

31 March 2025

Notification to Ineligible Shareholders

On 25 March 2025, Australian Rare Earths Limited ACN 632 645 302 (**ASX: AR3**) (**Company**) announced that it would be offering eligible shareholders the opportunity to participate in a pro-rata non-renounceable entitlement issue of up to approximately 52,996,576 fully paid ordinary shares (**Shares**) at an issue price of \$0.068 per Share, on the basis of 1 new Share for every 3 Shares held on the record date, to raise up to approximately \$3.6 million before expenses. The Company will also issue up to approximately 26,498,288 options, on the basis of 1 free attaching unlisted option for every 2 shares subscribed for, with each option having an exercise price of \$0.10 and expiring on 30 March 2029 (unless accelerated) (**Option**) (**Offer**).

If the Shares of the Company close at or above \$0.15 for twenty (20) consecutive trading days on the ASX, then the Company may, in its absolute discretion, elect to accelerate the expiry date of the Options by issuing a news release announcing the accelerated Option term, pursuant to which the Options will expire on the 30th calendar day after the date of such news release.

Documents relating to the Offer were lodged with the Australian Securities Exchange (ASX) on 31 March 2025.

This letter has been sent to you to inform you about the Offer and to explain why you are ineligible to subscribe for New Shares under the Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Offer that you should be aware of.

Who is eligible for the Offer?

You are eligible to participate in the Offer:

- if you were a registered holder of Shares at 5pm (Adelaide time) on the Record Date with a registered address in Australia (and its external territories), New Zealand or Canada.

Why am I not eligible for the Offer?

The Company has determined, pursuant to section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(a) that it would be unreasonable to make offers to the Company's shareholders in countries outside Australia, New Zealand and Canada in connection with the Offer. This is because of the small number of shareholders in each of those countries, the number and value of shares those shareholders hold and the cost of complying with the applicable legal requirements and requirements of regulatory authorities in those countries.

Unfortunately, according to our records, you are one of the ineligible shareholders of the Company as you do not satisfy the eligibility criteria as described above. Accordingly, in compliance with section 9A(3) of the Corporations Act and ASX Listing Rule 7.7.1(b), we wish to inform you that the Offer will not be extended to you, and you will not be able to subscribe for New Shares under the Offer.

As the Offer is non-renounceable, Entitlements in respect of the new Shares you would have been entitled to if you were an Eligible Shareholder will lapse, and you will not receive any payment or value for your Entitlements in respect of any new Shares that would have been offered to you if you were an Eligible Shareholder.

You are not required to do anything in response to this letter.

On behalf of the Board of AR3, we thank you for your continued support.

For further information please contact:

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