



13 October 2023

Dear Shareholder,

Important information regarding the 2023 Annual General Meeting

American Rare Earths Limited (ASX: ARR) (ARR or the Company) advises that its 2023 Annual General Meeting (AGM) will be held as follows:

Time: 9.00am ACDT

Date: Thursday 16 November 2023

Venue: 89 Pirie Street, Adelaide, South Australia, 5000

The Notice of Meeting for the AGM can be accessed from the following link on the Company's website at www.americanrareearths.com.au It is also available from the Company's announcements platform on the ASX at www.asx.com.au.

Recent legislative changes to the Corporations Act 2001 (Cth) mean there are new options available to shareholders as to how the communication from the Company can be received. The Company will not be dispatching physical copies of meeting documents and notices, including the Notice of Meeting for the AGM, unless you request a physical copy to be posted to you. If you would like to receive a hard copy of the Notice of Meeting, please contact the Company.

The Company's Annual report is also available at the Company's website www.americanrareearths.com.au.

Proxy lodgement

Shareholders who choose to lodge a proxy should follow instructions on their personalised proxy form (enclosed), to be submitted to the Company's share registry no later than 9.00am ACDT on Tuesday 14 November 2023 online or by post.

Yours Sincerely

Mr Francis Creagh O'Connor AM
Chairman
American Rare Earths Limited

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13 October 2023

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Shareholders of American Rare Earths Limited ABN 83 003 453 503 ("the Company") will be held at 89 Pirie Street, Adelaide, South Australia, 5000 on Thursday 16 November 2023 commencing 9.00AM (ACDT).

1. ITEMS OF GENERAL BUSINESS

1.1. 2023 Annual Report

To consider the Company's 2023 annual financial report (including the financial statements for the year), directors' report and auditor's report which accompany this notice.

At the AGM, Shareholders will be given an opportunity to raise questions of Directors and the Company's Auditor about the annual financial report.

1.2. Resolution 1: Approval of Remuneration Report

To consider and if thought fit, pass the following resolution, as a non-binding **ordinary resolution**:

"That the Company adopt the Remuneration Report for the year ended 30 June 2023."

Voting Exclusion Statement for Resolution 1

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- A member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report or
- A Closely Related Party of such a member.

However, a person (voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this resolution; and
 - (ii) expressly authorise the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Notes on Resolution 1:

- Resolution 1 is advisory only and does not bind the Company or the Directors.
- The Directors will consider the outcome of the vote and comments made by Members on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.
- The Chairman intends to vote all undirected proxies in favour of Resolution 1.
- If 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Members will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting will be held within 90 days, at which all of Directors must go up for re-election.

Further information regarding the Remuneration Report appears in the attached Explanatory Memorandum.

1.3. Resolution 2: Re - Election of Director – Francis Creagh O'Connor

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Creagh O'Connor, being a director of the Company who retires by rotation in accordance with clause 14.2 of the Company's Constitution, being eligible and offering himself for re-election, is re-elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 2.

1.4. Resolution 3: Re - Election of Director – Sten Gustafson

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Sten Gustafson, being a director of the Company who retires in accordance with clause 14.2 of the Company's Constitution, being eligible and offering himself for re-election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 3.

1.5. Resolution 4: Election of Director – Kenneth Traub

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Kenneth Traub, being a director of the Company who retires in accordance with clause 14.4 of the Company's Constitution, being eligible and offering herself for election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 4.

1.6. Resolution 5: Election of Director – Paul Zink

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Paul Zink, being a director of the Company who retires in accordance with clause 14.4 of the Company's Constitution, being eligible and offering himself for election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 5.

1.7. Resolution 6: Election of Director – John Mansanti

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That John Mansanti, being a director of the Company who retires in accordance with clause 14.4 of the Company's Constitution, being eligible and offering himself for election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 6.

2. SPECIAL BUSINESS

2.1 Resolution 7: Issue of Options – Francis Creagh O'Connor

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That in accordance with Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, the company be authorised to issue to Mr Creagh O'Connor, a Director of the Company or his nominee, 2,000,000 options to subscribe for fully paid ordinary shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of General Meeting and the issue to Mr Creagh O'Connor or his nominee of fully paid ordinary shares in the capital of the Company upon the full or partial exercise of such options, is hereby approved."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 7.

Voting exclusion statement for Resolution 7

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr O'Connor (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a person appointed as proxy if the person is a member of the key management personnel, or any closely related party of such a member, unless: (a) the proxy appointment specifies how the proxy is to vote on this resolution; or (b) the person is the chair of the meeting at which the resolution is voted on and the proxy appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

2.2 Resolution 8: Approval of additional 10% placement facility

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 8.

Voting Exclusion Statement for Resolution 8

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Important note: The proposed allottees of any Equity Securities under the Additional 10% Placement facility are not yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

3. GENERAL INFORMATION

3.1 Eligibility to Vote

For the purpose of determining a person's entitlement to vote at the AGM, Shares will be taken to be held by persons who are registered as Shareholders as at 7:00pm (AEDT) on Tuesday 14 November 2023. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the AGM.

3.2 Proxies

A proxy form is attached. You may exercise your right to vote at the AGM either by being present in person or by appointing a proxy to attend and vote in your place. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of the Company. A proxy form must be signed by the Shareholders or the Shareholder's attorney. Proxies given by corporations must be signed either under seal or in accordance with the Constitution of the Company. The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received not later than 48 hours before the time for holding the AGM.

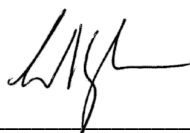
To lodge your proxy, please follow the directions below or on your personalised Proxy Form:

Online: www.investorvote.com.au
Or for Intermediary Online subscribers only (Custodians) www.intermediaryonline.com

By post: Computershare Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001

To be received no later than 9.00AM (ACDT) on Tuesday 14 November 2023.

By order of the Board
American Rare Earths Limited



Wayne Kernaghan
Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of the Notice of Annual General Meeting Shareholders to be held at 89 Pirie Street, Adelaide, South Australia, 5000 on Thursday 16 November 2023 commencing 9.00AM (ACDT).

The Notice of Annual General Meeting and this Explanatory Memorandum should be read carefully and in their entirety.

1. ORDINARY BUSINESS

1.1 2023 Annual Report

The Company's annual financial report (including the financial statements), the directors' report and auditor's report will be laid before the AGM.

This item provides an opportunity for Shareholders at the AGM to ask questions and comment on those reports (including financial statements).

- (a) You have a right to receive from the Company, free of charge, a copy of the Company's 2023 Annual Report if you make a request to the Company to receive a copy; and
- (b) You may obtain a copy of the 2023 Annual Report by electronic means from <https://americanrareearths.com.au> and
- (c) The Company has not prepared, in relation to the same accounting period as the 2023 Annual Report, a concise annual report.

No resolution is required to be passed on this matter

1.2 Resolution 1: Approval of Remuneration Report

The Corporations Act requires that at a listed company's Annual General Meeting, a resolution that the remuneration report be adopted must be put to Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company. The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 30 June 2023. A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

1.3 Resolution 2: Re-election of Director Francis Creagh O'Connor

Francis Creagh O'Connor was appointed to the Board in 2000 and to the role of Chairman in 2004. He has approximately 40 years' senior management experience in providing consulting and advisory services for oil, gas, and mineral projects throughout Australia and overseas. He is a leading consultant for Australian construction and development consortiums. He has served as a Director and Chairman on a number of listed and private companies.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

1.4 Resolution 3: Re-election of Director – Sten Gustafson

Sten L. Gustafson currently serves as the Chief Executive Officer and a director of Pyrophyte Acquisition Corp. (NYSE: PHYT), a SPAC focused on companies that provide products, services, equipment, and technologies that support a variety of energy transition solutions. Mr. Gustafson is a highly experienced energy service industry executive, investment banker, and corporate securities attorney. With over 25 years of experience in the global energy sector, Mr. Gustafson has advised on over 100 corporate transactions around the world for over \$100 billion of transaction value.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

1.5 Resolution 4: Election of Director – Kenneth Traub

Since 2019, Kenneth H. Traub has been the Managing Partner of Delta Value Advisors, a strategic consulting and investment advisory firm, specializing in corporate governance and turnarounds. Mr. Traub also currently serves on the Board of Directors and is Chairman of the Nominating and Corporate Governance Committee of Tidewater, Inc. (NYSE: TDW), the leading global owner and operator of offshore support vessels for the energy industry. He has over 30 years of experience as a CEO, chairman, director, investor, and consultant in public companies with a successful track record of driving strategic, financial, operational and governance improvements to enhance shareholder value.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

1.6 Resolution 5: Election of Director – Paul Zink

Paul Zink is currently a Professor of Practice in the Economics and Business and Mining Engineering departments at the Colorado School of Mines. Mr. Zink has more than 45 years of experience in leading and building cross functional teams in mineral royalties, mineral economics, financial management, strategic planning, and acquisition targeting. He has served as a director for several companies including Timberline Resources, Rare Element Resources and Atna Resources, where he chaired the Audit Committees. Also former CFO of Rare Element Resources Limited.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

1.7 Resolution 6: Election of Director – John Mansanti

John G. Mansanti is a consultant to the minerals industry. He has more than four decades of mining experience, primarily in operations, technical support, and capital projects. Mr. Mansanti is an experienced CEO, Non-Executive Director and leader of major US mines. He has more than 45 years of experience leading successful teams in mining. Those teams were successful in project development, engineering, project financing, capital execution, and operations. Mr. Mansanti was CEO of Pacific Soda, CEO and President of Crystal Peak Minerals, and Senior VP of Operations for Intrepid Potash. He served as a director for Rye Patch Gold and Alio Gold.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

2.1 Resolution 7 - Issue of Options to Francis Creagh O'Connor

2.3 General

It is proposed that the Company issue to Francis Creagh O'Connor, a director of the Company or his nominee a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.22 with an expiry date of three years from date of issue.

Shareholder approval is being sought for the issue of these options and the issue of shares upon exercise of the options in accordance with the requirements of the ASX Listing Rules and Chapter 2E of the Corporations Act 2001.

2.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act 2001 prohibits a public company from giving a "financial benefit" to a "related party" (which includes Directors and associates) of the public company unless either:-

- i. the giving of the financial benefits falls within one of the nominated exceptions to the provisions; or
- ii. prior Shareholder approval is obtained to the giving of the financial benefits.

The granting of options to Francis Creagh O'Connor, a Director of the Company constitutes the provision of a financial benefit to a related party of the Company within the meaning of Chapter 2E.

Accordingly, Shareholder approval is required under the Corporations Act, and approval is required for the purposes of Listing Rule 10.11.

2.5 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

a related party;

- 10.11.1 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;
- 10.11.3 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.4 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders. Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 7 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

2.6 Information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Options to Mr O'Connor or his nominee within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 7 is not passed, the Company will not be able to proceed with the issue of the Options. The Company does not intend to provide any additional rewards or incentives in any other forms to Mr O'Connor if the resolution is not passed.

2.7 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 7:

- (a) the Options will be issued to Francis Creagh O'Connor (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Francis Creagh O'Connor is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Francis Creagh O'Connor (or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 1;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options). The funds raised on the exercise of the options will be used for working capital.
- (f) the purpose of the issue of the Options is to provide a component in the remuneration package for Mr O'Connor to reward his performance as a Director and to provide cost effective remuneration to Mr O'Connor, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr O'Connor.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
 - (i) the Options are unquoted; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders;
 - (ii) it is considered that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.

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- (h) the number of Options to be issued to Mr O'Connor has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the related party; and
 - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.
- The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 3 October 2023	\$0.14
Exercise Price	\$0.22
Risk Free Rate	4.10%
Volatility (Annualised)	59%
Time (years) to expiry	3 years
Value per option	\$0.0355
Number of Options	2,000,000
Total value	\$71,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$71,000.

- (j) The Options are not being issued under an agreement
- (k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	446,423,299
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,894,223
Unlisted Options (20.0 cents exercisable on or before 8/12/2023)	1,000,000
Unlisted Options (20.0 cents exercisable on or before 8/11/24)	4,000,000
Unlisted Options (20.0 cents exercisable on or before 30/11/2024)	8,000,000
Unlisted Options (20.0 cents exercisable on or before 6/12/2024)	1,000,000
Unlisted Options (20.0 cents exercisable on or before 31/12/2024)	1,100,000
Unlisted Options (40.0 cents exercisable on or before 5/12/2025)	2,000,000
Unlisted Options (43.5 cents exercisable on or before 5/12/2025)	6,000,000
Unlisted Options (40.0 cents exercisable on or before 7/12/2025)	5,000,000
Unlisted Options (40.0 cents exercisable on or before 18/12/2025)	2,000,000

Unlisted Options (22.0 cents exercisable on or before 17/08/2026)	4,500,000
Unlisted Options (10.0 cents exercisable on or before 30/11/26)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 6/12/26)	500,000
Unlisted Options (47.0 cents exercisable on or before 7/12/27)	5,000,000
Unlisted Options (47.0 cents exercisable on or before 18/12/27)	1,000,000
Total Options	46,994,223

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Shares and Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	446,423,299
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,894,223
Unlisted Options (20.0 cents exercisable on or before 8/12/2023)	1,000,000
Unlisted Options (20.0 cents exercisable on or before 8/11/24)	4,000,000
Unlisted Options (20.0 cents exercisable on or before 30/11/2024)	8,000,000
Unlisted Options (20.0 cents exercisable on or before 6/12/2024)	1,000,000
Unlisted Options (20.0 cents exercisable on or before 31/12/2024)	1,100,000
Unlisted Options (40.0 cents exercisable on or before 5/12/2025)	2,000,000
Unlisted Options (43.5 cents exercisable on or before 5/12/2025)	6,000,000
Unlisted Options (40.0 cents exercisable on or before 7/12/2025)	5,000,000
Unlisted Options (40.0 cents exercisable on or before 18/12/2025)	2,000,000
Unlisted Options (22.0 cents exercisable on or before 17/08/2026)	4,500,000
Unlisted Options (22.0 cents exercisable on or before 16/11/2026)	2,000,000
Unlisted Options (10.0 cents exercisable on or before 30/11/26)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 6/12/26)	500,000
Unlisted Options (47.0 cents exercisable on or before 7/12/27)	5,000,000
Unlisted Options (47.0 cents exercisable on or before 18/12/27)	1,000,000
Total Options	48,994,223
Total Ordinary Shares if all Options on issue are exercised	495,417,522

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

- (l) If Mr O'Connor exercises the Options, there will be a dilutionary effect of 0.004% on existing Shareholders. Mr O'Connor will hold 0.44% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.

- (m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.335 (on 3 February 2023), \$0.115 (on 5 September 2023) and \$0.14 (on 3 October 2023) respectively.
- (n) Mr O'Connor currently receives directors' fees of \$37,000 pa.

These Options are intended to provide an incentive to Mr O'Connor, as a director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Therefore, Resolution 7 seeks the approval of Shareholders to satisfy the requirement for shareholder approval under Listing Rule 10.11

Mr O'Connor director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution, being a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 7 on the basis that the Options will be provided to Mr O'Connor and are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

2.2 Resolution 8 - Approval of additional 10% placement facility

Background

Listing Rule 7.1A enables an eligible entity to issue Equity Securities totalling up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. If this resolution is not approved by shareholders then the entity is unable to use this additional 10% Placement Facility. The entity will still be able to use its 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company's market capitalisation is currently approximately \$62.5 million. The Company is an eligible entity as at the date of this Notice of Annual General Meeting and is expected to be an eligible entity as at the date of the Annual General Meeting.

Resolution 8 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 8 will be to allow the directors to issue Equity Securities under Listing Rule 7.1A during the period set out below (refer to section (c) under the Listing Rule 7.3A Requirements heading in this Explanatory Memorandum).

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section (b) under the Regulatory Requirements heading of this Explanatory Memorandum below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of the Notice of Annual General Meeting, the

Company has on issue one class of quoted Equity Securities, namely Shares.

Listing Rule 7.3A Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

a. Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be a cash consideration per Equity Security of not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. The date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- ii. If the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above the date on which the Equity Securities are issued.

b. Dilution

As at the date of this Notice of Annual General Meeting, the Company has 446,423,299 Shares on issue. If Shareholders approve Resolution 8, the Company will have the capacity to issue approximately 44,642,330 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

where:

A has the same meaning as in Rule 7.1;

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by holders of its ordinary securities under rule 7.4; and

“relevant period” has the same meaning as in rule 7.1.

If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders’ voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues. There is a risk that:

- i. the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than the date of the Annual General Meeting; and
- ii. the Equity Securities may be issued at a price that is at a discount to the market price for the Company’s Equity Securities on the issue date.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The table (over page) also shows:

- i. two examples where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rate entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- ii. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.07 50% decrease in Issue Price	\$0.14 Issue Price	\$0.21 50% increase in Issue Price
Current Variable A 446,423,299 Shares	Shares issued	44,642,330 New Shares	44,642,330 New Shares	44,642,330 New Shares
	Funds raised	\$3,124,963	\$6,249,926	\$9,374,889
50% increase in current Variable A 669,634,948 Shares	Shares issued	66,963,495 New Shares	66,963,495 New Shares	66,963,495 New Shares
	Funds raised	\$4,687,445	\$9,374,889	\$14,062,334
100% increase in current Variable A 892,846,598 Shares	Shares issued	89,284,660 New Shares	89,284,660 New Shares	82,284,660 New Shares
	Funds raised	\$6,249,926	\$12,499,852	\$18,749,779

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
2. No Options are exercised into Shares before the date of the issue of the Equity Securities. The Company currently has 46,994,223 unquoted options on issue.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% Placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
7. The issue price is \$0.14, being the closing price of the Shares on ASX on 3 October 2023.

c. Issue Period

If Shareholders approve Resolution 8, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- i. The date that is 12 months after the date of the Annual General Meeting at which the approval is obtained;
- ii. The time and date of the Company's next Annual General Meeting; and
- iii. The time and date of the approval by holders of the eligible entity's ordinary securities of a transaction under Listing Rule 11.1.2 or Rule 11.2.

(the Additional 10% Placement Period).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period.

d. Purpose of Issues

The Company will seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised on continued exploration expenditure and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

e. Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- ii. the effect of the issue of the Equity Securities on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from corporate, financial, and broking advisers (if applicable).

No issue will be made to any related party.

f. Previous issues

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

In accordance with listing rule 7.3A.6(a) the Company has not issued any equity securities in the past 12 months preceding the date of the meeting.

g. Voting exclusion statement

A voting exclusion statement for Resolution 8 is included in the Notice of Annual General Meeting preceding this Explanatory Memorandum.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances, for a person's vote to be excluded it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months after the Annual General Meeting. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 8.

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3 INTERPRETATION

For the purposes of interpreting the Explanatory Memorandum and the Notice:

- a) the singular includes the plural and vice versa;
- b) words importing any gender include the other genders;
- c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice;
- e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- f) reference to **cents**, **\$**, **A\$**, **Australian Dollars** or **dollars** is a reference to the lawful currency for the time being and from time to time of the Commonwealth of Australia.

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4 GLOSSARY

In this Notice and the Explanatory Statement:

2023 Annual Report means the Company's Directors' Report, Financial Report and Auditor's Report in respect to the financial year ended 30 June 2023.

AGM means the Company's annual general meeting to commence 9.00AM (ACDT) on Thursday 16 November 2023 and notified to the Company's Shareholders by this Notice.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor means Hall Chadwick

Auditor's Report means the Auditor's report on the Financial Report.

Board means the board of Directors.

Chair or **Chairman** means the person appointed to chair the AGM convened by this Notice.

Closely Related Party of a member of the Key Management Personnel means

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means American Rare earths Limited (ABN 83 003 453 503).

Companies Act means the Companies Act 2001, as amended from time to time.

Constitution means the constitution of the Company, as amended from time to time.

Director means a director of the Company.

Directors' Report means the annual Directors' Report.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement attached to the Notice.

Group means the Company and each body corporate that is a subsidiary of the Company by virtue of Division 6 of the Corporations Act.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the official listing rules issued and enforced by the ASX, as amended from time to time.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Option means an option to have Shares issued.

Professional Investor has the meaning given in Section 708(ii) of the Corporations Act.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Sophisticated Investor has the meaning Shareholders given in section 707(8) of the Corporations Act.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means arithmetic average of the daily volume weighted average price of the ordinary shares in the Company traded on the ASX.

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Schedule 1 – Terms and Conditions of the Options to be issued under Resolution 7

The Options will be issued on the following terms:

- (a) the Options may be exercised at any time before expiry;
- (b) the Options will expire on the date 3 years after the date of issue (“the Expiry Date”);
- (c) all or any of the Options are exercisable, by notice in writing to the Company, at any time up until the Expiry Date;
- (d) the holder of Options cannot participate in any new issue of Equity Securities without a prior exercise of the Options;
- (e) Shares issued on the exercise of Options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) if there is a reorganisation of capital of the Company, the exercise price of the Options or the number of Shares over which the Options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the exercise of Options;
- (g) except as provided in paragraph (f), neither the exercise price of the Options nor the number of Shares over which the Options can be exercised will be changed to take account of pro rata Share issues (other than bonus Share issues);
- (h) in respect of a bonus Share issue, the Option holders may only participate if the Options are exercised before the record date for the bonus Share issue. In the event of a bonus Share issue, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Share issue;
- (i) the Options may only be transferred with Board approval;
- (j) the Options will not be quoted on the ASX.

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ABN 83 003 453 503

Need assistance?



Phone:

1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (ACDT) on Tuesday, 14 November 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 183175

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of American Rare Earths Limited hereby appoint

☐ the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of American Rare Earths Limited to be held at 89 Pirie Street, Adelaide, SA 5000 on Thursday, 16 November 2023 at 9:00am (ACDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 7 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Approval of Remuneration Report	☐	☐	☐
Resolution 2	Re-Election of Director – Francis Creagh O'Connor	☐	☐	☐
Resolution 3	Re-Election of Director – Sten Gustafson	☐	☐	☐
Resolution 4	Election of Director – Kenneth Traub	☐	☐	☐
Resolution 5	Election of Director – Paul Zink	☐	☐	☐
Resolution 6	Election of Director – John Mansanti	☐	☐	☐
Resolution 7	Issue of Options – Francis Creagh O'Connor	☐	☐	☐
Resolution 8	Approval of additional 10% placement facility	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically