

Quarterly Activities Report and Appendix 5B

September 2024 Quarter

Peak Rare Earths Limited (**ASX:PEK**) ("**Peak**" or the "**Company**") continued to make strong progress towards the development of its Ngualla Rare Earth Project ("**Ngualla Project**") during the September Quarter ("**Quarter**") with the following recent milestones and events occurring:

- Progressing co-operation with Shenghe on a proposed investment, funding and development solution for the Ngualla Project
- Reconfiguring the layout of the Ngualla Project to better optimise the enlarged Special Mining Licence area
- Progressing land resettlement and compensation
- Advancing early and enabling works
- Appointing a Project Director to oversee the development of the Ngualla Project
- Progressing a sale process on the Teesside site
- Continuing phosphate co-operation with Minjingu
- Improving rare earth prices

Shenghe transaction update

On 24 July 2024, Peak announced the signing of a non-binding Term Sheet (Shenghe Term Sheet) with Shenghe Resources Holding Co., Ltd. (Shenghe) covering an integrated investment, funding and development solution for the Ngualla Project. This represents a significant de-risking milestone for the Ngualla Project and positions it as the only rare earth development project globally with a complete offtake, development and funding solution.¹

As part of a fully funded solution, Shenghe is to invest ~A\$96m to subscribe for a 50% interest in Peak's wholly owned subsidiary, Ngualla Group UK Limited (NGUK), which holds an 84% interest in Mamba Minerals Corporation Limited (Mamba Minerals) and an effective 84% interest in the Ngualla Project. The difference between the Ngualla Project's total development cost and Shenghe's NGUK investment of ~A\$96m is to be funded via a Shenghe arranged debt facility, which is expected to be on terms more favourable than a

¹ 1 See 24 July 2024 ASX Announcement – Signed Term Sheet with Shenghe for A\$96m Investment and Fully Funded Project Solution for Ngualla.

typical international project financing facility. Upon completion, Peak will not have to contribute any further development equity to the Ngualla Project.

Other key elements of the agreed Term Sheet include:

- Collaboration on further optimisation and cost reduction opportunities;
- Shenghe to have a 55% share of NGUK net earnings or losses after tax for the first 5 years following the commencement of commercial production;
- Each party to appoint two Directors to the NGUK Board, with Peak retaining a casting vote;
- Each party to appoint a Director to Mamba Minerals Board, with voting to be in accordance with NGUK instructions;
- An extension of the existing standstill restrictions limiting Shenghe to a 19.9% interest in Peak to 30 September 2027; and
- An industry standard right of first refusal mechanism.

Completion of the NGUK investment is subject to the following conditions precedent:

- Shenghe being awarded an EPC, EPCM or EPS contract to develop the Ngualla Project;
- Shenghe arranging an actionable project funding solution that supports the economic feasibility and a Final Investment Decision for the Ngualla Project;
- Shenghe and Peak shareholder approval (under ASX Listing Rule 10.1); and
- Chinese regulatory approvals.

Since the signing of the Shenghe Term Sheet, significant progress has been made with respect to the following:

- Transaction documentation – negotiation and drafting of legally binding agreements have been substantially progressed (covering a Subscription Agreement, Shareholders Agreement and Articles of Association); and
- Confirmatory due diligence – in support of Shenghe's regulatory and shareholder approval processes, Shenghe and its legal, accounting and valuation advisers have been completing a confirmatory due diligence exercise. This has extended to the review of a virtual data room and visits to Mamba Minerals office in Dar es Salaam and the Ngualla Project.

Peak and Shenghe are targeting to satisfy all conditions precedent, complete the transaction and reach a Final Investment Decision by the end of the March Quarter 2025.

Reconfiguration of the Ngualla Project

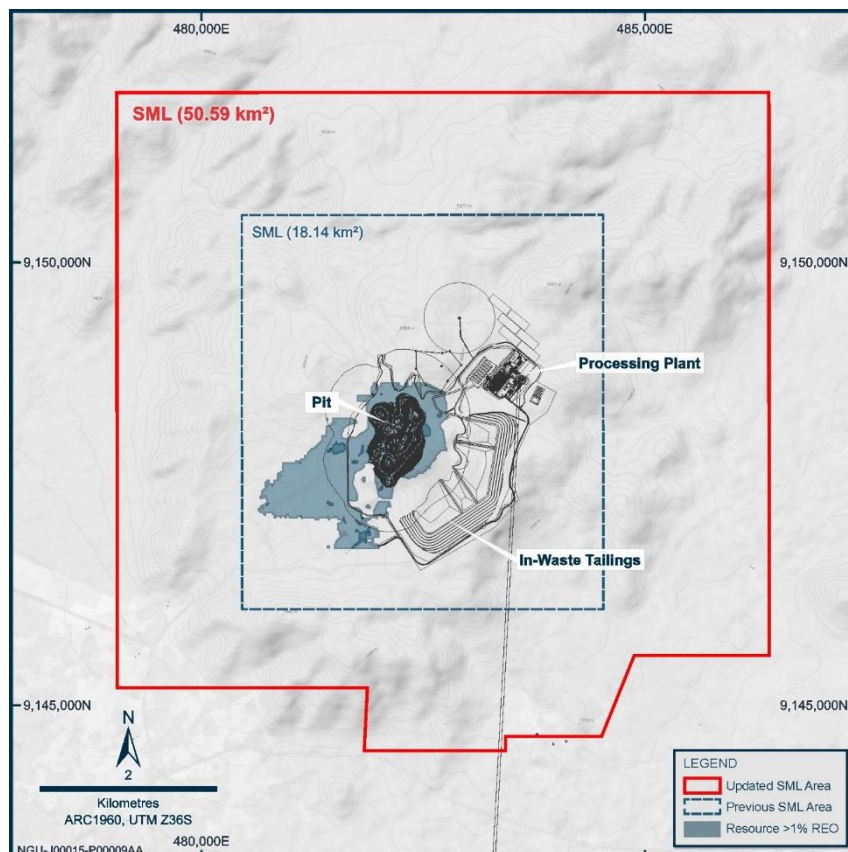
The Ngualla Project Special Mining Licence (“SML”) area was expanded from ~18km² to 51km² in April 2024. During the Quarter, the planned layout of the Ngualla Project was reconfigured to optimise the enlarged area. This entailed the relocation of the Tailings Storage Facility (“TSF”), Processing Plant, Power Plant (including solar arrays), Administration Buildings and Storage Facilities from the top of Ngualla Hill to flatter areas within the enlarged SML.

Key benefits of the reconfigured project layout include:

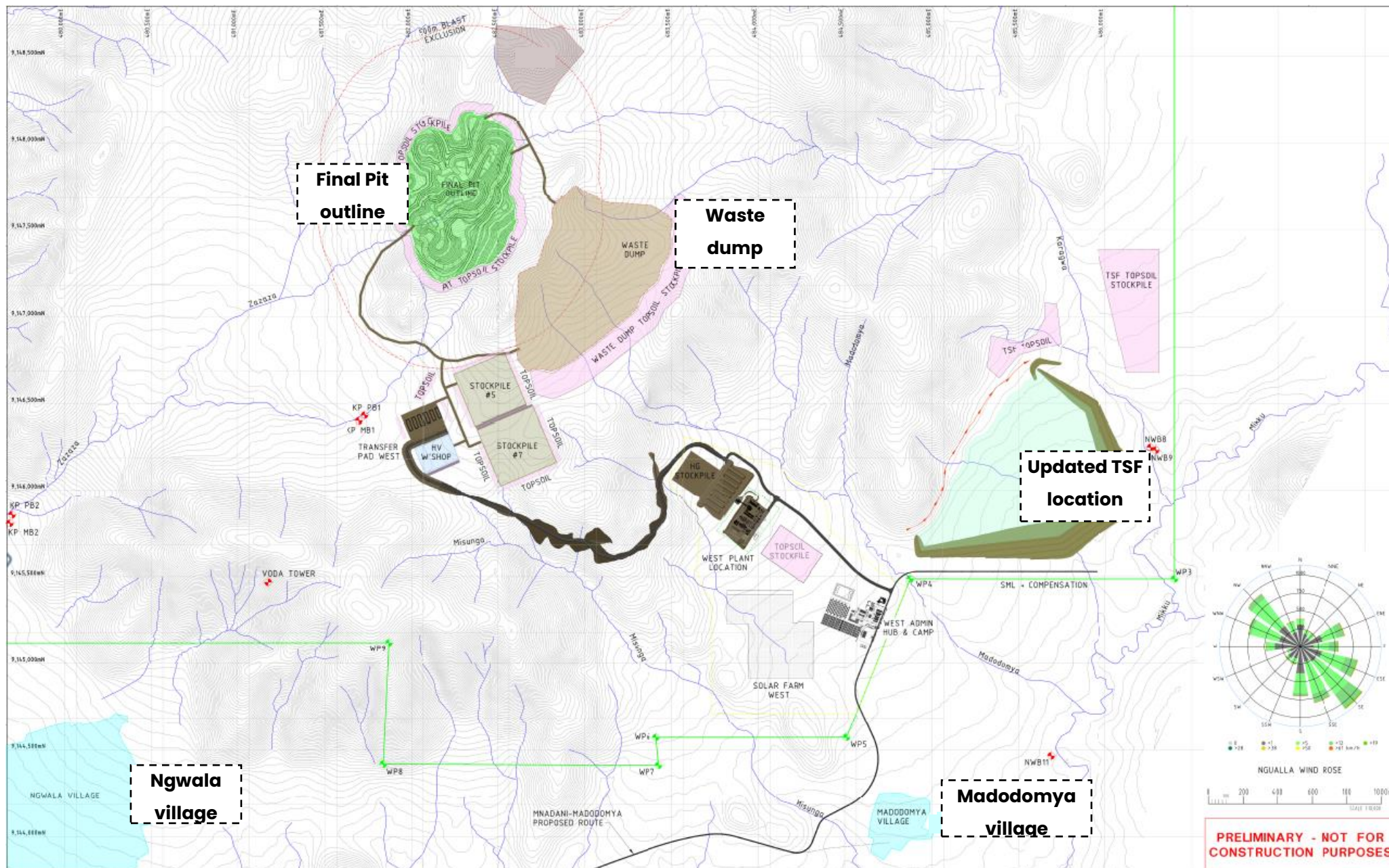
- A substantial reduction in bulk earthworks;
- Reduced pumping costs (better use of natural gravity);
- Enhanced solar insolation (for the power plant);
- Improved safety of the TSF;
- Reduced trucking costs and vehicle traffic up the Ngualla Hill, and
- Greater land availability for future expansions.

The previous and optimised project layouts are set out in the figures below.

Previous Ngualla Project layout



Optimised Ngualla Project layout



Cost and optimisation study

As part of a Cost and Optimisation Study, a series of opportunities were identified earlier in the year that included the following:

- Building relocation and layout optimisation;
- Optimisation of contract packages;
- Deferral of new airstrip – by remediating the existing airstrip;
- Increased plant availability;
- Re-scope buildings and storage facility; and
- Adopting more competitive tendering solutions – including reductions in logistics and power costs.

Since the signing of the Shenghe Term Sheet the following additional optimisation opportunities were identified:

- Reconfiguration of the project layout;
- Potential adoption of a single stage flotation process;
- Redesign of the processing plant; and
- Adoption of lower cost plant, equipment and engineering solutions.

Land compensation and resettlement

Significant progress was made with respect to land compensation and resettlement activities during the Quarter. This included community and individual consultations, compensation negotiations and the development of a Resettlement Action Plan (“RAP”) in compliance with Tanzanian laws and IFC performance standards. The RAP and compensation schedules are targeted to be finalised and approved by the Government of Tanzania by the end of December 2024.

Early and enabling works update

During the Quarter, significant progress was made on advancing the following early and enabling works:

- Maintenance and enhancements to the Southern Access Road;
- Completing borehole drilling;
- Planning around the expansion of the existing airstrip;

- Installing air quality monitoring station;
- Developing borrow pits and quarries;
- Progressing geophysical surveys; and
- Advancing approvals for the airstrip works and TSF relocation.

More recently, a Tanzanian engineering firm has been engaged to commence the following early mining activities at site:

- Upgrading of the mine site access track;
- Establishing an equipment laydown area;
- Developing a track to the planned mine pit area; and
- Preparing the first pit stage area for mining.

Teesside sale process

A sales process is underway with respect to Peak's Teesside site in the United Kingdom.

The Teesside site was originally secured to support the development of a rare earth. However, it is no longer core given:

- The adoption of a sequenced development strategy entailing the initial development of the Ngualla Project as a standalone high-grade concentrate project; and
- A longer-term intention of developing Tanzanian downstream operations, including a Mixed Rare Earth Carbonate ("MREC") facility

The freehold title over the Teesside site was acquired from Homes England in March 2024 and followed the exercise of a £1,858,712 option to enter a 250-year lease in May 2021.

Since entering into the option agreement in July 2018, the broader Teesside area has established itself as an emerging green energy hub.

The site is strategically positioned within the Teesside designated freeport and within 3km of the deep-water Teesport. It also benefits from existing access to reliable competitively priced power, utilities and services.

Proceeds from the sale of the Teesside site would provide Peak with additional funds to progress its pre-FID costs and working capital requirements.

Key management changes



The Mamba Minerals management team was further strengthened during the Quarter with appointment of Johan Coetzee as Project Director. Johan has over 25 years of mining project development experience and has a strong track-record in successfully delivering large-scale mining projects within Africa. In his most recent role, Johan led the successful restart of Paladin Energy's Langer Heinrich Uranium Project in Namibia. He has also held senior roles within Exxaro Resources, Anglo-American and Komoto Copper.

During the Quarter, Lello Galassi, Head of Development and Operations, resigned for health reasons and Ray Anguelov, Head of Technical Services, ceased employment. We would like to thank Lello and Ray for their substantial contribution to Peak, Mamba Minerals and the Ngualla Project.

Critical minerals exploration

The Ngualla Project's critical minerals exploration and development programme was further progressed during the Quarter. Collaboration with Minjingu Mines and Fertiliser Limited continued with bulk phosphate samples sent to India to support further flowsheet testwork and extend the preliminary analysis undertaken at their Tanzanian laboratory. Discussions were also progressed with several strategic parties around potential co-operation on the development of a fluorspar project.

Investor relations initiatives

Peak attended and presented at the Africa Down Under Conference held in Perth in September 2024.

The conference had a significant Tanzanian presence, with key delegates including the Minister of Minerals, Hon. Anthony Mavunde, the High Commissioner to Australia, His Excellency, Baraka Luvana and Mining Commissioner, Dr. Abdul Mwanga.



Mamba Minerals CEO, Ismail Diwani, Peak CEO, Bardin Davis, Tanzanian Minister for Minerals, Hon. Anthony Mavunde and Mining Commissioner, Dr. Abdul Mwanga

A number of equity research reports were published during the Quarter, including:

- **Canaccord Genuity** – published a note covering the Shenghe Term Sheet on 25 July 2024;
- **MST Financial** – published a note ‘Shenghe Gets on Board at Ngualla’ on 31 July 2024;
- **Orior Capital** – published a note ‘Deal with Shenghe and fully funded solution furthered-de-risks Ngualla Rare Earth Project’ on 6 August 2024.

Copies of the MST Financial and Orior Capital research reports can be accessed on Peak’s website <https://peakrareearths.com/broker-research/>.

Electric vehicle sales

Project Blue estimates that over the past 12 months to September 2024 EV sales increased by 35%, while NdFeB consumption in automotive applications increased by around 24%².

During the Quarter, the United States Department of Energy announced US\$1.7 billion to be awarded in support of converting at-risk auto manufacturing facilities to electric vehicles manufacturing facilities, while the United States Government awarded \$521 million in grants for electric vehicle charging infrastructure. The United Kingdom Government introduced a £44.5 million funding package to enhance zero-emission vehicle technologies, and India commenced preparations for its third iteration of the Faster Adoption and Manufacturing of Electric Vehicles Scheme.

**Each NEV unit represents an additional +1kg of incremental demand for NdPr Oxide.
Peak's proposition is well positioned to help meet this increasing demand**

Pricing Update

Rare earth prices rose sharply during the Quarter from June 2024 lows as a consequence of strong seasonal Chinese purchasing in August and September 2024 ahead of the Mid-Autumn festival and a retention of existing smelting and separation quotas. The NdPr Oxide price increased over the Quarter from US\$51.9/kg to US\$60.8/kg.

Since the end of the Quarter, rare earth prices have remained stable. As at the 15 October 2024, the NdPr Oxide price was US\$60.0/kg.

² Based on data provided by Project Blue, October 2024

NdPr Oxide Prices China in US\$/kg through to 15 October 2024



Source: Asian Metal (China Domestic)

Forward-Looking Statements

This announcement may contain forward-looking information and prospective financial material, which is predictive in nature and may be affected by inaccurate assumptions or by known or unknown risks and uncertainties and may differ materially from results ultimately achieved. Such forward-looking statements, are the expectations or beliefs of the Company based on information currently available to it. Where such a reference is made, it should be read subject to this cautionary statement

CORPORATE

Cash at Hand and Securities Information as at 30 September 2024

ASX: PEK

Cash at hand: \$3.6 million

Ordinary Shares on Issue: 266.4 million

52-week range: \$0.175 – \$0.450*

**Unlisted Performance Rights
outstanding:** 12.7 million[#]

Market Cap: \$50.6m (at \$0.190/share)

Liquidity: 167k shares per trading day
(average over 3 months**)

* From 1 October 2023 to 30 September 2024 on ASX **Average from 1 July 2024 to 30 September 2024 on ASX.

[#] Subject to performance vesting criteria.

Additional Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) attached for the period ending 30 September 2024 provides details of the Company's financial activities.

The Quarterly operating expenditure included \$0.158 million to related parties, being executive and non-executive directors' remuneration.

The exploration, evaluation or development expenditure during the September Quarter totalled \$2.109 million, which was predominantly incurred on engineering studies, early works, testwork, and geological evaluation.

The closing cash and cash equivalents balance as at 30 September 2024 was \$3.6 million.

Summary of Mining Tenements and Areas of Interest

As at 30 September 2024.

Project	Tenement	End of Jun 2024 Quarter	End of Sep 2024 Quarter	Status	Arrangements / Details
Ngualla	Special Mining Licence 693/2023	100%	100%	Granted	Held by 84% Tanzanian subsidiary company, Mamba Minerals Corporation Ltd

**The licence held is located in the Songwe Region of the United Republic of Tanzania.*



This announcement has been authorised for release by the Chief Executive Officer.

DIRECTORS**Executive Chairman – Russell Scrimshaw****Non-Executive Director – Hon. Abdullah Mwinyi****Non-Executive Director – Shasha Lu****Non-Executive Director – Ian Chambers****Non-Executive Director – Nick Bowen****Non-Executive Director – Hannah Badenach****SENIOR MANAGEMENT****Chief Executive Officer – Bardin Davis****Company Secretary / Chief Financial Officer – Philip Rundell****ASX:PEK****Peak Rare Earths Limited**

Level 9, 190 St Georges Terrace, Perth, WA 6000

PO BOX 7362, Cloisters Square, WA 6850

ASX: PEK**ACN: 112 546 700****Telephone: +61 8 9200 5360****Email: info@peakrareearths.com****Website: www.peakrareearths.com**

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

PEAK RARE EARTHS LIMITED

ABN

72 112 546 700

Quarter ended ("current quarter")

SEPTEMBER 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(30)	(30)
	(b) development	(2,079)	(2,079)
	(c) production	-	-
	(d) staff costs	(876)	(876)
	(e) administration and corporate costs	(1,065)	(1,065)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	66	66
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (GST/VAT and other taxes)	(20)	(20)
1.9	Net cash from / (used in) operating activities	(4,004)	(4,004)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(21)	(21)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(21)	(21)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,626	7,626
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,004)	(4,004)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(21)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,601	3,601

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,101	2,626
5.2	Call deposits	1,500	5,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,601	7,626

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	158
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other – Bank Guarantee (Office Lease)	64	64
7.4	Total financing facilities	64	64
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,004)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,004)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,601
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,601
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.90
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The Company is intending to pursue a capital raising during the December Quarter. It is also progressing a sales process with respect to its non-core Teesside site in the United Kingdom	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer the Company's funding activities described at 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Print Name: Phil Rundell
Company Secretary

Date: 31 October 2024

Authorised by: the Audit Risk & Sustainability Committee
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.