

30 September 2022

## Substantial drilling program underway at the Koppamurra critical rare earths project

**+10,000m air-core drill program in progress targeting the next leg of growth for globally significant critical rare earths deposit**

### Highlights

- Substantial new air-core drilling program has commenced at the Koppamurra clay-hosted critical rare earths project, located on the South Australian-Victorian border.
- Current phase of drilling follows the 104% increase in the JORC Mineral Resource Estimate (MRE) for Koppamurra announced in July of **81.4Mt at 785ppm TREO** (total rare earth oxide).
- Drilling will be focused within the Exploration Target and Inferred Resource areas defined in AR3's July 2022 Mineral Resource upgrade, with the aim of expanding the resource footprint and upgrading the Mineral Resource classification.
- The Koppamurra Mineral Resource remains open in all directions.
- The Indicated Resource currently stands at **45Mt at 835ppm TREO**.
- Drilling program will continue until early 2023, with approximately 1,000 samples expected to be generated each week for rare earth element assay.
- This drilling will support an updated MRE intended for completion by late Q1 2023.
- Koppamurra is well placed to capitalise on the sizeable forecast growth in demand for sources of rare earth elements.
- Koppamurra has all four of the key rare earth elements required to make high-strength permanent magnets needed for EV motors and wind turbines.
- With a cash balance of \$12.7 million (as at 30 June 2022), AR3 is well funded to complete drilling and other development activities to advance the Koppamurra Project.

Australian Rare Earths Limited [ASX: AR3](#) is pleased to advise that it has commenced a major new air-core drilling program at its flagship 100%-owned Koppamurra Rare Earths Project in South Australia-Victoria (Figure 1).

The program will comprise an additional +10,000m of air-core drilling, building on the 21,000m of drilling already completed at the Project which formed the basis of the updated Indicated and Inferred Mineral Resource of **81.4Mt at 785ppm TREO** announced in July 2022 (see ASX release – 104% increase in Mineral Resource for Koppamurra Rare Earths Project, 4 July 2022) and Table 1/Figure 3 within this release.

Drilling will continue until the end of the year and into early 2023, with a short break over the Christmas and New Year period. Approximately 1,000 samples will be generated each week and submitted to the Company's laboratory, Bureau Veritas in Adelaide.

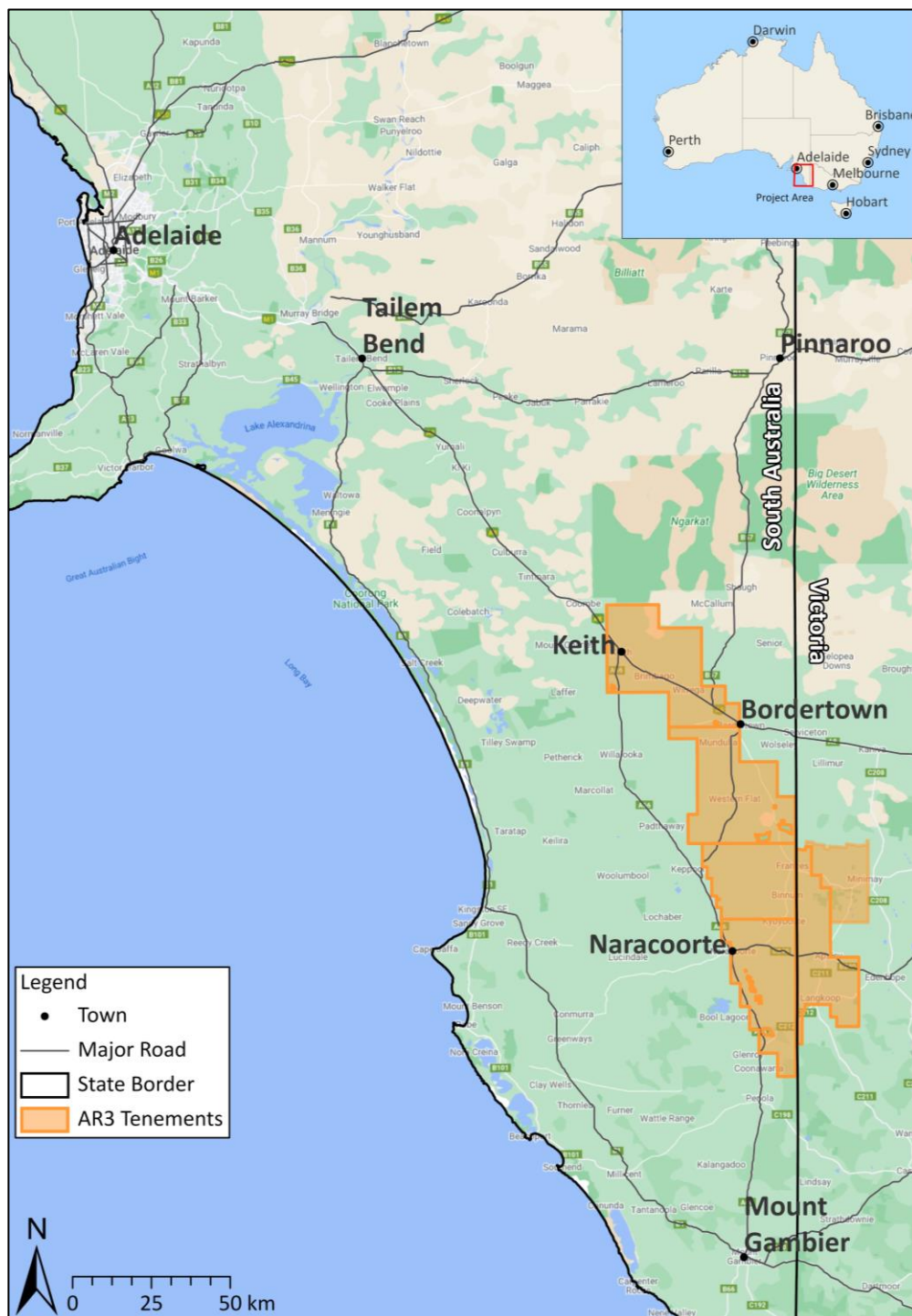


Figure 1 - Koppamurra Rare Earths Project Location



*Figure 2 – Air-core drilling rig operating at the Koppamurra Rare Earths Project.*

Australian Rare Earths Acting Managing Director, Rick Pobjoy, said the re-commencement of drilling at Koppamurra marked another step in the Company's strategy to establish a globally significant, long-life rare earths business in South Australia.

"After delivering what turned out to be a game-changing resource increase in July, we are now moving ahead with the next step in our development plan with a new phase of drilling designed to upgrade and further expand this high-quality deposit," he said.

"Drilling will target immediate extensions of the MRE, within the Exploration Target and Inferred resource areas which will progress the confidence in the resource footprint and classification, underpinning the economic feasibility of the project."

“The consistent nature of the deposit enables expedient drilling and rapid Resource growth as well as the ability to undertake progressive rehabilitation, all of which continues to distinguish Koppamurra as a unique rare earth business opportunity.

“The key attributes of Koppamurra include its Tier-1 jurisdiction location, a rare earth element suite that offers the potential to supply both the light and heavy rare earths required for high strength permanent magnets, the shallow, free-digging nature of the mineralisation and a low CAPEX development pathway that offers the potential for a modular, staged approach.

“Significantly, the updated Mineral Resource and adjoining Exploration Targets are based on just 5 per cent of our exploration tenure, highlighting the potential for what could become a generational sized deposit.”

The updated June 2022 Mineral Resource estimate is set out in the table below, together with the Exploration Target for the extensional areas:

*Table 1: Koppamurra Mineral Resource Estimate – July 2022*

Koppamurra Mineral Resource Estimate – July 2022										
JORC Category	Tonnes Mt	TREO ppm	Magnet Rare Earths							
			Pr <sub>6</sub> O <sub>11</sub>		Nd <sub>2</sub> O <sub>3</sub>		Tb <sub>4</sub> O <sub>7</sub>		Dy <sub>2</sub> O <sub>3</sub>	
			ppm	% TREO	ppm	% TREO	ppm	% TREO	ppm	% TREO
Indicated	45	835	37	4.4	142	17	4	0.5	22	2.6
Inferred	36	721	32	4.4	122	17	3	0.5	19	2.6
<b>Total</b>	<b>81</b>	<b>785</b>	34	4.4	133	17	4	0.5	21	2.6
<b>Exploration Target<sup>1</sup></b>	<b>90-220</b>	<b>629- 849</b>	29-41	4.6-4.8	110- 150	17-18	3-4	0.5-0.5	16-22	2.5-2.6
<b>April 2021 Initial Resource</b>										
Inferred	39.9	725	32	4.4	124.6	17.2	3.5	0.5	19.2	2.6

Mineral Resources reported at a cut-off grade of 325 ppm TREO-CeO<sub>2</sub>, consistent with the previous MRE.

<sup>1</sup> The potential quantity and grade of the Exploration Target is conceptual in nature. Further exploration is required to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

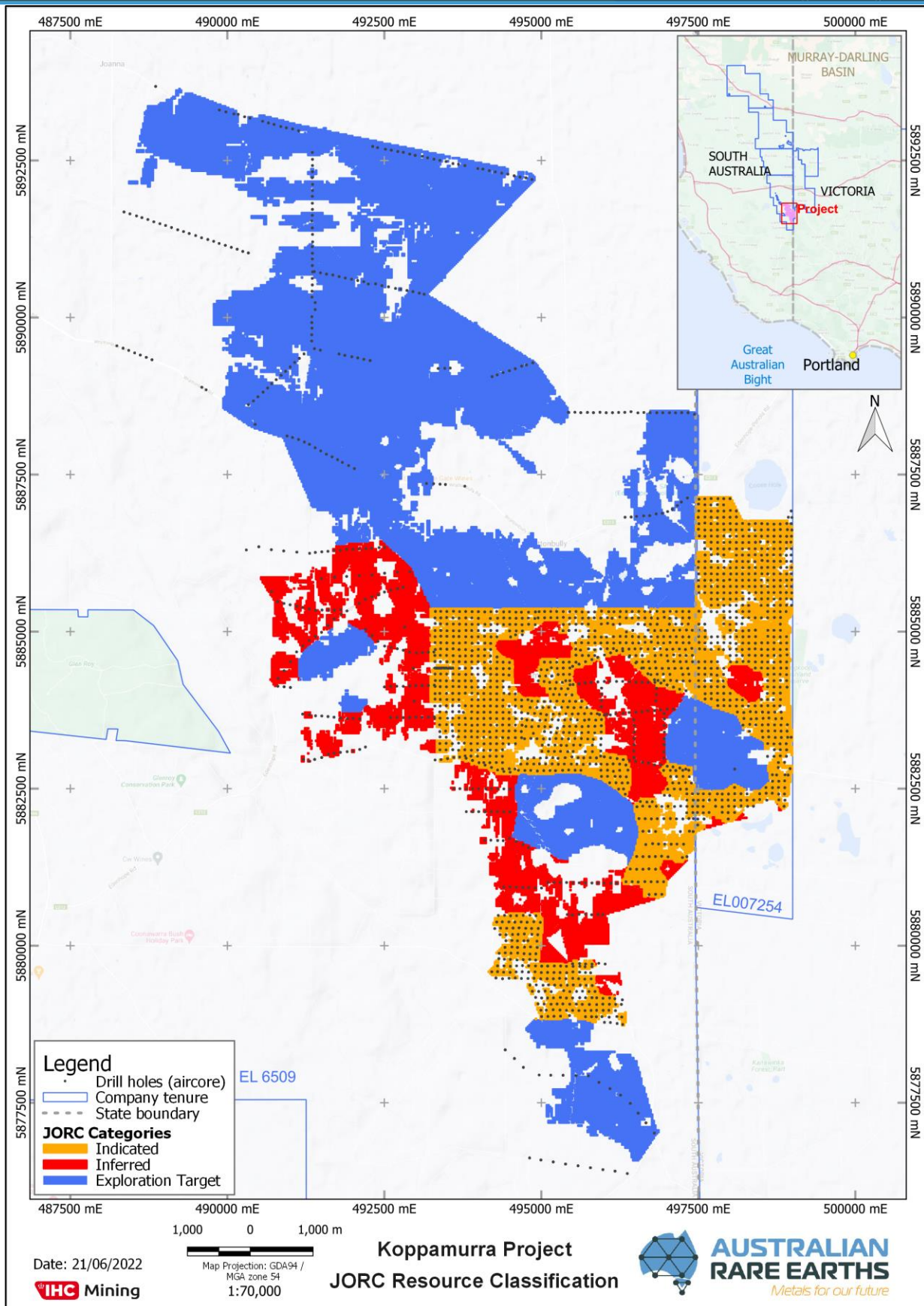


Figure 3 – Plan view showing the Mineral Resource boundaries and the Exploration Target areas.

**Listing Rule 5.23 disclosure**

*The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (ASX:AR3 4 July 2022, 104% increase in Mineral Resource for Koppamurra Rare Earths Project) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX:AR3 July 4 2022) continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX:AR3 July 4 2022).*

**Forward Looking Statement**

*This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions, and estimates should change or to reflect other future developments.*

**About Australian Rare Earths Limited**

*Australian Rare Earths (AR3) 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 and wind turbines. 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.*

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

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