



American Rare Earths Limited

(ASX:ARR)

An Australian exploration company focused on the discovery & development of Rare Earths and Critical mineral resources in North America and Australia

#### Commodity Exposure

Rare Earth Elements in the USA

Heavy Mineral Sands and Cobalt in Australia

#### Directors & Management

Creagh O'Connor

Non-Executive Chairman

Keith Middleton

Managing Director

Geoff Hill

Non-Executive Director

Vice Chairman

Denis Geldard

Non-Executive Director

Jim Guilingier

Chief Technical Advisor

Wayne Kernaghan

Company Secretary

#### Capital Structure

Ordinary Shares on Issue 338,058,326

#### American Rare Earths Limited

ARBN 003 453 503

#### Head Office

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9 March 2021

## La Paz Scandium and Rare Earths Project Drilling Approvals Received

### Highlights

- ❖ Drilling permit approvals received
- ❖ Exempted from Biden Administration moratorium
- ❖ Project drilling in its second decade of development
- ❖ Advancing on recommendations of 2020 Technical Report
- ❖ Potential Scandium resource opportunity
- ❖ Drilling to double the depth of the current resource
- ❖ 50% larger drilling program planned
- ❖ Potential to expand and upgrade the resource
- ❖ Friendly jurisdiction confirmed
- ❖ La Paz Economic Development Corporation endorsement
- ❖ La Paz County Board of Supervisors approved

American Rare Earths Limited (ASX: "ARR") ("the Company") is pleased to provide the following activities update from its wholly owned US subsidiary, Western Rare Earths, as it develops the La Paz Rare Earths Project.

## Drilling Permit Approvals Received

American Rare Earths Limited (Company) is pleased to announce that its 100% owned US subsidiary, Western Rare Earths (WRE), has announced it has received approval of all necessary permits to begin its 2021 Core Drilling campaign at the La Paz Scandium and Rare Earth Project. The plan for drilling was foreshadowed in the Company's December 2020 Quarter Activities Report, in the section "Outlook for March 2021 Quarter". Drilling will now commence 12 March 2021.

The La Paz Scandium and Rare Earth Project is a low-grade critical mineral target with the extraordinary advantage of its sheer volume, and possible opportunity for 1) simple concentration via magnetics, 2) ultra-low penalty element content (Thorium <7ppm), and 3) low cost of open-pit production. In addition, the project has the advantage of being in a Fraser Institute global Top 10 mining friendly jurisdiction, and is one of the very few mining asset classes referenced favorably by the Biden Administration.

## Work project exempted from Biden Administration moratorium

On the day of inauguration of US President Joe Biden, the new Acting Secretary of the Interior called for a 60-day halt on grounding disturbing activity approvals on federal lands. This created some confusion within the Bureau of Land Management (BLM) around ongoing processing of the permit applications for the La Paz Scandium and Rare Earth Project drilling campaign. After internal deliberations by the relevant government agencies and inquiries by elected officials on behalf of WRE, the BLM permit application quickly received approval. This occurred while developers in the fossil fuel industry remain held up on ground disturbing activity approvals due to the moratorium by the new Administration.

## Project drilling in its second decade of development

La Paz was first drilled in 2011 and a maiden resource was established according to National Instrument 43-101 guidelines. In 2011, the resource was established via 195 extremely shallow percussion drill holes to 30 metres. In 2020 this data was reviewed to confirm the previous defined resource when ARR announced the first formal JORC 2012 classified resource estimate of 128.2Mt @ 373.4ppm (0.037%) Total Rare Earth Elements ("TREE") for the Company's wholly owned La Paz Rare Earths Project in Arizona, USA [refer ASX Release: 11 November 2020].

The updated classification followed an extensive review of the La Paz Rare Earths Project by Chief Technical Consultant and Consulting Geologist Mr Jim Guilinger (Competent Person), who brought the project within ASX reporting requirements for mineral resource inventories in compliance with JORC 2012 protocols.

The new inventory description in Table 1 below is a straight conversion of the resource estimate with no change in actual classified mineralised volumes under either code.

Mr Guilinger, who reviewed the La Paz Project, is a Competent Person (CP) under JORC 2012 and NI 43-101 standards. He is also head of Colorado-based independent consultants World Industrial Minerals LLC.

<b>La Paz Resource Estimate 2012 JORC</b>				
	Mt	Grade (%)	Contained REE (kg)	Contained REE (Mlbs)
Inferred	112	0.037	37,586,080	83.3
Indicated	16.2	0.037	5,436,558	12.1
Total	128.2	0.037	43,022,638	95.4

Table 1: La Paz Rare Earths Project JORC 2012 Classified Mineral Resource Estimate

## Advancing on Recommendations of the 2020 Technical Report

In the Recommendations section of the 2020 JORC 2012 compliant technical report, Mr Guilinger stated that “it is imperative that better quality samples in the form of cores be drilled in select high-grade areas previously identified by the percussion drilling. Additionally, scandium recovery needs to be investigated.” [Refer ASX Release: 24 November 2020 for full Technical Report]

## Potential Scandium Resource Opportunity

Additionally, in the Recommendations section of the 2020 JORC 2012 compliant technical report, Mr Guilinger states that “Scandium values tend to be high also in areas of high ppm TREE so the drilling will also likely identify a scandium resource greater than 11ppm.” Therefore the company will utilise the core drill assay results from this campaign to determine if a maiden resource of Scandium can be established, concomitant and additional to the Rare Earths resource estimate of 128.2Mt. Also in the Interpretation and Conclusions section of the 2020 JORC 2012 compliant technical report, Mr Guilinger states that, “After the planned 2021 drilling program we expect to be able to upgrade the Rare Earths resource and separately establish a maiden resource for Scandium.”

Developing a new Scandium resource estimate in the United States is especially attractive to the Company for several reasons. According to the US Geological Survey’s 2021 Mineral Commodity Summaries publication: “Domestically, scandium was neither mined nor recovered from process streams or mine tailings in 2020. Limited capacity to produce ingot and distilled scandium metal existed at facilities in Ames, IA; Tolleson, AZ.” Notably, Tolleson, AZ is only 200km from the La Paz Project site. (See <https://pubs.usgs.gov/periodicals/mcs2021/mcs2021.pdf>)

Additionally, Scandium, along with Rare Earths, was identified by the US Government on its Final List of Critical Minerals pursuant to a 2017 Presidential Executive Order. This list targets “mineral commodities that are vital to the Nation’s security and economic prosperity. This dependency of the United States on foreign sources creates a strategic vulnerability for both its economy and military...”

<https://www.federalregister.gov/documents/2018/05/18/2018-10667/final-list-of-critical-minerals-2018>

## Drilling to Double the Depth of the Current Resource

As stated by Mr Guilinger (CP) in the the 2020 JORC 2012 compliant technical report Interpretations and Conclusions, “a detailed review of the previous drilling at different elevations indicates opportunity for more than 60m thickness of higher-grade Rare Earths values in the lower plate gneiss. Thus, the topography lends itself to the opportunity to substantially increase the resource by deeper drilling in the lower plate, where higher grade Rare Earths is prevalent. This analysis supports the plan for a core drilling campaign to 61M depths...”

## 50% larger drilling program planned

The nine (9) drill holes to 61 metres each is 50% more than the six (6) holes originally announced by the Company and its wholly owned US subsidiary Western Rare Earths. In addition to further exploring the maiden resource area, the expanded campaign allows for reconnaissance at depth in the new project areas southwest of the maiden resource. This may indicate the possibility that the ore body extends several kilometres as indicated by robust surface sample results similar to those in the maiden resource area. See attached map (figure 2) for drill hole locations and areas of surface samples similar to the resource area.

### Potential to expand and upgrade the resource

The core samples have two major purposes, first to explore the opportunity to expand and upgrade the resource in both size and grade. As mentioned above and referencing the Interpretation and Conclusions section of the 2020 JORC 2012 compliant technical report, Mr Guilinger states that “After the planned 2021 drilling program we expect to be able to upgrade the Rare Earths resource...” The second purpose of collecting core is to provide material for advanced metallurgical work by both proven traditional methods as well as promising high efficiency new technologies.

### Friendly jurisdiction

The project is located in La Paz County, Arizona USA approximately 200km north-west of Phoenix and 320km south-east of Mountain Pass (the only operating Rare Earths mine in the USA). The project is surrounded by world class infrastructure within a mining friendly jurisdiction and accessed via paved and well-maintained dirt roads (Figure 1).

The permit approvals for the drilling campaign have included the BLM, which is the largest land holder of the US Government on behalf of the Department of the Interior. These federal lands have the unique position of requiring no mineral revenues royalty from producing mines, thus improving the potential economic viability of projects on BLM land.

Approvals were also granted by the Arizona State Land Department and the Arizona Department of Water Resources.

The Company engaged approved experts for surveys to support the applications. These experts completed the appropriate, detailed plant survey and an archeological survey report. The Company has been keen to maintain a collaborative and professional relationship with the permitting authorities, developing positive relationships for future permitting. After multiple delays due to the US elections closing some offices temporarily and the Arizona area being one of the hardest hit by the Covid-19 Pandemic, permits were issued. The Company reports that the State of Arizona is living up to its reputation of being a Fraser Institute Top 10 mining friendly jurisdiction.

Additionally, the local community of La Paz County has been exceptionally supportive. Notably supplying the water needed by the drilling crew in short order at a fair market price. (See attached letter from La Paz County Board of Supervisors) The Economic Development Agency of La Paz County and elected County Supervisors have made this project a top priority for support due to the potential for bringing jobs to a high poverty area. (See attached letter of support)



Figure 1: Location of La Paz Scandium & Rare Earths Project in Arizona USA.

February 23, 2021



RE: Company Support Letter

Dear Sir or Madam,

I am Vincent (Skip) Becker President and CEO of the La Paz Economic Development Corporation. I have worked closely with Marty Weems CEO of Western Rare Earths, La Paz Rare Earths Project for more than a year. The La Paz Rare Earth Project is critical to the development of La Paz County, the Town of Parker, Bouse, Quartzsite, Salome, and Wenden. La Paz Rare Earths Project has the potential to create between 200 to 400 plus quality high paying jobs that leave a permanent positive impact on the La Paz County region. The economic impact of the La Paz Rare Earth Project will be felt throughout Arizona and the United States as this project address the constrained critical minerals and Rare Earth supply chain used by the US Defence Department and renewable energy industries operating in Arizona.

I strongly recommend and support Western Rare Earths, La Paz Rare Earths project. If you have any additional questions please feel free to contact me at 573-694-3785. Or at [skip.becker@lapazedc.org](mailto:skip.becker@lapazedc.org)

Sincerely

A handwritten signature in black ink, appearing to read "Skip Becker", is written over a horizontal line.

Vincent (Skip) Becker, President/CEO

La Paz Economic Development Corporation

PO Box 225  
Parker, Arizona 85344  
[www.LaPazEDC.com](http://www.LaPazEDC.com)  
o 928-669-9265

*The Western Gateway*





# La Paz County Board of Supervisors

1108 Joshua Avenue  
Parker, Arizona 85344

(928) 669-6115 TDD (928) 669-8400 Fax (928) 669-9709

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D. L. Wilson	- District 1	Megan Spielman	- County Administrator
Duce Minor	- District 2	Diane Green	- Clerk of the Board
Holly Irwin	- District 3		

February 25, 2021

Marty Weems MSc; MBA  
CEO  
Western Rare Earths &  
La Paz Rare Earth Project  
428 E Thunderbird Rd, Suite 435  
Phoenix AZ 85022

RE: La Paz Rare Earths Project

Dear Mr. Weems:

On behalf of La Paz County, I am authorizing Western Rare Earths and La Paz Rare Earths Project, permission to purchase water from the Bouse Community Park at the rate of \$66.00 per 5,000-gallon truck with the anticipation that the project will use between 9-20 trucks to complete the 9 test borings.

Once this phase of the project is complete, La Paz County will invoice the above for the gallons used.

I very much look forward to the many ways La Paz County can continue to work with you and EDC.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Megan Spielman  
La Paz County Administrator

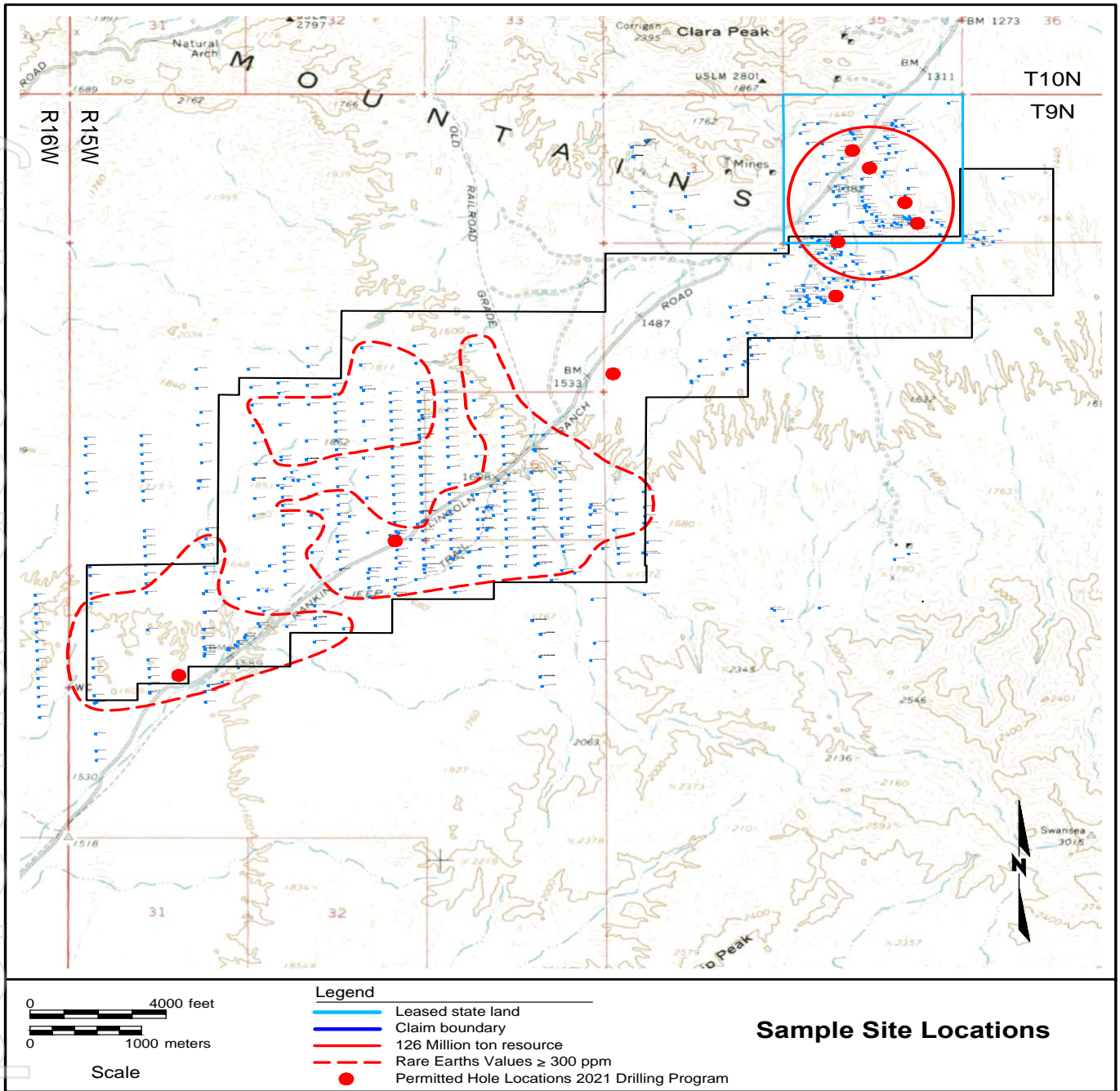


Figure 2: La Paz Proposed Drill Hole Locations

This market announcement has been authorised for release to the market by the Board of American Rare Earths Limited.

Keith Middleton  
Managing Director

This ASX announcement refers to information extracted from market announcements, which are available for viewing on ARR's website <https://americanrareearths.com.au>

ARR confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. ARR confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.

Competent Persons Statement: The information in this report that relates to Exploration Results is based on information compiled by Mr. Jim Guilinger. Mr. Guilinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc). Mr. Guilinger is Principal of independent consultants World Industrial Minerals LLC. Mr. Guilinger has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Guilinger consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

### About American Rare Earths

**American Rare Earths Limited (ASX: ARR) is the only Australian company listed on the ASX with assets in the growing rare earth metals sector of the United States of America, itself emerging as an alternative international supply chain to counter China's market dominance of a global rare earth market expected to balloon to US\$20 billion by the mid-2020s. ARR owns 100% of the world-class La Paz rare earth project, located 170km northwest of Phoenix, Arizona. The project's highly shallow 2012 JORC resource (128.2Mt @ 373.4ppm (0.037%) Total Rare Earth Elements), is less than 30m below surface and is contained within just 525 acres of ARR's total La Paz footprint of 5,143 acres that points to potential resource upside. As a large tonnage, bulk deposit, La Paz is also potentially the largest, rare earth deposit in the USA and benefits from containing very low penalty elements such as radioactive thorium and uranium. ARR plans to deliver its first Preliminary Economic Assessment for La Paz in late 2021 and is working with leading USA research institutions to have La Paz's mineral profile incorporated into emerging US advanced rare earth processing technologies. ARR is also acquiring a second USA rare earth asset, the Laramie project in Wyoming. Transaction completion is due by mid-2021.**