



ASX Announcement 15 May 2024

Notice of General Meeting

Peak Rare Earths Limited (ASX: **PEK**) advises that a General Meeting of the shareholders will be held on Monday, 17 June 2024 at 11.00 am (AEST) in the Banjo Paterson Room at the Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney.

Following are:

- A letter to shareholders from the Company's Executive Chairman, Dr Russell Scrimshaw AM, summarising the business of the meeting, the Directors' recommendation and voting information;
- the Notice of the General Meeting and accompanying Explanatory Statement and Independent Expert's Report; and
- a sample Proxy Form.

This announcement is authorised for release by the Board.

A handwritten signature in black ink, appearing to read "Phil Rundell", is positioned above the printed name and title.

Phil Rundell
Company Secretary

8 May 2024

Dear Shareholder

NOTICE OF GENERAL MEETING

Peak Rare Earths Limited (ASX:PEK) (Peak or the Company) advises that a General Meeting of the Company's shareholders (Shareholders) will be held at 11.00am (AEST) on 17 June 2024 at Banjo Paterson Room, Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney, New South Wales, Australia.

Business of the General Meeting

On 9 August 2023, Peak announced that it had entered into a conditional offtake agreement (Proposed Offtake Agreement) with Shenghe Resources (Singapore) Pte. Ltd. (Shenghe Singapore), a wholly owned subsidiary of global rare earths company, Shenghe Resources Holding Co., Ltd. (Shenghe).

The Proposed Offtake Agreement is in respect to 100% of the rare earth concentrate produced from the Company's Ngualla Rare Earth Project in Tanzania and is for an initial period of 7 years. The Proposed Offtake Agreement is conditional on a number of conditions precedent, including the approval of Peak Shareholders being obtained. The Company has called the General Meeting to seek this approval from Shareholders.

To assist Shareholders with their consideration of the Proposed Offtake Agreement (and how to vote at the upcoming General Meeting), the Board engaged RSM Corporate Australia Pty Ltd (Independent Expert) to opine on whether the Proposed Offtake Agreement is 'fair and reasonable' to Shareholders who are not associated with Shenghe, Shenghe Singapore or their associated entities (Non-Associated Shareholders).

The Independent Expert has concluded that the Proposed Offtake Agreement is fair and reasonable to the Non-Associated Shareholders.

A copy of the Independent Expert's Report is set out in full in the Notice of General Meeting.

Further details regarding the Proposed Offtake Agreement are set out in the notice of meeting prepared by the Company, a copy of which has been released to ASX today (Notice of General Meeting).

Directors' Recommendation

The Company's Directors, with the exception of Shenghe nominee, Ms Shasha Lu, who abstains from making a recommendation, recommend that Shareholders vote in favour of the Resolution to approve the Offtake Agreement.

That recommendation was formed after:

- consideration of the terms of the Offtake Agreement and its advantages and disadvantages to the Company as set out in the Notice of General Meeting and the Independent Expert's Report;
- the conclusion of the Independent Expert that the Offtake Agreement is fair and reasonable to the Shareholders not associated with Shenghe; and
- the alignment of the strategic objectives of the Company and Shenghe. As announced in the Company's Quarterly Activities Report for the March 2024 quarter, released on 30 April 2024, the Company and Shenghe have continued to progress discussions around potential co-operation in developing and funding the Ngualla Rare Earth Project.

Your vote is important

The business of the General Meeting affects the prospects of the Company and the development of its Ngualla Rare Earths Project, and your vote is important.

You can vote in person by attending the General Meeting on the date and at the place set out above. Otherwise, to vote by proxy, you can lodge your proxy form with the Company:

Online: visit <https://investorcentre.linkgroup.com>

By Mail: Peak Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By Fax: +61 2 9287 0309

By Hand: Link Market Services Limited
Parramatta Square
Level 22, Tower 6, 10 Darcy Street
Parramatta NSW 2150

Proxy forms must be received by 11.00am (AEST) on 15th June 2024. Further details on how to lodge your proxy can be found on the proxy form which accompanies the Notice of General Meeting.

In accordance with section 110D the Corporations Act 2001 (Cth), the Company will not be sending printed copies of the Notice of General Meeting to shareholders, unless a shareholder has made a valid election to receive documents in hard copy.

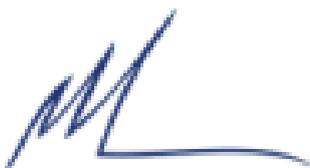
Shareholders can access a copy of the Notice of General Meeting, which sets out the agenda and resolution being put to the meeting, as well as important voting information and an explanatory statement, at the Company's website at <https://peakrareearths.com> or from the ASX market announcements platform website under the Company's code "PEK".

The Notice of General Meeting and accompanying explanatory statement and Independent Expert's Report should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to the meeting.

If you have any questions regarding the Proposed Offtake Agreement or the upcoming General Meeting, please contact the Company Secretary, Phil Rundell at phil.rundell@peakrareearths.com or on +61 417 675695.

Thank you for your continued support of Peak.

Yours sincerely,



Dr Russell Scrimshaw AM
Executive Chairman
Peak Rare Earths Limited

PEAK RARE EARTHS LIMITED
ACN 112 546 700
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11.00am (AEST)
DATE: 17 June 2024
PLACE: Banjo Paterson Room
Sydney Harbour Marriott Hotel
30 Pitt Street
Sydney, New South Wales, Australia

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report set out in Annexure A prepared by RSM Corporate Australia Pty Ltd for the purpose of Shareholder approval required under Listing Rule 10.1 for Resolution 1.

The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Offtake Agreement with Shenghe Resources (Singapore) Pte. Ltd.

The Independent Expert has determined that the Proposed Offtake Agreement is fair and reasonable to the Non-Associated Shareholders of the Company.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00 pm (Sydney time) on 15 June 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF PROPOSED OFFTAKE AGREEMENT

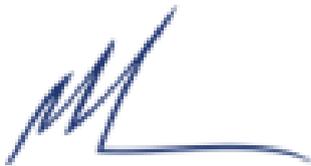
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.1 and for all other purposes, approval is given to the terms of the Proposed Offtake Agreement between the Company and Shenghe Resources (Singapore) Pte. Ltd.”

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 8 May 2024

By order of the Board



**Dr Russell Scrimshaw AM
Executive Chairman**

Voting Exclusion Statement

Resolution 1 – Approval of Proposed Offtake Agreement

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of:

- Shenghe Resources (Singapore) Pte. Ltd. and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

VOTING

Voting Entitlement

Shareholders recorded on the Company's register of members at 7.00 pm (Sydney time) on 15 June 2024 will be entitled to vote on the items to be considered at the Meeting.

Becoming a Shareholder

Persons who become registered Shareholders after this Notice has been despatched and wish to vote at the Meeting by proxy should call 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) and request a personalised proxy form.

Persons who become beneficial Shareholders after this Notice has been despatched, and wish to vote at the Meeting by proxy, should contact their broker or intermediary for instructions on how to do so.

Webcast

The Company will webcast the Meeting. However, Shareholders will not be able to vote, ask questions or otherwise participate in the Meeting through the webcast. Rather, Shareholders who wish to vote on the Resolution to be considered at the Meeting, but are not able to physically attend the Meeting, should appoint a proxy to vote at the Meeting on their behalf.

To watch the Meeting via the live webcast, please email the Company at info@peakrareearths.com to register your interest. You will then receive an email containing log in details for the webcast.

Voting Restrictions

The voting exclusion under the Listing Rules which applies to the Resolution is set out above.

PROXY FORMS

Proxy Form

Shareholders will be provided with a personalised proxy form (**Proxy Form**). The Proxy Form allows Shareholders to appoint a proxy to vote on their behalf.

If you hold Shares in more than one capacity, please complete the Proxy Form that is relevant to each holding.

Shareholders who intend to appoint a proxy are encouraged to submit their Proxy Forms as early as possible. Lodgement instructions (which include the ability to lodge proxies electronically) are set out below and in the Proxy Form.

Appointing Proxies

Shareholders who are entitled to attend and vote at the Meeting may appoint a proxy to act generally at the Meeting and to vote on their behalf.

A proxy need not be a Shareholder.

A Shareholder who is entitled to cast two or more votes at the Meeting can appoint up to two proxies and should specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. If you wish to appoint two proxies please call 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) and request an additional Proxy Form.

Undirected Proxies

The Chair intends to exercise all available proxies in favour of Resolution 1, to the extent permitted by law and the Listing Rules.

Power of Attorney and Corporate Representatives

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy of it must be sent with the Proxy Form.

A body corporate member may elect to appoint a representative, rather than appoint a proxy. Where a body corporate appoints a representative, written proof of the representative's appointment must be lodged with, or presented to, the Company prior to the Meeting.

A body corporate appointed as a proxy must also lodge a certificate of appointment of a corporate representative.

LODGING PROXY FORMS

Deadline

Proxy Forms must be received by 11.00am (Sydney time) on 15 June 2024.

How to lodge Proxy Forms

You can lodge your Proxy Form with the Company:

Online: visit <https://investorcentre.linkgroup.com>

By Mail: Peak Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

By Fax: +61 2 9287 0309

By Hand: Link Market Services Limited
Parramatta Square
Level 22, Tower 6, 10 Darcy Street
Parramatta NSW 2150

Further details on how to lodge your Proxy Form can be found on the Proxy Form.

ATTENDING THE MEETING IN PERSON

To attend the Meeting and vote in person, attend the Meeting at the time, date and place set out above.

SHAREHOLDER QUESTIONS

Shareholders will be able to ask questions relevant to the business of the Meeting. Shareholders are encouraged to ask questions in advance of the Meeting by emailing the Company at info@peakrareearth.com.

Shareholders will also be permitted to ask questions in person at the Meeting once the Chair has read out the item of business.

ENQUIRIES

If you have any questions about this Notice or your Proxy Form please contact the Company's share registry, Link Market Services Limited, at 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia).

By order of the Board

A handwritten signature in blue ink, appearing to be 'RS', with a long horizontal flourish extending to the right.

Dr Russell Scrimshaw AM
Executive Chairman
8 May 2024

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass Resolution 1.

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report set out in Annexure A prepared by RSM Corporate Australia Pty Ltd for the purpose of Shareholder approval required under Listing Rule 10.1 for Resolution 1.

The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Offtake Agreement with Shenghe Resources (Singapore) Pte. Ltd.

The Independent Expert has determined that the Proposed Offtake Agreement is fair and reasonable to the Non-Associated Shareholders of the Company.

1. RESOLUTION 1 – APPROVAL OF PROPOSED OFFTAKE AGREEMENT

1.1 Background

On 9 August 2023, the Company announced that it had entered into a conditional offtake agreement (**Proposed Offtake Agreement**) with Shenghe Resources (Singapore) Pte. Ltd. (**Shenghe Singapore**), a wholly owned subsidiary of global rare earths company, Shenghe Resources Holding Co., Ltd. (**Shenghe**).

The Proposed Offtake Agreement covers 100% of rare earth concentrate produced by the Ngualla Rare Earth Project (**Ngualla Project**) and is for an initial period of 7 years (which may be extended further by mutual agreement). Under the Proposed Offtake Agreement, product is sold by applying a market-based pricing formula that is based on the value of contained rare earth oxides (as quoted by Asianmetal.com) within the product, less deductions relating to value-added tax, trading fees as well as refining recoveries, processing costs, charges and margins. The Proposed Offtake Agreement is conditional on a number of conditions precedent, including the approval of the Company's shareholders being obtained. A summary of the material terms of the Proposed Offtake Agreement is set out in Section 1.3 below.

The Proposed Offtake Agreement also contemplates entering into subsequent offtake agreements in respect to a minimum of 50% of any intermediate rare earth products (such as a future Mixed Rare Earth Carbonate) or final separated rare earth oxides from the Ngualla Project.

Shareholders should refer to the Company's ASX announcements released on 9 August 2023 for further details on the Proposed Offtake Agreement and other related matters.

To assist Shareholders in their consideration of the Proposed Offtake Agreement (and how to vote on Resolution 1), and to satisfy the requirements of the Listing Rules as a consequence of Shenghe holding ~19.89% of the Company's issued share capital, the Board has engaged RSM Corporate Australia Pty Ltd (**Independent Expert**) to opine on whether or not the Proposed Offtake Agreement is 'fair and reasonable' to Shareholders who are not associated with Shenghe or Shenghe Singapore or their associated entities (**Non-Associated Shareholders**).

The Independent Expert has concluded that the Proposed Offtake Agreement is fair and reasonable to the Non-Associated Shareholders. A summary of the Independent Expert's conclusion is set out in Section 1.4 below. The Independent Expert's Report is set out in full in Annexure A.

The Board has set out some of the key potential advantages and disadvantages associated with the Proposed Offtake Agreement in Section 1.5 below.

The Company is required to seek Shareholder approval of the Proposed Offtake Agreement pursuant to Listing Rule 10.1. Resolution 1 seeks this approval. A summary of Listing Rule 10.1 is set out in Section 1.6 below.

Resolution 1 is an ordinary resolution and the Chair intends to exercise all available proxies in favour of the Resolution. The Board's recommendation as to how Shareholders should vote on Resolution 1 is set out in Section 1.7 below.

1.2 Overview of Shenghe and Shenghe Singapore

Shenghe is a major Chinese rare earth company listed on the Shanghai Stock Exchange (SSE: 600392.SS) and has a market capitalisation of approximately US\$2.43 billion.

Shenghe is the largest importer of rare earth concentrate into China and its operations span rare earth mining, beneficiation, refining, trading and alloy and metals production. Shenghe also holds an approximate 7.75% interest in MP Materials Corp (NYSE:MP) which operates the Mountain Pass Rare Earths Project in California. MP Materials has a market capitalisation of approximately US\$2.66 billion and Shenghe has been a supportive major shareholder of MP Materials through long-term offtake, technical and funding cooperation.

Shenghe Singapore, a wholly-owned subsidiary of Shenghe, holds approximately 19.89% of Peak's issued Shares and Ms Shasha Lu was appointed as a Non-Executive Director to the Company's Board in November 2022 on the nomination of Shenghe Singapore.

1.3 Summary of the material terms of the Proposed Offtake Agreement

Topic	Summary
Overview	A conditional offtake agreement (being the Proposed Offtake Agreement) was entered into on 8 August 2023 between Peak and Shenghe Singapore.
Conditions precedent	The Proposed Offtake Agreement will come into effect upon the satisfaction of the following conditions precedent: <ul style="list-style-type: none"> (i) the shareholders of the Company approving the Proposed Offtake Agreement in accordance with Listing Rule 10.1 (being the subject of Resolution 1); (ii) the boards of Mamba Minerals Corporation Limited (Mamba Minerals) and Mamba Refinery Corporation Limited (Mamba Refinery) approving the entry into the Proposed Offtake Agreement by those entities;¹ (iii) the Mining Commission of the United Republic of Tanzania approving the Proposed Offtake Agreement;

¹ The Company holds an effective 84% interest in Mamba Minerals and Mamba Refinery, via its wholly owned subsidiary Ngualla Group UK Limited, with the remaining 16% held by the Government of Tanzania. Mamba Minerals holds the Special Mining Licence for the Ngualla Project.

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- (iv) the Proposed Offtake Agreement being novated to either Mamba Minerals or Mamba Refinery (or both) such that it (or they, as applicable) assumes the rights and obligations of the Company under the Proposed Offtake Agreement;
 - (v) "Concentrate Product Financial Close" occurring, whereby the relevant funding documents procuring funding for the construction, development and related costs for the Ngualla Project are executed in a form and substance acceptable to the Company (**Funding Documents**) and all conditions to draw down of the funding under the Funding Documents have been satisfied or waived and funds are available for draw down for the purpose of completing the development of the Ngualla Project;
 - (vi) Shenghe has given a guarantee, in favour of the Company, of Shenghe Singapore's obligations under the Proposed Offtake Agreement; and
 - (vii) the board and/or the shareholders of Shenghe approving the Proposed Offtake Agreement in accordance with the Listing Rules of the Shanghai Stock Exchange and for all other applicable purposes.

The conditions precedent in paragraphs (ii), (iv), (v), (vi) and (vii) have been satisfied or waived.

The conditions precedent in paragraphs (i) and (iii) must be satisfied by 30 June 2024 and 30 September 2024, respectively (unless waived or the parties agree to extend the period for satisfaction). If these conditions precedent are not satisfied or waived, then the Proposed Offtake Agreement will not come into effect irrespective of whether Resolution 1 is approved.

Term	The Proposed Offtake Agreement will initially operate for a period of 7 years following the first shipment of rare earth concentrates (which will only occur after the date that the Ngualla Project's concentrator plant has operated at 90% of nameplate capacity for at least 90 consecutive days, or such other date as the parties agree).
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The parties can mutually agree to extend the term.

Product	The Company agrees to sell to Shenghe Singapore 100% of all rare earth concentrates produced by the Ngualla Project that is not further processed into intermediate products, such as a future mixed rare earth carbonate, (Intermediate Products) or final separated rare earth oxides (Final Products).
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Shenghe Singapore agrees to purchase such rare earth concentrates (whether or not Shenghe Singapore is able to take, or actually takes, delivery of such rare earth concentrates).

The Company is targeting to produce concentrate with a total rare earth oxide (**TREO**) grade of greater than 45% over the life of the Proposed Offtake Agreement.

If the Company produces any rare earth concentrate that does not conform to the agreed product specifications (**Non-Conforming Product**) then Shenghe Singapore is still required to buy and accept delivery of such Non-Conforming Product.

If the Company resolves to conduct further processing to produce Intermediate Products (that are not committed to be further refined into Final Products) or Final Products, then the Company must offer Shenghe Singapore the right to enter into an agreement to purchase not less than 50% of such Intermediate or Final Products. If such an offer is accepted, the agreed quantity of Intermediate and Final Products (as applicable) must be sold on a long-term basis under an agreement which reflects the general terms and conditions of the Proposed Offtake Agreement (and subject to the parties agreeing on pricing terms).

If Shenghe Singapore agrees to the Company selling rare earth concentrates to a third party, the Company may do so if it pays Shenghe Singapore a margin of 3% net CIF proceeds.

Purchase price

The purchase price per metric tonne (**MT**) of rare earth concentrate for each shipment of concentrate will be calculated in USD/MT in accordance with an agreed pricing formula using the rare earth oxide market price (as quoted by Asianmetal.com) and exchange rate in the calendar month preceding the date of the bill of lading for the relevant shipment (or where loading has not occurred, the scheduled shipment date), less deductions relating to VAT, trading fees, refining recoveries, processing costs, charges and margins.

The net payability for concentrate (being the price received for concentrate divided by the basket value of contained rare earth elements) will vary with the grade of the Ngualla Project's concentrate and the underlying price of rare earth elements. Based on current spot prices, over 88% of the value of the Ngualla Project's concentrate is attributable to contained NdPr Oxide.²

Net payabilities for different grades and prices are set out in the table below.

NdPr Oxide price (US\$/kg, incl VAT)	Ngualla Project Concentrate Grade (%TREO)		
	>45%	>50%	>55%
80	48.0%	51.5%	53.7%
140	51.8%	54.7%	56.4%
200	54.4%	57.1%	58.6%

* Based on a LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33.43/kg. Assumes Ngualla Project concentrate specifications of 22.3% NdPr, 44.2% Ce, 30.1% La and 2.9% SEG Heavy (LOM averages). Payabilities are inclusive of a VAT deduction (eg. Based on a final price payable to the Company).

When the Ngualla Project reaches a steady state of production and grade of concentrate product and the steady state TREO grades are around the 40%, 45%, 50% or 55% thresholds, the Company and Shenghe Singapore will negotiate in good faith an update to the agreed recovery rates with the objective of agreeing revised recovery rates to be applied to a reasonable range of TREO grades that are better aligned with the steady state TREO grade of concentrate product.

² Based on current spot prices including an NdPr Oxide price of US\$54/kg, a LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33.43/kg.

	<p>Any Non-Conforming Product must be bought at a purchase price that reflects the purchase price for conforming product, with such adjustment as is reasonable to reflect the chemical specification of the Non-Conforming Product and market conditions, and with adjustment to relevant processing costs and recovery rates.</p>
Payment	<p>At the Company's election, payment of:</p> <ul style="list-style-type: none"> • 90% of the provisional invoice by letter of credit delivered prior to loading of a shipment; or • 80% of the provisional invoice by telegraphic transfer within 5 business days of shipping documents being delivered, <p>with the balance being payable within 30 days of receipt (with the parties being required to determine the final purchase price for a shipment within 30 business days following Chinese customs clearance).</p>
Delivery, title and risk	<p>The Company is required to deliver, and Shenghe Singapore is required to take delivery of, each shipment on the basis of CIF (Cost, Insurance and Freight as defined in Incoterms® 2020) at one of three named discharge ports in China.</p> <p>Risk of loss and damage to the concentrate passes to Shenghe Singapore when placed onto the vessel at the loading port, and title to each shipment passes to Shenghe Singapore upon payment of the provisional invoice for that shipment.</p>
Termination	<p>The Proposed Offtake Agreement will automatically terminate:</p> <ul style="list-style-type: none"> • if a condition precedent is not satisfied or waived by the required time for satisfaction; or • upon expiration of the term. <p>The Proposed Offtake Agreement can be terminated:</p> <ul style="list-style-type: none"> • by mutual agreement between the parties; • by a party where the performance of any material obligation by the other party is prevented or suspended by a force majeure event for a continuous 12 month period; or • if an event of default occurs in relation to a party, where such events include (but are not limited to): <ul style="list-style-type: none"> - failing to make a payment due under the Proposed Offtake Agreement within 30 days of being given notice of that failure; - an insolvency event arising (other than an event resulting from Shenghe Singapore's failure to make a payment due under the Proposed Offtake Agreement); - the Company's operations being suspended for a continuous 6 month period where such suspension is not the result of an excused event of force majeure or caused by Shenghe Singapore; - any sale by the Company of rare earths concentrate to a third party in breach of the Proposed Offtake Agreement; and

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- any material breach by a party of its obligations under the Proposed Offtake Agreement where such breach is not cured within 30 days of the party being given notice of that breach.

Other terms Other standard terms for an offtake agreement of this nature are included, such as:

- representations and warranties;
- weighing, sampling and analysis;
- taxes;
- force majeure;
- the provision of an indemnity in respect of a party's fraud, gross negligence or wilful misconduct;
- limitation on liability; and
- resolution of disputes.

The terms of the Proposed Offtake Agreement were negotiated on an arm's length basis and were approved by the Directors (excluding Ms Shasha Lu).

1.4 Summary of the Independent Expert's conclusion

The Independent Expert has concluded that the Proposed Offtake Agreement is fair and reasonable to the Non-Associated Shareholders.

Fairness

In assessing the fairness of the Proposed Offtake Agreement, the Independent Expert had regard to the following:

- whether the pricing of the rare earth concentrate under the Proposed Offtake Agreement reflects prevailing market conditions, having regard to the nature of the concentrate;
- the key terms of the Proposed Offtake Agreement; and
- the comparatives provided by the Company, comparing the sale price of rare earth concentrate of other projects to the price that would have been received if the Company's pricing formula were used.

Based on this assessment, the Independent Expert considers that the commercial substance and terms of the Proposed Offtake Agreement appear reasonable. The main criterion the Independent Expert considered was the correlation of the pricing in the Proposed Offtake Agreement with prevailing market rates, and the favourable outcome when comparing the pricing formula impact with other global projects.

In accordance with the guidance set out in ASIC Regulatory Guide 111 (**RG 111**), and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, the Independent Expert considers the Proposed Offtake Agreement to be fair to the Non-Associated Shareholders.

Reasonableness

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer. As such, the Independent Expert considered the following factors in relation to the reasonableness aspects of the Proposed Offtake Agreement:

- the future prospects of the Company if the Proposed Offtake Agreement does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Offtake Agreement proceeding.

As the Proposed Offtake Agreement is fair, the Proposed Offtake Agreement is also reasonable. In the Independent Expert's opinion, the position of the Non-Associated Shareholders if the Proposed Offtake Agreement is approved is more advantageous than if the Proposed Offtake Agreement is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, the Independent Expert considers that the Proposed Offtake Agreement is reasonable for Non-Associated Shareholders.

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is set out in Annexure A. The Board encourages you to read this report in its entirety.

1.5 Advantages and disadvantages of the Proposed Offtake Agreement

The following is a non-exhaustive list of advantages that the Board considers may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) *Complete concentrate offtake solution*

Securing long term customers in the rare earth concentrate market can be difficult.

The Proposed Offtake Agreement provides a complete concentrate offtake solution by covering 100% of rare earth concentrate produced by the Ngualla Project and, subject to entering into subsequent binding offtake agreements, a minimum of 50% of any intermediate rare earth products (such as a future Mixed Rare Earth Carbonate) or final separated rare earth oxides.

The Proposed Offtake Agreement provides certainty of demand and will help underwrite the Company's financial performance and position into the future.

If and when the Company produces rare earth concentrate, the Proposed Offtake Agreement will also provide the Company with liquidity, improving its ability to meet debt obligations. This is expected to support the sustainability of the Company's operations.

(b) *Supports project financing*

The Proposed Offtake Agreement with Shenghe Singapore supports long-dated project financing for the Ngualla Project by securing the sale of concentrate over an initial 7-year term. The creditworthiness of the Proposed Offtake Agreement is also enhanced through a parent performance guarantee provided by Shenghe.

(c) *Future product optionality preserved*

The terms of the Proposed Offtake Agreement cover the sale of 100% of the rare earth concentrate produced from the Ngualla Project as well as a potential minimum of 50% of any intermediate rare earth products or final separated rare earth oxides (subject to entering into subsequent binding offtake agreements in respect of such products). This provides the Company with some residual flexibility to move further downstream into the

production of mixed rare earth carbonates or refined oxides, while still having offtake options available with Shenghe Singapore.

(d) *Pricing is market based*

As consideration under the Proposed Offtake Agreement is market-based, the Company will sell its concentrate to Shenghe Singapore at prices that are referable to market. This means that the Company will benefit when market prices are strong, but likewise will also be exposed to the risks of market swings should prices fluctuate or deteriorate.

(e) *Strengthens the Company's relationship with Shenghe and Shenghe Singapore*

The Proposed Offtake Agreement builds on the Company's existing relationship with Shenghe, as the largest importer of rare earth concentrate into China. Further developing this relationship has the potential to provide strategic benefits and synergies to both the Company and Shenghe.

(f) *Low risk profile*

The Board considers that Shenghe Singapore has a low risk profile and is well capitalised to support the Company via the Proposed Offtake Agreement. Shenghe Singapore may have a lower risk profile than many other potential offtake partners and its Proposed Offtake Agreement obligations are supported by a performance guarantee from its parent, Shenghe.

The following is a non-exhaustive list of disadvantages that the Board considers may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) *Limits the potential to diversify customer base*

Committing to sell 100% of its rare earth concentrate (and potentially 50% of any intermediate rare earth products or final separated rare earth oxides) to Shenghe Singapore reduces the amount of concentrate, product and oxides that the Company is able to make available to any new potential customers. This limits the Company's ability to take advantage of new potential customers who may be willing to offer more for the Company's concentrate, product and/or oxides.

(b) *Pricing is market-based*

Fluctuations in the price of rare earth concentrate may mean that the consideration under the Proposed Offtake Agreement is more volatile than if it were fixed. If the market price remains low for the entirety of the term of the Proposed Offtake Agreement, the consideration received for the sale of product may be less than if the price had been fixed at a higher rate.

(c) *Counterparty risk*

As the Proposed Offtake Agreement relates to the sale of 100% of rare earth concentrate produced by the Ngualla Project and, subject to entering into subsequent binding offtake agreements, a minimum of 50% of any intermediate rare earth products or final separated rare earth oxides to a foreign entity, the Company is exposed to risks associated with the enforcement against a foreign corporation should Shenghe Singapore default in its obligations under the Proposed Offtake Agreement.

As set out above, the Board considers that Shenghe Singapore is a major player in the rare earths market and is well capitalised to support the Company via the Proposed Offtake Agreement, with its obligations being supported by a performance guarantee in place with its parent, Shenghe.

Shareholders should also carefully consider the Independent Expert's Report set out in Annexure A, which also contains an assessment of the advantages and disadvantages of the Proposed Offtake Agreement.

1.6 Listing Rule 10.1

Overview

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- (a) a related party (Listing Rule 10.1.1);
- (b) a child entity (Listing Rule 10.1.2);
- (c) a person who is, or was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company (Listing Rule 10.1.3);
- (d) an associate of a person referred to in (a) – (c) above (Listing Rule 10.1.4); or
- (e) a person whose relationship with the company or a person referred to in (a) – (d) above is such that, in ASX's opinion, the issue or agreement should be approved by shareholders (Listing Rule 10.1.5),

unless it obtains the approval of its shareholders.

ASX considers that an offtake agreement entered into by a listed company as seller to sell a certain amount or percentage of its future mineral production to a Listing Rule 10.1 party as buyer is a disposal of the minerals by the company to the buyer for the purposes of Listing Rule 10.1.

To determine the value of the minerals, ASX will typically look at the total purchase price payable under the offtake agreement over its term (including any option to renew) to determine whether or not it equals or exceeds 5% of the equity interests of the company, as set out in the latest accounts given to ASX under the Listing Rules. If it does, ASX will regard the minerals as a substantial asset and the transaction will require shareholder approval under Listing Rule 10.1.

In terms of the application of Listing Rule 10.1 to the Proposed Offtake Agreement:

- Shenghe Singapore falls within the scope of Listing Rule 10.1.3 because Shenghe Singapore currently holds approximately 19.89% of Peak's issued Shares; and
- 5% of the equity interests of the Company, as set out in the latest accounts given to ASX under the Listing Rules, is approximately \$2.99 million. While the value of rare earth concentrate that may be sold to Shenghe Singapore under the Proposed Offtake Agreement is difficult to quantify, it is likely to represent a significant component of the assets of the Company (and therefore likely more than \$2.99 million). Accordingly, the concentrate is likely to be characterised as a substantial asset of the Company for the purposes of Listing Rule 10.1.

Consequently, Shareholders are required to approve the Proposed Offtake Agreement under Listing Rule 10.1. Resolution 1 seeks the required Shareholder approval under and for the purposes of Listing Rule 10.1.

If Resolution 1 is passed, and the other conditions precedent to the Proposed Offtake Agreement are satisfied or waived, the Proposed Offtake Agreement will become effective and the Company will be able to proceed with the sale of rare earth concentrate under the Proposed Offtake Agreement.

If Resolution 1 is not passed, the condition precedent in the Proposed Offtake Agreement which requires such resolution to have been passed will not be satisfied. Accordingly, the Company will not be able to proceed with the sale of rare earth concentrate under the Proposed Offtake Agreement unless Shareholder approval or a waiver from ASX Listing Rule 10.1 is obtained in future. In these circumstances, the Company would need to seek one or more alternative offtake partners as a pre-requisite to being able to fund the development of the Ngualla Project. There is no guarantee that such partners would be forthcoming, or what terms they may offer. It is possible that, if further offtake partners are found, the terms agreed with those partners may be less favourable to the Company than the terms under the Proposed Offtake Agreement.

Requirements under Listing Rule 10.1

The following information is provided to Shareholders under Listing Rule 10.5:

- (a) The Proposed Offtake Agreement is with Shenghe Singapore.
- (b) Shenghe Singapore falls within the scope of Listing Rule 10.1.3 because it currently holds approximately 19.89% of Peak's issued Shares.
- (c) Under the Proposed Offtake Agreement, Shenghe Singapore will purchase 100% of rare earth concentrate from the Ngualla Project and, subject to entering into subsequent binding offtake agreements, a minimum of 50% of any intermediate rare earth products or final separated rare earth oxides.
- (d) Under the Proposed Offtake Agreement, the Company has agreed to sell 100% of rare earth concentrate produced by the Ngualla Project for a 7-year period. The Company estimates that the consideration to be received under the Proposed Offtake Agreement at a range of NdPr prices is set out in the following table.

NdPr Oxide Price US\$/kg	Concentrate Price US\$/kg TREO	Annual Revenue US\$m p.a	Total Revenue (7 yrs) US\$m
60	6.81	126	883
80	9.52	176	1,233
100	12.09	224	1,565
120	14.55	269	1,885

To derive a net realisable price for the Ngualla Project's concentrate, a payability factor is applied to the gross basket value of the concentrate; with over 88% of this value attributable to NdPr Oxide at current spot prices. The payability factor is based on the Proposed Offtake Agreement and reflects a combination of the following price adjustments:

- a market / product factor representing the ease by which third-party refineries are able to sell the refined product – which is typically >95% for highly saleable products such as NdPr Oxide and a lower percentage for products such as cerium and lanthanum;

- a refinery charge representing the cost to refine a mineral concentrate into a saleable refined oxide(s) – which also includes an embedded refinery margin;
- a recovery factor representing the natural loss of rare earth material through the refining process;
- a sales / distribution fee payable to the offtaker of the concentrate; and
- a deduction for Chinese VAT (of 13%).

The payability factor represents the ratio of the price received for concentrate relative to the basket value of contained NdPr Oxide as well as other rare earth elements.

Under the Proposed Offtake Agreement, the net payability for concentrate, being the price received for concentrate divided by the basket value of contained rare earth elements, will vary with the grade of the Ngualla Project's concentrate and the underlying price of rare earth elements. The Company is targeting to produce concentrate with a TREO grade of greater than 45% over the life of the Proposed Offtake Agreement. Based on current spot prices, over 88% of the value of Ngualla concentrate is attributable to contained NdPr Oxide.

The Company notes, however, that the overall consideration to be received under the Proposed Offtake Agreement is a function of a number of variables, including:

- (i) NdPr spot prices;
- (i) exchange rates;
- (ii) mining production rates and plant throughput; and
- (iii) plant performance and grade of concentrate produced.

Shareholders should note that the pricing mechanism under the Proposed Offtake Agreement has been negotiated between the parties on an arm's length commercial basis with the Directors (excluding Ms Shasha Lu) participating in Company discussions and meetings of the Board.

- (e) The Company intends to use amounts received under the Proposed Offtake Agreement to fund activities in respect of the Ngualla Project, to repay project finance, to provide general working capital, to meet corporate costs and to fund potential dividends to Shareholders (noting that the Board does not currently have an intention to pay dividends to Shareholders). However, Shareholders should note that this intended use of funds is a statement of the Board's current intentions as at the date of the Notice. As with any budget and forecast (and noting that the Proposed Offtake Agreement is proposed to operate for a number of years), the use of the funds may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions, and environmental factors. In light of this, the Board reserves the right to alter the way that amounts received under the Proposed Offtake Agreement are applied.

- (f) The Proposed Offtake Agreement was entered into on 8 August 2023. If Resolution 1 is passed, and the other conditions precedent to the Proposed Offtake Agreement are satisfied or waived, the Proposed Offtake Agreement will become effective and will have an initial term of 7 years following the first shipment of rare earth concentrates. The Company currently expects that the other conditions precedent which have not yet been satisfied will be satisfied by 30 September 2024 (however, there is no guarantee that such conditions will be satisfied or waived by this time or at all).
- (g) A summary of the material terms of the Proposed Offtake Agreement is set out in Section 1.3 above.
- (h) A voting exclusion statement for Resolution 1 is included in the Notice.
- (i) The Independent Expert's Report is included at Annexure A. It is also available on the Company's website (<https://peakrareearths.com/>) and Shareholders can request a hard copy (free of charge) by emailing info@peakrareearths.com.

1.7 Directors' recommendation

The Directors, with the exception of Ms Shasha Lu who abstains from making a recommendation, recommend that Shareholders vote in favour of Resolution 1.

That recommendation was formed after:

- consideration of the terms of the Offtake Agreement and its advantages and disadvantages to the Company as set out in the Notice of General Meeting and the Independent Expert's Report;
- the conclusion of the Independent Expert that the Offtake Agreement is fair and reasonable to the shareholders not associated with Shenghe; and
- the alignment of the strategic objectives of the Company and Shenghe. As announced in the Company's Quarterly Activities Report for the March 2024 quarter, released on 30 April 2024, the Company and Shenghe have continued to progress discussions around potential co-operation in developing and funding the Ngualla Rare Earth Project.

Ms Lu abstains from making a recommendation to Shareholders in relation to Resolution 1 because she has been nominated to the Board by Shenghe Singapore and therefore considers that she has an interest in the outcome of the Resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

GLOSSARY

\$ means Australian dollars.

AEST or **Sydney time** means Australian Eastern Standard Time as observed in Sydney, New South Wales, Australia.

Associate has the same meaning as the meaning prescribed by Listing Rule 19.1.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company or **Peak** means Peak Rare Earths Limited (ACN 112 546 700).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the Listing Rules of ASX.

Meeting or **General Meeting** means the general meeting of the Company convened by the Notice.

Non-Associated Shareholders has the meaning given in Section 1.1.

Notice or **Notice of Meeting** means this notice of general meeting.

Proposed Offtake Agreement has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolution means the resolution set out in the Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Shenghe means Shenghe Resources Holding Co., Ltd.

Shenghe Singapore means Shenghe Resources (Singapore) Pte. Ltd.

ANNEXURE A – INDEPENDENT EXPERT’S REPORT

Peak Rare Earths Limited

Financial Services Guide and Independent Expert's Report

April 2024

**For the purposes of Listing Rule 10.1, we have concluded that the
Proposed Transaction is fair and reasonable to the Non-
Associated Shareholders of the Company**



FINANCIAL SERVICES GUIDE

30 April 2024

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“RSM Corporate Australia Pty Ltd” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

30 April 2024

The Directors
Peak Rare Earths Limited
Level 9, 190 St Georges Terrace
Perth WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

Introduction

This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for an Annual General Meeting of Peak Rare Earths Limited ("PEK" or "the Company") to be held on or around 17 June 2024 at which shareholder approval will be sought for an offtake agreement between the Company and Shenghe Resources (Singapore) Pte. Ltd. ("Shenghe").

On 9 August 2023, PEK announced that it had executed a binding offtake agreement ("Offtake Agreement") for the Ngualla Rare Earth Project ("Ngualla Project") with Shenghe for 100% of the rare earth concentrate and, subject to entering into binding offtake agreements, at least 50% of intermediate rare earth products or final separated rare earth oxides produced by PEK ("Proposed Transaction").

Purpose of the Report

The Company is seeking shareholder approval for the Proposed Transaction for the purposes of ASX Listing Rule 10.1 on the basis that Shenghe holds a shareholding interest of 19.89% in PEK and the Proposed Transaction is likely to constitute the disposal of a substantial asset.

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders"). RSM regularly prepares IERs for transactions requiring an independent opinion for shareholders under Corporations Act and ASX Listing Rules requirements, including in the mining sector.

The request for approval of the Proposed Transaction is included as Resolution 1 in the Notice.

The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

Summary of opinion

In our opinion, and for the reasons set out in Sections 6 and 7 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of Peak Rare Earths Limited.

Approach

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.

ASX considers that an offtake agreement entered into by a listed company as seller to sell a certain amount or percentage of its future mineral production is a disposal of the minerals by the company. An asset is considered substantial if its value equals or exceeds 5% of the equity interests of the entity as set out in the latest accounts given to the ASX.

ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.

We have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing the commercial substance and terms of the Proposed Transaction, and considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

Further information on the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 6 of this Report.

Fairness opinion

In assessing the fairness of the transaction, we have had regard to the following:

1. Whether the pricing of the rare earth concentrate under the Offtake Agreement reflects prevailing market conditions, having regard to the nature of the concentrate;
2. The key terms of the Offtake Agreement; and
3. The comparatives provided by PEK, comparing the sale price of rare earth concentrate of other projects to the price that would have been received if the PEK pricing formula were used.

Based on this assessment, we consider that the commercial substance and terms of the Proposed Transaction appear reasonable. The main criterion we considered is the correlation of the pricing in the Proposed Transaction with prevailing market rates, and the favourable outcome when comparing the pricing formula impact with other global projects.

Conclusion on fairness

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of PEK.

Reasonableness opinion

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

The key advantages of the Proposed Transaction are:

Advantage	Details
The Proposed Agreement is fair	The Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the pricing mechanism in the Offtake Agreement is market-based.
Certainty of product sale	The Proposed Transaction would ensure the sale of 100% of rare earth concentrate produced over the term of the Offtake Agreement as it includes take-or-pay provisions. This provides certainty of demand and is expected to help in securing funding for the Project as well as underwriting the Company's future financial performance.
Strengthens strategic relationship	The Offtake Agreement would build on the existing relationship between PEK and Shenghe, being the largest importer of rare earth into China. It also aligns the strategic objectives of both parties to develop the Ngualla Project.
Maintains optionality over future products	The Offtake Agreement provides the Company with flexibility over moving into downstream production in the future, although the terms provide for a potential minimum 50% of any intermediate rare earth products or final separated rare earth oxides production to be offered to Shenghe.
Pathway to project funding	All other things being equal, execution of a binding offtake agreement will assist the Company in securing funding to develop the Project.

The key disadvantages of the Proposed Transaction are:

Disadvantage	Details
Restricted customer base	As the Offtake Agreement covers 100% of rare earth concentrate from the Ngualla Project, PEK would be unable to diversify its customer base or take advantage of potential new customers who may be willing to offer more for the Company's concentrate.
Vulnerability to market pricing fluctuations	As the pricing mechanism is market-based, the Company would be subject to fluctuations in the price of rare earth concentrate.

Conclusion on reasonableness

As the Proposed Transaction is fair, the Proposed Transaction is also reasonable. In our opinion, the position of the Non-Associated Shareholders of PEK if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of PEK.

General

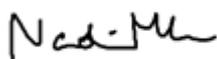
This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders.

The ultimate decision whether to approve the Proposed Transaction should be based on Non-Associated Shareholders' assessment of their circumstances. Shareholders should read and have regard to the contents of the Notice of Meeting and Explanatory Statement which has been prepared by the Directors and Management of PEK. Non-Associated Shareholders who are in doubt as to the action they should take with regard to the Proposed Transaction and/or the matters dealt with in this Report, should seek independent professional advice.

This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM CORPORATE AUSTRALIA PTY LTD



Nadine Marke
Director – Corporate Finance



Justin Audcent
Director – Corporate Finance

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1. Summary of Proposed Transaction

1.1 Overview

On 8 August 2023, PEK and Shenghe executed a binding Offtake Agreement for the Ngualla Project.

At the same time, a non-binding Memorandum of Understanding (“MOU”) was signed between PEK and Shenghe for cooperation on delivering an integrated Engineering, Procurement and Construction (“EPC”) and funding solution for the Ngualla Project.

The key terms of the Offtake Agreement are detailed below.

1.2 Key terms of the Offtake Agreement

Sale and purchase of Concentrate Product and Non-Conforming Product

Under the Offtake Agreement, PEK agrees to sell and deliver to Shenghe 100% of all rare earth concentrate produced from the Ngualla Project at the Bastnaesite Mineralisation Zone that conforms to the product specifications set out in Schedule 1 of the Offtake Agreement (“Concentrate Product”), as well as any product that does not conform to the product specifications set out in Schedule 1 of the Offtake Agreement (“Non-Conforming Product”).

Sale and purchase of Early Product

Prior to the Supply Effective Date (as defined in the Offtake Agreement), during the commissioning and start-up phases of the Ngualla Project, there may be quantities of rare earth concentrate produced by the Ngualla Project which may be available for sale to Shenghe (“Early Product”).

If PEK, at its sole discretion, resolves to sell a delivery quantity of the Early Product, it must sell and deliver to Shenghe, and Shenghe must pay for, 100% of all quantities of Early Product produced by PEK.

Sale and purchase of Intermediate and Final Products

There is nothing in the Offtake Agreement to preclude PEK from utilising the Concentrate Product, Non-Conforming Product or Early Product, which would have otherwise been committed or available for sale to Shenghe, to produce intermediate products (“Intermediate Products”) and final refined and separated products (“Final Products”) derived from materials produced by the Ngualla Project.

To the extent PEK resolves to produce any Intermediate Products or Final Products from the materials produced by the Ngualla Project, PEK shall offer Shenghe the right to purchase at least 50% of aggregate production.

Take-or-pay provisions

Under the take-or-pay provisions of the Offtake Agreement, Shenghe is obligated to pay for and take delivery of all of the Concentrate Product produced by PEK and placed under the control of the carrier of the Concentrate Product or its agent at the designated loading port.

Third party sales

PEK may give notice to Shenghe of any third party interest in the purchase of Concentrate Product. If Shenghe agrees to the Company selling to a third party, the Company may sell an agreed quantity to the third party if it pays Shenghe a margin of 3% net CIF proceeds.

Purchase price of Concentrate Product

The purchase price of the Concentrate Product will be calculated using a market-based pricing formula (“Pricing Formula”). Broadly, the Pricing Formula is derived from the market prices of the rare earth elements less deductions relating to value added tax, trading fees, refining recoveries, charges and margins.

Market prices for the rare earth elements are obtained in Chinese Yen (“CNY”) from Asianmetal.com and converted to US dollars (“USD”) based on the average USD/CNY exchange rate as quoted by China Foreign Exchange Trade System National Interbank Funding Centre of the prior calendar month to the date of shipment.

The value added tax and import fees adopted in the Pricing Formula are based on regulatory amounts in China, while the refining profit margin and trading margin have been negotiated with Shenghe.

Processing costs and recovery rates assumed within the Pricing Formula are based on preliminary testwork undertaken on PEK's Ngualla concentrate as well as refining performance of other similar bastnaesite concentrates within China.

The recovery rates adopted in the Pricing Formula have been validated by test work undertaken by PEK. The Offtake Agreement provides for the revision of recovery rates, with the agreement of both PEK and Shenghe, to be applied to a reasonable range of total rare earth oxide ("TREO") grades that are better aligned with the steady state TREO grade of the Concentrate Product. Over the life of the Ngualla Project, PEK will target to produce Concentrate Product with a TREO content of at least 45% on a dry basis. If the TREO content of Concentrate Product reaches 60% for a consistent period of three months and a new refining flow sheet could be adopted, PEK and Shenghe agree to review and negotiate in good faith a revised set of variables.

Purchase price of Non-Conforming Product and Early Product

The purchase price of any Non-Conforming Product and Early Product sold to Shenghe will reflect the purchase price of the Concentrate Product adjusted as is reasonable to reflect the chemical specification of the Non-Conforming Product or Early Product sold, market conditions at the time of sale and the relevant processing costs and recovery rates that would be reflective of the technical specification of the Non-Conforming Product or Early Product.

Purchase price of Intermediate Products and Final Products

The purchase price of any Intermediate Products and Final Products will be subject to agreement between PEK and Shenghe.

Term

The initial term of the Offtake Agreement is seven years from the first shipment of Concentrate Product. Twelve months prior to the expiry of the initial term, PEK and Shenghe have the option to extend the term for a period mutually agreed upon by both parties.

1.3 Conditions Precedent

Completion of the Proposed Transaction is subject to, and conditional upon, a number of conditions precedent, including:

- PEK shareholders approving entry into the Offtake Agreement in compliance with ASX Listing Rule 10.1 and for all other applicable purposes;
- The board of directors of Mamba Minerals Corporation Limited ("Mamba Minerals") and Mamba Refinery Corporation Limited ("Mamba Refinery"), being the project level entities in which PEK holds an 84% interest, approving entry into the Offtake Agreement;
- The Mining Commission of the United Republic of Tanzania approving the terms and conditions of the Offtake Agreement under clause 7.6(d) of the Framework Agreement (as defined in the Offtake Agreement);
- The agreement being novated to either Mamba Minerals or Mamba Refinery or both such that it/they assume(s) the rights and obligations of PEK under the Offtake Agreement;
- The provision of a performance guarantee of Shenghe's obligations under the Offtake Agreement by Shenghe Holdings Co. Ltd; and
- The board of directors and/ or shareholders of Shenghe approving the Offtake Agreement.

The conditions precedent in relation to the approval by the Boards of Mamba Minerals and Mamba Refinery, and the provision of a performance guarantee by Shenghe Holdings Co. Ltd have been satisfied as at the date of this Report. The parties have mutually agreed to waive the condition precedent relating to Board approval by Shenghe.

The approval by PEK shareholders must be satisfied by 30 June 2024 and the approval by the Mining Commission of the United Republic of Tanzania by 30 September 2024, unless waived or the parties agree to extend the period for satisfaction. If these conditions precedent are not satisfied or waived, then the Offtake Agreement will not come into effect.

1.4 Rationale for the Proposed Transaction

The Offtake Agreement provides a complete concentrate offtake solution for PEK by covering 100% of rare earth concentrate produced by the Ngualla Project and, subject to entering into subsequent binding offtake agreements, a minimum of 50% of any intermediate rare earth products (such as a future Mixed Rare Earth Carbonate) or final separated rare earth oxides.

Moreover, the Offtake Agreement provides certainty of demand and will help underwrite the Company's financial performance and position into the future. If and when the Company produces rare earth concentrate, the Offtake Agreement will also provide the Company with liquidity, improving its ability to meet debt obligations, overall supporting the sustainability of the Company's operations.

The Proposed Transaction potentially supports an integrated offtake, development and funding pathway for PEK, and has been structured to create a strong alignment of interests between PEK and Shenghe.

If the Proposed Transaction does not proceed, PEK would need to seek an alternative offtake partner or pathway to develop and fund the Ngualla Project, noting that an extensive process has been undertaken to date by the Board and Management.

2. Scope of the Report

2.1 Purpose of this Report

The Directors of PEK have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Proposed Transaction is fair and/or reasonable to Non-Associated Shareholders. Accordingly, this Report has been prepared to accompany the Notice of Meeting which will be provided to PEK Shareholders in relation to the Proposed Transaction.

2.2 ASX Listing Rules

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

A substantial shareholder is a shareholder who owns at least 10% of the issued capital of a company. Shenghe holds 19.89% of the issued capital in PEK. Therefore, for the purposes of the ASX Listing Rules, Shenghe is a substantial shareholder of the Company.

ASX considers that an offtake agreement entered into by a listed company as seller to sell a certain amount or percentage of its future mineral production is a disposal of the minerals by the company. An asset is considered substantial if its value equals or exceeds 5% of the equity interests of the entity as set out in the latest accounts given to the ASX. While the value of rare earth concentrate that may be sold to Shenghe under the Offtake Agreement is difficult to quantify, it is likely to represent a significant component of the assets of the Company, and therefore likely more than \$2.99 million, being 5% of the equity interests of the Company according to its consolidated statement of financial position as at 31 December 2023.

ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.5 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

Accordingly, PEK is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction, and the Company has engaged RSM to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

2.3 Basis of evaluation

In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a Proposed Transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared: and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 states that in relation to a related party transaction the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and "reasonable" as in a control transaction.

Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis which would typically be undertaken is as follows:

- whether the value of the assets to be provided by PEK to Shenghe under the Offtake Agreement is equal to or less than the value of the consideration being provided to PEK - fairness; and
- a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

The other significant factors to be considered include:

- the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

3. Profile of Peak Rare Earths Limited

3.1 Background

Peak Rare Earths Limited is an Australian public company listed on the ASX and headquartered in Perth, Western Australia.

The Company's focus is on the development of the Ngualla Rare Earth Project ("Ngualla Project") in Tanzania.

3.2 Ngualla Project

The Ngualla Project is a rare earth open-pit mining development project located in southern Tanzania, approximately 147 kilometres from the city of Mbeya on the edge of the East African Rift Valley.

Ngualla is one of the world's largest and highest-grade undeveloped Neodymium Praseodymium ("NdPr") rare earth projects. Over 90% of the value of the concentrate from the Ngualla Project is expected to be attributable to NdPr, however the deposit is also highly prospective for fluorspar, niobium and phosphate.

PEK holds an 84% interest in Mamba Minerals and Mamba Refinery via its wholly-owned subsidiary, Ngualla Group UK Limited. Mamba Minerals holds the special mining licence for the Ngualla Project which was granted by the Government of Tanzania.

The Government of Tanzania holds the remaining 16% interest, which is undilutable and free-carried. The Tanzanian Government is not obliged to make any capital contributions towards the development of the Ngualla Project.

In April 2017, PEK completed a Bankable Feasibility Study ("BFS") which highlighted favourable project economics driven by a high NdPr grade and advantageous mineralogy of the rare earth deposit.

PEK completed a BFS Update in October 2022 ("BFS Update"), which set out to reaffirm the economic viability of the Ngualla Project prior to the commencement of development activities. The BFS Update built upon the BFS completed in April 2017 by incorporating key changes including updated price forecasts, an increase in the nameplate production capacity, updated capital and operating cost estimates and the implementation of an EPCM execution strategy.

PEK subsequently completed a Front-End Engineering Design (FEED) Study in November 2023 which supported further economic and technical enhancements to the project.

On 26 April 2024, PEK announced that the Ngualla Project's Special Mining Licence ("SML") area had been expanded from 18km² to 51 km² allowing a larger footprint to develop the Ngualla Rare Earth Project and greater capacity to co-develop concurrent rare earth, phosphate and fluorspar projects. The initial term of the SML was also extended to 30 years with the ability to further extend.

The BFS Update provided an updated Ore Reserve estimate and mine plan. We set out the current JORC 2012 Ore Reserves and Mineral Resources for the Ngualla Project below.

Table 1 Summary of Ore Reserves and Mineral Resources

Ore Reserve

Classification	Ore tonnes (Mt)	TREO grade (%)	Contained TREO (kt)
Proved	17.0	4.78%	813
Probable	1.5	5.10%	74
Total	18.5	4.80%	887

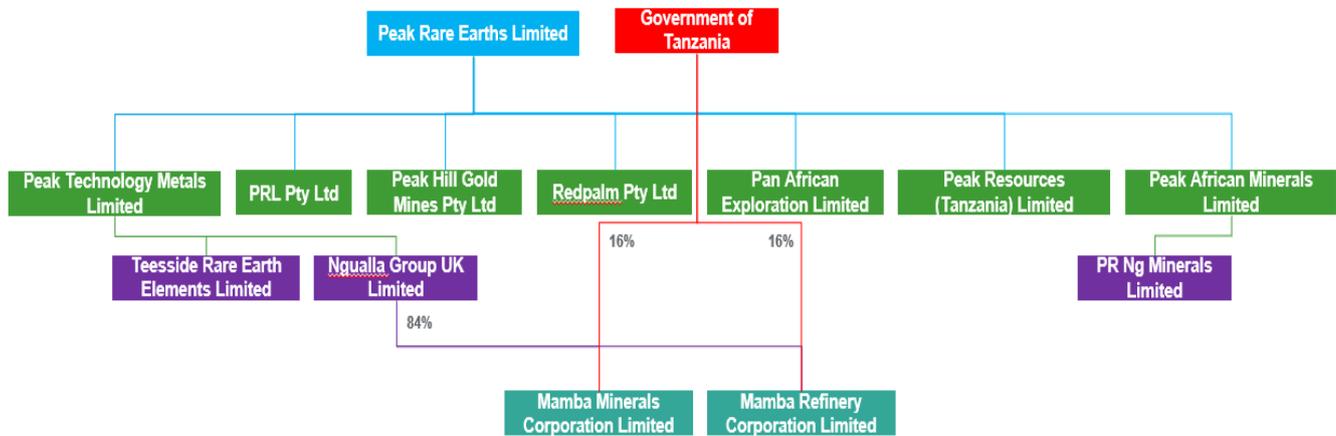
Mineral Resource

Classification	Tonnage (Mt)	TREO Grade (%)	Contained TREO (kt)
Measured	86.1	2.61%	2,250
Indicated	112.6	1.81%	2,040
Inferred	15.7	2.15%	340
Total	214.4	2.15%	4,630

Source: Ngualla Rare Earth Project: BFS Update (October 2022)

The Ngualla Project also has the potential for downstream processing, with PEK and the Government of Tanzania aiming to jointly evaluate the viability of a Tanzanian mixed rare earth carbonate ("MREC") refinery in the future.

3.3 Corporate Structure



Source: The Company

3.4 Directors and Key Management

The directors and key management personnel of PEK are summarised in the table below.

Table 2 PEK Board of Directors

Name	Title	Experience
Bardin Davis	Chief Executive Officer	Mr Davis has occupied his role as Chief Executive Officer of PEK since 9 December 2020, prior to which he served as a Director and later, as Managing Director. Bardin has over 25 years of investment banking and corporate experience in the mining and energy sectors. Previous roles include the Chief Financial Officer of UPC/VAC 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.
Russell Scrimshaw	Executive Chairman	Mr Scrimshaw was appointed to the role of Executive Chairman on 15 August 2022 and is an experienced corporate executive and company director. He has experience in large scale mining project development and operations, product marketing, finance, business development and technology. He was a founding director of Fortescue Metals Group and served in executive roles including Deputy CEO and Executive Director.
Hon. Abdullah Mwinyi	Non-Executive Director	Mr Mwinyi 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, 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. Mr Mwinyi 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.
Shasha Lu	Non-Executive Director	Shasha Lu has been the Managing Director of Shenghe Resources Overseas Development where she leads and manages overseas investment, cross-border corporate management, international trade and the building of a complete rare earth/monazite supply chain. Prior to that, Ms Lu was an Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co. Ltd & Sino-Australia International Mineral Resources Limited, responsible for overseas investment, scientific research and management. She has previous experience as a director of ASX-listed companies, having been an Executive Director of Arafura Resources Limited (ASX:ARU) and an Executive Director and Vice President of Globe Metals and Mining Corporation (ASX:GBE). Ms Lu holds a Bachelor and a Masters of Medical Science from Nanjing University, a Doctorate of Medical Science (PhD) from Tianjin Medical University & Karolinska Institute, a Post-Doctorate of Medical Science from Karolinska Institute, and an Executive Master of Business Administration from Nanjing University. Ms Lu is also a graduate of the Australian Institute of Company Directors (GAICD).

Ian Chambers	Non-Executive Director	Mr Chambers is an experienced executive and company director with more than 35 years in international financial markets including institutional securities, wealth management and capital markets. He spent approximately 24 years with Morgan Stanley Australia where he was Managing Director, Head of Institutional Equities and Head of Wealth Management Australia, and has experience in organisational development, governance, operational management and financial performance. He is a member of ASIC's Financial Services Credit Panel and Markets Disciplinary Panel and was inducted into the Australian Stockbrokers Foundation Hall of Fame in 2015.
Nick Bowen	Non-Executive Director	Mr Bowen has extensive experience in the construction, development, and operation of international mining projects. He has spent over 35 years with ASX-listed construction and contract mining companies operating in both Australia and overseas, including Africa. His previous roles include 12 years as Managing Director of Macmahon Holdings Limited, two years as Executive Global Head of Mining Services with Orica Limited and nine years as Managing Director of mining contractor Eltin Limited. He has also held the head executive role at the Lubambe Copper Mine in Zambia and the Shishen Iron Ore Mine in South Africa. Mr Bowen is a Life Member of the Western Australian Chamber of Minerals and Energy, Member of the Australian Institute of Mining and Energy and Fellow of the Australian Institute of Company Directors.
Hannah Badenach	Non-Executive Director	Ms Badenach is an experienced executive and company director with more than 20 years in resources, supply chain, business development, commodity trading and marketing in global markets across Africa, Europe, Asia, South America and the Middle East. She has extensive experience in Africa and China, having built and run multiple metal supply chains across Africa (including Tanzania) and has an extensive network in China across sales and marketing. She holds a Bachelor of Arts/Law (HONS) from the University of Tasmania and is a graduate of the Australian Institute of Company Directors.

Source: The Company & S&P Capital IQ

3.5 Financial information of PEK

The information in the following section provides a summary of the consolidated financial performance of PEK for the years ended 30 June 2022 ("FY22") and 30 June 2023 ("FY23"), extracted from the audited consolidated financial statements of the Company, and for the 6 months ended 31 December 2023 ("HY24") extracted from the reviewed consolidated financial statements of the Company.

The auditors of the Company's FY23 and HY24 financial statements, EY, noted a material uncertainty with regards to the Company's ability to continue as a going concern. In FY23, the Group incurred a loss after tax of \$32.8 million, which includes a non-recurring share-based payment of \$21.2 million relating to the issuance of a 16% free-carried interest in the Ngualla Project to the Government of Tanzania, and had operating cash outflows of \$9.2 million. In the HY24 period, the Group's net cash outflow was \$9.9 million with a loss after tax of \$11.7 million.

The FY23 and HY24 financial statements note that 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. With \$15.3 million cash at bank at 31 December 2023, the Group has sufficient cash to fund the ongoing operating costs of the Ngualla Project and its corporate and administration requirements in the short term, but its cashflow forecasts show there will be a need to obtain further funding in the future.

We note that the Company reports its financial statements in Australian Dollars.

3.6 Financial performance

The following table sets out a summary of the financial performance of PEK for the years ended 30 June 2022 and 30 June 2023, and for the 6 month period ended 31 December 2023.

Table 3 Financial Performance

\$'000		Year ended 30 June 2022	Year ended 30 June 2023	6 months ended 31 Dec 2023
	Ref	Audited	Audited	Reviewed
Interest income		9	112	397
R&D rebate		-	586	-
Total income		9	698	397
Employee benefits expenses		(2,579)	(3,157)	(2,104)
Share based payments expenses		(610)	(1,666)	(973)
Write-off of capitalised exploration costs		(156)	-	-
Depreciation expenses		(199)	(320)	(174)
Loss on disposal of investment		-	-	(7)
Share based payments for government participation	c)	-	(21,189)	-
Finance costs	d)	(7,875)	(15)	(11)
Administrative and other costs	e)	(4,284)	(3,854)	(2,099)
Technical feasibility costs	f)	(7,037)	(3,297)	(5,667)
Exploration and evaluation costs		-	-	(1,013)
Total expenses		(22,740)	(33,498)	(12,048)
Loss before income tax	a)	(22,731)	(32,800)	(11,651)
Income tax expense		-	-	-
Loss after income tax		(22,731)	(32,800)	(11,651)
Other comprehensive income net of tax				
<i>Items that could be transferred to profit or loss in future:</i>				
Exchange differences on translation of foreign operations		4,598	1,901	(1,190)
Total comprehensive loss for the year	b)	(18,133)	(30,899)	(12,841)

Source: PEK Annual Financial Report FY23 and Interim Financial Report HY24

We note the following in relation to PEK's financial performance:

- a) PEK recorded losses before income tax of \$22.7 million and \$32.8 million in FY22 and FY23 respectively, and \$11.7 million in HY24.
- b) After taking into account foreign exchange gains on translation of foreign operations, total comprehensive losses were \$18.1 million and \$30.9 million in FY22 and FY23 respectively, and \$12.8 million in HY24.
- c) In FY23, PEK recorded a share-based payment for government participation, reflecting the 16% free carried interest in the Ngualla Project granted to the Government of Tanzania.
- d) In 2014, PEK entered into a financing facility with ANRF Royalty Company Limited ("ANRF"). There was a significant reduction in finance costs in FY23 with repayment of the ANRF Royalty Facility occurring in FY22.
- e) Administrative and other costs in FY23 include consultants, legal costs primarily associated with the Framework Agreement, financing and offtake documentation, negotiation and advice, and additional insurance costs.
- f) Technical feasibility costs relate to the completion of the bankable feasibility study update, FEED, other technical studies and early work on the Ngualla Project.

3.7 Financial position

The table below sets out a summary of the financial position of PEK as at 30 June 2022, 30 June 2023 and 31 December 2023.

Table 4 Financial Position

\$'000	Ref	30 June 2022 Audited	30 June 2023 Audited	31 Dec 2023 Reviewed
Current Assets				
Cash and Cash Equivalents	b)	9,479	25,852	15,290
Trade and Other Receivables		974	251	332
Prepayments		80	170	628
Total Current Assets		10,533	26,273	16,250
Non-Current Assets				
Other Financial Assets		64	64	64
Property Plant And Equipment		225	535	829
Right-Of-Use Asset	c)	3,775	3,605	4,030
Exploration and Evaluation Costs	d)	59,114	60,998	59,724
Investments		8	8	-
Total Non-Current Assets		63,186	65,210	64,647
Total Assets		73,719	91,483	80,897
Current Liabilities				
Trade and Other Payables		2,448	2,140	2,927
Provisions		96	181	250
Lease Liability – Current	c)	110	145	241
Total Current Liabilities		2,654	2,466	3,418
Non-Current Liabilities				
Lease Liability – Non-Current	c)	206	134	465
Total Non-Current Liabilities		206	134	465
Total Liabilities		2,860	2,600	3,883
Net Assets	a)	70,859	88,883	77,014
Equity				
Issued Capital		140,805	166,874	166,874
Reserves		5,198	8,764	8,546
Accumulated Losses		(75,144)	(104,530)	(115,711)
Equity attributable to equity holders of the Company		70,859	71,108	59,709
Non-Controlling Interests		-	17,775	17,305
Total Equity		70,859	88,883	77,014

Source: PEK Annual Financial Report FY23 and Interim Financial Report HY24

We note the following in relation to PEK's financial position:

- a) PEK's net assets increased from \$70.9 million as at 30 June 2022 to \$88.9 million as at 30 June 2023, primarily driven by cash raised from equity issues, falling to \$77.0 million at 31 December 2023 with the utilisation of cash for ongoing operating costs.
- b) The cash and cash equivalents balance of \$25.9 million at 30 June 2023 million is mainly comprised of short-term deposits of \$23.5 million.
- c) A right-of-use asset of \$4.0 million and associated lease liabilities of \$0.7 million were recognised as at 31 December 2023.
- d) Exploration and evaluation costs reflect the capitalised costs associated with the Ngualla Project.

3.8 Capital Structure

The Company has 265.94 million ordinary shares on issue as at the date of this Report. The top 20 shareholders of PEK as at 15 April 2024 are set out below:

Table 5 Top 20 shareholders

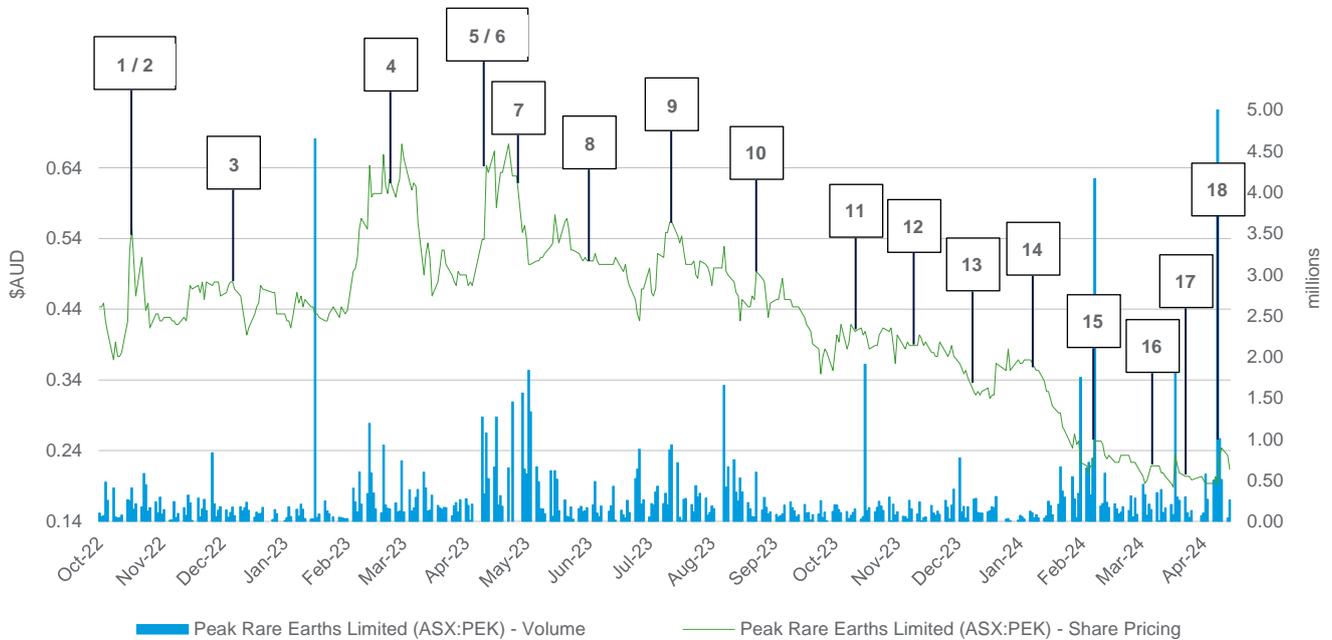
Name	No Shares	%
Shenghe Resources (Singapore) Pte Ltd	52,899,173	19.89%
Hsbc Custody Nominees (Australia) Limited - A/C 2	14,529,036	5.46%
Hsbc Custody Nominees (Australia) Limited	10,959,084	4.12%
Citicorp Nominees Pty Limited	6,733,596	2.53%
Pasagean Pty Limited	5,000,000	1.88%
Buttonwood Nominees Pty Ltd	4,550,551	1.71%
Sutton Nominees Pty Ltd	4,308,745	1.62%
Bnp Paribas Noms Pty Ltd	3,728,337	1.40%
Sparta Ag	3,706,042	1.39%
One Managed Investment Funds Limited	2,372,891	0.89%
Bnp Paribas Nominees Pty Ltd	2,325,515	0.87%
Bnp Paribas Nominees Pty Ltd Acf Clearstream	2,050,686	0.77%
Lonergan Foundation Pty Ltd	2,000,000	0.75%
Bushell Nominees Pty Ltd	2,000,000	0.75%
Ashabia Pty Ltd	2,000,000	0.75%
Mr Richard Smith	1,923,334	0.72%
Netwealth Investments Limited	1,795,909	0.68%
Towns Corporation Pty Ltd	1,730,250	0.65%
Baromoda Holdings Pty Ltd	1,660,093	0.62%
Pinnacle Superannuation Pty Limited	1,654,533	0.62%
Crx Securities Pty Limited	1,543,750	0.58%
Mr Ian Douglas Chambers	1,500,000	0.56%
Top 20 Shareholders Total	130,971,525	49.25%
Other Shareholders	134,970,235	50.75%
Total	265,941,760	100%

Source: The Company

3.9 Share price performance

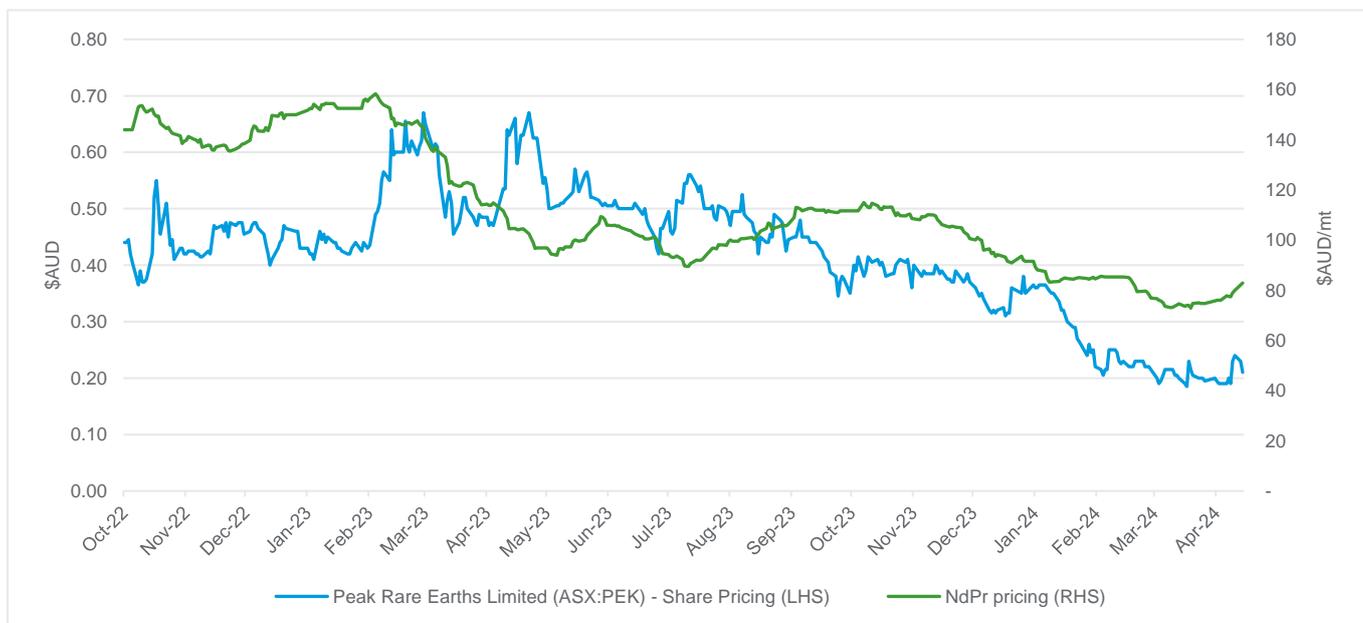
The table below sets out a summary of PEK closing share prices and trading volumes for the period from 1 October 2022 to 16 April 2024, with identified significant announcements in Table 6 below.

Figure 1 Peak Rare Earths daily closing share price and trading volumes



Source: S&P Capital IQ/ ASX

Figure 2 Peak Rare Earths daily closing share price and NdPr pricing



Source: S&P Capital IQ/ ASX, Asianmetals.com (PrNd Oxide Pr6O11 25%, Nd203 75% EXW China RMB/mt) converted at rates provided by the Reserve Bank of Australia ("RBA")

As illustrated in the figures above, the share price of PEK has been on a steady decline in the past 12 months. It is worth noting that the NdPr Oxide price declined 44.58% across this same period which may be a factor in the observed share price performance.

In the 180 trading days prior to announcement of the Offtake Agreement, 20.72% of PEK shares were traded, indicating that it is a liquid stock. The average daily trading volume over the 12 months prior to the announcement was 0.268 million. In that 12 months, 18 January 2023 had the highest trading volume of 4.65 million, representing 1,634% greater than the 12-month average.

PEK shares traded at between \$0.40 and \$0.67 per Share, during the 180 trading days prior to the announcement.

The largest close-to-close increase in share price was from 20 to 21 March 2024, where the share price increased by 24.3%. It was announced on 20 March 2022 on the ASX that a major high-grade fluorspar deposit was discovered in the Breccia Zone from its Ngualla Project.

The second largest close-to-close increase in share price was from 17 to 18 October 2022, where the share price increased by 23.8%. The 2022 Annual Report was released on 18 October 2022, and on 19 October 2022 the announcement of the 'Peak and Shenghe Sign Offtake and Strategic Co-operation MOU' was released.

Significant announcements made by the Company over the period are summarised below.

Table 6 Significant Announcements

No	Date	Announcement
1	19-Oct-22	PEK and Shenghe sign Offtake Agreement and Strategic Co-operation MOU in relation to the development of the Ngualla Project.
2	24-Oct-22	Completion of Bankable Feasibility Study.
3	20-Dec-22	Completion of negotiations with the Special Presidential Government Negotiation Team with respect to the Framework Agreement for the Ngualla Project.
4	14-Mar-23	Half Year Report for the period ended 31 December 2022.
5	18-Apr-23	Framework Agreement Signed for Ngualla Rare Earth Project
6	26-Apr-23	Grant of Special Mining Licence for Ngualla Project
7	01-May-23	PEK Received Commitments to Complete \$27.5m Placement.
8	09-Jun-23	Commencement of Exploration Programme.
9	9-Aug-23	Execution of a Binding Offtake Agreement and Non-Binding Strategic Co-operation MOU with Shenghe.
10	28-Sep-23	Annual Financial Report for the year ended 30 June 2023.
11	09-Nov-23	Macquarie Capital has been appointed the Strategic and Financial Adviser.
12	30-Nov-23	Completion of FEED Study.
13	18-Dec-23	First Assay Results from Exploration Programme.
14	05-Feb-24	Samples Assay Results from the Breccia Zone Trench
15	26-Feb-24	Phosphate Bioavailability Test Results
16	04-Mar-24	Further Northern Zone Exploration Assay Results
17	19-Mar-24	Acquisition of Teesside Freehold site
18	20-Mar-24	Major High-Grade Fluorspar Discovery

Source: ASX

4. Profile of Shenghe Resources (Singapore) Pte. Ltd.

4.1 Background

Shenghe Resources (Singapore) Pte. Ltd. is a wholly-owned subsidiary of Shenghe Resources Holding Co. Ltd., a rare earths mining and processing company listed on the Shanghai Stock Exchange with a market capitalisation of approximately A\$3.75 billion.

Shenghe is the largest importer of rare earths concentrate into China. The company's operations include the mining, smelting, separating and processing of rare earth minerals.

The main products offered by Shenghe are rare earth oxides, rare earth salts, rare earth metals, metal catalysts and molecular sieves. However, Shenghe is also involved in importing mineral sands (zirconium and titanium) and separating them through its own plants to produce zircon sands, titanium concentrate, rutile, kyanite, garnet and monazite.

Shenghe holds an approximate 19.89% stake in the Company and the Company appointed Ms Shasha Lu as a non-executive director to the Company's Board on the nomination of Shenghe.

Shenghe also holds an approximate 7.75% interest in MP Materials Corp which operates the Mountain Pass Rare Earths Project in California, one of the richest deposits of rare earth elements in the world. Shenghe has contributed to the development of the Mountain Pass Rare Earths Project by entering into a long-term offtake agreement with the company and providing technical and funding support.

4.2 Directors and management

The directors and key management of Shenghe Resources Holding Co., Ltd. are as follows:

Table 7 Shenghe Board of Directors

Name	Position
Xiao Wang	Chief Executive Officer
Wen Hao Yang	Director
Ze Song Hu	Director
Zhen Hai Yang	Director
Qi Li	Director
Ping Huang	Director
Jin Song Zhang	Director
Jing Wen Mao	Director
Shi Qiang Yan	Chairman

Source: marketscreener.com

5. Industry overview

5.1 Rare Earths Industry

Rare earths are a group of 17 elements that are characterised by unique magnetic properties and are fundamental components for a wide range of clean energy, IT, defence and industrial applications.

The major rare earth elements are yttrium, lanthanum, cerium, praseodymium, neodymium, promethium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, lutetium and scandium.

They are found much more commonly than gold in the earth’s crust, but are difficult and expensive to mine due to low concentrations.

Practically, rare earth products are used in the production of electric vehicle drive trains and power steering, wind turbines, consumer electronics and other industrial uses.

Increasing demand for electric vehicles and more sustainable energy sources correlates with strong demand and increased prices in the rare earths industry.

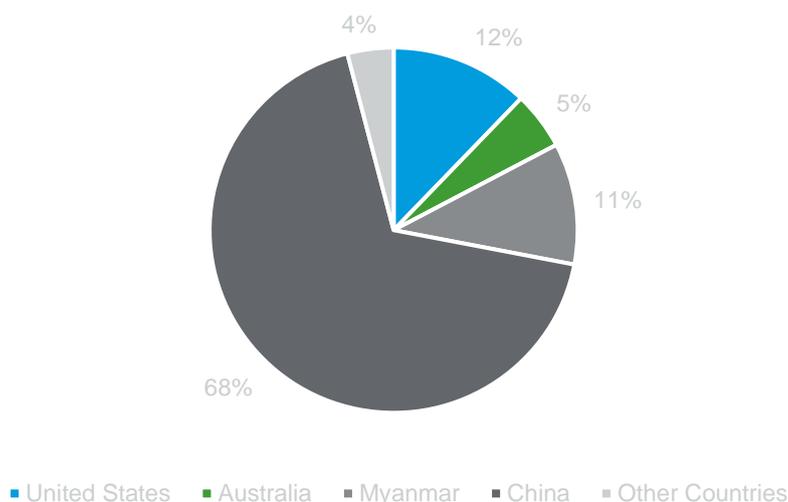
Rare earth supply is heavily concentrated toward Chinese producers, who account for approximately 70% of global supply.

5.2 Production

The US Geological Survey (“USGS”) releases annual mineral commodity summaries. According to USGS, the four largest rare earth producing countries are Australia, Myanmar, China and the United States, together accounting for over 90% of world rare earth production. China accounts for most of the production volume across the major world producers, producing approximately 70% of global supply.

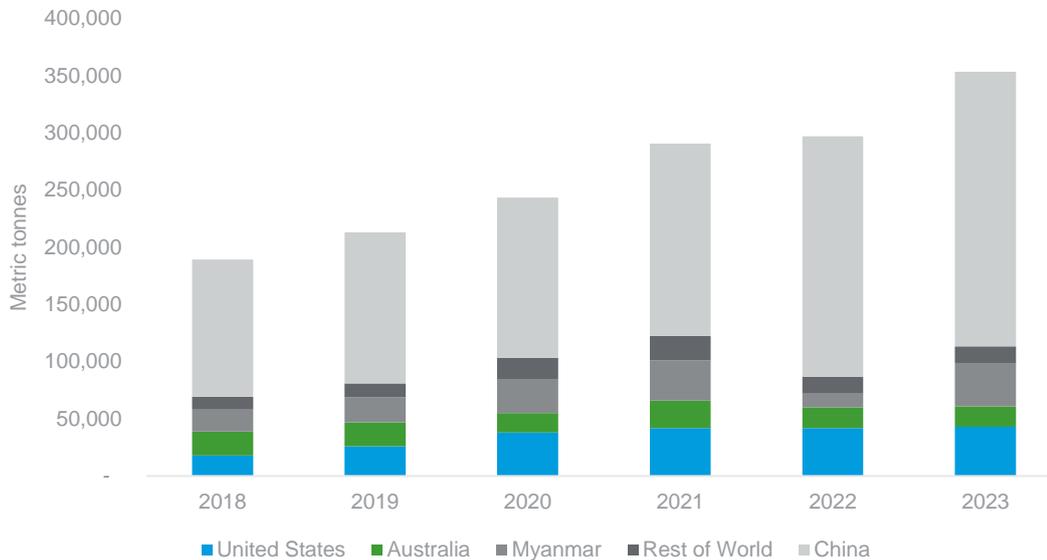
Figures 3 and 4 below illustrate rare earth production between the leading producing countries in 2022 and across the last 5 years.

Figure 3 World Rare Earth Mine Production in 2023



Source: U.S Geological Survey - Mineral Commodities Summaries 2024 (Rare Earths Statistics and Information)

Figure 4 Rare Earth Mine Production



Source: U.S Geological Survey: Mineral Commodities Summaries (Rare Earths Statistics and Information)

Over the period 2018 to 2021, production outside of China increased from 37% to 42% before declining to 29% in 2022 and increasing to 32% in 2023.

Year on year, the total production volume of rare earths has increased from approximately 190,000 tonnes in 2018 to 350,000 tonnes in 2023.

The key drivers affecting the exploration and production of rare earth elements are:

- Global supply and demand;
- Rare earth prices;
- Global economic conditions; and
- Regulatory conditions.

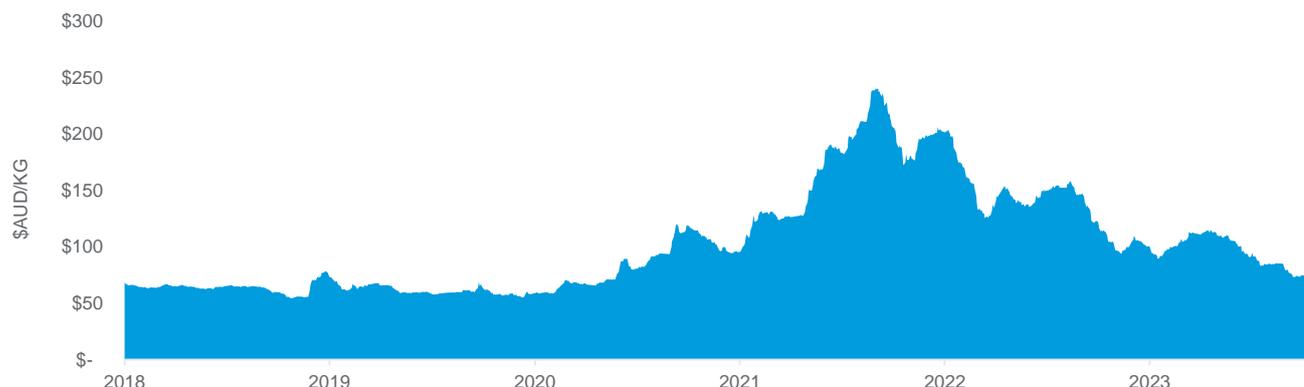
5.3 Prices

The operation of the rare earth metals market and therefore pricing, is relatively opaque compared to other commodity markets due to the high concentration of rare earth refineries and production in China.

Market mechanisms embedded with the PEK Pricing Formula result in rare earth concentrate prices being highly correlated to the price of Neodymium-Praseodymium (“NdPr”) Oxide.

The historical prices of NdPr Oxide over the last five years are shown in the graph below.

Figure 5 Historical NdPr Oxide Prices



Source: Asianmetals.com (*PrNd Oxide Pr6O11 25%, Nd2O3 75% EXW China RMB/mt*) converted at rates provided by the Reserve Bank of Australia ("RBA").

After an initially stable period, the price of NdPr Oxide increased significantly over the 2021 to 2022 period driven by expected demand, before declining into 2023/24 as demand expectations tempered and additional supply came into the market. The price ranged from a low of A\$54 to a high of A\$241 per kilogram, with an average price of A\$103 per kilogram over the 5-year period. Rare earth elements have seen a significant increase in demand in the last decade due to the movement towards electrification. However, prices of rare earth elements have declined in recent years due to soft demand from green energy companies and the automotive industry, combined with the rising supply from the world's top producer China.

The average price of NdPr Oxide was A\$124.81 per kilogram for the year ended 31 December 2021, A\$177.05 per kilogram for the year ended 31 December 2022, A\$112.32 per kilogram for the year ended 31 December 2023. For the 12-month period to 16 April 2024, the average price of NdPr Oxide was A\$96.40 per kilogram and the price as at 16 April 2024 was A\$82.88.

All NdPr Oxide prices have been provided in Australian dollars unless otherwise indicated.

5.4 Outlook

According to Reuters, demand for rare earth products is expected to grow as a result of demand for electric vehicles and wind generated power. NdPr Oxide prices are expected to increase over the foreseeable future in line with this demand uplift. The supply of rare earths is also forecasted to decrease as China is expected to pull back on expanding output quotas, further driving up prices.

Moreover, changes in the rare earths supply chain are anticipated as companies look towards the downstream production of rare earths, driven by political pressures on a global transition to Net Zero emissions.

6. Is the Proposed Transaction Fair to Non-Associated Shareholders?

6.1 Approach

In relation to assessing the fairness of a transaction with a person in a position of influence that requires member approval under ASX Listing Rule 10, RG 111 requires the expert to compare the value of the financial benefit to be given and the value of the consideration to be received by the entity.

Under the Offtake Agreement, PEK agrees to sell and deliver to Shenghe 100% of all Concentrate Product and Non-Conforming Product it produces from the Ngualla Project, and offer Shenghe the right to purchase at least 50% of aggregate production of Intermediate Products and Final Products. PEK also agrees to sell and deliver to Shenghe 100% of all delivery quantities of any Early Product it resolves to sell.

The purchase price for any Concentrate Product, Non-Conforming Product or Early Product to be sold to Shenghe under the Offtake Agreement is to be determined with reference to a Pricing Formula provided in the Offtake Agreement. The purchase price for any Intermediate Products and Final Products is to be agreed between PEK and Shenghe.

As the Offtake Agreement does not specify a fixed price or quantity of product to be sold to Shenghe, we are unable to ascribe a value to the assets to be given to Shenghe or the consideration to be received from Shenghe. We do not consider that we have sufficient reasonable grounds on which to prepare projections for the volume and resulting revenue of concentrate to be produced from the Ngualla Project.

Accordingly, for the purpose of assessing the fairness of the Proposed Transaction, we have considered whether the Offtake Agreement has been commercially negotiated on arm's length terms.

6.2 Pricing mechanism

In assessing whether the Offtake Agreement reflects arm's length commercial terms, we have considered whether the pricing for the products received by PEK under the Offtake Agreement would be greater than or equal to what could otherwise be received on market.

As noted in the previous section, the market for rare earth concentrate prices is opaque with limited directly observable market data.

The key terms of the Offtake Agreement have been summarised at Section 3 of this Report. We have reviewed the pricing mechanism and calculations provided by PEK Management in detail. The pricing mechanism is correlated to available market prices of NdPr and specific rare earth elements, with various adjustments to reflect saleable rates, recovery rates, moisture levels, processing cost assumptions, direct selling costs and a scaled profit rate.

We consider that the terms of the Offtake Agreement, in particular those supporting the concentrate purchase price, are likely to result in a market competitive and arm's length price being obtained.

In arriving at this conclusion, we have taken into account the following:

1. *Purchase Price:* The purchase price is calculated using a market-based pricing formula. The price of each rare earth element is sourced from Asianmetal.com and adjusted for concentrate grade and specific deductions detailed in the pricing formula. For reasons of confidentiality and commercial sensitivity, we are unable to disclose the deductions incorporated in the pricing formula.
2. *Review Mechanism:* To the extent there is a change in the Ngualla Project mineralogy, parties will review and negotiate in good faith, a revised set of variables. Deductions incorporated within the pricing formula will be reviewed on an annual basis with regard to current macroeconomic factors.
3. *Quantity of Product:* Shenghe has agreed to purchase 100% of all Concentrate Product and Non-Conforming Product produced. The quantity of each shipment will be confirmed upon arrival of each shipment by the seller and must be within 0.5% of the quantity provided on the Buyer's Certificate.

4. *Grade:* The TREO grades embedded into the formula are between 35% and 60%, with the net payability of the concentrate positively correlated with higher TREO grades. Should PEK achieve a TREO grade in excess of 60%, both parties have agreed to negotiate a revised set of variables.

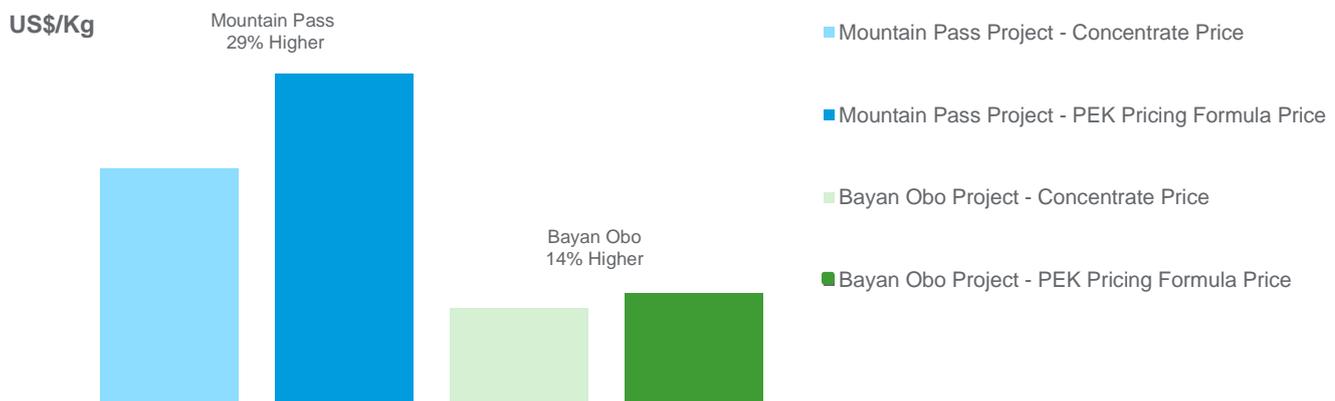
6.3 Comparable projects

In addition to the above, we have also considered comparable projects globally and assessed whether the proposed pricing in the Offtake Agreement seems reasonable when compared to existing commercial agreements. We understand from PEK management that the comparative projects operate with pricing formulas which also consider the market price of rare earths although we do not have access to these pricing mechanisms.

The rare earth comparatives are the MP Materials - Mountain Pass project and the Baoshan Iron & Steel Co Bayan Obo project which have a similar geological composition to the Ngualla Project. PEK Management has prepared comparative pricing analysis using the Offtake Agreement pricing mechanism and available public data on the actual transaction price for rare earth concentrate produced at each project. We have performed accuracy checks on the comparative pricing analysis and verified data to public sources.

Our findings are illustrated below noting that the actual numbers have been redacted for commercial confidentiality purposes.

Figure 6 Project Comparatives



When compared to the Mountain Pass Project, the PEK pricing formula returns a price 29% higher than the publicly disclosed transaction price.

When compared to the Bayan Obo Project, the PEK pricing formula returns a price 14% higher than the publicly disclosed transaction price.

In consideration of the above, it is our view that the Offtake Agreement is fair on the basis that the pricing of rare earth concentrate under the Offtake Agreement reflects prevailing market conditions and appears favourable when compared to existing comparable projects.

7. Consideration of other factors relating to the Proposed Transaction

7.1 Approach

RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair, it may still be reasonable after considering the specific circumstances applicable to the offer.

In our assessment of reasonableness, we have considered the following factors:

- Future prospects and alternative development options available to PEK should the Proposed Transaction not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders should the Proposed Transaction proceed.

7.2 Alternative Proposals

If the Resolution is not passed, PEK will not be able to give effect to the Offtake Agreement. In these circumstances, the Company will need to seek an alternative offtake partner; there is no guarantee that an appropriate partner will be forthcoming and if so, on what terms the Company would be able to negotiate an agreement, given the existing relationship with Shenghe as a significant shareholder in the Company.

Shareholders should note that if an alternative offtake partner can be found, the terms agreed with those partners may be less favourable to the Company than the terms under the Offtake Agreement.

The Board and Management of PEK have undertaken an extensive process to assess potential offtake partners for the Ngualla Project, with Shenghe identified as the most suitable both strategically and to maximise the future potential of the Ngualla Project.

In the absence of alternative offtake partners, PEK would need to review its development strategy for the Ngualla Project.

7.3 Commercial advantages and disadvantages

In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction did proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage	Details
The Proposed Agreement is fair	The Proposed Transaction is fair to the Non-Associated Shareholders. In this regard, we specifically note that the pricing mechanism in the Offtake Agreement is market-based.
Certainty of product sale	The Proposed Transaction would ensure the sale of 100% of rare earth concentrate produced over the term of the Offtake Agreement as it includes take-or-pay provisions. This provides certainty of demand and is expected to help in securing funding for the Project as well as underwriting the Company's future financial performance.
Strengthens strategic relationship	The Offtake Agreement would build on the existing relationship between PEK and Shenghe, being the largest importer of rare earth into China. It also aligns the strategic objectives of both parties to develop the Ngualla Project.
Maintains optionality over future products	The Offtake Agreement provides the Company with flexibility over moving into downstream production in the future, although the terms provide for a potential minimum 50% of any intermediate rare earth products or final separated rare earth oxides production to be offered to Shenghe.
Pathway to project funding	All other things being equal, execution of a binding offtake agreement will assist the Company in securing funding to develop the Project.

Disadvantages of approving the Proposed Transaction

Disadvantage	Details
Restricted customer base	As the Offtake Agreement covers 100% of rare earth concentrate from the Ngualla Project, PEK would be unable to diversify its customer base or take advantage of potential new customers who may be willing to offer more for the Company's concentrate.
Vulnerability to market pricing fluctuations	As the pricing mechanism is market-based, the Company would be subject to fluctuations in the price of rare earth concentrate.

7.4 Other Considerations

As announced in the PEK Quarterly Activities Report for the March 2024 quarter, released on 30 April 2024, PEK and Shenghe have continue to progress discussions around potential co-operation in developing and funding the Ngualla Project. Some of the broader potential co-operation and transaction principles agreed with Shenghe include:

- Shenghe to subscribe for an interest of up to 50% in Ngualla Group UK Limited, being the holding company through which PEK holds its interest in Mamba Minerals and the Ngualla Project;
- Subject to regulatory approvals, Shenghe to submit a tender proposal to act as either an EPC, EPCM or EPS provider to the Ngualla Project;
- PEK and Shenghe to finalise negotiations on an agreed value for Shenghe's interest in Ngualla Group UK Limited, which would be subject to approval from PEK non-associated shareholders; and
- PEK and Shenghe to work together towards a target Final Investment Decision by 31 December 2024.

The above demonstrates an intention from Shenghe to actively support PEK in the development and funding of the Ngualla Project, further aligning the strategic objectives of both parties.

7.5 Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders if the Offtake Agreement is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of PEK.

An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

APPENDICES

A. Declarations and Disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which it is licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Nadine Marke and Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Nadine and Justin are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by Peak Rare Earths Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd is expected to receive a fee of approximately \$30,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Peak Rare Earths Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Rare earth concentrate pricing comparatives provided by PEK Management (sourced from third parties);
- MP Materials Corp Quarterly Report as at 30 June 2023;
- SEC technical report summary pre-feasibility study Mountain Pass Mine San Bernardino County, California prepared by SRK Consulting for MP Materials Corp dated 16 February 2022;
- Baogang Co., Ltd. (600010.SH) Announcements;
- Transactions of Nonferrous Metals Society of China “Thermal decomposition of Bayan Obo mixed rare earth concentrate under inert atmosphere”;
- Board Update – Offtake and Pricing;
- Audited financial statements for Peak Rare Earths Limited for the year ended 30 June 2022;
- Audited financial statements for Peak Rare Earths Limited for the year ended 30 June 2023;
- Audited half-year financial report for Peak Rare Earths Limited for the half-year ended 31 December 2023;
- Executed Rare Earths Offtake Agreement between Peak Rare Earths Limited and Shenghe Resources (Singapore) Pte. Ltd;
- Memorandum of Understanding for EPC and Funding Co-operation between Peak Rare Earths Limited and Shenghe Resources (Singapore) Pte. Ltd;
- ASX announcements of Peak Rare Earths Limited;
- Pricing information sourced from Asianmetal.com;
- S&P Capital IQ database;
- Peak Rare Earths Limited and Shenghe Resources (Singapore) Pte. Ltd. websites;
- Discussions with Directors, Management, and staff of Peak Rare Earths Limited;
- Shareholder information provided by Peak Rare Earths Limited; and
- U.S. Geological Survey, Mineral Commodity Summaries, January 2018 – 2024 – Rare Earths

C. Glossary of Terms

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company (or PEK)	Peak Rare Earths Limited
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
EPC	Engineering, Procurement and Construction
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
IER	This Independent Expert Report
Intermediate Product	Potential downstream development of the Ngualla project may within the tenure of the Agreement, produce alternate intermediate products such as, mixed rare earth salt products, including mixed rare earth carbonate, mixed rare earth chloride and mixed rare earth oxalate among others.
Final Product	Potential downstream developments of the Ngualla Project may within the tenure of the Agreement produce final refined and separated rare earth products such as NdPr Oxide, Nd Oxide, Pr Oxide and other associated final refined and separated rare earth products.
Ngualla Project	Ngualla Rare Earth Project
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Proposed Transaction	The Binding Offtake Agreement and Non-Binding Strategic EPC and Funding MOU for the Ngualla Rare Earths Project.
Report	This Independent Expert's Report prepared by RSM dated 07 May 2024
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or PEK Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of a PEK Share
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume weighted average share price

RSM Corporate Australia Pty Ltd

Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

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LODGE YOUR VOTE

 **ONLINE**
<https://investorcentre.linkgroup.com>

 **BY MAIL**
Peak Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Peak Rare Earths Limited and entitled to participate in and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am (AEST) on Monday, 17 June 2024 at Banjo Paterson Room, Sydney Harbour Marriott Hotel, 30 Pitt Street, Sydney, New South Wales, Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

For Against Abstain*

1 Approval Of Proposed Offtake Agreement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

STEP 2



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEST) on Saturday, 15 June 2024**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Peak Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO PARTICIPATE IN AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**