

24 November 2022

Chairman's 2022 AGM address

Good afternoon ladies and gentlemen, welcome to the second Annual General Meeting of Australian Rare Earths Limited (AR3).

Over the past twelve months we have continued to make steady progress in establishing AR3 as a leading rare earths company committed to the growth and development of our world class Koppamurra rare earths resource while continuing to apply strong environmental, social, community and governance principles.

The current commitment by the majority of members of the UN to strive for a global carbon free economy by 2050 has led to the identification of rare earths as the most critical materials to be in short supply in the near future. The rapidly increasing demand leading to the coming shortage is driven by the requirement for rare earth permanent magnets (REPMs) used in the drives of Electric Vehicles (EVs), wind turbines and domestic appliances through their role in improving their efficiency of power consumption. Our Company has the unique advantage that all four of the rare earths essential in the production of REPMs are present in the ionic clays at Koppamurra.

Koppamurra is located in a tier one mining jurisdiction, within the South Eastern region of South Australia in close proximity to the town of Naracoorte. The region has a skilled workforce, established energy and transport infrastructure in close proximity. In keeping with our strong environmental and social principles, Australian Rare Earths continues to keep the local community fully informed of our current and future activities. The Company has established a base in Naracoorte and appointed a Land Access and Regional Communications Manager, who lives in the community.

Over the past twelve months the Company has achieved four significant outcomes:

1. Doubled the size of the Koppamurra Resource to 81.4Mt at 785 ppm REO.
2. Metallurgical test work has yielded positive recoveries of approx. 60% for Nd/Pr and 50% for Dy/Tb, increasing the economic viability of Koppamurra.
3. Completed a trial mining exercise that demonstrates that we can undertake mining and rehabilitation with minimal impact on the landscape.
4. Signed a Non-Binding Memorandum with Neo Performance Materials that will accelerate first production from Koppamurra through a joint development agreement and an off-take agreement for 50% of Koppamurra's first production.

Australian Rare Earths is fortunate to have a collaborative team of skilled and enterprising employees, the support of the local community (Naracoorte), and leading edge technical input from our specialist consultants. I wish to take this opportunity to thank them for the efforts they have made to make the past year a successful one for the Company.

On behalf of the Board of Directors I take this opportunity to thank our shareholders for their support over the past year. You may rest assured that we will continue to work hard to meet our goal of being a rare earths producer by the middle of this decade.

About Australian Rare Earths Limited

Australian Rare Earths is committed to the timely exploration and development of its 100% owned, flagship Koppamurra Project, located in South Australia and Victoria. Koppamurra is a prospective ionic clay hosted rare earth deposit, uniquely rich in all the elements required in the manufacture of rare earth permanent magnets which are essential components in electric vehicles, wind turbines and domestic appliances.

The Company is focused on executing a growth strategy that will ensure AR3 is positioned to become an independent and sustainable source of rare earths, playing a pivotal role in the global transition to a green economy.

The announcement has been authorised for release by the Board of AR3 Limited.

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