

A defining partnership to underpin the Ngualla Project

Binding offtake agreement and non-binding strategic EPC and funding MOU

August 2023



ASX: PEK

Disclaimer

This presentation has been prepared as at 9 August 2023 by Peak Rare Earths Limited (the “Company”) for the sole purpose of providing a summary of information relating to the Company. The document is for information purposes only and has been extracted entirely from documents or materials which have been filed with the Australian Stock Exchange and/or the Australian Securities and Investments Commission and/or which are publicly available. While every effort is made to provide accurate information, this document and the information contained in it is subject to material updating, revision and further amendment, and therefore the information contained herein is not a substitute for the recipient’s independent investigation and analysis.

This presentation is not an offer or invitation to subscribe for or purchase securities in the Company (or any other securities) and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. Neither this document nor the information contained in it should be considered a recommendation by the Company or any of its shareholders, directors, officers, agents, employees or advisers in relation to any investment opportunity in the Company. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

While the information contained in this presentation has been prepared in good faith, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers give, have given or have authority to give, any representation or warranty (express or implied) as to the accuracy, suitability or completeness of the information contained in this presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as “Information”) and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of their shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability or responsibility for any loss, damage, cost or expense whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this document and the information contained in it.

Certain statements contained in this document constitute forward-looking statements, estimates and projections which by their nature involve substantial risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. When used in this document, the words “anticipate”, “expect”, “estimate”, “forecast”, “will”, “planned”, and similar expressions are intended to identify forward-looking statements or information. Such statements include without limitation: statements regarding timing and amounts of capital expenditures and other assumptions; estimates of future reserves, resources, mineral production, optimisation efforts and sales; estimates of mine life; estimates of future internal rates of return, mining costs, cash costs, mine site costs and other expenses; estimates of future capital expenditures and other cash needs, and expectations as to the funding thereof; statements and information as to the projected development of certain ore deposits, including estimates of exploration, development and production and other capital costs, and estimates of the timing of such exploration, development and production or decisions with respect to such exploration, development and production; estimates of reserves and resources, and statements and information regarding anticipated future exploration; the anticipated timing of events with respect to the Company’s projects and statements; strategies and the industry in which the Company operates and information regarding the sufficiency of the Company’s cash resources. Such statements and information reflect the Company’s views, intentions or current expectations as at the date of this document and are subject to certain risks, uncertainties and assumptions, and undue reliance should not be placed on such statements and information. Many factors, known and unknown could cause the actual results, outcomes and developments to be materially different, and to differ adversely, from those expressed or implied by such forward looking statements and information and past performance is no guarantee of future performance. Such risks and factors include, but are not limited to: the volatility of prices of rare earth elements and other commodities; uncertainty of mineral reserves, mineral resources, mineral grades and mineral recovery estimates; uncertainty of future production, capital expenditures, and other costs; currency fluctuations; financing of additional capital requirements; cost of exploration and development programs; mining risks; community protests; risks associated with foreign operations; governmental and environmental regulation; the volatility of the Company’s stock price; and risks associated with the Company’s by-product metal derivative strategies. For a more detailed discussion of such risks and other factors that may affect the Company’s ability to achieve the expectations set forth in the forward looking statements contained in this document, see the Company’s Annual Report for the year ended 30 June 2022, the Company’s ASX Announcement dated 24 October 2022, as well as the Company’s other filings with the Australian Securities Exchange. These forward-looking statements, estimates and projections speak only as of the date of this document and the Company does not intend, and does not assume or undertake any obligation, to update or release any revisions to, these forward-looking statements, information, projections and estimates to reflect events or circumstances after the date of this document. Furthermore, in furnishing this document, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this document or to correct any inaccuracies in, or omissions from, this document which may become apparent.

This presentation is authorised for release by the Company’s Chief Executive Officer.

Peak and Shenghe ... a defining partnership

Messages from Peak's Executive Chair ...

1. Transformative partnership for Peak, Shenghe and the Ngualla Project
2. Provides Peak with an integrated offtake, development and funding pathway
3. Supported by Shenghe's strong market, technical and financial position
4. Builds on the substantial de-risking already undertaken by Peak's new leadership
5. Lays the foundation for Peak to be positioned as the next major rare earth player



"Shenghe regards the Ngualla Project as the premier undeveloped rare earth project in the world. We are excited to be partnering with Peak, and its Tanzanian entity Mamba Minerals, in the development of this world-class project through the provision of offtake, technical and funding support."

- Mr. Huang Ping, Deputy Executive Chairman of Shenghe Resources Holding Co., Ltd

Peak ... positioned to be the next rare earth producer

A binding offtake agreement with a pathway to an integrated development and funding solution for the Ngualla Project

De-risking milestones already achieved ...



Technical

- Completion of BFS Update¹
- Commencement of FEED and Early Works



Regulatory

- Execution of FWA and grant of Special Mining Licence²
- All key approvals and licences in place



Leadership

- Strengthening of Board of Directors and management
- Appointment of Mamba Directors

...with a binding offtake and strategic non-binding EPC and funding MOU³



Binding offtake

- Binding offtake solution for 100% of concentrate production
- Robust terms and tenor that underpin funding of project



Funding

- Pathway to complete funding solution for Ngualla Project
- Future debt raising and equity dilution to be minimised by Shenghe project-level investment



Project execution

- Fixed-price and turnkey EPC execution model
- Further optimisation opportunities with reputable EPC partners

Shenghe offtake agreement ... a binding and complete solution

Peak is uniquely positioned with a binding offtake solution for 100% of its concentrate

Offtake agreement – key terms ...

Products	<ul style="list-style-type: none"> • 100% of concentrate production • 50% of MREC and separated oxide production
Take-or-Pay	<ul style="list-style-type: none"> • Shenghe¹ obligated to pay for and take delivery
Pricing	<ul style="list-style-type: none"> • Market-based pricing formula² • Reflects value of contained rare earth elements after deductions
Term	<ul style="list-style-type: none"> • Initial 7-year term • May be extended by mutual agreement
Conditions include	<ul style="list-style-type: none"> • Approvals from Peak shareholders, Mamba board, Shenghe¹ board and/or shareholders and Tanzanian Mining Commission
Termination	<ul style="list-style-type: none"> • Right to terminate where financial close on project funding not been achieved within 6 months of the FEED

... and points of strengths

- 
Complete concentrate offtake solution
- 
Preserves optionality to move further downstream into an MREC³ or refined oxide
- 
Strategically important project and source of offtake for Shenghe
- 
Shenghe is well capitalised and the largest importer of rare earth concentrate into China
- 
Supported by a non-binding EPC and funding MOU
- 
Termination right creates a strong incentive for Shenghe to deliver a timely and attractive funding solution

Ngualla concentrate ... a highly desirable product

Binding offtake agreement with Shenghe delivers attractive payabilities across rare earth pricing cycle

Ngualla bastnaesite concentrate key features

Mineralogy

- Bastnaesite mineralogy – optimum mineralogy for existing refining capacity within China
- Avoids higher processing charges associated with monazite based products

NdPr %

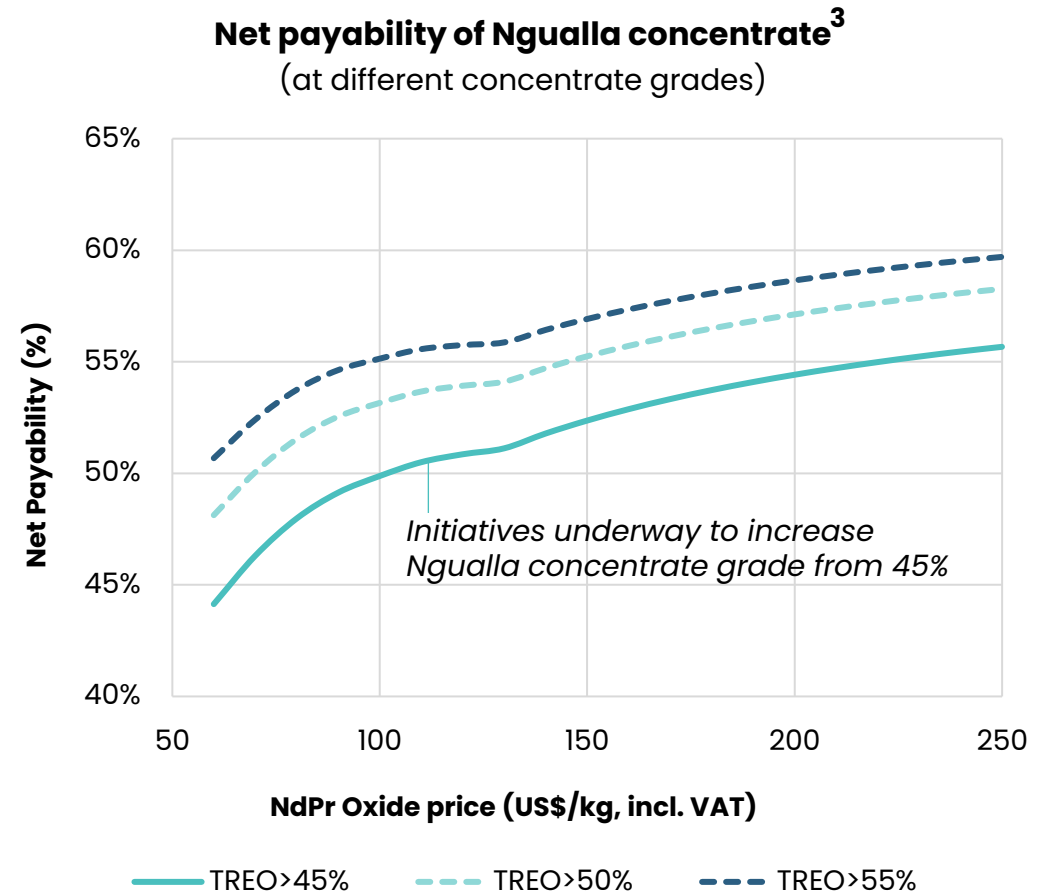
- LOM NdPr % of 22.3%¹ – one of the highest on the market
- NdPr % of 22.6%¹ across first six years of production
- Over 92%² of revenue associated with contained NdPr

Grade

- Currently targeting a product grade of at least 45.0% TREO – similar to other concentrate products on market
- Evaluation of several flowsheet initiatives underway⁴ that could materially increase product grade

Deleterious elements

- Minimal radionuclides (U / Th) – avoids significant waste management charges from refiner
- Low levels of acid consuming minerals such as calcite and dolomite – reduces processing costs



1. Based on BFS Update for the Ngualla Project completed on 24 October 2022.

2. Based on current spot prices including an NdPr Oxide price of US\$65/kg, an LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33/kg

3. Based on a LaCe Carbonate price of US\$0.5/kg and a SEG concentrate price of US\$33.43/kg. Assumes Ngualla concentrate specifications of 22.3% NdPr, 44.2% Ce, 30.1% La and 2.9% SEG Heavy (LOM averages). Payabilities are inclusive of a VAT deduction (e.g., based on a final price payable to Peak)

4. See June 2023 Quarterly Activities Report completed on 31 July 2023

Strategic non-binding MOU ... an integrated offtake, development and funding pathway

Supports further optimisation, a fixed price solution and limits equity requirements

Non-binding MOU – key terms ...

EPC delivery	<ul style="list-style-type: none">• Shenghe to deliver an EPC solution¹• Potential to appoint BGRIMM as EPC sub-contractor
Project funding	<ul style="list-style-type: none">• Shenghe to source a project funding solution¹• Terms to be mutually acceptable to Peak and Shenghe
Project investment	<ul style="list-style-type: none">• Potential for Shenghe to subscribe for a significant, non-controlling investment in the Ngualla Project²
Standstill	<ul style="list-style-type: none">• Standstill provisions remain in place• Limits Shenghe to a max. 19.9% interest in Peak
Term	<ul style="list-style-type: none">• MOU expires on 31 May 2024 (6 months after FEED)• Can be extended by mutual agreement

... and points of strengths



Complements the Offtake Agreement and provides for an integrated offtake, development and funding solution



Supports a fixed price and turnkey EPC solution



Leverages the technical strengths of Shenghe and BGRIMM to further optimise the Ngualla Project



Potential for Shenghe to secure a significant non-controlling project interest will limit Peak's debt and equity funding requirements



Enables Peak to retain a controlling interest in the Ngualla Project

Integrated solution... supported by strong and well credentialed partners

Shenghe is a well capitalised and technically strong strategic partner that can draw upon EPC support from BGRIMM

Shenghe overview



- ✓ Peak's **largest shareholder** with ~19.8% shareholding
- ✓ Current **investment** in Peak **+A\$45m**
- ✓ Shanghai listed non-SOE with **~US\$3.1b** market capitalisation
- ✓ **Largest importer of rare earth concentrate** into China
- ✓ Internationally recognised expertise in mining and processing **bastnaesite mineralisation**
- ✓ Key strategic partner **and ~8% shareholding in MP Materials** (NYSE:MP; market cap ~US\$4.0b)

Shenghe overseas rare earths investments



9.2% holding



Undisclosed holding



7.8% holding



90% holding



19.8% holding

BGRIMM overview¹



BGRIMM TECHNOLOGY GROUP

Shenghe has the right to appoint BGRIMM as EPC sub-contractor

- ✓ **Largest mining related** research and design institution within China
- ✓ Strong **rare earth value chain** and **African** experience
- ✓ Involved in the engineering and design of Shenghe's **Lianyungang and Dalucao rare earth facilities**
- ✓ Core businesses include technical and engineering services in **non-ferrous commodities and flotation technology**

Select BGRIMM projects



Engineering and design for the beneficiation circuit of Shenghe's Lianyungang rare earth plant in China



Previous metallurgical work for Arafura's Nolan's rare earth refinery in Australia



Led overall delivery of Huayou's PE527 mine copper-cobalt mine in the Democratic Republic of Congo

Strategic non-binding MOU ... provides a pathway to an actionable funding solution

Funding strategy aims to minimise future debt and equity raising requirements and dilution to Peak shareholders



Primary funding source

- ✓ Peak and Shenghe seek to further optimise the project and reduce development costs
- ✓ Shenghe subscribes for a significant non-controlling investment in Ngualla Group UK Limited¹
- ✓ Shenghe to fund disproportionate share of upfront capital in exchange for effective project stake



Residual funding sources

Shenghe to deliver solution for any residual funding requirements which may include:

- ✓ A prepayment structure for concentrate offtake
- ✓ A loan / standby debt facility to Peak
- ✓ External funding via Chinese commercial and policy banks



Full funding solution for the Ngualla Project

- ✓ Minimises future equity dilution to Peak shareholders
- ✓ Utilises Shenghe's strong balance sheet and banking relationships
- ✓ Reduces requirement for third-party funding

Indicative timeline ... targeting Final Investment Decision by May 2024

First concentrate scheduled for April 2026, 24 months after a Final Investment Decision

	2023					2024					2025					2026											
	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	J	J	A	S	O	N
FEED	█	█	█	█																							
Decision on EPC / EPCM model					✓																						
Funding discussions	█	█	█	█	█	█	█	█	█	█																	
Enabling Works and Early Works	█	█	█	█	█	█	█	█	█	█																	
Final Investment Decision (FID)										✓																	
Construction											█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Commissioning																	█	█	█	█	█						
Ramp-up																					█	█	█				
First concentrate																					✓						

Contact



+61 8 9200 5360
info@peakrareearths.com
peakrareearths.com

Address:

Level 9,
190 St Georges Terrace,
Perth, WA 6000

Postal address:

PO Box 7362, Cloisters Square Perth, WA 6850

ASX: PEK

ACN 112 546 700

