

Quarterly Activities Report and Appendix 5B

December 2022 Quarter

HIGHLIGHTS

Peak Rare Earths Limited (ASX:PEK) (“**Peak**” or the “**Company**”) continues to progress the development of its Ngualla Rare Earth Project (“**Ngualla Project**”) with the following events recently occurring:

- Framework Agreement negotiations have been completed with the SPGNT
- Ongoing co-operation with Shenghe
- Refinement of the Ngualla Project development schedule
- Appointment of Shasha Lu to the Board
- Improving Tanzanian investment climate
- Continued strong growth in EV production
- Rising NdPr Oxide prices

Completion of Framework Agreement negotiations

Peak has completed negotiations with the Special Presidential Government Negotiation Team (“SPGNT”) with respect to a Framework Agreement for the Ngualla Rare Earth Project (“Ngualla Project”) and is awaiting final approval by the Government of Tanzania to proceed to execution.

Peak believes that the Framework Agreement and associated documentation that has been negotiated with the SPGNT supports attractive economic returns for Peak shareholders and a strong alignment of interests with the Government of Tanzania.

Peak is hopeful that the Framework Agreement will be signed in the March 2023 quarter.

Ongoing co-operation with Shenghe

In October 2022 Peak signed a marketing and strategic co-operation non-binding Memorandum of Understanding (“**MOU**”) with a wholly owned subsidiary of global rare

earths company, Shenghe Resources Holdings Co. (“**Shenghe**”)¹, to support the development of the Ngualla Project.

Since the signing of the MOU, Peak and Shenghe have been progressing the negotiation of a binding offtake agreement in relation to the supply of high-grade rare earth concentrate and intermediate products from the Ngualla Project and exploring options to utilise Shenghe’s technical expertise to support lower capital and operating costs and improve rare earth recoveries and concentrate grade. During the December Quarter, Peak supplied Shenghe with ore and concentrate samples to support its technical analysis.

Refinement of Ngualla Project development schedule

The Bankable Feasibility Study Update (“BFS Update”) on the Ngualla Project was completed in late October 2022². It supported a technically robust project with an increased capacity and highly attractive economics and shareholder returns.

Following the release of the BFS Update, the indicative timeline for the development of the Ngualla Project has been updated to reflect the potential for Shenghe initiated project enhancements and the current expected timing of signing the Framework Agreement.

The revised indicative timeline for the project is set out below.

Tasks	Date
BFS Update completed	Oct-22
Early works, procurement and engineering commenced	Nov-22
Commencement of competitive EPCM tender	Feb-23
FEED commencement	Apr-23
EPCM tendering complete	Apr-23
Commencement of enabling works and bulk earthworks	May-23
FEED completion	Jul-23
Financial Investment Decision (FID)	31-Jul-23
EPCM award and transition to full scope of work	Aug-23
Construction commences	Aug-23
Commissioning commences	Feb-25
Ramp-up commences	Jun-25
First concentrate	Jul-25
Schedule contingency added	Dec-25

¹ See ASX Announcement: Peak and Shenghe Resources Sign Offtake and Strategic Co-operation MOU, 19 October 2022

² See Disclaimer and Forward-Looking Statement set out on page 6 and the ASX Announcement: Completion of Ngualla Project BFS Update, 24 October 2022

Shasha Lu appointed to the Board



Ms Shasha Lu was appointed to the Board of Directors following the signing of a marketing and strategic MOU with a wholly owned subsidiary of Shenghe and her election as a Non-Executive Director at the Annual General Meeting.

Ms Lu has been the Managing Director of Shenghe Resources Overseas Development since 2014. She leads and manages overseas investment, international trade, cross-border corporate management and the building of a complete rare earth and monazite supply chain.

Prior to that, Ms Lu was an Executive Director and CEO of Hong Kong East China Non-Ferrous Mineral Resources Co. Ltd and Sino-Australia International Mineral Resources Limited, where she was responsible for overseas investment, scientific research and management. Ms Lu has previous experience as a director of ASX-listed companies, having been an Executive Director of Arafura Resources Limited (ASX:ARU) and an Executive Director and Vice President of Globe Metals and Mining Corporation (ASX:GBE). Ms Lu holds a Bachelor and a Masters of Medical Science from Nanjing University, a Doctorate of Medical Science (PhD) from Tianjin Medical University & Karolinska Institute, a Post-Doctorate of Medical Science from Karolinska Institute, and an Executive Master of Business Administration from Nanjing University. Ms Lu is also a graduate of the Australian Institute of Company Directors (GAICD).

Improving Tanzanian investment climate

Under the leadership of the President, Her Excellency Samia Suluhu Hassan, the investment environment has continued to improve in Tanzania. The Government of Tanzania has increased its focus on attracting foreign investment, prioritised engagement with the private sector, and reduced regulatory complexity and “red tape”.

The Government of Tanzania is continuing to develop major infrastructure projects that will support improved logistics and access to power. In December 2022, the Government signed a US\$2.2 billion rail construction contract and commenced a first fill of the Julius Nyerere Dam that will provide 2,115 MW of low-cost renewable power.

The Government is also increasing its focus on critical minerals. During the recent World Economic Forum in Davos, the President stressed the mineral endowment of Tanzania and its capacity to play an important role in the global transition to green energy.

From a foreign investment perspective, BHP agreed to increase its investment in the Kabanga Nickel Project by a further US\$50 million in October 2022. Upon completion, BHP

will hold a 14.3% interest in the project and has also entered an option to increase its interest to 51%.

Electric Vehicle Sales

Global adoption of EV continued to accelerate through the December Quarter of 2022. Adamas Intelligence estimates that between November 2022 and the corresponding month in 2021 that global passenger EV sales increased by 35%, global motor power deployed in all newly sold passenger EVs increased by 59% and NdFeB consumption in passenger EV traction motors and generators increased by around 54%.

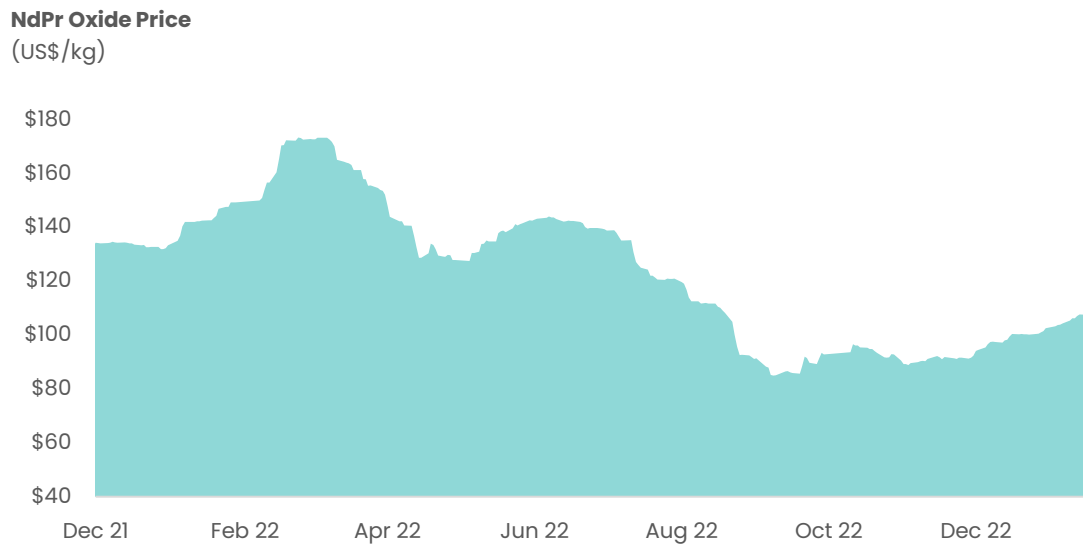
During the quarter, the Biden-Harris Administration approved its Electric Vehicle Infrastructure Deployment Plan as part of the previously announced National Electric Vehicle Infrastructure Program. As part of this plan, US\$5 billion of funding will be made available to support the development of an EV charging network across the USA, the District of Columbia and Puerto Rico.

**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 appreciated through the December Quarter as COVID restrictions within China began to ease. The NdPr Oxide price commenced the quarter at US\$89.2/kg and finished the quarter at US\$102.5/kg. Since the end of the quarter, prices have remained strong and closed at US\$106.9/kg on the 18 January 2023 ahead of the Chinese New Year holiday period. It is anticipated that with the relaxation of COVID restrictions in China that demand for NdPr Oxide will be stronger in coming months and support further appreciation in prices.

NdPr Oxide Prices China in US\$/kg over the 12 months ended 18 January 2023



Source: Asian Metal (China Domestic)

Disclaimer

Information contained in this announcement relating to financial forecasts, production targets, infrastructure, project execution, cost estimating, metallurgical test work, exploration results, Mineral Resource estimates, Ore Reserve estimates and studies are taken from the Company's ASX announcement dated 24 October 2022 "Completion of Ngualla Project BFS Update" which is available to view on <https://www.peakrareearths.com/announcements/>. Further information relating to the Mineral Resource estimates is in the ASX announcements dated 22 February 2016 and 2 March 2017 which are also 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 announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that at this time the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements. The Company also advises that it is advancing towards execution of an Economic Framework Agreement with the Government of Tanzania, and the outcome of which may confirm new information or data that materially affects the information included in the announcement.

Forward-Looking Statements

This announcement contains 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, including those with respect to permitting and development timetables, mineral grades, metallurgical recoveries, and potential production reflect the current internal projections, expectations or beliefs of the Company based on information currently available to it. All references to future production, production targets and resource targets and infrastructure access are subject to the completion of all necessary permitting, construction, financing arrangements and infrastructure-related agreements. Where such a reference is made, it should be read subject to this cautionary statement and in conjunction with further information about the Mineral Resources and the accompanying Competent Person's statements.³

³ As defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves produced by the Joint Ore Reserves Committee, 2012 edition (JORC 2012)

CORPORATE

Cash at Hand and Securities Information as at 31 December 2022

ASX: PEK

Cash at hand: \$3.797 million

Ordinary Shares on Issue: 208.0 million

52-week range: \$0.29 – \$0.925*

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

Market Cap: \$89.5m (at \$0.43/share)

Unlisted Performance Rights

Liquidity: 171k shares per trading day

outstanding: 9.198 million[#]

(average over 3 months^{**})

* From 1 January 2022 to 31 December 2022 on ASX** Average from 1 October 2022 to 31 December 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 31 December 2022 provides details of the Company's financial activities.

The Quarterly operating expenditure included \$0.083 million to related parties, being executive and non-executive directors' remuneration.

The exploration, evaluation or development expenditure during the December Quarter totalled \$0.711 million predominantly incurred on the BFS Update.

The closing cash and cash equivalents balance as at 31 December 2022 was \$3.797 million.

Summary of Mining Tenements and Areas of Interest

As at 31 December 2022.

Project	Tenement	End of Sep 2022 Quarter	End of Dec 2022 Quarter	Status	Arrangement/Comment
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 Board of Directors.

DIRECTORS

Executive Chairman – Russell Scrimshaw

Non-Executive Deputy Chair – Tony Pearson

Non-Executive Director – Hon. Abdullah Mwinyi

Non-Executive Director – Shasha Lu

Non-Executive Director – Giles Stapleton

Chief Financial Officer/Company Secretary – Philip Rundell

ASX:PEK

Peak Rare Earths Limited

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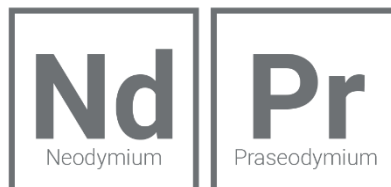
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Appendix 5B

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 2022

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	(711)	(3,363)
(c) production	-	-
(d) staff costs	(699)	(1,320)
(e) administration and corporate costs	(844)	(1,822)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	16
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)	821	812
1.9 Net cash from / (used in) operating activities	(1,424)	(5,677)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(5)
(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	-	(5)

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	5,221	9,479
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,424)	(5,677)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(5)
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 (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	3,797	3,797

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	3,797	5,221
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)	3,797	5,221

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	83
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	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)	(1,424)
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)	(1,424)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,797
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,797
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.67
<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:	
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:	

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:

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: 30 January 2023

Authorised by: the Board
(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.