Quarterly Activities Report and Appendix 5B

June 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 June Quarter ("**Quarter**") with the following recent milestones and events occurring:

- Signing a non-binding Funding and Development Term Sheet with Shenghe
- Satisfying remaining conditions precedent on a binding Offtake Agreement with Shenghe
- Signing a non-binding Debt Term Sheet supporting US$176.6m of debt
- Enlarging the Ngualla Special Mining Licence
- Commencing a Cost and Optimisation Study
- Advancing resettlement and land valuation activities
- Progressing early and enabling works
- Progressing key corporate social responsibility initiatives
- Advancing critical mineral development activities
- Commencing a sale process on the Teesside site
- Continuing growth in EV adoption

Signing of a non-binding Term Sheet with Shenghe

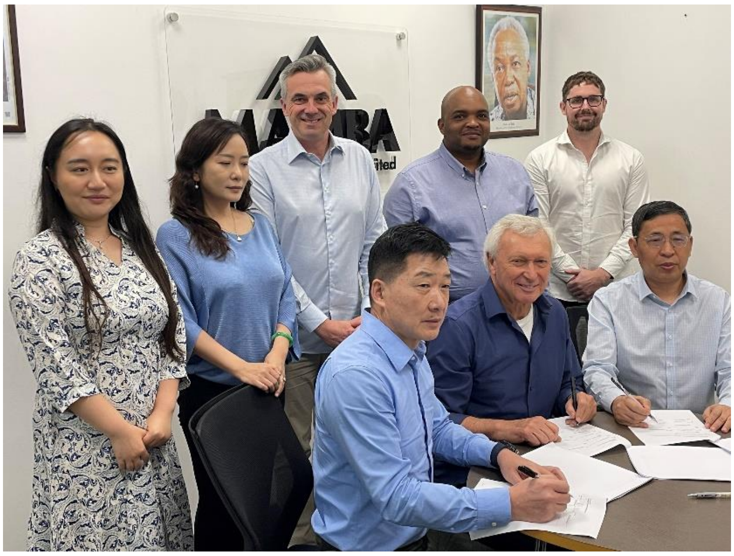
On 24 July 2024, Peak announced a signed non-binding Term Sheet ("Shenghe Term Sheet") with Shenghe Resources Holding Co., Ltd. ("Shenghe") covering an integrated investment, funding and development solution for the Ngualla Rare Earth Project ("Ngualla Project"). This represents a significant de-risking 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%

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

effective interest in the Ngualla Project. The difference between the Ngualla Project's total development costs 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 typical international project financing facility. Upon completion, Peak will not have to contribute any further development equity to the Ngualla Project.

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$2.0 billion. Its wholly owned subsidiary, Shenghe Resources (Singapore) Pte. Ltd. ("Shenghe Singapore"), holds an approximate 19.9% interest in Peak and appointed a Non-Executive Director to the Company's Board in December 2022. 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 7.7% 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$2.4 billion and Shenghe has been a supportive major shareholder through long-term offtake and historical technical and funding cooperation.



Deputy Chairman of Shenghe, Huang Ping, and Founder, Wang Quangen, sign the Term Sheet with Peak Chair, Russell Scrimshaw.

In the background, Managing Director of Shenghe Resources Overseas Development and Peak Director, Shasha Lu, Investment Manager of Shenghe Resources Overseas Development, Mona Xu, CEO of Peak, Bardin Davis, CEO of Mamba Minerals, Ismail Diwani and Peak Head of Corporate Development, Matt Horgan.

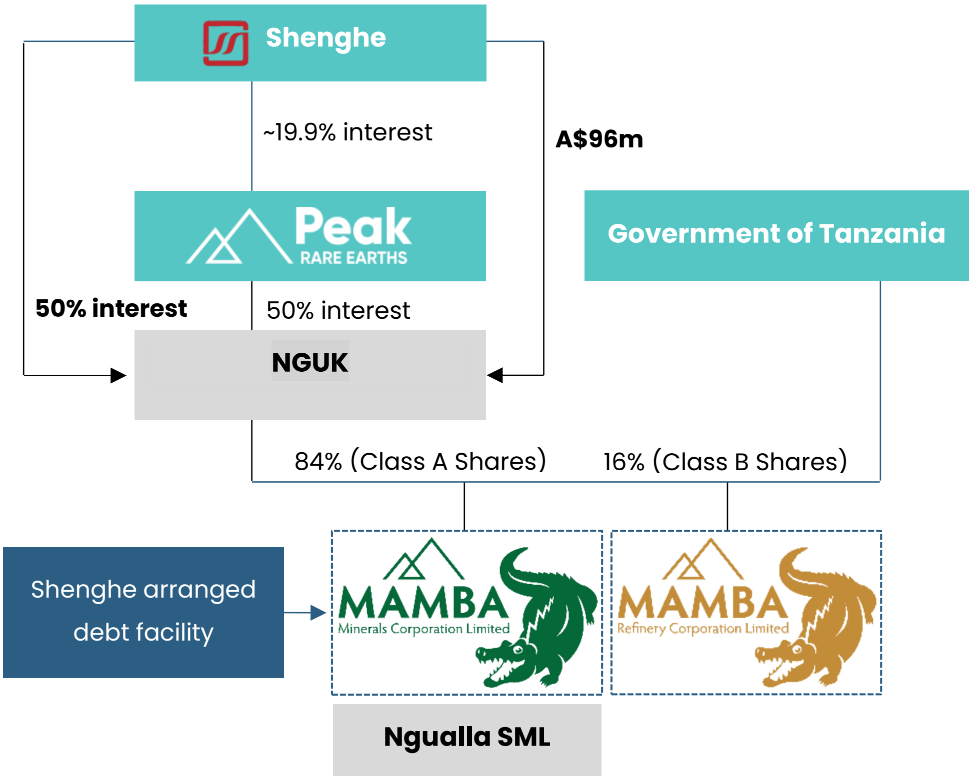
Term Sheet summary

Key elements of the Terms Sheet include:

- Shenghe to subscribe for a 50% interest in NGUK for ~A$96 million;
- Balance of Ngualla Project development costs to be funded by a Shenghe arranged debt facility;
- Shenghe to deliver a competitive and low-cost EPC, EPCM or EPS solution with incentive and penalty mechanisms to support a material reduction in capital costs and an expedited development schedule;

- Formation of a Joint Owner's Team to further optimise the project and reduce costs;
- 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.

Funding and investment structure



Completion of the NGUK investment remains conditional upon:

- Shenghe being awarded an EPC, EPCM or EPS contract;
- Shenghe delivers an actionable project funding solution; and
- Approvals from Chinese regulators as well as Peak and Shenghe shareholders.

Indicative timeline

Peak and Shenghe have agreed to work collaboratively to further optimise the Ngualla Project and to expedite its development and construction.

The following target timeline has been agreed:

- Finalise transaction documentation and execution – September 2024;
- Shareholder meetings to approve the transaction – October 2024; and
- Final Investment Decision – 31 December 2024.

Offtake Agreement Conditions Precedent satisfied

During the Quarter, the remaining conditions precedent for a binding Offtake Agreement with Shenghe Singapore were satisfied following approval by:

- Peak shareholders at a General Meeting on 17 June 2024; and
- The Tanzanian Mining Commission on 20 June 2024.

The Offtake Agreement provides the Ngualla Project with a complete offtake solution covering 100% of its rare earth production.[2]

Other points of attraction include:

- Take-or-pay structure;
- An initial 7-years term; and
- Subject to Ngualla developing downstream operations over the 7-year term, a minimum of 50% of any intermediate (i.e. MREC) or final separates rare earth oxides (i.e. NdPr Oxide).

Signing of non-binding Debt Term Sheet

Prior to the signing of the Shenghe Term Sheet, Peak had been progressing the potential of a South African led EPCM execution model supported by an international project financing facility.

In support of this alternate approach, Peak announced on 16 July 2024 the signing of a non-binding indicative Lenders Consortium Term Sheet, which underpinned aggregate debt of US$176.6m. It followed the announcement of the formation of the Lenders Consortium and indicative debt funding appetite on 29 April 2024[3].

Signatories to the Lenders Consortium Term Sheet were:

- Development Corporation of South Africa Limited ("IDC");

[2] See 9 August 2023 ASX Announcement – Executed Offtake Agreement and Strategic MOU with Shenghe.
[3] See 19 April 2024 ASX Announcement – Ngualla Project Indicative Funding Appetite and 16 July 2024 ASX Announcement – Ngualla Project Signed Debt Term Sheet.

- The Development Bank of Southern Africa ("DBSA");
- CRDB Bank PLC Tanzania;
- NMB Bank PLC; and
- An East African commercial bank.

The Export Credit Insurance Corporation of South Africa SOC Limited ("ECIC") also confirmed indicative appetite to provide political and commercial risk insurance cover to support part of the senior debt tranche.

Key elements of the term sheet included:

- A two-tranche, senior secured project finance facility incorporating:
    - a covered tranche supported by political and commercial risk assurance, and
    - an uncovered tranche (consisting of both USD and Tanzanian Shillings)
- Total debt of US$176.6m;
- Facility tenor of up to nine years including a grace period for construction and ramp up;
- Provision for a cost overrun facility; and
- Market standard debt covenants.

Following the signing of the Shenghe Term Sheet, it is expected that a Shenghe arranged debt facility will be on terms more favourable than those included in the Lenders Consortium Term Sheet. Accordingly, Peak's primary focus will be to work with Shenghe on finalising an attractive and actionable debt facility. Peak wishes to extend its gratitude to all members of the Lenders Consortium for their interest and hard work.

Cost and Optimisation Study

At the time of completing a Front-End Engineering and Design ("FEED") Study for the Ngualla Project, further optimisation and cost reduction opportunities were identified[4].

Following the enlargement of the Special Mining Licence ("SML") in April 2024 from ~18km^2 to 51km^2, an opportunity was also identified to reconfigure the layout of the project.

During the Quarter, a Cost and Optimisation Study was initiated to cover these and other potential optimisation opportunities including:

[4] See 30 November 2023 ASX Announcement – Ngualla Rare Earth Project Completion of FEED Study.

- **Building relocation and layout optimisation** – relocating buildings, plant and storage facilities from Ngualla Hill to flatter areas, reducing bulk-earthworks and required capex on the Plant Access Road;
- **Optimisation of contract packages** - including reducing unit rates via combining earth works, civils, quarry, tailings storage facility construction and mining;
- **Deferral of new airstrip** – by remediating the existing airstrip;
- **Increased plant availability** - revising plant availability from 80% to 88% based on a peer benchmarking exercise;
- **Re-scope buildings and storage facility** - utilising lower cost local construction solutions, removing unnecessary coverings and reducing storage capacity; and
- **Adopting more competitive tendering solutions** – including reductions in logistics and power costs.

The Wood Group has been engaged to review these optimisation opportunities and to provide "bankable" cost and production estimates ahead of Peak's targeted FID in December 2024.

With the signing of the Shenghe Term Sheet, it is expected that Shenghe will also actively participate in the Cost and Optimisation Study going forward.

Advancement of resettlement and land valuation activities

Substantial progress was made on resettlement and land valuation workstreams during the Quarter.

Key activities progressed include:

- Engagement of a Tanzanian land valuer, Property Matrix, to support the co-ordination and delivery of an IFC compliant resettlement and compensation process;
- Meetings with the Songwe Region Land Commissioner and District Commissioner;
- Completion of a village land survey; and
- Advancement of building and asset compensation estimates.

Resettlement and land valuation activities are targeted to be finalised by October 2024, ahead of commencing a formal compensation process.

Land valuation and resettlement activities

Early and enabling works

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

- Upgrading IT, communications and safety systems;
- Connecting the Ngualla Camp to the TANESCO power grid;
- Constructing a weather and communications tower;
- Identifying and developing several borrow pits and quarries;
- Developing a new office building within the Ngualla Camp; and
- Commencing the extension of the existing airstrip.

New office building constructed at the Ngualla Camp

TANESCO power connection to the Ngualla Camp

Corporate Social Responsibility initiatives

A first aid training course for the local community was hosted at the Ngualla Camp during the Quarter. The course focused on the treatment of snake bites and the appropriate administering of antivenom with training provided by a medical specialist from Tindwa Medical and Health Services. Attendees included health personnel from the Ngwala health dispensary and the local prison dispensary.

Community first aid training

Critical minerals exploration programme

Continued progress was made on the critical minerals exploration and development programme at Ngualla.

Key activities undertaken during the Quarter include:

- Forming a joint project team with Minjingu Mines and Fertiliser Limited (Minjingu Mines) to focus on the potential development of phosphate at Ngualla, following the signing of a Development and Co-operation MOU in April;
- Delivery of a 500kg bulk composite phosphate sample to Minjingu Mines' laboratory in Tanzania; and
- Updating the geological concept model of the Northern Zone by SRK to include all recent drilling results.

More recently, field activities have re-commenced at site following the end of the Wet Season at Ngualla. The field work will initially focus on the Breccia Zone, where high-grade intercepts of fluorspar and rare earths were previously encountered. Planned near-term activities include:

- Detailed mapping;
- Soil and rock chip sampling; and
- Developing new trenches and extending existing trenches in high-priority areas.

Teesside sale process

Following strong inbound interest, Peak commenced a sale process for its Teesside site in the United Kingdom. A sale of the Teesside site would provide an additional source of capital for Peak.

Investor relations initiatives

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

- **Hallgarten + Company** – the Ngualla Project's high grade fluorspar mineralisation was referenced in their '*Model Resources Portfolio: Shipping Lanes Matter'* update on 8 July 2024;
- **MST Financial** - published an updated research note '*Strong Near-Term Catalysts*' on 24 June 2024 covering the potential sale of Teesside, the phosphate MOU with Minjingu Mines and Fertiliser and the Cost and Optimisation Study; and
- **Orior Capital** - published a research note '*Opportunities in Critical Minerals'* on 29 April 2024 focusing on the multi-commodity potential at Ngualla and the recent phosphate co-operation and development MOU with Minjingu Mines and Fertiliser.

Copies of these research reports can be accessed on Peak's website https://peakrareearths.com/broker-research/.

Canaccord Genuity also published a research note covering the Shenghe Term Sheet on 25 July 2024.

Electric vehicle sales

Project Blue estimates that between May 2024 and the corresponding month of 2023 that EV sales increased by 13%, while NdFeB consumption in automotive applications increased by around 10%.

During the Quarter, the European Union announced €424 million in support of new projects deploying alternative fuels infrastructure. On 11 July 2024 the United States Department of Energy announced the award of $1.7 billion to support the conversion of facilities to manufacture EVs. The Western Australian Government has also outlined an intention to provide $A200 million to support the EV transition.

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 increased slightly over the Quarter as the Chinese manufacturing sector remains subdued. NdPr Oxide prices increased over the Quarter from US$48.82/kg to US$49.61/kg.

Since the end of the Quarter, rare earth prices have remained stable. As at the 26 July 2024, the NdPr Oxide price was US$49.73/kg.

NdPr Oxide Prices China in US$/kg through to 26 July 2024

Source: Asian Metal (China Domestic)

Forward-Looking Statements

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

Compliance Statement

This announcement references the ASX announcement dated 30 November 2023 "Completion of Feed Study", which is available to view on https://www.peakrareearths.com/announcements/. Other than as set out in the December 2023 Quarter Activities Report and the Review of Operations in the December 2023 Half-Year Financial Report in respect to NdPr Oxide prices, the Company confirms at this time it is not aware of any other new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed.

CORPORATE

Cash at Hand and Securities Information as at 30 June 2024

ASX: PEK

Ordinary Shares on Issue: 265.9million

Unlisted Performance Rights outstanding: 13.2 million#

Cash at hand: $7.6 million

52-week range: $0.175 – $0.580*

Market Cap: $49.2m (at $0.185/share)

Liquidity: 387k shares per trading day

(average over 3 months**)

* From 1 July 2023 to 30 June 2024 on ASX **Average from 1 April 2024 to 30 June 2024 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 2024 provides details of the Company's financial activities.

The Quarterly operating expenditure included $0.162 million to related parties, being executive and non-executive directors' remuneration.

The exploration, evaluation or development expenditure during the Quarter totalled $1.269 million, which was predominantly incurred on engineering studies, early works, testwork, and geological evaluation.

The closing cash and cash equivalents balance as at 30 June 2024 was ~$7.6 million.

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

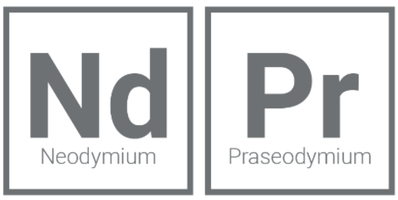
ASX: PEK

ACN: 112 546 700

Telephone: +61 8 9200 5360

Email: info@peakrareearths.com

Website: www.peakrareeaths.com



Appendix 5B

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

Name of entity

PEAK RARE EARTHS LIMITED

ABN	Quarter ended ("current quarter")
72 112 546 700	**JUNE 2024**

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	(67)	(1,281)
	(b) development	(1,202)	(9,129)
	(c) production	-	-
	(d) staff costs	(1,106)	(4,184)
	(e) administration and corporate costs	(817)	(3,920)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	68	620
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	385	385
1.8	Other (GST/VAT and other taxes)	89	42
1.9	**Net cash from / (used in) operating activities**	**(2,650)**	**(17,467)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(37)	(760)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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	-	1
	(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**	**(37)**	**(759)**

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	10,313	25,852
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,650)	(17,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(37)	(759)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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**	**7,626**	**7,626**

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	2,626	3,313
5.2	Call deposits	5,000	7,000
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)**	**7,626**	**10,313**

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	162
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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $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)	(2,650)
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)	(2,650)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,626
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,626
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.88

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.

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:

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:

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:	
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: 29 July 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.