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11 November 2020

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**ARR - Chairman's address 2020 AGM Wednesday 11 November 2020**

Dear Shareholders,

Again, welcome to today's AGM.

It gives me great pleasure, as your Chairman, to make the following comments:

The past year has been transformative for your company.

We witnessed a name change and transformation – from Broken Hill Prospecting, to American Rare Earths.

This reflected the change in direction of the business – driven by the acquisition in August last year of the highly promising La Paz rare earths project in Arizona, in the United States.

We moved quickly to increase our La Paz project footprint, bringing together adjoining State of Arizona and Bureau of Land Management claims creating a total claim area of 5,143 Acres into the fold.

La Paz's fundamentals make it potentially the largest rare earths deposit in the United States and your Company is the only ASX-listed developer in that space in the US – something we can market leverage in the near-term.

Such is the market opportunity for rare earths, in that jurisdiction, that we followed it up in August this year with the Share Purchase agreement to acquire Western Rare, which holds the Laramie rare earths project, located to the south east of Wyoming.

This multi-point entry into this market comes at a time the US Government has prioritised critical minerals, such as rare earths as strategic to that nation's future, seeking as it does to reduce its reliance on China's dominant global market-hold.

Other international consumers likewise are intensely seeking new and more secure rare earth supply chains and are looking to the US as one possible solution.

This positions American Rare Earths ideally in a first mover position for growth in the sector in the US – where there is minimal rare earths mine production.

Significantly, your Company has also been able to ensure since last year, the emplacement in-country in the United States of a highly experienced Board of Directors and a Management team that are skilled in rare earths.

This is a key outcome, already delivering progress, across our in-field, exploration, development and feasibility study objectives – and we roundly acknowledge publicly today, their contributions lead by our American CEO Marty Weems.

It is also timely to note that with the election of Joe Biden in recent days as the US's next President, his Government has promised a two trillion-dollar commitment to new initiatives in clean energy – a sector which is a great consumer of a suite of rare earth minerals.

Shortly, I will ask our Managing Director, Keith Middleton, to provide a more detailed update on the Status and the 2021 schedule for our US holdings.

## ARR - AGM Chairman and Managing Director's Address

In Australia during the period under review, your Company successfully sold its Thackaringa cobalt interests near Broken Hill for more than \$6 million.

Financially, American Rare Earths was well supported with significant capital raised during the year and is now well positioned to progress our US rare earths schedule over the next 12 months.

In closing, I thank my fellow Directors for helping drive the step-change into rare earths. It is heartening to have such an experienced Board and management team underpinning our future.

I also thank all shareholders. Change is sometimes difficult, but we believe the past year has genuinely transformed your Company to a point where there is a very evident value-adding pathway ahead.

Thank you.

Creagh O'Connor AM  
Chairman  
American Rare Earths

## ARR - AGM Chairman and Managing Director's Address

### ARR - Managing Director's address 2020 AGM Wed 11 November 2020

Thank you Creagh and good morning shareholders...

As the Chairman notes, it has been a transformative year and our future is now in the development of our Rare Earths Assets in North America.

Let's look firstly, at some of the dynamics of the broader market, as it will help explain why our new US holdings are primed for genuine growth and what that means to you, our shareholders.

#### **What exactly are rare earths?**

Rare earth elements are a group of seventeen chemical elements that occur together in the periodic table.

The group consists of Yttrium and the 15 Lanthanide elements and Scandium.

Our deposit contains 11 of the Lanthanide elements, plus Yttrium and Scandium

*(lanthanum, cerium, praseodymium, neodymium, samarium, europium, gadolinium, terbium, dysprosium, holmium, and erbium).*

Scandium is found in most rare earth element deposits and is classified as a rare earth element.

The International Union of Pure and Applied Chemistry includes scandium in their rare earth element definition.

In simple terms, they are a suite of 17 minerals being increasingly used in any number of emergent technologies – particularly in the clean energy space, medical, military and electric vehicle applications, together with consumer electronics such as cell phones, cameras and computers

Importantly, there are **no known substitutes for these rare earth minerals.**

No substitutes in a global market where demand for them is surging and where in recent years China has been the dominant market player

As of 2019 China produced roughly 85 percent of the world's rare earth oxides and approximately 90 percent of rare earth metals, alloys and permanent magnets.

However, this is a position that the American administration, in particular is determined to address.

#### **What is often overlooked is**

The United States was the world leader in rare earth element production from the mid-1960s to the mid-1980s, (when colour television demand exploded), however in 2016, the United States imported all of the rare earth elements it used, mostly from China.

During this time, uses for rare earth elements expanded, and so did demand.

Not surprisingly the Americans are now looking rapidly, to find alternative, secure and socially sustainable sources to traditional Chinese supply.

The US Administration last year listed Rare Earths as among its critical minerals list.

Globally, Rare Earth output was valued at around USD 13.2 billion in 2019 and is expected to be worth nearer US\$20 billion in just the next six years.

The sector will enjoy a compound annual growth rate at greater than 10%.

## ARR - AGM Chairman and Managing Director's Address

**Into this picture fits our La Paz project in Arizona – which potentially will be the largest rare earth deposit in the United States.**

It can best be described as a large tonnage, bulk deposit hosting high value Rare Earths Elements in an Allanite hosted Rare Earth occurrence. The Rare Earth Elements are all metals. They are also referred to as “Rare Earth Oxides” because they are typically sold as oxide compounds

The economic value in our asset is contained in five key Critical Minerals:

### **Light Rare Earth metals**

Praseodymium

Neodymium

### **Heavy Rare Earth metals**

Dysprosium

Our deposit also contains Yttrium and Scandium

Most rare earth deposits host a number of rare earth mineralisation types, these metals have many similar properties and that often causes them to be found together in geological deposits.

Often mineral deposits are linked to environmental risks during mining and refining, not all elements are wanted – and in fact, some become “contaminants” or “penalty” elements compared to the target mineral and can be quite disruptive in the selected processing chain.

La Paz stands out, as it has a low level of radioactive contaminants and is located in the Reid Valley Basin, North West of Phoenix adjacent to the Swansea miners camp where prospecting and mining first began around 1862.

This compares favourably with some of the world's largest producers where contaminant levels are in concentration levels in multiples compared to La Paz.

That's a problem for them, and a bonus for American Rare Earths.

Operationally, many of you would have noted our ASX release this morning of an updated Technical report for La Paz.

Importantly, it brings into JORC classification, what was the resource's former classification under Canada's NI- 43-101 mineral code.

As an Australian company, listed on the ASX, all mineral inventories must satisfy, and be described under, the JORC 2012 code and be accompanied by a Table 1.

The updated La Paz, JORC 2012 classified resource estimate is 128.2Mt @ 373.4ppm Total Rare Earth Elements (TREE) or 0.037% content.

Whilst there is no change in the resource volume or grades, (on the claim block of 2011), the technical report provides a clear pathway towards the development of a Preliminary Economic Assessment (PEA) that would incorporate:

- Drilling the additional Bureau of Land Management (BLM) claims, that were added in 2019 and 2020
- Drilling at depth, and the Metallurgical test work planned for 2020/21

That would in the opinion of our Qualified Professional Member, Jim Guilinger the author of the report, consider that the resource estimate can be confidently reclassified and upgraded.

## **ARR - AGM Chairman and Managing Director's Address**

The current resource estimate, both Indicated and Inferred, is highly shallow – most of it within 30 metres of surface – it sits within just 525 acres of La Paz's total tenement footprint of 5,143 acres.

Obviously, our strategy is to further understand the Size, Depth and Grade of the mineralisation across all of the granted State of Arizona exploration permits (639 acres) and the 218 Bureau of Land Management mining claims granted at La Paz

With this strategy, approved by the Board of Directors, we are commencing a 6 Hole, coring drilling program at La Paz, targeting depth to 60 metres or double the previous known mineralisation.

The aim is to intersect what we believe are higher grades at depth.

Additionally, with 360 metres of new core samples to test, there is the potential to process more of the project's Scandium mineralisation in its own right. If successful, the Scandium as a resource could redefine the projects value metrics.

Separately, our exploration activities in the past year have identified higher grade zones of mineralisation extending to the southwest and outside the existing reported resource estimate. Success again, could substantially increase the La Paz project's resource estimates.

This is our pathway to creating significant enterprise value.

### **In Summary**

We believe, once all assays are available, to be in a position to upgrade La Paz's resource estimates for both Rare Earths and Scandium.

This activity will help the potential commerciality of La Paz and deliver a Preliminary Economic Assessment or a "PEA" for the project by late next year.

This update together with the Laramie Rare Earth Project in Wyoming creates a significant footprint of Rare Earth minerals in North America

In closing, your Board strongly believe that based on the collective body of technical work undertaken over the previous 10 years on the La Paz Rare Earth project, and our recent work since project acquisition last year, continued investment in and development of this exciting project is warranted.

We invite you to continue to share the forward journey with us.

### **Thank you.**

Keith Middleton

Managing Director

American Rare Earths