



December 21, 2022

CEO & Managing Director

Letter to Shareholders

A year of achievement behind us, a year of results ahead of us

Dear Shareholder,

The past few months have seen a sequence of events that have strengthened our confidence that American Rare Earths is in the right place, at the right time, and with the right commodity.

In fact, it would hard to find another company in the rare earth space that has as compelling a story as does ARR:

- Two world-scale projects — the high-grade Halleck Creek deposits in Wyoming and its counterpart in Arizona, La Paz.
- Both of our projects are environmental and socially responsible enjoying extremely low penalty elements such as thorium and uranium, which is unique for rare earth deposits.
- Outstanding metallurgy and mineralogy will reduce capital and operating costs using conventional technology, opening the pathway to early production.
- Well-funded to achieve our planned objectives over the next 2 to 3 years, with cash of \$17.4m at end of last quarter and significant financial assets.
- Member of US Critical Materials Institute and key partner on multiple US Government funded R&D initiatives designed to transform rare earth processing.
- Geopolitical forces — a US administration determined to promote domestic mining of rare earths to lessen its country's dependence on Chinese supply— that underpin our objective to become a significant American-based supplier of critically needed rare earths.
- Rapidly increasing global demand for rare earth elements.

In other words, we have the key mineral elements in the biggest economy in the world, deposits that allow us to stand out from the rare earths crowd, and we are planning to supply a world desperately seeking rare earths from a jurisdiction free of political risk.

Two of the largest REE projects in the US

The company's continued success, especially with the Halleck Creek project in Wyoming proving to be even more impressive that we initially expected, is setting up American Rare Earths for an exciting year ahead as we move into 2023.

While the company's foundation project, La Paz in Arizona, is a vital part of American Rare Earths' corporate plan with its exploration target of just under a billion tonnes, our focus has shifted in recent months to Halleck Creek which has qualities that will bolster the company's momentum and help it stand out in a widening field of new exploration players.

Halleck Creek is a potential company maker — its size, scale, and grades nearly ten times that of La Paz warrant fast tracking. The staking of the adjoining claims at the Bluegrass area adds substantially to Halleck Creek's critical mass.

The recent drilling program at Halleck Creek of thirty-eight holes has been completed with further details to be released in coming weeks. We may have a tiger by the tail at Halleck Creek, the exploration target in excess of a billion tonnes is being authenticated by drilling, and we are awaiting the results with quiet confidence.

The progress at Halleck Creek in just a few months has been very satisfying. In two recent announcements [2 December](#) and [15 December](#). Some key steps were detailed in the development of this project in Wyoming, including:

- Mineralogy tests show that rare earth host mineral can be liberated easily.
- Host mineral Allanite contains approximately 90% of total rare earths present
- Simplicity of liberation allows for high recovery rates
- Ore strength (softness) is ranked in the lowest 14th percentile of 1,300 global projects.
- Ore will require less grinding, meaning reduced energy use, lower costs and improved throughput.

These are very encouraging results and are further steps forward in Halleck Creek's development given that one of the major costs in any processing plant is within the crushing and grinding circuit.

A big agenda for 2023

Drill results and metallurgical studies will amplify the value of Halleck Creek in the coming months. The project's potential as a key domestic US rare earths supplier is coming much closer to being a commercial reality.

On our agenda for 2023 are:

- Announcing results of the 38-hole drill program at Halleck Creek.
- Updating exploration targets at both Halleck Creek and La Paz.
- A maiden resource estimate at Halleck Creek by the end of the first quarter.
- Metallurgical tests and scoping study to follow.
- Further resource drilling.
- Preliminary Economic Assessment at Halleck Creek.
- Continuing to work with R&D partners in the US Department of Energy innovation hub and with the Critical Minerals and Materials Institute.
- Providing feedstock to funding program applicants including researchers from US national laboratories and elite American 'Research One' universities.

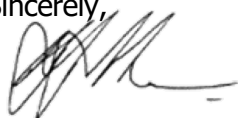
During 2023 we expect further news updates and, we hope, some great news. Some of the R&D work with which we are involved could be transformational for the industry — and, of course, American Rare Earths Ltd.

As I stated at the beginning of this shareholder letter, our company is in the right place, at the right time, with the right product.

I would like to take the opportunity on behalf of the Board and Management to express our sincere gratitude to long standing shareholders for their continued loyalty and support while welcoming new investors. We look forward to a successful 2023 as we progress these projects and unlock the true value for all shareholders.

Please keep in touch and follow our updates in 2023, including our latest [quarterly report](#), via our [website](#), [Twitter](#) or [LinkedIn](#).

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Gibbs".

Chris Gibbs

CEO & Managing Director
American Rare Earths Ltd.

Approved by the Board of Directors