



American Rare Earths Ltd

(ASX:ARR)

An Australian exploration company focused on the discovery & development of strategic technology mineral resources

Commodity Exposure

Rare Earth Elements, Heavy Mineral Sands, Cobalt, Base & Precious Metals, Industrial Metals

Directors & Management

Creagh O'Connor

Non-Executive Chairman

Keith Middleton

Executive Director

Geoff Hill

Non-Executive Director

Matt Hill

Non-Executive Director

Denis Geldard

Non-Executive Director

John Petersen

Chief Technical Advisor

Ian Morgan

Company Secretary

Capital Structure

Ordinary Shares on Issue (30/06/20) 291M

Market Cap (undiluted at 1.9 cps) \$5.5M

American Rare Earths Ltd

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28 July 2020

June 2020 Quarterly Activities Report

Highlights

- Change of Name to American Rare Earths Limited (ASX: ARR)
- Focus on La Paz Rare Earth Project
- Appointment of La Paz Rare Earth CEO
- Updated NI 43-101 on La Paz Rare Earth asset

Following its market announcement made 12 March 2020 "BPL Market Update Rare Earth Project", American Rare Earths Limited (ASX: ARR) (formerly Broken Hill Prospecting Limited ASX: BPL) (Company) is pleased to report progress with ARR's continued development in the USA of our Rare Earth Project at La Paz in Arizona.

Change of Name to American Rare Earths Limited (ASX: ARR)

As announced 29 June 2020, the Company has changed its name to American Rare Earths Limited (ASX: ARR). This change in name is to reflect the company's focus on its La Paz Rare Earth tenements in Arizona, North America.

Focus on La Paz Rare Earth Project

We believe the opportunity to capitalize on growing interest by Government in the REE market is substantial, as the sector continues to evolve, and domestic supply is prioritized. The transformation of your Company from explorer to developer of a world class Rare Earth Project is our priority. Rare Earth Elements remain a key U.S strategic resource, which through its domestic development is designed to provide input for U.S based processing.

We believe that localizing the management and operations of the Company in the U.S, is an important step in ensuring the enhancement of value in the Project and your Company.

New Chief Executive Officer CEO

To progress our Rare Earth Project the company has appointed a new Chief Executive Officer, CEO, Marty Weems. Marty brings a wealth of experience to the company with startup leadership and business development skills together with a background in leading presentations for government agencies, capital raisings and investor updates, he has a Master of Science (MS) and a Masters of Business Administration (MBA), on behalf of shareholders I welcome him to the team.

American Rare Earths Limited June 2020 Quarterly Activities Report

Update on La Paz Rare Earths Activities

Significant progress has also been made with La Paz exploration under the direction of John Petersen Vice President Exploration, La Paz LLC.

The company has completed an internal analysis which reviews all previous exploration, sampling and assay data. The report brings together the most recent mapping and sampling undertaken in October 2019 through March 2020.

As announced on 27 July 2020 "[La Paz Rare Earth Project NI 43-101 Upgrade](#)", the review is completed and results validated.

The significance of this report is the identification of the various rock types within the resource area. Petrographic analysis of all samples has provided details of the most prolific mineralized rocks containing Rare Earth Elements (REE) and Scandium which also resides within the mineralized zones.

Now with a better understanding of the genesis of the REE's together with the contained Scandium the resource geologists are producing 3D models which will provide a pathway to the next steps in planning Reverse Circulation Drill targets to further define the resource within the expanded La Paz mineralized system.

In the previous quarter, a trenching program was conducted between the 2 mineralization zones which have been divided by alluvium. The purpose of the trenching was to reach bedrock from which more samples could be taken and to identify the underlying rock types. Pending assay returns, the initial identification of rock types shows the potential of linking the original resource to the new expanded locations. Further work is being undertaken to support the belief that the two zones are in fact one very large mineralized system which significantly adds to the La Paz footprint.

Update on Australian Tenements Activities

Following our strategic review, during the June 2020 quarter, the Company rationalised its Murray Basin tenement holdings - to focus on our North American rare earth elements holdings.

The Company's Arizona mining claims (AMCs) and Broken Hill region tenements have not changed.

The following NSW, Murray Basin tenements have been relinquished: EL 8558, EL 8559, EL 8649, EL 8650 and EL 006139.

Update on Corporate Activities

During the quarter, a number of one-off costs were incurred in relation to the capital raising, the appointment of the CEO and the engagement of technical experts involved in the update and release of the NI 43-101 report. These costs are unique and not reoccurring

This market announcement has been authorized for release to the market by the Board of American Rare Earths Limited.



F Creagh O'Connor AM

Chairman

This ASX announcement refers to information extracted from the market announcements, which are available for viewing on ARR's website <https://americanrareearths.com.au>

ARR confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. BPL confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.

American Rare Earths Limited June 2020 Quarterly Activities Report

Annexure 1

Broken Hill Prospecting Limited Tenement Schedule as at 30 June 2020

Mining Tenements held at the beginning of the quarter			Mining Tenements acquired or (disposed/expired) during the quarter		Mining Tenements held at the end of the quarter	
Reference	Beneficial Interest	Location	Reference	Location	Reference	Location
	%					
108 BLM Claims granted	100%	La Paz Region, Arizona, USA	112 BLM Claims applications	100%	220 BLM Claims granted	La Paz Region, Arizona, USA
1 Section State Claim granted	100%	La Paz Region, Arizona, USA	-	-	1 Section State Claim granted	La Paz Region, Arizona, USA
112 BLM Claims application	100%	La Paz Region, Arizona, USA	(112 BLM Claims applications)	100%	-	-
EL 6622 ¹	100% legal, 30% beneficial	Broken Hill Region	-	-	EL 6622*	Broken Hill Region
EL 8143 ¹	100% legal, 30% beneficial	Broken Hill Region	-	-	EL 8143*	Broken Hill Region
ML 86 ¹	100% legal, 30% beneficial	Broken Hill Region	-	-	ML 86*	Broken Hill Region
ML 87 ¹	100% legal, 30% beneficial	Broken Hill Region	-	-	ML 87*	Broken Hill Region
EL 8773	100%	Broken Hill Region	-	-	EL 8773	Broken Hill Region
EL 8776	100%	Broken Hill Region	-	-	EL 8776	Broken Hill Region
EL 8775	100%	Broken Hill Region	-	-	EL 8775	Broken Hill Region
EL 8558	100%	Murray Basin Region	(EL 8558)	(Murray Basin Region)	-	-
EL 8559	100%	Murray Basin Region	(EL 8559)	(Murray Basin Region)	-	-
EL 8649	100%	Murray Basin Region	(EL 8649)	(Murray Basin Region)	-	-
EL 8650	100%	Murray Basin Region	(EL 8650)	(Murray Basin Region)	-	-
EL 006614	100%	Murray Basin Region	-	-	EL 006614	Murray Basin Region
EL 006583	100%	Murray Basin Region	-	-	EL 006583	Murray Basin Region
EL 006584	100%	Murray Basin Region	-	-	EL 006584	Murray Basin Region
EL 006585	100%	Murray Basin Region	-	-	EL 006585	Murray Basin Region
EL 006139	100%	Murray Basin Region	(EL 006139)	(Murray Basin Region)	-	-

¹ These tenements are subject to completion of sale of BPL's interest in the Thackaringa Joint Venture to Cobalt Blue Holdings Limited (ASX: COB).

Appendix 5B

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

Name of entity

American Rare Earths Limited

ABN

83 003 453 503

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	15	55
1.2 Payments for		
(a) exploration & evaluation (if expensed) ¹	(109)	(658)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(140)
(e) administration and corporate costs	(288)	(925)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(4)	(4)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(386)	(1,671)

¹ Item 1.2(a) exploration & evaluation (if expensed)

Tenement rents	-	(166)
Tenement renewal	(16)	(16)
Consultants	(92)	(400)
Other	(1)	(76)
Total	(109)	(658)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(2)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	485
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	483

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	547	2,312
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	(41)	(150)
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)	-	-
3.10	Net cash from / (used in) financing activities	506	2,162

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,375	491
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(386)	(1,671)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	483
4.4	Net cash from / (used in) financing activities (item 3.10 above)	506	2,162
4.5	Effect of movement in exchange rates on cash held	(61)	(31)
4.6	Cash and cash equivalents at end of period	1,434	1,434

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	1,391	1,332
5.2	Call deposits	43	43
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,434	1,375

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1²
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

46

-

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

² Payment of directors' fees, and consulting fees.

7. Financing facilities <i>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.</i>	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) ³	4,000	-
7.4 Total financing facilities	4,000	-
7.5 Unused financing facilities available at quarter end		4,000
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)	(386)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(386)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,434
8.5 Unused finance facilities available at quarter end (Item 7.5)	4,000
8.6 Total available funding (Item 8.4 + Item 8.5)	5,434
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	14.08

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

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

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

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

³ A \$1 million three-year convertible note convertible on 18 January 2021 or on 17 January 2022 or on maturity, and a \$3 million five-year promissory note.

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: 28 July 2020

Authorised by: the Board

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.