

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as of 20 September 2022 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company follows the recommendations set by the ASX Corporate Governance Council in its publication “Corporate Governance Principles and Recommendations” 4th edition (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan that provides the written terms of reference for the Company’s corporate governance duties that is available on the Company’s website at www.americanrareearths.com.au.

In light of the Company’s size and nature, the Board considers that the current corporate governance regime is a fit-for-purpose, efficient, practical and cost-effective method of directing and managing the Company. As the Company’s activities develop in scale and complexity, the implementation of additional corporate governance policies and structures will be considered.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
Recommendation 1.1 A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the Board and those delegated to management.	YES	The Company has adopted a Board Charter and a Role of Management that sets out the specific roles and responsibilities of the Board, the Chairman and management and includes a description of those matters expressly reserved to the Board and those delegated to management. The Board Charter sets out the specific responsibility of the Board, requirements as to the Board’s composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors’ access to Company records and information, details of the Board’s relationship with management, details of the Board’s performance review and details of the Board’s disclosure policy. A copy of the Company’s Board Charter, which is part of the Company’s Corporate Governance Plan, is available on the Company’s website.

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Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a Director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Remuneration Committee also operates as a Nomination Committee. The Nomination Committee has to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to security holders a candidate for election, as a Director. (b) Under the Nomination Committee, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.	YES	The Company's Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. The Company has written agreements with each of its Directors and senior executives.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity's progress towards achieving those objectives; and	PARTIALLY	(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives if considered appropriate and to assess annually both the objectives and the Company's progress in achieving them. (b) The Company has one woman on its Board or in senior management. (c) The Company is not a "relevant employer" under the <i>Workplace Gender Equality Act 2012</i>.

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(iii) either: (A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators” as defined and published under that Act.		(d) Given the current size, nature and exploration stage of the Company, the Company considers the current gender mix to be acceptable.
Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and (b) disclose for each reporting period, whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.	YES	(a) The Board undertakes self-assessment of its collective performance. Individual performance is evaluated by the full Board. (b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company has not carried out any performance evaluation during the year ended 30 June 2022.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	YES	(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director. The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website. (b) The Company's Corporate Governance Plan requires the Company to disclose whether performance evaluations were conducted during the relevant reporting period. The Company did not carry out any performance evaluations in respect of the senior executives (if any) for the financial year ended 30 June 2022.

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Principle 2: Structure the Board to be effective and add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	PARTIAL	(a) The Company does have a Nomination Committee which is under the Company's Remuneration Committee. The Nomination Committee consists of three members a majority of whom are independent Directors. Two members of the Committee are independent being Mr FC O'Connor and Ms Mel Sanderson. The third director Mr GG Hill is not considered to be independent and is Chairman of the Committee. (b) The Company considers that the structure of the Remuneration Committee is cost effective and practical for the Company's size. (c) The Company does have a Nomination Committee which falls under the Remuneration Committee. The Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence, and knowledge of the entity to enable it to discharge its duties and responsibilities effectively: (i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and (ii) all Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules.
Recommendation 2.2 A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.	YES	The Nomination Committee have prepared a Board skill matrix setting out the mix of skills and diversity that the Board current has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
Recommendation 2.3 A listed entity should disclose: (a) the names of the Directors considered by the Board to be independent Directors;	YES	(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers that three of the current Directors are independent. (b) There are three independent Directors who fall into this category. The Company will disclose in its Annual Report and ASX website any instances where this applies and

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(b) if a Director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director		an explanation of the Board's opinion why the relevant Director is still considered to be independent. (c) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Board Charter requires that, where practical, the majority of the Board must be independent.. The board of American Rare Earths currently consist of 7 persons. Five of its Directors are considered independent. As such, independent Directors are form a majority of the Board.
Recommendation 2.5 The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that, where practical, the Chairman of the Board should be an independent Director and should not be the CEO/Managing Director. The Chairman of the Company is an independent Director. The Company does have a CEO who is not Chairman of the Company.
Recommendation 2.6 A listed entity should have a program for inducting new Directors and and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Chairman is responsible for facilitating inductions and professional development.
Principle 3: Instil a culture of acting lawfully, ethically and responsibly		
Recommendation 3.1 A listed entity should articulate and disclose its values.		The Company has a Code of Conduct which articulates and disclose its value
Recommendation 3.2 A listed entity should:	YES	(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.

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(a) have and disclose code of conduct for its Directors, senior executives and employees; and (b) ensure that the board or committee of the board is informed of any material breaches of that code.		(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website. (c) Any material breaches of the Code are reported to the Board, and employees are encouraged to raise any matters of concern in good faith with the company secretary, without fear of retribution, to ensure such breaches are reported.
Recommendation 3.3 A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or committee of the board is informed of any material incidents reported under that policy.	YES	This policy falls under the remit of the Audit and Risk Committee. There have been no material breaches during the reporting period.
Recommendation 3.4 A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	YES	This policy falls under the remit of the Audit and Risk Committee There have been no material breaches during the reporting period.
Principle 4: Safeguard the integrity of corporate reports		
Recommendation 4.1 The Board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chairman of the Board, and disclose: (iii) the charter of the committee;	YES	(a) The Company currently does have an Audit and Risk Committee. The Committee has three members, two whom are independent Directors being Messrs. Gustafson and Hudson, chair of the committee, and Mr G Hill who is not independent. (b) Given the current size and the relatively modest complexity of the financial affairs of the Company, the board considers the audit committee to be comprised of the most appropriate mix of skills and expertise in order to carry out the function of the audit committee. (c) The Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
(iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's arrangements with external auditors.
Recommendation 4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	These obligations of a Company's CFO or CEO (if any) are set out in the Company's Corporate Governance Plan. The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms. The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	YES	The Company undertakes significant review of period corporate reports, whether audited or unaudited, and is diligent in verifying the integrity of those reports prior to its release to the market.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the listing rule 3.1.	YES	The Company has a Continuous Disclosure Policy, which is disclosed on the Company's website. The Continuous Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules. It forms part of the Company's corporate governance policies and procedures and is available to all staff.

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Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made	YES	The Board of the Company reviews, considers and approves all material announcements prior to their release to the market, and receives a copy of the final announcement immediately upon its release to the market.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	YES	The Company's policy requires that materials of any new and substantive investor or analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation, and the Company confirms that it complied with this policy during the reporting period.
Principle 6: <i>Respect the rights of security holders</i>		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
Recommendation 6.2 A listed entity should have an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders including ASX announcements, general meetings and on the Company's website. In addition, shareholders can call or email the Company or its share registry to seek further information.
Recommendation 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	YES	Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material in that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The Company also accommodates shareholders who are unable to attend general meetings in person by accepting votes by proxy. The Shareholder Communication Strategy states that, securityholders can register with the Company to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports.

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Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	YES	All substantive resolutions at a meeting of security holders during the Reporting Period were decided by a poll rather than by a show of hands.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders are given the option to receive communications from, and send communication to, the Company and its share registry electronically.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The Board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	YES	(a) The Company does have an Audit and Risk Committee. (b) The Committee has three members, two whom are independent Directors, including the Chairman, and one who is not independent. (c) Given the current size and the relatively modest complexity of the financial affairs of the Company, the board considers the audit committee to be comprised of the most appropriate mix of skills and expertise in order to carry out the function of the audit committee. (d) The number of meetings held during the reporting period and the number attended by each member is disclosed in the Annual Report.

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	YES	(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound. (b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	YES	(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee (or in its absence, the Board) to monitor the need for an internal audit function. (b) The Company does not have an internal audit function. The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Company does not have a formal internal audit function due to its size.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a remuneration committee which:	PARTIALLY	(a) The Company does have a Remuneration Committee. The Remuneration Committee consists of three members a majority of whom are independent Directors. Two members of the Committee are independent being Mr FC O'Connor and Ms M Sanderson.

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(i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		The third director Mr GG Hill is not considered to be independent and is Chairman of the Committee. (b) The Company considers that the structure of the Remuneration Committee to be comprised of the most appropriate mix of skills and expertise to carry out the function of the remuneration. Ultimate responsibility for remuneration policy rests with the full board. (c) The number of meetings held during the reporting period and the number attended by each member is disclosed in the Annual Report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors which is disclosed on the Company's website and annual report. Shareholders approve the maximum aggregate annual remuneration payable to non-executive directors, which is presently \$400,000 per annum. There are no contractual termination or retirement benefits for executive or non-executive directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	NA	The Company currently does not have an equity-based remuneration scheme for the purpose of providing a long-term equity incentive structure to deliver equity-based benefits to the Directors, contractors and employees.
Principle 9 Additional recommendations that apply only in certain cases		

RECOMMENDATIONS (4 TH EDITION)	COMPLY	EXPLANATION
Recommendation 9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	YES	This does not apply to the Company, as all Directors are fluent English speakers.
Recommendation 9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	YES	All meetings held during the reporting period were held virtually and are always held at reasonable times, taking into account the time zones within which each of the Directors are based.
Recommendation 9.3 A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's New Zealand auditor attends the AGM and is available to answer questions from security holders relevant to the audit.