

17 August 2022

Placement to Support North American Rare Earths Growth Strategy

Highlights

- Placement to global institutional, professional, and sophisticated investors to raise A\$14.0 million.
- Strong demand from a number of high-quality domestic and offshore institutions, providing a strong endorsement of American Rare Earths' North American growth strategy.
- Proceeds raised to advance resource definition and expansion drilling at the Halleck Creek and La Paz Rare Earths Projects, metallurgical test work, economic assessments, and feasibility studies.
- Placement provides American Rare Earths with a balance sheet that is well capitalised to accelerate exploration activities at its emerging North American rare earths projects, fast tracking development as the company seeks to securely supply Critical Minerals to the North American supply chain.

American Rare Earths Limited ("**American Rare Earths**" or the "**Company**") (**ASX: ARR; OTCQB: ARRF; FSE: 1BHA**) is pleased to announce that it has received firm commitments for a single tranche placement of approximately 48.3 million new fully paid ordinary shares ("**New Shares**") at an issue price of A\$0.29 to raise A\$14.0 million ("**Placement**").

The Placement was supported by new and existing institutional, professional, and sophisticated investors, both domestically and offshore, providing a strong endorsement of American Rare Earths strategy and vision to develop a portfolio of large-scale rare-earth projects at the Halleck Creek Rare Earths Project ("**Halleck Creek**") in Wyoming, USA and the La Paz Rare Earths Project ("**La Paz**") in Arizona, USA (together, the "**North American Projects**").

American Rare Earths Managing Director, Chris Gibbs, says:

"Our vision is to build the next major Rare Earth and Critical Minerals Company and play a key role securing supply for the United States of America. The completion of the capital raise provides American Rare Earths with the balance sheet to accelerate exploration efforts at the Company's North American Projects as it looks to update existing Exploration Targets and define a high tonnage maiden JORC Resource at Halleck Creek."

"We are delighted the Company's major shareholder Fidelity International chose to again participate in the offering to maintain their 9.9% holding."

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Placement

Placement shares will be issued at \$0.29 per share. The Placement price represents a 18.3% discount to the last trading price of \$0.355 prior to the Placement, a 20.7% discount to the 5-day VWAP and a 9.2% discount to the 10-day VWAP.

Shares allocated under the Placement will settle on 24 August 2022 and will rank equally with existing shares on issue. Subject to shareholder approval 6,000,000 Options issued at an exercise price of \$0.435, expiring 3 years after date of issue will be issued to the Lead Manager.

Canaccord Genuity (Australia) Limited acted as sole Lead Manager to the Placement. The Placement will be completed under the Company's capacity pursuant to ASX Listing Rules 7.1 and 7.1A.

Use of Funds

Funds raised under the Placement will be used to accelerate development at the Company's North American Rare Earth projects, La Paz and Halleck Creek. Both these projects have the potential to be two of the largest Rare Earth deposits in North America.

The Company recently released results from the maiden drilling campaign at Halleck Creek. Based on these outstanding results it appears the existing exploration target for the Halleck Creek project is significantly underestimated. The Company is working to upgrade the current exploration target for the project and looks forward to providing a market update in the near term.

Drilling permits have been submitted with the Wyoming Department of Environmental Quality for the Halleck Creek Project. This drill campaign will be conducted imminently, with the intention to define a significant JORC resource.

Metallurgical test work by Nagrom Laboratories in Perth, under the guidance of Rare Earth Elements (REE) metallurgy expertise from Wood Australia will be undertaken on Halleck Creek ore. Contracts have been issued and this work commences imminently.

Specific to advancing the La Paz project, the initial metallurgical test work by Nagrom Laboratories in Perth, under the guidance of Rare Earth Elements (REE) metallurgy expertise from Wood Australia, will soon be finalised.

Permitting applications are currently being prepared for La Paz to allow further drilling in the Southwest area of the project. Recent drilling results confirm potential for a significant resource expansion at La Paz.

Ongoing Business development activities in the USA to identify and secure further Rare Earth projects, complimentary to current projects is being undertaken.

Following the success of this Placement, the Company's strong balance sheet provides it with a long runway to pursue organic growth opportunities over the medium term as the Company moves closer to development.

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

Chris Gibbs
CEO & Managing Director

About American Rare Earths:

American Rare Earths Limited (ASX: ARR, OTCQB: ARRNF, FSE: 1BHA) is an Australian company listed on the ASX with assets in the growing rare earth metals sector of the United States of America, emerging as an alternative international supply chain to China's market dominance of a global rare earth market expected to expand to US\$20 billion by the mid-2020s. The Company's mission is to supply Critical Materials for Renewable Energy, Green Tech, Electric Vehicles, National Security, and a Carbon-Reduced Future.

Western Rare Earths (WRE) is the wholly owned US subsidiary of the Company. ARR owns 100% of the world-class La Paz Rare Earth Project, located 170km northwest of Phoenix, Arizona. As a large tonnage, bulk deposit, La Paz is potentially the largest rare-earth deposit in the USA and benefits from containing exceptionally low penalty elements such as radioactive thorium and uranium. Approximately 742 - 928 million tonnes of Rare Earths mineralised rocks are identified as an exploration target in the La Paz Rare Earths Project's Southwest area with an average TREO Grade of 350 - 400ppm and Scandium Oxide grade of 20 - 24.5ppm. The new exploration Target is additive to the La Paz Rare Earth project recently upgraded 170MT Resource. (ASX Announcement, 29 September 2021). During the period from February to April 2022, the Company drilled nine holes for 821 metres and collected 677 samples in the La Paz southwest area. The assay results from the first 332 samples demonstrate rock type associated with higher rare earth grades. The enhanced grades and thickness of the mineralised zone have accelerated exploration planning. The Company is working on establishing a JORC resource for the southwest area (ASX Announcement, 14 June 2022). Preliminary metallurgical test work demonstrates that La Paz ore can be effectively concentrated using conventional magnetic separation, selective grinding, and direct flotation. Under the guidance of Wood Australia, advanced metallurgy and mineral processing test work is near completion with Nagrom Laboratories in Perth Western Australia (ASX Announcement, 7 April 2022).

In the first half of 2021, ARR acquired the USA REE asset, the Halleck Creek Project in Wyoming. Since acquiring the asset, the Company has increased the land holding to over 6,000+ acres. Approximately 308 to 385 million tonnes of rare earths mineralised rocks were identified as an exploration target for the Halleck Creek project area with an average Total Rare Earth Oxide (TREO) grade of 2,330 - 2,912 ppm. Initial surface sampling of the Overton Mountain area conducted in 2018 revealed average TREO values of 3,297 ppm, average Heavy Rare Earth Oxide (HREO) values of 244 ppm, and average Magnetic Rare Earth Oxide (MREO) values of 816 ppm. (ASX Announcement, 26 April 2022). The maiden exploration drilling program was completed in April 2022. The Company is updating the existing exploration target and developing a more comprehensive drilling program to define a high tonnage maiden JORC resource.

La Paz and Halleck Creek's mineral profiles are incorporated into emerging US advanced rare earth processing technologies in collaboration with US national laboratories, major universities and the US DOE innovation hub, the Critical Materials Institute.