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31 March 2025

$3.6M Entitlement Offer Opens

Offer set to close at 5:00pm (ACST) on 14 April 2025.

On 25 March 2025, Australian Rare Earths Limited ACN 632 645 302 **(ASX: AR3) (Company)** announced that it would be offering eligible shareholders the opportunity to participate in a pro-rata non-renounceable entitlement issue of up to approximately 52,996,576 fully paid ordinary shares **(Shares)** at an issue price of $0.068 per Share, on the basis of 1 new Share for every 3 Shares held on the record date, to raise up to approximately $3.6 million before expenses. The Company will also issue up to approximately 26,498,288 options, on the basis of 1 free attaching unlisted. option for every 2 shares subscribed for, with each option having an exercise price of $0.10 and expiring on 30 March 2029 (unless accelerated) **(Option) (Offer)**.

The Offer opens on 31 March 2025 and closes at 5:00pm on Monday 14 April 2025 (Adelaide time). Valid acceptances must be received before that time.

Eligible Shareholders can choose to take up all, part , or none of their entitlements. Furthermore, the Offer includes a 'top up' facility under which Eligible Shareholders who take up their entitlement in full may also apply for additional new shares. If, following allocation of New Shares under the Top-Up Facility, there remain Shortfall Shares which have not been allocated, the Shortfall Shares may be issued in accordance with the Allocation policy as outlined in the Offer Booklet.

Offer Booklet & How to Participate in the Offer

The Offer Booklet relating to the Offer has been given to ASX and is available to view on the ASX website and the Australian Rare Earths Ltd website: https://ar3.com.au/investment-offer/61. Further details regarding the Offer have also been announced to the ASX and are available on ASX's website.

Eligible AR3 shareholders who have elected will receive an email communication with instructions on how to participate in the offer. Eligible shareholders who have elected to receive paper copies will receive application instruction via post to their registered address, as recorded with AR3's register on that date.

Example copies of the letters despatched to Eligible Shareholders and Ineligible Shareholders today are attached.

This announcement is authorised by the Company Secretary of AR3

For further information please contact:

Australian Rare Earths Limited
Travis Beinke
Managing Director and CEO
T: 1 300 646 100

Media Enquiries
Jessica Fertig
Tau Media
E: info@taumedia.com.au

Engage and Contribute at the AR3 investor hub: https://investorhub.ar3.com.au/

All Registry Communication to:
AUTOMIC GROUP
GPO Box 5193, Sydney NSW 2001
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
corporate.actions@automicgroup.com.au
www.automicgroup.com.au

AUSTRALIAN RARE EARTHS
Metals for our future

Australian Rare Earths Ltd | ACN 632 645 302

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[EntityRegistrationDetailsLine6Envelope]

Holder Number:
[HolderNumberMasked]

Shares held as at the Record Date at 4.00pm (AWST) on 28 March 2025
[CumBalance]

ENTITLEMENT AND ACCEPTANCE FORM

OFFER CLOSES 5.00PM (ADELAIDE TIME) ON 14 APRIL 2025 (SUBJECT TO CHANGE WITHOUT NOTICE)

On 25 March 2025, Australian Rare Earths Ltd (**ASX: AR3**) ("**AR3"** or "the **Company"**) announced a pro rata non-renounceable entitlement issue of up to approximately 52,996,576 fully paid ordinary shares (**Shares**) at a issue price of $0.068 per New Share to Eligible Shareholders on the basis on the basis of 1 new Share for every 3 Shares held on the record date, to raise up to approximately $3.6 million before expenses. The Company will also issue up to approximately 26,498,288 options, on the basis of 1 free attaching unlisted option for every 2 shares subscribed for, with each option having an exercise price of $0.10 and expiring on 30 March 2029 (unless accelerated) (**Option**) (**Offer**).

The Offer Booklet dated 31 March 2025 contains important information about the Entitlement Offer and you should read it carefully before applying for New Shares. This Entitlement and Acceptance Form should be read in conjunction with the Offer Booklet. If you do not understand the information provided in the Offer Booklet or you are in doubt as to how you should proceed, you should contact your financial or other professional adviser. Other than as defined in this Entitlement and Acceptance Form, capitalised terms have the same meaning as defined in the Offer Booklet.

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1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

	Payment Amount (A$0.068 per New Share)	Number of New Shares Entitled
Full Entitlement	[EntPayable]	[Entitlement]

2 APPLICATION FOR TOP-UP SHARES

If you have taken up your full Entitlement, you are eligible to apply for Top-Up Shares. To apply for Top-Up Shares, please make payment for the total number of New Shares you wish to apply for, including both Entitlement and Top-Up Shares.

3 PAYMENT - YOU CAN PAY BY BPAY® OR ELECTRONIC FUNDS TRANSFER (EFT)

Payments must be made in Australian dollars via BPAY or EFT. You do not need to return this Entitlement or Acceptance Form.

Option A – BPAY

BPAY

Biller Code: [BPayBillerCd]

Ref: [BPayCRN]

Mobile & Internet Banking – BPAY®
Make this payment from your cheque or savings account.

Note: Please ensure you use the BPAY details stated above as they are unique for each Offer. Your BPAY reference number or unique entitlement reference number will process your payment for your application for new securities electronically.

Option B – Electronic Funds Transfer (EFT)

Funds are to be deposited in AUD currency directly to following bank account:

Account name: Automic Pty Ltd
Account BSB: [CreditAccountBsb]
Account number: [CreditAccountNumber]
Swift Code: WPACAU2S

Your unique entitlement reference number:
[HolderId]-[CorporateActionID]-[CompanyASXCode]

IMPORTANT: You must quote your **unique entitlement reference number** as your payment reference/description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and new securities subsequently not issued.

® Registered to BPAY Pty Ltd ABN 69 079 137 518

4 ELECT TO RECEIVE COMMUNICATIONS ELECTRONICALLY

If you have received this form by post, you have not provided your email address or elected to receive all communications electronically.

We encourage you to elect to receive shareholder communications electronically to: • Help the Company reduce its printing and mailing costs • Receive investor communications faster and more securely • Help the environment through the need for less paper	**SCAN THE QR CODE TO VISIT INVESTOR.AUTOMIC.COM.AU AND UPDATE YOUR COMMUNICATION PREFERENCE**

INSTRUCTIONS FOR COMPLETING THIS ENTITLEMENT AND ACCEPTANCE FORM

The right to participate in the Entitlement Offer is optional and is offered exclusively to all Shareholders who are registered as holders of fully paid ordinary Shares in the capital of the Company on the Record Date with a registered address in Australia, New Zealand or Canada (**Eligible Shareholders**).

ACCEPTANCE OF OFFER

By making a BPAY or EFT payment:

- you represent and warrant that you have read and understood the Offer Booklet and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form; and
- you provide authorisation to be registered as the holder of new securities acquired by you and agree to be bound by the Constitution of the Company.

1 Acceptance of full or partial Entitlement

If you wish to accept your full Entitlement:

- make payment by BPAY or EFT for your full Entitlement by following the instructions on this Entitlement and Acceptance Form.

If you only wish to accept part of your Entitlement:

- calculate the payment amount for the portion of your Entitlement that you wish to take up in accordance with the partial Entitlement section of this Entitlement and Acceptance Form and
- make payment by BPAY or EFT for that portion of your Entitlement by following the instructions on this Entitlement and Acceptance Form.

2 Application for Top-Up Shares

If you accept your full Entitlement and wish to apply for Top-Up Shares in excess of your Entitlement:

- make payment by BPAY or EFT for the total payment amount of your full Entitlement AND your participation in the Top-Up Facility by following the instructions on this Entitlement and Acceptance Form.

Your application for Top-Up Shares may not be successful (wholly or partially). The decision in relation to the number of Top-Up Shares in excess of your Entitlement to be allocated to you will be final. No interest will be paid on any Application Monies received and returned.

3 Payment

By making a payment via BPAY or EFT, you agree that it is your responsibility to ensure that funds are submitted correctly and received by the Share Registry by the losing Date and time. Payment must be received by the Share Registry by 5.00pm (Adelaide Time) on the Closing Date.

By making payment of Application Monies, you certify that you wish to apply for New Shares under the Entitlement Offer as indicated on this Entitlement and Acceptance Form and acknowledge that your acceptance is irrevocable and unconditional.

It is your responsibility to ensure your BPAY reference number or unique entitlement reference number is quoted, as per the instructions in Section 3. If you fail to quote your BPAY reference number or unique entitlement reference number correctly, Automic Group may be unable to allocate or refund your payment. If you need assistance, please contact Automic Group.

Payment by BPAY: You can make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. To BPAY this payment via internet or telephone banking use your CRN on this Entitlement and Acceptance Form. Multiple acceptances must be paid separately.

Payment by EFT: You can make a payment via Electronic Funds Transfer (EFT). Multiple acceptances must be paid separately. Please use your unique entitlement reference number on this Entitlement and Acceptance Form. This will ensure your payment is processed correctly to your application electronically.

Applicants should be aware of Automic's financial institution's cut off-time, their own financial institution's cut-off time and associated fees with processing a funds transfer. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time, including taking into account any delay that may occur as a result of payments being made after 5.00pm (ACST) and/or on a day that is not a business day (payment must be made to be processed overnight). You do not need to return this Entitlement and Acceptance Form if you have made payment via BPAY or EFT. Your BPAY reference number or unique entitlement reference number will process your payment to your application electronically and you will be deemed to have applied for such New Shares for which you have paid.

4 Elect to receive communications electronically

As a valued shareholder, the Company encourages shareholders to elect to receive their shareholder communications electronically. This will ensure you receive all future important shareholder communications in a faster and more secure way and reduce the environmental footprint of printing and mailing.

If you require further information about the Offer, please contact Automic Group on 1300 288 664 (within Australia) or +61 2 9698 5414 (international) between 8:30am and 7:00pm (Sydney time), Monday to Friday or email corporate.actions@automicgroup.com.au.

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AUSTRALIAN RARE EARTHS
Metals for our future

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31 March 2025

Dear shareholder,

NOTICE TO ELIGIBLE SHAREHOLDERS OF PRO-RATA NON-RENOUNCEABLE ENTITILEMENT OFFER TO RAISE UP TO APPROXIMATELY $3.6 MILLION

On behalf of your Directors, I am pleased to invite you to participate in this non-renounceable pro-rata 1 for 3 entitlement offer at an issue price of $0.068 per share (**New Shares**) to raise up to approximately $3.6 million (before expenses) (**Entitlement Offer**).

Under the Entitlement Offer, Eligible Shareholders are entitled to subscribe for 1 new Share for every 3 Shares held on the record date, to raise up to approximately $3.6 million before expenses. New Shares issued under the offer will rank pari-passu with existing ordinary shares of the Company.

Participants in the rights issue will also receive free options , on the basis of 1 free attaching unlisted option for every 2 shares subscribed for, with each option having an exercise price of $0.10 and expiring on 30 March 2029 (unless accelerated) (**Option**) (**Offer**). The acceleration provisions of the options are as follows: If the Shares of the Company close at or above$0.15 (a 50% premium to the option exercise price) for twenty (20) consecutive trading days on the ASX, then the Company may, in its absolute discretion, elect to accelerate the expiry date of the Options by issuing a news release announcing the accelerated Option term, pursuant to which the Options will expire on the 30th calendar day after the date of such news release. Shareholders can exercise their options up until any such new expiry date, by completing the relevant option exercise form, and making payment of the option exercise price to the Company.

The Offer Booklet relating to the Entitlement Offer has been given to ASX and is available to view on the ASX website and the Australian Rare Earths Ltd website www.ar3.com.au/announcements. Further details regarding the Entitlement Offer have also been announced to the ASX and are available on ASX's website.

Australian Rare Earths Ltd will not be printing/dispatching hard copies of the Offer Booklet or Entitlement and Acceptance forms. Instead, an electronic copy of the Offer Booklet and your Entitlement and Acceptance Form is available and accessible by you (using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) from your latest Holding Statement, and your postcode) at the following link: https://investor.automic.com.au.

Shareholders should read the Offer Booklet in full prior to making an application under the Entitlement Offer. Your application under the Entitlement Offer must be made by making payment in accordance with the personalised payment instructions on your Entitlement and Acceptance Form which is available through Automic's online Investor Portal.

How to Access the Entitlement Issue:

1. **ONLINE** - The Entitlement Offer Booklet and personalised Entitlement and Acceptance form can be accessed via: **https://investor.automic.com.au/#/home**
2. **PAPER** - Request a paper copy of the Offer Booklet and your personalised Entitlement and Acceptance form by contacting the Company's Share Registry, Automic on 1300 288 664 (within Australia) or: +61 2 9698 5414 (outside Australia).

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To download your personalised Entitlement and Acceptance Form, you have the following 3 choices:

I already have an online account with the Automic Share registry	I don't have an online account with Automic and wish to register for one	I don't have an online account with Automic – but wish to use Automic for this Offer only
https://investor.automic.com.au Select: "Existing Users Sign In". Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance Form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form. **Do not return your Entitlement and Acceptance Form.**	https://investor.automic.com.au/#/signup Select *Australian Rare Earths Ltd* from the dropdown list in the ISSUER field. Enter your holder number SRN / HIN (from your latest Holding Statement). Enter a single identifying word from your holder name. Enter your Postcode (Australia) or Country of Residence (Outside Australia). Tick box "I am not a robot", then 'Next' and complete any prompts. Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form. **Do not return your Entitlement and Acceptance Form.**	https://investor.automic.com.au/#/loginsah Select *Australian Rare Earths Ltd* from the dropdown list in the ISSUER field. Enter your holder number SRN / HIN (from your latest Holding Statement). Enter a single identifying word from your holder name. Enter your Postcode (Australia) or Country of Residence (Outside Australia). Tick box "I am not a robot", then 'Next' and complete any prompts. Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form. **Do not return your Entitlement and Acceptance Form.**

If you are unable to access https://investor.automic.com.au online, you can obtain a copy of the terms and conditions and your acceptance form – initially by calling Company's Share Registry Automic on 1300 288 664 or emailing corporate.actions@automicgroup.com.au and asking them to mail a paper copy of the terms and conditions and your acceptance form to you free of charge. After your request has been acknowledged by Automic you will need to provide your SRN or HIN and postcode to complete this request. To accept an Offer using these paper copy documents, you will still need to make payment via BPay® or via Electronic Funds Transfer (EFT). For eligible shareholders registered outside of Australia, please follow the instructions on your personalised acceptance form to make payment via Electronic Funds Transfer (EFT).

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The Offer closes at 5:00 pm (Adelaide time) on 14 April 2025.

Activity	Date
Announcement of issue	25 March 2025
ASX Lodgements	25 March 2025
Ex Date	27 March 2025
Record date	28 March 2025
Offer Opens	**31 March 2025**
Latest date to extend	9 April 2025
Closing date	**14 April 2025**
Settlement	15 April 2025
Announcement of results	17 April 2025
Lodge 2A (new shares trade)	22 April 2025

*All dates (other than the date of the [Offer Document] and the date of lodgement of the Offer Booklet with the ASIC and ASX) are indicative only. The Directors may extend the Closing Date in respect of the Entitlement Offer and Top-Up Offer by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities issued under the Offers are expected to commence trading on ASX may vary.

For any questions in relation to the Offer, please contact:

Noel Whitcher,
Company Secretary
Email: noel@ar3.com.au,
Phone: 1300 646 100 or Automic:

Email: corporate.actions@automicgroup.com.au
Phone: 1300 288 664 (within Australia), or +61 2 9698 5414 (international) between 8:30 am and 7:00pm (Sydney time) Monday to Friday.

Yours sincerely

Angus Barker
Chairman
Australian Rare Earths Ltd

Elect to receive communications electronically
You have received this letter by post, as you have not provided your email address or elected to receive all communications electronically. We encourage you to elect to receive shareholder communications electronically, to update your communication preference scan the QR code to visit https://investor.automic.com.au

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31 March 2025

Notification to Ineligible Shareholders

On 25 March 2025, Australian Rare Earths Limited ACN 632 645 302 **(ASX: AR3) (Company)** announced that it would be offering eligible shareholders the opportunity to participate in a pro-rata non- renounceable entitlement issue of up to approximately 52,996,576 fully paid ordinary shares **(Shares)** at an issue price of $0.068 per Share, on the basis of 1 new Share for every 3 Shares held on the record date, to raise up to approximately $3.6 million before expenses. The Company will also issue up to approximately 26,498,288 options, on the basis of 1 free attaching unlisted. option for every 2 shares subscribed for, with each option having an exercise price of $0.10 and expiring on 30 March 2029 (unless accelerated) **(Option) (Offer)**.

If the Shares of the Company close at or above $0.15 for twenty (20) consecutive trading days on the ASX, then the Company may, in its absolute discretion, elect to accelerate the expiry date of the Options by issuing a news release announcing the accelerated Option term, pursuant to which the Options will expire on the 30th calendar day after the date of such news release.

Documents relating to the Offer were lodged with the Australian Securities Exchange (ASX) on 31 March 2025.

This letter has been sent to you to inform you about the Offer and to explain why you are ineligible to subscribe for New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Offer that you should be aware of.

Who is eligible for the Offer?

You are eligible to participate in the Offer:

- if you were a registered holder of Shares at 5pm (Adelaide time) on the Record Date with a registered address in Australia (and its external territories), New Zealand or Canada.

Why am I not eligible for the Offer?

The Company has determined, pursuant to section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(a) that it would be unreasonable to make offers to the Company's shareholders in countries outside Australia, New Zealand and Canada in connection with the Offer. This is because of the small number of shareholders in each of those countries, the number and value of shares those shareholders hold and the cost of complying with the applicable legal requirements and requirements of regulatory authorities in those countries.

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Unfortunately, according to our records, you are one of the ineligible shareholders of the Company as you do not satisfy the eligibility criteria as described above. Accordingly, in compliance with section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(b), we wish to inform you that the Offer will not be extended to you, and you will not be able to subscribe for New Shares under the Offer.

As the Offer is non-renounceable, Entitlements in respect of the new Shares you would have been entitle to if you were an Eligible Shareholder will lapse, and you will not receive any payment or value for your Entitlements in respect of any new Shares that would have been offered to you if you were an Eligible Shareholder.

You are not required to do anything in response to this letter.

On behalf of the Board of AR3, we thankyou for your continued support.

For further information please contact:

Australian Rare Earths Limited
Travis Beinke
Managing Director and CEO
T: 1 300 646 100

Media Enquiries
Jessica Fertig
Tau Media
E: info@taumedia.com.au

Engage and Contribute at the AR3 investor hub: https://investorhub.ar3.com.au/

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