



ASX Announcement 17 March 2025

Market Update

- **Significant progress has been made on finalising legally binding documentation with Shenghe to support an investment, development and funding solution for the Ngualla Project**
- **Peak and Shenghe are continuing to discuss remaining outstanding issues and the implications of recently announced draft Chinese rare earth regulations, including potential alternate transaction structures**
- **Given recent geopolitical developments, there is increasing recognition of the strategic importance of world-class critical mineral projects like Ngualla**
- **The Teesside sale process is continuing to progress, with discussions underway with parties interested in both the full site as well as sub-divided plots**
- **Outlook for rare earths remains robust with NdPr oxide prices appreciating by ~27% since mid-March 2024**

Peak Rare Earths Limited (ASX: **PEK**) ("**Peak**" or the "**Company**") is pleased to provide an update to the market with respect to the following:

- Proposed Shenghe transaction;
- Other strategic options;
- Teesside sale process; and
- Outlook for rare earth prices.

Shenghe transaction update

Peak confirms that since signing a non-binding Term Sheet in late July 2024, it has made substantial progress with Shenghe Resources Holding Co., Ltd ("**Shenghe**") towards finalising legally binding transaction documentation that supports an integrated investment, funding and development solution for the Ngualla Rare Earth Project ("**Ngualla Project**")¹.

Peak and Shenghe are continuing to discuss several outstanding issues (that are not related to transaction valuation) and are also assessing the potential impact of a series of draft rare earth regulations published by the Chinese Ministry of Industry and Information Technology ("**MIIT**") on 19 February 2025. A public consultation process on these draft regulations is scheduled to finish on 21 March 2025.

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



ASX Announcement 17 March 2024

If implemented, these regulations could have a material impact on the Chinese rare earth sector. Key implications include:

- Greater oversight by MIIT and the National Development and Reform Commission;
- Limiting mining, refining and separation of rare earths in China to designated State Owned Entities and their affiliates;
- More stringent enforcement of mining, refining and separation production quotas; and
- Implementation of rare earth supply chain traceability systems.

Subject to the implementation of these regulations, Peak and Shenghe may consider alternate transaction structures that could support greater certainty and a superior outcome for both companies and their shareholders.

Peak will provide an update on the timing of a Final Investment Decision ("**FID**") once transaction documentation has been finalised and executed or an alternate transaction structure has been agreed.

Strategic importance of the Ngualla Project

Following recent geopolitical developments, there is increasing recognition of the strategic importance of world-class critical mineral projects like the Ngualla Project.

The Ngualla Project's key points of differentiation and strategic appeal include:

- **World class deposit** – high-grade bastnaesite ore (TREO – 4.8% and NdPr –1.02%) with low levels of radionuclides²;
- **Multi-generational project** – an initial +24-year life of mine supported by JORC compliant Ore Reserves, which account for less than 20% of Mineral Resources;
- **World-scale production** – average projected production of 16.2ktpa of high-grade rare earth concentrate containing 3.6ktpa of NdPr Oxide over its life of mine³;
- **Key licences in place** – including a Special Mining Licence and a binding Framework Agreement with the Government of Tanzania;
- **Technically de-risked** – with completed studies including a Bankable Feasibility Study ("BFS"), BFS Update and Front-End Engineering & Design ("FEED") Study;
- **Low-cost structure** – at the current NdPr Oxide price, the Ngualla Project has an All-in Sustaining Cost ("**AISC**") of US\$17.9/kg, which would support a net margin of ~21%⁴;

² Based on Ore Reserves. See 24 October 2022 ASX Announcement "Completion of the Ngualla Project BFS Update"

³ Based on FEED Study for the Ngualla Project released on 30 November 2023

⁴ See 30 November 2023 ASX Announcement "Ngualla Rare Earth Project, Completion of FEED Study"



ASX Announcement 17 March 2024

- **Compelling value proposition** – NPV_(8% real) of A\$316m based on a flat NdPr Oxide price of US\$100/kg and before factoring in the benefits of the recent identification of further cost reduction and optimisation opportunities⁵; and
- **Significant exploration and development upside** – including rare earths as well as other critical minerals including phosphate, fluor spar and niobium.

Peak is continuing to explore all options to maximise shareholder value and to retain optionality where a transaction with Shenghe cannot be structured to adequately protect Peak's interests and address any potential negative impact of the proposed Chinese rare earth regulations.

Teesside sale process

Peak is continuing to progress its sale process over its 49-acres Teesside in the United Kingdom with discussions underway with parties that are interested in both the full site as well as smaller sub-divided plots.

Outlook for rare earths

The outlook for rare earths remains robust and aligned with rapid growth in electric vehicles, green energy, electronics, power tools and robotics.

Since mid-March 2024, NdPr Oxide prices have appreciated ~27% from US\$48.3/kg to US\$61.4/kg. This can be attributable to stronger demand and expectations of greater supply side discipline under the new proposed Chinese rare earth regulations.



Source: Asia Metals

⁵ See 30 November 2023 ASX Announcement "Ngualla Rare Earth Project, Completion of FEED Study"



ASX Announcement 17 March 2024

This announcement is authorised for release by the Company's Executive Chairman and Chief Executive Officer.

Bardin Davis

Chief Executive Officer

Media inquiries:

Michael Vaughan

Fivemark Partners

+61 422 602 720



ASX Announcement 17 March 2024

Compliance Statement

This announcement references the Company's ASX announcements dated 24 October 2022 "Completion of Ngualla Project BFS Update" and 30 November 2023 "Completion of FEED Study" which are available to view on <https://www.peakrareearths.com/announcements/>. The Company confirms that at this time it is not aware of any new information or data that materially affects the information included in the relevant announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed, save that (i) the 30 November 2023 announcement "Completion of FEED Study" provides new information and updates to estimates in the 24 October 2022 "Completion of the Ngualla Project BFS Update" and (ii) the change to the rare earths price assumptions as set out in the December 2023 Quarterly Activities Report and Review of Operations Section of the December 2023 Half-Year Financial Report. The Company further confirms that at this time the form and context in which the Competent Person's findings presented in the reserve and resource estimates announcements have not been materially modified from the original market announcements.

Ore Reserve (October 2022)¹

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 (February 2016)

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%	4,620

¹Ore Reserve is based on Ngualla's 'Weathered Bastnaesite Zone' which will be the initial target for mining. Based on the following rare earth oxide prices (net of payability): Neodymium US\$49.6/kg, Praseodymium US\$46.8/kg, Lanthanum US\$0.7/kg, Cerium US\$0.8/kg, Samarium US\$1.1/kg, Europium US\$15.9/kg, Gadolinium US\$20.0/kg, Terbium US\$666.4/kg, Dysprosium US\$205.2/kg, Holmium US\$69.0/kg, Erbium US\$18.1/kg, Ytterbium US\$8.1/kg, Lutetium US\$403.8/kg and Yttrium US\$3.2/kg