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ASX: AR3 30 April 2025

Quarterly Activities Report

For the three months ended 31 March 2025

Highlights

Koppamurra Rare Earths Project

- **$5 Million Australian Government grant secured:** AR3 finalised and signed its $5 million grant agreement with the Australian Government, with the initial $750,000 instalment received in December 2024.
- **Grant funding supports comprehensive work program:** The Australian Government grant is co-funding additional metallurgical testwork, completion of the Pre-Feasibility Study (PFS) and the design and operation of a demonstration plant.
- **Metallurgical testwork commenced:** Subsequent to the reporting period, AR3 initiated the next phase of metallurgical testwork, focused on optimising key aspects of rare earth processing (recovery, water recycling, impurity removal, and precipitation).
- **Testwork to inform Pre-Feasibility Study:** The outcomes of the ongoing metallurgical testwork will be integrated into the project design for the Pre-Feasibility Study (PFS), which is on track for completion in 2025.
- **Critical minerals supply:** AR3 is advancing Koppamurra as a potential source of light and heavy rare earths, helping to create new and diversified supply chains in the rare earths vital to the world's clean energy transition

Overland Uranium Project

- **Prospective uranium host identified:** 2024 drilling defined a significant north/south trending paleovalley, interpreted as an ideal geological setting for sedimentary-hosted uranium deposits.
- **Uranium mineralisation confirmed by assays:** Assays from the 2024 drilling program confirmed the presence of uranium mineralisation within the project area.
- **Near surface uranium discovery:** The 2025 drilling program has discovered a new, near surface, widespread calcrete-hosted uranium.
- **Potential for multiple deposit styles:** The Overland Project demonstrates potential for both near-surface, calcrete-hosted, and deeper, in-situ recovery (ISR)-amenable uranium deposits.

Corporate

- Cash position of $4.0 million as of 31 March 2025.
- Subsequent to March quarter end, AR3's cash balance strengthened by a well-supported non-renounceable rights issue and subsequent shortfall placement, generating gross proceeds of $3.6 million (ASX 30 April 2025).

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- On 7 January 2025, AR3 announced it had finalised and signed an agreement with the Australian Government for a $5 million grant from the International Partnerships in Critical Minerals Program, with the first $750,000 initial instalment received in December 2024.
- AR3 received Ministerial consent from the South Australian Government for the right to acquire 100% interest in sedimentary-hosted uranium rights of EL6678 from Sheer Gold Pty Ltd.
- Managing Director, Travis Beinke, presented at the RIU Explorers Conference in Fremantle on 20 February 2025.
- On 25 March 2025, AR3 announced a non-renounceable Rights Issue to accelerate development of its uranium and rare earth projects via a 1-for-3 non-renounceable rights issue at an issue price of $0.068 per share to existing shareholders to raise up to $3.6 million.
- On 2 April 2025 Managing Director, Travis Beinke, conducted an investor webinar to discuss the Company's non-renounceable rights issue and subsequent to quarter end (see ASX 9 April 2025), AR3 extended its Entitlement Offer to 28 April 2025 due to high volatility in global financial markets generated by the April 2025 US tariff announcements and to provide time to assess the impact of the announcement of China Export Controls on certain rare earth element compounds and magnets.
- Also subsequent to quarter end (see ASX 30 April 2025), AR3 announced the successful completion of its Entitlement Offer raising $3.6 million.
- Engage with this announcement at the AR3 investor hub.

AR3 Managing Director and CEO, Travis Beinke, commenting on recent developments in the rare earth market said:

"Geopolitical developments have underscored the importance of new and secure supply of critical minerals in general, and rare earths in particular. AR3's Koppamurra project is well placed to be part of this. We welcome the recent announcement in April by Prime Minister Albanese and Resources Minister King that a re-elected ALP government would create a Critical Minerals Strategic Reserve.

The announcement by the Prime Minister and the Resources Minister, follows recent moves by China to impose export restrictions on a range of heavy rare earth elements, including the key magnet heavy rare earth elements Dysprosium and Terbium and underscores the strategic importance of the Koppamurra Rare Earths Project in building diverse, resilient and sustainable supply chains.

AR3 has been active in advocacy to policy makers along these lines, including through participation in the Australian Strategic Policy Institute (ASPI) 2024 Darwin Dialogue on Critical Minerals and the publication of policy suggestions in ASPI's The Strategist (Article: Critical minerals need insulation from China's market manipulation).

What is clear is that ionic clay-hosted deposits, particularly those like Koppamurra which are amenable to development via a progressive and rapid rehabilitation heap leach approach, will benefit from a potential time-to-market competitive edge to be in the vanguard of new non-China supply, by virtue of relatively lower capex, simpler flowsheet and lower technical risk."

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Executive Summary

Australian Rare Earths Limited (ASX: AR3) is pleased to provide an update on progress made during the quarter ended 31 March 2025.

Koppamurra Rare Earths Project

AR3 finalised and signed the $5 million grant agreement with the Australian Government, with $750,000 already received in December 2024. This co-funded grant enables a work program, now underway, supporting additional metallurgical testwork and the development of a Pre-Feasibility Study (PFS), including the design and operation of a demonstration plant.

During the quarter planning and preparation for testwork to optimise rare earth recovery, water recycling, impurity removal and rare earth precipitation was advanced. The outcomes of this testwork will inform the project design for the upcoming Pre-Feasibility Study (PFS), scheduled for completion in 2025.

Overland Uranium Project

The Overland Uranium Project continues to demonstrate significant potential. Drilling completed in 2024 has defined a north/south trending palaeovalley, presenting an ideal geological setting for sedimentary-hosted uranium deposits. Assays received from the 2024 drilling program during the quarter have confirmed uranium mineralisation, reinforcing the project's prospectivity.

2025 drilling at Overland discovered a new near surface uranium occurrence, confirmed by gamma and pXRF readings in drill hole OV047. This intersected a 6-meter interval of carbonate-cemented sediments. Follow-up drilling has confirmed the discovery of widespread calcrete-hosted uranium mineralisation. Mineralogical analysis confirmed uranium presence in the calcrete cementation.

Overland now demonstrates potential for both near-surface, calcrete-hosted and deeper, ISR-amenable uranium deposits, highlighting the company's extensive land package in a frontier uranium play. AR3 will prioritise follow-up drilling on this near-surface discovery and continue to test high-priority targets for deeper ISR-amenable deposits, with assay results from recent drilling expected progressively over the next few months.

Subsequent to quarter end chemical assays from drill hole OV047 confirmed uranium intersections in the calcrete-hosted shallow mineralisation (See ASX 4 April 2025).

Financial Position

AR3's cash position was $4.0 million as of 31 March 2025. This was further strengthened after the end of the quarter by the completion of a non-renounceable rights issue and subsequent shortfall placement generating gross proceeds of $3.6 million.

Operational Review

Koppamurra Rare Earths Project

Australian Government $5 Million Grant Funding

During the quarter, the Company announced that it had finalised and signed the grant agreement with the Australian Government with an initial grant instalment of $750,000 received by AR3 in December 2024. The grant work program commenced in April 2025, and will support additional metallurgical testwork, completion

of a Pre-Feasibility Study (PFS), and the construction and operation of a Demonstration Plant to advance the Koppamurra Project and significantly derisk the development pathway.

AR3 will match the grant funding, bringing the total planned expenditure to $10 million, spread over 2025 and 2026. A portion of AR3's matched funding may also be eligible for the Australian Governments Research and Development tax incentive refundable tax offset.

Material terms of the Grant Agreement:

- The Agreement is between the Commonwealth of Australia, represented by the Department of Industry, Science and Resources and Australian Rare Earths Limited.
- AR3 will undertake the following activities:
  1. **Metallurgical Testwork and Flowsheet Development:** Laboratory scale metallurgical minerals processing test work to optimise and enhance the Project's process flowsheet. Heap leach engineering deliverables and equipment selection.
  2. **Pre-Feasibility (PFS) Study:** Evaluation of the progressive heap leach and rapid rehabilitation flowsheet from the mine through to a Mixed Rare Earth ("MRE") product in conjunction with social, environmental and economic assessments.
  3. **Demonstration Plant Construction:** Demonstration scale equipment selection and optimisation, together with the construction of process infrastructure, based on design inputs from the flowsheet development and PFS.
  4. **Demonstration Plant Operation:** Demonstration operation to validate process design, supporting the pathway to commercialisation.
- The $5 million grant will be paid upon AR3 providing progress reports demonstrating progress of the Project against the agreed activities. Progress reports will be provided on a 6 monthly basis, with the first report due 30 July 2025.
- AR3 will contribute matched funding of $5 million.
- The activities are to be completed by 31 December 2026 with an agreement end date of 9 June 2027.

Metallurgical Testwork at Koppamurra

Subsequent to the end of the reporting period (See ASX 22 April 2025), AR3 commenced the next stage of metallurgical testwork, designed to optimise progressive heap leach and rapid rehabilitation and inform design aspects for the completion of a PFS as AR3 seeks to maximise the project's value.

Preparation for undertaking a ~3 tonne bulk leach is in progress at Brisbane Met Labs. The bulk leach program will provide sufficient rare earth solution to advance AR3's extensive testwork program aimed at optimising rare earth recovery, water recycling, impurity removal and Mixed Rare Earths Carbonate (MREC) precipitation processes.

The Australian Nuclear Science and Technology Organisation (**ANSTO**), Australia's leading laboratory in ionic clay leaching, is assisting AR3 with its ongoing process flowsheet development and will be conducting the impurity removal and rare earth precipitation testwork.

AR3 also continues to work closely with NEO Performance Materials Inc. ("**Neo**"), a world-leader in the production of rare earth permanent magnets and other rare earth products and whom with AR3 has a non-

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binding Memorandum of Understanding that provides for an offtake agreement for the initial production of a MREC from Koppamurra.

Importantly, Neo operates production facilities for the separation of rare earth oxides from Mixed Rare Earth Carbonate (MREC), rare earths metallisation and magnet making and is one of the few Western separation plants that sources MREC from third-party producers. Neo's experience in providing input to MREC supply continues to be invaluable to AR3.

Figure 1: *AR3 Managing Director, Travis Beinke and WGA Senior Process Engineer, Chantelle Bardadyn at Brisbane Met Lab with IBC's ready to be loaded with clay for bulk leach*

A summary of the planned testwork to be progressed over the coming months is detailed in the Company's 22 April 2025 ASX announcement.

Overland Uranium Project

Sedimentary hosted uranium prospectivity supported by drilling completed in 2024

During the quarter, AR3 reported on results from drilling conducted at the Overland Project in 2024, totalling 3,271 meters (See ASX 21 January 2025). These initial results yielded compelling evidence supporting AR3's initial geological model. In particular, the presence of a north/south trending palaeovalley was discovered, providing the ideal host for the critical elements required for the formation of a sedimentary-hosted uranium deposit, including:

- connection to uranium rich source rocks,
- permeable sediments as migration pathways and hosts, and
- effective reductants acting as traps for uranium precipitation.

The drilling has continued to intersect thick sequences of the Murray group stratigraphy, within a defined palaeovalley setting, containing sands, clays and on the western margin of the palaeovalley, abundant lignite

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horizons. This drilling has successfully identified all the attributes required for pathways for uranium bearing groundwaters and for hosting uranium mineralisation.

Summary of 2024 Assay Results

During the quarter, AR3 reported on assay results from the first 10 drill holes of the 2024 drilling program which confirmed uranium mineralisation (See ASX 13 February 2025). While initial assays returned low grades, the results are significant as they validate downhole gamma responses and in-field pXRF measurements. This validation supports AR3's geological model for sedimentary-hosted uranium deposits within the large, lightly explored Overland Project area. Notably, drill hole OV002 encountered uranium concentrations up to 20 times greater than adjacent background values across two 1-meter intervals, highlighting the potential for higher-grade zones.

Assays validate the down hole gamma responses and in-field pXRF measurements for contained uranium including:

- OV002 1m at 44ppm U_3O_8 from 80m
- OV002 1m at 58ppm U_3O_8 from 82m
- OV003 1m at 24ppm U_3O_8 from 86m
- OV003 1m at 30ppm U_3O_8 from 109m
- OV009 1m at 24ppm U_3O_8 from 86m
- OV010 1m at 33ppm U_3O_8 from 91m
- OV010 1m at 38ppm U_3O_8 from 93m

Importantly, the uranium mineralisation occurs in permeable sediments, which are conducive to In-Situ Recovery (ISR) mining methods. Geological indicators also suggest an active system of uranium precipitation from solution in oxidised groundwaters within the Overland Project area, pointing to the potential for future discoveries.

The remainder of the assays from the 2024 drilling program, which were received and reported during the quarter, confirmed uranium mineralisation along the highly prospective Western Margin Target Zone (See ASX 28 March 2025). The correlation of these assay results with previously obtained gamma and pXRF data has further validated the depositional model for sedimentary-hosted uranium within the Overland Project area. Several drill holes, including OV012 and OV013, intersected anomalous uranium concentrations over 1-meter intervals at key geological contacts between permeable sands and lignitic clays, demonstrating the continuity of the mineralised system.

Assays validate the down hole gamma responses and in-field pXRF measurements for contained Uranium including:

- OV012 1m at 51ppm U_3O_8 from 89m (Figure 3 & 4)
- OV012 1m at 43ppm U_3O_8 from 102m
- OV013 1m at 61ppm U_3O_8 from 85m (Figure 3 & 4)
- OV013 1m at 39ppm U_3O_8 from 84m
- OV015 1m at 36ppm U_3O_8 from 61m
- OV023 1m at 32ppm U_3O_8 from 79m
- OV025 1m at 31ppm U_3O_8 from 85m
- OV011 1m at 30ppm U_3O_8 from 96m

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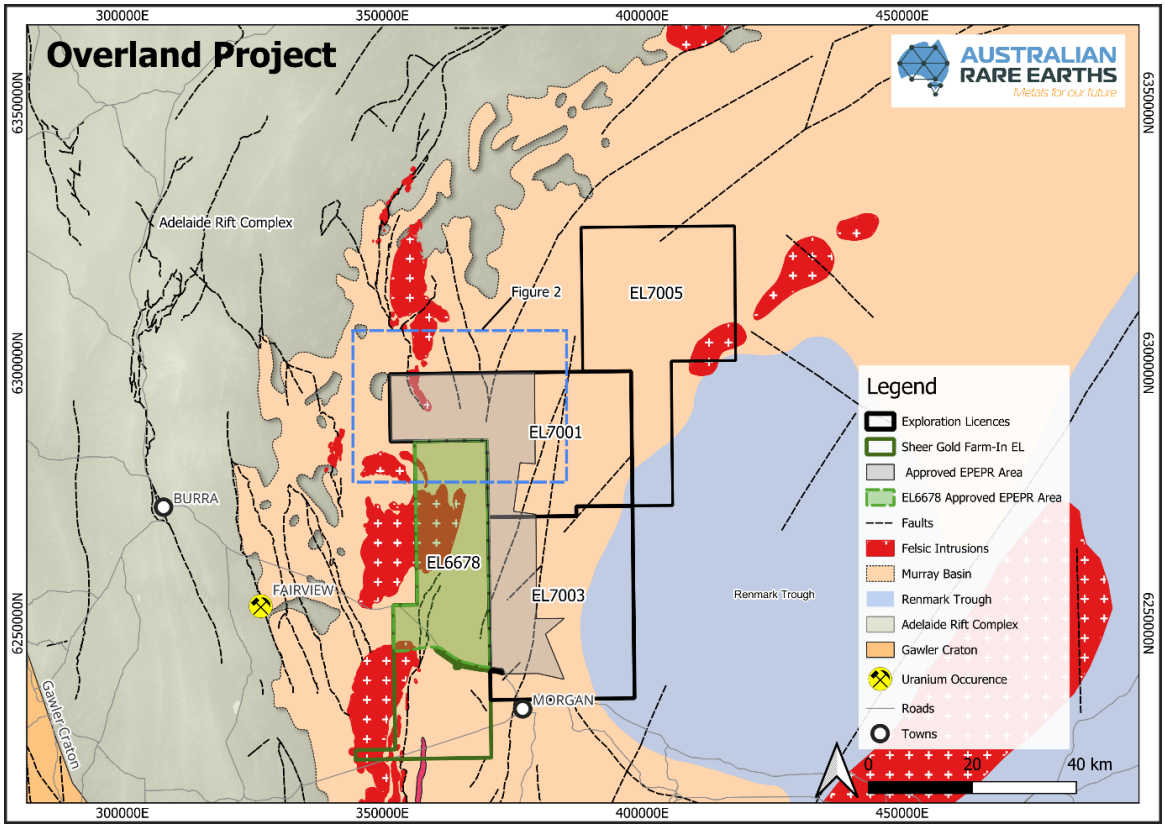

Figure 2: *Project Location Plan with figure 3 inset shown*

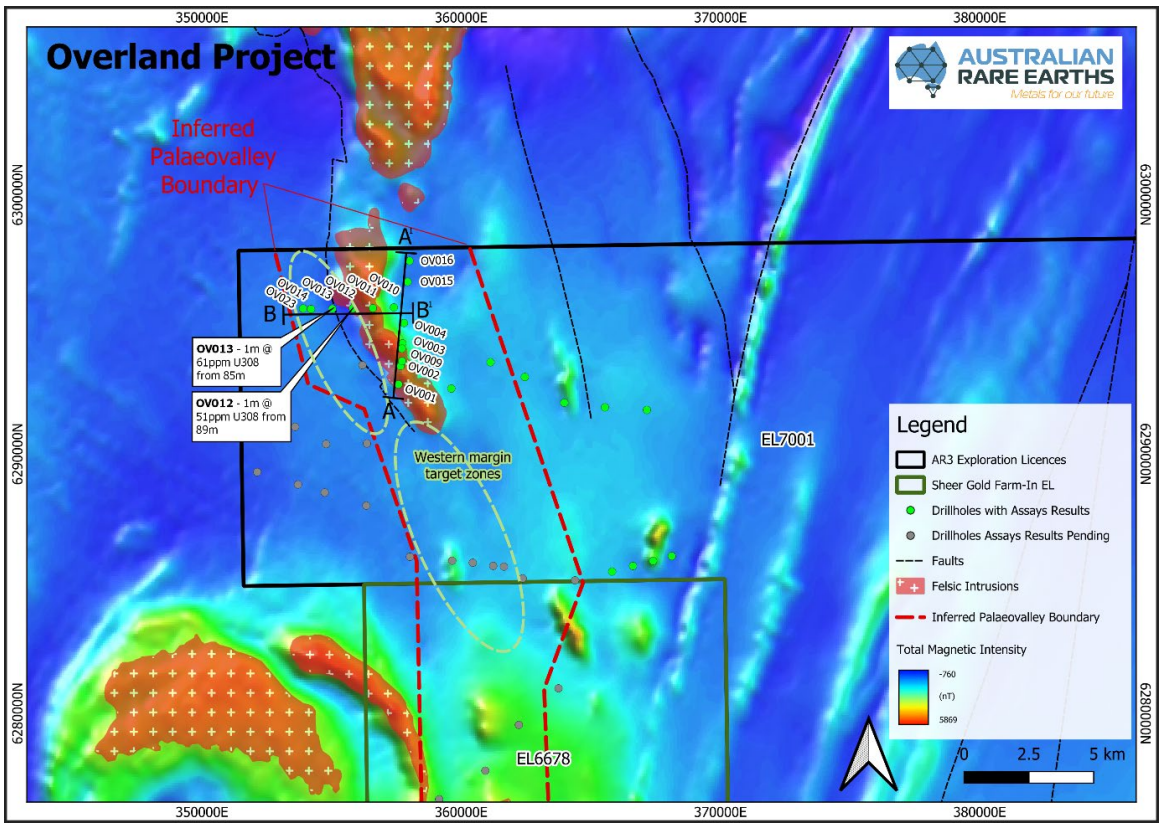

Figure 3: *Section Location Plan showing 2024 drillholes with all assays now received (green) and pending assays from 2025 drilling (grey).*

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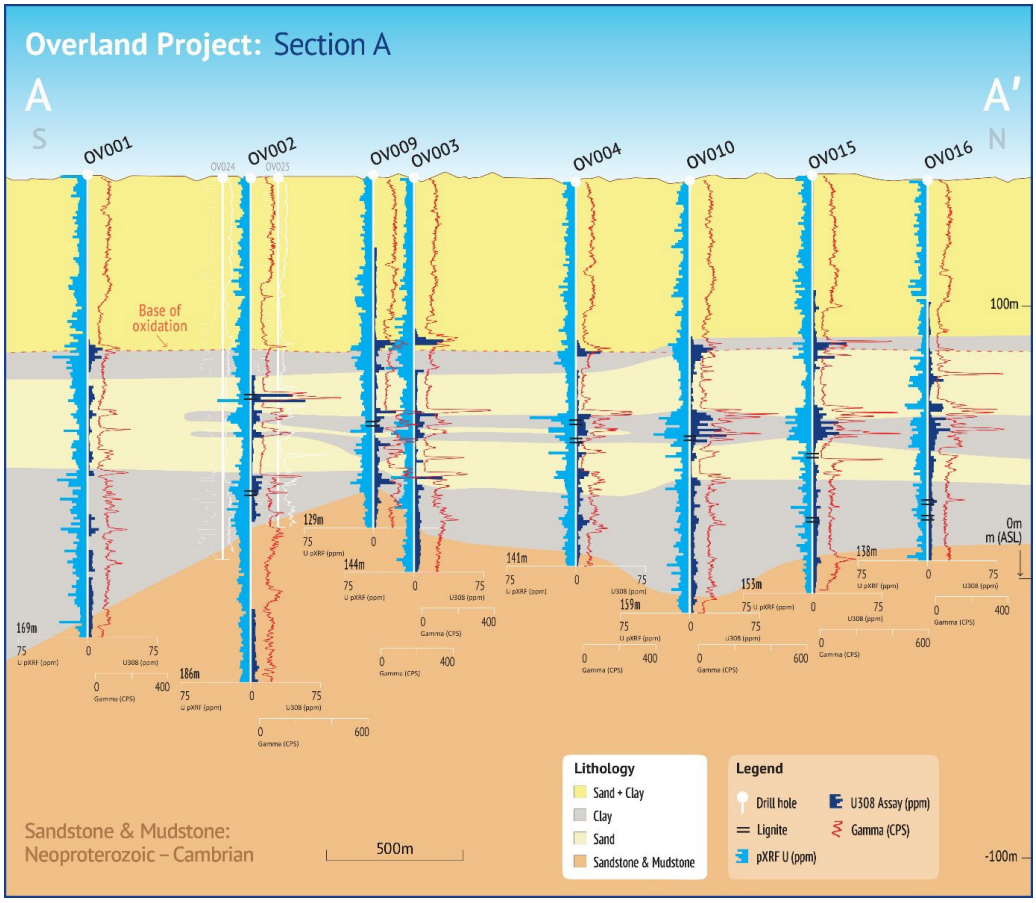

Figure 4: *-Section A-A[1] including new assays received for holes OV015 and OV016 along with previously reported assays[1].* ***In relation to the disclosure of pXRF results, the Company cautions*** *that estimates of uranium elemental abundance from pXRF results should not be considered a proxy for quantitative analysis of a laboratory assay result. Assay results are required to determine the actual widths and grade of the mineralisation. The company uses an Olympus Vanta M Series portable X-ray Fluorescence (pXRF) analyzer to screen Air Core drilling samples for mineralization prior to submitting samples to a commercial laboratory for assay. This provides an initial understanding of the mineralization distribution before sampling, ensuring submitted samples are representative of the targeted mineralization. While pXRF confirms the presence of mineralization, it does not accurately determine elemental concentrations due to limitations such as a small analysis window, uneven distribution, shallow penetration depth, and irregular surfaces. The pXRF results are indicative and the pXRF readings are subject to confirmation by chemical analysis from an independent laboratory.*

2025 Drilling Program

The first quarter of 2025 saw significant progress in AR3's drilling program, kicking off in February with approximately 5,000 meters planned to be completed by the end of March (See ASX 7 February 2025).

The 2025 drilling program was extended through April, following up the surficial uranium discovery and ongoing encouraging results for deeper ISR-amenable deposits.

Shallow Uranium Occurrence at Overland

The 2025 drilling program discovered a new shallow uranium occurrence that was later confirmed via additional drilling at Overland during the quarter (See ASX 6 and 19 March 2025). Drill hole OV047 encountered a 6-meter interval of carbonate-cemented sediments from 27 meters, with anomalous gamma and pXRF

[1] See ASX release: 13 February 2025

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uranium readings. Gamma responses peaked at 741 counts per second (cps), with maximum pXRF uranium response of 105ppm U in that hole.

In response to this finding, the drilling program targeted follow up drilling of the shallow uranium occurrence intersected in hole OV047. The additional drilling provided further evidence of this style of mineralisation, with gamma responses peaking at 1,010cps in hole OV050 and additional anomalous pXRF uranium (U) values exceeding 50ppm occurring in holes OV050 and OV053. The identified anomalous zones range from 2m to 6m in thickness.

The drilling confirmed a widespread continuation of calcrete-hosted uranium mineralisation. The modern drainage setting indicates significant mineralisation potential at Overland, with drilling revealing an anomalous mineralised zone up to 6m thick and over one km wide, remaining open in all directions. Mineralogical assessments of drill cuttings from Hole OV047 have confirmed a calcrete-hosted style of mineralisation, with uranium present in the secondary calcite cementation of both limestone and sandy sediments.

Overland now demonstrates 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.

This shallow sedimentary uranium mineralisation in secondary carbonate cementation is similar to Namibia's surficial uranium deposits, as found at Paladin Energy's Langer Heinrich mine or Deep Yellow's Tumas project. Similar calcrete-hosted deposits are also found in Western Australia at Cameco Corporation's Yeelirrie deposit and Toro Energy's Wiluna project.

AR3 will undertake follow up drilling on this new surficial uranium discovery, continue to test high-priority targets for deeper ISR-amenable deposits, and explore new leads identified within the vast Overland project area.

Assays Confirm Shallow Uranium Intersections at OV047

Subsequent to the end of the quarter, AR3 provided an update on the chemical assays received from samples recovered from the shallow calcrete hosted intersections in drill hole OV047 (See ASX 4 April 2025).

Assays confirmed uranium intersections in the first hole, OV047, where a calcrete-hosted surficial uranium occurrence was detected. Significant intersections include:

- 2m at 92ppm U_3O_8 from 26m, including:
  - 1m at 103ppm U_3O_8 from 27m;
  - 1m at 82ppm U_3O_8 from 26m; and
- 1m at 72ppm U_3O_8 from 31m.

The modern drainage setting indicates an anomalous mineralised zone up to 6m thick and over one km wide, open in all directions, demonstrating significant mineralisation potential at Overland. Assays now confirm Overland demonstrates potential for both near-surface, calcrete-hosted uranium, and deeper, ISR-amenable deposits, highlighting the strategic significance of AR3's 4,000km² exploration land package. Drilling and assays continue, with assays from the remainder of the infill holes following up OV047 expected in the June quarter 2025.

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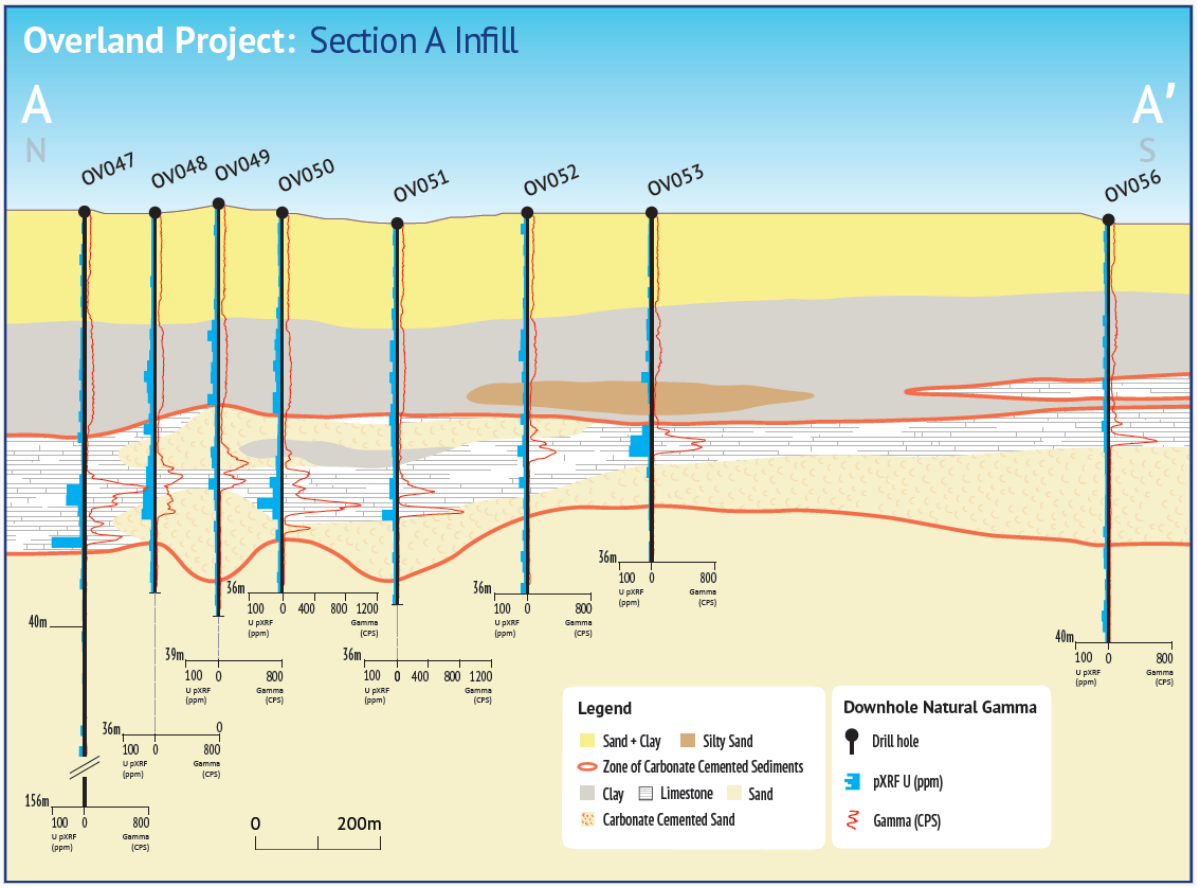

Figure 5: *Section A- A' (see figure 7) displaying lithology interpretation, natural gamma responses (cps) and pXRF uranium responses (ppm U).*

Figure 6: *Rig on exploration hole at the Overland Uranium Project*

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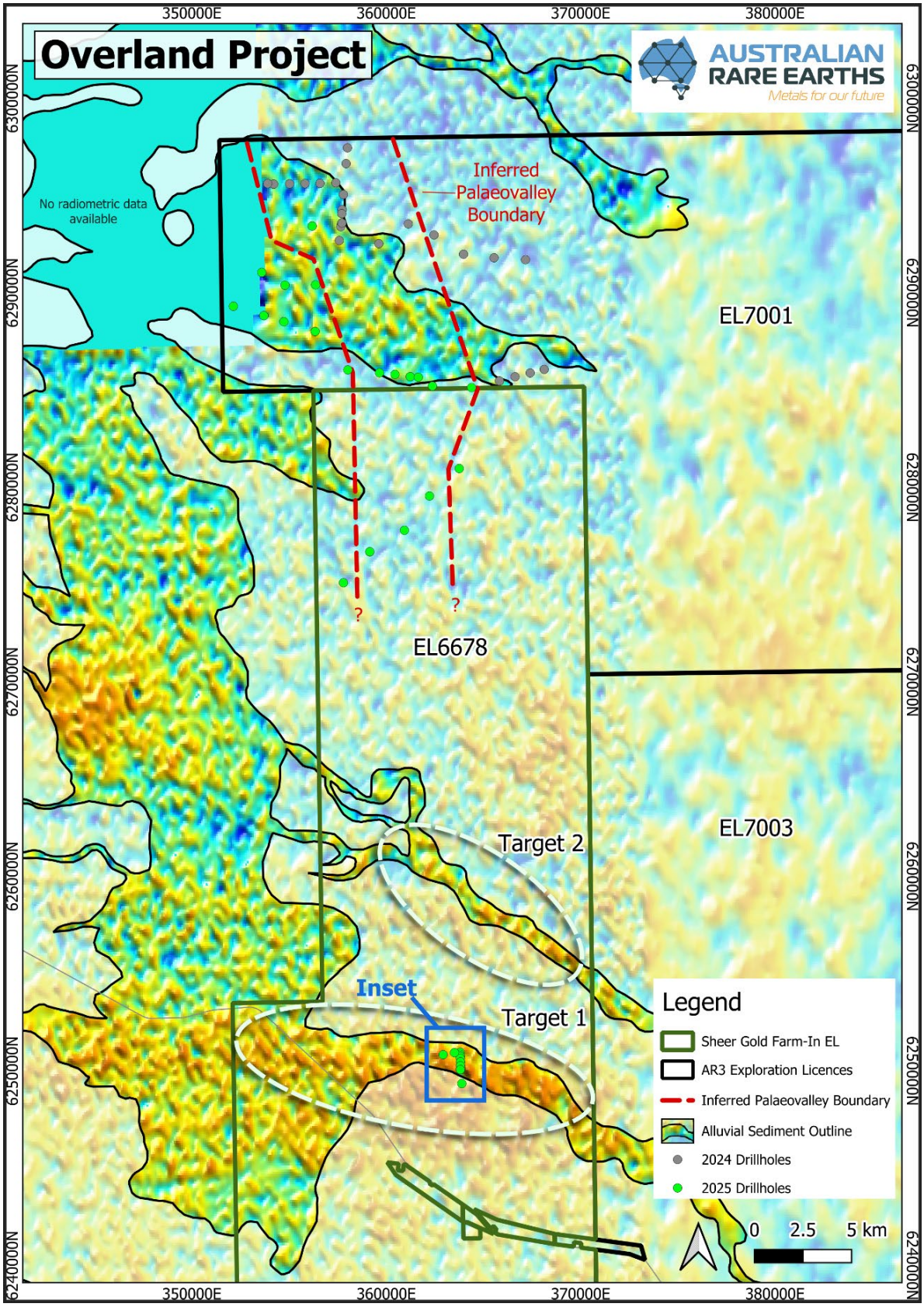

Figure 7: *Overland drilling (2024 & 2025) with airborne radiometrics, alluvial sediment channels, and interpreted paleochannel boundary based on recent drilling. Target 1 follow up drilling shown in inset Figure 8. Note: The airborne radiometric image and Alluvial Sediment Outline is publicly available data sourced from SARIG (https://map.sarig.sa.gov.au) and detailed within the appendices of the ASX release 19 March 2025.*

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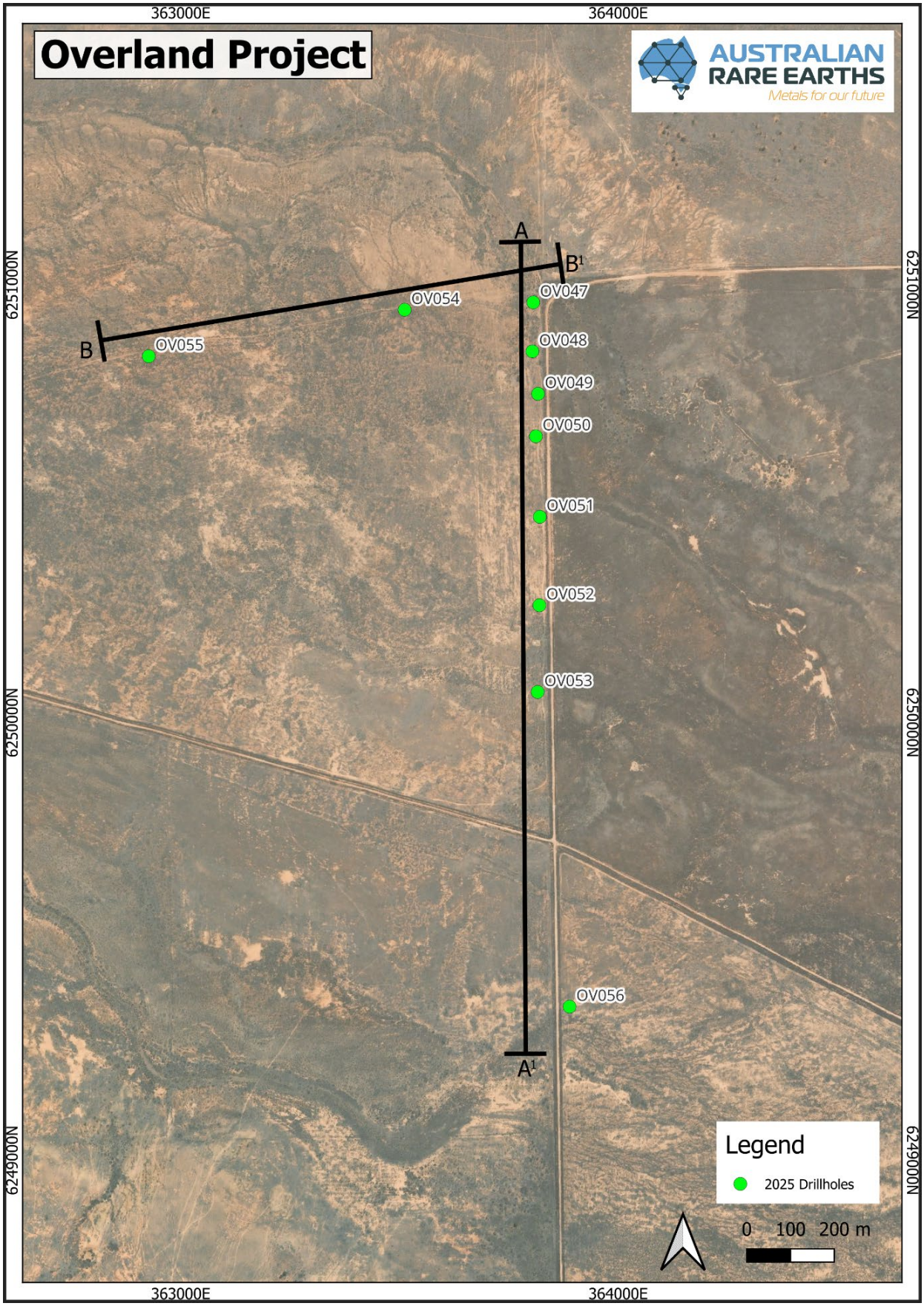

Figure 8: *Inset Figure (see figure 7), section location plan.*

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Northern Queensland Rare Earths Projects

No activities were conducted over the Company's Queensland projects during the reporting period.

Financial Update

Australian Rare Earths Limited completed the quarter with A$3,998,309 of cash in hand.

Non-Renounceable Rights Issue

During the quarter, AR3 launched a capital raise to accelerate the development of its uranium and rare earth projects (See ASX 25 March 2025). The raise was structured as a 1-for-3 non-renounceable rights issue to existing shareholders, with an issue price of $0.068 per share, aiming to raise up to $3.6 million.

The Entitlement Offer opened on 31 March 2025 and was set to initially close on 14 April 2025, but the company extended the Offer period to 28 April amidst global market volatility and recent rare earth export controls from China (See ASX 31 March and 9 April 2025).

Eligible shareholders were entitled to one free attaching unlisted option for every two shares subscribed for, with an exercise price of $0.10 and an expiry date of 30 March 2029 (unless accelerated). The offer price represented a discount of 17.1% to the last closing price of $0.082 and 20.0% to the 30-day VWAP.

AR3 will use the funds to continue an active program of exploration drilling throughout 2025 at its Overland Uranium Project, where early exploration results have demonstrated strong potential for uranium discoveries. The funds will also be used to progress Australia's most advanced ionic-clay hosted rare earths project, Koppamurra, towards Pre-Feasibility Studies and beyond, supported by a funding co-contribution from the Australian Government grant announced in December 2024.

Corporate Updates

Conference Presentation

During the quarter, Managing Director and CEO, Travis Beinke, presented at the RIU Explorers Conference in Perth. The presentation highlighted Australian Rare Earths' progress on the Koppamurra Project and drilling updates at the Overland Uranium Project in South Australia (See ASX 18 February 2025).

Ministerial Consent for Sheer Gold Farm-In Agreement (EL6678):

During the quarter, AR3 received Ministerial consent from the South Australian Government, granting AR3 the right to acquire a 100% interest in the sedimentary-hosted uranium rights of EL6678 (See ASX 5 February 2025). Under the terms of the agreement with Sheer Gold Pty Ltd, AR3 can earn this 100% interest in the sedimentary-hosted uranium rights by investing $200,000 in exploration on the tenement by September 2025.

Subsequent to the end of the reporting period (See ASX 24 April 2025), AR3 announced that it had satisfied all conditions of the Farm-In portion of the Farm-In and Sale and Purchase Agreement with Sheer Gold Pty Ltd for EL 6678, cementing the expansion of the exploration footprint at AR3's Overland Uranium Project by 990km^2.

AR3 completed the $200,000 exploration expenditure commitment required in the agreement and accordingly now owns 100% of the sedimentary-hosted uranium rights of EL 6678.

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Completion of the sale and purchase provisions under the Agreement is set for 30 April 2025, paving the way for accelerated exploration.

Investor Webinar

During the quarter, Managing Director and CEO, Travis Beinke, conducted an investor webinar on 2 April 2025 to discuss the company's non-renounceable rights issue (See ASX 27 March 2025). The recording of the webinar was released on the same day (See ASX 2 April 2025).

Listing Rule 5.23 Disclosure

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results and/or the estimates of Mineral Resources in this release, and in respect of the estimates of Mineral Resources reported, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

List of Tenements

Tenement	Location	Commodity	Project	Jurisdiction
EL6509	Naracoorte	Rare Earths	Koppamurra	SA
EL6613	Frances	Rare Earths	Koppamurra	SA
EL6690	Keith	Rare Earths	Koppamurra	SA
EL6691	Bordertown	Rare Earths	Koppamurra	SA
EL6942	Wattle Range	Rare Earths	Koppamurra	SA
EL6943	Tarpeena	Rare Earths	Koppamurra	SA
EL007254	Apsley	Rare Earths	Koppamurra	Victoria
EL007719	Minimay	Rare Earths	Koppamurra	Victoria
EL008208	Lake Mundi	Rare Earths	Koppamurra	Victoria
EL008254	Dartmoor	Rare Earths	Koppamurra	Victoria
EMP27952	Massie Creek	Rare Earths	Massie Creek	QLD
EMP28169	Stones Creek	Rare Earths	Dalrymple	QLD
EMP28168	Mt Wickham	Rare Earths	Dalrymple	QLD
EMP28165	Riverside	Rare Earths	Dalrymple	QLD
EPM28167	Burdekin	Rare Earths	Dalrymple	QLD
EPM28166	Dalberg	Rare Earths	Dalrymple	QLD
EL7005	Sturt Vale	Uranium	Overland	SA
EL7001	Warnes	Uranium	Overland	SA
EL7003	Bunyung	Uranium	Overland	SA
EL7010	Wirrealpa	Uranium	Triggs Bore	SA
EL7011	Moolawatana	Uranium	Hamilton Creek	SA

1 – All tenements are 100% held by AR3

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Capital Structure

Shares on issue: 158,989,727 fully paid ordinary shares.

Options on issue: 21,771,480 unlisted options, comprising:

- 8,163,147 exercisable at $0.57 and expiring 9 May 2025
- 1,000,000 exercisable at $1.02 and expiring 9 May 2025
- 500,000 exercisable at $0.57 and expiring 4 July 2025
- 2,000,000 exercisable at $0.60 and expiring 29 July 2025
- 1,750,000 exercisable at $0.50 and expiring on 2 December 2025
- 500,000 exercisable at $0.47 and expiring on 28 February 2026
- 1,500,000 exercisable at $0.37 and expiring on 26 November 2026
- 1,500,000 exercisable at $0.50 and expiring on 26 November 2026
- 1,550,000 exercisable at $0.50 and expiring on 2 December 2026
- 1,500,000 exercisable at $0.4739 and expiring on 20 December 2026
- 1,808,333 exercisable at $0.435 and expiring on 26 November 2027

Appendix 5B Disclosures

AR3's accompanying Appendix 5B (quarterly Cashflow Report) includes an amount in item 6.1 which constitutes executive remuneration and non-executive director fees for the quarter.

During the period, the Company spent approx. $914,000 on exploration activities, including direct costs associated with the Koppamurra exploration and development programs, which included, drilling, geochemical assays, metallurgical test work. This figure also includes allocation of wages directly attributed to specific exploration and development activities.

The Board of AR3 authorised this announcement to be released to the ASX.

For further information please contact:

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We encourage shareholders and followers to ask any questions here: https://investorhub.ar3.com.au

About Australian Rare Earths Limited

Australian Rare Earths (AR3) is an emerging diversified critical minerals company, strategically positioned to meet the growing global demand for uranium and rare earth elements. The Company's vast 4,800 km² Overland Uranium Project in South Australia shows strong uranium discovery potential, with initial drilling identifying opportunities for substantial near-surface and deeper deposits.

Simultaneously, AR3's Koppamurra Rare Earths Project in South Australia and Victoria has secured important government support through a $5 million grant to accelerate development. With support from global advanced industrial materials manufacturer, Neo Performance Materials, AR3 is progressing toward a Pre-Feasibility Study and a demonstration facility, solidifying its role in diversifying global rare earth supply chains for the clean energy transition. With strategic projects and strong government support, AR3 is poised for significant growth in the critical minerals market.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Australian Rare Earths Limited

ABN	Quarter ended ("current quarter")
73 632 645 302	31 March 2025

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs - *net of allocations to capitalised exploration assets*	(111)	(707)
	(e) administration and corporate costs	(503)	(1,166)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	50	188
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives – R&D Tax incentive	-	708
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(564)**	**(977)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	(570)
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	(914)	(2,847)
	(e) investments	-	-
	(f) other non-current	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	730
2.6	**Net cash from / (used in) investing activities**	**(914)**	**(2,690)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(36)	(113)
3.10	**Net cash from / (used in) financing activities**	**(36)**	**(113)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,513	7,779
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(564)	(977)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(914)	(2,690)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(36)	(113)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**3,999**	**3,999**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,805	5,319
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	194	194
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,999**	**5,513**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 * *The payments disclosed here relate to fees and salaries paid to all Directors (including Managing Director) during the quarter.*	105
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(564)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(914)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,478)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,999
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,999
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	2.7 quarters

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....30 APRIL 2025.....

Authorised by: .....By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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