



# **Half-Year Financial Report**

## **31 December 2024**

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## DIRECTORS' REPORT

The directors of Peak Rare Earths Limited (the "Company" or "Peak") (ACN: 112 546 700) submit herewith the financial statements of the Company for the half-year ended 31 December 2024 ("the Period"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### DIRECTORS

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

Russell Scrimshaw	Executive Chairman
Abdullah Mwinyi	Non-Executive Director
Shasha Lu	Non-Executive Director
Ian Chambers	Non-Executive Director (resigned on 12 March 2025)
Nick Bowen	Non-Executive Director
Hannah Badenach	Non-Executive Director

### PRINCIPAL ACTIVITIES

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

- Progressing investment, development and funding options for the Ngualla Rare Earth Project ("Ngualla Project");
- Evaluating a reconfiguration of the Ngualla Project and other additional optimisation opportunities;
- Further developing the Ngualla Camp and broader infrastructure for the Ngualla Project;
- Undertaking early and enabling works on the Ngualla Project;
- Completing Community Social Responsibility ("CSR") programmes in support of the Ngwala Community; and
- Progressing regulatory approvals for the Ngualla Project.

### OPERATING RESULTS

The loss of the Group after providing for income tax for the half-year ended 31 December 2024 amounted to \$6,785,773 (31 December 2023: \$11,650,630).

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

- Employee benefits expenses of \$1,657,782 (31 December 2023: \$2,104,152)
- Administration and other costs of \$2,039,626 (31 December 2023: \$2,098,764), which includes consultants and legal costs primarily associated with financing documentation, negotiation and advice, and insurance costs;
- Pre-development and technical feasibility costs of \$2,860,740 (31 December 2023: \$5,667,093) on early mining activities and enabling works and other technical studies; and
- Exploration and evaluation costs of \$11,736 (31 December 2023: \$1,012,999) on the new critical mineral's exploration programme.

## REVIEW OF OPERATIONS

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

Key events over the six months to 31 December 2024 and to the date of the Directors report are as follows:

- Progressing negotiations and legal documentation with Shenghe that supports an integrated; investment, development and funding solution for the Ngualla Project;
- Reconfiguring the layout of the Ngualla Project to better optimise the enlarged Special Mining Licence area;
- Completing a Resettlement Action Plan (“RAP”) and land compensation schedule;
- Advancing early and enabling works;
- Supporting the Ngwala Community through the construction of high school classrooms and a police station;
- Progressing a sale process on the Teesside site;
- Continuing phosphate co-operation with Minjingu and advancing testwork on Ngualla phosphate samples;
- Completing an ~\$8.5m capital raising; and
- Appointing a Project Director to oversee the development of the Ngualla Project.

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

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 binding offtake agreement that is complemented with a pathway to an integrated development and funding solution<sup>1</sup>.

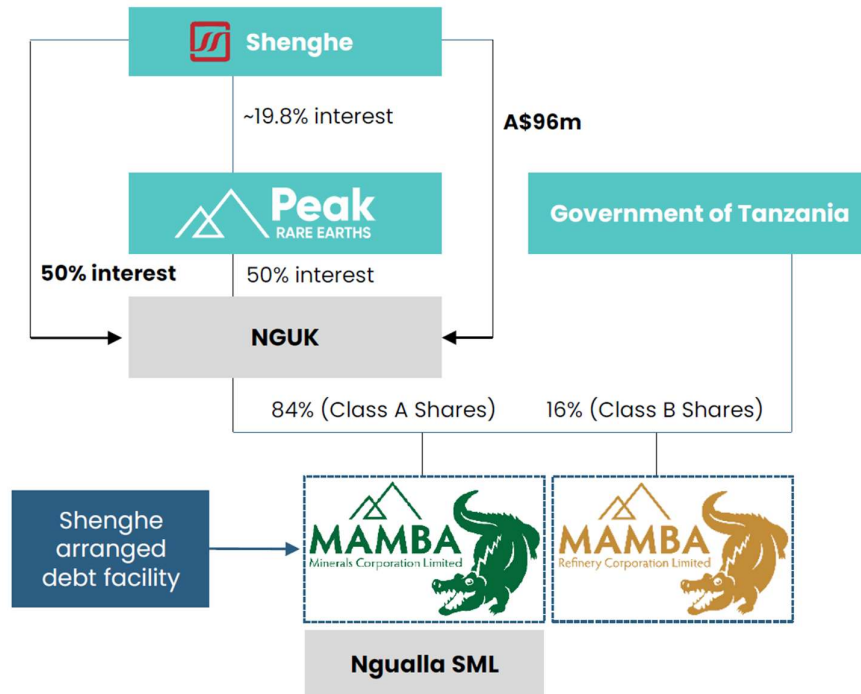
As part of a fully funded solution, Shenghe is to invest ~A\$96m to subscribe for a 50% interest in Peak’s wholly owned subsidiary, Ngualla Group UK Limited (“NGUK”), which holds an 84% effective interest in the Ngualla Project. The difference between the Ngualla Project’s total development costs and 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;
- 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;
- An industry standard right of first refusal mechanism; and
- Peak and Shenghe agreeing to work collaboratively to further optimise the Ngualla Project and to expedite its development and construction.

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<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

**Figure 1: Proposed Funding and Investment Structure**

Conditions outlined in the Term Sheet include:

- 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.

During December 2024, Peak’s Executive Chairman, Dr Russell Scrimshaw (AM) and Chief Executive Officer, Bardin Davis, spent several productive days at Shenghe’s headquarters in Chengdu, China, progressing discussions and legal documentation.

Peak understands that Shenghe’s legal, accounting and technical due diligence investigations have now been completed.

Whilst Peak and Shenghe are continuing to progress the finalisation of transaction documentation, there remains some material unresolved matters. Peak and Shenghe are also evaluating possible amendments to the transaction structure to account for the potential impact of recently proposed changes to Chinese rare earth regulations.

### **Reconfiguring the layout of the Ngualla Project to better optimise the enlarged Special Mining Licence area**

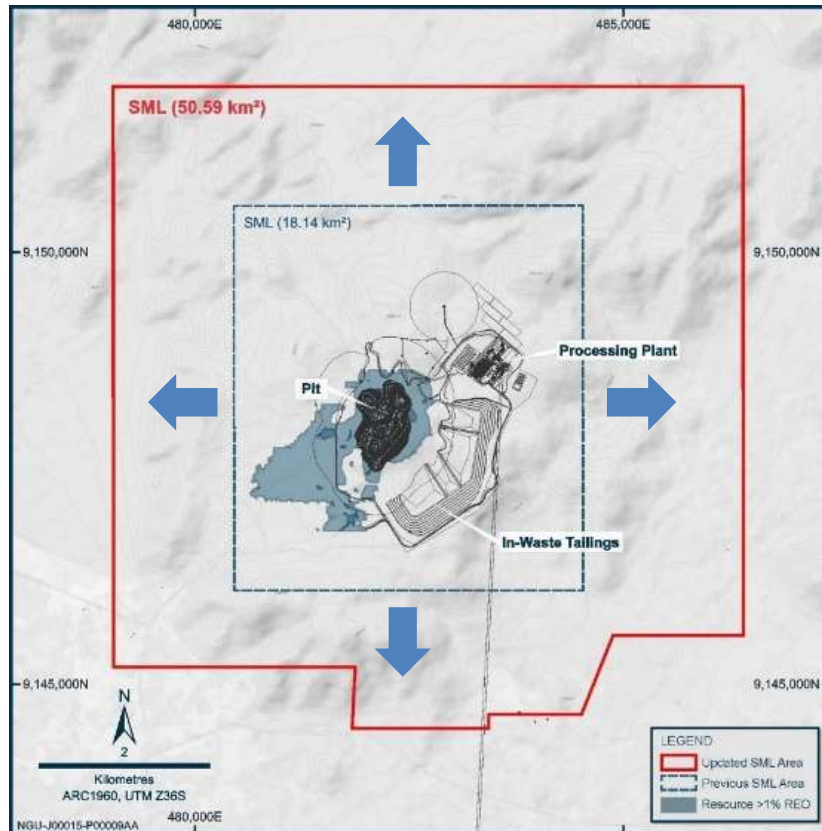
The Ngualla Project Special Mining Licence (“SML”) area was expanded from ~18km<sup>2</sup> to 51km<sup>2</sup> in April 2024.

During the Period, the Ngualla Project’s planned layout was reconfigured to optimise the enlarged area. This entailed the evaluation of the relocation of the Tailings Storage Facility (“TSF”), Processing Plant, Power Plant (including solar arrays), Administration Buildings and Storage Facilities from the top of Ngualla Hill to flatter areas within the enlarged SML.

Key benefits of the reconfigured project layout include:

- ✓ A substantial reduction in bulk earthworks;
- ✓ Reduced pumping costs (better use of natural gravity);
- ✓ Enhanced solar insolation (for the power plant);
- ✓ Improved safety of the TSF;
- ✓ Reduced trucking costs and vehicle traffic up the Ngualla Hill, and
- ✓ Greater land availability for future expansions.

**Figure 2: Special Mining Licence expansion**





### Completing a Resettlement Action Plan (“RAP”) and land compensation schedule

During the Period, a Resettlement Action Plan (“RAP”) and land compensation schedule for the Ngualla Project area was finalised. These were completed in compliance with Tanzanian laws and IFC performance standards through a process entailing broad consultation with the community, local government and the 193 Project Affected Persons (“PAP”).

The land compensation schedule provides for upfront payments to individual PAPs and an annual payment to the Ngwala Village over the life of the Ngualla Project.

The RAP and compensation schedule was approved by the Tanzanian Chief Valuer post Period end. That compensation has been assessed at ~A\$10.6million in total, of which ~A\$3.2 is payable over the six-month period from April 2025, and ~A\$7.4million over the term of the SML.

### Advancing early and enabling works

The following early mining activities were undertaken during the period:

- Upgrading an access track to the mine site;
- Establishing an equipment laydown area;
- Developing a track to the planned mine pit area; and
- Preparing the first pit stage area for mining.

Early and enabling works activities that were also advanced during the Period included:

- Completion of a geophysical survey to support hydrology modelling for mine site water supply;
- Maintenance of the main access road into Ngualla; and
- Advancement of an operating licence application for the existing local airstrip.



**Establishment of equipment laydown area**



**Development of access to planned mine pit area**



### Supporting the Ngwala Community through the construction of high school classrooms and a police station

Peak and its subsidiary, Mamba Minerals Corporation (“Mamba”) are committed to the social and security upliftment of the Ngwala Community through approved CSR projects. Over the Period, Peak and Mamba progressed the following CSR initiatives:

- Construction and furnishing two classrooms for the new Ngwala High School;
- Substantially progressing the construction of the community’s first police station; and
- Completion of electrical works to support the Ngwala Maternity Clinic.



**Police station under construction**



**Completed high school classroom**

### Progressing a sale process on the Teesside site

Following the launch of a sales process over Peak’s non-core 49-acre Teesside site in the UK and receipt of expressions of interest for smaller sections of the site, an opportunity was identified to maximise value for the site by sub-dividing it into three separate plots. During the Period, Peak continued discussions with interested parties for the potential sale of each of the three plots as well as the complete site. Peak remains hopeful of completing a sale in the near term.

Proceeds from any partial or complete sale of the Teesside site will complement Peak’s recently completed capital raising and be used to support the Ngualla Project and corporate working capital requirements.



**Sub-division of the Teesside site**

### **Continuing phosphate co-operation with Minjingu and advancing testwork on Ngualla phosphate samples**

The Ngualla Project's critical minerals exploration and development programme was further progressed during the Period. Collaboration with Minjingu Mines and Fertiliser Limited continued with bulk phosphate samples sent to India to support further flowsheet testwork and extend the preliminary analysis undertaken at their Tanzanian laboratory. Discussions were also progressed with several strategic parties around potential co-operation on the development of a fluorspar project

### **Completing an ~\$8.5m capital raising**

During the Period, Peak launched an ~\$8.5m capital raising that completed between November 2024 and January 2025 and comprised of the following:

- Tranche 1 Placement of ~\$4.0m;
- Tranche 2 Placement of ~\$2.0m;
- Shareholder Purchase Plan ("SPP") of A\$2m; and
- Top-Up Placement to Shenghe Resources (Singapore) Pte Ltd ("Shenghe") of ~A\$0.5m<sup>2</sup>.

Peak's largest shareholder, Shenghe, contributed ~\$1.7m into the capital raising via a ~\$1.2m participation in the Tranche 2 Placement and a separate ~\$0.5m Top-Up Placement. Following the capital raising, Shenghe's shareholding in Peak increased to ~19.9%.

The SPP, which provided existing shareholders with the opportunity to increase their investment in Peak at the same issue price as the placements, was oversubscribed with applications from eligible shareholders totalling ~\$2.8m.

The capital raising supports Peak's strategic partnership with Shenghe and the finalisation of negotiations and documentation on an integrated investment, development and funding solution for the Ngualla Project.

### **Appointing a Project Director to oversee the development of the Ngualla Project**



The Mamba Minerals management team was strengthened during the Period with appointment of Johan Coetzee as Project Director. Johan has over 25 years of mining project development experience and has a strong track-record in successfully delivering large-scale mining projects within Africa. In his most recent role, Johan led the successful restart of Paladin Energy's Langer Heinrich Uranium Project in Namibia. He has also held senior roles within Exxaro Resources, Anglo-American and Komoto Copper.

During the Period, Lello Galassi, Head of Development and Operations, resigned for health reasons and Ray Anguelov, Head of Technical Services, ceased employment. We would like to thank Lello and Ray for their substantial contribution to Peak, Mamba Minerals and the Ngualla Project.

<sup>2</sup> See 5 November 2024 ASX Announcement – Equity Placement of \$6 Million and Planned \$2 Million SPP

## EVENTS SUBSEQUENT TO REPORTING DATE

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Subsequent to the end of the Period, the Company completed the SPP and placements launched in November 2024. A total of \$3.7m (before costs) was received in January 2025 which consisted of \$2.0m from the SPP and \$1.7m from placements to the Company's largest shareholder, Shenghe Resources (Singapore) Pte Ltd.

The RAP and land compensation schedule for the Ngwala Community and the 193 PAP was approved by the Tanzanian Chief Valuer post the end of the Period. Total compensation has been assessed at ~A\$10.6m, of which ~A\$3.2 is payable over the six-month period from April 2025, and ~A\$7.4m over the term of the SML.

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

## AUDITORS INDEPENDENCE DECLARATION

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Section 307C of the Corporations Act 2001 requires our auditors, Ernst Young to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 11 of this half-year financial report.

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



Dr Russell Scrimshaw AM  
Executive Chairman  
14 March 2025  
Sydney, NSW

## AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

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

As lead auditor for the review of the half-year financial report of Peak Rare Earths Limited for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

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

Ernst & Young

A handwritten signature in black ink that reads 'Mark Cunningham'.

Mark Cunningham  
Partner  
14 March 2025

## INDEPENDENT AUDITOR'S REVIEW REPORT



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

#### Conclusion

We have reviewed the accompanying half-year financial report of Peak Rare Earths Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

#### Material uncertainty related to going concern

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

#### Directors' responsibilities for the half-year financial report

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

## INDEPENDENT AUDITOR'S REVIEW REPORT



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Page 2

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Mark Cunningham'.

Mark Cunningham  
Partner  
Perth  
14 March 2025

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

For the Half-Year Ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
Interest income		82,772	397,365
R&D rebate		529,815	-
<b>Total income</b>		<b>612,587</b>	<b>397,365</b>
Employee benefits expenses		(1,657,782)	(2,104,152)
Share based payments expenses		(621,395)	(972,673)
Depreciation expenses		(198,350)	(174,374)
Loss on disposal of investment		-	(7,175)
Finance costs		(8,731)	(10,765)
Administrative and other costs		(2,039,626)	(2,098,764)
Pre-development and technical feasibility costs		(2,860,740)	(5,667,093)
Exploration and evaluation costs		(11,736)	(1,012,999)
<b>Loss before income tax</b>		<b>(6,785,773)</b>	<b>(11,650,630)</b>
<b>Loss after income tax</b>		<b>(6,785,773)</b>	<b>(11,650,630)</b>
Other comprehensive income/(loss) net of tax			
<i>Items that could be transferred to profit or loss in future:</i>			
Exchange differences on translation of foreign operations		4,692,212	(1,190,217)
<b>Total comprehensive loss for the year</b>		<b>(2,093,561)</b>	<b>(12,840,847)</b>
Loss after income tax attributable to:			
Members of the parent		(6,391,689)	(11,180,757)
Non-controlling interests		(394,084)	(469,873)
		<b>(6,785,773)</b>	<b>(11,650,630)</b>
Total comprehensive loss attributable to:			
Members of the parent		(2,444,316)	(12,370,974)
Non-controlling interests		350,755	(469,873)
		<b>(2,093,561)</b>	<b>(12,840,847)</b>
<b>Loss per share (in cents)</b>			
Basic and Diluted loss per share		(2.44)	(4.40)

The statement should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	As at 31 December 2024 \$	As at 30 June 2024 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,775,607	7,625,845
Trade and other receivables		209,007	116,095
Prepayments & Deposits		245,779	126,268
Assets held for sale		3,490,457	3,490,457
<b>Total current assets</b>		<b>8,720,850</b>	<b>11,358,665</b>
<b>Non-current assets</b>			
Other financial assets		63,795	63,794
Property plant and equipment		906,914	852,118
Right-of-use asset		358,546	558,392
Exploration and evaluation costs	3	65,247,109	59,754,156
<b>Total non-current assets</b>		<b>66,576,364</b>	<b>61,228,460</b>
<b>Total assets</b>		<b>75,297,214</b>	<b>72,587,125</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,668,969	1,719,219
Provisions		290,094	220,519
Lease liability – current		126,933	212,990
<b>Total current liabilities</b>		<b>2,085,996</b>	<b>2,152,728</b>
<b>Non-current liabilities</b>			
Lease liability – non-current		199,495	361,766
<b>Total non-current liabilities</b>		<b>199,495</b>	<b>361,766</b>
<b>Total liabilities</b>		<b>2,285,491</b>	<b>2,514,494</b>
<b>Net assets</b>		<b>73,011,723</b>	<b>70,072,631</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Contributed equity	4	171,285,515	166,874,257
Reserves	5	12,698,097	8,129,329
Accumulated losses		(128,203,570)	(121,811,881)
<b>Equity attributable to equity holders of the Company</b>		<b>55,780,042</b>	<b>53,191,705</b>
Non-controlling interests		17,231,681	16,880,926
<b>Total Equity</b>		<b>73,011,723</b>	<b>70,072,631</b>

The statement should be read in conjunction with the accompanying notes



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(7,743,490)	(10,306,205)
Finance costs paid		(8,731)	(10,765)
Interest received		86,273	423,138
Government Rebates Received		529,815	-
<b>Cash used in operating activities</b>		<b>(7,136,133)</b>	<b>(9,893,832)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(23,273)	(340,967)
Funds held in trust for purchases of property, plant, and equipment		-	(294,060)
Proceeds from sale of investments		-	825
<b>Cash used in investing activities</b>		<b>(23,273)</b>	<b>(634,202)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares		4,793,947	-
Costs of issuing equity shares		(330,519)	-
Payment of lease liabilities		(121,925)	(99,843)
<b>Cash used in financing activities</b>		<b>4,341,503</b>	<b>(99,843)</b>
Net decrease in cash and cash equivalents		(2,817,903)	(10,627,877)
Balance at the beginning of the year		7,625,845	25,852,484
Effect of foreign currency translation		(32,335)	65,847
<b>Balance at the end of the year</b>		<b>4,775,607</b>	<b>15,290,454</b>

The statement should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2024

	Contributed Equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non- controlling interests \$	Total equity \$
<b>At 1 July 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 period	-	-	-	(11,180,757)	(469,873)	(11,650,630)
Other comprehensive loss	-	-	(1,190,217)	-	-	(1,190,217)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(1,190,217)</b>	<b>(11,180,757)</b>	<b>(469,873)</b>	<b>(12,840,847)</b>
Equity based payments	-	972,673	-	-	-	972,673
<b>At 31 December 2023</b>	<b>166,874,257</b>	<b>7,892,789</b>	<b>653,678</b>	<b>(115,711,239)</b>	<b>17,305,484</b>	<b>77,014,969</b>
<b>At 1 July 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>
Loss for the period	-	-	-	(6,391,689)	(394,084)	(6,785,773)
Other comprehensive loss	-	-	3,947,373	-	744,839	4,692,212
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>3,947,373</b>	<b>(6,391,689)</b>	<b>350,755</b>	<b>(2,093,561)</b>
Equity Issued	4,793,947	-	-	-	-	4,793,947
Equity based payments	-	621,395	-	-	-	621,395
Transaction Costs	(382,689)	-	-	-	-	(382,689)
<b>At 31 December 2024</b>	<b>171,285,515</b>	<b>9,064,635</b>	<b>3,633,462</b>	<b>(128,203,570)</b>	<b>17,231,681</b>	<b>73,011,723</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 half-year ended 31 December 2024 was authorised for issue in accordance with a resolution of the directors on 14 March 2025.

Peak Rare Earths Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The address of its registered office and principal place of business is disclosed in the corporate directory at page 24.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2024 and the public announcements made by Peak Rare Earths Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

#### b) Basis of preparation

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

#### Going Concern

For the half-year ended 31 December 2024, the Group incurred a loss after tax of \$6,785,773 (31 December 2023: \$11,650,630) and an operating cash outflow of \$7,136,133 (31 December 2023: \$9,893,832). At 31 December 2024 the Group had net current assets of \$6,634,854 (30 June 2024: \$9,205,937), net assets of \$73,011,723 (30 June 2024: \$70,072,631) including cash and cash equivalents of \$4,775,607 (30 June 2024: \$7,625,845).

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 approximately A\$96,000,000;
- 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 approximately A\$96,000,000 will be funded via a Shenghe arranged debt facility.

Whilst Peak and Shenghe are continuing to progress the finalisation of transaction documentation, there remains some material unresolved matters. Peak and Shenghe are also evaluating possible amendments to the transaction structure to account for the potential impact of recently proposed changes to Chinese rare earth regulations.

Sales of the Teeside site is planned in 2025 and, if successful, will provide additional funding to the Group.

A total of \$3,702,931 (before costs) was received in January 2025 from a capital raising. Whilst the Group is well funded in the short-term, the Group's cash flow forecasts indicate that 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.

In the directors' opinion, there are reasonable grounds to believe that the Group has the ability to raise further funding 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) Basis of consolidation**

The consolidated financial statements of Peak Rare Earths Limited comprise the financial statements of Peak and its subsidiaries as at 31 December 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 consistencies with those policies applied by the parent entity. All controlled entities have a June financial year-end.

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

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

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial report for the year ended 30 June 2024 and the corresponding interim review period.

#### **Standards issued but not yet effective**

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

**3. EXPLORATION AND EVALUATION EXPENDITURE**

	31 December 2024 \$	30 June 2024 \$
<b>Movement in net carrying amount:</b>		
Balance at beginning of period	59,754,156	60,997,405
Foreign exchange movements	5,492,953	(1,243,249)
<b>Balance at 31 December</b>	<b>65,247,109</b>	<b>59,754,156</b>
<b>Capitalised areas of interest</b>		
Ngualla Rare Earth Project, Tanzania	<b>65,247,109</b>	<b>59,754,156</b>

**4. CONTRIBUTED EQUITY**

		Nos.	\$
<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>
Issue of shares for nil consideration on exercise of vested performance rights	10-Jul-24	488,899	-
Issue of shares Tranche 1 Capital Raising @ 10 cents per share	11-Nov-24	39,964,598	3,996,460
Issue of shares for nil consideration on exercise of vested performance rights	13-Dec-24	272,953	-
Issue of shares Tranche 2 Capital Raising @ 10 cents per share	24-Dec-24	7,974,874	797,487
Equity Issue Costs		-	(382,689)
<b>Balance at 31 December 2024</b>		<b>314,643,084</b>	<b>171,285,515</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 and Options over ordinary shares**

At the end of the reporting period, there were 11,436,351 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 2024</b>		13,173,203			
<b>Expired/Lapsed/Cancelled:</b>					
Performance Rights lapsed on cessation of employment	3-Oct-24	(475,000)		-	23-Sep-26
Performance Rights lapsed on cessation of employment	3-Oct-24	(500,000)		-	09-Nov-28
		<u>(975,000)</u>			
<b>Exercised:</b>					
Vested Performance Rights	10-Jul-24	(163,899)		-	09-Dec-25
Vested Performance Rights	10-Jul-24	(325,000)		-	15-Dec-26
Vested Performance Rights	13-Dec-24	(272,953)		-	09-Nov-28
		<u>(761,852)</u>			
<b>Balance at 31 December 2024</b>		<b>11,436,351</b>			

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

**5. RESERVES**

	Share based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$
<b>At 1 July 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 payments	621,395	-	621,395
Exchange difference on translation of foreign operations	-	3,947,373	3,947,373
<b>At 31 December 2024</b>	<b>9,064,635</b>	<b>3,633,462</b>	<b>12,698,097</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.

## 6. OPERATING SEGMENTS

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

## 7. CONTINGENCIES AND COMMITMENTS

### Lease commitments - Group as a lessee

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

	31 December 2024	31 December 2023
	\$	\$
Up to 1 year	139,910	270,301
1 to 5 Years	214,480	479,210
	<b>354,390</b>	<b>749,511</b>

### Capital Commitments

At 31 December 2024, the Group has no capital commitments (31 December 2023: Nil).

### Contingencies

At 31 December 2024, the Group has no contingencies (31 December 2023: Nil).

Peak's 100% owned subsidiary Peak African Minerals has provided Peak with a working capital loan facility of US\$4,209,317 (31 December 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\$354,338 as at 31 December 2024 (31 December 2023: US\$320,102).

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

## 8. SUBSEQUENT EVENTS

Subsequent to the end of the Period, the Company completed the SPP and placements launched in November 2024. A total of \$3.7m (before costs) was received in January 2025 which consisted of \$2.0m from the SPP and \$1.7m from placements to the Company's largest shareholder, Shenghe Resources (Singapore) Pte Ltd.

The RAP and land compensation schedule for the Ngwala Community and the 193 PAP was approved by the Tanzanian Chief Valuer post the end of the Period. Total compensation has been assessed at ~A\$10.6m, of which ~A\$3.2 is payable over the six-month period from April 2025, and ~A\$7.4m over the term of the SML.

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

## DIRECTORS' DECLARATION

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

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

- a. complying with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year then ended.

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

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

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

On behalf of the Directors



Dr Russell Scrimshaw AM  
Executive Chairman  
14 March 2025  
Sydney, NSW



## 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
Nick Bowen	Non-Executive Director
Hannah Badenach	Non-Executive Director
Bardin Davis	Chief Executive Officer

Philip Rundell                      Company Secretary

#### REGISTERED OFFICE

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Perth WA 6000

#### SOLICITORS

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

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

#### AUDITORS

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#### CONTACT DETAILS

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#### SHARE REGISTRY

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#### STOCK EXCHANGE LISTING

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