

7 January 2025

\$5 million Australian Government grant agreement finalised \$750,000 initial instalment received

Highlights:

- **\$5M Government Grant:** AR3 has finalised and signed its agreement with the Australian Government for a \$5 million grant from the International Partnerships in Critical Minerals Program
- **\$750K initial instalment received:** AR3 has received \$750,000 of the grant as an initial instalment, with the remaining funds to be received upon periodic progress updates
- **Koppamurra Project Advancement:** The grant provides support for additional metallurgical testwork, completion of a Pre-Feasibility Study (PFS) as well as building and operating a demonstration plant
- **Critical Minerals Focus:** This grant funding validates the Koppamurra Project as a potential future source of rare earths, helping to create new and diversified supply chains vital to the world's clean energy transition
- Engage with this announcement at the AR3 [investor hub](#).

Australian Rare Earths Limited (ASX: AR3) is pleased to provide an update regarding the recent award of the \$5 million grant under the Australian Government's International Partnerships in Critical Minerals (IPCM) Program¹.

AR3 has now finalised and signed the grant agreement with the Australian Government with an initial grant instalment of \$750,000 received by AR3. The grant work program will commence in January 2025.

The grant validates the potential of the Koppamurra Rare Earths Project (the "Project") and its strategic importance in building diverse, resilient and sustainable supply chains through strong and secure international partnerships.

The funding will support additional metallurgical testwork, completion of a Pre-Feasibility Study (PFS), and the construction and operation of a Demonstration Plant to advance the Koppamurra Project and significantly derisk the development pathway. AR3 will match the grant funding, bringing the total planned expenditure to \$10 million spread over 2025 and 2026. A portion of

¹ Refer ASX announcement 6 December 2024

AR3's matched funding may also be eligible for the Australian Governments Research and Development tax incentive refundable tax offset.

Material terms of the Grant Agreement:

- The Agreement is between the Commonwealth of Australia, represented by the Department of Industry, Science and Resources and Australian Rare Earths Limited.
- AR3 will undertake the following activities:
 1. **Metallurgical Testwork and Flowsheet Development:** Laboratory scale metallurgical minerals processing test work to optimise and enhance the Project's process flowsheet. Heap leach engineering deliverables and equipment selection.
 2. **Pre-Feasibility (PFS) Study:** Evaluation of the progressive heap leach and rapid rehabilitation flowsheet from the mine through to a Mixed Rare Earth ("MRE") product in conjunction with social, environmental and economic assessments.
 3. **Demonstration Plant Construction:** Demonstration scale equipment selection and optimisation, together with the construction of process infrastructure, based on design inputs from the flowsheet development and PFS.
 4. **Demonstration Plant Operation:** Full-scale demonstration operation to validate process design, supporting the pathway to commercialisation.
- The \$5 million grant will be paid upon AR3 providing progress reports demonstrating progress of the Project against the agreed activities. Progress reports will be provided on a 6 monthly basis, with the first report due 30 July 2025.
- AR3 will contribute matched funding of \$5 million
- The activities are to be completed by 31 December 2026 with an agreement end date of 9 June 2027

The announcement has been authorised for release by the Board of Australian Rare Earths Limited.

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Engage and Contribute at the AR3 investor hub: <https://investorhub.ar3.com.au/>

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, 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 uranium and ionic clay hosted rare earth deposits throughout Australia.

The Company is focused on executing a growth strategy that aims to position AR3 as an independent and sustainable source of energy transition metals, playing a pivotal role in the global transition to a green economy.