

8 November 2023

Chairman's 2023 AGM address

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

Over the past year there has been a growing recognition of the critical role rare earths will play in the global push for carbon neutrality. Coupled with the increasing demands by society, governments and the OEMs seeking secure and environmentally sustainable supply chains, 'from the mine to the showroom'; there is a growing recognition that the Company is at the forefront of emerging potential suppliers meeting the criteria for success.

It was in late 2020 that Rick Pobjoy and Bryn Jones, the founders of Australian Rare Earths ("AR3" or "The Company") approached me to join the Board of Directors of Tawel Exploration, the entity that is our company today. In accepting the position, I was captivated by the combination of the attributes of Koppamurra; that is the deposit is a 'true' rare earth clay comparable with those in China; reasonable recoveries of the rare earths are possible at ambient temperature; the clays are close to the surface offering the potential for low cost mining and, in many ways the most encouraging aspect, was the excellent community relations with the local communities.

Three years on I remain excited with the prospect that AR3 could become the first environmentally sustainable non-Chinese global supplier of rare earths in a world where a reliable diversified supply of neodymium, praseodymium, terbium, and dysprosium is critical to a carbon-free economy in 2050. In spite of a few setbacks in the critical materials space I still have confidence in our future success given the first class team of professional personnel whose complimentary skills and expertise in rare earth ionic clays are second to none:

- First, Koppamurra is proving to have the potential to be a multi-generational rare earth resource, our understanding of which has prompted us to extend our exploration activities to Queensland.
- Second, the test work by ANSTO is rapidly improving our understanding of the most economical way to extract the rare earths. Coupled with our partnership with Neo Performance Materials, the global leader in the production of bonded rare earth permanent magnets we are rapidly moving towards the development of a process that will meet the needs of the NEO raw material specifications.
- Third, the trial mining exercise that we undertook to demonstrate our ability to fully rehabilitate the shallow void created to access the rare earths is a unique achievement, demonstrably different from the practice Asia, that has met well with the local community and NEO.

- Fourth, as the ionic clays are close to surface, lack radioactivity and do not require drilling, blasting, or grinding extraction of the rare earths is relatively simple and inexpensive.
- Fifth, the ISO is facilitating the growing demand for responsible environmental management from the 'mine to the showroom' through new specifications that apply to rare earths. Australia is playing a leading role in the writing of these standards in which I have participated since the founding of ISO/TC 298 in 2016; a great opportunity to meet with other participants in the supply chains often leading to new cost saving approaches to the issues we face.

We are all concerned about the fall in demand and price of critical materials over the past year or so; a reflection of the extended construction delays and costs due to a shortage of the technical personnel required to bring these projects on-line, of which China is taking full advantage. I believe that this is a passing phase that is being addressed by the rare earth companies, governments, and end users. I am confident that the scale and potentially low cost of developing the rare earth ionic clays that AR3 is assessing will be to our advantage.

The Company is fortunate to have appointed Travis Beinke as our CEO, his leadership has been instrumental in identifying the options we need to address in order define a project that will meet the aspirations of you, our shareholders, our customers, the local communities, and the government regulators. Travis shares my appreciation of the complementary skills, expertise, and hard work of the AR3 staff that have carried us forward to where we are today. Given the competency and commitment of the AR3 staff today my excitement for future success is in no way diminished.

All these considerations lead me to the conclusion that AR3 is uniquely placed to be the first non-Chinese sustainable supplier of non-Chinese terbium and dysprosium.

Subject to his re-election, following this AGM, Mr Angus Barker will succeed me as Chairman of Australian Rare Earths. I take this opportunity to thank the AR3 staff for their support over the past three years.

On behalf of the Board of Directors I thank you for your support of the Company. You may rest assured that we are committed to the hard work required to enhance the value of your shareholding in AR3.

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

Dudley J. Kingsnorth
Non-Executive Chairman

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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 the new Koppamurra rare earths Province in southeastern South Australia and western 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. In addition, AR3 is actively reviewing other potential prospective areas which may also host ionic clay hosted rare earth deposits throughout Australia.

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.