75%**
Dividend yield	**0%**
Expected volatility	**77%**
Fair value per performance right	**$0.037**
8-Sep-2020 – unvested LTI Performance Rights to vest on achievement of performance criteria by 8 Sep 2024 or the Performance Rights will lapse	
WA Share price on date of grant	**$0.037**
WA Risk-free interest rate	**0.75%**
Dividend yield	**0%**
Expected volatility	**77%**
Fair value per performance right	**$0.037**
5-Feb-2021 – unvested Performance Rights to vest on achievement of performance criteria by 5 Feb 2025 or the Performance Rights will lapse	
WA Share price on date of grant	**$0.06**
WA Risk-free interest rate	**0.75%**
Dividend yield	**0%**
Expected volatility	**77%**
Fair value per performance right	**$0.06**

(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 $610,449 (2021: $856,325) is $Nil (2021: $Nil) relating to the shares issued during the year, $23,360* (2021: -$127,405*) relating to options granted during the year and prior years, and $587,089* (2021: $983,730*) relating to performance rights granted during the year and prior years.

* Includes write back of non-market based Options and Performance Rights expired unvested during the year.

20. CONTINGENCIES AND COMMITMENTS

Lease commitments - Group as a lessee
The maturity analysis of lease payments as at 30 June are as follows:

	2022 $	2021 $
Up to 1 year	122,110	12,425
1 to 5 Years	214,958	20,708
	337,068	**33,133**

Capital Commitments
At 30 June 2022, the Group has no capital commitments (2021: Nil).

Contingencies
At 30 June 2022, the Group has no contingencies (2021: Nil).

21. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2022 $	2021 $
Salary and fees – short term benefits	1,720,824	1,078,312
Non-monetary benefits	-	18,240
Superannuation	93,384	80,163
Share based payments^	556,355	787,526
Termination Payments	-	191,661
	2,370,563	**2,155,902**

^Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the period.

<u>Loans to KMP's</u>
No loans were made to KMPs during the financial year (2021: Nil)

<u>Other transaction and balances with KMPs</u>
There were no other related party transactions with KMPs during the year (2021: $89,677). The balance outstanding at 30 June 2022 and included in trade creditors is $nil (2021: $1,183).

25. GROUP STRUCTURE

Parent and subsidiaries

The parent and the ultimate parent entity of the Group is Peak Rare Earths Limited, a company listed on the Australian Securities Exchange.

The components of the Group are:

		Ownership interest	
	Incorporation	2022	2021
Parent			
Peak Rare Earths 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 African Minerals Limited	Mauritius	100%	100%
PR Ng Minerals Limited (Indirectly)	Tanzania	100%	100%
Peak Technology Metals Limited	United Kingdom	100%	100%
Teesside Rare Earth Elements Limited (indirectly)	United Kingdom	100%	-
Ngualla Group UK Limited (indirectly)	United Kingdom	100%	-

22. FINANCIAL INSTRUMENTS

The financial instruments of the Group are (i) cash and cash equivalents, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables, v) royalty liability.

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

	2022 $	2021 $
Cash and cash equivalents	9,479,379	2,680,367
Trade and other receivables	974,411	732,455
Investments	8,000	8,000
Trade and other payables	(2,447,973)	(576,746)
Royalty liability	-	(5,686,663)

The carrying amount of financial instruments closely approximate their fair value on account of the short maturity cycle except for royalty liability. The carrying amount of royalty liability approximates its fair values as it is subject to market rates (Level 2).

Credit Risk

The Group's credit risks arise from potential default of trade and other receivables, cash and cash equivalents and other financial assets. The maximum credit exposure is limited to the carrying amount of trade and other receivables of $974,411 at 30 June 2022 (2021: $732,455).

As at 30 June 2022, the receivable balances consist primarily of UK VAT and GST credits. Management does not consider the UK VAT or 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:

	2022			2021		
	Up to 3 months	**> 3 months**	**Total**	**Up to 3 months**	**> 3 months**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Financial liabilities						
Trade and other payables	(2,447,973)	-	(2,447,973)	(576,746)	-	(576,746)
Lease Liabilities		316,643	316,643	-	-	-
Royalty liability	-	-	-	-	(5,686,663)	(5,686,663)
Total financial liabilities	**(2,447,973)**	**316,643**	**(2,131,330)**	**(576,746)**	**(5,686,663)**	**(6,263,409)**
Financial assets						
Cash and cash equivalents	9,479,379	63,794	9,543,173	2,680,367	-	2,680,367
Investments	-	8,000	8,000	-	8,000	8,000
Trade and other receivables	974,411	-	974,411	732,455	-	732,455
Total financial assets	**10,453,790**	**71,794**	**10,525,584**	**3,412,822**	**8,000**	**3,420,822**

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. Trade and 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:

	2022 $	2021 $
Cash and cash equivalents	9,479,379	2,680,367
Impact on profit and equity: +1% movement	94,794	26,804
Impact on profit and equity: -1% movement	(94,794)	(26,804)

Foreign currency risk
The Group's exposure to foreign currency price risk is limited to the USD denominated royalty liability. At 30 June 2022, the Group had an outstanding balance of USD $nil (2021: USD $5,191,191). 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.

	2022 $	2021 $
USD$ denominated Royalty liability balances in AU$	-	5,686,663
Impact on profit and equity: +5% movement in USD exchange rate	-	284,333
Impact on profit and equity: -5% movement in USD exchange rate	-	(284,333)

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 during the year ended 30 June 2022:

	2022				
	1-Jul-21 $	Cash flows $	Foreign exchange movement $	Other Movement $	30-Jun-22 $
Financial liabilities					
Royalty liability	5,686,663	(5,974,811)	197,460	90,688	-
Lease liabilities	-	(40,671)	-	357,314	316,643
Total liabilities from financing activities	**5,686,663**	**(6,015,482)**	**197,460**	**448,002**	**316,643**

Changes in liabilities arising from financing activities during the year ended 30 June 2021:

	2021				
	1-Jul-20 $	Cash flows $	Foreign exchange movement $	Other Movement $	30-Jun-21 $
Financial liabilities					
Royalty liability	5,857,433	-	(494,674)	323,904	5,686,663
Lease liabilities	-	(3,220,392)	-	3,220,392	-
Total liabilities from financing activities	**5,857,433**	**(3,220,392)**	**(494,674)**	**3,544,296**	**5,686,663**

23. SUBSEQUENT EVENTS

On 15 August 2022, Russell Scrimshaw a distinguished corporate executive was appointed to the role of Executive Chairman. Following this appointment, the Company undertook a Board reorganisation with Tony Pearson transitioning to the role of Non-Executive Deputy Chairman and Managing Director Bardin Davis assuming the role of Chief Executive Officer, stepping down from the Board to focus on his executive duties.

On 31 August 2021, Peak announced that it expects the BFS Update to be completed between mid-late October 2022.

Other than the matters referred to above there were no other events that have a material impact on the financial statements or operations of the Group and Company.

24. PARENT ENTITY DISCLOSURE

The following details information related to the parent entity, Peak Rare Earths Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2022 $	2021 $
Financial position		
Current assets	10,264,535	3,347,560
Non-current assets	63,326,337	46,208,048
Total assets	**73,590,872**	**49,555,608**
Current liabilities	2,296,564	420,005
Non-current liabilities	9,210,260	7,834,740
Total liabilities	**11,506,824**	**8,254,745**
Net assets	**62,084,048**	**41,300,863**
Equity		
Contributed equity	140,805,369	107,717,730
Share based payment reserve	5,318,016	4,707,567
Accumulated losses	(84,039,337)	(71,124,434)
Total equity	**62,084,048**	**41,300,863**
Financial performance		
Loss for the year	(12,914,903)	(2,775,363)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(12,914,903)**	**(2,775,363)**

Peak Rare Earths Limited had no commitments to purchase property, plant and equipment or contingent liabilities at 30 June 2022 (2021: None).

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Peak Rare Earths Limited, I state that:
In the opinion of the Directors:

(a) Subject to the matters set out in Note 2(a) 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;

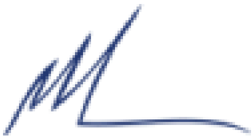
(b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) the attached financial statements and notes thereto for the financial year ended 30 June 2022 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 2022 and performance of the Group 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



Russell Scrimshaw
Executive Chairman
20 September 2022

Corporate Directory

PEAK RARE EARTHS LIMITED
ABN:72 112 546 700

DIRECTORS

Russell Scrimshaw	Executive Chairman
Tony Pearson	Non-Executive Deputy Chair
Abdullah Mwinyi	Non-Executive Director
Giselle Collins	Non-Executive Director
Giles Stapleton	Non-Executive Director

COMPANY SECRETARY

Philip Rundell

REGISTERED OFFICE

Level 9
190 St Georges Terrace
Perth WA 6000

SOLICITORS

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Brookfield Place Tower 2
123 St Georges Terrace
Perth WA 6000

Clyde & Co/Ako Law (Tanzania)
11th Floor, Jubilee Towers
Ohio Street ,Dar es Salaam

AUDITORS

Ernst and Young
11 Mounts Bay Road
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 12,
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Sydney NSW 2000

CONTACT DETAILS

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Facsimile: (08) 9226 3831

STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
Home Exchange: Perth, Western Australia
Code: PEK

Corporate Governance Statement

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