

20 January 2022

Ms Angel He
ASX Advisor, Listings Compliance
20 Bridge St
Sydney NSW 2000

Dear Ms He,

American Rare Earths Limited ('ARR'): Price Query

American Rare Earths Limited (ARR or the Company) refers to your letter of 20 January 2022 and provides the following responses:

- 1. Is ARR aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?**

No

- 2. If the answer to question 1 is "yes".**

- a) Is ARR relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ARR's securities would suggest to ASX that such information may have ceased to be confidential and therefore ARR may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
- b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable

3. If the answer to question 1 is “no”, is there any other explanation that ARR may have for the recent trading in its securities?

In recent days, there has been an increase in editorial coverage regarding the rare earths market in the market segments where we operate. This coverage has grown since the introduction of a bipartisan piece of legislation to the Senate of the United States. The Bill entitled Restoring Essential Energy and Security Holdings Onshore for Rare Earths Act of 2022 (REEShore). The REEShore Act would restrict purchases of rare earths from China and encourage the extraction and processing of rare earth metals in the United States.

This increase in coverage could be a factor regarding increasing market confidence in our US based rare earths projects at La Paz, AZ and Halleck Creek, WY.

On the 12th January, ARR announced it is a Team member of the Critical Materials Institute (CMI). The CMI is a multi-institutional, multi-disciplinary consortium led by the Ames Laboratory. CMI is an Energy Innovation Hub of the U.S. Department of Energy. Its focus is innovation to assure supply chains for materials critical to clean energy technologies with special focus on the Rare Earths supply chain for the United States. These critical materials are essential for American competitiveness in clean energy, including wind turbines, solar panels, electric vehicles, and energy efficient lighting. The Department’s “Critical Materials Strategy” reported that supply challenges for five rare earth metals may affect clean energy technology deployment in the coming years. CMI is a public/private partnership, led by the Ames Laboratory, that brings together the best and brightest research minds from universities, national laboratories, and the private sector. The shared goal is to find innovative technology solutions that will help avoid a supply shortage that would threaten the US clean energy industry as well as security interests.

On the 7th January ARR announced a new Non-Executive Director Mr Sten Gustafson. Mr Gustafson currently serves as the Chief Executive Officer and a director of Pyrophyte Acquisition Corp. (NYSE: PHYT), a Special Purpose Acquisition Company (SPAC) focused on companies that provide products, services, equipment, and technologies that support a variety of energy transition solutions. Mr. Gustafson is a highly experienced energy service industry executive, investment banker, and corporate securities attorney. With over 25 years of experience in the global energy sector, Mr. Gustafson has advised on over 100 corporate transactions around the world for over \$100 billion of transaction value.

In the Company’s opinion no new material information exists that can be announced.

4. **4. Please confirm that ARR is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

Confirmed

5. **5. Please confirm that ARR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ARR with delegated authority from the board to respond to ASX on disclosure matters.**

Confirmed

Please do not hesitate to contact me should you wish to discuss further.

Yours Sincerely



Chris Gibbs
Managing Director, CEO



20 January 2022

Reference: 45495

Mr Wayne Kernaghan
Company Secretary
American Rare Earths Limited
Suite 705, Level 7
89 York St
Sydney NSW 2000

By email

Dear Mr Kernaghan

American Rare Earths Limited ('ARR'): Price Query

We note the change in the price of ARR's securities from a low of \$0.185 on 12 January 2022 to an intraday high of \$0.505 at the time of writing today, 20 January 2022.

We also note the significant increase in the volume of ARR's securities traded today, 20 January 2022.

Request for Information

In light of this, ASX asks ARR to respond separately to each of the following questions and requests for information:

1. Is ARR aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is ARR relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ARR's securities would suggest to ASX that such information may have ceased to be confidential and therefore ARR may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that ARR may have for the recent trading in its securities?
4. Please confirm that ARR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that ARR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ARR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:30 PM AEDT today Thursday, 20 January 2022**. If we do not have your response by then, ASX will likely suspend trading in ARR's securities under Listing Rule 17.3. You should note that if the

information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, ARR's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to ARR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that ARR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading Halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in ARR's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in ARR's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Angel He
Adviser, Listings Compliance (Sydney)