

Quarterly Activities Report and Appendix 5B

December 2021 Quarter

HIGHLIGHTS

Peak Rare Earths Limited ACN 112 546 700 (“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 Quarter:

- Progress on Framework Agreement negotiations with the Tanzanian Government
- Commencement of repairs and improvements to the Ngualla Access Road
- Change of name to Peak Rare Earths Limited
- Implementation of a 10-into-1 share consolidation
- New research initiation report published
- Giles Stapleton appointed to the Board
- BHP investment in Kabanga Nickel
- Chinese sector consolidation
- COP26 and decarbonisation momentum
- Further appreciation in the NdPr Oxide price

Progress on Framework Agreement

Peak made substantial progress during the December Quarter in advancing negotiations with the Government of the United Republic of Tanzania (the “Government”) with respect to a Framework Agreement for the Ngualla Rare Earth Project (“Ngualla Project”).

Notwithstanding that the Ngualla Project Framework Agreement has not been finalised, Peak was an official guest of the Ministry of Minerals at a Mining Contract Signing Ceremony held on the 13 December 2021 in Dar Es Salam during which Framework Agreements were signed for a number of other mining projects.

The Chair of Peak, Tony Pearson, delivered a speech at the ceremony which referenced the significant progress that has been made in finalising the Framework Agreement and expressed the Company’s gratitude to the Ministry of Minerals for its constructive approach to the negotiations.

Further, the Permanent Secretary for the Ministry of Minerals stated during his speech that:

"PR NG and Government have completed negotiating and preparing documents"

In addition, Her Excellency Samia Suluhu Hassan, President of Tanzania, made the following comments during her speech:

"There is one company that was to sign today but they did not agree to the in-country value addition and refining point, hence the delay in signing. However, because there have been previous discussions and agreements on this and the timetable was already in place, I authorize the Ministry of Minerals to finalize and sign so that the project can start as soon as possible."

Following the positive comments of Her Excellency Samia Suluhu Hassan, there have been some changes to the composition of the Tanzanian Cabinet of Ministers and the replacement of several Permanent Secretaries that were announced on 8 January 2022. Within the Ministry of Minerals, Dr. Stephen Kiruswa has been appointed as Deputy Minister for Minerals and Adolf Ndunguru as Permanent Secretary. Peak would like to extend its congratulations to both individuals and looks forward to working with each of them to finalise the Framework Agreement and progress the Ngualla Rare Earth Project towards construction and development.



Peak Chairman Tony Pearson delivers a speech at the Mining Contract Signing Ceremony

Peak also has a senior team on-the-ground to support ongoing dialogue with the Government of Tanzania and to finalise a Framework Agreement for the Ngualla Rare Earth Project. This team comprises of the Hon. Abdullah Mwinyi (Non-Executive Director, Peak), Ismail Diwani (Country Manager, Peak), Patrick Rutabanziba (Senior Adviser to Peak and a former Permanent Secretary, Ministry of Energy & Minerals) as well as senior partners from leading Tanzanian legal and accounting firms. This team is in daily dialogue with Peak's Managing Director and Australian executive team on progressing an expedient finalisation of the Framework Agreement.

Ngualla Access Roadworks

During the December Quarter, Peak engaged a construction company to undertake major repairs and improvements to the 48km access road between the Ngualla Project and the town of Kininga. The roadworks will support safe and reliable year-round access to the Ngualla Project and the surrounding communities. The roadworks will also facilitate early project works that are targeted for the second half of Calendar Year 2022 (subject to the achievement of milestones).

A ceremony to mark the roadworks was held on the 10 January 2022. The guest of honour at the ceremony was Songwe Regional Commissioner Omary Mgimba. Other distinguished guests included the Member of Parliament for Songwe, the Songwe Regional Administrative Secretary, the Songwe District Commissioner, the Songwe District Executive Director, the Songwe District Administrative Secretary, officials from the Peace & Security Council, CCM Party leaders and approximately 50 officials from TANROADS, TARURA and other government departments.



Guest of honour Omary Mgimba cuts the ribbon at the recent ceremony marking the commencement of upgrades to the Ngualla – Kininga Road

The roadworks will significantly improve the livelihood of those within the Ngwala Village and surrounding communities and highlight the positive impact and the benefits that will flow to the community and region once the Framework Agreement is finalised and early works can proceed later in the year.

As at Friday 28 January 2022 the roadworks were approximately 88% complete.



Ongoing upgrades to the Ngualla - Kininga Road

Change in name to Peak Rare Earths

Following shareholder approval at the Company's Annual General Meeting ("AGM") held on 29 November 2021, Peak's name was changed from Peak Resources Limited to Peak Rare Earths Limited.

The name change was undertaken to better differentiate Peak and align it with the rare earths sector.

In conjunction with its name change, Peak has also launched a new website www.peakrareearths.com.

Implementation of capital consolidation

A capital consolidation entailing the conversion of every ten (10) securities into one (1) security was also approved at the AGM.

The rationale for the capital consolidation was to support a more appropriate and effective capital structure and a share price that would be more appealing to a broader range of investors.

The consolidation was completed on 10 December 2021 with trading on a normal T+2 basis commencing on 13 December 2021.

New Research Initiation Report

Broker research coverage of Peak is continuing to expand.

Petra Capital published a research initiation report on Peak on 30 November 2021.

This follows a research initiation report from Simon Francis from Orior Capital, which was released on 27 September 2021 and a research report from Fosters Stockbroking, which was released on 1 October 2021.

Peak is continuing to engage with other brokers around additional research coverage and hopes to be able to announce additional coverage soon.

Giles Stapleton Appointed to Board



Giles Stapleton was appointed to the Board of Directors following his election as a Non-Executive Director at the AGM.

Giles is a barrister at Ninth Floor Selborne Chambers in Sydney. His experience as a barrister extends across corporate, commercial, property, equity and family law. Giles also has extensive experience in banking, property and funds management and was previously Head of Investment Management at Valad Property Group where he was responsible for A\$900m of property funds.

BHP Investment in Kabanga Nickel

On 8 January 2022 BHP announced an investment of up to US\$90m in the Kabanga Nickel Project in Tanzania, representing a strong endorsement of the country by one of the world's largest mining companies. Under the agreement, BHP will earn up to 17.8% in the project in exchange for its US\$90m investment and will also invest a further US\$10m in green technology firm Lifezone to advance hydrometallurgical technologies to be used within the Kabanga Nickel Project.

Chinese Sector Consolidation

The formation of the China Rare Earth Group was announced on 23 December 2021 and entails a merger of Ganzhou Rare Earth Group with the rare earth operations of Chinalco and China Minmetals. Further consolidation of China's rare earth industry is rumoured and could involve its other three major producers being Northern Rare Earth, Xiamen Tungsten and Guangdong Rare Earths.

Peak believes that ongoing consolidation of the Chinese rare earth sector is likely to result in the following:

- Greater enforcement of production and export quotas in China;
- Increased market concentration supporting higher market prices;
- Rising concerns around security of supply and increased appetite for long-term offtakes; and

- Stronger rare earth funding appetite across Export Credit Agencies and Development Banks.

COP26 and decarbonisation momentum

The United Nations Climate Change Conference (COP26) was held in November 2021 in Glasgow with over 120 world leaders in attendance and 40,000 registered participants. Decarbonisation pledges and initiatives included:

- 100+ countries pledging to reduce methane emissions by 30% by 2030;
- 25+ countries pledging to phasing-out coal power; and
- 30+ countries as well as dozens of states and cities committing to phasing-out the sale of new internal combustion engines (ICE) vehicles by 2035.

The growing global shift towards green energy and decarbonisation technologies such as EVs and wind turbines continues to drive strong demand for NdPr Oxide.

Electric Vehicle Sales

Uptake of EVs has continued to increase rapidly through the December Quarter of 2021. Adamas Intelligence estimates that between November 2021 and the corresponding month in 2020 that global passenger EV sales increased by 57%, global motor power deployed in all newly sold passenger EVs increased by 69% and NdFeB consumption in passenger EV traction motors and generators increased by around 74%.

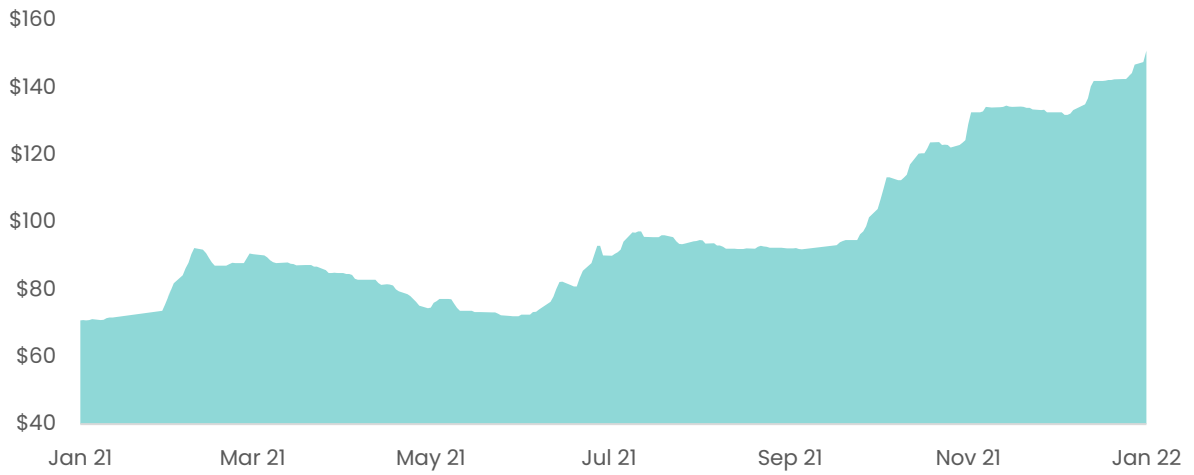
**Each NEV unit represents an additional +1kg of incremental demand for NdPr Oxide.
Peak's proposition is well positioned to help meet this increasing demand**

Pricing Update

NdPr Oxide prices appreciated strongly over the December Quarter rising from a low of US\$93/kg in early October to finish the quarter at US\$133/kg. Prices have continued to

appreciate since the end of the quarter and closed at US\$151/kg on 27 January 2022. As at this date the average NdPr Oxide price over the past 12 months was US\$98/kg.

NdPr Oxide Price
(US\$/kg)



NdPr Oxide Prices China in US\$/kg over the 12 months ended 25 Jan 2022. Source Asian Metal (China Domestic)

CORPORATE

Cash at Hand and Securities Information as at 31 December 2021

ASX: PEK

Cash at hand: \$14.6 million

Ordinary Shares on Issue: 198.8 million

52 week range: \$0.66 – \$1.40*

PEKOC Listed \$0.30 14 April 2022 Options on Issue: 8.2 million

Market Cap: \$137m (at \$0.69)

Unlisted Options outstanding: 1.8 million

Liquidity: 0.4 million shares per trading

(exercise prices A\$0.30 to A\$1.50)

day (average over 3 months**)

Unlisted Performance Rights outstanding: 3.9 million[#]

* From 1 January 2021 to 31 December 2021 on ASX ** Average from 1 October 2021 to 31 December 2021 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 31 December 2021 provides details of the Company's financial activities.

The Quarterly operating expenditure included payments to related parties of \$0.19 million which comprised executive and non-executive directors' remuneration.

The exploration, evaluation or development expenditure during the Quarter totalled \$1.28 million and included \$0.45 million for the Ngualla access roadworks and \$0.33 million on the BFS Update.

Summary of Mining Tenements and Areas of Interest

As at 31 December 2021.

Project	Tenement	End of June 2020 Quarter	End of September 2020 Quarter	Status	Arrangement/Comment
Mikuwo	PL 9157/2013	100%	100%	Granted	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 Managing Director.

DIRECTORS

Non-Executive Chairman – Tony Pearson

Managing Director – Bardin Davis

Non-Executive Director – Hon. Abdullah Mwinyi

Non-Executive Director – Giselle Collins

Non-Executive Director – Rebecca Morgan

Non-Executive Director – Giles Stapleton

Chief Financial Officer/Company Secretary – Philip Rundell

CORPORATE DETAILS

AS AT 31 DECEMBER 2021:

Ordinary Shares on Issue: 198.8m

Listed Options

PEKOD Listed: \$0.30 14 April 2022: 8.2m

52 week range: \$0.66 – \$1.40

Market Cap: \$137m (at \$0.69)

ASX:PEK

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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")

DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(1,280)	(1,605)
(c) production	-	-
(d) staff costs	(983)	(1,265)
(e) administration and corporate costs	(601)	(1,662)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
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)	49	(95)
1.9 Net cash from / (used in) operating activities	(2,813)	(4,623)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(154)	(156)
(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 (6 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	(154)	(156)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11,259	31,675
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	187
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(533)	(1,401)
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)	(13,751)
3.10	Net cash from / (used in) financing activities	(3,025)	16,710

* 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	20,605	2,682
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,813)	(4,623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(154)	(156)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,025)	16,710

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,613	14,613

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	14,616	20,605
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)	14,616	20,605

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	190
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. 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	-	-
7.4 Total financing facilities	-	-
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)	(2,813)
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)	(2,813)
8.4 Cash and cash equivalents at quarter end (item 4.6)	14,613
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	14,613
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.20
<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: 31st January 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.