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AUSTRALIAN RARE EARTHS LIMITED

ACN 632 645 302

OFFER BOOKLET

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. Further details including the timetable, the key risks and how to accept the Offer, will be set out in this Offer Booklet).

The offer opens at 5:00pm on Monday, 31 March 2025 and closes at 5.00 pm (Adelaide time) on Monday, 14 April 2025. Valid acceptances must be received before that time.

IMPORTANT INFORMATION

Please read the instructions in this Offer Booklet and the accompanying Acceptance Form regarding the acceptance of your entitlement under the Offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, LAWYER OR OTHER PROFESSIONAL ADVISER.

This Offer Booklet is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or other disclosure document and has not been lodged with ASIC.

This Offer Booklet may not be released to US wire services or distributed in the United States

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Important notice

This Offer Booklet has been issued by Australian Rare Earths Limited ACN 632 645 302 (**AR3**).

This Offer Booklet is dated 31 March 2025 and relates to the Offer, which is part of the Offer by AR3. Capitalised terms in this section have the meaning given to them in Section 8 of this Offer Booklet.

The Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73)* (Corporations Act) for the offer of New Shares without disclosure without disclosure to investors under a prospectus or other disclosure document.

This Offer Booklet is not a prospectus, a product disclosure statement or other disclosure document under the Corporations Act and has not been lodged with ASIC or any other foreign regulator. This Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other disclosure document. As a result, it is important for you to read and understand the publicly available information in relation to AR3 and the Offer (e.g. the information available on AR3's website at www.ar3.com.au or on ASX's website at www.asx.com.au) prior to deciding whether to accept your Entitlement and apply for New Shares in accordance with the terms of this Offer Booklet. The information in this Offer Booklet does not constitute financial product, legal, tax or other advice and does not take into account your personal circumstances, including your investment objectives, financial situation or other needs.

Please contact your professional adviser or the Company on 1300 646 100 between 8.30am and 5.30pm (Adelaide time) on Monday to Friday if you have any questions.

This Offer Booklet should be read in its entirety (including the accompanying Acceptance Form) before you decide to participate in the Offer. In particular, the investor presentation in Section 9 of this Offer Booklet details important factors and risks that could affect the financial and operating performance of AR3. Please refer to the 'Key risks' section of the investor presentation incorporated in Section 8 for details. When making an investment decision in connection with the Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues, and obtain advice from your professional adviser.

In addition to reading this Offer Booklet in conjunction with AR3's other periodic and continuous disclosure announcements including the investor presentation and AR3's announcements to ASX and on its website, you should conduct your own independent review, investigations and analysis of AR3 and the New Shares and obtain any professional advice you require to evaluate the merits and risks of an investment in AR3 before making any investment decision.

By paying for your New Shares through BPAY® in accordance with the instructions on the Acceptance Form, you acknowledge that you have read this Offer Booklet, and you have acted in accordance with and agree to the terms of the Offer detailed in this Offer Booklet.

Acceptance Form

The Acceptance Form accompanying this Offer Booklet is important. To participate in the Offer, you must complete the Acceptance Form and pay the application money pursuant to Section 5 before 5.00 pm (Adelaide time) on the Closing Date.

Please refer to the instructions in Section 4 regarding the acceptance of your Entitlement.

No overseas offering

This Offer Booklet and the accompanying Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Booklet does not constitute an offer to ineligible shareholders (being shareholders of the Company who do not meet the requirements of an Eligible Shareholder).

This Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia, New Zealand and Canada.

No action has been taken to register or qualify the Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia, New Zealand and Canada.

The distribution of this Offer Booklet (including an electronic copy) outside Australia, New Zealand and Canada, is restricted by law. If you come into possession of the information in this Offer Booklet, you should observe such restrictions, including those set forth below. Any non-compliance with these restrictions may contravene applicable securities laws.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of AR3 with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013*. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

Neither this Offer Booklet nor the accompanying Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet (or any part of it), the accompanying ASX Announcements and Investor Presentation nor the accompanying Acceptance Form may be distributed, directly or indirectly, to persons in the United States.

The New Shares have not been, and will not be, registered under the *U.S. Securities Act of 1933*, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States, and the New Shares may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Definitions

Defined terms used in this Offer Booklet are contained in Section 8.

Taxation

There may be tax implications associated with participating in the Offer and receiving New Shares.

AR3 recommends that you consult your professional tax adviser in connection with the Offer.

Privacy

AR3 collects information about each applicant for the purposes of processing an application and, if the application is successful, to administer the applicant's shareholding in AR3.

By paying for your New Shares through BPAY® in accordance with the instructions on the Acceptance Form, you will be providing personal information to AR3 (directly or through the Share Registry). AR3 collects, holds and will use that information to assess your application. AR3 collects your personal information to process and administer your shareholding in AR3 and to provide related services to you. AR3 may disclose your personal information for purposes related to your shareholding in AR3, including to the Share Registry, AR3's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that AR3 holds about you. To make a request for access to your personal information held by (or on behalf of) AR3, please contact AR3 through the Share Registry.

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Governing law

This Offer Booklet, the Offer and the contracts formed on acceptance of the applications are governed by the law of South Australia, Australia. Each applicant submits to the exclusive jurisdiction of the courts of South Australia, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in the Offer Booklet may not be relied upon as having been authorised by AR3 or any of its officers.

Past performance

Investors should note that AR3's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) AR3's future performance including AR3's future financial position or share price performance.

Future performance

This Offer Booklet contains certain forward-looking statements with respect to the financial performance and position, results of operations, projects and business of AR3 and certain plans and objectives of the management of AR3. Forward-looking statements include those containing words such as 'anticipate', 'believe', 'expect', 'estimate', 'should', 'will', 'plan', 'could', 'may', 'intends', 'guidance', 'project', 'forecast', 'target', 'likely' and other similar expressions, and include, but are not limited to, statements regarding the outcome and effects of the Offer. Any forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of AR3. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements may include projections, guidance on future revenues, earnings, dividends and estimates.

These forward-looking statements contained in this Offer Booklet involve known and unknown risks, uncertainties and other factors which are subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

You are strongly cautioned not to place undue reliance on forward-looking statements.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither AR3, nor any other person, gives any representation, warranty, assurance or guarantee (express or implied) that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures.

The forward-looking statements are based on information available to AR3 as at the date of this Offer Booklet. Except as required by law or regulation (including the ASX Listing Rules), AR3 is under no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Disclaimer

Determination of eligibility of investors for the purposes of this Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of AR3. To the maximum extent permitted by law, AR3 disclaims any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion.

All representations, warranties and disclaimers (or other limitations of liability) contained in this Offer Booklet is given or included (as applicable) to the maximum extent permitted by law, and only to that extent.

Risks

Refer to the 'Key risks' section of the investor presentation included in Section 8 of this Offer Booklet for a summary of general and specific risk factors that may affect AR3. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Offer.

No cooling off

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw an application once it has been accepted.

Times and dates

Times and dates in this Offer Booklet are indicative only and subject to change. All times and dates refer to Adelaide time. Refer to the timetable in Section 1 of this Retail Offer Booklet for more details.

Currency

Unless otherwise stated, all dollar values in this Offer Booklet are in Australian dollars ($ or A$).

Rounding

Any discrepancies between totals and sums and components in tables contained in this Offer Booklet are due to rounding.

Trading New Shares

AR3 will have no responsibility and disclaims all liability (to the maximum extent permitted by law and only to that extent) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by AR3 or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

No Entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Offer Booklet.

To the maximum extent permitted by law, and only to that extent, any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by AR3, its officers or its related bodies corporate in connection with the Offer.
If you are in any doubt as to these matters, you should first consult with your stockbroker, lawyer, accountant or other professional adviser.

AUSTRALIAN RARE EARTHS
Metals for our future

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1. Chairmans Letter

Dear Shareholder,

AUSTRALIAN RARE EARTHS LIMITED NON-RENOUNCEABLE RIGHTS ISSUE OFFER

On behalf of **Australian Rare Earths Limited (ASX: AR3)** I am pleased to invite shareholders to invest in a non-renounceable rights issue, providing an opportunity for you to participate in our growth story at a pivotal time. Over the past two years, AR3 has strategically expanded its portfolio and achieved significant milestones, demonstrating our commitment to becoming a supplier of critical minerals for the global clean energy transition.

Why Invest in AR3?

AR3 has transformed itself from a single-project company to a diversified critical minerals developer and explorer with attractive growth prospects and government recognition. Our key investment points include:

Early success in a frontier uranium play: Our Overland Uranium Project covers approximately 4,000 km² of tenements highly prospective for uranium in South Australia - one of only two jurisdictions in Australia to allow uranium mining. Drilling in late 2024 and early 2025 at the Overland Project has already demonstrated its potential for both near surface, calcrete-hosted uranium and deeper, ISR-amenable deposits, emphasising the value of the Company's vast 4,000km² exploration land package in a frontier uranium play. We have an active follow-up drilling program planned for this year.

Rare earths project advancing with Government recognition and support: AR3 has been awarded a $5 million grant from the Australian Government's International Partnerships in Critical Minerals Program, highlighting the strategic importance of our Koppamurra Rare Earth Project. Our grant application was supported by longstanding AR3 cornerstone shareholder and global advanced industrial materials manufacturer, Neo Performance Materials, which has over 30 years of international rare earth magnetics experience. With this grant, and our existing cash reserves, Koppamurra is now largely funded to deliver a Pre-Feasibility Study and build and operate a demonstration facility during the later part of 2025 and 2026.

As we progress Koppamurra over 2025/26, every dollar AR3 invests can unlock more – multiplied by grant co-funding from the Australian Government for the Pre-Feasibility Studies and planned Demonstration Facility and further boosted by cash rebates from the Research and Development Tax Incentive (RDTI) on eligible activities.

Advancing Koppamurra will help create new and diversified rare earth supply chains vital to the world's clean energy transition.

Positioned for the future: Our two commodity focus areas capitalise on a growing uranium market underpinned by new reactor builds and restarts, and a global rare earth market eager for new secure and reliable supply options.

Invitation to Participate

We invite our current shareholders to continue their support in this exciting phase of AR3's development. This rights issue will enable us to accelerate our uranium exploration program at the Overland Project while we progress our Koppamurra rare earths project with the benefit of Australian Government support.

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The Offer

The Company offers 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 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.

A full explanation of the rights attaching to the shares and options will be set out in the Offer Booklet detailing the terms of the offer.

The rights issue price represents a discount of:

- 17.1% to the Company's last closing price of $0.082 on the ASX prior to announcement of the Offer; and
- 20.0% to the Company's 30-day VWAP prior to the announcement of the Offer of $0.085

Funds raised under the Offer will be used:

- to fund uranium exploration at Overland and potentially elsewhere;
- to progress the development of the Company's flagship Australian rare earths project at Koppamurra through the next study phase;
- in support of business development activities and the potential acquisition of possible new projects (if identified);
- for general corporate activity and general working capital; and
- for expenses associated with the Offer.

The Rights Issue is open to 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.

Any entitlement not taken up (**Shortfall Shares**) will be offered under a top-up facility, allowing eligible shareholders who have fully subscribed to their entitlement under the Offer (excluding Listing Rule 10.11) to apply for additional Shares. If demand for additional Shares exceeds the available Shortfall Shares, the Company may scale back allocations in its complete discretion (in accordance with the Corporations Act, the ASX Listing Rules and any other applicable laws and regulations).

New Shares issued under the Offer will rank equally in all respects with existing Shares on issue.

Information about how eligible shareholders can accept their entitlement will be set out in the offer booklet, and letter to eligible shareholders. Eligible shareholders should consider the offer booklet in deciding whether to subscribe for Shares under the Rights Issue.

The Offer is not underwritten.

The Directors intend to participate in the Offer and take up their entitlements in full.

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The offer to participate in the Offer will open on 31 March 2025 and will remain open until 5pm (Adelaide time) on 14 April 2025 (**Closing Date**). The Company reserves the right to extend the Closing Date.

Participation in Offer

The number of Shares for which you are entitled to apply for under the Offer is shown on your personalised Acceptance Form. Fractional Entitlements will be rounded up to the nearest whole number.

Any Entitlement not taken up pursuant to the Offer will form the shortfall. Eligible Shareholders who wish to subscribe for additional Shares above their entitlement are invited to apply for top-up by making payment for such top-up in accordance with section 4 of the Offer Booklet. Allocation of the Top-Up Facility will be at the discretion of the Board.

Applications

Your acceptance of Shares under the Offer must be made following the instructions on your personalised Acceptance Form (which is available online) and paying the application monies electronically by Bpay or EFT in accordance with the instructions of the Acceptance Form.

If you are unable to access https://investor.automic.com.au/#/loginsah, then you can obtain a copy of the Offer Booklet and your Acceptance From by contacting Automic at 1300 288 644 (within Australia) or +61 2 9698 5414 (international) between 5:30am to 5:00pm (AWST), Monday to Friday or email corporate.actions@automicgroup.com.au and asking them to mail a paper copy of the Offer Booklet and your Acceptance Form to you free of charge.

Actions required of Eligible Shareholders

There are a number of actions you can take:

- accept your full entitlement.
- accept your full entitlement and apply for additional Shares as part of the Top-Up Facility.
- take up a proportion of your Entitlement and allow the balance to lapse; or
- if you don't wish to accept all or part of your Entitlement, you are not obliged to do anything.

Full details of the Offer and how to participate are contained in the Terms and Conditions accompanying this letter, which shareholders are strongly encouraged to read and consider carefully. For the avoidance of doubt, the Terms and Conditions accompanying this letter form part of the Offer and are binding on Eligible Shareholders who accept the Offer.

For any questions in relation to the Offer, please contact Noel Whitcher, Company Secretary at noel@ar3.com.au or Automic.

Thank you for your continued support of the Company.

Yours sincerely,

Angus Barker
Chairman
Australian Rare Earths Limited

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2. Summary & key dates

2.1 Summary of the Offer

Offer	
Offer	1 New Share for every 3 Existing Shares
Offer Price	$0.068
Number of Shares	52,996,576 (approximately)
Gross Proceeds	$3.6 Million (if taken up in full)
Offer	1 Option for every 2 New Shares
Strike Price	$0.10
Number of Options	26,498,288 (approximately)
Gross Proceeds	$2.6 Million (if all Options exercised)

2.2 Key Dates

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

This timetable is indicative only and may change. AR3 reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, AR3 reserves the right to extend the closing date for the Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares. AR3 also reserves the right not to proceed with the Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant application money (without interest) paid pursuant to clause 5 will be returned in full to the relevant applicants.

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2.3 Enquiries

For enquiries, please call 1300 646 100 between 8.30am and 5.30pm (Adelaide time) on Monday to Friday, before the Offer closes at 5.00pm (Adelaide time) on 14 April 2025 (unless extended). Alternatively, please contact your stockbroker, lawyer, accountant or other appropriately qualified professional adviser.

3. Summary of alternatives available to you

If you are an Eligible Shareholder, you may take one of the following actions:

1. take up all of your Entitlement only;
2. take up all of your Entitlement and also apply for additional New Shares under the Top-Up Facility;
3. take up part of your Entitlement and allow the balance to lapse; or
4. do nothing, in which case your entire Entitlement will lapse, and you will receive no value for those lapsed Entitlements.

The Offer closes at 5.00pm (Adelaide time) on 14 April 2025.

Options available to you	Key considerations	Further information
Take up all of your Entitlement	• You may elect to purchase New Shares at the Offer Price for your full Entitlement (see Section 4 for instructions on how to take up your Entitlement). • The New Shares will rank equally in all respects with Existing Shares. • Your percentage shareholding in the Company will not be diluted.	Section 4
Take up all of your Entitlement and also apply for additional New Shares in excess of your Entitlement under the Top- Up Facility	• If you take up all of your Entitlement, you may also apply for additional New Shares under the Top-Up Facility at the Offer Price. There is no guarantee that you will be allocated any additional New Shares under the Top-Up Facility. • Your percentage shareholding in the Company will not be diluted.	Section 4.2
Take up part of your Entitlement	You may elect to purchase some New Shares at the Offer Price, being less than your full Entitlement. If you do not take up your Entitlement in full: • those Entitlements not taken up will lapse and you will not receive any payment or value for them. Your Entitlement to participate in the Offer is non-renounceable, which means your Entitlements that are not taken up are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred; you will not be entitled to apply for additional New Shares under the Top-Up Facility; and • Depending upon the overall take-up of the Offer by other shareholders, and whether there is a shortfall or not, your	Sections 4.3 and 4.5

	percentage holding in the Company may be reduced as a result of not taking up all of your Entitlements. Sections 4.3 and 4.5 provide further information, including instructions on how to apply for part of your Entitlement.	
Do nothing, in which case your Entitlement will lapse, and you will receive no value for those lapsed Entitlements	If you do not take up your Entitlement: • you will not be allocated New Shares, and your Entitlements will lapse. Your Entitlement to participate in the Offer is non-renounceable, which means your Entitlements are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred; and • you will have your percentage holding in AR3 reduced as a result of not participating in the Offer. See Sections 4.4 and 4.5 for further information.	Sections 4.4 and 4.5

Eligible Shareholders who are a 'related party' in relation to AR3 (as that term is defined in the ASX Listing Rules) or are otherwise a person to whom Listing Rule 10.11 applies, may apply to take up their Entitlement in part or in full without shareholder approval being required, but may not apply for any additional New Shares under the Top-Up Facility.

4. Overview of the Offer

This document sets out the terms and conditions of the Company's non-renounceable rights issue and is binding on any Eligible Shareholder completing and lodging an Acceptance Form ("Terms and Conditions")

This is an important document and should be read in its entirety. This document has been prepared by the Company. The Offer provides Eligible Shareholders with the opportunity to purchase additional Shares without brokerage and transaction costs.

The Offer does not take into account the individual investment objectives, financial situations or particular needs of each Eligible Shareholder. Accordingly, before making a decision whether or not to accept the Offer, you should consult your financial or other appropriately professional adviser. This document is not a prospectus or other disclosure document under the Corporations Act.

4.1 Offer

The Company offers 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. (see Section 5 for full details).

The Offer is not underwritten.

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4.2 Eligibility to participate

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, unless:

- you hold Shares on behalf of another person who resides outside Australia (and its external territories), New Zealand or Canada; or
- you are, or are acting for the account or benefit of, a US Person.

The Company has determined that it is either unlawful or impracticable for holders of Shares with registered addresses in jurisdictions outside Australia (and its external territories), New Zealand or Canada to participate in the Offer.

Joint holders of Shares will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder.

Custodians for a beneficiary or beneficiaries may also apply for New Shares if they are considered Eligible Shareholders.

If you are a custodian, you must certify:

- that, as at the Record Date, you hold Shares on behalf of one or more beneficiaries, and that those beneficiaries have been provided with a copy of this document and instructed you to apply for New Shares;

- details of the number of beneficiaries who have instructed you to apply for New Shares on their behalf, their names and addresses, the number of Shares you hold on their behalf and the number of New Shares they have instructed you to apply for are correct; and

- that you:

  - hold an Australian financial services licence that covers the provision of a custodial or depositary service (within the meaning given by section 766E of the Corporations Act, disregarding subsection (3) of that section)) or covers the operation of an IDPS (as defined in ASIC Class Order CO 13/763 (**Class Order**)); or

  - do not hold an Australian financial services licence for the provision of a custodial or depository service as described in the Class Order and are exempt from the requirement to hold such a licence; or

  - otherwise meet the definition of 'Custodian' in the applicable legislative instrument. Custodians wishing to participate on behalf of one or more beneficiaries should contact the Share Registry to request a custodian certificate or to obtain more information on how to apply.

Directors and employees of the Company who hold Shares may be Eligible Shareholders. The Directors intend to participate in the Offer and take up their entitlements in full.
If you are an Eligible Shareholder and also a 'foreign person' within the meaning of the Foreign Acquisitions and Takeover Act (or you act on behalf of a 'foreign person') you must ensure any acceptance made by you complies with the Foreign Acquisitions and Takeover Act. If you are a 'foreign person' it is advisable that you seek legal advice in relation to this.

Each Eligible Shareholder is solely responsible for obtaining any government or regulatory approvals and consents necessary for that Shareholder to be eligible to participate in the Offer.

4.3 Rights to apply for New Shares are non-renounceable

The Offer is personal to Eligible Shareholders and is non-renounceable, which means that Eligible Shareholders are not permitted to sell or otherwise transfer their rights to participate in the Offer.

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4.4 Price of Offer

The issue price for the New Shares under the Offer will be issued at $0.068 OR a 18% discount to the VWAP for Shares of the Company calculated over the last 5 days on which sales in the Shares were recorded before the Announcement Date, rounded to the nearest tenth of a cent.

The Shares of the Company are a speculative investment, and the price of the Shares might rise or fall between the date of this Offer and the date the New Shares are issued.

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the acceptance of, and issue of, New Shares under the Offer.

4.5 Timing

The offer to participate in the Offer will open on 31 March 2025 and will remain open until 5pm (Adelaide time) on the Closing Date.

The Company reserves the right to extend the Closing Date in its sole discretion at any time, and by making an announcement to the ASX.

4.6 Top-Up Facility – Application for Additional Shares

Any Entitlement not taken up pursuant to the Offer (**Shortfall Shares**) will be offered under a Top-Up Facility.

Eligible Shareholders who take up all of their Entitlement (excluding any Listing Rule 10.11 Parties) may apply for additional New Shares (**Additional Shares**).

If you apply for Additional Shares, and if your application is successful (in whole or in part), your Additional Shares will be issued to you at the same time and on the same terms that other New Shares are issued under the Offer. If you apply for Additional Shares, there is no guarantee that you will be allocated any Additional Shares.

Additional Shares will only be allocated to Eligible Shareholders:

- if there are Shortfall Shares available; and
- subject to the Corporations Act, Listing Rules and other applicable laws and regulations.

4.7 Top-Up Facility – Scale back

If Eligible Shareholders apply for more Additional Shares than there are Shortfall Shares available, the Company may scale back allocations. AR3 will scale back applications for Additional Shares, in its absolute discretion, which may include:

- having regard to the pro rata Entitlement of Eligible Shareholders who apply for Additional Shares; and
- to ensure compliance with the ASX Listing Rules, the Corporations Act and all other applicable laws.

Application monies received by the Company in excess of the amount in respect of your Entitlement will be treated as an application to apply for as many Additional Shares as that excess amount will pay for in full at the Offer Price (subject to the maximum number of Additional Shares and allocation policy referred to above).

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4.8 Top-Up Facility – Shortfall

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.

4.9 Allocation policy

With respect to any New Shares that relate to the portion of your Entitlement that has not been taken up, those Shortfall Shares will be allocated as follows:

- those Shortfall Shares may be acquired by Eligible Shareholders under the Top-Up Facility (refer to Section 3.6 and Section 3.7 for details); and
- any Shortfall Shares not taken up under the Top-Up Facility will then be issued in accordance with the below.

The Board of the Company reserves the right to issue any New Shares not issued in the Offer (**Final Shortfall Shares**) to new investors or existing Eligible Shareholders within three (3) months of the close of the Offer at a price no less than the Offer Price. The allocation of Final Shortfall Shares will be within the complete discretion of the Board, and may be undertaken by a Board appointed third party, having regard to factors such as:

- The Company's desire for an informed and active trading market;
- The Company's desire to establish a wide spread of shareholders, the size and type of funds under management of particular investors;
- the likelihood that particular investors will be long-term shareholders; and
- any other factors the Board considers appropriate.

Fees payable to a third party to conduct the allocation of Final Shortfall Shares may include a Cash and or Company securities component or both.

5. How to apply

If an Eligible Shareholder wishes to accept the Offer, the Eligible Shareholder must indicate acceptance by following the instructions on your personalised Acceptance Form (which is available online) and paying the application monies electronically by Bpay or EFT in accordance with the instructions of the Acceptance Form.

If you are unable to access https://investor.automic.com.au/#/loginsah, then you can obtain a copy of the Offer Booklet and your Acceptance From by contacting Automic at 1300 288 644 (within Australia) or +61 2 9698 5414 (international) between 5:30am to 5:00pm (AWST), Monday to Friday or email corporate.actions@automicgroup.com.au and asking them to mail a paper copy of the Offer Booklet and your Acceptance Form to you free of charge.

If you wish to accept the Offer and acquire New Shares, you must either:

- pay directly via BPAY® on the internet or by telephone, using the details on the Acceptance Form (New Zealand based shareholders cannot apply using BPAY® unless they have an Australian bank account). Please ensure that your payment is received by the Share Registry before 5pm (Adelaide time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should take this into consideration when making any electronic payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received in time. You may also have your own limit on the amount that can be paid via BPAY®. It is your responsibility to check that the amount you need to pay via BPAY® does not exceed your limit. Please note that New Zealand shareholders having an Australian bank account can also use BPAY®; or

Do not forward cash as payment for the New Shares.

Receipts for payment will not be issued.

Funds paid via BPAY®, or EFT must be received by the Share Registry by 5pm (Adelaide time) on the Closing Date. The Company may reject acceptances of the Offer received after this time.

You cannot withdraw or revoke your acceptance of the Offer once you have completed and returned the Acceptance Form. Therefore, no refunds are permitted once you have accepted the Offer for New Shares.

If your Acceptance Form is incomplete, contains errors or is otherwise invalid or defective, the Company may, in its sole discretion, accept, reject, correct or amend your Acceptance Form, issue such number of New Shares to you as it considers appropriate, refund your acceptance money or take any combination of these actions. Any necessary refund will be paid to you shortly after the close of the Offer.

No interest will be paid on any refunded money.

5.1 Effect of Acceptance Form

If you submit a BPAY® or EFT payment:

- you will be deemed to have represented and warranted that you are an Eligible Shareholder, have read and understood these Terms and Conditions and subscribe for New Shares in accordance with these Terms and Conditions and the Offer generally;
- you authorise the Company to correct or amend your Acceptance Form as contemplated by this Section 4;
- you acknowledge that the market price of Shares may rise or fall between the date of the Offer and the date of issue and that the offer price you pay for the New Shares may exceed the market price of the Shares on the date of issue;
- you accept the risk associated with any refund that may be despatched to you at your address as shown on the share register;
- you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia (and its external territories) and, accordingly, the New Shares purchased under the Offer may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- you represent and warrant that you are not a US Person and are not applying under the Offer for or on behalf of a US Person;
- you represent and warrant that you have not and will not send any materials relating to the Offer to any person in the United States that is, or is acting for the account or benefit of, a US Person;
- you represent and warrant that your acceptance of the Offer will not result in a breach of the Foreign Acquisitions and Takeover Act; and
- you acknowledge that you have not been provided with investment advice or financial product advice by the Company or the Share Registry.

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5.2 Rights attached to the New Shares

New Shares issued under the Offer will rank equally with Existing Shares and will carry the same voting rights, dividend rights and other entitlements as at the date of issue.

The Company will apply for the New Shares to be quoted on the ASX.

On each occasion Shares are allocated under the Offer to an Eligible Shareholder, the Company will procure the Share Registry to issue a holding statement to that Eligible Shareholder for the total number of Shares allotted to that Eligible Shareholder in accordance with the ASX Listing Rules.

Shares will not be allotted under the Offer unless and until all necessary shareholder approvals are obtained to ensure that the issue of Shares does not contravene any laws or the ASX Listing Rules.

5.3 Rights attached to the Options

1. Each Option entitles the holder to one ordinary share in the Company.
2. Each of the Options has an exercise price of $0.10.
3. Each Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on 30 March 2029 (**Exercise Period**) (unless accelerated). Options not exercised before the expiry of the Exercise Period will lapse.
4. 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 (Notification Date), pursuant to which the Options will expire on the 30th calendar day after the date of such news release.
5. No compensation is payable to Eligible Shareholders who have not exercised their Options by the 30th calendar day after the Notification Date.
6. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per Option in cleared funds.
7. The Company will not apply to ASX for official quotation of the Options.
8. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.
9. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the Option holder dies, the legal personal representative of the deceased Option holder may:

   (i) elect to be registered as the new holder of the Options;

   (ii) whether or not he or she becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted; and

   (iii) if the deceased has already exercised Options, pay the exercise price in respect of those Options.
10. An Option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
11. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

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12. If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = O - \frac{E[P - (S + D)]}{(N + 1)}$$

Where:

A	=	the new exercise price of the Option;
O	=	the old exercise price of the Option;
E	=	the number of underlying ordinary shares into which one Option is exercisable;
P	=	the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded Option exercises);
S	=	the subscription price for a security under the pro rata issue;
D	=	the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
N	=	the number of securities with rights or entitlements that must be held to receive a right to one new security.

13. If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

14. The holder of the Option agrees to be bound by the terms of the Company's Employee Option Plan and the Constitution of Australian Rare Earths Limited, both as amended from time to time.

5.4 Statements

The Company will send to each Eligible Shareholder, with the notice of allotment for the additional Shares issued under the Offer, a statement detailing the following information:

- the number of Shares held by that Eligible Shareholder as at the end of the relevant issue and allotment period;
- subject to any Share transactions in the intervening period, the total number of Shares of the Eligible Shareholder after the allotment of the Shares pursuant to the Offer;
- the date of allotment of the New Shares;
- the allotment price of each New Share allotted to the Eligible Shareholder under the Offer; and
- such other information that the Board may from time to time determine.

5.5 United States

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person. Participation in the Offer, directly or indirectly, in violation of these restrictions is not permitted and any such participation will be invalid.

This document is not an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, a US Person. The Shares have not been, and will not

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be, registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person, except in accordance with an available exemption from registration.

As a result of the legal restrictions summarised above, you must not send copies of any Offer materials to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Consistent with the warranties set out above, you are also advised not to submit any Acceptance Form or make payment by BPAY® or otherwise in respect of the purchase of New Shares under the Offer on behalf of any of your clients (or any other person) in the United States or that is, or is acting for the account or benefit of, a US Person. Failure to comply with these restrictions may result in violations of applicable securities laws.

6. Control implications & capital structure

6.1 Change in Control

The Directors do not believe that the issue of New Shares under the Entitlement Issue will result in a change in control of the Company.

7. Additional information

7.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware of which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document, or which investors ought to have regard to in deciding whether to subscribe for New Shares under the Entitlement Issue. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company to ASX are available from the Company's website at www.ar3.com.au . Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and ASX's websites.

7.2 Dispute resolution

The Company reserves the right to settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer or the interpretation of these Terms and Conditions. The Company's decision will be conclusive and binding on all shareholders and other persons to whom the determination relates, as the case may be.

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7.3 Notices

Notices to the Company will only be effective if in writing, and in such form as the Company directs from time to time, and sent to the Company at its Share Registry, or such other address as is notified by the Company from time to time.

Notices must be received by the Company during the Offer period to be effective for the issue of Shares that relate to that period. Notices received after the Offer period will not be effective.

7.4 Waiver, amendment, suspension and termination

The Company may, in its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend, withdraw or terminate the Offer at any time.

Any variation, suspension or termination of the Offer, made in accordance with Section 7.4:

- subject only to the below, will be effective from the date of such resolution or otherwise from a date determined by the Directors; and
- will not give rise to any liability, cost or expense on the part of, or right of action against, the Company or the Directors.

The Directors may at any time prescribe the manner in which notice to Eligible Shareholders of any variation, suspension or termination of the Offer will be given or deemed to have been given to Eligible Shareholders including, without limitation, by an announcement by the Company to the ASX, which notice will be effective immediately on the giving of that notice or variation, suspension or termination in the manner prescribed by the Directors.

The accidental omission to give notice of any variation, suspension or termination of the Offer to any Eligible Shareholders in the manner so prescribed by the Directors pursuant to this Section or, where applicable, the non-receipt of any such notice by any Eligible Shareholders will not invalidate the variation, suspension or termination of the Offer.

8. Investment risks

The following describes some of the external factors and business risks that could have a material impact on the Company.

8.1 Risks specific to the Offer

Potential for significant dilution
Upon completion of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 158,989,727 to approximately 211,986,303. This increase equates to approximately 31.8% of all the issued Shares in the Company following completion of the Offer.
This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer, and the Directors do not make any representation to such matters.

The last trading price of Shares on ASX prior to the Offer being announced of $0.082 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.
Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately up to 31.8% (as compared to their holdings and number of Shares on issue as at the date of the Offer Booklet

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8.2 Risks specific to the Company

Access to funding
The Company's ability to continue to develop its business is contingent upon sourcing timely access to additional funding as it is required.

Mineral Exploration
Notwithstanding the experience, knowledge and careful evaluation the Company brings to an exploration project, there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

Mineral resource estimates may be inaccurate
Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.
In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted, and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Tenure and Access
Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved or that current exploration tenement applications will be granted. Tenements are subject to numerous State-specific legislation conditions.

The renewal of the term of a granted tenement (and grant of tenement applications) is subject to the discretion of the relevant Minister. The imposition of new conditions either during the term of a tenement or upon renewal, or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Land Access
There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with Native Title and/or landowners/occupiers are generally required before an entity can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

Commodity and Currency Price Volatility
The Company is exposed to adverse global demand for rare earths and uranium / or other adverse commodity price movements. This could affect the Company's ability to raise funds to advance its projects. Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

Further, any adverse movements in commodity demand or commodity prices could impact the carrying value of its capitalised exploration and evaluation expenditure as assessed under Australian Accounting Standards impairment requirements.

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Competition from alternatives to rare earths

The Company is exposed to the future demand for rare earths. Rare earths are potentially substitutable in a variety of applications and in particular, there are active research and development programs in companies and research labs around the world aiming to reduce the need for the key magnet rare earth elements of Neodymium, Praseodymium, Dysprosium and Terbium in a variety of magnet applications. Technology changes may occur that reduce the demand for such rare earths.

Competition from alternatives to uranium

The Company is exposed to the future demand for uranium for use in nuclear energy generation. Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal, oil, hydroelectricity and renewables.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Various renewables technologies also have low or very low carbon dioxide emissions. Technological advances may make renewables more efficient and reliable and reduce the demand for uranium in the future.

Geopolitical risks specific to rare earths

Investments in rare earths projects are subject to significant geopolitical risks that can materially impact commodity prices and project viability. The global rare earths market is highly concentrated, with supply chains dominated by a small number of countries, exposing projects to sudden changes in trade policies, export restrictions, tariffs, and geopolitical tensions. These factors can lead to price volatility, supply disruptions, and regulatory uncertainty, which may adversely affect the financial performance and valuation of rare earths projects. Investors should be aware that geopolitical dynamics beyond the control of the Company could have a material adverse impact on project economics and returns.

Commercialisation and contractual risk

The Company's potential future earnings, profitability and growth are likely to be dependent on the Company being able to successfully develop its projects and implement some or all of its commercialisation plans.

The ability for the Company to do so is further dependent upon a number of factors, including matters which may be beyond the control of the Company. The Company may not be successful in securing identified customers or market opportunities.

During development of the Company's projects, the Company is likely to become party to various contracts, including but not limited to contracts relating to infrastructure access, mineral processing and customer product supply arrangements.

Whilst the Company will have various contractual rights in the event of noncompliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if the contracting party does not comply with any contractual provisions, the Company will be successful in securing compliance.

Environmental and Compliance

The current or future operations of the Company, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, environmental protection, mine safety, land access and other matters. Such laws and regulations may vary in future.

There can be no assurance, however, that all permits which the Company may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the ability to ultimately secure licensing for a mining project.

In relation to current activities, the Company is in compliance with governing laws and regulations and manages these risks through its existing standard operating procedures, management plans, internal policy and liaison with regulators and stakeholders.

Uranium mining regulation

Uranium mining in Australia is subject to a complex and evolving regulatory framework at both the state and federal levels. While uranium mining is permitted in South Australia, projects are required to comply with stringent environmental, health, and safety regulations, as well as secure necessary approvals, licenses, and permits from multiple government agencies. Any changes in legislation, government policy, or regulatory requirements—particularly those relating to environmental standards, radiation protection, or Indigenous land rights—could result in delays, increased costs, or the suspension of operations. There is also a risk that future changes in political or public sentiment toward uranium mining could lead to more restrictive regulations or impact the approval process. These factors may materially affect the Company's ability to develop or operate its uranium project in South Australia.

Environmental Issues

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Company is compliant with all aspects of these requirements. The Board is not aware of any environmental law that is not being complied with.

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9. Definitions

In these Terms and Conditions, the following terms have these meanings:

$	Australian dollars
Acceleration Trigger Date	Means that date, at any time after 30 days after the issue date of the Options, that the closing price of the Shares on ASX is higher than A$0.15 for any 20 consecutive ASX Business Day period, then on the 30th consecutive ASX Business Day of any such period
Additional Shares	Has the meaning given to it in Section 4.6 of this Offer Booklet
Announcement Date	25 March 2025.
Acceptance Form	The acceptance form which accompanies this document pursuant to which Eligible Shareholders may apply for Shares, and attached in Annexure A
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the Australian Securities Exchange, as the context requires
Board	The Board of Directors of the Company
Closing Date	the closing date for the Offer, being 5pm (ACST) 14 April 2025 (unless extended in accordance with the Terms and Conditions)
Company	Australian Rare Earths Limited ACN 632 645 302
Corporations Act	*The Corporations Act 2001* (Cth)
Directors	The Directors of the Company

Eligible Shareholder	A person who is eligible to participate in the Offer in accordance with **clause 4.2** of the Terms and Conditions
Entitlement	An Eligible Shareholder's entitlement to participate in the Offer
Existing Shares	Shares held by an Eligible Shareholder at the time of taking up the Entitlement
Exercise Period	Means the period commencing on the date of issue and expiring on 30 March 2029
Final Shortfall Shares	Has the meaning given to it in Section 4.9 of this Offer Booklet
Foreign Acquisitions and Takeovers Act	*Foreign Acquisitions and Takeover Act 1975* (Cth)
New Shares	The new Shares offered under the Offer.
Notification Date	Means the date (being any date within 5 ASX Business Days of the Acceleration Trigger Date) on which Option holders are notified of the Acceleration Trigger Date such notification to be released on the ASX
Offer	The offer of New Shares in this document.
Offer Price	The amount equal to a 18% discount to the VWAP for Shares calculated over the last five (5) days on which sales in Shares were recorded on the ASX immediately prior to the Announcement Date, rounded to the nearest tenth of a cent.
Option	Has the meaning given to it on page 1 of this Offer Booklet and as described in Section 4.3
Record Date	The record date for the Offer being 28 March 2025
Share Registry	Automic Pty Limited ACN 152 260 814
Shares	Fully paid ordinary shares in the Company
Shortfall Shares	Has the meaning given to it in Section 4.6 of this Offer Booklet
Terms and Conditions	The terms and conditions of the Offer set out in this document
Top-Up Facility	Has the meaning given to it on page 14 of this Offer Booklet
US Person	A "U.S. person" as defined in Regulation S under the US Securities Act of 1933
US Securities Act	The US Securities Act of 1933, as amended from time to time
VWAP	Volume Weighted Average Price of a company's securities which has the meaning given to that term in the Official Listing Rules of the ASX.

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10. Corporate information

BOARD OF DIRECTORS

Angus Barker – Independent Non-Executive Chairman

Pauline Carr – Independent Non-Executive Director

Travis Beinke – Managing Director

COMPANY SECRETARY

Noel Whitcher

REGISTERED OFFICE

Level 10, 111 Gawler Place
ADELAIDE SA 5000

Telephone: 1300 646 100

Email: hello@ar3.com.au

SHARE REGISTRY

Automic Group
Level 5, 126 Phillip Street
Sydney NSW 2001

AUDITORS

Grant Thornton Audit Pty Ltd

Grant Thornton House,
Level 3, 170 Frome Street
ADELAIDE SA 5000

AUSTRALIAN SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange

ASX CODE: AR3

11. Appendix: Investor presentation

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AUSTRALIAN RARE EARTHS
Metals for our future

Securing Australia's Energy Transition Metals

Equity Raise Presentation

March 2025

ASX: AR3

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Australian Rare Earths Corporate Presentation

Important Notice & Disclaimer (1/2)

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Overview

This Presentation (**Presentation**) is issued by Australian Rare Earths Limited ACN 632 645 302, and has been prepared in relation to an offer by the Company of new fully paid ordinary shares in the Company (New Shares) by way of a in a 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 Share for every 3 Shares held on the record date and up to approximately 26,498,288 options on the basis of 1 free attaching unlisted option for every 2 Shares issued, with each option having an exercise price of $0.10. The Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73)* (Corporations Act) for the offer of New Shares without disclosure to investors under a prospectus or other disclosure document

Summary Information

This Presentation contains summary information about the Company and its associated entities and their activities as known by the Company at the date of this Presentation. The information in this Presentation is for general informational purposes only and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in the Company's shares. It should be read in conjunction with the Company's periodic and continuous disclosure announcements lodged with the ASX which are available at www.asx.com.au. This Presentation is not a prospectus, product disclosure statement or other disclosure document for the purposes of Chapter 6D or Part 7.9 of the Corporations Act or other offer document under Australian law or the law of any other jurisdiction, including the United States.

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Australian Rare Earths Corporate Presentation

Important Notice & Disclaimer (2/2)

Participation

Any eligible shareholders wishing to participate in the Offer should consider the offer booklet in deciding whether to participate and will need to apply in accordance with the instructions contained in the booklet and the accompanying personalised entitlement and acceptance form.

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The New Shares under the Offer are not being offered to the public within New Zealand or Canda other than to existing shareholders of the Company. Shareholders with registered addresses in New Zealand to whom the offer of the New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (NZ). This Presentation has been prepared in compliance with Australian law and has not been registered, filed with or approved by any regulatory authority in New Zealand or Canada. This Presentation is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Past Performance

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Financial Data

Financial data All dollar values are in Australian dollars ($ or A$) unless stated otherwise. Any financial information that has been prepared by the Company may not have been prepared in accordance with the measurement and recognition requirements or the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia.

Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

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An investment in the Company is subject to investment risks and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital in the Company or any particular tax treatment. In considering an investment in the Company, investors should have regard to (amongst other things) the risks outlined in this Presentation, and in particular the 'Key Risks' section. Cooling off rights do not apply to the acquisition of New Shares.

General Statements

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. The Company may in its absolute discretion, but without being under any obligation to do so, update or supplement this Presentation. Any further information will be provided subject to the terms and conditions contained in this Important Notice and Disclaimer. The Company reserves the right to withdraw or vary the timetable for the Offer without notice. In consideration for being given access to this Presentation, you confirm, acknowledge and agree to the matters set out in this Important Notice and Disclaimer and any modifications notified to you and/or otherwise released on ASX.

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05 Appendices

Rig on exploration hole at Overland Uranium Project

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AUSTRALIAN RARE EARTHS
Metals for our future

01

Overview

Developing a portfolio of energy transition metals

Expansion into Uranium Exploration and advancing a Multi-generational Rare Earths Province

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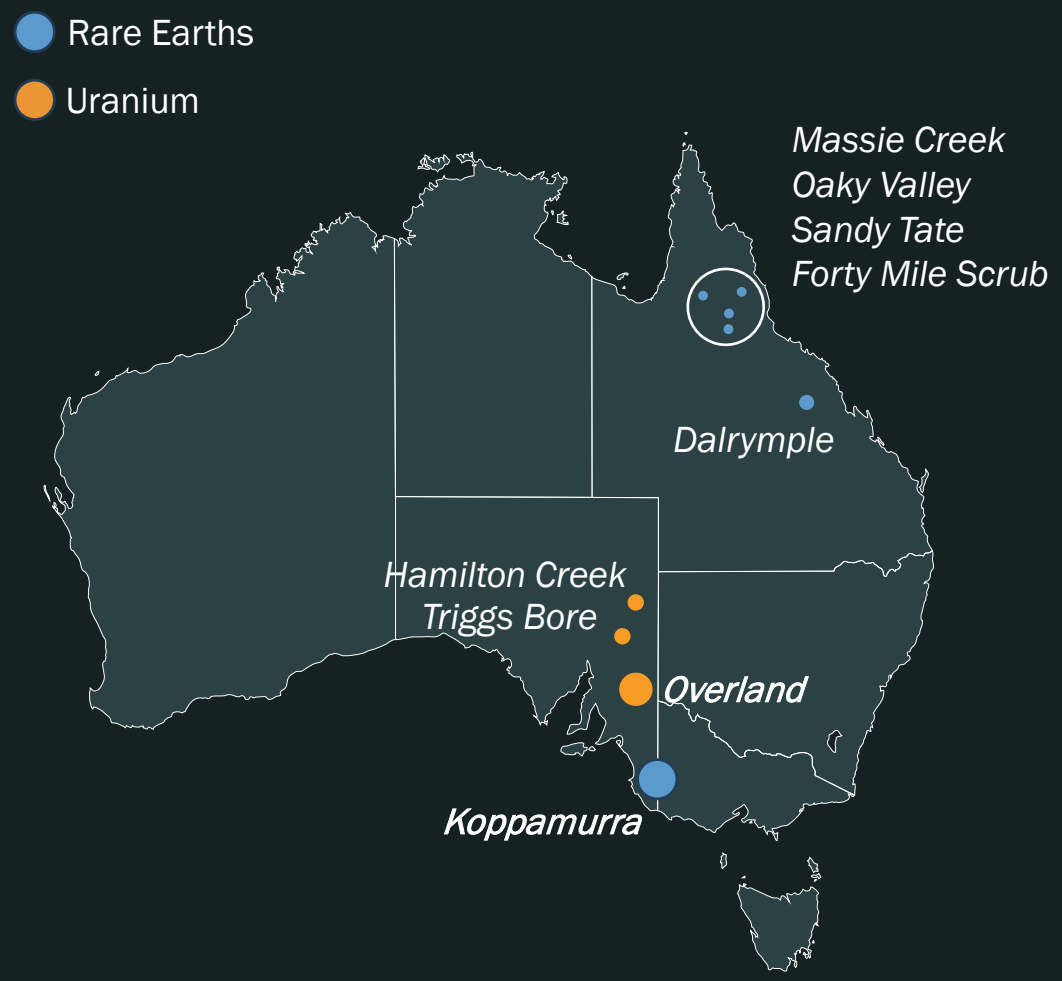
1 ▶ **Uranium Exploration Opportunity**
Actively exploring in highly prospective uranium region in **South Australia**

2 ▶ **Rare Earth Development**
Australia's most advanced ionic clay rare earth project at a critical time **of international supply chain diversification;** progressing with Australian government support

3 ▶ **Positioned for the Future**
Set to capitalise on a **growing uranium market** underpinned by new reactor builds and restarts, and a global **rare earth market eager for new supply options**

4 ▶ **Growth Focus**
Experienced team with a **growth focus** exploring, developing and acquiring valuable assets

Diversified Project Portfolio



Overland: Untapped Uranium Exploration Potential

- >4,000km^2 of prospective uranium tenure in South Australia
- On the ground and drilling now

Koppamurra: Government supported REE Development Project

- $5 million Australian government grant funding
- Australia's most advanced ionic clay-hosted rare-earth project, located in South Australia and Victoria
- **236Mt @ 748ppm TREO**[1] with significant upside, including **68Mt @ >1000ppm TREO**

Expansive Exploration Portfolio

- Exploration projects across South Australia and Queensland

[1] Mineral Resource estimate of 236Mt at 748ppm, comprises of 0.7Mt at 813ppm Measured, 112Mt at 750ppm Indicated and 123Mt at 747ppm Inferred TREO

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Project Timelines

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Overland Uranium Project

Untapped Uranium Exploration Potential: Overland demonstrates both near surface calcrete-hosted uranium and deeper, ISR-amenable deposit potential in a frontier uranium play

Koppamurra Rare Earths Project

- Metallurgical Testwork
- Pre-feasibility Study
- Mining Lease Application
- Demonstration Plant

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AUSTRALIAN RARE EARTHS
Metals for our future

02

Equity Raising

A diversified investment in critical minerals

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Equity Raising Summary

Why invest now?

Strategic Expansion

- Overland Uranium Project now covers approximately 4,000 km² of highly prospective and lightly explored tenure.
- Located in Tier 1 Global Jurisdiction for Uranium Exploration and Mining.

Uranium Discovery Potential

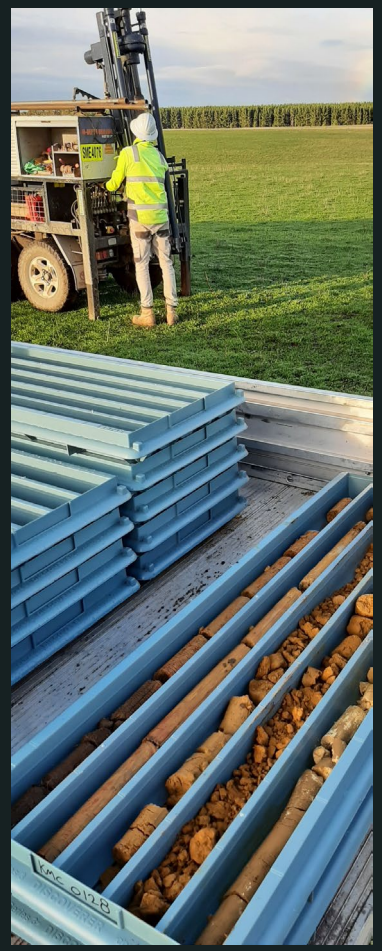
- Initial drilling shows strong potential for In-Situ Recovery (ISR) amenable, sedimentary-hosted uranium deposits.
- Additional Uranium model with discovery of widespread near surface calcrete-hosted Uranium mineralisation.
- Large scale exploration on multiple targets identified and underway.

Strategic Rare Earth Project

- Strategically important rare earth project.
- Awarded $5m Australian Government grant to enable project advancement at a time the market is eager for new supply options.

International Partnerships

- Supported by, Neo Performance Materials, AR3 shareholder and global advanced industrial materials manufacturer.
- Established rare earth supply chain pathway to European markets.



Equity Raising Summary

Equity raising details

The Offer	Eligible Shareholders are invited to participate in a non-renounceable entitlement issue of: • 1 Share for every 3 Shares held on the record date at an issue price of $0.068 per share to raise up to $3.6 million before expenses; and • 1 free attaching unlisted option for every 2 Shares issued, with each option having an exercise price of $0.10 and expiring on 30 March 2029 (unless accelerated*).
Offer Price	Represents a discount of 17.1% to the last closing price of $0.082 and 20.0% to the 30-day VWAP of $0.085.
Top-Up Facility	Any Entitlement not taken up pursuant to the Offer (Shortfall Shares) will be offered under a Top-Up Facility.
Shortfall	The Directors reserve the right to issue any New Shares not issued in the Offer to new investors or existing Eligible Shareholders within 3 months of the close of the Offer at a price no less than the Offer Price.
Ranking	All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares.
Uses of Funds	Funds raised under the offer will be used: • to fund uranium exploration at Overland and potentially elsewhere; • to progress the development of the Company's flagship Australian rare earths project at Koppamurra through the next study phase; • in support of business development activities and the potential acquisition of possible new projects (if identified); • for general corporate activity and general working capital; and • for expenses associated with the Offer.
Underwriting	This Offer is not underwritten

***Accelerated Expiry of Options:** 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 .

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Equity Raising Summary

Indicative timetable

Event	Date
Announcement of issue	25 March 2025
ASX Lodgement	25 March 2025
Ex Date	27 March 2025
Record Date	28 March 2025
Offer Opens	**31 March 2025**
Latest day 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

This timetable is indicative only and may change. AR3 reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, AR3 reserves the right to extend the closing date for the Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares. AR3 also reserves the right not to proceed with the Offer in whole or in part at any time prior to allotment and issue of the New Shares.

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AUSTRALIAN RARE EARTHS
Metals for our future

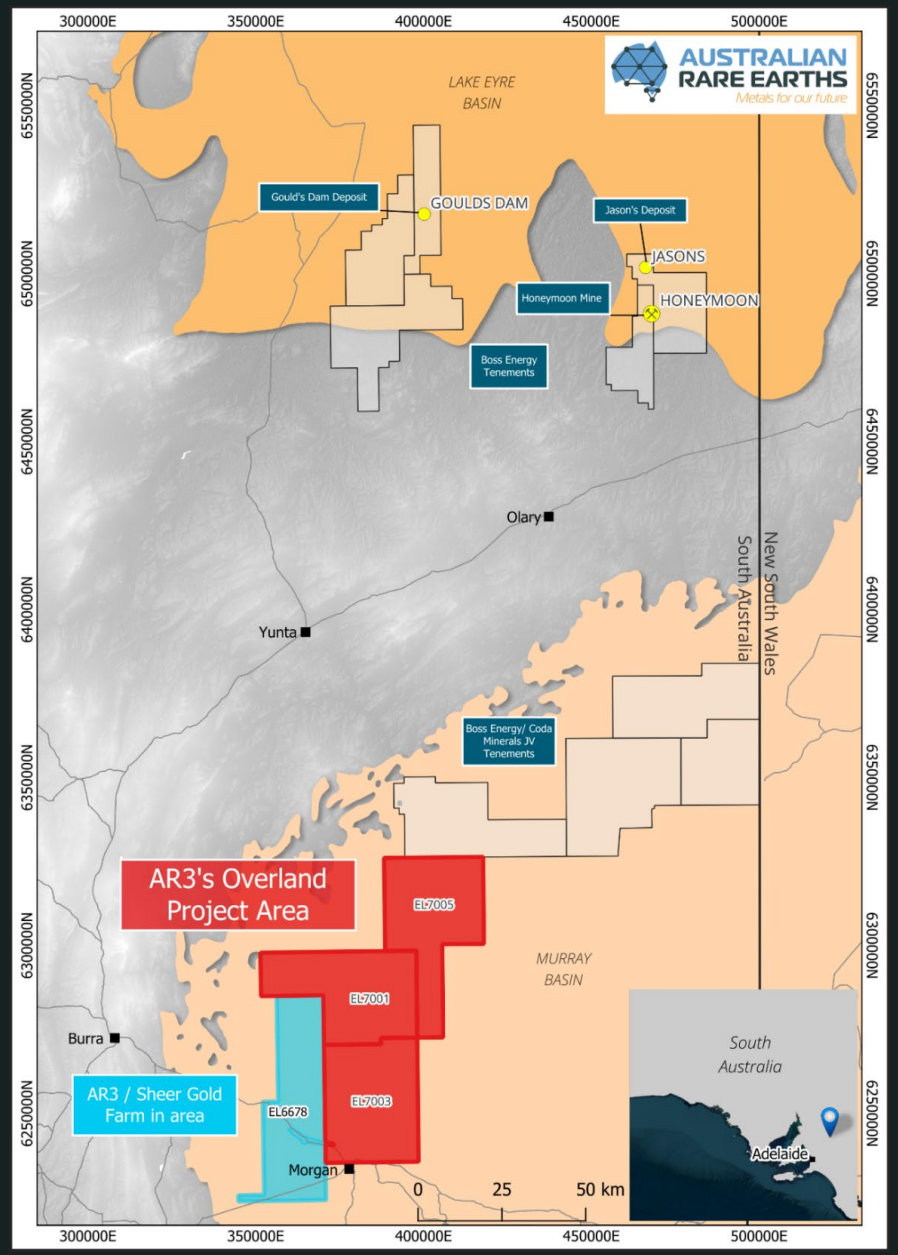
03

Uranium

Untapped uranium exploration potential >4000km^2

Overland Uranium Project: Overview

Location	South Australia,~200km south of Honeymoon Mine
Scale/Size	~4,000km^2
Ownership	~3,000km^2 100% and ~1,000km^2 AR3 Farming-In for 100% sedimentary hosted uranium rights
Commodity	Uranium
Stage	Greenfields exploration targeting In-Situ Recovery (ISR) amenable and near surface calcrete-hosted uranium deposits
Drilling	Active drill program following up new surficial uranium discovery and deeper, ISR-amendable targets
Initial Results	Discovery of widespread near surface calcrete hosted uranium mineralisation ISR-amenable geological model confirmed with a north/south trending palaeovalley setting defined, providing for the accumulation of thick sequences of prospective stratigraphy; interbedded sands, clays and lignite horizons
Growth Potential	Frontier uranium region, limited prior exploration Multiple high-priority targets to test



Overland project area and Sheer Gold Farm-In area

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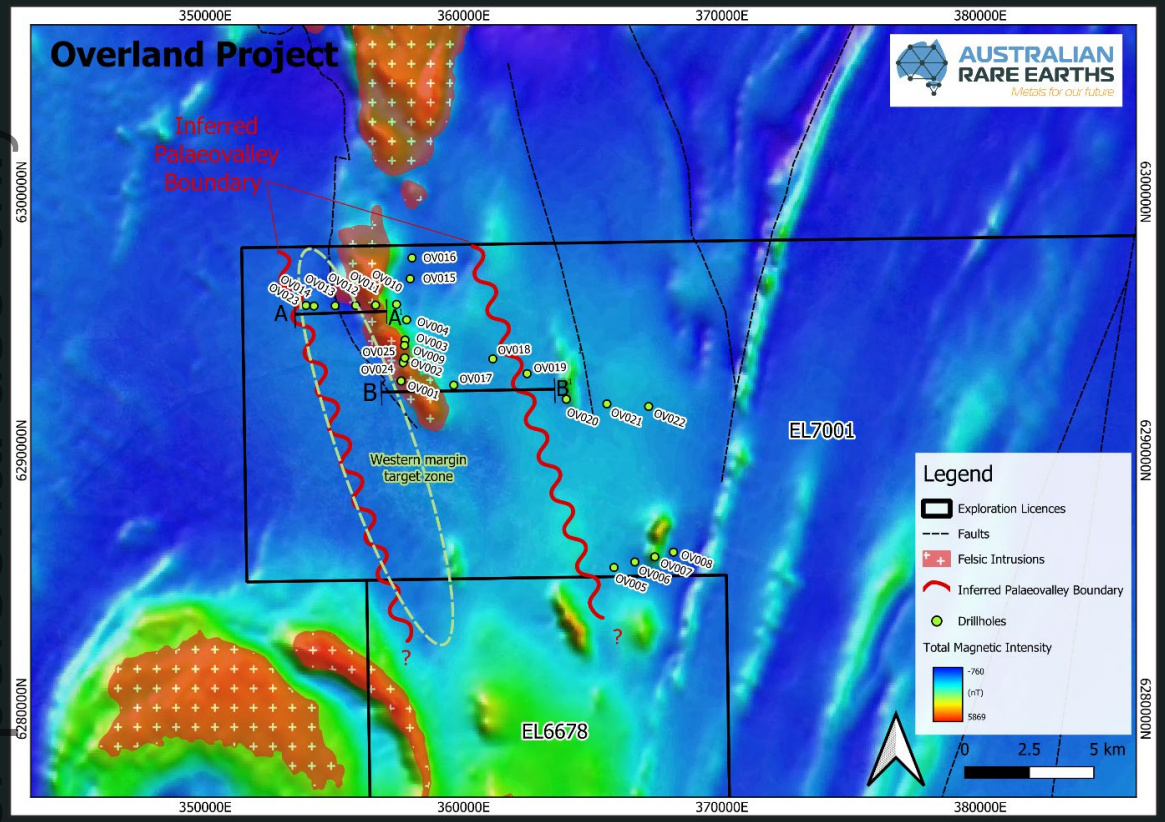
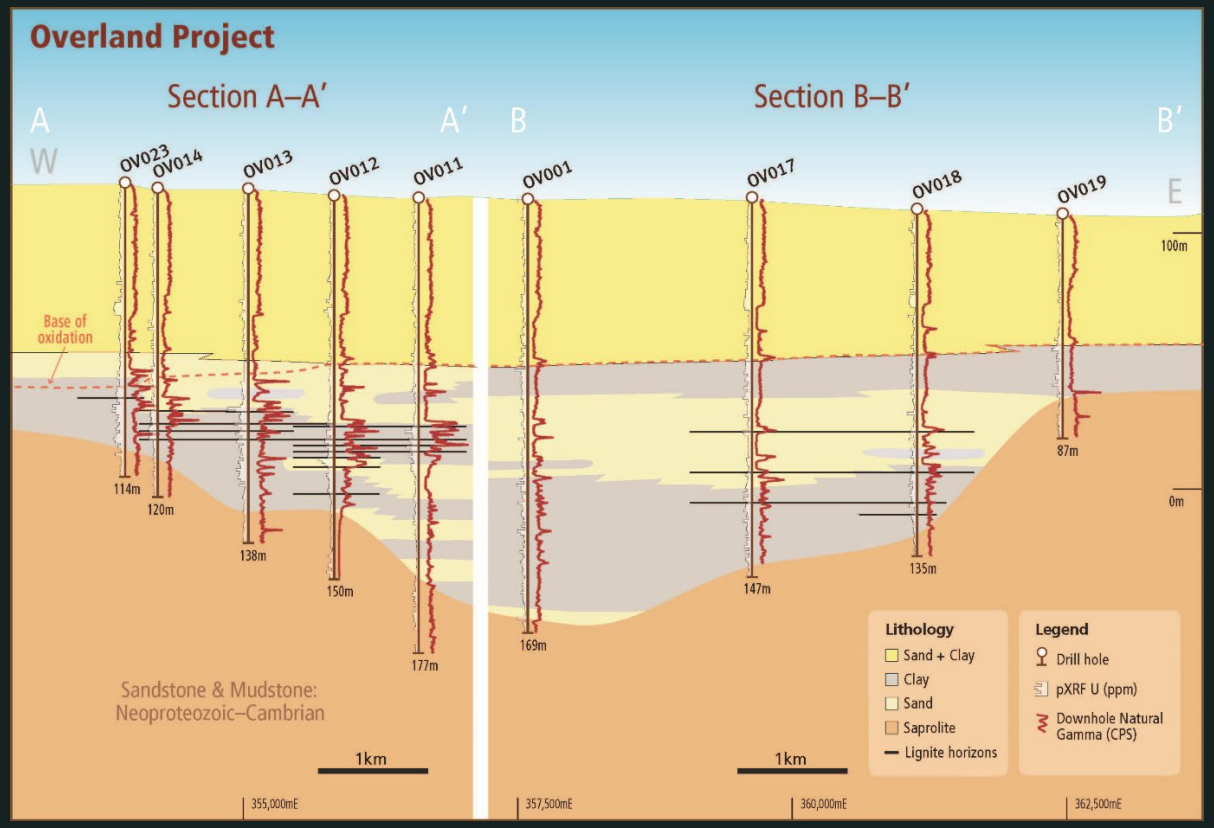
Overland Project: Untapped Uranium Exploration Potential



Section location plan showing 2024 drillholes



Cross section across the defined palaeovalley

Inaugural 2024 Drill Program:
Compelling evidence supporting AR3's geological model for ISR amenable deposits; connection to uranium rich source rocks, permeable sediments as pathways and hosts, effective reductants acting as traps for uranium precipitation

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Overland Project: Discovery Of Widespread Calcrete Hosted Uranium

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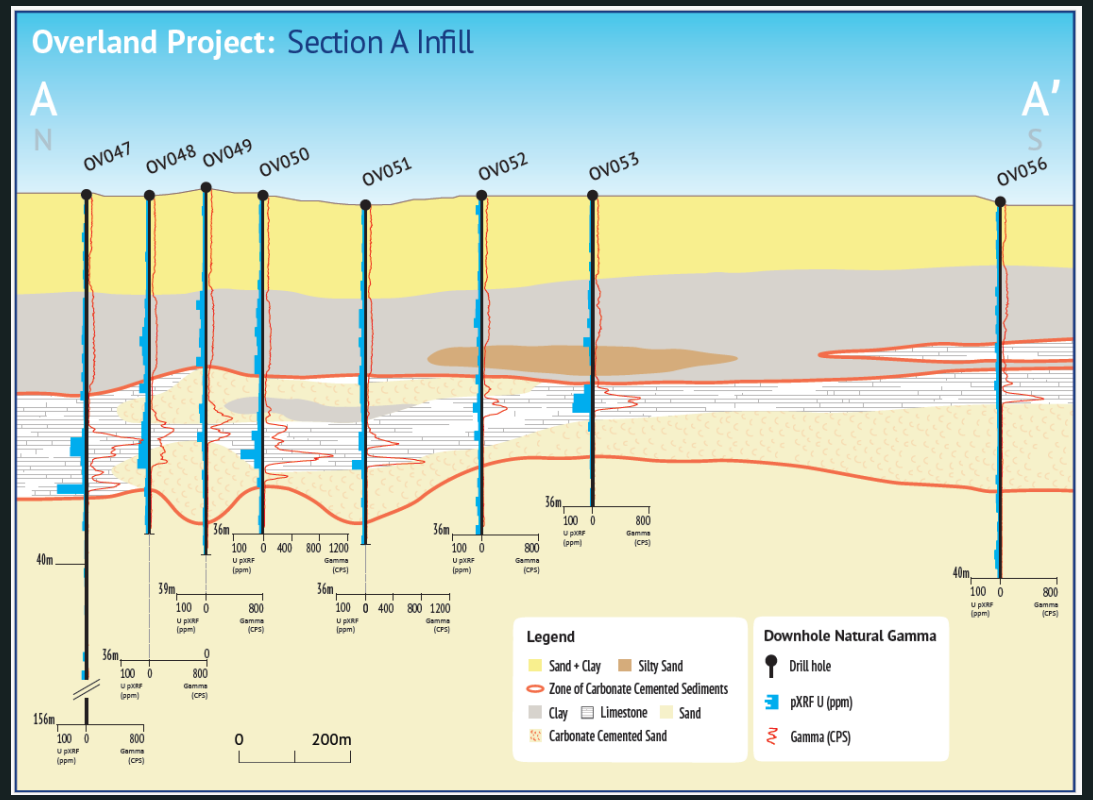
Rig on exploration hole at Overland Project



Cross section across the discovery of widespread calcrete hosted Uranium

2025 Drill Program:

- Discovery of widespread near surface calcrete hosted uranium mineralisation
- Similar to surficial uranium deposits in Namibia and Australia
- Remains open in all directions with an extensive setting spanning dozens of kilometers of strike length along the modern drainage profile
- 2025 drilling to follow up both near surface, calcrete hosted and deeper ISR amendable deposits

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Koppamurra Rare Earths Project

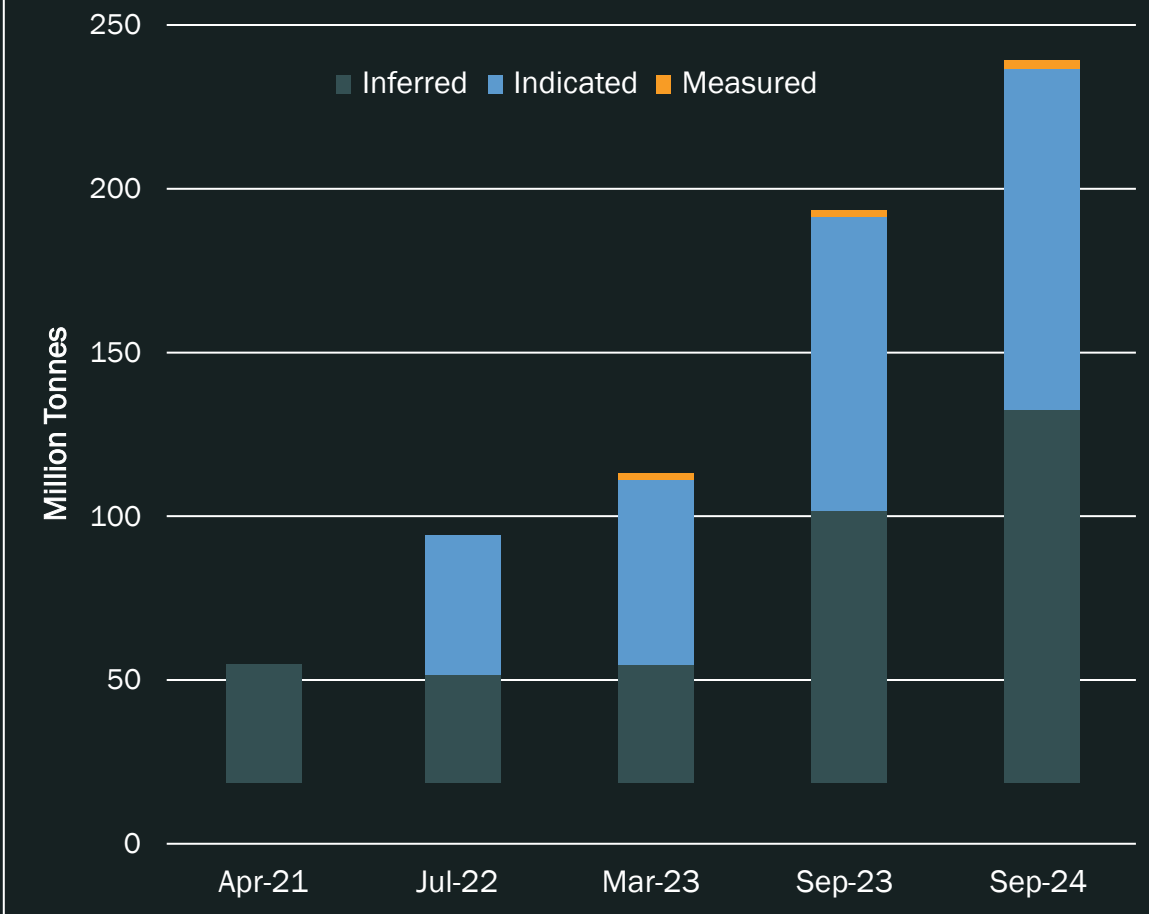
04

Leading the development of a multi-generational rare earths project in Australia

Koppamurra: Overview

Location	~300km SE of Adelaide, in South Australia and Victoria
Scale/Size	7,400sqm
Ownership	100%
Partner	NEO (Non-binding MOU for 50% offtake of stage 1)
Commodity	Valuable **Magnet Rare Earth ~25%** of TREO with all **four key REEs present** including strategically valuable heavy REE's **Dysprosium & Terbium ~3%**
Stage	Exploration & Development
Drilling	~64,000 metres drilled since 2021
Resource	236Mt @ 748ppm TREO[1] - Includes higher-grade subset of **68Mt grading over 1000ppm**
Growth Potential	Compelling scope for ongoing Mineral Resource growth with mineralisation open to the north and south and the current 236 Mt Mineral Resource covers only ~2% of total Koppamurra tenure

Koppamurra Resource Growth[1]



[1] Mineral Resource estimate of 236Mt at 748ppm, comprises of 0.7Mt at 813ppm Measured, 112Mt at 750ppm Indicated and 123Mt at 747ppm Inferred TREO

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Koppamurra: Government Supported REE Project

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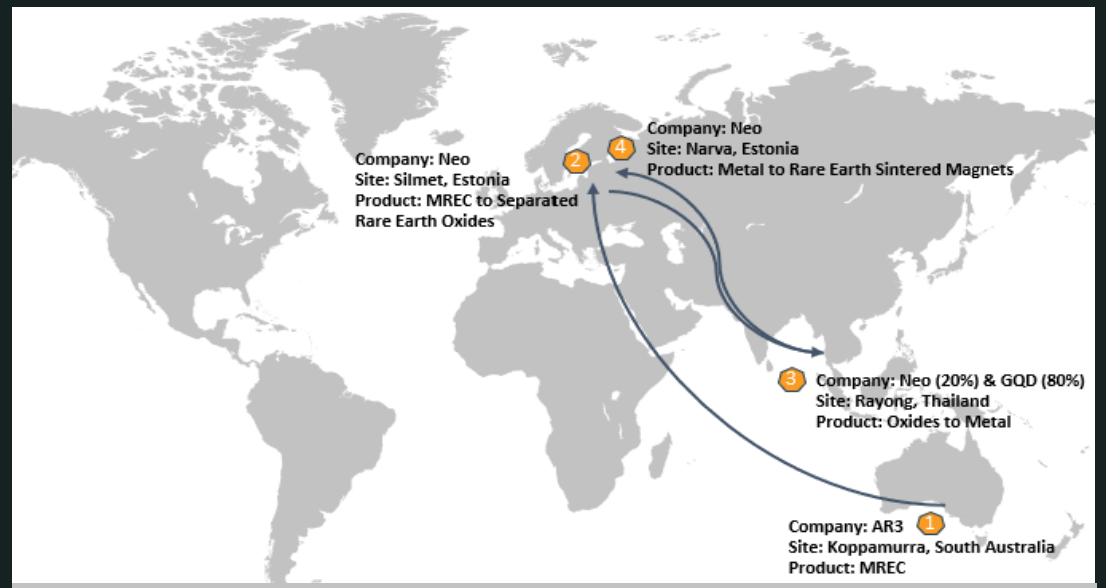
- **$5m Australian Government grant for International Partnerships in Critical Minerals supporting:**
  - Metallurgical test work
  - Completion of a PFS
  - Submission of an initial Mining Lease Application and
  - Building/operating demonstration plant

- **AR3 to invest $5m matched funding over 2025 and 2026:**
  - Every dollar AR3 invest can unlock more – multiplied by grant co-funding and boosted by R&D tax incentive

- **Neo Performance Materials:**
  - Canadian technical partner and potential offtake for Koppamurra production

- **Providing mine supply into an international supply chain:**
  - Koppamurra can feed an existing downstream supply chain



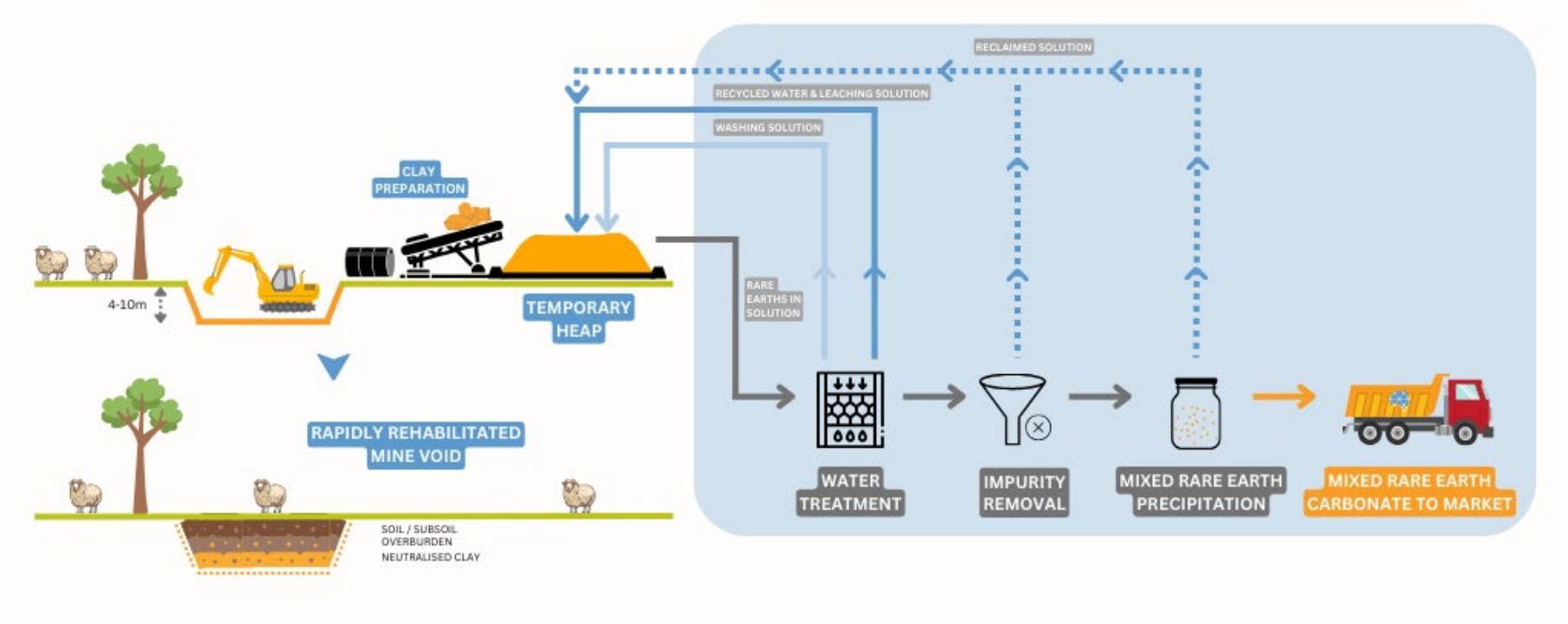
Mine to Magnet Pathway for the Koppamurra Project[1]

[1] Mine to Magnet Pathway illustrated is contingent on Neo and AR3 reaching binding agreements

Koppamurra: Sustainable Development Pathway

- Progressive Heap Leach and Rapid Rehabilitation
- **Scalable and efficient** with staged satellite developments
- Less water and energy usage
- **Favorable capex** and lower technical risk
- Enables **rapid, progressive land rehabilitation**

KOPPAMURRA CONCEPTUAL PROJECT FLOW SHEET



A SIMPLE PROCESS WITH LOW TECHNICAL RISKS AND IS ENVIRONMENTALLY SUSTAINABLE

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Mine Design Incorporating Progressive Land Rehabilitation

Successful Bulk Sample Pit and Rehabilitation Program

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April 2022

September 2022

August 2024

Australian Rare Earths Equity Raise Presentation

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Competent Persons Statement

The information in this report that relates to Exploration results and the Exploration Target is based on information compiled by Australian Rare Earths Limited and reviewed by Mr. Rick Pobjoy who is the Chief Technical Officer of the Company and a member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr. Pobjoy has sufficient experience that is relevant to the style of mineralisation, the type of deposit under consideration and to the activities undertaken to qualify as a Competent person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pobjoy consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource estimate and Exploration Target information included in the relevant market announcement (ASX announcement dated 30 September 2024) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 30 September 2024) continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 30 September 2024).

The information in this report that relates to metallurgical results is based on information compiled by Australian Rare Earths Limited and reviewed by Mr. Jon Weir who is the Technical Director of Wallbridge Gilbert Aztec and a member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr. Weir has sufficient experience that is relevant to the metallurgical testing which was undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Weir consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Information in this Presentation is extracted from the ASX announcements titled:

- "AR3 confirms near surface Uranium discovery at overland" 19 March 2025;
- "Overland Progress Update" released 21 January 2025;
- "AR3 awarded $5M Federal Government grant for Koppamurra Project" released 6 December 2024;
- "AR3 expands Overland Uranium Project with strategic farm-in agreement" released 19 November 2024;
- "Significant Resource Expansion at Koppamurra" released 30 September 2024;
- "AR3 progresses Uranium strategy with Exploration License Application at Hamilton Creek" released 23 July 2024;
- "AR3 Advances Uranium Exploration with New License Application at Triggs Bore" released 16 July 2024; and
- "Flowsheet Update for Koppamurra Outlines Low Capital Development Pathway" released 2 April 2024.

All announcements are available on www.ar3.com.au.

Appendices

05

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Team & Corporate Snapshot

Experienced team and strong backing

Angus Barker
Independent Chairman

Over 30 years of professional experience, including at top-tier global investment banks and as a senior adviser to Australian Government Ministers in key economic portfolios.

- Deputy Chair of Vulcan Energy Resources
- Director of WAM Capital

Pauline Carr
Independent Non-executive Director

Experienced company director in compliance, governance and risk over 30 years in resources sector.

- Chancellor of Adelaide University
- Chair of National Pharmacies
- NED Highfield Resources
- Previous roles with Normandy Mining and Newmont

Travis Beinke
Managing Director & CEO

Over 20 years' experience with both Australian and internationally listed resource companies. Broad range of strategic, commercial, finance and business development experience, particularly in exploration and growth projects.

- Previous roles with OZ Minerals, Ensign Energy Services and ExxonMobil Australia

Rick Pobjoy
Chief Technical Officer & Co-Founder of AR3

Geologist with more 25 years' experience in the mining and minerals exploration industry.

- Extensive experience in definition, development, and production from sedimentary hosted deposits.
- Successful project delivery for Uranium and Mineral Sands explorers, developers and producers.

Share price

$0.086

26 March 2025

Market capitalisation

$13.7m

Shares on issue

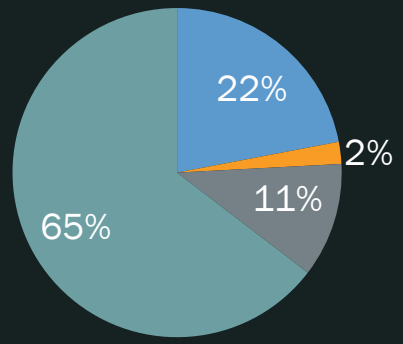
159m

Cash

$5.5m*

31 December 2024

Distribution Of Shareholders



- Directors, Management & Co-Founders
- NEO Performance Materials
- Acorn Capital
- Other

* Received $750k in December 2024 with $4.25m Australian Government International Partnerships in Critical Minerals Grant to be received during 2025 and 2026 upon achieving project milestones

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Metals for our future

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Appendix: Additional Projects

Further exploration upside across South Australia and Queensland

Uranium: Triggs Bore South Australia

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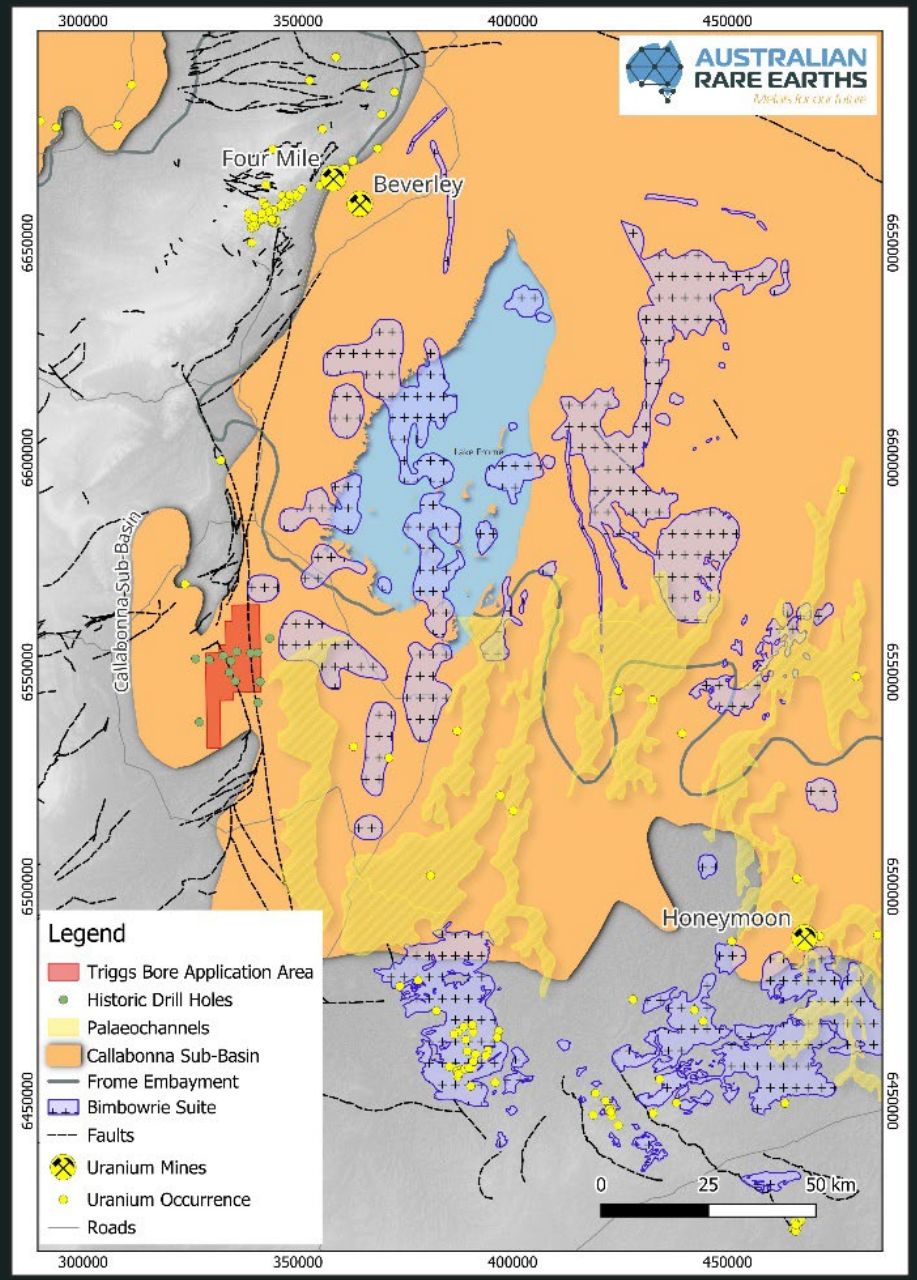
Project Name	Triggs Bore
Location	Callabonna Sub-basin
Scale/Size	~250km^2
Ownership	100%
Commodity	Uranium
Stage	Exploration
Potential	Indications of uranium mineralisation previously discovered in 2011 but remain untested. Triggs Bore is hosted within the Eyre Formation sediments, a known uranium-bearing formation, also host to nearby Four Mile, Beverley and Honeymoon uranium deposits.



Uranium: Hamilton Creek South Australia

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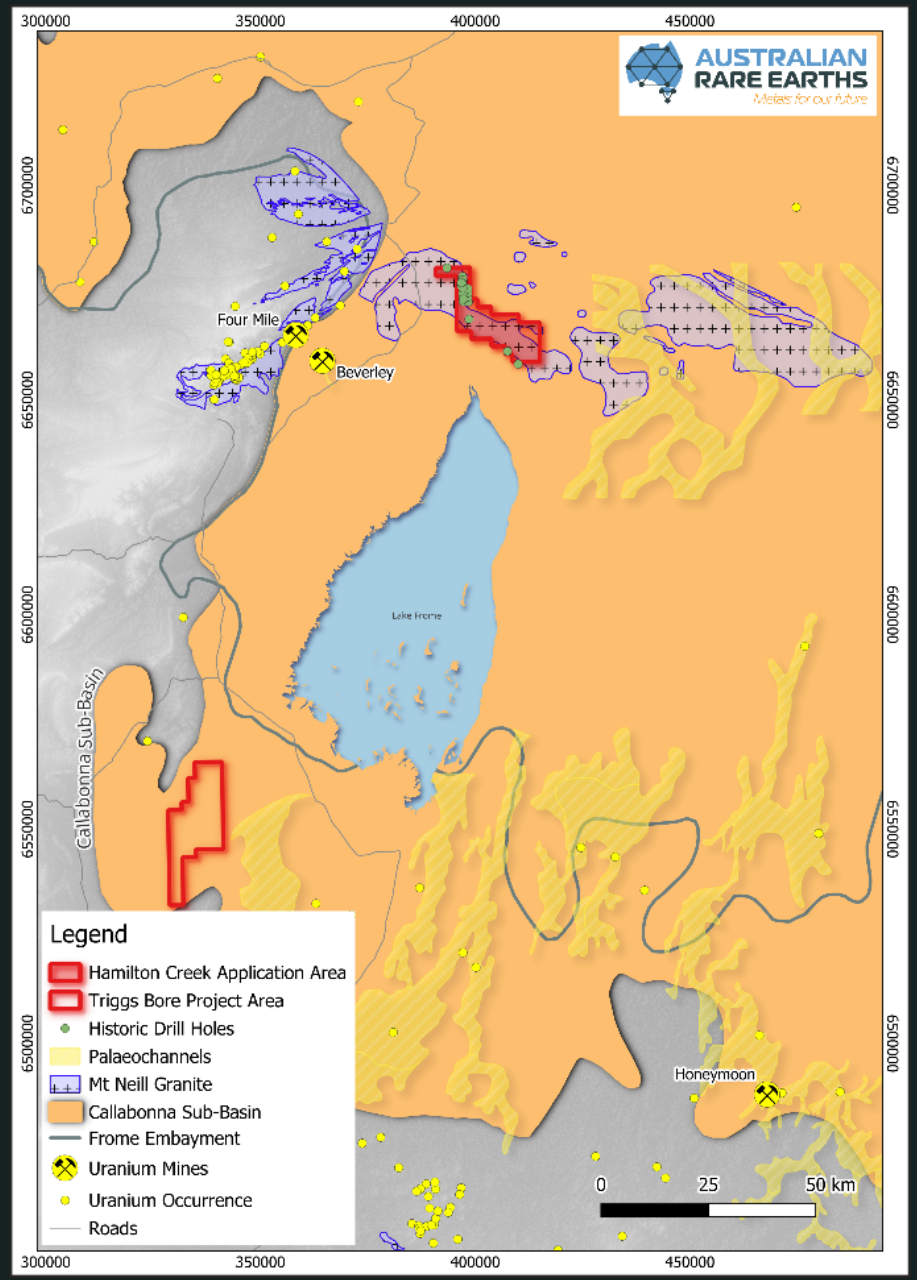
Project Name	Hamilton Creek
Location	Callabonna Sub-basin
Scale/Size	~200km^2
Ownership	100%
Commodity	Uranium
Stage	Exploration
Potential	Indications of anomalous uranium mineralisation from historic reporting. Hamilton Creek is hosted within the Namba Formation sediments, same formation as the nearby Beverley uranium deposit.



Rare Earths: Dalrymple Queensland

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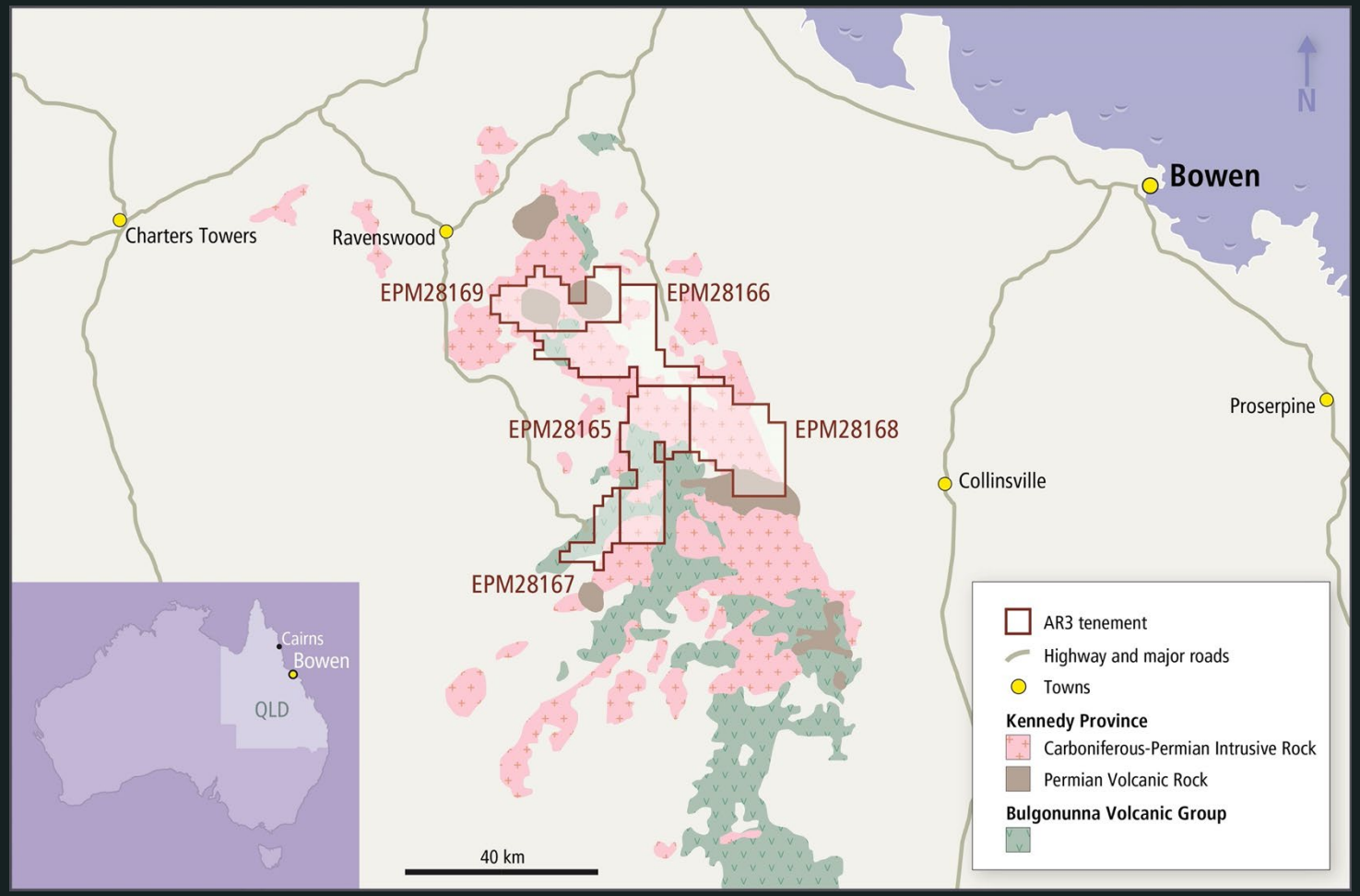
Project Name	Dalrymple
Location	Queensland
Scale/Size	~1,200km^2
Ownership	100%
Commodity	REE
Stage	Exploration
Next steps	On-ground exploration assessment



Rare Earths: Kennedy Queensland

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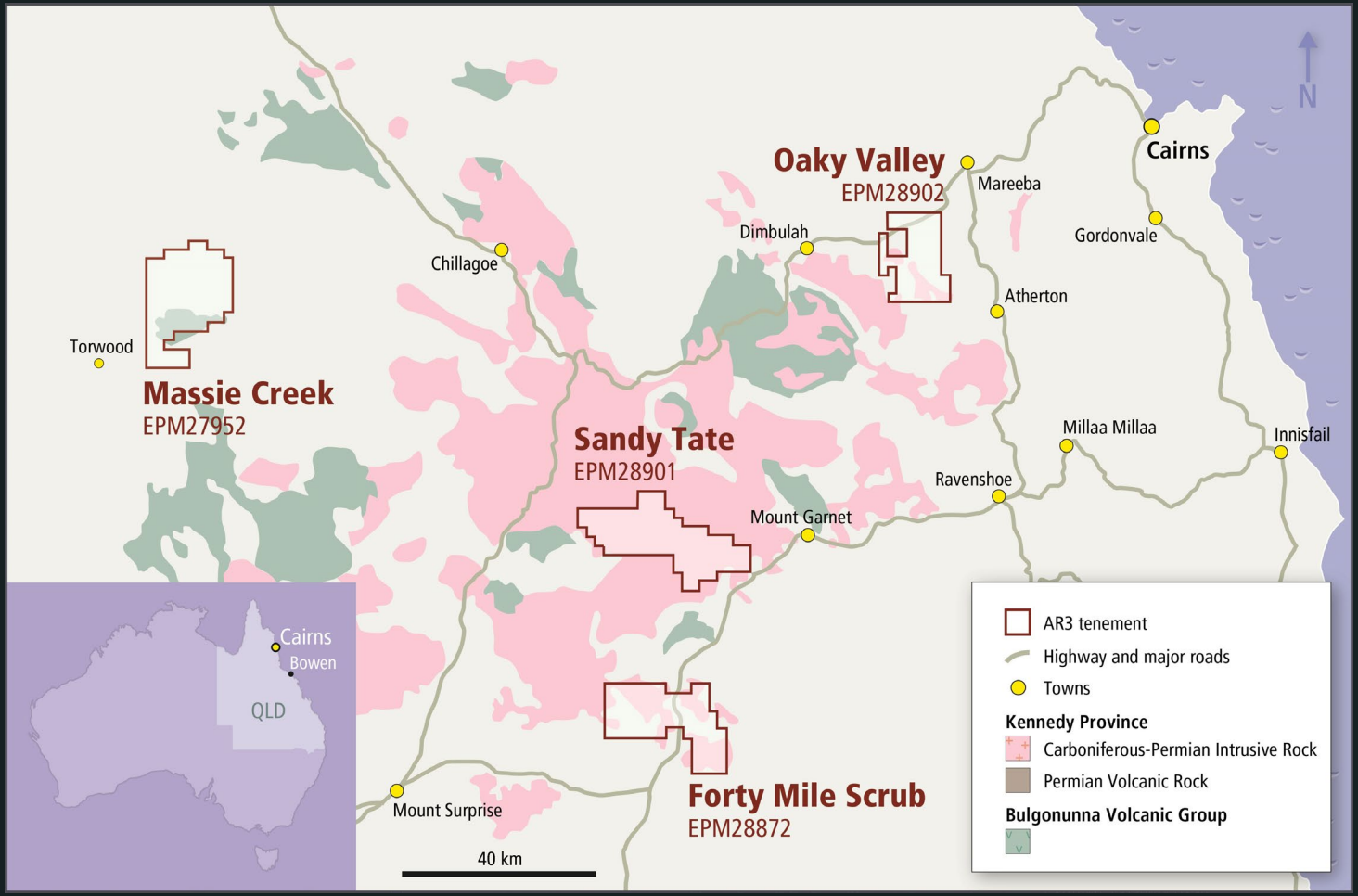
Project Name	Kennedy Province
Location	Queensland
Scale/Size	~1,100km^2
Ownership	100%
Commodity	REE
Stage	Exploration
Next steps	On-ground exploration assessment



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Appendix:

Resources and exploration target

Koppamurra: Mineral Resource & Exploration Target

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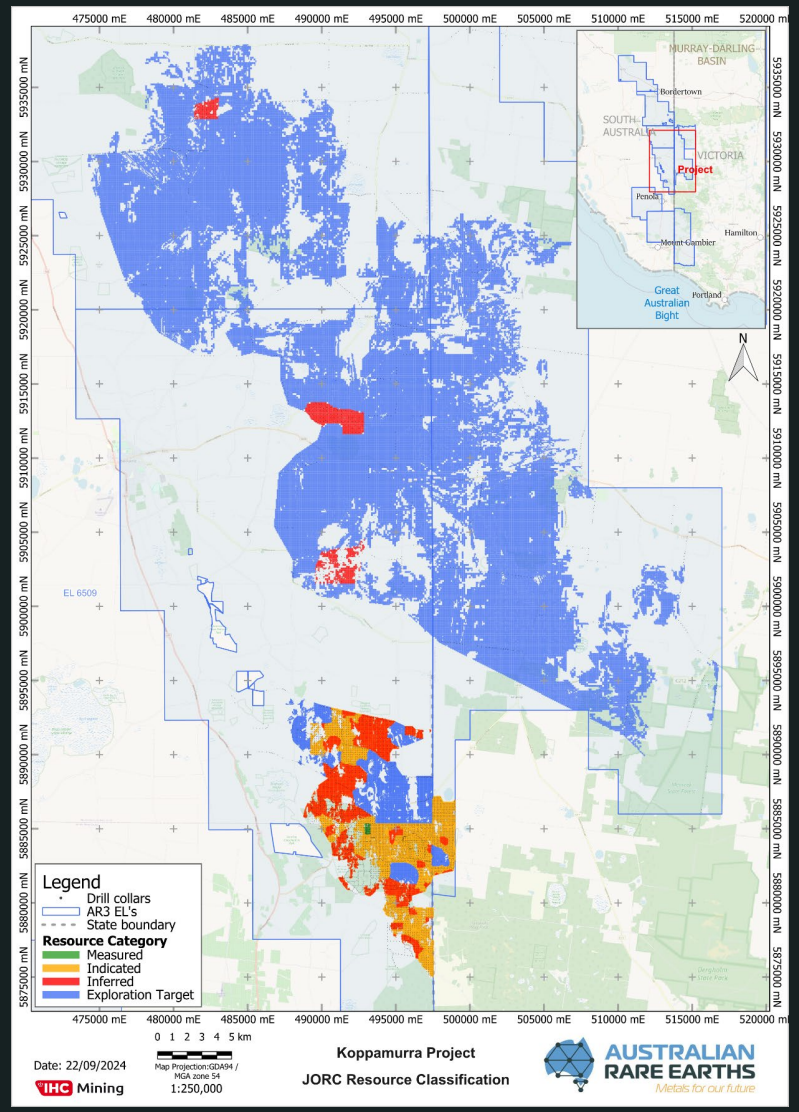
Koppamurra Mineral Resource Estimate – September 2024

			Magnet Rare Earths							
JORC	Tonnes	TREO	Pr_6O_{11}		Nd_2O_3		Tb_4O_7		Dy_2O_3	
Category	Mt	ppm	ppm	% TREO	ppm	% TREO	ppm	% TREO	ppm	% TREO
Measured	0.7	813	37	4.6	140	17.3	3.8	0.5	21	2.6
Indicated	112	750	34	4.6	132	17.6	3.6	0.5	20	2.7
Inferred	123	747	35	4.6	132	17.6	3.4	0.5	19	2.6
Total	**236**	**748**	**35**	**4.6**	**132**	**17.6**	**3.5**	**0.5**	**20**	**2.6**

Koppamurra Exploration Target – September 2024

			Magnet Rare Earths							
	Tonnes	TREO	Pr_6O_{11}		Nd_2O_3		Tb_4O_7		Dy_2O_3	
Category	Mt	ppm	ppm	% TREO	ppm	% TREO	ppm	% TREO	ppm	% TREO
Exploration Target Total	500-3,200	520 - 780	20-40	3.8-5.1	90-140	17-18	3-4	0.5–0.6	10-20	1.9-2.6

The potential quantity and grade of the Exploration Target is conceptual in nature, as there has been insufficient exploration undertaken to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.



Koppamurra Resource areas and Categories

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Appendix:

Key risks

Key Risks (1/2)

The following describes some of the external factors and business risks that could have a material impact on the Company.

Risks specific to the Offer

Potential for significant dilution

Upon completion of the Offer, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 158,989,727 to 211,986,303. This increase equates to approximately 31.8% of all the issued Shares in the Company following completion of the Offer.

This means that each Share will represent a significantly lower proportion of the ownership of the Company. It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer, and the Directors do not make any representation to such matters.

The last trading price of Shares on ASX prior to the Offer Booklet being lodged of $0.082 is not a reliable indicator as to the potential trading price of Shares following completion of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately up to 31.8% (as compared to their holdings and number of Shares on issue as at the date of the Offer Booklet

Risks specific to the Company

Access to funding

The Company's ability to continue to develop its business is contingent upon sourcing timely access to additional funding as it is required.

Mineral Exploration

Notwithstanding the experience, knowledge and careful evaluation the Company brings to an exploration project, there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

Mineral resource estimates may be inaccurate

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted, and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Tenure and Access

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or future applications for production tenements will be approved or that current exploration tenement applications will be granted. Tenements are subject to numerous State-specific legislation conditions.

The renewal of the term of a granted tenement (and grant of tenement applications) is subject to the discretion of the relevant Minister. The imposition of new conditions either during the term of a tenement or upon renewal, or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Land Access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with Native Title and/or landowners/occupiers are generally required before an entity can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

Commodity and Currency Price Volatility

The Company is exposed to adverse global demand for rare earths and uranium / or other adverse commodity price movements. This could affect the Company's ability to raise funds to advance its projects. Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

Further, in accordance with the relevant Australian Accounting Standards, the Company is required to keep under review the carrying value of its capitalised exploration and evaluation expenditure. In certain circumstances, a decline in the market prices of rare earths or uranium may require a write down in those carrying values.

Competition from alternatives to rare earths

The Company is exposed to the future demand for rare earths. Rare earths are potentially substitutable in a variety of applications and in particular, there are active research and development programs in companies and research labs around the world aiming to reduce the need for the key magnet rare earth elements of Neodymium, Praseodymium, Dysprosium and Terbium in a variety of magnet applications. Technology changes may occur that reduce the demand for such rare earths.

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Key Risks (2/2)

Competition from alternatives to uranium

The Company is exposed to the future demand for uranium for use in nuclear energy generation. Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal, oil, hydroelectricity and renewables.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Various renewables technologies also have low or very low carbon dioxide emissions. Technological advances may make renewables more efficient and reliable and reduce the demand for uranium in the future.

Geopolitical risks specific to rare earths

Investments in rare earths projects are subject to significant geopolitical risks that can materially impact commodity prices and project viability. The global rare earths market is highly concentrated, with supply chains dominated by a small number of countries, exposing projects to sudden changes in trade policies, export restrictions, tariffs, and geopolitical tensions. These factors can lead to price volatility, supply disruptions, and regulatory uncertainty, which may adversely affect the financial performance and valuation of rare earths projects. Investors should be aware that geopolitical dynamics beyond the control of the Company could have a material adverse impact on project economics and returns.

Commercialisation and contractual risk

The Company's potential future earnings, profitability and growth are likely to be dependent on the Company being able to successfully develop its projects and implement some or all of its commercialisation plans.

The ability for the Company to do so is further dependent upon a number of factors, including matters which may be beyond the control of the Company. The Company may not be successful in securing identified customers or market opportunities.

During development of the Company's projects, the Company is likely to become party to various contracts, including but not limited to, contracts relating to infrastructure access, mineral processing and customer product supply arrangements.

Whilst the Company will have various contractual rights in the event of noncompliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if the contracting party does not comply with any contractual provisions, that the Company will be successful in securing compliance.

Environmental and Compliance

The current or future operations of the Company, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, environmental protection, mine safety, land access and other matters. Such laws and regulations may vary in future.

There can be no assurance, however, that all permits which the Company may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on the ability to ultimately secure licensing for a mining project.

In relation to current activities, the Company is in compliance with governing laws and regulations and manages these risks through its existing standard operating procedures, management plans, internal policy and liaison with regulators and stakeholders.

Uranium mining regulation

Uranium mining in Australia is subject to a complex and evolving regulatory framework at both the state and federal levels. While uranium mining is permitted in South Australia, projects are required to comply with stringent environmental, health, and safety regulations, as well as secure necessary approvals, licenses, and permits from multiple government agencies. Any changes in legislation, government policy, or regulatory requirements—particularly those relating to environmental standards, radiation protection, or Indigenous land rights—could result in delays, increased costs, or the suspension of operations. There is also a risk that future changes in political or public sentiment toward uranium mining could lead to more restrictive regulations or impact the approval process. These factors may materially affect the Company's ability to develop or operate its uranium project in South Australia.

Environmental Issues

The Company's operations are subject to environmental regulations in relation to its exploration activities. The Company is compliant with all aspects of these requirements. The Board is not aware of any environmental law that is not being complied with.

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Securing Australia's Energy Transition Metals for a Sustainable Future

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