

# AUSTRALIAN RARE EARTHS LIMITED

ACN 632 645 302

---

## NOTICE OF GENERAL MEETING EXPLANATORY MEMORANDUM

---

### **Date of Meeting**

Friday, 29 July 2022

### **Time of Meeting**

10:00 am (Adelaide time)

### **Place of Meeting**

Offices of Grant Thornton Australia Limited  
Level 3, 170 Frome Street  
Adelaide, South Australia

**This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.**

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Damien Connor, on 1300 646 100.**

Shareholders who are unable to attend the General Meeting are encouraged to lodge their proxy forms online at [www.investorvote.com.au](http://www.investorvote.com.au), or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

# Australian Rare Earths Limited

## NOTICE OF GENERAL MEETING

---

Notice is hereby given that the General Meeting of Shareholders of Australian Rare Earths Limited (ACN 632 645 302) (**Company**) will be held at the Offices of Grant Thornton Australia Limited Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 29 July 2022 at 10:00 am (Adelaide time). The business to be considered at the Meeting is set out below.

### COVID and attendance at the Meeting

The Board is acutely aware of the changing nature of circumstances resulting from COVID-19 and the impact it may have on physical meetings. The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the State and Federal Government's current advice for physical gatherings.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at [www.ar3.com.au](http://www.ar3.com.au) and the ASX announcements platform.

The Directors strongly encourage all Shareholders to lodge proxy forms prior to the Meeting. Shareholders can lodge their proxies online at [www.investorvote.com.au](http://www.investorvote.com.au) or otherwise returning a completed proxy form. Instructions on how to complete a proxy form are set out in the Explanatory Memorandum. Proxy forms must be received by no later than 10:00 am (Adelaide time) on Wednesday, 27 July 2022.

If you have elected to receive notices from the Company electronically, then your personalised proxy form will be emailed to you. For other Shareholders, a copy of your personalised proxy form will be sent to you by mail.

The Company advises that a poll will be conducted for voting on all Resolutions being considered at the Meeting.

Shareholders who are unable to attend the Meeting are encouraged to lodge their proxy forms online at [www.investorvote.com.au](http://www.investorvote.com.au), or by mail, in accordance with instructions contained on the proxy form and within this Notice of Meeting.

### Questions

Shareholders will have an opportunity to ask questions about the items of business during the Meeting.

Shareholders are encouraged to submit any written questions ahead of the Meeting.

Written questions must be received by the Company no later than 5:00 pm (Adelaide time) on Friday, 22 July 2022. You can send any written questions to:

Mail: 'Australian Rare Earths Limited AGM' at Level 10, 111 Gawler Place, Adelaide, SA, 5000

Email: [damien@ar3.com.au](mailto:damien@ar3.com.au)

The Chair, with the assistance of other Directors where appropriate, will endeavour to address as many of the relevant raised questions as possible during Meeting. However, there may not be sufficient time available at the Meeting to address all of the questions raised. Please note that individual responses will not be sent to Shareholders.

### Other Company documents and how to update your communication preferences

In order to receive shareholder communications from the Company electronically, instead of by post, go to [www.investorcentre.com.au](http://www.investorcentre.com.au) to register your details and update your communication preferences.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

The Explanatory Memorandum and proxy form comprise part of this Notice of Meeting. Shareholders are urged to vote by completing and lodging their proxies online at [www.investorvote.com.au](http://www.investorvote.com.au) or otherwise returning a completed proxy form by no later than 10:00 am (Adelaide time) on Wednesday, 27 July 2022.

Terms and abbreviations used in the Notice of Meeting and Explanatory Memorandum are defined in the Glossary of the Explanatory Memorandum.

---

## AGENDA

---

The Explanatory Memorandum that accompanies and forms a part of this Notice of General Meeting describes the matters to be considered at the Meeting.

---

### ORDINARY BUSINESS

#### RESOLUTION 1 – RATIFICATION OF PLACEMENT SHARES ISSUED ON 8 JUNE 2022

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

*‘That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue and allotment of 18,474,211 Placement Shares on the terms and to the parties set out in the accompanying Explanatory Memorandum.’*

#### RESOLUTION 2 – RATIFICATION OF PLACEMENT OPTIONS ISSUED ON 8 JUNE 2022

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

*‘That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue and allotment of 9,237,106 Placement Options on the terms and to the parties set out in the accompanying Explanatory Memorandum.’*

#### RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF 35,748 SHARES ON 9 MARCH 2022

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

*‘That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue and allotment of 35,748 fully paid ordinary shares to KD and TL Berkin Pty Limited (ACN 104 656 886) on the terms set out in the accompanying Explanatory Memorandum.’*

---

### VOTING PROHIBITIONS

#### RESOLUTIONS 1, 2 AND 3

The Company will disregard any votes cast in favour of Resolutions 1, 2, and 3 respectively by, or on behalf of, any person who participated in the issue of Placement Shares (Resolution 1), any person who participated in the issue of Placement Options (Resolution 2) and KD and TL Berkin Pty Limited (Resolution 3), and any associates of such person. However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

---

## VOTING, PROXIES AND QUESTIONS

---

### VOTING BY PROXY

Shareholders are encouraged to lodge proxy forms prior to the Meeting in accordance with the instructions contained on the proxy form and within this Notice of Meeting as detailed below.

#### Appointment of proxies and corporate representatives

A Shareholder entitled to attend and vote is entitled to appoint up to two proxies. A proxy need not be a Shareholder and may be either an individual or a body corporate.

If a Shareholder is a corporation, it can attend and vote at the meeting by appointing an individual person to act as its corporate representative or by appointing a proxy to attend and vote on its behalf. A Shareholder that is a body corporate, or a proxy who is a body corporate, will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act.

Where a Shareholder wishes to appoint two proxies, they can do so online at [www.investorvote.com.au](http://www.investorvote.com.au). A Shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies but fails to specify the proportion or number of votes that each may exercise, each proxy appointed may exercise half the Shareholder's votes. Fractions of votes are to be disregarded.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the question that the resolution is passed; and
- either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Subject to the voting restrictions set out below, if you do not direct your proxy to vote by marking the relevant box on the proxy form, your proxy may vote as they choose on that item of business.

The Chair intends to vote all available proxies in accordance with the Board recommendations set out in the Explanatory Memorandum accompanying this Notice.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 10:00 am (Adelaide time) on Wednesday, 27 July 2022.

#### Voting by Attorney

A Shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the Meeting. An attorney may, but need not, be a Shareholder of the Company.

## Notice of General Meeting – 2022

An attorney may not vote at the Meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for proxy forms.

### Proxy Lodgement

Proxies are able to be lodged by the following means:

- Online: Enter the control number, SRN/HIN and postcode shown on the first page of your proxy form at **[www.investorvote.com.au](http://www.investorvote.com.au)**
- Mail: Australian Rare Earth Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia; or
- Fax: Australian Rare Earths Limited C/- Computershare Investor Services Pty Limited (within Australia) 1800 783 447 (outside Australia) +613 9473 2555.
- Custodian Voting: Custodian Voting is available for Intermediary Online subscribers only (Custodians) by visiting **[www.intermediaryonline.com](http://www.intermediaryonline.com)** to submit your voting intentions.

To be valid, the proxy form, and any authority under which the form is signed, must be received by the Company or the Company's Share Registry prior to 10:00 am (Adelaide time) on Wednesday, 27 July 2022. Any proxy forms received after that time will not be valid for the Meeting.

### ENTITLEMENT TO VOTE

For the purpose of determining the voting entitlements at the meeting, the Board has determined that, in accordance with the Company's Constitution and the Corporations Act, the shares in the Company will be taken to be held by the registered holders of those shares at 7:00 pm (Sydney time) on Wednesday, 27 July 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

By order of the Board



**Damien Connor**  
**Company Secretary**

Adelaide, 16 June 2022

---

# EXPLANATORY MEMORANDUM

---

## Introduction

This Explanatory Memorandum forms part of the Notice of Meeting and has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of Shareholders to be held at the Offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 29 July 2022 at 10:00 am (Adelaide time).

This Explanatory Memorandum should be read in full and in conjunction with the accompanying Notice of General Meeting before making any decision in relation to the resolutions, and is a brief explanation of Resolutions 1 to 3 in the Notice of General Meeting and why the Company is seeking Shareholder approval.

Terms defined in the Notice of Meeting have the same meaning in this Explanatory Memorandum.

---

## RESOLUTIONS 1 AND 2 - RATIFICATION OF PLACEMENT SHARES AND PLACEMENT OPTIONS ISSUED ON 8 JUNE 2022

On 1 June 2022, the Company announced that it had received firm commitments to place 18,474,211 Shares at an issue price of \$0.44 (44 cents) per Share (**Placement Shares**) to institutional and sophisticated investors to raise \$8,128,211 (before costs), together with one (1) free-attaching unlisted option exercisable at \$0.57 (57 cents) and expiring on 13 December 2023 (**Placement Options**) for every two (2) Placement Shares subscribed for (together the **Placement**).

The funds raised from the Placement will be used for further resource definition drilling, metallurgical test work, community, and stakeholder engagement as well as evaluation of downstream processing options for Koppamurra, and for general working capital purposes.

Placement Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 (7,375,385 Shares) and 10% placement capacity under ASX Listing Rule 7.1A (11,098,826 Shares).

Placement Options were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 (9,237,106 Options).

## ASX Listing Rules and Reasons for Seeking Shareholder Approval

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of shareholders over any 12 month period to 15% of the fully paid Shares it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase the 15% limit under Listing Rule 7.1 by an extra 10% to 25% (**Listing Rule 7.1A Mandate**). Shareholders approved this additional capacity at the Company's last annual general meeting on 26 November 2021.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and Listing Rule 7.1A (as the case may be) and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A (as the case may be).

The issue of 18,474,211 Placement Shares (the subject of Resolution 1) and 9,237,106 Placement Options (the subject of Resolution 2) does not fall within any of the exceptions in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit under Listing Rule 7.1 and the 10% limit under Listing Rule 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under:

- (a) Listing Rule 7.1 for the 12 month period following the issue of the Placement Shares (in respect of the 7,375,385 Placement Shares issued using the Company's annual 15% placement capacity under ASX Listing Rule 7.1) and Placement Options; and
- (b) Listing Rule 7.1A for the period ending on the earliest of:
  - the date that is 12 months after the Company's last annual general meeting at which the Listing Rule 7.1A Mandate was approved;
  - the time and date of the Company's next annual general meeting; and
  - the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (for a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (for the disposal of the Company's main undertaking),

(**Listing Rule 7.1A Mandate Expiry Date**).

## Explanatory Memorandum

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.4 for the ratification of the issue and allotment of 7,375,385 Placement Shares which were issued pursuant to the 15% capacity under Listing Rule 7.1 and further 11,098,826 Placement Shares which were issued pursuant to the 10% capacity under Listing Rule 7.1A. Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.4 for the ratification of the issue and allotment of 9,237,106 Placement Options, which were issued pursuant to the Company's 15% capacity under Listing Rule 7.1.

If Resolution 1 is passed, the issue of the:

- (a) 7,375,385 Placement Shares issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares; and
- (b) 11,098,826 Placement Shares issued pursuant to the Company's placement capacity under Listing Rule 7.1A will be excluded in calculating the Company's additional 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval for the period ending on the Listing Rule 7.1A Mandate Expiry Date.

If Resolution 1 is not passed, the issue of the:

- (a) 7,375,385 Placement Shares issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares; and
- (b) 11,098,826 Placement Shares issued pursuant to the Company's placement capacity under Listing Rule 7.1A will be included in calculating the Company's additional 10% limit in Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval for the period ending on the Listing Rule 7.1A Mandate Expiry Date.

If Resolution 2 is passed, the issue of the 9,237,106 Placement Options issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Options.

If Resolution 2 is not passed, the issue of the 9,237,106 Placement Options issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Options.

### Key Information

ASX Listing Rule 7.5 requires the following information about the issue of Placement Shares and Placement Options to be provided to Shareholders in respect of Resolutions 1 and 2:

<i>Number of securities issued:</i>	<ul style="list-style-type: none"><li>a) 18,474,211 Placement Shares (Resolution 1), comprising of:<ul style="list-style-type: none"><li>• 7,375,385 Shares issued pursuant to Listing Rule 7.1 (15% capacity); and</li><li>• 11,098,826 Shares issued pursuant to Listing Rule 7.1A (10% capacity)</li></ul></li><li>a) 9,237,106 Placement Options (Resolution 2)</li></ul>
<i>Date of issue:</i>	<ul style="list-style-type: none"><li>a) Placement Shares were issued on 8 June 2022.</li><li>b) Placement Options were issued on 8 June 2022.</li></ul>
<i>Issue price:</i>	<ul style="list-style-type: none"><li>a) \$0.44 (44 cents) per Placement Share, raising a total of \$8,128,653 (before costs).</li><li>b) Placement Options were issued for nil consideration.</li></ul>
<i>Terms:</i>	<ul style="list-style-type: none"><li>a) Placement Shares are fully paid ordinary shares in the Company and were issued on the same terms as the Company's existing Shares.</li><li>b) Placement Options have an exercise price of \$0.57 (57 cents) each and expire on 13 December 2023 and are subject to the terms and conditions set out in Annexure A. Any Shares issued on the exercise of the Placement Options will rank equally with existing Shares.</li></ul>

## Explanatory Memorandum

<i>Names of allottees:</i>	<p>Placement Shares and Placement Options were issued to professional and sophisticated investors (within the meaning of sections 708(8) – (11) of the Corporations Act) who are clients of the Joint Lead Managers. The recipients were identified through a bookbuild process, which involved the Joint Lead Managers seeking expressions of interest to participate in the Placement.</p> <p>In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that:</p> <ul style="list-style-type: none"><li>a) Acorn Capital Limited, a substantial shareholder in the Company, was issued more than 1% of the issued capital in the Company; and</li><li>b) No other recipients were:<ul style="list-style-type: none"><li>i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisors of the Company or any associate of any of those parties; and</li><li>ii) issued more than 1% of the issued capital of the Company.</li></ul></li></ul>
<i>Use of funds:</i>	<ul style="list-style-type: none"><li>a) The funds raised from the issue of Placement shares will be used for further resource definition drilling, metallurgical test work, community, and stakeholder engagement as well as evaluation of downstream processing options for Koppamurra, and for general working capital purposes.</li><li>b) No funds were raised from the issue of Placement Options. It is anticipated that any funds raised from the exercise of Placement Options (if this occurs) will be used for general working capital.  There is no guarantee that any Placement Options will be exercised at all.</li></ul>
<i>Voting exclusion statement:</i>	A voting exclusion statement is included in this notice of meeting.

### Board Recommendation

The Board recommends that shareholders vote **IN FAVOUR** of Resolutions 1 and 2.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolutions 1 and 2.

---

### RESOLUTION 3: RATIFICATION OF PRIOR ISSUE OF 35,748 SHARES ON 9 MARCH 2022

#### Background to Resolution 3

On 9 March 2022, the Company issued 35,748 Shares pursuant to an agreement between the Company and KD and TL Berkin Pty Limited (ACN 104 656 886) relating to the provision of land access for the purposes of undertaking exploration and development related activities.

The Shares were issued within the Company's existing capacity under ASX Listing Rule 7.1. Refer to the Company's Appendix 3B lodged with the ASX on 8 March 2022.

#### ASX Listing Rules and Reasons for Seeking Shareholder Approval

Details about the Listing Rule requirements regarding Listing Rule 7.1 is set out in the Explanatory Memorandum for Resolutions 1 and 2.

The Company confirms that the issue of the 35,748 Shares did not breach Listing Rule 7.1 at the date of issue.

If Resolution 3 is passed, the issue of the 35,748 Shares issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the 35,748 Shares.

If Resolution 3 is not passed, the issue of the 35,748 Shares issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the 35,748 Shares.

#### Key Information

ASX Listing Rule 7.5 requires the following information to be provided to the Shareholders in relation to the issue of Shares the subject of this Resolution:

## Explanatory Memorandum

<i>Number of securities issued:</i>	35,748 Shares
<i>Date of issue:</i>	9 March 2022.
<i>Issue price:</i>	Nil.
<i>Terms:</i>	Shares issued are fully paid ordinary shares in the capital of the Company and are issued on the same terms and conditions as existing Shares.
<i>Person(s) securities issued to:</i>	Shares were issued to KD and TL Berkin Pty Limited pursuant to an agreement between the Company and KD and TL Berkin Pty Limited (the 'Landowner') relating to land access for the Company to undertake exploration and development related activities. KD and TL Berkin Pty Limited is not a related party of the Company.
<i>Use of funds:</i>	No funds were received under the Share issue. The issue was made in lieu of a cash payment to the Landowner.
<i>Summary of material terms of agreement:</i>	The Landowner has granted the Company a licence to access land owned by the Landowner for the purpose of undertaking exploration and development related activities. In addition to customary landowner compensation payments the Company agreed to issue to the Landowner fully paid ordinary shares equivalent to \$30,000 (being 35,748 Shares) relating to specific trial pit excavation and associated rehabilitation activities.
<i>Voting exclusion statement:</i>	A voting exclusion statement is included in this notice of meeting.

### Board Recommendation

The Board recommends that Shareholders vote **IN FAVOUR** of Resolution 3.

The Chairman of the Meeting intends to vote all undirected proxies **IN FAVOUR** of Resolution 3.

---

### GLOSSARY

In the Explanatory Memorandum and Notice of General Meeting:

**Associate** has the meaning given to that term in the Corporations Act.

**ASX** means ASX Limited (ABN 98 008 624 691).

**ASX Listing Rules** or **Listing Rules** means the listing rules of ASX.

**Australian Rare Earths** or the **Company** means Australian Rare Earths Limited (ACN 632 645 302).

**Board** means the board of Directors.

**Chair** means the Chair of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth), as amended.

**Director** means a director of the Company.

**Equity Securities** has the meaning in the ASX Listing Rules.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Meeting.

**General Meeting** or **Meeting** means the general meeting of Shareholders to be held at the Offices of Grant Thornton Australia Limited Level 3, 170 Frome Street, Adelaide, South Australia on Friday, 29 July 2022 at 10:00 am (Adelaide time).

**Joint Lead Managers** or **JLMs** means the following parties: Taylor Collison Limited (AFSL 247083) and Sprott Capital Partners LP.

**KMP** or **Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Meeting** means the meeting of shareholders convened by the Notice.

**Notice of Meeting** or **Notice** means this Notice of this General Meeting.

**Option** means an unlisted option to subscribe for a Share.

## Explanatory Memorandum

**Option Holder** means the holder of an Option.

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

**Placement** the issue of 18,474,211 Shares to institutional and professional investors at an issue price of \$0.44 (44cents) per Share, together with one free attaching Placement Option for every two Placement Shares subscribed for, as announced by the Company to ASX on 1 June 2022.

**Placement Option** means an Option to subscribe for a Share in the Company on the terms and conditions detailed in Annexure A.

**Placement Shares** means 18,474,211 Shares issued on 8 June 2022, at an issue price of \$0.44 (44 cents) per Share, pursuant to the Placement.

**Resolution** means a resolution referred to in this Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** or **Member** means each person registered as a holder of a Share.

## Explanatory Memorandum

### ANNEXURE A – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

---

1. Each Placement Option will entitle the holder ('**Option Holder**') to subscribe for one fully paid ordinary share in the Company ('**Share**') (subject to possible adjustments referred to in paragraphs 11, 12 and 13).
2. Each Placement Option is exercisable from the time the Company issues the Placement Option until 5:00 pm Adelaide, South Australia time on 13 December 2023 ('**Expiry Date**') (inclusive of both dates). Placement Options not exercised before the Expiry Date will lapse.
3. The exercise price of each Placement Option is \$0.57 (57 cents) ('**Exercise Price**').
4. Placement Options are exercisable by notice in writing to the Company, delivered to the registered address of the Company and accompanied by the full payment of the Exercise Price in cleared funds.
5. The Placement Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
6. Shares issued pursuant to the exercise of any of the Placement Options will rank in all respects on equal terms with the existing Shares in the Company.
7. The Company will apply for official quotation by ASX of the shares issued upon exercise of Placement Options within 5 business days of the allotment of Shares.
8. The Placement Options will not be quoted on ASX.
9. The legal or a beneficial interest in a Placement Option may not be sold, transferred, or otherwise disposed of, within the first twelve months from the date of issue, without the prior written consent of the Board.
10. There are no participating rights or entitlements inherent in the Placement Options and Option Holders will not be entitled to participate in new issues of capital offered to Company shareholders during the currency of the Placement Options without exercising the Placement Options.
11. If there is a bonus issue to the holders of Shares:
  - (a) the number of Shares over which the Placement Option is exercisable will be increased by the number of Shares which the holder of the Placement Option would have received if the Placement Option had been exercised before the record date for the bonus issue; and
  - (b) no change will be made to the Exercise Price.
12. If the Company makes a rights issue (other than a bonus issue), the Exercise Price of Placement Options on issue will be reduced in accordance with the following formula:  
$$\text{New Placement Option Exercise Price} = O - \frac{E(P - (S + D))}{(N + 1)}$$

Where:

  - O = the old Exercise Price of the Placement Option;
  - E = the number of underlying Shares into which one Placement Option is exercisable;
  - P = the volume weighted average price per Share recorded on the stock market of ASX during the 5 trading days immediately preceding the ex-rights date or ex-entitlements date;
  - S = the subscription price for a Share under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
  - N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
13. If, prior to the Expiry Date the issued capital of the Company is reorganised, the rights of the Option Holder may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.



# AUSTRALIAN RARE EARTHS

Australian Rare Earths Limited  
ACN 632 645 302

## Need assistance?



**Phone:**

1300 556 161 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (ACST) on Wednesday, 27 July 2022.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

**Control Number: 181050**

**SRN/HIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Australian Rare Earths Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Australian Rare Earths Limited to be held at Offices of Grant Thornton Australia Limited, Level 3, 170 Frome Street, Adelaide, SA 5000 on Friday, 29 July 2022 at 10:00am (ACST) and at any adjournment or postponement of that meeting.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 1	Ratification of Placement Shares Issued on 8 June 2022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Ratification of Placement Options Issued on 8 June 2022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Ratification of Prior Issue of 35,748 Shares on 9 March 2022	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically