



# **Annual Financial Report**

## **30 June 2024**

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## DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Peak Rare Earths Limited ("Company" or "Peak") (ACN: 112 546 700) and its controlled entities for the financial year ended 30 June 2024. 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 year 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)

### INFORMATION ON DIRECTORS

#### **Dr Russell Scrimshaw (AM)** – Executive Chairman (Appointed 15 August 2022)

Russell is a distinguished corporate executive and company director with experience in large scale mining project development and operations, product marketing, finance, business development and technology. Russell was a founding director of Fortescue Metals Group and served in executive roles including Deputy CEO and Executive Director. He was a key part of the management team that developed Fortescue's mining, port and rail operations and was instrumental in establishing Fortescue's strong relationships with large steel mill groups across a vast Asian customer base.

More recently Russell was Chairman of UK-listed Sirius Minerals PLC from 2011 to March 2020 (acquired by Anglo American in 2020), which is developing a large polyhalite fertiliser project in North Yorkshire, in close proximity to Peak's Teesside site. He has also held senior executive positions at the Commonwealth Bank of Australia and Optus. Russell is currently Chairman of the Garvan Research Foundation, a Non-Executive Director of the Garvan Institute of Medical Research and a Non-Executive Chairman of ARI Pty Ltd.

Russell is a member of the Audit, Risk & Sustainability Committee, Nomination & Remuneration Committee and Technical & Development Committee.

Russell held no other listed public company directorships in the past three years.

#### **The Hon. Abdullah Mwinyi** – Non-Executive Director (Appointed 15 November 2020)

Abdullah is a member of the Tanzanian Parliament, having entered Parliament in 2007. He has also held roles as a Member of the East African Legislative Assembly (2007 – 2017), where he was Chair of the Legal, Privileges and Rules Committee and the Regional Affairs and Conflict Resolution Committee, and Chair of Swala Oil and Gas (Tanzania) plc. Abdullah is a lawyer by profession, having been awarded a LLB and LLM from the University of Cardiff, and, in 2007, established Asyla Attorneys, where he specialised in corporate, commercial, labour and employment law.

Abdullah has held no other listed public company directorships in the past three years.

**Dr Shasha Lu** - Non-Executive Director (Appointed 30 November 2022)

Since early 2014, Dr Lu has been the Managing Director of Shenghe Resources Overseas Development where she leads and manages overseas investment, cross-border corporate management, international trade and the building of a complete rare earth supply chain. Prior to that, Dr 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, responsible for overseas investment, scientific research and management. Dr 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). Dr 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. Dr Lu is also a graduate of the Australian Institute of Company Directors (GAICD).

Dr Lu held no other listed public company directorships in the past three years.

**Ian Chambers** - Non-Executive Director (Appointed 20 March 2023)

Ian is a distinguished executive and company director with more than 35 years of experience in international financial markets including institutional securities, wealth management and capital markets. Ian spent approximately 24 years with Morgan Stanley Australia where he was Managing Director, Head of Institutional Equities and Head of Wealth Management Australia. Ian has a proven record in organisational development, governance, operational management and financial performance. He is a member of ASIC's Financial Services Credit Panel and Markets Disciplinary Panel and was inducted into the Australian Stockbrokers Foundation Hall of Fame in 2015.

Ian has held no other listed public company directorships in the past three years.

Ian is Chair of the Audit, Risk & Sustainability Committee and a member of the Nomination & Remuneration Committee.

**Nick Bowen** - Non-Executive Director (Appointed 5 June 2023)

Nick has extensive experience in the construction, development and operation of international mining projects. He has spent over 35 years with ASX-listed construction and contract mining companies operating in both Australia and overseas, including Africa. Previous roles include 12 years as Managing Director of Macmahon Holdings Limited, two years as Executive Global Head of Mining Services with Orica Limited and nine years as Managing Director of mining contractor, Eltin Limited. He has also held the head executive role at the Lubambe Copper Mine in Zambia and the Shishen Iron Ore Mine in South Africa. Nick is a Life Member of the Western Australian Chamber of Minerals and Energy, Member of the Australian Institute of Mining and Energy and Fellow of the Australian Institute of Company Directors.

Nick serves as a non-executive director of Aveng Limited (JSE) from 17 July 2023.

Nick is Chair of the Nomination & Remuneration Committee and the Technical & Development Committee.

**Hannah Badenach** - Non-Executive Director (Appointed 1 July 2023)

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 African and Chinese experience, 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.

Hannah was a non-executive director of ASX listed public company, Aspire Mining Limited, until 31 January 2023.

Hannah is a member of the Audit, Risk & Sustainability Committee.

## COMPANY SECRETARY

**Phil Rundell** – Company Secretary and Chief Financial Officer (Appointed 16 December 2020)

Phil is a former Partner at Coopers & Lybrand (now PricewaterhouseCoopers) and a Director at Ferrier Hodgson. He has been a sole practitioner Chartered Accountant specialising in providing company secretarial, compliance and accounting services for the last 12 years.

## PRINCIPAL ACTIVITIES

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

- Mineral exploration;
- Mineral processing technological evaluations;
- Mining and associated infrastructure feasibility evaluations;
- Rare earth offtake structuring and negotiations;
- Progressing funding, investment and development options for the Ngualla Rare Earth Project ("Ngualla Project"); and
- Progressing regulatory approvals for the Ngualla Project.

## OPERATING RESULTS

The loss of the Group after providing for income tax amounted to \$18,175,830 (2023: \$32,800,639).

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

- Employee benefits expenses of \$4,047,706 (2023: \$3,157,157) (refer to the Remuneration Report and Review of Operations);
- Administration and other costs of \$3,050,146 (2023: \$3,853,724) that include consultants and legal costs primarily associated with financing, offtake documentation, negotiation and advice, and insurance costs;
- Technical feasibility costs of \$8,685,767 (2023: \$3,297,432) 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 \$1,308,239 (2023: \$nil) on the new critical minerals exploration programme (refer to the Review of Operations).

The basic and diluted loss per share for the Group for the year was 6.85 cents (2023: 15.38 cents).

## FINANCIAL POSITION

The net assets of the Group have decreased from \$88,883,143 at 30 June 2023 to \$70,072,632 at 30 June 2024.

The Group's working capital, being current assets less current liabilities, was \$9,205,937 at 30 June 2024 (2023: \$23,807,448).

The Company had \$7,625,845 cash at bank at the end of the reporting period to fund the pre-development activities in respect of the Ngualla Project, and corporate and administration requirements.

## DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 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 12 months to 30 June 2024 and to the date of the Directors report are as follows:

- Signing a non-binding Funding and Development Term Sheet with Shenghe;
- Execution of a binding offtake agreement and a non-binding strategic EPC and funding MOU for the Ngualla Project;
- Signing a non-binding Debt Term Sheet supporting US\$176.6m of debt;
- Completion of a Front-End Engineering and Design ("FEED") Study;
- Initiation of a Cost and Optimisation Study;
- Advancement of early and enabling works and other technical initiatives;
- Advancement of resettlement and land valuation activities;
- Undertaking a critical minerals exploration programme that confirmed widespread and high-grade mineralisation of phosphate, fluorspar, niobium and rare earths;
- Signing of a non-binding MOU with Minjingu Mines and Fertiliser for the future supply of phosphate;
- Enlargement of the Ngualla Project Special Mining Licence ("SML") area from ~18km<sup>2</sup> to ~51km<sup>2</sup>; and
- Acquisition of freehold title and commencing a sale process of the Teesside industrial land site.

### Signing a non-binding Funding and Development Term Sheet with Shenghe

Post year end, on 24 July 2024, Peak announced the signing of a non-binding Term Sheet ("Shenghe Term Sheet") with Shenghe Resources Holding Co., Ltd. ("Shenghe") covering an integrated investment, funding and development solution for the Ngualla Project. This represents a significant de-risking milestone for the Ngualla Project and positions it as the only rare earth development project globally with a complete offtake, development and funding solution<sup>1</sup>.

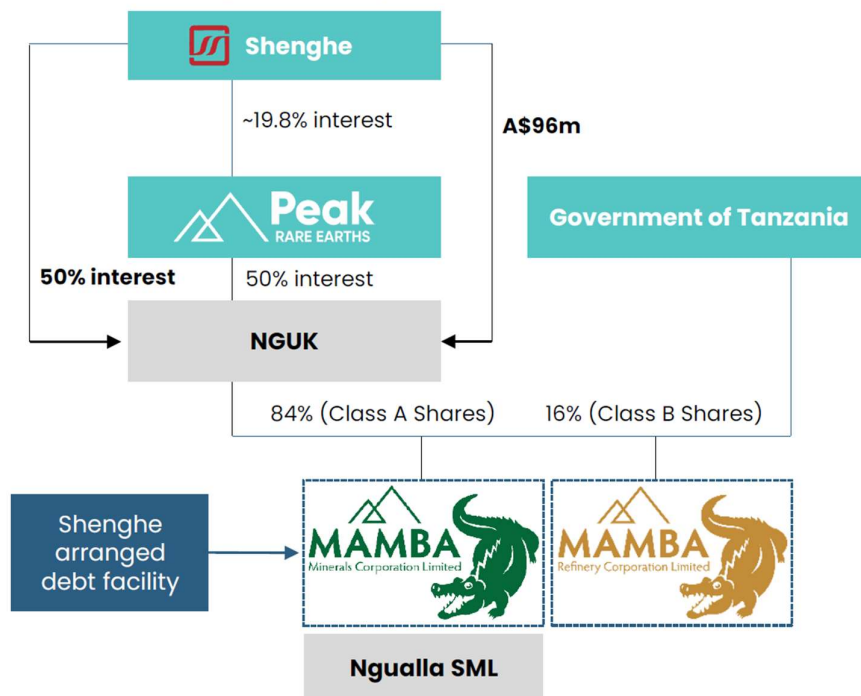
<sup>1</sup> See 24 July 2024 ASX Announcement – Signed Term Sheet with Shenghe for A\$96m Investment and Fully Funded Project Solution for Ngualla

As part of a fully funded solution, Shenghe is to invest ~A\$96m to subscribe for a 50% interest in Peak's wholly owned subsidiary, Ngualla Group UK Limited ("NGUK"), which holds an 84% effective interest in the Ngualla Project. The difference between the Ngualla Project's total development costs and Shenghe's NGUK investment of ~A\$96m is to be funded via a Shenghe arranged debt facility, which is expected to be on terms more favourable than a typical international project financing facility. Upon completion, Peak will not have to contribute any further development equity to the Ngualla Project.

Other key elements of the agreed Term Sheet include:

- Formation of a Joint Owner's Team to further optimise the Ngualla Project and reduce costs;
- Shenghe to have a 55% share of NGUK net earnings or losses after tax for the first 5 years following the commencement of commercial production;
- Each party to appoint two Directors to the NGUK Board, with Peak retaining a casting vote;
- Each party to appoint a Director to Mamba Minerals Board, with voting to be in accordance with NGUK instructions;
- An extension of the existing standstill restrictions limiting Shenghe to a 19.9% interest in Peak to 30 September 2027; and
- An industry standard right of first refusal mechanism.

**Figure 1: Funding and Investment Structure**



Completion of the NGUK investment remains conditional upon:

- Shenghe being awarded an EPC, EPCM or EPS contract;
- Shenghe delivering an actionable project funding solution;
- Approvals from Chinese regulators; and
- Peak and Shenghe shareholder approval.

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

#### **Execution of a Binding Offtake Agreement**

On 8 August 2023, Peak entered into a binding offtake agreement with Shenghe Resources (Singapore) Pte. Ltd. ("Shenghe Singapore"), a wholly owned subsidiary of global rare earths company, Shenghe.

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 (e.g. a Mixed Rare Earth Carbonate) or final separated rare earth products (e.g. NdPr Oxide);
- 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; and
- Term - an initial term of 7 years, which may be extended by mutual agreement.

All conditions precedent within the Offtake Agreement have been either satisfied or waived.

#### **Signing a non-binding Debt Term Sheet supporting US\$176.6m of debt**

Prior to the signing of the Shenghe Term Sheet, Peak had been progressing the potential of a South African led EPCM execution model supported by an international project financing facility. In support of this alternate approach, Peak announced on 16 July 2024 the signing of a non-binding indicative Lenders Consortium Term Sheet, which underpinned aggregate debt of US\$176.6m.

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

The Shenghe arranged debt facility may include some of the lenders within the Lenders Consortium.

#### **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 the Ngualla Project's position as one of the world's most advanced and attractive undeveloped rare earths projects.

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 delivered materially lower capital and operating costs compared to the BFS Update, which was completed in October 2022. Estimated upfront capital costs decreased from US\$320.7m to US\$286.9m (an 11% decrease) and average annual operating costs reduced from US\$93.3m to US\$76.7m (an 18% decrease).



### Project economics

A summary of the updated project economics relating to the FEED Study is set out in Table 1, which incorporates revised long-term price projections from Adamas Intelligence (Adamas) published subsequent to the completion of the FEED study. The Ngualla Project retains highly attractive project economics and valuations, including an estimated NPV<sub>8%, real</sub> of ~US\$809m (~A\$1,245m) under the Adamas Base Scenario and ~US\$584m (~A\$898m) under the Adamas Downside Scenario.

**Table 1. Updated project economics**

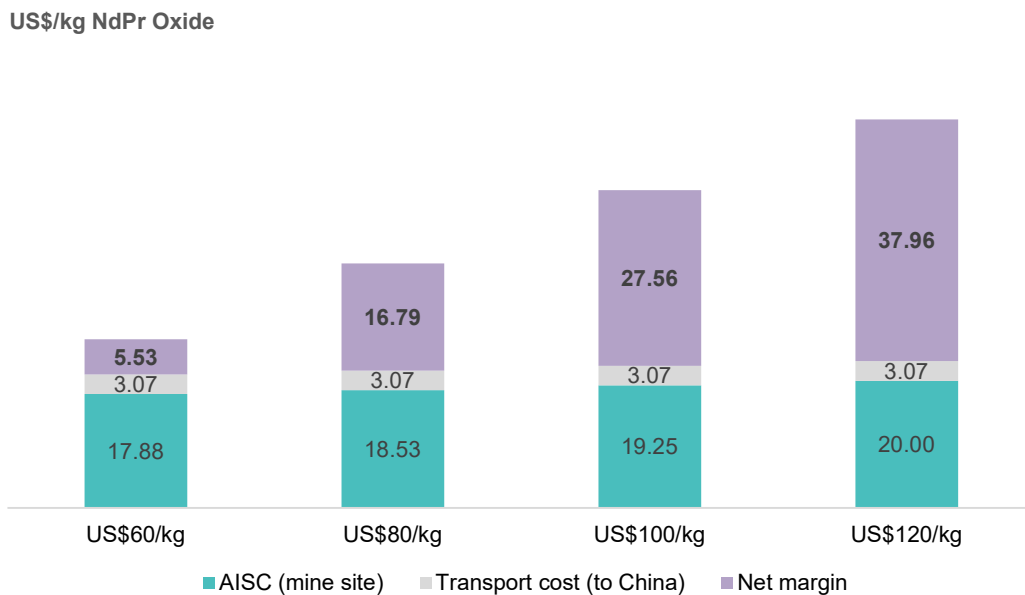
Financial Metrics*	Unit	Pricing scenarios			
		Adamas Base	Adamas Downside	\$120/kg (flat)	\$100/kg (flat)
Net payability (LOM)	%	<b>52.9%</b>	<b>51.9%</b>	50.8%	49.9%
Average annual revenue	US\$m pa	<b>355</b>	<b>299</b>	235	194
Average annual EBITDA	US\$m pa	<b>238</b>	<b>191</b>	134	99
Peak NPV <sub>8%, real</sub>	US\$m	<b>809</b>	<b>584</b>	384	208
Peak NPV <sub>10%, real</sub>	US\$m	<b>610</b>	<b>427</b>	278	132
IRR	%	<b>30.8%</b>	<b>26.1%</b>	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 rare earth pricing assumptions that have been referenced in subsequent announcements and ongoing cost savings and optimisation initiatives, 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.

### **Cost and Optimisation Study**

At the time of completing the FEED Study for the Ngualla Project, further optimisation and cost reduction opportunities were identified<sup>2</sup>. Following the enlargement of the Special Mining Licence (“SML”) in April 2024 from ~18km<sup>2</sup> to 51km<sup>2</sup>, an opportunity was also identified to reconfigure the layout of the project.

In June 2024, a Cost and Optimisation Study was initiated to cover these and other potential optimisation opportunities including:

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

Post the signing of the Shenghe Term Sheet, a Peak-Shenghe Technical Steering Committee has been formed that has also identified the following additional cost reduction and optimisation opportunities:

- *Relocation of the TSF* – from the top of Ngualla Hill to a flatter area within the enlarged SML;
- *Adoption of a single flotation process* – shifting from a two-stage and a one-stage flotation process with the use of more selective bespoke reagents;
- *Redesign of the processing plant* – relocating the processing plant from Ngualla Hill to better optimise the use of gravity and to reduce reliance upon pumping; and
- *Adoption of lower cost plant, equipment and engineering solutions* – by utilising Shenghe’s longstanding relationships with vendors.

It is intended that the Wood Group will also assist in reviewing and assessing these opportunities.

### **Advancement of early and enabling works and other technical initiatives**

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

- Completion of geotechnical drilling and core sample selection;
- Expansion of the existing Ngualla Camp including, construction of a new office building, upgrading IT, communications and safety systems and connecting the Camp to the TANESCO power grid;

<sup>2</sup> See 30 November 2023 ASX Announcement – Ngualla Rare Earth Project Completion of FEED Study.

- Constructing a weather and communications tower;
- Identifying and developing several borrow pits and quarries;
- Commencing the extension of the existing airstrip;
- Advancing upgrade works to the Southern Access Road;
- Completing geotechnical assessments for the TSF and process plant areas;
- Undertaking a TSF breach analysis and re-evaluating the location of some infrastructure and plant.
- Finalising a water borehole drilling programme within the enlarged Ngualla SML;
- Progressing hydrology studies covering both project and Ngwala community water requirements;
- Completing additional ore variability analysis, which has increased confidence around responding to ore variation through minor adjustments to reagent dosages;
- Progressing planning around water treatment options and follow-up testwork;
- Completion of a Life Cycle Analysis for the Ngualla Project; and
- Ongoing baseline studies as part of an environmental management plan.

#### Advancement of resettlement and land valuation activities

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

Key activities progressed include:

- Engagement of a Tanzanian land valuer, Property Matrix, to support the co-ordination and delivery of an IFC compliant resettlement and compensation process;
- Meetings with the local Village Counsel, Songwe Region Land Commissioner and District Commissioner;
- Completion of the land area surveys;
- Assessment of the land, crop, building and asset compensation estimates; and
- Referral of the compensation estimates to the Village Counsel and the affected individual landowners.

Resettlement and land valuation activities are targeted to be finalised by October 2024.

#### Critical Minerals Exploration Programme<sup>3</sup>

During the period substantial progress was made on a critical minerals exploration programme targeting the multi-commodity potential of the Ngualla carbonatite system. To date, the programme has focussed on two particularly prospective areas of the Ngualla 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

<sup>3</sup> Further details on the results of the critical minerals exploration programme are set out in the following ASX announcements:

- 18 December 2023 - First Assay Results from Exploration Programme
- 5 February 2024 - Breccia Zone Trench Samples Assay Results
- 26 February 2024 – Phosphate Bioavailability Test Results
- 4 March 2024 – Further Northern Zone Exploration Assay Results
- 20 March 2024 - Major high-grade fluorspar discovery

The Company confirms that at this time it is not aware of any other new information included in the announcements and that all material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not material changed.

- **Breccia Zone** – prospective for fluorspar (used in electrolytes within lithium batteries and to purify graphite anodes).

Key activities progressed during the year included:

- Development of a geological model for the Northern Zone;
- Assay of 344 trench samples from Breccia Zone; and
- Completion of 57 drill holes for 4,200m of total drilling across the Northern Zone and Breccia Zone.

A summary of the drilling is set out in the table below.

**Table 2. Exploration drilling programme**

	Northern Zone	Breccia Zone	Total
<b>RC</b>	44 holes / 3,104m	11 holes / 885m	55 holes / 3,989m
<b>DD</b>	-	2 holes / 211m	2 holes / 211m
<b>Total</b>	44 holes / 3,104m	13 holes / 1,096m	57 holes / 4,200m

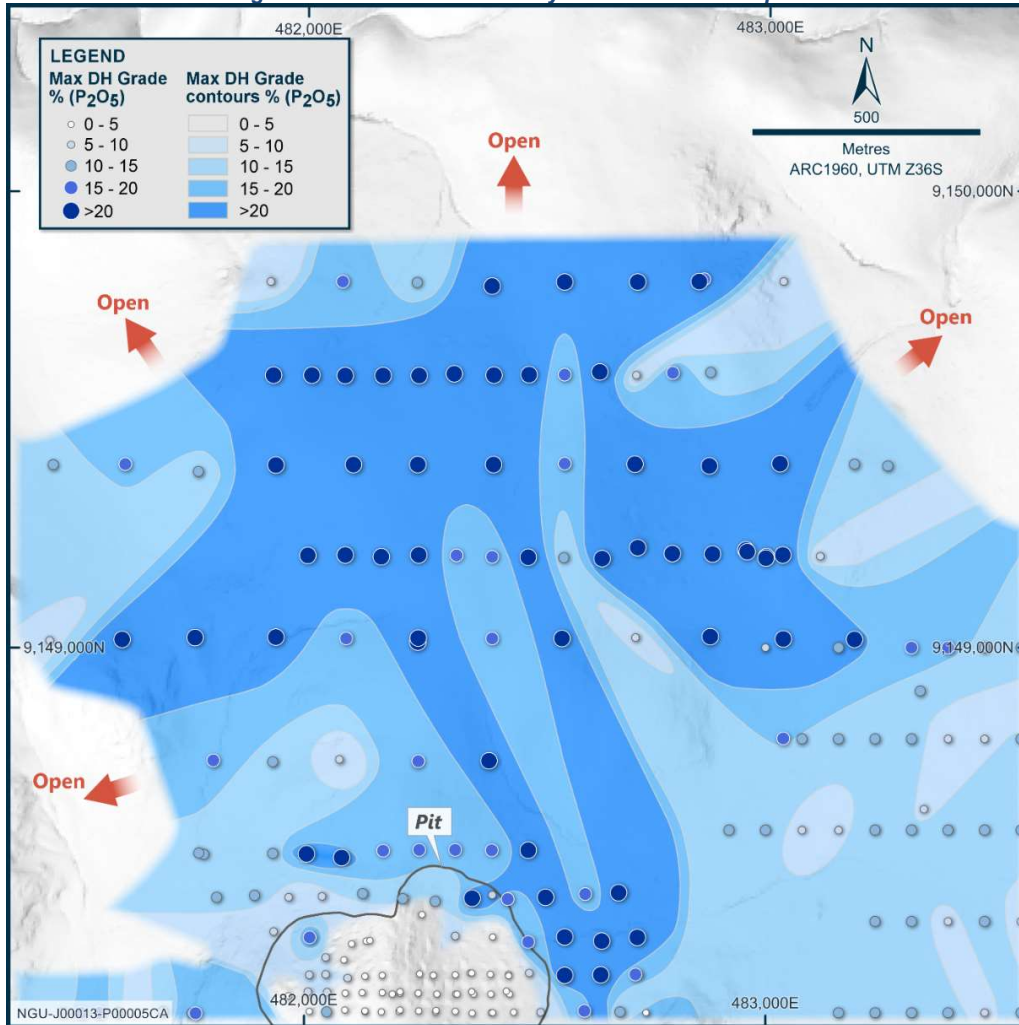
#### Results

Drilling completed in the Northern Zone confirmed widespread and high-grade phosphate mineralisation as well as high grade intercepts of niobium and rare earths. Key intercepts included:

- *NRC384* - 28m at 16.7% Phosphate ( $P_2O_5$ ) from 6m and 41m at 22.9%  $P_2O_5$  from 39m to end of hole;
- *NRC388* - 40m at 20.3%  $P_2O_5$  from 6m;
- *NRC367* - 60m at 20.5%  $P_2O_5$  from 10m;
- *NRC368* - 32m at 22.0%  $P_2O_5$  from surface, 10m at 19.5%  $P_2O_5$  from 38m and 8m at 22.3%  $P_2O_5$  from 64m
- *NRC356* - 14m at 0.55% Niobium ( $Nb_2O_5$ ) from 14m including 10m at 0.61%  $Nb_2O_5$  from 14m, as well as 14m at 14.5%  $P_2O_5$  from 16m;
- *NRC372* - 62m at 1.26%  $Nb_2O_5$  from surface including 36m at 1.88%  $Nb_2O_5$  from 22m; the highest-grade niobium intercept at Ngualla to date; and
- *NRC375* - 10m at 23.0%  $P_2O_5$  from surface and 11m at 18.8%  $P_2O_5$  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).

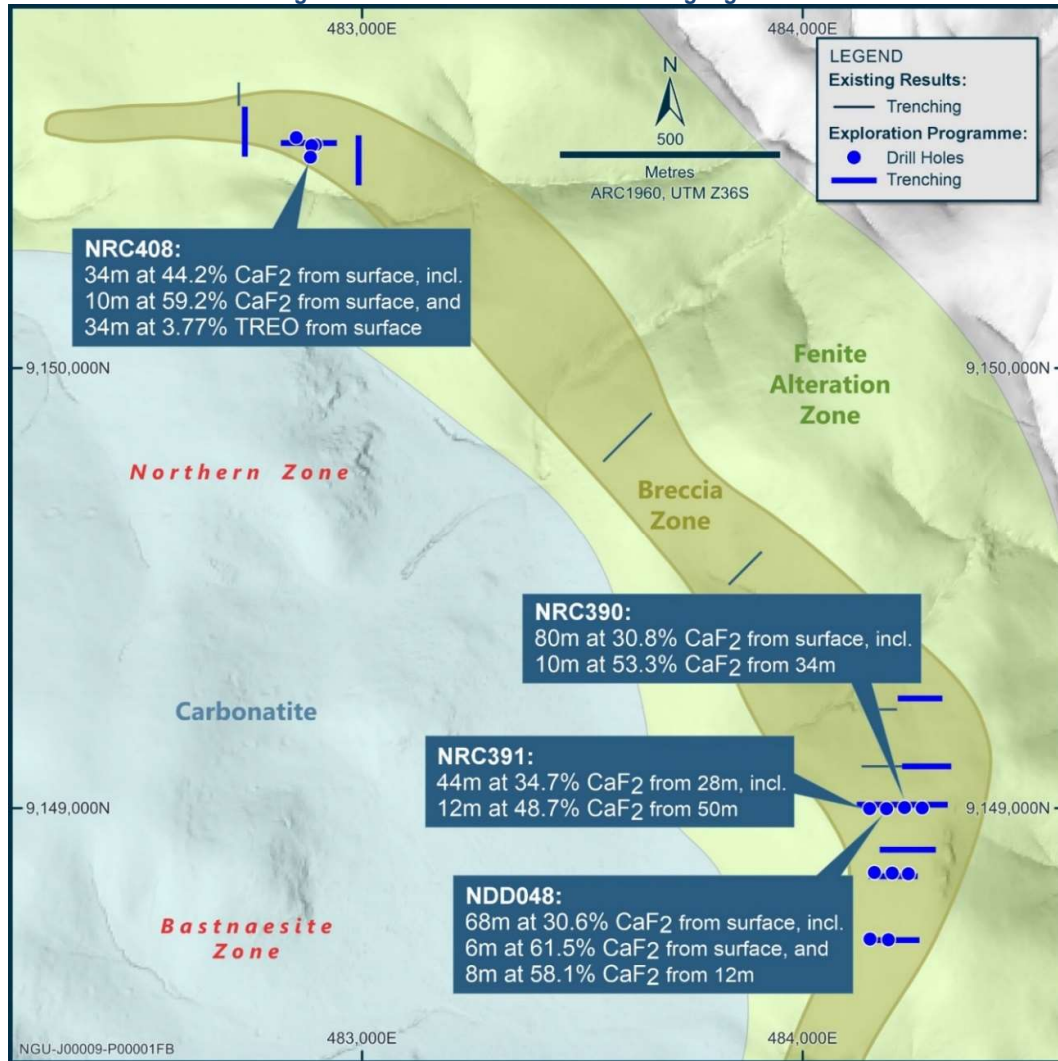
Figure 3: Northern Zone Assay Contours for Phosphate



Drilling results received from Breccia Zone trench samples demonstrated extensive high-grade fluorspar mineralisation across the entire ~3.7km extent of the area supporting the potential of a high-grade and globally significant fluorspar deposit. High-grade rare earth mineralisation was also identified within the northern Breccia Zone.

Key intercepts from the Breccia Zone trench samples included:

- NC010 - 70m (end of trench) at 36% Fluorspar ("CaF<sub>2</sub>") from 0m;
- NCS013 - 114m at 46% CaF<sub>2</sub> from 32m including 44m at 65% CaF<sub>2</sub> from 80m;
- NCS020 - 34m at 39% CaF<sub>2</sub> from 42m including 8m at 68% CaF<sub>2</sub> from 64m;
- NCS021 - 68m at 2.9% Total Rare Earth Oxide ("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.

**Figure 4: Breccia Zone Drill Results Highlights**

#### Signing of a non-binding MOU with Minjingu Mines and Fertiliser

In April 2024, Peak announced a non-binding Memorandum of Understanding (“MOU”) with Tanzanian phosphate and fertilizer group, Minjingu Mines and Fertiliser Limited (“Minjingu Mines”) around the future supply of phosphate from the Ngualla Project.

Minjingu Mines has extensive experience in the Eastern and Southern African fertiliser market and operates the Minjingu Phosphate Mine in Tanzania, one of the only active phosphate mines in Eastern Africa, where it produces a range of organic and blended fertiliser products.

Under the terms of the non-binding MOU, Peak and Minjingu Mines agreed to evaluate potential co-operation around the future development of phosphate from the Ngualla Deposit including:

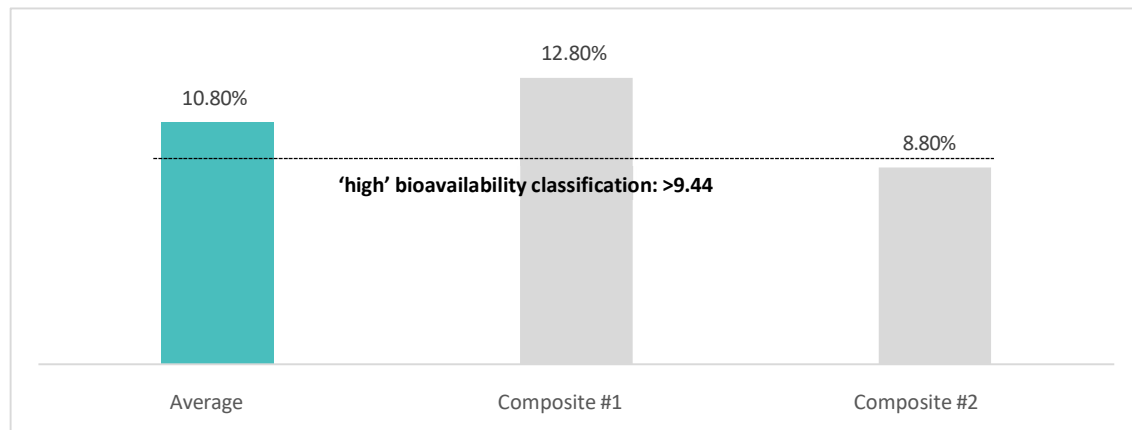
- Mining and beneficiation;
- Offtake and sales arrangements;
- Transport and logistics; and
- Potential joint venture, co-investment, partnering and funding structures.



A joint study group was also formed to expedite the development of a low-cost phosphate beneficiation flowsheet.

The MOU with Minjingu Mines followed an identified opportunity to supply phosphate into the regional fertiliser sector. Preliminary bioavailability testwork completed during February 2024 confirmed the potential use of Ngualla phosphate as a direct application phosphorus fertiliser, with composite samples showing high levels of bioavailability under standard laboratory conditions.

**Figure 5. Bioavailability of phosphate**



<sup>1</sup>'High' bioavailability – greater than 9.4; 'Medium' bioavailability – between 6.7 and 8.4; 'Low' availability – less than 6 ('Solubility Test in Some Phosphate Rocks and their Potential for Direct Application in Soil', Gholizadeh et al, 2009)<sup>4</sup>

### Enlargement of the Ngualla SML area

In April 2024, the Tanzanian Mining Commission approved a near tripling of the size of the Ngualla Project SML area.

As provided under the terms of the Framework Agreement with the Government of Tanzania, the enlarged SML area includes two Prospecting Licences (PL9157-2013 and PL10897-2016) previously held within the Peak Group.

Following the enlargement, the total SML area increased from ~18km<sup>2</sup> to ~51km<sup>2</sup>, providing a substantial landholding to accommodate the initial development of the Ngualla Project as well as exploration and growth initiatives.

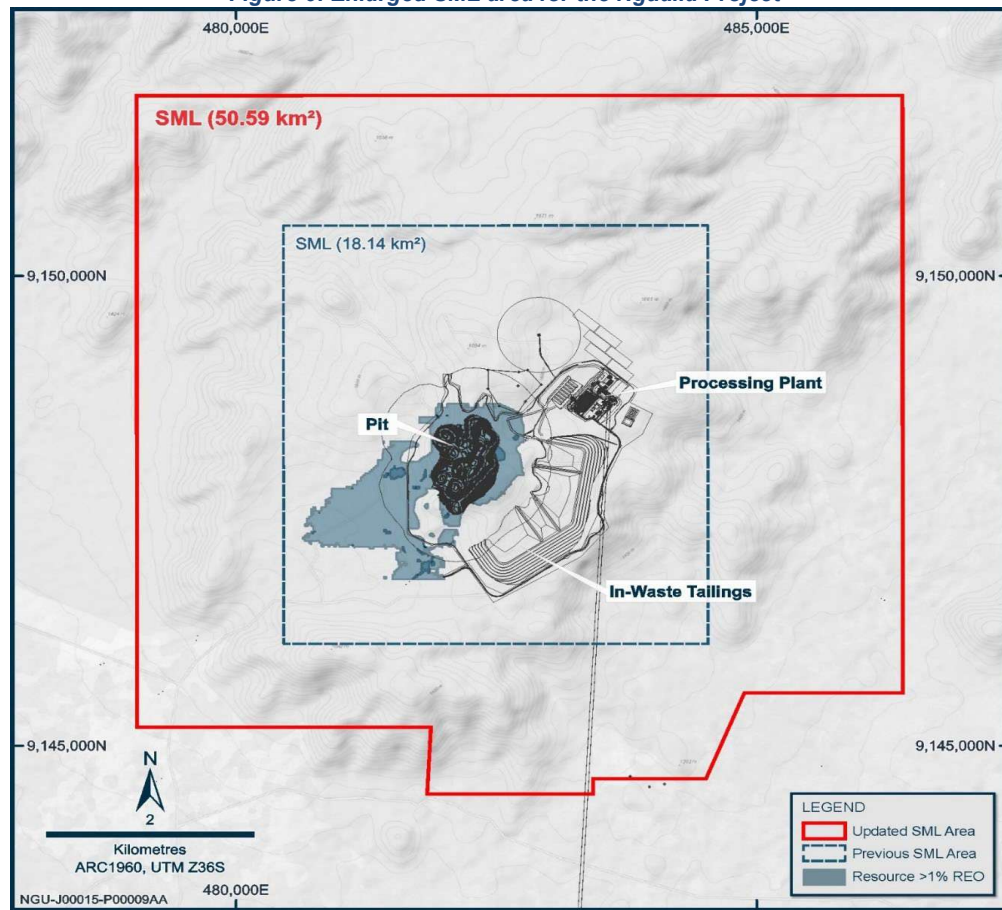
Key benefits from enlarging the SML area include:

- A larger footprint to develop the Ngualla Rare Earth Project and associated infrastructure requirements;
- Capacity to relocate the TSF, power plant, processing plant and storage capacity from Ngualla Hill to flatter areas within the enlarged SML;
- Greater capacity to co-develop concurrent rare earths, phosphate and fluorspar projects as well as support future expansions;
- Increased flexibility around the locations for a potential MREC facility, which is consistent with Mamba Mineral's longer-term downstream strategy; and
- Enables future exploration over the broader area.

<sup>4</sup> See 26 February 2024 ASX Announcement – Phosphate Bioavailability Test Results

Consistent with the multi-generational potential of the Ngualla Project, the initial term of the enlarged SML has been extended to 30 years with an ability to apply for future extensions.

**Figure 6: Enlarged SML area for the Ngualla Project**



#### Acquisition of freehold title and commencing a sale process of the Teesside site

In March 2024, Peak acquired freehold title over its 19-hectare Teesside site from Homes England, which followed the exercise of a £1,858,712 option to enter a 250-year lease in May 2021.

Key benefits of freehold title include a higher land value relative to a long-term lease and greater flexibility around future development and exit options.

The Teesside site is no longer a core asset given:

- The adoption of a sequenced development strategy entailing the initial development of the Ngualla Project as a standalone high-grade concentrate project; and
- A longer-term intention of developing Tanzanian downstream operations including a Mixed Rare Earth Carbonate ("MREC") facility.

Since entering into the option agreement in July 2018, the broader Teesside area has established itself as an emerging green energy hub.

The site is also strategically positioned within the Teesside designated freeport and within 3km of the deep-water Teesport. It also benefits from existing access to reliable competitively priced power, utilities and services.



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

### Board appointments and management changes

#### **Board appointment**

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

#### **Management changes**

On 15 August 2024, Johan Coetzee commenced employment as the Ngualla Project Director with responsibility to manage and oversee the construction and commissioning of the Ngualla Project. Johan holds a 30-year track-record in developing and constructing African mining projects and holds a Bachelor of Electrical Engineering, Masters in Strategic & Change Management and a Masters in Project Management.

The following individuals ceased employment with Peak:

- Lello Galassi, Head of Development and Operations, resigned for health reasons in July 2024;
- Following the successful execution of an offtake agreement with Shenghe, Andrea Cornwell's role as Head of Marketing and Sales, was made redundant and she ceased employment in December 2023; and
- Ray Anguelov, Head of Technical Services, ceased employment on 6 September 2024.

Peak would like to thank Lello, Andrea and Ray for their substantial contribution to Peak and the Ngualla Project.

### Risk Management

The Company is exposed to various risks which could negatively affect the company's strategies, financial prospects, and activities. In accordance with the company's Risk Management Policy guidelines, during the period Peak evaluated the key risks inherent to its business and stakeholders during the period. A comprehensive corporate Risk Register is the framework for which risks are identified and controlled by the Executive Management team, and to which the Audit, Risk & Sustainability Committee and Board has oversight. The Risk Register defines and prioritises the risks, and pre and post mitigation ratings. Risk owners are assigned and are responsible for mitigation action planning and review.

With respect to the governance of the company's Risk Management Framework, the Audit, Risk & Sustainability Committee assists the Management team to identify and manage project and operations, commercial and financial, corporate and strategic, environmental, social, governance and sustainability, and compliance and regulatory risks.

Material risks that were identified, reassessed, and managed by the company during FY2024 include but are not limited to the risks listed in table below (not in order of priority). The mitigation and a year-on-year change to the risk trend is indicated via the following arrow symbols; ↔ (no change), ↗ (increasing risk), ↘ (decreasing risk).

#### **1. Health & Safety Risk [↔]**

- No reportable lost time injuries or fatalities were reported for the period.
- Risks are controlled through the Safety Management Plan in compliance with Tanzanian Law, the Occupational Health and Safety Policy, and IFC Standard OHS Incident Reporting Guidelines.

## 2. Regulatory Risk [↘]

- Regulatory Compliance action plan regarding the establishment of the Mamba entities in Tanzania was implemented.
- Anti-bribery and Corruption Policy is in place.
- Annual Corporate Social Responsibility (CSR) plan has been developed.
- In compliance with Tanzanian Law and IFC Performance Standards, the land valuation, compensation and relocation of affected persons for the Ngualla project is nearing completion (please refer to the Review of Operations and Community Benefit Risk section for details).

## 3. Operation & Technical Risk [↘]

- Enlargement of the Ngualla SML area from ~18km<sup>2</sup> to ~51km<sup>2</sup>.
- Project costs and timeline amended following the FEED Study Update.
- Advancement of enabling works and technical initiatives.
- Identification of potential Ngualla Project capital cost savings.
- Progressing with Shenghe on strategic, EPC and funding cooperation.
- Critical Minerals exploration programme confirming widespread and high-grade mineralisation of phosphate, fluor spar, niobium and rare earths.
- Optimisation test programs initiated for flowsheet design, grade, recovery and optimisation.

## 4. Counterparty & Funding Risk [↘]

- Signing a non-binding Funding and Development Term Sheet with Shenghe
- Execution of binding offtake agreement with conditions precedent satisfied
- Appointment of Macquarie Capital as Peak's strategic and financial adviser
- Receipt of indicative, non-binding expressions of interest for a total of US\$176.6m in senior debt funding.

## 5. Environmental Management & Sustainability Risk [↔]

- Updates to the Environmental and Social Management Plan for the purpose of project construction, and development of an Environmental and Social Action Plan.
- Ongoing seasonal baseline water and water sourcing study completed.
- Ecosystem Survey report and Bio-diversity studies completed.
- Progression of the company's strategic Sustainability roadmap including
  - Updated Materiality Matrix.
  - Completion of a Life-Cycle-Assessment.
  - Board incorporated *Sustainability* into the Risk and Audit Committee. The new Risk, Audit and Sustainability Charter can be found on our website.
  - Adoption of the Human Rights and Modern Slavery Policy.

## 6. Macroeconomics [↗]

- Whilst rare earth prices have been impacted by several temporary headwinds, the long-term outlook for rare earths remains positive with market analysts continuing to forecast a growing supply demand deficit and rising prices for NdPr Oxide.
- Current challenging equity and capital market conditions.

## 7. Community Benefit Risk [↘]

- Following a Human Impact Study, a Land valuation and Resettlement Action Plan ("RAP") program is underway and due for completion later in 2024, in parallel with stakeholder engagement with Project-Affected People ("PAP").
- Ongoing impact assessment of the Ngwala-Kininga Road upgrade completed in FY2022 considering the growth of agribusiness and electrification of the local villages.
- Ongoing community engagement and development of a 5-year Social Development Plan.

**8. Cybersecurity [↔]**

- Peak engages an IT firm and uses specialist IT solutions to reduce the impact and likelihood of a potential cyber security event. This is supported by companywide security processes and offsite real-time monitoring for early identification of potential events. As the Company matures, it will continue to monitor and increase its cyber security capability.

**EVENTS SUBSEQUENT TO REPORTING DATE**

On 24 July 2024, Peak announced a signed non-binding Term Sheet with Shenghe covering an integrated investment, funding and development solution for the Ngualla Project. Shenghe holds an approximate 19.9% interest in Peak and appointed a nominee Non-Executive Director to Peak's Board in December 2022.

Key elements of the agreed Term Sheet between Peak and Shenghe include the following:

- Investment structure – Shenghe to acquire a 50% interest in Ngualla Group UK Limited ("NGUK"), which holds an 84% effective interest in the Ngualla Project, through a subscription of new shares for ~A\$96m;
- Fully funded solution – the balance of Ngualla Project development costs to be funded via a Shenghe arranged debt facility, which is expected to be on terms more favourable than a typical international project financing facility. Upon completion, Peak will not be required to contribute any additional equity funding towards the development of the Ngualla Project; and
- Term – in the absence of execution of transaction documentation, the Term Sheet will expire on 31 March 2025 unless mutually extended.

Other Term Sheet elements include an engineering delivery solution, profit sharing and incentivisation payments and subsidiary Board representation.

The drafting of legally binding agreements is underway, together with preparations for satisfying conditions precedent (including Peak shareholder approval).

Other than the matters referred to above there were no other events that have a material impact on the financial statements or operations of the Group and Company.

**SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Other than detailed in Note 24 of the financial statements (subsequent events) and in the Review of Operations above, there were no significant changes in the state of affairs of the Company during the financial year.

## MEETINGS OF DIRECTORS

The number of meetings attended by each Director of the Company during the financial year was:

Director	Full meetings of Directors		Audit, Risk & Sustainability Committee Meetings		Nomination & Remuneration Committee Meetings		Technical and Development Committee Meetings	
	A	B	A	B	A	B	A	B
Russell Scrimshaw	4	4	6	6	-	-	2	2
Abdullah Mwinyi	1	4	-	-	-	-	-	-
Shasha Lu	3	4	-	-	-	-	-	-
Ian Chambers	4	4	6	6	-	-	-	-
Nick Bowen	4	4	-	-	-	-	2	2
Hannah Badenach <sup>^</sup>	4	4	4	4	-	-	-	-

<sup>^</sup>Appointed during the year

A Number of meetings attended

B Number of meetings held during the time the Director held office and was a member of the relevant committee during the year.

## EQUITY HOLDINGS OF DIRECTORS

As at the date of this report, the Directors' direct and indirect interests in the Company were:

	Equity shares	Equity options	Performance Rights
Russell Scrimshaw	1,200,000	-	3,100,000
Abdullah Mwinyi	106,623	-	571,447
Shasha Lu	-	-	600,000
Ian Chambers	1,700,000	-	600,000
Nick Bowen	210,000	-	600,000
Hannah Badenach	256,000	-	600,000

Details of issues made to directors during the period are provided in the Remuneration Report.

## FUTURE DEVELOPMENTS

Likely future developments in the operations of the Group are referred to elsewhere in the Annual Financial Report.

## ENVIRONMENTAL ISSUES

The Company is aware of its environmental obligations with regards to its exploration activities at the Ngualla Project and the Teesside refinery site and ensures that it complies with all regulations when carrying out any exploration work. The directors of the Company are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations which exceed specified thresholds. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

## REMUNERATION REPORT (AUDITED)

The remuneration report outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

### **Remuneration Policy**

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed against market rates and offering specific share-based incentives based on key performance areas affecting the Company's activities, milestones and financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain skilled and experienced directors and executives to manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

*The Company has a Nomination & Remuneration Committee to review the remuneration policy that sets the remuneration and performance terms and conditions for the executive directors and other senior executives. All executives receive a base salary (which is determined on factors such as length of service, expertise, experience and peer comparatives) and superannuation is paid for Australian resident employees and directors. The Company reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.*

*The Board may exercise discretion in relation to approving incentives, bonuses, performance rights and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder value. Executives and employees are also entitled to participate in the employee share arrangements.*

*The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and subject to shareholder approval are able to participate in the employee incentive plan. Non-executive directors are provided superannuation benefits in accordance with Australian statutory requirements, where the Non-Executive Director is a non-Australian resident the superannuation benefit is provided as an additional fee.*

*All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options and performance rights are valued using the appropriate valuation methodology. Details of options and performance rights provided to directors are detailed in the Remuneration Report.*

### **Non-Executive Director Remuneration**

The total remuneration of non-executive directors has been set at a maximum of \$700,000 (that includes superannuation and excludes share-based payments) as approved by shareholders at the 29 November 2021 Annual General Meeting. It does not mean that the Company has utilised the entire maximum sum of \$700,000 approved for non-executive directors' fees in each year. The total non-executive director remuneration inclusive of superannuation for 2024 was \$288,243 (2023: \$247,222).

### **Performance Based Remuneration**

The Company continues to review and consider the inclusion of performance-based components built into director and executive remuneration packages.

The Company received approval from shareholders for adoption of an Incentive Employee Option Plan ("EOP"), Incentive Performance Rights Plan ("PRP"), and Director Fee Plan at the Annual General Meeting on 23 December 2020. On 15 June 2023 shareholders approved the adoption of an Employee Incentive Plan ("EIP") compliant with legislative changes.

The objectives of the EOP, PRP and EIP are to attract, motivate and retain key employees and the Company considers that the adoption of the Plans and the future issue of securities under the Plans will provide selected employees with the opportunity to participate in the future growth of the Company.

During the year the following director and executive performance rights were issued/ exercised/ lapsed or were cancelled:

**Issued:**

- 3,210,000 incentive performance rights expiring 9 November 2028
- 2,311,404 incentive performance rights expiring 30 November 2028

**Exercised:**

- 1,289,868 vested performance rights with an exercise price of \$nil

**Lapsed:**

- nil

### **Company Performance, Shareholder Returns and Director's and Executive's Remuneration**

Summary of Group's performance and movements in the Peak Rare Earths Limited share price over the last five years:

	2024	2023	2022	2021	2020
Total income (\$)	956,995	697,986	8,602	111,008	12,374,452
Net profit/(loss) before tax (\$)	(18,175,830)	(32,800,639)*	(22,731,602)	(4,770,848)	7,652,714 <sup>#</sup>
Net profit/(loss) after tax (\$)	(18,175,830)	(32,800,639)	(22,731,602)	(4,770,848)	7,652,714 <sup>#</sup>
Closing share price at end of year (cents), adjusted <sup>^</sup>	\$0.185	\$0.465	\$0.295	\$0.100	\$0.210
Basic earnings/(loss) per share (cents) <sup>^</sup>	(6.85)	(15.38)	(11.66)	(3.13)	6.52
Dividends per share (cents)	-	-	-	-	-

\*Includes a share based payment for government participation of \$21,189,140 for the accounting valuation on the issue of the 16% free carried interest in the Ngualla Project to the Government of Tanzania.

<sup>#</sup> Includes gain on remeasurement of financial liabilities of \$1.7 million and gain on derecognition of associate of \$10.4 million.

<sup>^</sup> Note that the closing share price at end of year (cents) and the basic earnings/(loss) per share have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Currently, this is facilitated through a policy to issue performance rights to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. Details of directors and executives' interests in shares and options at year end are detailed below.

**Details of KMP Remuneration**

The relevant Key Management Personnel (KMP) of the group for the 2024 financial year were:

- 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);
- Bardin Davis - Chief Executive Officer;
- Philip Rundell - Chief Financial Officer & Company Secretary;
- Lello Galassi - Head of Development & Operations;
- Andrea Cornwell - Head of Marketing & Sales (ceased employment 15 December 2023); and
- Ray Anguelov - Head of Technical Services.

**Total KMP remuneration for the year was:**

	<b>2024 \$</b>	<b>2023 \$</b>
Salary and fees	2,161,822	1,987,358
Superannuation	72,881	103,399
Share based payments*	1,351,723	1,457,999
Termination payments	36,058	-
<b>Total</b>	<b>3,622,484</b>	<b>3,548,756</b>

\*Share Based Payments are non-cash components of remuneration and the consideration reported is an accounting value determined in accordance with AASB 2. Inclusive in the consideration reported is the accounting value of unvested performance rights subject to performance milestones that as at 30 June 2024 had not yet been achieved. The cash benefit of the unvested performance rights will only be received by the KMP following any sale of the resultant shares, which can only be attained after the rights have vested, been exercised and the shares are issued.

## Remuneration of individual KMP's:

	Short term benefits		Post-employment	Share based payments*		Termination Payments	Total	Proportion related to:	
	Salary & fees	Non-monetary	Superannuation	Performance Rights*	Options			Equity	Performance
30-Jun-24	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>									
Russell Scrimshaw	210,000	-	20,350	719,046	-	-	949,396	0%	76%
Abdullah Mwyini	55,125	-	-	35,518	-	-	90,643	0%	39%
Shasha Lu	55,500	-	-	27,055	-	-	82,555	0%	33%
Ian Chambers	55,000	-	6,050	57,608	-	-	118,658	0%	49%
Nick Bowen	55,000	-	6,068	27,055	-	-	88,123	0%	31%
Hannah Badenach	55,500	-	-	27,055	-	-	82,555	0%	33%
	<b>486,125</b>	-	<b>32,468</b>	<b>893,337</b>	-	-	<b>1,411,930</b>	<b>0%</b>	<b>63%</b>
<b>Executives</b>									
Bardin Davis	412,500	-	27,500	295,254	-	-	735,254	0%	40%
Philip Rundell	257,500	-	-	46,749	-	-	304,249	0%	15%
Lello Galassi	498,029	-	-	59,152	-	-	557,181	0%	11%
Andrea Cornwell <sup>1</sup>	166,974	-	12,913	57,231	-	36,058	273,176	0%	21%
Raytcho Anguelov	340,694	-	-	-	-	-	340,694	0%	0%
	<b>1,675,697</b>	-	<b>40,413</b>	<b>458,386</b>	-	<b>36,058</b>	<b>2,210,554</b>	<b>0%</b>	<b>21%</b>
<b>Total</b>	<b>2,161,822</b>	-	<b>72,881</b>	<b>1,351,723</b>	-	<b>36,058</b>	<b>3,622,484</b>	<b>0%</b>	<b>37%</b>

\*Share Based Payments are non-cash components of remuneration and the consideration reported is an accounting value determined in accordance with AASB 2. Inclusive in the consideration reported is the accounting value of unvested performance rights subject to performance milestones that as at 30 June 2024 had not yet been achieved. The cash benefit of the unvested performance rights will only be received by the KMP following any sale of the resultant shares, which can only be attained after the rights have vested, been exercised and the shares are issued.

<sup>1</sup> Mrs Cornwell ceased to be an employee on 15 December 2023 but continued to provide services as and when required as an engaged consultant.



## Remuneration of individual KMP's:

	Short term benefits		Post-employment	Share based payments*		Termination Payments	Total	Proportion related to:	
	Salary & fees	Non-monetary	Superannuation	Performance Rights^	Options^			Equity#	Performance #
30-Jun-23	\$	\$	\$	\$	\$	\$	\$	%	%
<b>Directors</b>									
Russell Scrimshaw <sup>1</sup>	105,484	-	11,076	271,349	-	-	387,909	0%	70%
Abdullah Mwyini <sup>2</sup>	55,000	-	-	35,673	-	-	90,673	0%	39%
Shasha Lu <sup>3</sup>	32,242	-	-	-	-	-	32,242	0%	0%
Ian Chambers <sup>4</sup>	14,113	-	1,482	3,283	-	-	18,878	0%	17%
Nick Bowen <sup>5</sup>	3,611	-	379	-	-	-	3,990	0%	0%
Tony Pearson	55,443	-	5,822	177,296	-	-	238,561	0%	74%
Giles Stapleton <sup>6</sup>	46,528	-	4,885	12,500	-	-	63,913	0%	20%
Giselle Collins <sup>7</sup>	25,083	-	2,634	-	-	-	27,717	0%	0%
	<b>337,504</b>	-	<b>26,278</b>	<b>500,101</b>	-	-	<b>863,883</b>	<b>0%</b>	<b>58%</b>
<b>Executives</b>									
Bardin Davis <sup>8</sup>	350,000	-	27,500	590,614	-	-	968,114	0%	61%
Philip Rundell	240,000	-	-	83,697	-	-	323,697	0%	26%
Lello Galassi	444,186	-	-	113,984	-	-	558,170	0%	20%
Andrea Cornwell	312,500	-	27,500	85,137	-	-	425,137	0%	20%
Raytcho Anguelov <sup>9</sup>	45,449	-	-	-	-	-	45,449	0%	0%
Mark Godfrey <sup>10</sup>	257,719	-	22,121	84,466	-	-	364,306	0%	23%
	<b>1,649,854</b>	-	<b>77,121</b>	<b>957,898</b>	-	-	<b>2,684,873</b>	<b>0%</b>	<b>36%</b>
<b>Total</b>	<b>1,987,358</b>	-	<b>103,399</b>	<b>1,457,999</b>	-	-	<b>3,548,756</b>	<b>0%</b>	<b>41%</b>

\*Share Based Payments are non-cash components of remuneration and the consideration reported is an accounting value determined in accordance with AASB 2. Inclusive in the consideration reported is the accounting value of unvested performance rights subject to performance milestones that as at 30 June 2023 had not yet been achieved. The cash benefit of the unvested performance rights will only be received by the KMP following any sale of the resultant shares, which can only be attained after the rights have vested, been exercised and the shares are issued.

^Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the current period.

#The % excludes the value of the options which were written back during the year

<sup>1</sup>Mr Scrimshaw was appointed to the role of Executive Chairman on 15 August 2023.

<sup>2</sup>Mr Mwinyi received a prepayment of his director fees for the period 1 July 2023 to 31 March 2024 of \$41,250 not included in his reported 30 June 2023 salary & fees.

<sup>3</sup>Ms Lu was appointed to the role of Non-Executive Director on 30 November 2022.

<sup>4</sup>Mr Chambers was appointed to the role of Non-Executive Director on 20 March 2023.

<sup>5</sup>Mr Bowen was appointed to the role of Non-Executive Director on 5 June 2023.

<sup>6</sup>Mr Stapleton resigned on 5 June 2023.

<sup>7</sup>Mrs Collins resigned on 9 November 2022.

<sup>8</sup>Mr Davis stepped down as MD on 9 July 2022 to take on the CEO role, his full remuneration is reported under the executive section.

<sup>9</sup>Mr Anguelov was appointed to the role of Head of Technical Services on 15 May 2023.

<sup>10</sup>Mr Godfrey resigned from his executive role on 13 April 2023 but continues to provide services as and when required as an engaged consultant.

**Performance rights and options re any of the granted / vested / lapsed during the year ended 30 June 2024****Movements in performance rights during the year:**

30-Jun-24	Date of issue	Number of performance rights issued	Fair value per performance right*	Total value of issue \$^A	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
<b>Directors</b>									
Russell Scrimshaw					21-Jun-24	\$nil	15-Dec-26	900,000	-
Abdullah Mwyini	4-Dec-23	511,404	\$0.385	196,891	-	-	30-Nov-28	-	-
Abdullah Mwyini	-	-	-	-	29-Nov-23	\$nil	5-Feb-25	7,500	-
Abdullah Mwyini	-	-	-	-	21-Jun-24	\$nil	9-Dec-25	21,053	-
Shasha Lu	4-Dec-23	600,000	\$0.385	231,000	-	-	30-Nov-28	-	-
Ian Chambers	9-Nov-23	600,000	\$0.500	300,000	-	-	9-Nov-28	-	-
Nick Bowen	4-Dec-23	600,000	\$0.385	231,000	-	-	30-Nov-28	-	-
Hannah Badenach	4-Dec-23	600,000	\$0.385	231,000	-	-	30-Nov-28	-	-
		<b>2,911,404</b>		<b>1,189,891</b>				<b>928,553</b>	-
<b>Executives</b>									
Bardin Davis	9-Nov-23	1,700,000	\$0.385	654,500	-	-	9-Nov-28	-	-
Bardin Davis	-	-	-	-	29-Nov-23	\$nil	5-Feb-25	187,500	-
Bardin Davis	-	-	-	-	21-Jun-24	\$nil	9-Dec-25	200,000	-
Philip Rundell	9-Nov-23	410,000	\$0.385	157,850	-	-	9-Nov-28	-	-
Philip Rundell	-	-	-	-	21-Jun-24	\$nil	9-Dec-25	80,000	-
Philip Rundell	-	-	-	-	23-Nov-23	\$nil	23-Sep-26	10,000	-
Lello Galassi	-	-	-	-	29-Nov-23	\$nil	23-Sep-26	75,000	-
Andrea Cornwell	-	-	-	-	8-Aug-23	\$nil	23-Sep-26	112,500	-
Raytcho Anguelov	9-Nov-23	500,000	\$0.385	192,500	-	-	9-Nov-28	-	-
		<b>2,610,000</b>		<b>1,004,850</b>				<b>665,000</b>	-
<b>Total</b>		<b>5,521,404</b>		<b>2,194,741</b>				<b>1,593,553</b>	-

^The Performance Rights were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following any sale of the resultant shares, which can only be attained after the rights have vested, been exercised and the shares are issued.

\* For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date. For performance rights with market conditions, the fair value is measured using a binomial pricing model.

# For vesting of performance rights with the same expiry date occurring on multiple dates during the period the most recent date is reported in the table.

**Movements in options during the year:**

There were no options granted / vested / lapsed during the year.

**Performance rights and options granted / vested / lapsed during the year ended 30 June 2023****Movements in performance rights during the year:**

30-Jun-23	Date of issue	Number of performance rights issued	Fair value per performance right*	Total value of issue \$^A	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
<b>Directors</b>									
Russell Scrimshaw	15-Dec-22	3,500,000	\$0.475	1,662,500	-	\$nil	30-Nov-26	-	-
Russell Scrimshaw	15-Dec-22	250,000	\$0.440	110,000	-	\$nil	30-Nov-26	-	-
Russell Scrimshaw	15-Dec-22	250,000	\$0.360	90,000	-	\$nil	30-Nov-26	-	-
Tony Pearson	-	-	-	-	25-Apr-23	\$nil	5-Feb-24	75,000	-
Tony Pearson	-	-	-	-	17-Apr-23	\$nil	9-Dec-25	200,000	-
Abdullah Mwinyi	-	-	-	-	25-Apr-23	\$nil	5-Feb-25	15,000	-
Abdullah Mwinyi	-	-	-	-	17-Apr-23	\$nil	9-Dec-25	28,070	-
Giselle Collins	-	-	-	-	-	\$nil	9-Dec-25	-	(100,000)
Giles Stapleton	15-Dec-22	100,000	\$0.475	47,500	17-April-23	\$nil	15-Dec-26	26,316	(73,684)
		<b>4,100,000</b>		<b>1,910,000</b>				<b>344,386</b>	<b>(173,684)</b>
<b>Executives</b>									
Bardin Davis					25-Apr-23	\$nil	5-Feb-24	375,000	-
Bardin Davis					17-Apr-23	\$nil	9-Dec-25	300,000	-
Philip Rundell					17-Apr-23	\$nil	9-Dec-25	80,001	-
Philip Rundell	23-Sep-22	100,000	\$0.480	48,000	30-Jun-23	\$nil	23-Sep-26	30,000	-
Mark Godfrey	23-Sep-22	500,000	\$0.480	240,000	30-Jun-23	\$nil	23-Sep-26	169,000	-
Lello Galassi	23-Sep-22	500,000	\$0.480	240,000	30-Jun-23	\$nil	23-Sep-26	175,000	-
Andrea Cornwell	23-Sep-22	450,000	\$0.480	216,000	30-Jun-23	\$nil	23-Sep-26	112,500	-
		<b>1,550,000</b>		<b>744,000</b>				<b>1,241,501</b>	-
<b>Total</b>		<b>5,650,000</b>		<b>2,654,000</b>				<b>1,585,887</b>	<b>(173,684)</b>

<sup>A</sup>The Performance Rights were granted for no consideration and the employee received no cash benefit at the time of receiving the rights. The cash benefit will be received by the employee following any sale of the resultant shares, which can only be attained after the rights have vested, been exercised and the shares are issued.

\* For performance rights with non-market conditions, the fair value is measured using the closing share price at grant date. For performance rights with market conditions, the fair value is measured using a binomial pricing model.

# For vesting of performance rights with the same expiry date occurring on multiple dates during the period the most recent date is reported in the table.

## Movements in options during the year:

30-Jun-23	Date of issue	Number of options issued	Fair value per Option*	Total value of issue \$	Vesting Date#	Exercise Price	Expiry Date	Number vested during the year	Number lapsed/ cancelled during the year
<b>Directors</b>									
Russell Scrimshaw		-	-	-		-		-	-
Abdullah Mwyini		-	-	-		-		-	-
Shasha Lu		-	-	-		-		-	-
Ian Chambers		-	-	-		-		-	-
Nick Bowen		-	-	-		-		-	-
Tony Pearson		-	-	-		\$1.50	21-Jun-23	-	(500,000)
Giles Stapleton		-	-	-		-		-	-
Giselle Collins		-	-	-		-		-	-
		-	-	-		-		-	(500,000)
<b>Executives</b>									
Bardin Davis									
Philip Rundell		-	-	-		-		-	-
Lello Galassi		-	-	-		-		-	-
Andrea Cornwell		-	-	-		-		-	-
Raytcho Anguelov		-	-	-		-		-	-
Mark Godfrey		-	-	-		-		-	-
		-	-	-		-		-	-
<b>Total</b>		-	-	-		-		-	(500,000)

**Shareholdings of KMP's**

30-Jun-24	Opening Balance	Granted as Remuneration	Exercise of Options/PRs	Market/ Other Movements	Closing Balance
<b>Directors</b>					
Russell Scrimshaw	300,000	-	575,000	-	875,000
Abdullah Mwinyi	78,070	-	21,535	-	99,605
Shasha Lu	-	-	-	-	-
Ian Chambers	1,200,000	-	-	500,000	1,700,000
Nick Bowen	110,000	-	-	100,000	210,000
Hannah Badenach	-	-	-	256,000	256,000
	<b>1,688,070</b>	-	<b>596,535</b>	<b>856,000</b>	<b>3,140,605</b>
<b>Executives</b>					
Bardin Davis	1,580,510	-	287,500	-	1,868,010
Philip Rundell	105,001	-	68,333	-	173,334
Lello Galassi	100,000	-	150,000	-	250,000
Ray Anguelov	-	-	-	-	-
Andrea Cornwell*	37,500	-	187,500	(225,000)	-
	<b>1,823,011</b>	-	<b>693,333</b>	<b>(225,000)</b>	<b>2,291,344</b>
<b>Total</b>	<b>3,511,081</b>	-	<b>1,289,868</b>	<b>631,000</b>	<b>5,431,949</b>

\* Ceased to be a KMP during the period and holdings are not reported at period end.

**Performance Rights Holdings of KMP's**

30-Jun-24	Opening Balance	Granted as Remuneration	Exercise of Options & PRs	Expired/ Lapsed	Other Movements	Closing Balance	Vested at 30 June
<b>Directors</b>							
Russell Scrimshaw	4,000,000	-	(575,000)	-	-	3,425,000	325,000
Abdullah Mwinyi	88,596	511,404	(21,535)	-	-	578,465	7,018
Shasha Lu	-	600,000	-	-	-	600,000	-
Ian Chambers <sup>1</sup>	-	600,000	-	-	-	600,000	-
Nick Bowen	-	600,000	-	-	-	600,000	-
Hannah Badenach	-	600,000	-	-	-	600,000	-
	<b>4,088,596</b>	<b>2,911,404</b>	<b>(596,535)</b>	-	-	<b>6,403,465</b>	<b>332,018</b>
<b>Executives</b>							
Bardin Davis	1,700,000	1,700,000	(287,500)	-	-	3,112,500	100,000
Philip Rundell	194,999	410,000	(68,333)	-	-	536,666	26,667
Lello Galassi	400,000	-	(150,000)	-	-	250,000	-
Ray Anguelov	-	500,000	-	-	-	500,000	-
Andrea Cornwell*	412,500	-	(187,500)	-	(225,000)	-	-
	<b>2,707,499</b>	<b>2,610,000</b>	<b>(693,333)</b>	-	<b>(225,000)</b>	<b>4,399,166</b>	<b>126,667</b>
<b>Total</b>	<b>6,796,095</b>	<b>5,521,404</b>	<b>(1,289,868)</b>	-	<b>(225,000)</b>	<b>10,802,631</b>	<b>458,685</b>

Note that balances pre share consolidation have been adjusted to reflect the effects of the 1 for 10 share consolidation on 9 December 2021.

\* Ceased to be KMP's during the period and their holdings are not reported at period end.

<sup>1</sup> Mr Chambers was offered 600,000 performance rights, which were approved by shareholders on 15 June 2023 and issued during the period.

**Performance income as a proportion of total income**

No bonuses have been paid to executives during the year.

**Service agreements:**

The key terms of the service agreements with the KMP's are:

***Russell Scrimshaw (Executive Chairman from 15 August 2022)***

Russell is appointed as an Executive Director by letter of agreement. The Executive Director appointment has no fixed term and ceases on resignation or removal as a director in accordance with the Corporations Act 2001. Executive Chairman fees are currently set at \$300,000 plus superannuation entitlements per annum and are subject to an annual review. Following a salary review by a recognised consultant and approval by the Board, the Executive Chairman fees were increased from \$120,000 to \$300,000 on 1 January 2024.

***Non-Executive Directors***

Non-Executive Directors are appointed by letter of agreement. The Director appointments have no fixed term and cease on resignation or removal as a director in accordance with the Corporations Act 2001. Fees are currently set at \$50,000 plus superannuation entitlements per annum, with non-resident directors entitled to receive the superannuation component as fees. Subject to shareholder approval the Non-Executive Directors are eligible to be offered and issued performance rights under the Company's Performance Rights and Employee Incentive Plans.

Non-Executive Directors are entitled to an additional fee for Chairing the various committees, with the Chair fee for the Audit, Risk & Sustainability Committee being \$10,000 per annum, and the Chair fees for the Nomination & Remuneration Committee and the Technical & Development Committee being \$5,000 per annum, with the additional fees attracting statutory superannuation.

***Bardin Davis – Managing Director - (Non-Executive Director from 21 Oct 2020, Managing Director from 9 Dec 2020, Chief Executive Officer from 9 July 2022)***

Bardin is employed under an Executive Service Agreement (ESA). Following a salary review by a recognised consultant and approval by the Board, Bardin's salary was increased on 1 September 2023 from \$350,000 to \$425,000 plus statutory superannuation. Bardin is entitled to leave in accordance with the relevant legislation. The engagement had no fixed term but is subject to a six-month notice period from either party.

***Philip Rundell – CFO & Company Secretary (Appointed 16 December 2020)***

Philip is employed under a consulting agreement with the Company with a fixed retainer of \$25,000 per month. The engagement has no fixed term.

***Lello Galassi – Head of Development and Operations - (Appointed 20 September 2021, ceased 7 July 2024)***

Lello was employed under an Executive Service Agreement (ESA). The ESA provided for an annual salary of USD\$300,000 plus discretionary performance bonuses and 24 days of annual leave per year. The engagement had no fixed term but was subject to a three-month notice period from either party. Lello resigned on 8 April 2024, and he ceased employment with the Company on 7 July 2024. During the period, Lello received a final payment to satisfy all accrued leave and notice entitlements under his ESA.

***Andrea Cornwell – Head of Marketing and Sales - (Appointed 29 November 2021, ceased 15 December 2023)***

Andrea was employed under an Executive Service Agreement (ESA). The ESA provided for an annual salary of \$312,500 plus discretionary performance bonuses. The Executive was entitled to superannuation and leave in accordance with the relevant legislation. The engagement had no fixed term but was subject to a three-month notice period from either party. The Head of Marketing and Sales position was made redundant following the execution of the offtake agreement with Shenghe. Andrea ceased employment with the Company on the 15 December 2023 and she received a statutory redundancy payment of \$36,058 during the period.

***Ray Angelov – Head of Technical Services - (Appointed 15 May 2023, ceased 6 September 2024)***

Ray was employed under an Executive Service Agreement (ESA). The ESA provided for an annual salary of CAD \$300,000. The engagement had no fixed term but was subject to a three-month notice period from

either party. Ray was issued 500,000 performance rights under the Company's Employee Incentive Plan. Ray's contract was terminated during the year, and he ceased employment with the Company on 6 September 2024.

#### **Related party transactions**

There were no related party transactions with Key Management Personnel during the year (2023: \$nil).

*(End of Remuneration Report)*

### **OPTIONS AND PERFORMANCE RIGHTS**

At the date of this report Performance Rights on issue to directors and employees are:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Performance Rights</b>
5 February 2025	\$Nil	1,105,000
9 December 2025	\$Nil	364,860
23 September 2026	\$Nil	1,048,500
15 December 2026	\$Nil	3,100,000
9 November 2028	\$Nil	4,704,540
30 November 2028	\$Nil	2,311,404
28 March 2029	\$Nil	50,000

During the year, 7,065,944 performance rights were issued to directors and employees of the Company. A total of 1,724,294 performance rights were exercised for \$nil consideration and a total of 387,500 performance rights lapsed, were cancelled, or expired.

At the date of this report no listed or unlisted options over ordinary shares were on issue.

Performance rights and option holders do not have any right, by virtue of the option or right to participate in any share issue of the Company or any related body corporate.

### **INDEMNIFYING OFFICERS OR AUDITOR**

During the financial year, the company paid a premium in respect of a contract insuring the Directors and officers of the Company and related body corporates against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as an officer.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.



## PROCEEDINGS ON BEHALF OF COMPANY

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No person has applied to the court under legislation such as section 237 of the Corporations Act of Australia for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the consolidated entity with leave of the court under such legislation.

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.

## AUDITOR'S INDEPENDENCE DECLARATION

---

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found immediately following this Directors' report.

No amounts have been paid or payable to the auditor for non-audit services. Payments to the auditors are set out in Note 3 to the Financial Statements.

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,



Dr Russell Scrimshaw (AM)  
Executive Chairman  
Sydney, NSW  
27 September 2024

## AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
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### Auditor's independence declaration to the directors of Peak Rare Earths Limited

As lead auditor for the audit of the financial report of Peak Rare Earths Limited for the financial year ended 30 June 2024, 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young', is written over the printed name.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Pierre Dreyer', is written over the printed name.

Pierre Dreyer  
Partner  
27 September 2024

## INDEPENDENT AUDITOR'S REPORT



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

#### Report on the audit of the financial report

##### Opinion

We have audited the 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 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report, which describes the events or 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 about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### Carrying value of exploration and evaluation assets

#### Why significant

As at 30 June 2024, the Group held capitalised exploration and evaluation assets of \$59.8 million as disclosed in Note 13. These represent approximately 82% of the Group's total assets.

The carrying amount of capitalised exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying amount of capitalised exploration and evaluation assets may exceed their recoverable amount.

The determination as to whether there are any indicators to require the capitalised exploration and evaluation assets to be assessed for impairment involves a number of judgments, including whether the Group has tenure, whether it will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The directors did not identify any impairment indicators at 30 June 2024.

Given the size of the balance and the judgmental nature of impairment indicator assessments associated with capitalised exploration and evaluation assets, we consider this a key audit matter.

#### How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Assessed whether the Group's right to explore was current, which included obtaining supporting documentation such as license agreements. This included inspecting the status of its rights and tenure over the Project.
- ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's approved cash-flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group.
- ▶ Considered Group's assessment of whether the commercial viability of extracting mineral resources had been demonstrated and whether it was appropriate to continue to classify the capitalised expenditure for the area of interest as an exploration and evaluation asset.
- ▶ Assessed whether exploration and evaluation data or contrary information existed to indicate that the carrying value of capitalised exploration and evaluation assets was unlikely to be recovered through successful development or sale.
- ▶ Assessed the adequacy of the disclosures in Note 13 of the financial report.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



Page 3

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the audit of the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Peak Rare Earths Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The Ernst &amp; Young logo is written in a stylized, cursive script.

Ernst &amp; Young

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

Pierre Dreyer  
Partner  
Perth  
27 September 2024

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Interest income		572,164	111,705
R&D rebate		384,831	586,281
<b>Total income</b>		<b>956,995</b>	<b>697,986</b>
Employee benefits expenses		(4,047,706)	(3,157,157)
Share based payments expenses	17	(1,523,124)	(1,665,584)
Depreciation expenses	10, 12	(483,060)	(320,209)
Loss on disposal of investment		(7,175)	-
Share based payments for government participation	22	-	(21,189,140)
Finance costs	12	(27,608)	(15,379)
Administrative and other costs		(3,050,146)	(3,853,724)
Technical feasibility costs		(8,685,767)	(3,297,432)
Exploration and evaluation costs		(1,308,239)	-
<b>Loss before income tax</b>		<b>(18,175,830)</b>	<b>(32,800,639)</b>
Income tax expense	6	-	-
<b>Loss after income tax</b>		<b>(18,175,830)</b>	<b>(32,800,639)</b>
Other comprehensive income net of tax			
<i>Items that could be transferred to profit or loss in future:</i>			
Exchange differences on translation of foreign operations		(2,157,806)	1,900,864
<b>Total comprehensive loss for the year</b>		<b>(20,333,636)</b>	<b>(30,899,775)</b>
Loss after income tax attributable to:			
Members of the parent		(17,281,399)	(29,386,856)
Non-controlling interests		(894,431)	(3,413,783)
		<b>(18,175,830)</b>	<b>(32,800,639)</b>
Total comprehensive loss attributable to:			
Members of the parent		(19,439,205)	(27,485,992)
Non-controlling interests		(894,431)	(3,413,783)
		<b>(20,333,636)</b>	<b>(30,899,775)</b>
<b>Loss per share (in cents)</b>			
Basic and Diluted loss per share	4	(6.85)	(15.38)

The statement should be read in conjunction with the accompanying notes



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 \$	2023 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	7,625,845	25,852,484
Trade and other receivables	8	116,095	251,377
Prepayments		101,089	169,957
Deposits		25,179	-
Assets held for sale	11	3,490,457	-
<b>Total current assets</b>		<b>11,358,665</b>	<b>26,273,818</b>
<b>Non-current assets</b>			
Other financial assets	9	63,794	63,794
Property plant and equipment	10	852,118	535,479
Right-of-use asset	12	558,392	3,604,882
Exploration and evaluation costs	13	59,754,156	60,997,405
Investments	14	-	8,000
<b>Total non-current assets</b>		<b>61,228,460</b>	<b>65,209,560</b>
<b>Total assets</b>		<b>72,587,125</b>	<b>91,483,378</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	1,719,219	2,140,418
Provisions	16	220,519	180,554
Lease liability – current	12	212,990	145,398
<b>Total current liabilities</b>		<b>2,152,728</b>	<b>2,466,370</b>
<b>Non-current liabilities</b>			
Lease liability – non-current	12	361,766	133,865
<b>Total non-current liabilities</b>		<b>361,766</b>	<b>133,865</b>
<b>Total liabilities</b>		<b>2,514,494</b>	<b>2,600,235</b>
<b>Net assets</b>		<b>70,072,631</b>	<b>88,883,143</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Contributed equity	18	166,874,257	166,874,257
Reserves	17	8,129,329	8,764,011
Accumulated losses		(121,811,881)	(104,530,482)
<b>Equity attributable to equity holders of the Company</b>		<b>53,191,705</b>	<b>71,107,786</b>
Non-controlling interests		16,880,926	17,775,357
<b>Total Equity</b>		<b>70,072,631</b>	<b>88,883,143</b>

The statement should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(18,423,813)	(9,848,732)
Finance costs paid		(27,608)	(15,379)
Interest received		620,314	53,122
Government rebates received		384,831	586,281
<b>Cash used in operating activities</b>	<b>7</b>	<b>(17,446,276)</b>	<b>(9,224,708)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(761,299)	(370,338)
Proceeds from sale of investments		825	-
<b>Cash used in investing activities</b>		<b>(760,474)</b>	<b>(370,338)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		-	27,582,500
Costs of issuing equity shares		-	(1,513,612)
Payment of lease liabilities		(221,286)	(123,900)
<b>Cash (used in)/ generated from financing activities</b>		<b>(221,286)</b>	<b>25,944,988</b>
Net (decrease)/ increase in cash and cash equivalents		(18,428,036)	16,349,942
Balance at the beginning of the year		25,852,484	9,479,379
Effect of foreign currency translation		201,397	23,163
<b>Balance at the end of the year</b>	<b>7</b>	<b>7,625,845</b>	<b>25,852,484</b>

The statement should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

	Contributed Equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non- controlling interests \$	Total equity \$
<b>At 30 June 2022</b>	<b>140,805,369</b>	<b>5,254,532</b>	<b>(56,969)</b>	<b>(75,143,626)</b>	<b>-</b>	<b>70,859,306</b>
Loss for the year	-	-	-	(29,386,856)	(3,413,783)	(32,800,639)
Other comprehensive income	-	-	1,900,864	-	-	1,900,864
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>1,900,864</b>	<b>(29,386,856)</b>	<b>(3,413,783)</b>	<b>(30,899,775)</b>
Equity issued	27,582,500	-	-	-	-	27,582,500
Share based payments for government participation (Note 22)	-	-	-	-	21,189,140	21,189,140
Equity based payments	-	1,665,584	-	-	-	1,665,584
Transaction costs	(1,513,612)	-	-	-	-	(1,513,612)
<b>At 30 June 2023</b>	<b>166,874,257</b>	<b>6,920,116</b>	<b>1,843,895</b>	<b>(104,530,482)</b>	<b>17,775,357</b>	<b>88,883,143</b>
Loss for the year	-	-	-	(17,281,399)	(894,431)	(18,175,830)
Other comprehensive loss	-	-	(2,157,806)	-	-	(2,157,806)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,157,806)</b>	<b>(17,281,399)</b>	<b>(894,431)</b>	<b>(20,333,636)</b>
Equity based payments	-	1,523,124	-	-	-	1,523,124
<b>At 30 June 2024</b>	<b>166,874,257</b>	<b>8,443,240</b>	<b>(313,911)</b>	<b>(121,811,881)</b>	<b>16,880,926</b>	<b>70,072,631</b>

The statement should be read in conjunction with the accompanying notes

## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The financial report of Peak Rare Earths Limited and its subsidiaries (the Group) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 27 September 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 in the Annual Report.

The principal activity of the Group during the year was exploration and evaluation of mineral licences.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

#### a) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost. All amounts are presented in Australian Dollars unless otherwise noted.

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### Going concern

The Group incurred a loss after tax of \$18,175,830 (2023: \$32,800,639) and had operating cash outflows of \$17,446,276 for the year ended 30 June 2024 (2023: \$9,224,708).

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 and/or secure project funding.

As set out in Note 24, on 2 July 2024 Peak signed a non-binding Term Sheet with Shenghe Resources Holding Co., Ltd. ("Shenghe") covering an investment, funding and development solution for the Ngualla Rare Earth Project ("Ngualla Project").

Key elements of the Term Sheet include the following:

- Investment structure – Shenghe to acquire a 50% interest in Ngualla Group UK Limited ("NGUK"), which holds an 84% effective interest in the Ngualla Project, through a subscription of new shares for ~A\$96m;
- Fully funded solution – upon completion, Peak will not be required to contribute any additional equity funding towards the development of the Ngualla Project. The difference between the Ngualla Project's total development costs and Shenghe's NGUK investment of ~A\$96m will be funded via a Shenghe arranged debt facility.

Whilst the definitive binding agreements are yet to be settled, in the directors' opinion there is a reasonable belief that agreements will be executed with Shenghe that will provide the total funding to construct and commission the Ngualla Project and to meet other direct costs.

Peak has \$7,625,845 cash at bank at the end of the reporting period, however, the Group's cashflow forecasts indicate that there will be a need in the future to obtain further funding.

A successful sale of the Teesside site (see Note 11) will also provide funds for working capital.

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 the foregoing and its past ability to raise equity funding.

However, in the event that additional funding is not forthcoming to continue with the planned development of the Ngualla Project and meet its corporate and administration requirements, 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.

#### ***b) Impact of new standards applied for the first time***

The accounting policies adopted in the preparation of the consolidated financial statements for the year are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2024, except for the adoption of new and amended accounting standards and interpretations effective as of 1 July 2023. The adoption of these new and amended accounting standards and interpretations did not have a material impact on the consolidated entity and no restatement of comparative financial information to reflect the adoption of these new standards and interpretations was required.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

#### ***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 is not expected to be material. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective. The standards issued and amendments but not yet effective are not expected to have a material impact on the Group.

- AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current
- AASB 2022-6 Amendments to AASs – Non-current Liabilities with Covenants
- AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2022-5 Amendments to AASs – Lease Liability in a Sale and Leaseback
- AASB 2023-1 Amendments to AASs – Amendments to AASB 107 and AASB 7 – Disclosures of Supplier Finance Arrangements
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
- AASB 18- Presentation and Disclosure in Financial Statements (effective 1 January 2027). AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. AASB 18 is accompanied by limited amendments to the requirements in AASB 107 Statement of Cash Flows. AASB 18 is effective from 1 January 2027 and applied fully retrospective. Entities are permitted to apply AASB 18 before that date. AASB 18 replaces AASB 1 - Presentation of Financial Statements. The requirements in AASB 1 that are unchanged have been transferred to AASB 18 and other standards. There are 3 main areas of changes:
  - requiring additional defined subtotals in the statement of profit or loss, which makes entities' financial performance easier to compare and provides a consistent starting point for investors' analysis;
  - requiring disclosures about management-defined performance measures, which increases discipline over use and transparency about their calculation; and
  - adding new principles for grouping (aggregation and disaggregation) of information, which improves effective communication of information.

#### ***c) Basis of consolidation***

The consolidated financial statements of Peak Rare Earths Limited comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. 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 consistency 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 economic entity 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) Foreign Currency Translation***

The financial statements have been presented in Australian Dollars, which is the parent entities presentation currency.

#### ***Foreign currency transactions***

In preparing the financial statements of each individual group entity, transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The Company's functional currency is Australian dollars. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, and gain or loss in exchange rate movements are recognised in profit or loss.

#### ***Translation of foreign operations***

As at the reporting date the assets and liabilities of foreign operations are translated from their functional currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on translation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

**e) Other income*****Interest***

Interest income is recognised as the interest accrues on the financial asset carried at amortised cost.

***R&D rebate grant***

The Group is treating its receipt of the R&D rebate as a government grant.

Government grants are recognised as income when there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the asset to which it relates, the net value of which is amortised over its expected useful life.

***f) Employee benefits***

Employee benefits such as salary and wages are measured at the rate at which the entity expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

***Superannuation entitlements***

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

***g) Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

***i) Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. The carrying values of right-of-use assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses, if any, are recognised in the profit or loss.

***ii) Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### **iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of its office space. This has been recognised as an expense in Administrative and other costs in the consolidated statement of comprehensive income.

## **h) Income tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

## **i) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

When the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables, which are stated with the amount of GST/VAT included.



The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

## **j) Loss per share**

### **i) Basic loss per share**

Basic loss per share is determined by dividing the group operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### **ii) Diluted loss per share**

Diluted loss per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## **k) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

#### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments

designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments*:

*Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset

is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

### **Financial liabilities**

#### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

#### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below.

#### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The financial instruments of the Group are (i) cash and cash equivalents, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables.

### **I) Cash and Cash Equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **m) Trade and Other Receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently at amortised cost, less provisions for expected credit losses. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value

The useful life of the assets have been set at the following levels to determine the depreciation rates:

Plant and equipment: 2 to 5 years

### **Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses, if any, are recognised in the profit or loss.

### **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

## o) Exploration and evaluation costs

The Group expenses all exploration and evaluation expenditure (excluding acquisition costs) as incurred, as permitted by AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Exploration and evaluation expenditure in relation to each separate area of interest is recognised as an exploration and evaluation asset in the year in which it is incurred where the following conditions are satisfied:

The rights to tenure of the area of interest are current; and at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

The recoverable amount of exploration and evaluation assets is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to production assets.

#### **p) Trade and Other Payables**

Trade payables and other payables are initially recognised at fair value, then carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arising when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **q) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **r) Share-based payment transactions**

##### ***Equity settled transactions:***

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The current plans in place to provide benefits to directors, senior executives and other eligible participants as determined by the Board are the Incentive Performance Rights Plan (PRP), the Incentive Employee Option Plan (EOP) and the Employee Incentive Plan (EIP) approved by shareholders on 15 June 2023.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of Options is determined using a Black-Scholes option pricing model. For Performance Rights with non-market conditions, the fair value is measured using the closing share price at grant or shareholder approval date. For performance rights with market conditions, the fair value is measured using a binomial pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Peak Rare Earths Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of loss per share.

#### **s) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **t) Non-controlling interest**

The Group elected to measure the non-controlling interests in Mamba Minerals Corporation Limited and Mamba Refinery Corporation Limited at its proportionate share of the book values of their net assets at each end of the reporting period.

#### **u) Critical accounting judgements and estimates**

In the application of Australian Accounting Standards, management is required to make judgments about applying accounting policies and estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Impairment of exploration and evaluation costs**

The future recoverability of exploration and evaluation costs are dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices.

To the extent that exploration and evaluation costs is determined not to be recoverable in the future, this impairment will reduce profits and net assets in the period in which this determination is made.

#### **Share based payment – key management personnel and employees**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

**Share based payment for government participation**

Estimating the fair value of the share based payment arising on the transfer of the 16% interest in the Ngualla project to the Tanzanian Government requires determination of the most appropriate valuation model significant judgement. As the fair value of the services received provided by the Tanzanian Government by to the Group under the framework agreement could not be reliably estimated, the fair value was determined taking into account utilising an indicative measure of the fair value of the Ngualla project at the date on which the Group and the Tanzanian Government entered into a framework agreement.

**3. AUDITORS REMUNERATION**

	2024 \$	2023 \$
<b>Fees to Ernst &amp; Young (Australia):</b>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	84,700	84,700
<b>Total fees to Ernst &amp; Young (Australia) (A)</b>	<b>84,700</b>	<b>84,700</b>
<b>Fees to other overseas member firms of Ernst &amp; Young (Australia)</b>		
Fees for auditing the financial report of any controlled entities	51,690	30,722
<b>Total fees to overseas member firms of Ernst &amp; Young (Australia) (B)</b>	<b>51,690</b>	<b>30,722</b>
<b>Total auditor's remuneration (A)+(B)</b>	<b>136,390</b>	<b>115,422</b>

**4. LOSS PER SHARE**

The following reflects the income and share data used in the total operations basic and dilutive loss per share computations:

	2024 Cents	2023 Cents
Basic and Diluted loss per share based on reported losses after tax as set out in the Statement of Comprehensive Income	(6.85)	(15.38)
	2024 Nos.	2023 Nos.
Weighted average number of ordinary shares used in calculating basic loss per share	265,229,079	213,201,222
Weighted average number of ordinary shares used in calculating diluted loss per share	265,229,079	213,201,222
Anti-dilutive options over ordinary shares and performance rights excluded from the weighted average number of shares	13,173,203	7,952,553

## 5. OPERATING SEGMENTS

Information reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance focuses on the exploration activities of the Group. The chief operating decision makers include the board of directors. The Group's reportable segments under AASB 8 are as follows:

- Exploration & Development (E&D) – Group's exploration and development activities for the Ngualla project in Tanzania; and
- Unallocated - to manage the corporate affairs of the group.

The segments have applied the same accounting policies as applied to the Group and disclosed in the notes 1 and 2 to these financial statements.

	<b>30 June 2024</b>			<b>30 June 2023</b>		
	<b>E&amp;D</b>	<b>Unallocated</b>	<b>Total</b>	<b>E&amp;D</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	-	572,164	572,164	-	111,705	111,705
Other income		384,831	384,831		586,281	586,281
<b>Total income</b>	<b>-</b>	<b>956,995</b>	<b>956,995</b>	<b>-</b>	<b>697,986</b>	<b>697,986</b>
Depreciation and amortisation	(324,997)	(158,063)	(483,060)	(187,651)	(132,558)	(320,209)
Share based payment expenses	-	(1,523,124)	(1,523,124)	(21,189,140)	(1,665,584)	(22,854,724)
Borrowing costs	-	(27,608)	(27,608)	-	(15,379)	(15,379)
Write-off of capitalised exploration costs	-	-	-	-	-	-
Technical feasibility costs	(8,685,767)	-	(8,685,767)	(3,297,432)	-	(3,297,432)
Exploration & evaluation costs	(1,308,239)	-	(1,308,239)			
Other expenses	-	(7,105,027)	(7,105,027)	-	(7,010,881)	(7,010,881)
Income Tax	-	-	-	-	-	-
<b>Segment results</b>	<b>(10,319,003)</b>	<b>(7,856,827)</b>	<b>(18,175,830)</b>	<b>(24,674,223)</b>	<b>(8,126,416)</b>	<b>(32,800,639)</b>
<b>Segment assets</b>	<b>60,509,945</b>	<b>12,077,180</b>	<b>72,587,125</b>	<b>64,821,932</b>	<b>26,661,446</b>	<b>91,483,378</b>
<b>Segment liabilities</b>	<b>(1,458,114)</b>	<b>(1,056,380)</b>	<b>(2,514,494)</b>	<b>(358,268)</b>	<b>(2,241,967)</b>	<b>(2,600,235)</b>
<b>Additions to non-current assets during the year:</b>						
Plant and equipment	495,566	20,683	516,249	346,865	26,893	373,758
Right-of-use assets	516,779	-	516,779	-	86,521	86,521
	<b>1,012,345</b>	<b>20,683</b>	<b>1,033,028</b>	<b>346,865</b>	<b>113,414</b>	<b>460,279</b>



**6. INCOME TAX**

	CONSOLIDATED 2024 \$	CONSOLIDATED 2023 \$
<b>a. The components of tax expense comprise:</b>		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of comprehensive income	-	-
<b>b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Loss before income tax	(18,175,830)	(32,800,639)
Prima facie tax benefit on loss from ordinary activities before income tax at 30.0% (2023:30%)	(5,452,752)	(9,840,192)
Add tax effect of:		
- Revenue losses not recognised	2,070,253	1,466,717
- Other non-allowable items	3,753,770	4,913,965
Less tax effect of:		
- Other deferred tax balances not recognised	(255,821)	(438,799)
- Non-assessable items	(115,450)	-
Income tax expense reported in statement of comprehensive income	-	-
<b>c. Recognised deferred tax assets at 30.0% (2023:30%) (Note 1):</b>		
<b>Deferred tax liabilities</b>		
Prepayment	(22,951)	-
Right of use asset	(36,810)	(77,268)
Interest receivable	(3,130)	(17,575)
<b>Deferred tax assets</b>		
Carry forward revenue losses	62,891	94,843
	-	-
<b>d. Unrecognised deferred tax assets at 30.0% (2023:30%) (Note 1):</b>		
Carry forward revenue losses	13,377,933	11,754,678
Carry forward capital losses	355,256	295,504
Unrealised FX	421,933	543,997
Capital raising costs	348,095	400,947
Provisions and accruals	1,404,235	1,313,150
Net right-of-use assets/lease liability	40,160	80,878
Other	30,814	9,350
	15,978,426	14,398,504

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

**Note 1** - the corporate tax rate for eligible companies is 25% providing certain turnover thresholds and other criteria are met. All other companies are taxed at 30%. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

**Note 2 - Tax Consolidation**

For the purpose of income taxation, Peak Rare Earths Limited and its 100% Australian controlled entities have formed a tax consolidated group effective from 1 July 2012. At 30 June 2024, Peak has adopted the stand-alone taxpayer method for measuring the current and deferred tax amounts.

**7. CASH AND CASH EQUIVALENTS**

	2024	2023
	\$	\$
<b>Reconciliation of cash and cash equivalent</b>		
<b>For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following:</b>		
Cash at bank and in hand	2,625,845	2,352,484
Short term deposits	5,000,000	23,500,000
	<b>7,625,845</b>	<b>25,852,484</b>

Reconciliation of operating loss to operating cash flows

**Loss for the year** (18,175,830) (32,800,639)

**Adjustments for non-cash items:**

Share based payments expenses	1,523,124	1,665,584
Share based payments for government participation	-	21,189,140
Loss on sale of non-current asset	7,175	
Depreciation expenses	483,060	320,209
Foreign exchange gain	(1,106,721)	(9,084)

**Movement in working capital items:**

Decrease in trade and other receivables	135,282	723,034
(Increase)/Decrease in prepayments	68,868	(89,584)
Decrease in trade and other payables	(421,199)	(307,555)
Increase in provisions	39,965	84,187
	<b>(17,446,276)</b>	<b>(9,224,708)</b>

**8. TRADE AND OTHER RECEIVABLES**

	2024	2023
	\$	\$
<i>Current</i>		
GST/VAT receivable	95,579	180,641
Other receivable	20,516	70,736
	<b>116,095</b>	<b>251,377</b>
<i>Ageing of receivables</i>		
Recoverable within 3 months	116,095	251,377
	<b>116,095</b>	<b>251,377</b>

Receivables are non-interest bearing and unsecured.

**9. OTHER FINANCIAL ASSETS**

	2024	2023
	\$	\$
Bank Term Deposit	63,794	63,794
	<b>63,794</b>	<b>63,794</b>

A deposit of \$63,794 (2023: \$63,794), has been secured against a guarantee issued by the bank for an office rental deposit. This cash balance is not available for withdrawal until the guarantee is withdrawn.

**10. PROPERTY, PLANT AND EQUIPMENT**

	2024	2023
	\$	\$
<b>Plant and equipment</b>		
At cost	1,041,970	826,572
Accumulated depreciation	(189,852)	(291,093)
	<b>852,118</b>	<b>535,479</b>
<b>Movement in net carrying amount</b>		
Balance at the beginning of the year	535,479	225,337
Net Additions	516,249	373,758
Depreciation for the year	(165,198)	(63,616)
Effect of foreign exchange translation	(34,412)	-
Balance at the end of the year	<b>852,118</b>	<b>535,479</b>

**11. ASSETS HELD FOR SALE**

	2024	2023
	\$	\$
<b>Teesside freehold property</b>		
Carrying value	3,490,457	-
	<b>3,490,457</b>	-
<b>Movement in net carrying amount</b>		
Balance at the beginning of the year	-	-
Teesside right of use asset carrying value on acquisition of freehold title	3,245,407	-
Additional Teesside freehold acquisition cost	245,050	-
Balance at the end of the year	<b>3,490,457</b>	-

On 19 March 2024, the Company completed the acquisition of the freehold title over its 19-hectare Teesside site from Homes England for \$245,050 (GBP 125,000). Prior to the acquisition of the freehold rights, the Company held a 250-year long-term pepper corn lease over the Teesside site, with the Company accounting for the lease payment as a right of use asset which had a carrying value of \$3,425,407 at the date of the freehold acquisition.

Following the acquisition of the freehold title, the Company commenced a sale process for the property. The Directors believe that it is highly probable that the Company is to divest the property during the 2025 financial year.

**12. LEASES****RIGHT OF USE ASSETS**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in net carrying amount:</b>		
Balance at beginning of year	3,604,882	3,774,954
Additions	516,779	86,521
Transfer to Asset held for sale	(3,245,407)	-
Depreciation for the year	(317,862)	(256,593)
<b>Balance at 30 June 2024</b>	<b>558,392</b>	<b>3,604,882</b>

**LEASE LIABILITIES**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in net carrying amount:</b>		
Balance at beginning of year	<b>279,263</b>	<b>316,643</b>
Additions	516,779	86,521
Accretion of interest	27,608	15,379
Lease payments	(248,894)	(139,280)
<b>Balance at 30 June 2024</b>	<b>574,756</b>	<b>279,263</b>
<i>Current</i>	212,990	145,398
<i>Non-Current</i>	361,766	133,865
<b>Total</b>	<b>574,756</b>	<b>279,263</b>

The Group also has certain contracts which contain a lease with terms of 12 months or less and contracts which contain a lease of low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these. Payment for leases that are short-term and low value amounted to \$82,712 for the year ended 30 June 2024 (2023: \$18,200).

**13. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in net carrying amount:</b>		
Balance at beginning of year	60,997,405	59,114,040
Foreign exchange movements	(1,243,249)	1,883,365
<b>Balance at 30 June 2024</b>	<b>59,754,156</b>	<b>60,997,405</b>
<b>Capitalised areas of interest</b>		
Ngualla Rare Earth Project, Tanzania	<b>59,754,156</b>	<b>60,997,405</b>
	<b>59,754,156</b>	<b>60,997,405</b>

**14. INVESTMENTS**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Investment in listed shares – at fair value through profit or loss	-	8,000
	<b>-</b>	<b>8,000</b>

**15. TRADE AND OTHER PAYABLES**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Trade and other payables	<b>1,719,219</b>	<b>2,140,418</b>
<i>Ageing of payables</i>		
Payable within 3 months	1,719,219	2,140,418
	<b>1,719,219</b>	<b>2,140,418</b>

Trade and other payables are non-interest bearing, unsecured and are generally payable in 30-120 days.

**16. PROVISIONS**

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Employee benefits - leave entitlements	220,519	180,554

**17. RESERVES**

	<b>Share based payment reserve</b>	<b>Foreign currency translation reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 30 June 2022</b>	<b>5,254,532</b>	<b>(56,969)</b>	<b>5,197,563</b>
Share based payments	1,665,584	-	1,665,584
Exchange difference on translation of foreign operations	-	1,900,864	1,900,864
<b>At 30 June 2023</b>	<b>6,920,116</b>	<b>1,843,895</b>	<b>8,764,011</b>
Share based payments	1,523,124	-	1,523,124
Exchange difference on translation of foreign operations	-	(2,157,806)	(2,157,806)
<b>At 30 June 2024</b>	<b>8,443,240</b>	<b>(313,911)</b>	<b>8,129,329</b>

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.

**18. CONTRIBUTED EQUITY**

		<b>Nos.</b>	<b>\$</b>
<b>Balance at 30 June 2022</b>		<b>207,348,537</b>	<b>140,805,369</b>
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)
<b>Balance at 30 June 2023</b>		<b>264,217,466</b>	<b>166,874,257</b>
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	-
Issue of shares for nil consideration on exercise of vested performance rights	9-Jan-24	1,175,000	-
Equity Issue Costs		-	-
<b>Balance at 30 June 2024</b>		<b>265,941,760</b>	<b>166,874,257</b>

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 over ordinary shares**

At the end of the reporting period, there were 13,173,203 performance rights over unissued shares as follows:

Performance Rights over Ordinary Shares	Date of expiry/ exercise or issue	Nos	Status	Exercise Price	Expiry Date
<b>Balance at 30 June 2023</b>		<b>8,219,053</b>			
<b>Expired/ Lapsed/ Cancelled:</b>					
Performance Rights lapsed on cessation of employment	15-Jan-24	(212,500)		-	5-Feb-25
Performance Rights lapsed on cessation of employment	15-Jan-24	(175,000)		-	9-Dec-25
		<b>(387,500)</b>			
<b>Issued:</b>					
Performance Rights issued to employees.	9-Nov-23	4,104,540	Unvested	-	9-Nov-28
Performance Rights issued to directors.	9-Nov-23	600,000	Unvested	-	9-Nov-28
Performance Rights issued to directors.	4-Dec-23	2,311,404	Unvested	-	30-Nov-28
Performance Rights issued to employees.	28-Mar-23	50,000	Unvested	-	28-Mar-29
		<b>7,065,944</b>			
<b>Exercised:</b>					
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	(70,000)		-	23-Sep-26
Vested Performance Rights	29-Dec-23	(7,500)		-	5-Feb-25
Vested Performance Rights	29-Dec-23	(47,794)		-	9-Dec-25
Vested Performance Rights	9-Jan-24	(95,000)		-	23-Sep-26
Vested Performance Rights	9-Jan-24	(225,000)		-	5-Feb-25
Vested Performance Rights	9-Jan-24	(280,000)		-	9-Dec-25
Vested Performance Rights	9-Jan-24	(575,000)		-	15-Dec-26
		<b>(1,724,294)</b>			
<b>Balance at 30 June 2024</b>		<b>13,173,203</b>			

For the year ended 30 June 2024, 4,154,540 employee performance rights and 2,911,404 director performance rights were issued under the Employee Incentive Plan approved at the General Meeting held on 15 June 2023. During the year a total of 1,724,294 performance rights were exercised and 387,500 expired, lapsed or were cancelled.

At the end of the reporting period, the Company had no options outstanding over unissued shares.

**Capital Management Policy**

The Group's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Group manages its contributed equity and reserves as part of its capital. The Group is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the Group are funded through equity and debt raised in various tranches. The overall capital management policy of the Group remains unchanged and is consistent with prior years.

## 19. SHARE BASED PAYMENTS

### Performance Rights Plan

The Group has an Employee Incentive Plan for the granting of performance rights to eligible participants which was last approved by Shareholders at a General Meeting of the Company on 15 June 2023.

#### Performance rights granted during and as at the year ended 30 June 2024:

	Number	Exercise Price	Fair value per performance right
<b>Outstanding at 1 July 2023</b>	<b>8,219,053</b>		
Granted during the year:			
Performance Rights issued under the Company's Incentive Performance Rights Plan*	7,065,944	-	0.39
Expired/Lapsed during the year:	(387,500)	-	
Exercised during the year	(1,724,294)	-	
<b>Outstanding at 30 June 2024</b>	<b>13,173,203</b>		
Exercisable at 30 June 2024	<b>488,899</b>	-	

#### Performance rights granted during and as at the year ended 30 June 2023:

	Number	Exercise Price	Fair value per performance right
<b>Outstanding at 1 July 2022</b>	<b>3,833,266</b>		
Granted during the year:			
Performance Rights issued under the Company's Incentive Performance Rights Plan*	6,153,400	-	0.47
Expired/Lapsed during the year:	(173,684)	-	
Exercised during the year	(1,593,929)	-	
<b>Outstanding at 30 June 2023</b>	<b>8,219,053</b>		
Exercisable at 30 June 2023	-	-	

\* Vest subject to achievement of performance criteria as determined by the Company's Board.

The volume weighted exercise price of rights issued during the year was \$0.00 (2023: \$0.00)

The weighted average remaining contractual life for rights outstanding at 30 June 2024 was 3 years (2023: 3 years)

The weighted average fair value of rights issued during the year was \$0.39 per right (2023: \$0.47)

For performance rights with non-market conditions, the fair value is measured using the closing share price at grant or shareholder approval date. For performance rights with market conditions, the fair value is measured using a binomial pricing model. Performance rights were issued during the year with the follow inputs:



**Options and performance rights granted during the year ended 30 June 2024:****9-Nov-2023 – unvested LTI Performance Rights to vest on achievement of performance criteria by 9 November 2028 or the Performance Rights will lapse**

Share price on date of grant	\$0.39
Fair value per performance right – non-market based	\$0.39

**9-Nov-2023 – unvested LTI Performance Rights to vest on achievement of performance criteria by 9 November 2028 or the Performance Rights will lapse**

Share price on date of shareholder approval	\$0.50
Fair value per performance right – non-market based	\$0.50

**4-Dec-2023 – unvested LTI Performance Rights to vest on achievement of performance criteria by 30 November 2028 or the Performance Rights will lapse**

Share price on date of shareholder approval	\$0.39
Fair value per performance right – non-market based	\$0.39

**28-Mar-2024 – unvested LTI Performance Rights to vest on achievement of performance criteria by 28 March 2029 or the Performance Rights will lapse**

Share price on date of grant	\$0.20
Fair value per performance right – non-market based	\$0.20

**Options and performance rights granted during the year ended 30 June 2023:****23-Sep-2022 – unvested LTI Performance Rights to vest on achievement of performance criteria by 23 September 2026 or the Performance Rights will lapse**

Share price on date of grant	\$0.48
Fair value per performance right – non-market based	\$0.48

**15-Dec-2022 – unvested LTI Performance Rights to vest on achievement of performance criteria by 15 December 2026 or the Performance Rights will lapse**

WA Share price on date of grant	\$0.475
WA Risk-free interest rate	3.75%
Dividend yield	0%
Expected volatility	80.7%
Fair value per performance right – non market based	\$0.475
Fair value per performance right – market-based barrier price \$0.80	\$0.44
Fair value per performance right – market-based barrier price \$1.50	\$0.36
<i>(WA weighted average)</i>	

The expected volatility reflects the assumption that historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the case.

The value of options and performance rights granted are expensed over the vesting period. Included in share based payments expense of \$1,523,124 (2023: \$1,665,584) is \$Nil (2023: -\$46,703\*) relating to options granted during the year and prior years, and \$1,665,584\* (2023: \$1,712,287\*) relating to performance rights granted during the year and prior years.

\* Includes the write back of the share-based payments previously recognised for options and performance rights that lapsed during the current period.

## 20. CONTINGENCIES AND COMMITMENTS

### Lease commitments - Group as a lessee

The maturity analysis of lease payments as at 30 June are as follows:

	2024	2023
	\$	\$
Up to 1 year	270,801	155,166
1 to 5 Years	489,004	137,549
	<b>759,805</b>	<b>292,715</b>

### Capital Commitments

At 30 June 2024, the Group has no capital commitments (2023: Nil).

### Contingencies

At 30 June 2024, the Group has no contingencies (2023: Nil).

Peak's 100% owned subsidiary Peak African Minerals has provided Peak with a working capital loan facility of US\$4,209,317 (30 June 2023: US\$4,209,317) which consists of a principal component of US\$3,525,317 (30 June 2023: US\$3,525,317) accruing interest at 8% per annum plus an initial finance charge of US\$684,000 (30 June 2023: US\$684,000) which is not interest bearing. 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\$337,127 as at 30 June 2024 (30 June 2023: US\$302,891).

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.

## 21. KEY MANAGEMENT PERSONNEL DISCLOSURE

	2024	2023
	\$	\$
Salary and fees – short term benefits	2,161,822	1,987,358
Superannuation	72,881	103,399
Share based payments^	1,351,723	1,457,999
Termination payments	36,058	-
	<b>3,622,484</b>	<b>3,548,756</b>

^ Includes write back of forfeited unvested non-market based Options and Performance Rights during the year.

The balance outstanding at 30 June 2024 and included in trade and other payables is \$15,000 (2023: \$240,000).

### Loans to KMP's

No loans were made to KMPs during the financial year (2023: Nil)

### Other transaction and balances with KMPs

There were no other related party transactions with KMPs during the year (2023: \$Nil). There were no other balance outstanding at 30 June 2024 (2023: \$Nil).

## 22. GROUP STRUCTURE

### Parent and subsidiaries

The parent and the ultimate parent entity of the Group is Peak Rare Earths Limited, a company listed on the Australian Securities Exchange.

The components of the Group are:

	Incorporation	Ownership interest	
		2024	2023
<b>Parent</b>			
Peak Rare Earths Limited	Australia	100%	100%
<b>Controlled entities</b>			
PRL Pty Ltd	Australia	100%	100%
Peak Hill Gold Mines Pty Ltd	Australia	100%	100%
Redpalm Pty Ltd	Australia	100%	100%
Pan African Exploration Limited	Australia	100%	100%
Peak Resources (Tanzania) Limited	Tanzania	100%	100%
Peak African Minerals Limited	Mauritius	100%	100%
PR Ng Minerals Limited (Indirectly)	Tanzania	100%	100%
Peak Technology Metals Limited	United Kingdom	100%	100%
Teesside Rare Earth Elements Limited (indirectly)	United Kingdom	100%	100%
Ngualla Group UK Limited (indirectly)	United Kingdom	100%	100%
Mamba Minerals Corporation Limited (indirectly)	Tanzania	84%	84%
Mamba Refinery Corporation Limited (indirectly)	Tanzania	84%	84%

### Incorporation of Mamba Minerals Corporation Limited and Mamba Refinery Corporation Limited

In February 2023, Peak and the Government of Tanzania, incorporated Mamba Minerals Corporation Limited ("MML") and Mamba Refinery Corporation Limited ("MRL"), with the shareholders of both MML and MRL being Peak subsidiary, Ngualla Group UK Limited, holding 84% and the Government of Tanzania holding 16%.

On 17 April 2023, the Framework Agreement was executed between the Tanzanian Government, Peak Rare Earths Limited, Ngualla Group UK Limited and PR NG Minerals Limited. The 16% interest in MML and MRL was issued to the Tanzanian Government without any consideration to fulfill the terms of the Framework Agreement and the Tanzanian legislation. The Tanzanian Government's 16% interest is an undilutable, free carried interest and the Tanzania Government is not obliged to make any capital contributions for the development of the Ngualla Project or operations of MML and MRL.

The Framework Agreement sets out the basis of the Government of Tanzania's agreement for the licencing, development, economic benefit sharing and the formation of entities held by Peak and the Government of Tanzania with respect to the development and operation of the Ngualla Project. The Group was obliged to transfer all intellectual property, studies, reports, physical assets and any other assets acquired under the arrangement without any consideration to MML in accordance with the terms of the Framework Agreement. On 25 April 2023 the Special Mining Licence was issued to MML for the development and operations of the Ngualla Project.

For the year ended 30 June 2023, the Group recognised a share based payment for government participation amounting to \$21,189,140. Estimating the fair value of the share based payment arising on the issuance of the 16% interest in the Ngualla Project to the Tanzanian Government required determination of an appropriate valuation model under accounting standard AASB 2. The fair value was determined utilising the most appropriate measure available, being 16% of the Group's adjusted market capitalisation of \$132,432,122 at the date on which the Framework Agreement was executed.

The summarised financial information of MML and MRL are as follows:

	2024	2023
	\$	\$
<b>Loss for the year</b>	<b>(5,590,195)</b>	<b>(21,336,143)</b>
<i>Attributable to non-controlling interests</i>	(894,431)	(3,413,783)
<b>Total comprehensive loss for the year</b>	<b>(5,590,195)</b>	<b>(21,336,143)</b>
<i>Attributable to non-controlling interests</i>	(894,431)	(3,413,783)
<b>Assets</b>		
<i>Current assets</i>	417,361	-
<i>Non-current assets<sup>1</sup></i>	106,539,941	111,095,981
<b>Total Assets</b>	<b>106,957,302</b>	<b>111,095,981</b>
<b>Liabilities</b>		
<i>Current liabilities</i>	1,083,063	-
<i>Non-current liabilities</i>	368,451	-
<b>Total Liabilities</b>	<b>1,451,514</b>	<b>-</b>
<b>Total Equity</b>	<b>105,505,788</b>	<b>111,095,981</b>
<i>Attributable to:</i>		
Equity holders of parent	88,624,862	93,320,624
Non-controlling interest	16,880,926	17,775,357

<sup>1</sup>The total non-current assets of the Mamba entities on a standalone basis includes an uplift in the Exploration and Evaluation assets due to the fair value accounting for the initial Share Based Payment granted to Government of Tanzania.

### 23. FINANCIAL INSTRUMENTS

The financial instruments of the Group are (i) cash and cash equivalents, including other financial assets; (ii) trade and other receivables; (iii) investments, (iv) trade and other payables.

The Group's principal financial instruments are cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The financial instruments expose the group to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

#### Fair value of financial instruments

	2024	2023
	\$	\$
Cash and cash equivalents	7,625,845	25,852,484
Trade and other receivables	116,095	251,377
Other financial assets	63,794	63,794
Investments	-	8,000
Trade and other payables	(1,719,219)	(2,140,418)

The carrying amount of financial instruments closely approximate their fair value on account of the short maturity.

**Credit Risk**

The Group's credit risks arise from potential default of trade and other receivables, cash and cash equivalents and other financial assets. The maximum credit exposure is limited to the carrying amount of trade and other receivables of \$116,095 at 30 June 2024 (2023: \$251,377).

Credit risk from balances with banks and financial instruments is mitigated by holding balances with banks with a high credit rating. The maximum exposure for cash and cash equivalents is shown above.

There were no significant concentrations of credit risks.

**Liquidity risk**

The Group's liquidity risks arise from potential inability of the Group to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds. The Group is exposed to liquidity risk on account of trade and other payables. The Group manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

The contractual maturity analysis of the Group's financial instruments are noted below:

	2024			2023		
	Up to 3 months	> 3 months	Total	Up to 3 months	> 3 months	Total
	\$	\$	\$	\$	\$	\$
<b>Financial liabilities</b>						
Trade and other payables	(1,719,219)	-	(1,719,219)	(2,140,418)	-	(2,140,418)
Lease Liabilities	(60,884)	(513,872)	(574,756)	(36,040)	(243,223)	(279,263)
<b>Total financial liabilities</b>	<b>(1,780,103)</b>	<b>(513,872)</b>	<b>(2,293,975)</b>	<b>(2,176,458)</b>	<b>(243,223)</b>	<b>(2,419,681)</b>
<b>Financial assets</b>						
Cash and cash equivalents and other financial assets	7,625,845	63,794	7,689,639	25,852,484	63,794	25,916,278
Investments	-	-	-	-	8,000	8,000
Trade and other receivables	116,095	-	116,095	251,377	-	251,377
<b>Total financial assets</b>	<b>7,741,940</b>	<b>63,794</b>	<b>7,805,734</b>	<b>26,103,861</b>	<b>71,794</b>	<b>26,175,655</b>

**Interest rate risk**

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are impacted by interest rate risks. Trade and other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

Management does not closely monitor the interest rates offered on cash and cash equivalents as the Group's primary objective is exploration of resources rather than earning interest income. The cash balances are invested at the prevailing short term market interest rates with credit worthy financial institutions.

The sensitivity of the interest-bearing financial instruments to a 1% change in market interest rate are noted below:

	2024	2023
	\$	\$
Cash and cash equivalents	7,625,845	25,852,484
Impact on profit and equity: +1% movement	76,258	258,525
Impact on profit and equity: -1% movement	(76,258)	(258,525)

#### **Foreign currency risk**

The Group's expenditure obligations in Tanzania are primarily in US dollars as a result the Group is exposed to fluctuations in the US dollar to Australian currency. The Group will transfer cash and cash equivalents into foreign currency to meet short term expenditure obligations. These exposures are not subject to a hedging programme. The Board and management from time to time having regard to likely forward commitments review this policy.

#### **Commodity price risk**

The Group's exposure to commodity price risk is minimal at this stage of the operation.

#### **Changes in liabilities arising from financing activities during the year ended 30 June 2024:**

	2024				
	1-Jul-23	Cash flows	Foreign exchange movement	Other Movement	30-Jun-24
	\$	\$	\$	\$	\$
<b>Financial liabilities</b>					
Lease liabilities	279,263	(248,894)	-	544,387	574,756
<b>Total liabilities from financing activities</b>	<b>279,263</b>	<b>(248,894)</b>	<b>-</b>	<b>544,387</b>	<b>574,756</b>

#### **Changes in liabilities arising from financing activities during the year ended 30 June 2023:**

	2023				
	1-Jul-22	Cash flows	Foreign exchange movement	Other Movement	30-Jun-23
	\$	\$	\$	\$	\$
<b>Financial liabilities</b>					
Lease liabilities	316,643	(138,974)	-	101,594	279,263
<b>Total liabilities from financing activities</b>	<b>316,643</b>	<b>(138,974)</b>	<b>-</b>	<b>101,594</b>	<b>279,263</b>

## **24. SUBSEQUENT EVENTS**

On 24 July 2024, Peak signed a non-binding Term Sheet with Shenghe Resources Holding Co., Ltd. ("Shenghe") covering an investment, funding and development solution for the Ngualla Rare Earth Project ("Ngualla Project"). Shenghe holds an approximate 19.9% interest in Peak and appointed a Non-Executive Director to the Company's Board in December 2022.

Key elements of the agreed Term Sheet between Peak and Shenghe include the following:

- Investment structure – Shenghe to acquire a 50% interest in Ngualla Group UK Limited ("NGUK"), which holds an 84% effective interest in the Ngualla Project, through a subscription of new shares for ~A\$96m;

- Fully funded solution – upon completion, Peak will not be required to contribute any additional equity funding towards the development of the Ngualla Project. The difference between the Ngualla Project's total development costs and Shenghe's NGUK investment of ~A\$96m will be funded via a Shenghe arranged debt facility, which is expected to be on terms more favourable than a typical international project financing facility;
- Term – in the absence of execution of transaction documentation the Term Sheet to expire on 31 March 2025 unless mutually extended;
- Various other commercial aspects around, engineering delivery solution, profit sharing and incentivisation payments and subsidiary Board representation are also considered.

Other than the matters referred to above, there were no other events that have a material impact on the financial statements or operations of the Group and Company.

## 25. PARENT ENTITY DISCLOSURE

The following details information related to the parent entity, Peak Rare Earths Limited. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2024 \$	2023 \$
<b>Financial position</b>		
Current assets	10,862,062	25,940,650
Non-current assets	56,902,574	65,141,263
<b>Total assets</b>	<b>67,764,636</b>	<b>91,081,913</b>
Current liabilities	945,199	1,927,543
Non-current liabilities	10,394,074	10,043,456
<b>Total liabilities</b>	<b>11,339,273</b>	<b>11,970,999</b>
<b>Net assets</b>	<b>56,425,363</b>	<b>79,110,914</b>
<b>Equity</b>		
Contributed equity	166,874,256	166,874,257
Share based payment reserve	8,506,724	6,983,600
Accumulated losses	(118,955,617)	(94,746,943)
<b>Total equity</b>	<b>55,425,273</b>	<b>79,110,914</b>
<b>Financial performance</b>		
Loss for the year	(24,208,674)	(10,707,606)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(24,208,674)</b>	<b>(10,707,606)</b>

Peak Rare Earths Limited had no commitments to purchase property, plant and equipment or contingent liabilities at 30 June 2024 (2023: \$Nil).

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

This consolidated entity disclosure statement has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements:

### As at 30 June 2024

Entity Name	Entity Type	Country of incorporation	Beneficial interest %	Country of tax residence
<b>Parent</b>				
Peak Rare Earths Limited	Body Corporate	Australia		Australia
<b>Controlled entities</b>				
PRL Pty Ltd	Body Corporate	Australia	100%	Australia
Peak Hill Gold Mines Pty Ltd	Body Corporate	Australia	100%	Australia
Redpalm Pty Ltd	Body Corporate	Australia	100%	Australia
Pan African Exploration Limited	Body Corporate	Australia	100%	Australia
Peak Resources (Tanzania) Limited	Body Corporate	Tanzania	100%	Australia
Peak African Minerals Limited	Body Corporate	Mauritius	100%	Australia
PR Ng Minerals Limited	Body Corporate	Tanzania	100%	Australia
Peak Technology Metals Limited	Body Corporate	United Kingdom	100%	Australia
Teesside Rare Earth Elements Limited	Body Corporate	United Kingdom	100%	Australia
Ngualla Group UK Limited	Body Corporate	United Kingdom	100%	Australia
Mamba Minerals Corporation Limited	Body Corporate	Tanzania	84%	Tanzania
Mamba Refinery Corporation Limited	Body Corporate	Tanzania	84%	Tanzania



## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Peak Rare Earths Limited, I state that:  
In the opinion of the Directors:

- (a) Subject to the matters set out in Note 2(a) to the Financial Statements there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) the attached financial statements and notes thereto for the financial year ended 30 June 2024 are in accordance with the Corporations Act 2001 and Corporations Regulations 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2024 and performance of the Group for the year ended on that date;
- (d) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;
- (e) The Directors have been given the declarations required by section 295A 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  
Sydney, NSW  
27 September 2024

## 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
Philip Rundell	Company Secretary

#### AUDITORS

Ernst and Young  
11 Mounts Bay Road  
Perth WA 6000

#### SHARE REGISTRY

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

#### REGISTERED OFFICE

Level 9  
190 St Georges Terrace  
Perth WA 6000

#### CONTACT DETAILS

Website: [www.peakrareearths.com](http://www.peakrareearths.com)  
Email: [info@peakrareearths.com](mailto:info@peakrareearths.com)  
Telephone: (08) 9200 5360  
Facsimile: (08) 9226 3831

#### SOLICITORS

Corrs Chambers Westgarth (Australia)  
Level 6  
Brookfield Place Tower 2  
123 St Georges Terrace  
Perth WA 6000

#### STOCK EXCHANGE LISTING

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

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

### Corporate Governance Statement

The Company has adopted the recommendations of the ASX Corporate Governance Council's Principles and Recommendations (Third Edition) in regard to the Corporate Governance Disclosures and provides disclosure of the Company's Corporate Governance Statement on the Company's website at: <http://www.peakrareearths.com/corporate-governance/>