

Quarterly Activities Report and Appendix 5B

June 2022 Quarter

HIGHLIGHTS

Peak Rare Earths Limited (“Peak” or the “Company”) continues to progress the development of its integrated Ngualla – Teesside Rare Earth Project (“Project”) with the following events occurring during the June Quarter:

- Russell Scrimshaw to be appointed Executive Chairman
- Progress on finalising the Framework Agreement
- BFS Update nearing completion
- Continued progress on marketing and offtake
- Active engagement with financiers and prospective strategic partners
- Development of a Peak Purpose and Values statement
- Futureproof engaged to develop an ESG strategic roadmap and reporting framework
- European ban on new Internal Combustion Vehicles from 2035

Appointment of Executive Chairman

On 11 July 2022, Peak announced that Mr Russell Scrimshaw would be appointed Executive Chairman from 15 August 2022.

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



Russell Scrimshaw

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

Mr Scrimshaw's appointment is an exciting development for Peak. There has been a substantial amount of work done within the business over the last twelve months and his appointment comes at an exciting time for the Company. The timing of his appointment means Mr Scrimshaw will be able to make a significant contribution to the continuing efforts to unlock long term shareholder value.

Commenting on his appointment as incoming Executive Chairman, Russell Scrimshaw said:

"Peak has a tremendous opportunity to advance into one of the world's few independent integrated rare earth producers. I am excited to be joining the business at this time as we look to finalise the Framework Agreement for Ngualla, complete the Bankable Feasibility Study Update and execute offtake agreements to support project financing, and move into the project development phase."

With effect from Mr Scrimshaw's appointment, Peak's existing Non-Executive Chairman Tony Pearson will continue as Deputy Chairman and Managing Director Bardin Davis will now assume the role of Chief Executive Officer, stepping down from the Board to focus on his executive duties.

Framework Agreement Update

Framework Agreement negotiations with the Government of the United Republic of Tanzania in relation to the Ngualla Rare Earth Project are well advanced. As referenced in the Company's March Quarterly Activities Report, Peak has been progressing a refining solution for the Ngualla Project with the Tanzanian Government that seeks to meet Peak's strategic and financial objectives and the Tanzanian Government's objectives to maximise value-addition and financial benefits to the country.

Peak is preparing for an upcoming meeting with the Special Presidential Government Negotiating Committee and is hopeful that finalisation and signing of the Framework Agreement will occur shortly thereafter.

Bankable Feasibility Study Update

Significant progress has been made on the Bankable Feasibility Study Update during the June Quarter.

Key activities progressed during the Quarter included the following:

- Process Flow Diagrams (PFDs) and mass balances;
- Commissioning an independent market study for NdPr Oxide by leading intelligence provider Adamas;
- A solar-battery-diesel hybrid power plant design concept at Ngualla;
- A renewable energy study at Teesside;
- Completion of an updated Environmental and Social Impact Assessment (ESIA) at Ngualla and subsequent renewal of Peak's Environmental Certificate by the National Environmental Management Council within Tanzania; and
- Hazard Identification Studies (HazID) for both the Ngualla Rare Earth and Teesside Refinery projects.

Given inflationary pressures that are impacting the global mining sector, Peak is continuing to evaluate various cost optimisation opportunities to assist in mitigating capital expenditure and operating cost pressures.

It is expected that the Bankable Feasibility Study Update will be finalised and released to the market in the second half of August 2022.

Marketing and Offtake Progress

Peak is continuing to make strong progress with respect to its "go-to-market strategy" with offtake arrangements advancing with key target customers in Japan, South Korea and Europe.

Peak has received strong expressions of interest from offtake customers and is progressing Memorandum of Understanding ("MOU") negotiations that cover approximately 70% of the annual projected NdPr Oxide production from Peak's Ngualla project.

Discussions have also commenced on one major binding offtake agreement covering approximately one-third of Peak's expected annual NdPr Oxide production.

Offtake MOU's will provide the framework for ongoing collaboration and further binding Offtake and Supply Agreements, which are scheduled to be finalised prior to a Final Investment Decision.

Financing and strategic partnerships

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

In conjunction with project and debt financing initiatives, Peak has also been engaging with several strategic parties that have expressed interest in securing a project level investment in the Ngualla Rare Earth Project and/or Teesside Refinery. Such investments could be used to limit Peak's equity funding requirements.

Engagement of ESG reporting adviser

Futureproof Sustainability has been engaged by Peak to provide advice on the development of an Environmental, Social and Governance ("ESG") strategic roadmap and reporting framework.

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

Peak's purpose and values

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

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

Purpose Statement:

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

Values Statement:

"At Peak Rare Earths, we act with Integrity to achieve our Purpose and to ensure the Safety, Health and Wellbeing of our people and communities.

We are Accountable to our shareholders, employees and stakeholders to deliver and operate our assets by employing a Sustainability ethos and a Progressive mindset. "

Values:

1. **Integrity** – speaks to ethics, transparency & adherence to ABC
2. **Safety, Health & Wellbeing** – speaks to commitment to safety best practice and the health and wellbeing of the team
3. **Accountability** – speaks to reliability, trust and responsibility

4. **Sustainability** – speaks to long-term sustainability ethos
5. **Progressive** – speaks to innovation, diversity, new technologies, commitment to continuous improvement, empowerment, and speaking-up

We believe that these concepts are well captured in the Swahili phrase "*Kazi Wajibu Utu*", which reflects the themes of "*Work, Responsibility and Humanity*".

Electric Vehicle Sales

Global EV production continued to grow strongly through the June Quarter of 2022. Adamas Intelligence estimates that between May 2022 and the corresponding month in 2021 that global passenger EV sales increased by 34%, global motor power deployed in all newly sold passenger EVs increased by 50% and NdFeB consumption in passenger EV traction motors and generators increased by around 51%.

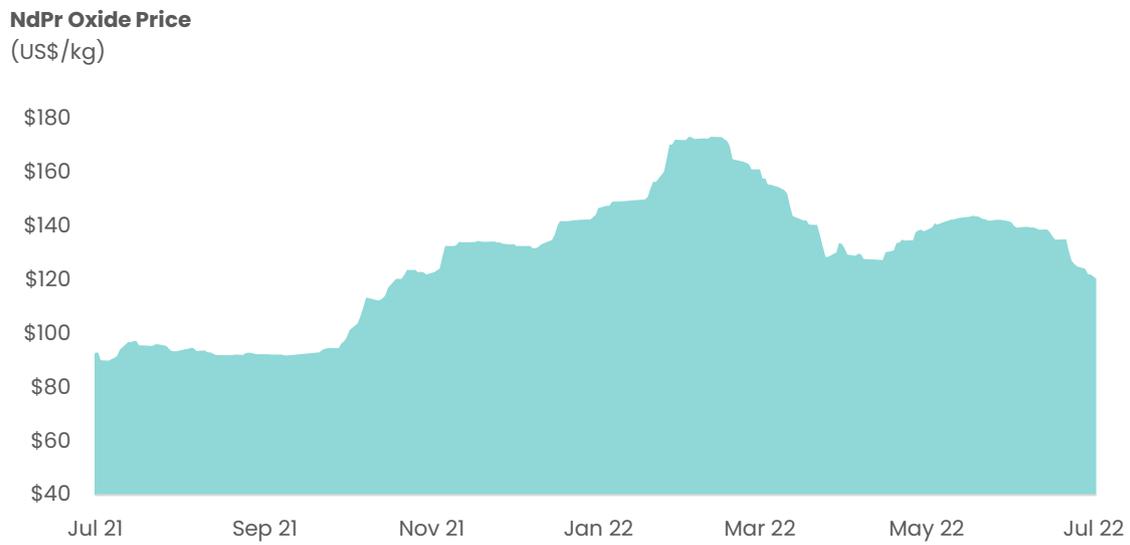
During the quarter the European Parliament also voted to ban new Internal Combustion Engine ("ICE") vehicles from 2035 onwards. Over 30 countries as well as dozens of states and cities have now committed to the complete phasing-out the sale of new ICEs by this date. The growing global shift towards green energy and decarbonisation continues to underpin strong demand for NdPr Oxide.

On 21 July 2022 Ford Motor Company confirmed its commitment to a sales target of 600,000 EVs by 2023 and 2 million EVs by 2026. It also announced projections of an EV compound annual growth rate of more than 90% through to 2026.

**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

NdPr Oxide prices decreased over the June Quarter finishing the quarter at US\$139.33/kg, having started the quarter at US\$152.17/kg. Prices have decreased since the end of the June Quarter and closed at US\$120.63 /kg on 22 July 2022. As at this date calendar year-to-date average NdPr Oxide price was US\$145.16/kg.

NdPr Oxide Prices China in US\$/kg over the 12 months ended 22 July 2022

Source: Asian Metal (China Domestic)

CORPORATE

Cash at Hand and Securities Information as at 30 June 2022

ASX: PEK

Cash at hand: \$9.479 million

Ordinary Shares on Issue: 207.3 million

52-week range: \$0.30 – \$1.55*

Unlisted Options outstanding: 1.059 million (exercise prices A\$0.30 to A\$1.50)[†]

Market Cap: \$61m (at \$0.30/share)

Unlisted Performance Rights

Liquidity: 330k shares per trading day

outstanding: 3.833 million[#]

(average over 3 months^{**})

* From 1 July 2021 to 30 June 2022 on ASX on a post the Dec 2021 securities consolidation basis ** Average from 1 April 2022 to 30 June 2022 on ASX.

[†] Some subject to milestone and continuing service vesting criteria [#]subject to performance vesting criteria

Additional Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) attached for the period ending 30 June 2022 provides details of the Company's financial activities.

The Quarterly operating expenditure included \$0.167 million to related parties, being executive and non-executive directors' remuneration.

The exploration, evaluation or development expenditure during the June Quarter totalled \$2.630 million and included \$0.358 million for the Ngualla access remedial roadworks and \$2.053 million on the BFS Update.

The closing cash and cash equivalents balance as at 30 June 2022 was \$9.479 million.

Summary of Mining Tenements and Areas of Interest

As at 30 June 2022.

Project	Tenement	End of March 2022 Quarter	End of June 2022 Quarter	Status	Arrangement/Comment
Mikuwo	PL 9157/2013	100%	N/A	Expired	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Mlingi	PL10897/2016	100%	100%	Granted	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd
Ngualla	SML/00601/2017	100%	100%	Cabinet approval, pending formal grant	Held by 100% Tanzanian subsidiary company PR NG Minerals Ltd

**All tenements held are located in the Songwe Region of the United Republic of Tanzania.*

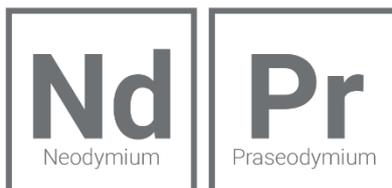


This announcement has been authorised for release by the Chief Executive Officer.

DIRECTORS**Non-Executive Chairman – Tony Pearson****Non-Executive Director – Hon. Abdullah Mwinyi****Non-Executive Director – Giselle Collins****Non-Executive Director – Giles Stapleton****Chief Financial Officer/Company Secretary – Philip Rundell****ASX:PEK****Peak Rare Earths Limited**

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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")

30 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(2,630)	(6,136)
(c) production	-	-
(d) staff costs	(600)	(2,499)
(e) administration and corporate costs	(899)	(3,320)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
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)	(99)	(237)
1.9 Net cash from / (used in) operating activities	(4,225)	(12,183)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(12)	(230)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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 (12 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)	-	(64)
2.6	Net cash from / (used in) investing activities	(12)	(294)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	31,675
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	958	2,746
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,396)
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)*	-	(13,751)
3.10	Net cash from / (used in) financing activities	958	19,274

* The financing cash outflow reported at Item 3.9 of A\$13.751m relates to full repayment of a financing facility from ANRF Royalty Company Limited for a total of US\$9.979m.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,758	2,682
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,225)	(12,183)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(12)	(294)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	958	19,274

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	9,479	9,479

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	9,479	12,758
5.2	Call deposits	-	-
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)	9,479	12,758

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	167
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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)	(4,225)
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)	(4,225)
8.4 Cash and cash equivalents at quarter end (item 4.6)	9,479
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	9,479
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.24
<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: N/A	
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: N/A	

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: N/A

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: 29th July 2022

Authorised by: Audit & Risk 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.