

18 March 2024

Issue of FY24 Performance Rights

Australian Rare Earths Limited (ASX: AR3) ('AR3' or the 'Company') advises it has issued 2,623,083 Performance Rights to Executive Key Management Personnel, executive and management employees of the Company as FY24 Long Term Incentives (LTI) under the terms of the Performance Rights Plan (Plan).

In addition to the above issue, Rick Pobjoy, Technical Director, has been awarded, 746,921 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Mr Pobjoy is conditional on the receipt of shareholder approval to be sought at the Company's 2024 Annual General Meeting.

The Performance Rights are issued for nil consideration. The Performance Rights are subject to performance and vesting conditions set by the Board, as summarised in Appendix 1.

The performance measurement period for the LTI Performance Rights begins on 1 July 2023 and ends on the measurement date of 30 June 2026. If the Performance Rights vest and are exercised, each participant will be issued one fully paid ordinary share in the Company for each Performance Right.

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

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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 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.

Appendix 1

FY24 LTI Performance Rights:	
Performance Rights Price	\$0.3288 <i>(being the 30 day VWAP to 30 June 2023)</i>
Award Date	Performance Rights will be awarded following Board approval and any requisite shareholder approvals.
Performance Hurdles	<p>Performance hurdles approved by the Board.</p> <ol style="list-style-type: none"> 1. Relative TSR performance hurdle accounts for 70% of LTI award 2. Strategic Milestone hurdle accounts for 30% of LTI award
Acceptance	Performance Rights may be accepted in the name of a nominee.
Vesting	<p>Where the Performance Hurdles are met (as determined by the Board), Performance Rights will vest in three equal tranches as follows:</p> <ul style="list-style-type: none"> • 1 July 2026 • 1 July 2027 • 1 July 2028 <p>The employee must be a current AR3 Group employee as at the vesting date of each tranche in order to receive the vested options.</p>
Expiry Date	Nil