



7 October 2021

Dear Shareholder,

Important information regarding the 2021 Annual General Meeting

American Rare Earths Limited (ASX: ARR) (ARR or the Company) advises that its 2021 Annual General Meeting (AGM) will be held as a virtual meeting as follows:

Time: 10.00am (AEDT)

Date: Tuesday 9 November 2021

Online: <https://web.lumiagm.com> (enter the Meeting ID 336 556 199)

The Notice of Meeting for the AGM can be accessed from the following link on the Company's website at www.americanrareearths.com. It is also available from the Company's announcements platform on the ASX at www.asx.com.au.

The Company will not be posting hard copies of the Notice of Meeting to shareholders who have not elected to receive notice electronically. Notwithstanding this, if you would like to receive a hard copy of the Notice of Meeting, please contact the Company.

The Company's Annual report is also available at the Company's website www.americanrareearths.com.

In planning for the AGM, the Company has focused on ensuring the safety of shareholders and its employees while seeking to maximise the opportunity for shareholder participation. Having regard to the ongoing uncertainty about the restrictions which may apply for wholly physical meetings, the Company plans to hold the AGM as a virtual meeting.

Attendance via online platform

To attend the annual general meeting via Zoom, Shareholders will need to contact the Company Secretary to obtain log-in details so that you can dial into the meeting on the day. The Company Secretary can be contacted on (02) 8054 9779 or by email at info@americanrareearths.com.au

Shareholders can vote at the AGM virtually via the online platform at <https://web.lumiagm.com>.

We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time of the AGM using the instructions below:

1. From your computer, by entering the URL into your browser <https://web.lumiagm.com> and entering the Meeting ID 336 556 199 (ARR – 2021 AGM) when prompted; or
2. From your mobile device, by entering the URL <https://web.lumiagm.com> and entering the Meeting ID 336 556 199 when prompted



Proxy lodgement

Shareholders who choose to lodge a proxy should follow instructions on their personalised proxy for (enclosed), to be submitted to the Company's share registry no later than 10.00am (AEDT) on Sunday 7 November 2021 online or by post.

Yours Sincerely

A handwritten signature in blue ink, appearing to read "Francis Creagh O'Connor".

Mr Francis Creagh O'Connor AM
Chairman
American Rare Earths Limited

This document was approved and authorised for release by the Board of American Rare Earths Limited.



7 October 2021

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Shareholders of American Rare Earths Limited ARBN 003 453 503 ("the Company") will be held at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 on Tuesday 9 November 2021 commencing 10.00AM (AEDT).

1. ITEMS OF GENERAL BUSINESS

1.1. 2021 Annual Report

To consider the Company's 2021 annual financial report (including the financial statements for the year), directors' report and auditor's report which accompany this notice.

At the AGM, Shareholders will be given an opportunity to raise questions of Directors and the Company's Auditor about the annual financial report.

1.2. Resolution 1: Re-election of Director – Mr F Creagh O'Connor

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That F Creagh O'Connor, being a director of the Company who retires by rotation in accordance with clause 27.1 of the Company's Constitution, being eligible and offering himself for re-election, is re-elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 1.

1.3. Resolution 2: Election of Director – Mr Clarence McAllister

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Clarence McAllister, being a director of the Company who retires in accordance with clause 26.2 of the Company's Constitution, being eligible and offering himself for re-election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 2.

1.4. Resolution 3: Election of Director – Mr Chris Gibbs

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That Chris Gibbs, being a director of the Company who retires in accordance with clause 26.2 of the Company's Constitution, being eligible and offering himself for re-election, is elected a director of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 3.

1.5. Resolution 4: Auditor's Remuneration

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

"That the Directors are authorised to fix the fees and expenses of the auditor of the Company."

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 4.

2. SPECIAL BUSINESS

2.1. Resolution 5: Issue of Options – Mr Creagh O’Connor

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the Company be authorised to issue to Mr Creagh O’Connor, a Director of the Company or his nominee, 3,000,000 Options to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Creagh O’Connor or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 5

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr O’Connor (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.2 Resolution 6: Issue of Options – Mr Keith Middleton

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the company be authorised to issue to Mr Keith Middleton, a Director of the Company or his nominee, 2,000,000 Options to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Keith Middleton or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 6

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Middleton (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.3 Resolution 7: Issue of Options – Mr Geoff Hill

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the company be authorised to issue to Mr Geoff Hill, a Director of the Company or his nominee, 2,000,000 Options to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Geoff Hill or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 7

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Hill (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.4 Resolution 8: Issue of Options – Mr Denis Geldard

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the company be authorised to issue to Mr Denis Geldard, a Director of the Company or his nominee, 2,000,000 Options to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Denis Geldard or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 8

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of Mr Geldard (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.5 Resolution 9: issue of Options – Mr Clarence McAllister

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the company be authorised to issue to Mr Clarence McAllister, a Director of the Company or his nominee, 2,000,000 Options to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Clarence McAllister or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 9

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Mr McAllister (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.6 Resolution 10: Issue of Shares – Mr Chris Gibbs

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That in accordance with Listing Rule 10.11 and for all other purposes, the company is permitted and authorised to issue 1,500,000 fully paid ordinary Shares at a deemed price of \$0.20 for each Share to Mr Chris Gibbs, a Director of the Company or his nominee for no cash consideration, and otherwise on the terms and conditions set out in the attached Explanatory Memorandum.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 10

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Mr Gibbs (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

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 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:
 - (i) 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 this Resolution ;and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.7 Resolution 11: Ratification of prior issue of placement securities

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 for all other purposes, the Shareholders ratify and approve the issue of 26,666,667 Shares and approximately 13,333,333 free attaching Options for the purposes and on the terms and conditions set out in the Explanatory Memorandum.

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 11.

Voting exclusion statement:

The Company will disregard any votes cast in favour of Resolution 11 by any persons that participated in the issue or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

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 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:
 - (i)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 this Resolution ;and
 - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.8 Resolution 12: Approval to issue Shares to Zenith Minerals Limited

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Shares of \$400,000 based on the 15 day VWAP price of the Company's Shares prior to the issue of Shares to Zenith Minerals Limited.

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 12.

Voting exclusion statement:

The Company will disregard any votes cast in favour of Resolution 12 by any persons that will participate in the issue of securities any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

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 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:
 - (i)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 this Resolution ;and
 - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.9 Resolution 13: Approval for an Option Share Trust Plan

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (exception 13) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme entitled “ Option Share Trust Plan” and for the issue of securities under the Option Share Trust Plan on the terms and conditions summarised in the Explanatory Memorandum.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 13.

Voting exclusion statement:

The Company will disregard any votes cast in favour of Resolution 13 by any persons that will participate in the issue of securities any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

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 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:
 - (i)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 this Resolution ;and
 - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.10 Resolution 14: Issue of Options under Option Share Trust Plan to Mr Chris Gibbs

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“ That, subject to the passing of Resolution 13, for the purposes of Listing Rule 10.14 and for all other purposes approval is given for the Company to issue a total 1,500,000 Options to Mr Chris Gibbs(or his nominee) under the Plan on the terms and conditions set out in the Explanatory Memorandum.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 14.

Voting exclusion statement:

The Company will disregard any votes cast in favour of Resolution 14 by any person referred to in Listing Rule 10.14.1, 10.4.2 and 10.14.3 who is eligible to participate in the employee incentive scheme in question(including Chris Gibbs) or an associate.

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 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:
 - (i)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 this Resolution ;and
 - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2.11 Resolution 15: Transfer of incorporation from New Zealand to Australia

To consider and, if thought fit, to pass with or without amendment the following resolution as a **special** resolution:

“To approve the transfer of the Company’s incorporation from New Zealand to Australia in accordance with sections 350 – 356 of the Companies Act 1993 (New Zealand) and Part 5B.1 of the Corporations Act 2001 (Commonwealth of Australia).”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 15.

2.12 Resolution 16: Adoption of a new constitution following migration from New Zealand to Australia

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

“That, in lieu of the present Constitution of the Company, there be adopted as the Constitution of the Company, a Constitution in the form of the proposed Constitution marked with the letter “A”, a copy of which Constitution shall be tabled at the AGM and signed by the Chairman of the Company for the purposes of identification.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 16

2.13 Resolution 17 Approval of additional 10% placement facility

To consider and, if thought fit, pass the following resolution as a **special** resolution:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 17

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the 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 AGM 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:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Important note: The proposed allottees of any Equity Securities under the Additional 10% Placement facility are not yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person’s vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

3. GENERAL INFORMATION

3.1. Eligibility to Vote

For the purpose of determining a person's entitlement to vote at the AGM, Shares will be taken to be held by persons who are registered as Shareholders as at 7:00pm (AEDT) on Sunday 7 November 2021. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the AGM.

3.2. Proxies

A proxy form is attached. You may exercise your right to vote at the AGM either by being present in person or by appointing a proxy to attend and vote in your place. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of the Company. A proxy form must be signed by the Shareholders or the Shareholder's attorney. Proxies given by corporations must be signed either under seal or in accordance with the Constitution of the Company. The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received not later than 48 hours before the time for holding the AGM.

To lodge your proxy, please follow the directions below or on your personalised Proxy Form:

Online: www.investorvote.com.au

Or for Intermediary Online subscribers only (Custodians) www.intermediaryonline.com

By Fax: 1800 783 447 (within Australia)

+61 3 9473 2555 (outside Australia)

By mail: Please complete and forward the Proxy Form to the Company's share registry as follows:
by post at the following address

Computershare Investor Services Pty Ltd

GPO Box 242

Melbourne VIC 3001

so that it is received no later than 10.00AM (AEDT) on Sunday 7 November 2021.

By order of the Board
American Rare Earths Limited

Wayne Kernaghan,
Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of the Notice of Annual General Meeting Shareholders to be held at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 on Tuesday 9 November 2021 commencing 10.00AM (AEDT).

The Notice of Annual General Meeting and this Explanatory Memorandum, should be read carefully and in their entirety.

1. ORDINARY BUSINESS

1.1 2021 Annual Report

The Company's annual financial report (including the financial statements), the directors' report and auditor's report will be laid before the AGM.

This item provides an opportunity for Shareholders at the AGM to ask questions and comment on those reports (including financial statements).

- (a) You have a right to receive from the Company, free of charge, a copy of the Company's 2021 Annual Report if you make a request to the Company to receive a copy; and
- (b) You may obtain a copy of the 2021 Annual Report by electronic means from <https://americanrareearths.com.au> and
- (c) The Company has not prepared, in relation to the same accounting period as the 2021 Annual Report, a concise annual report.

No resolution is required to be passed on this matter.

1.2 Resolution 1: Re-election of Director Mr F Creagh O'Connor

F Creagh O'Connor: AM, FAIM, FAICD. Non-Executive Chairman, Member of the Remuneration Committee and the Audit Committee. Appointed 22 June 2000

Creagh O'Connor was appointed to the Board in 2000 and to the role of Chairman in 2004. He has approximately 40 years' senior management experience in providing consulting and advisory services for oil, gas and mineral projects throughout Australia and overseas. He is a leading consultant for Australian construction and development consortiums. He has served as a Director and Chairman on a number of listed and private companies.

Non-candidate Directors unanimously recommend that Shareholders **vote in favour** of Resolution 1.

1.3 Resolution 2: Election of Director – Mr Clarence McAllister

Clarence McAllister: MBA, BSc Non-Executive Director (Independent) Appointed 21 September 2021

Clarence McAllister has over 30 years of international experience in engineering and construction and has been the Chairman of the Board of the wholly owned subsidiary Western Rare Earths for the last two years. He is also the Founder and Chief Executive Officer of Fortis Engineers, a world-class electrical and mechanical engineering firm based in Phoenix, Arizona.

Non-candidate Directors unanimously recommend that Shareholders **vote in favour** of Resolution 2.

1.4 Resolution 3: Election of Director – Mr Chris Gibbs

Chris Gibbs: Executive Director Appointed 1 November 2021

Chris Gibbs has over 28 years' experience in the resource sector within Australia, Canada, USA, South America, Africa and Europe. Mr Gibbs has joined the company from Argonaut Gold. Chris has held various leadership roles in operational improvement and organisation effectiveness with Barrick Gold, Placer Dome and Millennium Chemical. He holds a Master's degree in Project Management and a Bachelor of Business degree from Curtin University.

Non-candidate Directors unanimously recommend that Shareholders **vote in favour** of Resolution 3.

1.4 Resolution 4: Auditor's Remuneration

Shareholders will be asked to authorise Directors to fix the auditor's fees and expenses for the financial year ending 30 June 2021.

Directors unanimously recommend that Shareholders **vote in favour** of Resolution 4.

2. Resolution 5 - Issue of Options to Mr Creagh O'Connor

2.1 General

It is proposed that the Company issue to Creagh O'Connor, a Director of the Company, or his nominee, a total of 3,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.10. The Options have an expiry date of 5 years from date of issue. This was announced to the ASX on 11 December 2020 subject to receipt of shareholder approval at the next General Meeting.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

2.2 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Creagh O'Connor is a director of the Company, the proposed issue of Options to Mr O'Connor or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Companies Act.

Directors, with Mr O'Connor abstaining, have each certified that the issuing of the Options to Mr Creagh constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Options, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Options is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

2.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+)holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12, accordingly, the approval of Shareholders under Listing Rule 10.11.

Resolution 5 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

2.4 Information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Options to Mr O'Connor within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 5 is not passed, the Company will not be able to proceed with the issue of the Options.

2.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 5:

- (a) the Options will be issued to Creagh O'Connor (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Creagh O'Connor is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 3,000,000 to Creagh O'Connor (or his nominee);
- (c) the terms and conditions of the Options are set out in schedule 1;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr O'Connor to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr O'Connor, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr O'Connor.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
 - (i) the Options are unquoted; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders;
 - (ii) it is considered that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr O'Connor has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the related party; and
 - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share Price at time of announcement 11 December 2020	\$0.086

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Share price at 21 September 2021	\$0.175
Exercise Price	\$0.10
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	5 years
Value per option	\$0.155
Number of Options	3,000,000
Total value	\$465,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 3,000,000 Options is \$465,000.

(j) the Options are not being issued under an agreement

(k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	9,500,000
Total Options	25,333,333
Total Ordinary Shares if all Options on issue are exercised	370,641,659

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

(l) Mr O'Connor has no Shares in the Company. If Mr O'Connor exercises the Options, there will be a dilutionary effect of 0.0008% on existing Shareholders. If shareholder approval is obtained for all resolutions contained in the Notice of the AGM and all Options are issued as contemplated by the Notice of the AGM and none of the Options on issue are exercised, except those issued to Creagh O'Connor, Creagh O'Connor will hold 0.0008% of the issued share capital of the Company.

(m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

(n) Creagh O'Connor currently receives from the Company \$40,000 per year (includes salary and superannuation contribution).

These Options are intended to provide an incentive to Creagh O'Connor, as a Director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Therefore, Resolution 5 seeks the approval of Shareholders to satisfy the requirement for shareholder approval under Listing Rule 10.11.

Creagh O'Connor, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution, being a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 5 on the basis that the Options will provide an incentive to Mr O'Connor to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

4 Resolution 6 - Issue of Options to Mr Keith Middleton

3.1 General

It is proposed that the Company issue to Mr Keith Middleton, a director of the Company, a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.20 with an expiry date of three years from date of issue.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

3.2 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Keith Middleton is a director of the Company, the proposed issue of Options to Mr Middleton or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr Middleton abstaining, have each certified that the issuing of the Options to Mr Middleton constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Options, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Options is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

3.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+)holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 6 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

3.4 Information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Options to Mr Middleton within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules).As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 6 is not passed, the Company will not be able to proceed with the issue of the Options.

3.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 6:

- (a) the Options will be issued to Keith Middleton (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Keith Middleton is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Keith Middleton (or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 2;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options(other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr Middleton to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Middleton, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr Middleton.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
 - (i)the Options are unquoted ; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders:
 - (ii)it is considered that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr Middleton has been determined based upon a consideration of:

(i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;

(ii) the remuneration of the related party; and

(iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;

(i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	3 years
Value per option	\$0.125
Number of Options	2,000,000
Total value	\$250,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$250,000.

(j) the Options are not being issued under an agreement

(k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 30/11/2020)	500,000
Unlisted Options (15.0 cents exercisable on or before 1/11/2021)	12,333,333

Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	9,500,000
Total Options	25,333,333
Total Ordinary Shares if all Options on issue are exercised	370,641,659

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

(l) Mr Middleton has an interest in 7,250,000 Shares. If Mr Middleton exercises the Options, there will be a dilutionary effect of 0.005% on existing Shareholders. Mr Middleton will hold 2.67% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.

(m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

(n) Mr Middleton currently receives \$259,800 per year, inclusive of superannuation, as an executive director. After 1 November 2021 he will become a non-executive director of the Company and will receive directors' fees of \$20,000 pa. These Options are intended to provide an incentive to Mr Middleton, as a director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Therefore, Resolution 6 seeks the approval of Shareholders to satisfy the requirement for shareholder approval under Listing Rule 10.11

Mr Middleton, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution, being a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 6 on the basis that the Options will provide an incentive to Mr Middleton to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

4 Resolution 7 - Issue of Options to Mr Geoff Hill

4.1 General

It is proposed that the Company issue to Mr Geoff Hill, a Director of the Company, a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.20 with an expiry date of three years from the date of issue.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

4.2 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Geoff Hill is a non-executive director of the Company, the proposed issue of Options to Mr Hill or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr Hill abstaining, have each certified that the issuing of the Options to Mr Hill constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Options, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Options is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+)holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 7 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

4.4 Information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Options to Mr Hill within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules).As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 7 is not passed, the Company will not be able to proceed with the issue of the Options.

4.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 7:

- (a) the Options will be issued to Geoff Hill(or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Geoff Hill is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Geoff Hill(or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 2;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options(other than in respect of funds received on exercise of the Options).

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- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr Hill to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Hill, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr Hill.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
- (i) the Options are unquoted ; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders:
 - (ii) it is considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr Hill has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the related party; and
 - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company’s cash reserves.
- The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	130%
Time (years) to expiry	3 years
Value per option	\$0.125
Number of Options	2,000,000
Total value	\$250,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board’s prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$250,000.

- (j) the Options are not being issued under an agreement

- (k)The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	345,308,326

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Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 30/11/2020)	500,000
Unlisted Options (15.0 cents exercisable on or before 1/11/2021)	12,333,333
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	9,500,000
Total Options	25,333,333
Total Ordinary Shares if all Options on issue are exercised	370,641,659

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

(l) Mr Hill has an interest in 78,447,392 Shares. If Mr Hill exercises the Options, there will be a dilutionary effect of 0.005% on existing Shareholders. Mr Geoff Hill will hold 23.16% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.

(m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

(n) Mr Geoff Hill currently receives \$35,000 per year inclusive of superannuation. Mr Geoff Hill receives no other remuneration from the Company.

These Options are intended to provide an incentive to Mr Geoff Hill, a Director, to work towards improving the performance of the Company and its Share price, which will benefit all the Shareholders.

Mr Geoff Hill, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 7, on the basis that the Options will provide an incentive to Mr Hill to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

5 Resolution 8 - Issue of Options to Mr Denis Geldard

5.1 General

It is proposed that the Company issue to Mr Denis Geldard, a Director of the Company, a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.20 with an expiry date 3 years from the date of issue.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

5.2 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Denis Geldard is a non-executive director of the Company, the proposed issue of Options to Mr Geldard or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr Geldard abstaining, have each certified that the issuing of the Options to Mr Geldard constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Options, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Options is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

5.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+)holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 8 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

5.4 Information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Options to Mr Geldard within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 8 is not passed, the Company will not be able to proceed with the issue of the Options.

5.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 8:

- (a) the Options will be issued to Denis Geldard (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Denis Geldard is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Denis Geldard (or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 2;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr Geldard to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Geldard, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr Geldard.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
 - (i) the Options are unquoted ; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders:
 - (ii) it is considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr Geldard has been determined based upon a consideration of:
 - (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the related party; and
 - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	3 years

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Value per option	\$0.125
Number of Options	2,000,000
Total value	\$250,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$250,000.

(j) the Options are not being issued under an agreement

(k)The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 30/11/2020)	500,000
Unlisted Options (15.0 cents exercisable on or before 1/11/2021)	12,333,333
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	9,500,000
Total Options	25,333,333
Total Ordinary Shares if all Options on issue are exercised	370,641,659

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

(l)Mr Geldard has an interest in 5,018,475 Shares. If Mr Geldard exercises the Options, there will be a dilutionary effect of 0.005% on existing Shareholders. Mr Denis Geldard will hold 2.02% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.

(m)The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

(n)Mr Denis Geldard currently receives \$35,000 per year including superannuation. Mr Denis Geldard receives no other remuneration from the Company.

These Options are intended to provide an incentive to Mr Denis Geldard, a Director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Mr Denis Geldard, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 8, on the basis that the Options will provide an incentive to Mr Geldard to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

6 Resolution 9 - Issue of Options to Mr Clarence McAllister

6.1 General

It is proposed that the Company issue to Mr Clarence McAllister, a Director of the Company, a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.20 with an expiry date of three years from the date of issue.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

6.2 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Clarence McAllister is a non-executive director of the Company, the proposed issue of Options to Mr McAllister or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr McAllister abstaining, have each certified that the issuing of the Options to Mr McAllister constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Options, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Options is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

6.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+)holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which give them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders.

Unless it obtains the approval of its Shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 9 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

6.4 Information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Options to Mr McAllister within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules).As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 9 is not passed, the Company will not be able to proceed with the issue of the Options.

6.5 Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 9:

- (a) the Options will be issued to Clarence McAllister(or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Clarence McAllister is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Clarence McAllister(or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 2;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options(other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr McAllister to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr McAllister, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr McAllister.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
 - (i)the Options are unquoted ; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders;
 - (ii)it is considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr McAllister has been determined based upon a consideration of:
 - (i)current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the related party; and
 - (iii)incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.

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The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;

- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	3 years
Value per option	\$0.125
Number of Options	2,000,000
Total value	\$250,000

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$250,000.

- (j) the Options are not being issued under an agreement

- (k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 10/01/2023)	500,000
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	12,333,333

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	345,308,326
Unlisted Options (6.0 cents exercisable on or before 30/11/2020)	500,000
Unlisted Options (15.0 cents exercisable on or before 1/11/2021)	12,333,333
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000

Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	9,500,000
Total Options	25,333,333
Total Ordinary Shares if all Options on issue are exercised	370,641,659

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

(l) Mr McAllister has an interest in no Shares. If Mr McAllister exercises the Options, there will be a dilutionary effect of 0.005% on existing Shareholders. Mr Clarence McAllister will hold 0.005% of the issued Share capital of the Company should he exercise these Options and no other Options on issue are exercised.

(m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

(n) Mr Clarence McAllister currently receives \$35,000 per year including superannuation from his appointment on 21 September 2021. Mr Clarence McAllister receives no other remuneration from the Company.

These Options are intended to provide an incentive to Mr Clarence McAllister, a Director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Mr Clarence McAllister, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution as he is a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 9, on the basis that the Options will provide an incentive to Mr McAllister to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

7 Resolution 10 - Issue of Shares to Mr Chris Gibbs

7.1 Background

Subject to Shareholder approval, the Company proposes to issue 1,500,000 Shares to Chris Gibbs who takes up the position of Managing Director on 1 November 2021, or his nominee, on the terms referred to in this Explanatory Memorandum.

As at the date of this Explanatory Memorandum, based on the current Share price of \$0.20, the value of the Shares to be issued to Mr Gibbs is \$300,000.

Remuneration payable to Mr Gibbs

- (a) Mr Gibbs' agreed remuneration is: \$350,000 p.a. inclusive of statutory superannuation from his commencement on 1 November 2021;
- (b) The issue of the 1,500,000 Shares subject to approval of this resolution; and
- (c) The issue of 1,500,000 Options to be issued under the Option Share Trust Plan in the company for nil consideration subject to shareholder approval as per resolution 13.

7.2 Trading History

The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.235 (on 8 October 2020), \$0.031 (on 28 September 2020) and \$0.175 (on 21 September 2021) respectively.

7.3 Dilution effects on existing members interests

If the Shares proposed to be issued pursuant to Resolution 10 are approved and issued, the effect will be to dilute the interests of existing Shareholders.

The table below sets out the impact of passing Resolution 10, on the number of Shares and Options on an undiluted and diluted basis.

	Undiluted	Fully diluted	Potential dilution of Shares	
	Shares	Shares	Undiluted	Fully diluted
	Number	Number	Shares	Shares
			%	%
Shares on issue at the date of the Notice	345,308,326	345,308,326	-	-
Unquoted Options on issue, each with an exercise price of 6 cents (\$0.06) and expiring 10 January 2023	-	500,000	-	-
Unquoted Options on issue, each with an exercise price of 15 cents (\$0.15) and expiring 11 December 2023	-	12,333,333	-	-
Total existing Equity Securities on Issue	345,308,326	358,141,659	-	-
Proposed issue of Shares to Chris Gibbs or his nominee	1,500,000	1,500,000	0.43%	0.42%
Total proposed Equity Securities on Issue	346,808,326	359,641,659	0.43%	0.42%

7.4 Opportunity costs and taxation consequences to the Company

It is not considered that from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company resulting from the issue of Shares pursuant to Resolution 10. New Zealand Accounting Standards (NZ IFRS) may require the Company to expense the 1,500,000 Shares proposed to be granted to Mr Gibbs or his nominee, with the expense booked against Issued Capital, estimated to be \$300,000 based on the Share price of \$0.20 at 28 September 2021. This amount may change based on the Share price at the time of issue of the 1,500,000 Shares.

7.5 Director's Current Interests

Equity Securities held by Mr Gibbs

At the date of the Notice, Mr Gibbs or his related entities hold no Equity Securities issued by the Company:

7.6 Listing Rules

Pursuant to Listing Rule 10.13, the following information is provided regarding the approval sought under Listing Rule 10.11:

Rule 10.13.1: Name of person:

Chris Gibbs or his nominee

Rule 10.13.2: Nature of relationship:

Chris Gibbs is to become an executive director of the Company from 1 November 2021

Rule 10.13.3: Number of securities to be issued:

1,500,000 fully paid ordinary Shares

Rule 10.13.4: Number of securities to be issued if partly paid:

Not applicable

Rule 10.13.5: Date by which the securities are to be issued:

If Shareholders approve Resolution 10, the issue and allotment of the Shares to Mr Gibbs, or his nominee, will occur on a date which is no later than one month after the date of the AGM.

Rule 10.13.6: Issue price of the securities and a statement of terms of issue:

The Shares will be issued without payment to the Company. At the time of this Notice the market price of the Shares is \$0.20 and were to be issued at that price subject to approval from Shareholders. The rights attaching to the new Shares are identical to the existing ordinary fully paid Shares issued by the Company, with which the new Shares will rank equally.

Rule 10.13.7: Intended use of the funds:

No funds will be raised from the issue of the Shares. The Shares are proposed to be issued to Mr Gibbs, or his nominee, as part of Mr Gibb's remuneration, recognising that Mr Gibbs has forgone receiving bonuses in his previous employment.

Rule 10.13.8: Current Remuneration:

Refer to item 7.1 which sets out Mr Gibb's remuneration.

Rule 10.13.9: Summary of material terms:

Should this resolution not be approved by Shareholders then the Shares will not be issued. However, the Company will be required to make a cash payment to Mr Gibbs in the amount of \$300,000.

Rule 10.13.10: A voting exclusion statement:

A Voting Exclusion Statement is included in the Notice.

Rule 7.2, Exception 14: Approval not required under Rule 7.1:

As approval for the issue of the Shares referred to in Resolution 10 is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

7.7 Companies Act

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

Gibbs or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr Gibbs abstaining, have each certified that the issue of the Shares to Mr Gibbs constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Shares, are used to supplement cash-based remuneration; and**
- **The proposed issue of the Shares is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however, approval is still required for the purposes of Listing Rule 10.11.

7.8 Recommendation

Mr Gibbs declines to make a recommendation about Resolution 10, as he has a material personal

interest in the outcome of that Resolution as it relates to the Company granting Shares, which is a financial benefit, to him or his nominee.

Excluding Mr Gibbs, Directors unanimously recommend that Shareholders **vote in favour** of Resolution 10.

8. Resolution 11: Ratification of share placement on 11 December 2020

On 11 December 2020 the Company announced it had issued 26,666,667 new Shares at an issue price of \$0.09 per Share plus 13,333,333 free attaching Options to sophisticated investors or professional investors. The purpose of the issue was to advance the La Paz Rare Earth project and provide general working capital.

ASX Listing Rule 7.4 permits an issue of shares that has been made without shareholder approval under Listing Rule 7.1 to be ratified by Shareholders.

If resolution 11 is passed, the Company will be able to utilise Listing Rule 7.1 for future issues of up to 15% of the expanded issued capital in the next 12 month period without having to convene a Shareholders meeting to seek Shareholders' approval of any such issues. The directors believe it is desirable to have the flexibility afforded to the Company to issue securities up to the maximum 15% allowable under Listing Rule 7.1. The directors recommend that Shareholders vote in favour of the resolution.

The Shares issued pursuant to the placement rank equally in all respects with all existing Shares previously issued by the Company.

The free attaching Options were issued for nil consideration.

\$2,400,000 (before expenses) was raised from the issue and was used to provide funds to advance the La Paz Rare Earth project and for general working capital.

Information required under Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 10:

Rule 7.5.1:

The persons to whom the 26,666,667 new Shares were issued were identified and selected as sophisticated investors or professional investors or who were clients of Taylor Collison.

Rule 7.5.2: Number of securities to be issued:

33,100,000 fully paid ordinary Shares

13,333,333 free attaching Options exercisable at \$0.15 with an expiry date of 11 December 2023.

Rule 7.5.3: Number of securities to be issued if partly paid:

Not applicable

Rule 7.5.4: Date or dates on when securities will be issued:

26,666,667 fully paid Shares have been issued on 11 December 2020.

13,333,333 free attaching Options have been issued on 11 December 2020.

Rule 7.5.5: Price of securities:

26,666,667 fully paid Shares have been issued at \$0.09

13,333,333 free attaching Options have been issued with an exercise price of \$0.15 and expiry date of 11 December 2023.

Rule 7.5.6: Purpose of the issue:

to raise funds to advance the La Paz Rare Earth Project and for working capital.

Rule 7.5.7: Summary of agreement:

Not applicable.

Rule 7.5.8: A voting exclusion statement:

A voting exclusion statement is included in the Notice.

Recommendation

The Directors recommend that Shareholders **vote in favour** of Resolution 11.

9.0 Resolution 12 : Issue of Shares to Zenith Minerals Limited.

9.1 Background

As announced on 10 June 2021 the Company is to acquire the Scandium Mineral rights over the Split Range Project from Zenith Minerals Limited. The option to acquire the Scandium Mineral rights is for a period of two years. The Company has to provide consideration of \$400,000 worth of ARR Shares within 6 months of execution (by 10 December 2021) and 5m Shares in the Company on the grant of a Scandium Mining Lease. This resolution is for approval for the issue of Shares to the value of \$400,000.

9.2 Listing Rule 7.1

If Resolution 12 is passed, the Company will be able to utilise Listing Rule 7.1 for Share issues in the following 12 month period of up to 15% of the issued capital, expanded by the Shares issued to Zenith Minerals Limited without having to seek Shareholder approval. The Directors believe it is desirable that the Company have this flexibility and, accordingly, recommend that Shareholders vote in favour of Resolution 12.

The effect of Resolution 12 will be to allow the Company to issue the Shares to Zenith Minerals Limited within three months after the date of the AGM (or such later date as permitted by any waiver or modification of the Listing Rules) without reducing the number of Shares that may be issued pursuant to Listing Rule 7.1

9.3 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3 the following information is provided in relation to the issue of the Shares:

Rule 7.3.1: Name of person:

Zenith Minerals Limited.

Rule 7.3.2: Number and class of securities to be issued:

Shares to be issued is to the value of \$400,000 at the issue price referred to in Rule 7.3.5 below.

Rule 7.3.3: Material terms of securities if not fully paid:

Not applicable.

Rule 7.3.4: Date by which the securities are to be issued:

If Shareholders approve Resolution 12, the issue and allotment of the Shares will occur on a date which is no later than three months after the date of the AGM.

Rule 7.3.5: The price or other consideration the Company will receive for the securities:

The consideration the Company will receive for the issue of the Shares is the Scandium Mineral rights over the Split Range Project.

Rule 7.3.6: Purpose of the issue:

The acquisition by the Company of the Scandium Mineral rights over the Split Range Project from Zenith Minerals Limited.

Rule 7.3.7: Summary of material terms.:

As announced on 10 June 2021 the Company is to acquire the Scandium Mineral rights over the Split Range Project from Zenith Minerals Limited. The option to acquire the Scandium Mineral rights is for a period of two years. The Company has to provide consideration of \$400,000 worth of ARR Shares within 6 months of execution (by 10 December 2021) and 5m Shares in the Company on the grant of a Scandium Mining Lease. This resolution is for approval for the issue of Shares to the value of \$400,000.

Rule 7.3.8: Issue to fund a takeover.:

Not applicable

Rule 7.3.9: Voting exclusion.:

A voting exclusion statement is included in the Notice.

The Directors recommend that Shareholders vote to approve Resolution 12.

10. Resolution 13: Approval of Option Share Trust Plan

10.1 General

Resolution 13 seeks Shareholder approval for the adoption of the Option Share Trust Plan (“Plan”) in accordance with ASX Listing Rule 7.2 (Exception 13).

ASX Listing Rule 7.1 provides that, subject to Specified Exceptions, a company must not, without approval of the holders of ordinary securities, issue or agree to issue more equity securities during any 12 month period than the number which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Exception 13 excepts issues under an employee incentive scheme on specified conditions.

If Resolution 13 is passed, the Company may issue Options under the Plan without reducing the Company’s capacity under Listing Rule 7.1.

The Options under the Plan will be issued to attract, motivate and retain eligible participants and to provide them with an incentive to deliver growth and value to all Shareholders.

Under the Plan, the Board may offer to eligible participants the opportunity to subscribe for such number of Options/Shares in the Company as the Board may decide and on the terms set out in the Plan and associated terms and conditions. A copy of the Plan can be obtained by contacting the Company.

Any future issues of rights under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX’s opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

10.2 Specific Information Required by ASX Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with the requirements of Listing Rule 7.2 (Exception 13), the following information is provided in relation to the approval of the Plan;

- (a) the material terms of the Plan are summarised in Schedule 3;
- (b) this is the first approval sought under Listing Rule 7.2 Exception 13);
- (c) no Options/Shares have been issued under the Plan;
- (d) The maximum number of equity securities proposed to be issued under the scheme following the approval is 34,530,832; and
- (e) a voting exclusion statement has been included in the Notice for the purposes of Resolution 13.

The Directors recommend that Shareholders vote to approve Resolution 13.

11. Resolution 14: Issue of Options under the Option Share Trust Plan to Mr Gibbs

11.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer to Resolution 13) to issue Options to Mr Chris Gibbs under the Plan.

11.2 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities.

10.14.1 a director of the entity;

10.14.2 an associate of a director of the entity ; or

10.14.3 a person whose relationship with an entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Options to a Director falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 14 seeks the required shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.14.

11.3 Information required by Listing Rule 14.1A

If resolution 14 is passed, the Company may issue Options under the Plan within three years after the date of the AGM (or such later date permitted by an ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.14), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the Options to Mr Gibbs under the Plan.

11.4 Information required by Listing Rule 10.15

- (a) Mr Chris Gibbs
- (b) Mr Gibbs is a director of the Company;
- (c) 1,500,000 options to be issued on the terms set out in Schedule 4:
- (d) Remuneration payable to Mr Gibbs
 - a. Mr Gibbs' agreed remuneration is: \$350,000 p.a. inclusive of statutory superannuation from his commencement on 1 November 2021;
 - b. The issue of the 1,500,000 Shares subject to approval of resolution 10; and
 - c. The issue of 1,500,000 Options to be issued under the Option Share Trust Plan in the company for nil consideration subject to shareholder approval as per resolution 13.
- (e) No Options have previously been issued to Mr Gibbs under the Plan;
- (f)
 - (i) a summary of the material terms of the Options is set out in Schedule 4;
 - (ii) the Directors consider that Options are an appropriate incentive, as referred to previously in this Explanatory Memorandum;
 - (iii) the value the Company attributes to the Options and the basis for this attribution is set out in Schedule 4;
- (g) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (h) the Company will issue the Options to Mr Gibbs under the Plan as an incentive, without consideration.
- (i) a summary of the material terms of the Plan is set out in Schedule 3;
- (j) the Company will not make any loan to Mr Gibbs in relation to the issue or exercise of the options
- (K) details of any Options issued under the Plan will be published in the Company's annual report relating to the period in which they were issued along with a statement that approval for the issue was obtained under Listing Rule 10.4;
 - (i) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Plan after the resolution is approved and who are not named in the Notice of the AGM, will not participate until approval is obtained under that Rule;
 - (ii) a voting exclusion statement is included in the Notice.

12. Resolution 15: Transfer of incorporation from New Zealand to Australia

The Company is currently a New Zealand incorporated company, listed on the ASX. The Company has no business presence in New Zealand and the board considers there is no purpose in maintaining the Company's incorporation in New Zealand.

Accordingly the board is seeking shareholder approval by special resolution to transfer or "redomicile" from the New Zealand Register of Companies to the Australian Securities and Investments Commission (ASIC) Register in Australia in accordance with sections 350 – 356 of the Companies Act 1993 (New Zealand) and Part 5B.1 of the Corporations Act 2001 (Commonwealth of Australia).

In addition to shareholder approval, the transfer of incorporation will require (i) written notice from the New Zealand Commissioner of Inland Revenue that the Commissioner has no objection to the removal of the Company from the New Zealand Register of Companies, (ii) public notice in New Zealand not less than 20 working days from the time proposed to transfer the incorporation and (iii) for the Company's application for incorporation in Australia to be approved by ASIC.

The Directors recommend that the Shareholders vote to approve Resolution 15.

13. Resolution 16: Adoption of a New Constitution

The transfer or "redomicile" of the Company's place of incorporation from New Zealand to Australia requires the Company to adopt a new constitution in accordance with Australian law and the ASX Listing Rules and to revoke its existing New Zealand constitution. Accordingly, shareholder approval is sought by special resolution to adopt a replacement constitution to take effect from the time of incorporation in Australia.

A copy of the proposed replacement constitution is available from www.americanraearth.com.au

The Company is incorporated in New Zealand. Its Existing Constitution appears to be in a form common for New Zealand public companies.

The Company's Shares are listed on the Australian Stock Exchange (ASX), connoting that its Existing Constitution has been approved by ASX. However, its Existing Constitution is less comprehensive than a form of constitution for an Australian listed public company. Accordingly, associated with the Company's registration in Australia pursuant to the Corporations Act 2001 (Cth), it is proposed that the Company adopt a New Constitution effective from the date of migration from New Zealand to Australia.

This is a summary of the principal provisions in the New Constitution, as compared to the Existing Constitution:

- (i) article 2.13 provides that the Company need not issue share certificates;
- (ii) article 4.1 provides for the Company participating in the CHESS system;
- (iii) the New Constitution has more detailed provisions as to shareholder meetings than in the Existing Constitution;
- (iv) the Existing Constitution provides for the appointment of Directors by an ordinary resolution of "security holders". In the ASX Listing Rules, *security* is given a meaning extending beyond shares to debentures and other interests. It is not appropriate that Directors be appointed by security holders other than Shareholders. Accordingly, the New Constitution provides for the appointment of Directors by Shareholders.

The New Constitution also contains more detailed provisions as to the appointment of Directors than those in the Existing Constitution;

- (v) the Existing Constitution makes no provision as to as minimum or maximum number of Directors. The Corporations Act 2001 (Cth) requires a minimum of 3 directors of a public company, with no specified maximum. The New Constitution provides for a minimum of 3 Directors and a maximum of 9 Directors;
- (vi) the New Constitution (Article 14.6) provides more circumstances in which the office of Director is vacated than the corresponding provision (Article 30) in the Existing Constitution;
- (vii) the Existing Constitution has no specific provision for the remuneration of Directors although the remuneration of Directors for services is recognised in Article 41 of the Existing Constitution. The New Constitution contains more detailed provisions as to the remuneration of Directors (Articles 14.7 and 14.8), including, in Article 14.8, a specified maximum on the total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors);
- (viii) article 15.1 of the New Constitution contains more detailed provisions as to the management of the Company by the Directors than those in the Existing Constitution;
- (ix) article 15.5 of the New Constitution makes provision for retirement benefits for Directors – there are no such provisions in the Existing Constitution.

The Directors recommend that the Shareholders vote to approve Resolution 16.

14. Resolution 17: Approval by special resolution of additional 10% equity securities issue facility

Background

In addition to the 15% equity securities issue capacity permitted without Shareholder approval under Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under Listing Rule 7.1A may issue or agree to issue during the specified period, a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, calculated in accordance with the formula in Listing Rule 7.1A.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis). The Company is an eligible entity.

Any equity securities issued under the 10% placement facility must be in the same class as an existing class of equity securities of the issuing company. The Company has one class of quoted equity securities on issue, being ordinary shares.

Resolution 17 seeks Shareholder approval by way of a special resolution to issue equity securities under the Additional 10% Placement Facility available under Listing Rule 7.1A. The maximum number of quoted equity securities that may be issued under the additional 10% placement facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

If Resolution 17 is passed, the Company will be able to issue equity securities up to a combined 25% limit as provided in Listing Rules 7.1 and 7.1A without further Shareholder approval.

If Resolution 17 is not passed, the Company will not have the additional 10% capacity to issue Equity Securities without Shareholder approval available under Listing Rule 7.1A and will remain subject to the 15% limit on issuing (or agreeing to issue) Equity Securities without Shareholder approval permitted under Listing Rule 7.1.

Resolution 17 is a special resolution and therefore requires approval by 75% of the votes cast by Shareholders present and eligible to vote at the AGM (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Regulatory Requirements

The following information is provided to Shareholders as required by Listing Rule 7.3A:

a. Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be a cash consideration per Equity Security of not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- i. The date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- ii. If the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

b. Dilution

As at the date of this Notice of AGM, the Company has 345,308,326 Shares on issue. If Shareholders approve Resolution 17, the Company will have the capacity to issue approximately 34,530,832 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

If Resolution 17 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues. There is a risk that:

American Rare Earths Limited Notice of Annual General Meeting Tuesday 9 November 2021

- i. the market price for the Company’s Equity Securities may be significantly lower on the date of the issue of the Equity Securities than the date of the AGM; and
- ii. the Equity Securities may be issued at a price that is at a discount to the market price for the Company’s Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of AGM.

The table below also shows:

- i. two examples where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rate entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- ii. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.09 50% decrease in Issue Price	\$0.18 Issue Price	\$0.27 50% increase in Issue Price
Current Variable A 345,308,326 Shares	Shares issued	34,530,832 New Shares	34,530,832 New Shares	34,530,832 New Shares
	Funds raised	\$3,107,775	\$6,215,550	\$9,323,325
50% increase in current Variable A 517,962,489 Shares	Shares issued	51,796,249 New Shares	51,796,249 New Shares	51,796,249 New Shares
	Funds raised	\$4,661,662	\$9,323,325	\$13,984,987
100% increase in current Variable A 690,616,652 Shares	Shares issued	69,061,665 New Shares	69,061,665 New Shares	69,061,665 New Shares
	Funds raised	\$6,215,550	\$12,431,100	\$18,646,650

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
2. No Options are exercised before the date of the issue of the Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder’s holding at the date of the AGM.

5. The table shows only the effect of issued of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
7. The issue price is \$0.18, being the closing price of the Shares on ASX on 24 September 2021.

c. Issue Period

If Shareholders approve Resolution 17, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the AGM until the earlier of the following to occur:

- i. The date that is 12 months after the date of the AGM;
- ii. The time and date of the Company's next AGM; and
- iii. The date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature of scale of activities) or 11.2 (disposal of main undertaking).

(the Additional 10% Placement Period).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period.

d. Purpose of Issues

The Company may only issue the Equity Securities for a cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including payment of expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

e. Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to relevant factors including but not limited to the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues of Equity Securities in which existing Equity Security holders can participate;
- ii. the effect of the issue of the Equity Securities on the control of the Company;
- iii. the financial position and solvency of the Company; and
- iv. advice from corporate, financial and broking advisers (if appropriate).

f. Previous issues

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and has not issued any Equity Securities pursuant to Listing Rule 7.1A in the 12 months preceding the date of the AGM.

g. Voting exclusion statement

A voting exclusion statement for Resolution 17 is included in the Notice of AGM preceding this Explanatory Statement.

At the date of the Notice of AGM, the Company has not approached any existing Equity Security holder nor any identifiable class of existing Equity Security holders to participate in the issue of the Equity Securities. Accordingly, the proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not yet known or identified.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit, that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion statement in the Notice of AGM.

Directors' Recommendation

The Directors believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the capacity to issue further Equity Securities representing up to 10% of the issued capital of the Company (at the time of this issue) during the next 12 months. Accordingly, the Directors recommend that Shareholders approve Resolution 17.

15. INTERPRETATION

For the purposes of interpreting the Explanatory Memorandum and the Notice:

- (a) the singular includes the plural and vice versa;
- (a) words importing any gender include the other genders;
- (b) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (c) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice;
- (d) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (e) reference to **cents, \$, A\$, Australian Dollars** or **dollars** is a reference to the lawful currency for the time being and from time to time of the Commonwealth of Australia.

16. GLOSSARY

In this Notice and the Explanatory Statement:

2021 Annual Report means the Company's Directors' Report, Financial Report and Auditor's Report in respect to the financial year ended 30 June 2021.

AGM means the Company's annual general meeting to commence 10.00AM (AEDT) on Tuesday 9 November 2021 and notified to the Company's Shareholders by this Notice.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor means IRCS Limited

Auditor's Report means the Auditor's report on the Financial Report.

Board means the board of Directors.

Chair or **Chairman** means the person appointed to chair the AGM convened by this Notice.

Company means American Rare earths Limited (ARBN 003 453 503).

Companies Act means the New Zealand Companies Act 1993, as amended from time to time.

Constitution means the constitution of the Company, as amended from time to time.

Director means a director of the Company.

Directors' Report means the annual Directors' Report.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement attached to the Notice.

Group means the Company and each body corporate that is a subsidiary of the Company by virtue of Division 6 of the Corporations Act.

Listing Rules means the official listing rules issued and enforced by the ASX, as amended from time to time.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Option means an option to have Shares issued.

Placement shares means the Shares issued on 11 December 2020.

Professional Investor has the meaning given in Section 708(ii) of the Corporations Act.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

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

Shareholder means a shareholder of the Company.

Sophisticated Investor has the meaning Shareholders given in section 707(8) of the Corporations Act.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means arithmetic average of the daily volume weighted average price of the ordinary shares in the Company traded on the ASX.

17.Appointment of Corporate Representative

Pursuant to Schedule 1 Clause 10 of the New Zealand Companies Act 1993, as amended:

(ABN/ACN/ARBN)

(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

(Insert name of appointee)

- (*) 1. To act as the Company’s representative at all General Meetings of American Rare Earths Limited ARBN 003 453 503.
- (*)2. To act as the Company’s Representative at the Annual General Meeting to be held commencing 10.00AM (AEDT) at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 and any adjournment thereof.

Dated this _____ day of _____ 2021

Executed by the corporation in accordance with its Constitution/Section 127 of the *Corporations Act* in the presence of:

(*) Director

(*) Sole Director & Sole Secretary

(*) Director/Secretary

Affix Common Seal here (optional)

(*) Delete if not applicable

This authority may be sent to the registered office or share registry office of the Company in advance of the AGM as set out in the Notice of AGM which this appointment accompanies or handed in at the AGM when registering as a company representative. In either case, the authority will be retained by the Company.

Schedule 1 – Terms and Conditions of the Options to be issued under Resolution 5

The Options will be issued on the following terms:

- (a) the Options may be exercised at any time before expiry;
- (b) the Options will expire on the earlier of the date which is one month after the Director to whom the Options are issued ceases to be a director of the Company (or such longer period as determined by the Board of Directors) and 5 years after the date of issue (“the Expiry Date”);
- (c) all or any of the Options are exercisable, by notice in writing to the Company, at any time up until the Expiry Date;
- (d) the holder of Options cannot participate in any new issue of Equity Securities without a prior exercise of the Options;
- (e) Shares issued on the exercise of Options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) if there is a reorganisation of capital of the Company, the exercise price of the Options or the number of Shares over which the Options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the exercise of Options;
- (g) except as provided in paragraph (f), neither the exercise price of the Options nor the number of Shares over which the Options can be exercised will be changed to take account of pro rata Share issues (other than bonus Share issues);
- (h) in respect of a bonus Share issue, the Option holders may only participate if the Options are exercised before the record date for the bonus Share issue. In the event of a bonus Share issue, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Share issue;
- (i) the Options may only be transferred with Board approval;
- (j) the Options will not be quoted on the ASX.

Schedule 2 – Terms and Conditions of the Options to be issued under Resolutions 6 to 9 (inclusive)

The Options will be issued on the following terms:

- (a) the Options may be exercised at any time before expiry;
- (c) the Options will expire on the earlier of the date which is one month after the Director to whom the Options are issued ceases to be a director of the Company (or such longer period as determined by the Board of Directors) and 3 years after the date of issue (“the Expiry Date”);
- (c) all or any of the Options are exercisable, by notice in writing to the Company, at any time up until the Expiry Date;
- (d) the holder of Options cannot participate in any new issue of Equity Securities without a prior exercise of Options;
- (e) Shares issued on the exercise of Options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) if there is a reorganisation of capital of the Company, the exercise price of the Options or the number of Shares over which the Options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the exercise of Options;
- (g) except as provided in paragraph (f), neither the exercise price of the Options nor the number of Shares over which the Options can be exercised will be changed to take account of pro rata Share issues (other than bonus Share issues);
- (h) in respect of a bonus Share issue, the Option holders may only participate if the Options are exercised before the record date for the bonus Share issue. In the event of a bonus Share issue, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Share issue;
- (i) the Options may only be transferred with Board approval;
- (j) the Options will not be quoted on the ASX.

Schedule 3: Resolution 13– Summary of Option Share Trust Plan

1. Eligible Participants

The eligible participants under the Option Share Trust Plan are a Director (whether executive or non-executive) of any Group Company, a Company Secretary of any Group Company; a full or part time employee of any Group Company; a Casual employee or Eligible Contractor of a Group Company; or a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules above, who is declared by the Board to be eligible to receive grants under the Plan.

2. Limits on number of Options

An offer of Options may only be made under the Option Share Trust Plan if the number of Shares that may be issued on exercise of those Options plus the number of Shares which would be issued if each outstanding Option was exercised plus the number of Shares issued during the previous three years pursuant to the Option Share Trust Plan does not exceed 10% of the total number of issued Shares as at the time of the issue of the Options.

3. Individual Limits

The Option Share Plan does not set out a maximum number of Options that may be issued to any one person.

4. Consideration Payable

The Options will be issued for no cash consideration.

5. Offer and Performance Conditions

The Options issued under the Plan may be subject to conditions, determined by the Board from time to time in its discretion set out in a written offer (Offer) made by the Board to an eligible participant which is subject to acceptance within a specified time by the eligible participant. In exercising its discretion, the Board may have regard to the following (without limitation);

- (i) the eligible participant's length of service within the Group;
- (ii) the contribution made by the eligible participant to the Group;
- (iii) the potential contribution of the eligible participant to the Group; and
- (iv) any other matter the Board considers relevant.

6. Expiry Date and Lapse

The Options must have an expiry date, determined by the Board in its absolute discretion and specified in the Offer. The Board may not extend an expiry date without shareholder approval.

An Option does not automatically lapse if the holder of the Option ceases to be an eligible participant under the Plan unless the Board determines otherwise in its absolute discretion.

7 Forfeiture

The Board may forfeit Options if, in the reasonable opinion of the Board, the holder of the Options has acted dishonestly or in breach of duty or, without limitation, in any way the Board considers detrimental to the interests of the Company or any of its subsidiaries (the onus of disproving which is upon the holder of the Options).

8 Assignment

Options may not be transferred or otherwise dealt with by the holder except with the prior approval of the Board.

9 Takeover Bid or Change of Control

All Options approved for issue, that have not vested, automatically vest if an arrangement or reconstruction pursuant to Part 5.1 of the Corporations Act is effected.

10 Alteration in Share Capital

The provisions of Listing Rule 7.22 apply to any reorganisation of Options as provided in that Listing Rule.

11 Pro Rata Issue of Securities

A holder of Options may only participate in a pro rata offer of new securities in the Company to existing Shareholders, if, prior to the record date, the Options have been duly exercised. No adjustment to the number of Options held, nor adjustment to any performance condition which is based, in whole or in part, upon the Company's share price, shall occur as a result of the Company making a rights issue.

12 Bonus Issue

A holder of Options may only participate in a bonus issue of Shares made by the Company if the Options have been duly exercised before the Record Date for the bonus issue.

The number of Shares to result from an exercise of an Option is increased to the number of Shares which the holder of the Options would have received had the Options been exercised before the Record Date of the bonus issue.

13 Termination Suspension or Amendment

The Board may terminate, suspend or amend the Option Share Trust Plan at any time subject to any resolution of the Company required by the Listing Rules.

Schedule 4: Resolution 14– Summary of The Terms of Options proposed to be issued to Mr Gibbs

Short Term Incentive (STI)

- (i) 1,000,000 Options to be issued following shareholder approval vesting in equal portion annually for the exercise period of three years with the first portion vesting on issue.
- (ii) STI targets must be fully achieved within 12 months for full entitlement to the Options.
- (iii) If only some of the STI’s are achieved then only a proportion of the entitlement will vest.
- (iv) On achievement of 100% of the STI targets being achieved then 500,000 Options will vest on 1 February 2022 and balance over the first and second anniversary dates.
- (v) The strike price of the Options will be \$0.20.
- (vi) Any Options not exercised by the third anniversary will lapse.
- (vii) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	3 years
Value per option	\$0.125
Number of Options	1,000,000
Total value	\$125,000

- (viii) It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and have a value of \$125,000

Long Term Incentive (LTI)

- (i) 500,000 Options to be issued following shareholder approval for a term of 5 years.
- (ii) Each LTI target must be fully achieved in 3 years for the Options to vest. If targets not met within 3 years then no Options will vest.
- (iii) The strike price of the Options will be \$0.20.
- (iv) On achievement of both the LTI targets within 4 years the 500,000 Options will vest
- (v) Any Options not exercised by the fifth anniversary will lapse.
- (vi) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 21 September 2021	\$0.175
Exercise Price	\$0.20
Risk Free Rate	0.10%
Volatility (Annualised)	129%
Time (years) to expiry	5 years
Value per option	\$0.147
Number of Options	500,000
Total value	\$73,500

- (vii) It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and have a value of \$73,500.



ABN 83 003 453 503

Need assistance?



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ARR

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American Rare Earths Limited Annual General Meeting

The American Rare Earths Limited Annual General Meeting will be held on Tuesday, 9 November 2021 at 10:00am (AEDT). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999

SRN/HIN: I9999999999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 10:00am (AEDT) on Sunday, 7 November 2021.



ATTENDING THE MEETING VIRTUALLY

Refer to the Notice of Meeting for how to view the live webcast and ask questions on the day of the meeting you will need to visit.

To vote online during the meeting you will need to visit **web.lumiagm.com/336556199**

For instructions refer to the online user guide www.computershare.com.au/onlinevotingguide



ABN 83 003 453 503

ARR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

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



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Sunday, 7 November 2021.**

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 and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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: 999999

SRN/HIN: I999999999

For Intermediary Online subscribers (custodians) go to 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.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
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 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of American 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 Annual General Meeting of American Rare Earths Limited to be held as a virtual meeting on Tuesday, 9 November 2021 at 10:00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 5, 6, 7, 8, 9, 10, 13 and 14 (except where I/we have indicated a different voting intention below) even though Resolutions 5, 6, 7, 8, 9, 10, 13 and 14 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 5, 6, 7, 8, 9, 10, 13 and 14 by marking the appropriate box in step 2 below.

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.

ORDINARY BUSINESS	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
Resolution 1 Re-election of Director - Mr F Creagh O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Issue of Shares - Mr Chris Gibbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Election of Director - Mr Clarence McAllister	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11 Ratification of prior issue of placement securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Director - Mr Chris Gibbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 12 Approval to issue shares to Zenith Minerals Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Auditor's Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 13 Approval for an Option Share Trust Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Options - Mr F Creagh O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14 Issue of options to Mr Chris Gibbs under Option Share Trust Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Options - Mr Keith Middleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 15 Transfer of incorporation from New Zealand to Australia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of Options - Mr Geoff Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 16 Adoption of a new Constitution following migration from New Zealand to Australia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Issue of Options - Mr Denis Geldard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 17 Approval of additional 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Issue of Options - Mr Clarence McAllister	<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.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input style="width: 95%; height: 25px;" type="text"/>	Securityholder 2 <input style="width: 95%; height: 25px;" type="text"/>	Securityholder 3 <input style="width: 95%; height: 25px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date / /