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Half-Year Financial Report
31 December 2023

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DIRECTORS' REPORT

The directors of Peak Rare Earths Limited (the "Company" or "Peak") (ACN: 112 546 700) submit herewith the financial statements of the Company for the half-year ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the period and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Russell Scrimshaw	Executive Chairman
Abdullah Mwinyi	Non-Executive Director
Shasha Lu	Non-Executive Director
Ian Chambers	Non-Executive Director
Nick Bowen	Non-Executive Director
Hannah Badenach	Non-Executive Director (appointed 1 July 2023)

PRINCIPAL ACTIVITIES

During the period, the principal activities of the Company included:

- Mineral processing technological evaluations;
- Mining and associated infrastructure feasibility evaluations; and
- Progressing approvals for the Ngualla Rare Earth Project ("Ngualla Project" or the "Project").

OPERATING RESULTS

The loss of the Group after providing for income tax for the half-year ended 31 December 2023 amounted to \$11,650,630 (31 December 2022: \$5,732,146).

The material expenditures that contributed to the loss that were necessarily incurred to progress the activities of the Company include:

- Employee benefits expenses of \$2,104,152 (31 December 2022: \$1,396,527)
- Administration and other costs of \$2,098,764 (31 December 2022: \$1,638,585) includes consultants and legal costs primarily associated with financing and offtake documentation, negotiation and advice, and insurance costs;
- Technical feasibility costs of \$5,667,093 (31 December 2022: \$1,787,335) on completion of the Front-End Engineering and Design Study ("FEED Study"), other technical studies and the early works on the Ngualla Project (refer to the Review of Operations); and
- Exploration and evaluation costs of \$1,012,999 (31 December 2022: \$nil) on the new critical mineral's exploration programme.

REVIEW OF OPERATIONS

Peak Rare Earths Limited continued to progress the pre-development and commercialisation of its world-class Ngualla Project in Tanzania.

Key events over the six months to 31 December 2023 and to the date of the Directors report are as follows:

- Execution of a binding offtake agreement (subject to conditions precedent) and a non-binding strategic EPC and funding MOU for the Ngualla Project;
- Initiating a strategic partnering process;
- Completion of a FEED Study;
- Advancement of enabling works and other technical initiatives; and
- Commencing a new critical minerals exploration programme.

Execution of a Binding Offtake Agreement and a Non-Binding Strategic EPC and Funding MOU for the Ngualla Project

On 8 August 2023, Peak entered into the following arrangements to support an integrated offtake, development and funding solution for the Ngualla Project:

- A binding offtake agreement with Shenghe Resources (Singapore) Pte. Ltd. (“Shenghe Singapore”), a wholly owned subsidiary of global rare earths company, Shenghe Resources Holding Co., Ltd. (“Shenghe”); and
- A non-binding Memorandum of Understanding (“MOU”) with Shenghe, which sets out the basis of cooperation in assessing an integrated Engineering, Procurement and Construction (“EPC”) and project funding solution for the Ngualla Project.

Key terms of the binding offtake agreement include:

- *Products* - 100% of rare earth concentrate and, subject to entering into subsequent binding offtake agreements, a minimum of 50% of any intermediate or final separated rare earth products;
- *Take-or-Pay* - Shenghe Singapore is obligated to pay for and take delivery of all agreed products;
- *Pricing* – market-based pricing formula based on the value of contained rare earth oxides less deductions relating to VAT, trading fees as well as refining recoveries, charges and margins;
- *Term* - an initial term of 7 years, which may be extended by mutual agreement; and
- *Conditions precedent* – including Peak shareholder approval, approval of the board and/or shareholders of Shenghe, approval of the Board of Directors of Mamba Minerals Corporation Limited (“Mamba Minerals”) and Mamba Refinery Corporation Limited (“Mamba Refinery”) and the subsequent novation of the Offtake Agreement to Mamba Minerals, the provision of a parent performance guarantee by Shenghe, the achievement of Financial Close with respect to project funding and approval by the Tanzanian Mining Commission.

Conditions precedent subsequently satisfied or waived include approval of the board and/or shareholders of Shenghe, approval of the Board of Directors of Mamba Minerals and the provision of a parent performance guarantee by Shenghe.

Key terms of the non-binding MOU include:

- *EPC* - Shenghe to arrange and deliver a fixed price and turnkey EPC solution;
- *Funding* - Shenghe to source a funding solution for the Ngualla Project on mutually acceptable terms;
- *Project level investment* - as part of a funding solution and to minimise any equity funding requirements for Peak, the potential for Shenghe to acquire a significant minority interest in Ngualla Group UK Limited (the vehicle through which Peak holds its interests in Mamba Minerals and the Ngualla Project); and
- *Collaboration* - Peak and Shenghe to collaborate around opportunities to reduce capital and operating costs, expedite construction and further optimise the Ngualla project; and
- *Term* – expires on 31 May 2024 unless extended by mutual agreement.

Initiation of a strategic partnering process

Further to the arrangements agreed with Shenghe in August 2023, Peak initiated a strategic partnering process and appointed Macquarie Capital (Australia) Limited (“Macquarie Capital”) as its strategic and financial adviser.

The purpose of the strategic partnering process was to further evaluate a potential investment by Shenghe and/or other prospective strategic partners in the Ngualla Project.

Macquarie Capital’s mandate includes:

- Providing advice and supporting negotiations with Shenghe around a funding solution for the Ngualla Project;

- Assessing other strategic interest and options for the funding, development and value maximisation of the Ngualla Project; and
- Assisting Peak in its takeover response planning and preparations.

Macquarie Capital's role is complementary to that of Peak's project finance and debt adviser, WaterBorne Capital, with the overall objective of achieving an integrated funding solution for the Ngualla Project.

Completion of the Ngualla Project Front-End Engineering and Design Study

A FEED Study on the Ngualla Project was finalised in November 2023 and re-affirmed its position as one of the world's most advanced and attractive undeveloped rare earths projects.

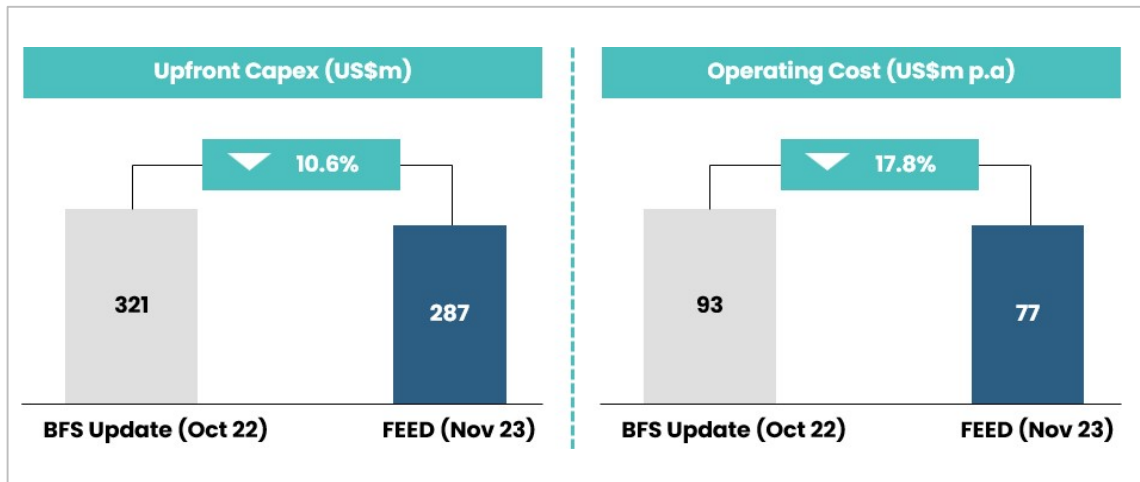
The FEED Study supports a technically and economically enhanced project and marked another important de-risking milestone. It builds on the completion of an initial Bankable Feasibility Study ("BFS") in April 2017 and a BFS Update in October 2022.

Key aspects of the FEED Study included the following:

- Optimisation of the process plant, airstrip, road and Tailings Storage Facility ("TSF");
- Adoption of contracting mining and a hybrid Build Own Operate ("BOO") power solution;
- Progressing geotechnical and hydrological drilling;
- Identification of capital cost savings including those attributable to roads, bulk earthworks, TSF, power, reagents and logistics; and
- A reduction in operating costs through lower power, logistics and reagent solutions.

Notwithstanding an allowance for global inflationary pressures in the updated cost estimates, the FEED Study supports lower capital and operating costs compared to the BFS Update. Estimated upfront capital costs decreased from US\$320.7m to US\$286.9m and average annual operating costs reduced from US\$93.3m to US\$76.7m. Both capital and operating costs were estimated at an ACE Class III accuracy level (+15% / -10% with a 90% probability of achievement).

Figure 1. Cost reductions achieved through the FEED Study



Project economics

The FEED Study supports robust economics for the Ngualla Project. At the time of announcing the FEED Study, project economics and valuations were referenced to a series of NdPr Oxide price assumptions including pricing projections from Adamas Intelligence ("Adamas").

Adamas has since revised its long-term price projections in its Rare Earth Pricing Quarterly Outlook - Q1 2024, released in January 2024, following a recent softening in the rare earth prices¹. It is now projecting an average NdPr Oxide price of \$178/kg over the life of the Ngualla Project under its 'Base Scenario' and a price of \$153/kg under its 'Downside Scenario'.

¹ Spot NdPr Oxide price as at 13 March 2024 - \$49/kg (Asian Metal)

Table 1. Adamas price forecast revision

	Adamas Base			Adamas Downside		
	Q4, 2023	Q1, 2024	Delta	Q4, 2023	Q1, 2024	Delta
2026 – 2030	136	128	(8)	116	110	(6)
LOM	201	178	(23)	171	153	(18)

As set out in the table below, notwithstanding the downward revisions in Adamas' pricing scenarios, the Ngualla Project retains highly attractive project economics and valuations, including an estimated NPV_{8%, real} of ~US\$809m (~A\$1,245m) under the Adamas Base Scenario and ~US\$584m (~A\$898m) under the Adamas Downside Scenario.

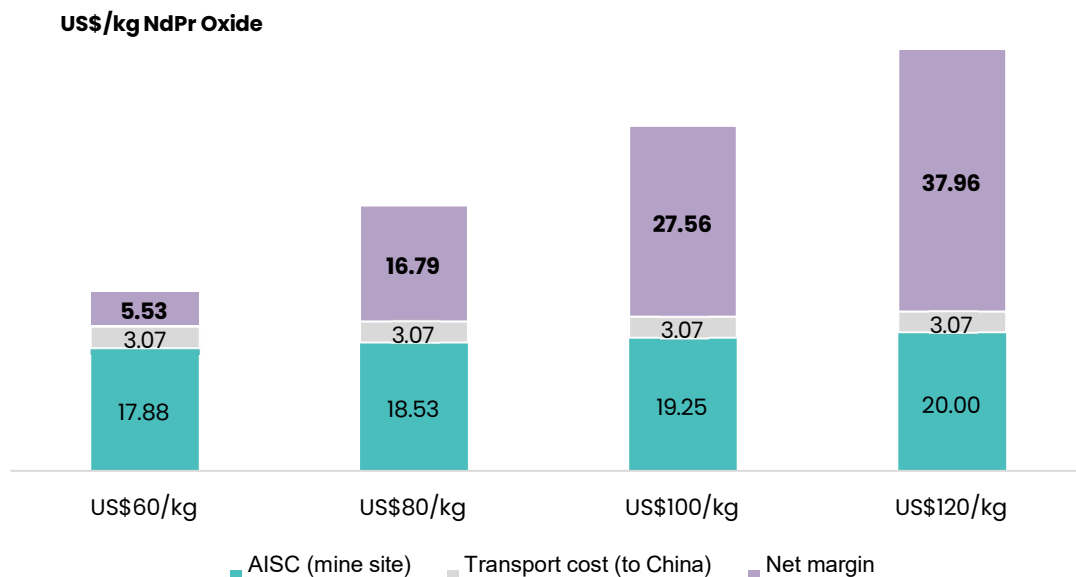
Table 2. Updated project economics

Financial Metrics*	Unit	Pricing scenarios			
		Adamas Base	Adamas Downside	US\$120/kg (flat)	US\$100/kg (flat)
Net payability (LOM)	%	52.9%	51.9%	50.8%	49.9%
Average annual revenue	US\$m pa	355	299	235	194
Average annual EBITDA	US\$m pa	238	191	134	99
Peak NPV _{8%, real}	US\$m	809	584	384	208
Peak NPV _{10%, real}	US\$m	610	427	278	132
IRR	%	30.8%	26.1%	24.7%	18.8%

*Financial outputs shown are net of distributions to the Government of Tanzania which include corporate taxes, royalties and other fees, and dividends attributable the GOT's 16% free-carried interest. Net Present Value estimations have used real discount rates.

A summary of the All-In Sustaining Cost ("AISC") profile for the Ngualla Project at different NdPr Oxide prices is set out in the chart below. The AISC estimates are inclusive of operating costs, by-product credits, royalties, rehabilitation provisions, sustaining capital expenditure and shipping costs to China.

The chart highlights the financial robustness of the Ngualla Project and its capacity to generate strong margins even at lower rare earth prices.

Figure 2: AISC analysis

Further details on the FEED Study outcomes are set in the Peak ASX Announcement dated 30 November 2023, titled “Ngualla Rare Earths Project Completion of FEED Study”. The Company confirms that aside from the changes to the Adamas pricing assumptions that have been referenced, at this time it is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Advancement of Enabling Works and Other Technical Initiatives

During the period, key enabling works and initiatives for the Ngualla Project were advanced including:

- Completion of geotechnical drilling and core sample selection;
- Completion of a hydro-census and commencement of a water borehole drilling programme;
- Expansion of the existing exploration camp and commencement of the construction of a new office building at site;
- Completion of a Life Cycle Analysis for the project;
- Ongoing baseline studies as part of an environmental management plan; and
- Initiation of procurement procedures with the Tanzanian Minnig Commission for multiple key equipment and vendor packages.

A tender process was commenced during the period for an Engineering, Procurement and Construction Management (“EPCM”) contract for the project. Peak has received strong inbound interest from multiple reputable international engineering firms around supporting the technical execution and delivery of the Ngualla Project.

Critical Minerals Exploration Programme

During the period, substantial progress was made on Peak’s critical minerals exploration programme. The purpose of the programme is to target the multi-commodity potential of the Ngualla carbonatite system.

The programme has been focused on the following critical minerals within two highly prospective areas within the deposit:

- **Northern Zone** - prospective for a range of critical minerals including phosphate (used in fertilisers and lithium iron phosphate EV batteries), niobium (used in high-tech and green energy applications including niobium-titanium oxide EV anode cells) and rare earths (used in high strength permanent magnets in EVs, wind turbines, robotics and other electronic devices); and
- **Breccia Zone** – prospective for fluorspar (used in electrolytes within lithium batteries and to purify graphite anodes).

All planned drilling has been completed, including 55 Reverse Circulation (“RC”) holes for a total of 3,979m and 2 Diamond Drill (“DD”) holes for a total of 211m drilling across the highly prospective Northern Zone and Breccia Zone targets.

Assays for the first two batches of RC samples from 31 holes within the Northern Zone confirmed widespread and shallow mineralisation of niobium, phosphate and rare earths².

Key intercepts included:

- **RC52:** 10m at 0.55% Niobium (“Nb₂O₅”) from surface including 4m at 0.69% Nb₂O₅ from 6m, as well as 6m at 1.42% Total Rare Earths Oxide (“TREO”) from surface;
- **NRC356:** 14m at 0.55% Nb₂O₅ from 14m including 10m at 0.61% Nb₂O₅ from 14m, as well as 14m at 14.5% Phosphate (“P₂O₅”) from 16m;

² See 18 December 2023 ASX Announcement – First Assay Results from Exploration Programme, and 4 March 2024 ASX Announcement – Further Northern Zone Exploration Assay Results. 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 announcements.

- **NRC359:** 24m at 0.40% Nb₂O₅ from surface; 10m at 0.49% Nb₂O₅ from 28m including 4m at 0.72% Nb₂O₅ from 30m; and 10m at 13.6% P₂O₅ from 12m;
- **NRC367:** 60m at 20.5% P₂O₅ from 10m;
- **NRC368:** 26m at 0.81% Nb₂O₅ from surface including 14m at 1.09% Nb₂O₅ from 14m; and 32m at 22.0% P₂O₅ from surface, 10m at 19.5% P₂O₅ from 38m and 8m at 22.3% P₂O₅ from 64m;
- **NRC372:** 62m at 1.26% Nb₂O₅ from surface including 36m at 1.88% Nb₂O₅ from 22m; the highest-grade niobium intercept at Ngualla to date; and
- **NRC375:** 10m at 23.0% P₂O₅ from surface and 11m at 18.8% P₂O₅ from 46m.

Rare earth mineralisation within these assay results was also associated with enriched levels of heavy rare earth elements (terbium and dysprosium) and a higher overall basket value compared to rare earth mineralisation within the Bastnaesite Zone (which forms the basis of the Ngualla Project's Ore Reserves).

Bioavailability testing was undertaken on phosphate rock from the Northern Zone at ALS's laboratory in Perth. The testing determined a 'high' bioavailability, which supports its potential use as a direct application fertiliser.

Assay results received from Breccia Zone trench samples demonstrated widespread and extensive high-grade fluorspar mineralisation across the entire ~3.7km extent of the area³. Importantly, extensive and high-grade rare earth mineralisation was also identified within the northern Breccia Zone, which may complement the existing rare earth Ore Reserves and Minerals Resources within the Ngualla Rare Earth Project ("Ngualla Project").

Key intercepts from the Breccia Zone trench samples included:

- **NC010:** 70m (End of Trench) at 36% Fluorspar ("CaF₂") from 0m;
- **NCS013:** 114m at 46% CaF₂ from 32m including 44m at 65% CaF₂ from 80m;
- **NCS020:** 34m at 39% CaF₂ from 42m including 8m at 68% CaF₂ from 64m;
- **NCS021:** 68m at 2.9% TREO from 24m including 6m at 6.9% TREO from 26m; and
- **NCS023:** 28m at 2.0% TREO from 30m including 6m at 3.5% TREO from 38m.

Assay results from other drill holes and trench samples including a number of key targets across the Northern Zone and Breccia Zone are pending. All remaining samples are at the Nagrom Lab facilities in Perth for assaying with results expected before the end of the March 2024 quarter.

Table 3. Drilling and assay status

Sample	Comment
Northern Zone (niobium, phosphate and rare earths)	
RC holes NRC350 – NRC363	Assays completed
RC holes NRC364 – NRC383	Assays completed
RC holes NRC384 – NRC388	Assays pending
Breccia Zone (fluorite and rare earths)	
Trench samples	Assays completed
RC holes NRC389 – NRC410	Assays pending
DD holes NDD048 – NDD049	Assays pending

³ See 5 February 2024 ASX Announcement – Breccia Zone Trench Samples Assay Results. 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 announcement.

Board appointments

On 1 July 2023, Hannah Badenach was appointed as a Non-Executive Director.

Hannah is an experienced executive and company director with more than 20 years of experience in resources, supply chain, business development, commodity trading and marketing in global markets across Africa, Europe, Asia, South America and the Middle East.

Hannah has extensive experience, particularly in Africa and China, has built and run multiple metal supply chains across Africa (including Tanzania) and has an extensive network in China across sales and marketing. She holds a Bachelor of Arts/Law (HONS) from the University of Tasmania and is a graduate of the Australian Institute of Company Directors.

EVENTS SUBSEQUENT TO REPORTING DATE

There has been no event that has arisen that has a material impact on the financial statements or operations of the Group and Company

AUDITORS INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst Young to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 9 of this half-year financial report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Dr Russell Scrimshaw AM
Executive Chairman
13 March 2024
Sydney, NSW

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's independence declaration to the directors of Peak Rare Earths Limited

As lead auditor for the review of the half-year financial report of Peak Rare Earths Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Peak Rare Earths Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'P. Dreyer'.

Pierre Dreyer
Partner
13 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT



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Independent auditor's review report to the members of Peak Rare Earths Limited

Conclusion

We have reviewed the accompanying half-year financial report of Peak Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(b) of the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT



2

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, likely belonging to Pierre Dreyer.

Pierre Dreyer
Partner
Perth
13 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Interest income		397,365	15,526
Total income		397,365	15,526
Employee benefits expenses		(2,104,152)	(1,396,527)
Share based payments expenses		(972,673)	(765,695)
Depreciation expenses		(174,374)	(151,947)
Loss on disposal of investment		(7,175)	-
Finance costs		(10,765)	(7,583)
Administrative and other costs		(2,098,764)	(1,638,585)
Technical feasibility costs		(5,667,093)	(1,787,335)
Exploration and evaluation costs		(1,012,999)	-
Loss before income tax		(11,650,630)	(5,732,146)
Income tax expense		-	-
Loss after income tax		(11,650,630)	(5,732,146)
Other comprehensive income/(loss) net of tax			
<i>Items that could be transferred to profit or loss in future:</i>			
Exchange differences on translation of foreign operations		(1,190,217)	638,359
Total comprehensive loss for the year		(12,840,847)	(5,093,787)
Loss after income tax attributable to:			
Members of the parent		(11,180,757)	(5,732,146)
Non-controlling interests		(469,873)	-
		(11,650,630)	(5,732,146)
Total comprehensive loss attributable to:			
Members of the parent		(12,370,974)	(5,093,787)
Non-controlling interests		(469,873)	-
		(12,840,847)	(5,093,787)
Loss per share (in cents)			
Basic and Diluted loss per share		(4.40)	(2.76)

The statement should be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	As at 31 December 2023 \$	As at 30 June 2023 \$
ASSETS			
Current assets			
Cash and cash equivalents		15,290,454	25,852,484
Trade and other receivables		332,115	251,377
Prepayments & Deposits		628,034	169,957
Total current assets		16,250,603	26,273,818
Non-current assets			
Other financial assets		63,794	63,794
Property plant and equipment		828,735	535,479
Right-of-use asset		4,030,052	3,604,882
Exploration and evaluation costs	3	59,724,723	60,997,405
Investments		-	8,000
Total non-current assets		64,647,304	65,209,560
Total assets		80,897,907	91,483,378
LIABILITIES			
Current liabilities			
Trade and other payables		2,926,736	2,140,418
Provisions		250,292	180,554
Lease liability – current		240,704	145,398
Total current liabilities		3,417,732	2,466,370
Non-current liabilities			
Lease liability – non-current		465,206	133,865
Total non-current liabilities		465,206	133,865
Total liabilities		3,882,938	2,600,235
Net assets		77,014,969	88,883,143
EQUITY			
Equity attributable to equity holders of the Company			
Contributed equity	4	166,874,257	166,874,257
Reserves	5	8,546,467	8,764,011
Accumulated losses		(115,711,239)	(104,530,482)
Equity attributable to equity holders of the Company		59,709,485	71,107,786
Non-controlling interests		17,305,484	17,775,357
Total Equity		77,014,969	88,883,143

The statement should be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
OPERATING ACTIVITIES			
Payments to suppliers and employees		(10,306,205)	(5,599,364)
Finance costs paid		(10,765)	-
Interest received		423,138	15,526
Cash used in operating activities		(9,893,832)	(5,583,838)
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(340,967)	(35,599)
Funds held in trust for purchases of property, plant, and equipment		(294,060)	-
Proceeds from sale of investments		825	-
Cash used in investing activities		(634,202)	(35,599)
FINANCING ACTIVITIES			
Payment of lease liabilities		(99,843)	(60,968)
Cash used in financing activities		(99,843)	(60,968)
Net decrease in cash and cash equivalents		(10,627,877)	(5,680,405)
Balance at the beginning of the year		25,852,484	9,479,379
Effect of foreign currency translation		65,847	(3,433)
Balance at the end of the year		15,290,454	3,795,541

The statement should be read in conjunction with the accompanying notes

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2023

	Contributed Equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non- controlling interests \$	Total equity \$
At 1 July 2022	140,805,369	5,254,532	(56,969)	(75,143,626)	-	70,859,306
Loss for the period	-	-	-	(5,732,146)	-	(5,732,146)
Other comprehensive income	-	-	638,359	-	-	638,359
Total comprehensive income/(loss) for the period	-	-	638,359	(5,732,146)	-	(5,093,787)
Equity based payments	-	765,695	-	-	-	765,695
At 31 December 2022	140,805,369	6,020,227	581,390	(80,875,772)	-	66,531,217
At 1 July 2023	166,874,257	6,920,116	1,843,895	(104,530,482)	17,775,357	88,883,143
Loss for the period	-	-	-	(11,180,757)	(469,873)	(11,650,630)
Other comprehensive loss	-	-	(1,190,217)	-	-	(1,190,217)
Total comprehensive loss for the period	-	-	(1,190,217)	(11,180,757)	(469,873)	(12,840,847)
Equity based payments	-	972,673	-	-	-	972,673
At 31 December 2023	166,874,257	7,892,789	653,678	(115,711,239)	17,305,484	77,014,969

The statement should be read in conjunction with the accompanying notes

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NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Peak Rare Earths Limited and its subsidiaries (the Group) for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 13 March 2024.

Peak Rare Earths Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The address of its registered office and principal place of business is disclosed in the corporate directory at page 22.

The principal activity of the Group during the year was pre-development activities, exploration and evaluation of mineral licences.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The half-year consolidated financial statements are a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standard AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and the public announcements made by Peak Rare Earths Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

b) Basis of preparation

The half-year report has been prepared on an accruals basis and is based on historical cost. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Going Concern

As at 31 December 2023, the Group has net current assets of \$12,832,871 (30 June 2023: \$23,807,448), of which cash and cash equivalents amounted to \$15,290,454 (30 June 2023: \$25,852,484). For the half-year ended 31 December 2023, the Group incurred a loss after tax of \$11,650,630 (31 December 2022: \$5,732,146) and an operating cash outflow of \$9,893,832 (31 December 2022: \$5,583,838).

The Group's ability to continue as a going concern and meet its debts as and when they fall due is dependent on its ability to raise additional capital. As reported, with \$15,290,454 cash at bank at the end of the reporting period, Peak is well funded in the short term to fund the Ngualla Project, and its corporate and administration requirements. In order to progress the project further, in a timeframe planned by management, the Group's cashflow forecasts indicate that there will be a need in the future to obtain further funding.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to raise further funding as and when required based on its past ability to raise equity funding. However, in the event that additional funding is not forthcoming, the Group will need to reduce its discretionary spending to ensure that it has sufficient cash on hand to continue its operations.

2 Statement of significant accounting policies (continued)

b) Basis of preparation (continued)

As a result of the need to raise additional equity to continue with the planned development of the Ngualla Project, or reduce discretionary spending if funds are not forthcoming, there is a material uncertainty whether the Group will be able to progress with its current development initiatives and continue as a going concern and therefore in this circumstance whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

c) Basis of consolidation

The consolidated financial statements of Peak Rare Earths Limited comprise the financial statements of Peak and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. All controlled entities have a June financial year-end.

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value. Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased through an equity transaction.

d) Impact of new standards applied for the first time

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2023 and the corresponding interim review period.

Standards issued but not yet effective

Significant Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's financial statements are not expected to be material. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective.

3. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023 \$	30 June 2023 \$
Movement in net carrying amount:		
Balance at beginning of period	60,997,405	59,114,040
Foreign exchange movements	(1,272,682)	1,883,365
Balance at 31 December	59,724,723	60,997,405
Capitalised areas of interest		
Ngualla Rare Earth Project, Tanzania	59,724,723	60,997,405
	59,724,723	60,997,405

4. CONTRIBUTED EQUITY

	Nos.	\$
Balance at 30 June 2022	207,348,537	140,805,369
Issue of shares for nil consideration on exercise of vested performance rights	5-Dec-22 514,399	-
Issue of shares for nil consideration on exercise of vested performance rights	19-Dec-22 174,494	-
Issue of shares on exercise of listed PEKOD options @ 30 cents per share	17-Feb-23 275,000	82,500
Issue of shares Tranche 1 Capital Raising @ 50 cents per share	5-May-23 28,648,186	14,324,093
Issue of shares for nil consideration on exercise of vested performance rights	15-May-23 905,036	-
Issue of shares Tranche 2 Capital Raising @ 50 cents per share	20-Jun-23 15,215,000	7,607,500
Issue of shares Tranche 2 Capital Raising @ 50 cents per share	21-Jun-23 11,136,814	5,568,407
Equity Issue Costs		(1,513,612)
Balance at 30 June 2023	264,217,466	166,874,257
Issue of shares for nil consideration on exercise of vested performance rights	18-Jul-23 266,500	-
Issue of shares for nil consideration on exercise of vested performance rights	21-Aug-23 157,500	-
Issue of shares for nil consideration on exercise of vested performance rights	29-Dec-23 125,294	-
Balance at 31 December 2023	264,766,760	166,874,257

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Performance Rights and Options over ordinary shares

At the end of the reporting period, there were 14,685,703 performance rights over unissued shares as follows:

Performance Rights over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
Balance at 30 June 2023		8,219,053			
Issued:					
Performance Rights issued as a Long Term Incentive	9-Nov-23	4,704,540	Unvested	-	9-Nov-28
Performance Rights issued as a Long Term Incentive to directors	4-Dec-23	2,311,404	Unvested	-	30-Nov-28
		<u>7,015,944</u>			
Exercised:					
Vested Performance Rights	17-Jul-23	(266,500)		-	23-Sep-26
Vested Performance Rights	21-Aug-23	(157,500)		-	23-Sep-26
Vested Performance Rights	29-Dec-23	(47,794)		-	9-Dec-25
Vested Performance Rights	29-Dec-23	(7,500)		-	5-Feb-25
Vested Performance Rights	29-Dec-23	(70,000)		-	23-Sep-26
		<u>(549,294)</u>			
Balance at 31 December 2023		14,685,703			

At the end of the reporting period, the Company had no options outstanding over unissued shares (31 December 2022: 1,059,000 unlisted options).

5. RESERVES

	Share based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$
At 1 July 2022	5,254,532	(56,969)	5,197,563
Share based payments	1,665,584	-	1,665,584
Exchange difference on translation of foreign operations	-	1,900,864	1,900,864
At 30 June 2023	6,920,116	1,843,895	8,764,011
Share based payments	972,673	-	972,673
Exchange difference on translation of foreign operations	-	(1,190,217)	(1,190,217)
At 31 December 2023	7,892,789	653,678	8,546,467

Share based payment reserve – the reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for supply of goods and services.

Foreign currency translation reserve – the reserve is used to recognise exchange differences arising from translation of foreign operations to the Australian dollar.

6. OPERATING SEGMENTS

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM is the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment and the Group's activities as an investor in one exploration project. Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

7. CONTINGENCIES AND COMMITMENTS

Lease commitments - Group as a lessee

The maturity analysis of lease payments as at 31 December are as follows:

	31 December 2023	31 December 2022
	\$	\$
Up to 1 year	270,301	116,758
1 to 5 Years	479,210	146,499
	749,511	263,257

Capital Commitments

At 31 December 2023, the Group has no capital commitments (31 December 2022: Nil).

Contingencies

At 31 December 2023, the Group has no contingencies (31 December 2022: Nil).

Peak's 100% owned subsidiary Peak African Minerals has provided Peak with a working capital loan facility of US\$4,209,317 (31 December 2022: US\$4,209,317) accruing interest at 8% p/a plus an initial finance charge of US\$684,000 (31 December 2022: US\$684,000). The facility is fully drawn and is not currently due and payable, however if and when the facility is repaid the accrued interest and finance charge will be subject to withholding tax at 10% which is estimated to be US\$320,102 as at 31 December 2023 (31 December 2022: US\$285,960).

The Group occasionally receives claims which arise in the normal course of business. Where the Group is in receipt of such claims it reviews their nature and substance in order to assess the need for accounting recognition or disclosure. The directors are of the opinion that, based on information available, there is currently no material exposure to the Group arising from actual or pending claims at balance date.

8. SUBSEQUENT EVENTS

There has been no event that has arisen that has a material impact on the financial statements or operations of the Group and Company.

DIRECTORS' DECLARATION

In the opinion of the directors of Peak Rare Earths Limited ('the Company'):

The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

- a. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year then ended.

Subject to the matters set out in note 2(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors



Dr Russell Scrimshaw AM
Executive Chairman
13 March 2024
Sydney, NSW

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CORPORATE DIRECTORY

PEAK RARE EARTHS LIMITED

ABN:72 112 546 700

DIRECTORS AND OFFICERS

Russell Scrimshaw	Executive Chairman
Abdullah Mwinyi	Non-Executive Director
Shasha Lu	Non-Executive Director
Ian Chambers	Non-Executive Director
Nick Bowen	Non-Executive Director
Hannah Badenach	Non-Executive Director

Bardin Davis	Chief Executive Officer
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Philip Rundell	Company Secretary
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REGISTERED OFFICE

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190 St Georges Terrace
Perth WA 6000

SOLICITORS

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123 St Georges Terrace
Perth WA 6000

Clyde & Co (Tanzania)
11th Floor, Jubilee Towers
Ohio Street, Dar es Salaam, Tanzania

Bowmans Tanzania
2nd Floor, The Luminary
Cnr Haile Selassie and Chole Roads
Masaki, Dar es Salaam, Tanzania

AUDITORS

Ernst and Young
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Perth WA 6000

CONTACT DETAILS

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STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
Home Exchange: Perth, Western Australia
Code: PEK

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