

## Interim Financial Results for the six months to 31 December 2021

The Board of American Rare Earths (“ARR” or “the Company”) is pleased to provide this update on the Company’s financial and operational performance for the six months to 31 December 2021.

### HIGHLIGHTS

- **Exploration and evaluation activities for La Paz and Halleck Creek continue to progress at pace**
- **Cash and cash equivalents of A\$8.165m as at 31 December 2021**
- **Financial assets of A\$5.643m at 31 December 2021**
- **Strengthened Board and Management**

### Operational highlights for the period

**La Paz Project:** The company’s flagship project continues to move forward as planned. In August 2021 we announced drill results that saw a 117% increase in the resource. In addition, test results from magnetic separation on field samples increased the TREE Grade by 216%. Further metallurgical test work on core assays is currently in progress and results expected in Q2 of 2022. Drill permits were approved for the new southwest area of the project with a target estimate of 742 to 928 million tonnes with 350 to 400 ppm TREO. The exploration target is additive to the existing JORC resource. Plans were finalised and in February 2022 drilling commenced with the goal to significantly increase the 170 million tonne JORC Resource.

**Halleck Creek Project:** The exploration team finalised and announced the maiden drill program. The project has the potential to contain more resources than La Paz. Approximately 308 to 385 million tonnes of rare earths mineralised rocks were identified as an exploration target with an average TREO Grade of 2330 ppm to 2912 ppm. Permits were approved and drilling is scheduled to commence in Q1, 2022.

### Corporate & Finance

During the period Mr Chris Gibbs joined the company on November 1st, to accept the position of Managing Director and CEO of the Company. Mr Noel Witcher joined the company on November 1st, to accept the position of CFO.

The Company successfully applied for its common shares to be trading on the OTC Markets, “QB” level, a US trading platform operated by the OTC Markets Group in New York. The Company intends to also apply to the Depository Trust Company (“DTC”) for DTC eligibility which would greatly simplify the process for North American investors trading the Company’s common shares.

A significant capital placement was undertaken with Fidelity International Limited in December 2021. Under the placement a total of 39,150,000 shares were issued at a purchase price of A\$0.148 per share, which raised additional capital of A\$5,794,200. Fidelity is renowned for its long-term focus and ESG (environmental, social and governance) credentials. The strategic placement gives Fidelity an initial 9.9% stake in the company.

The company held financial assets of A\$5.643m which consist of 6,000,448 ordinary shares of Cobalt Blue Holding Limited (COB) and a five-year, A\$3m promissory note with interest payable at 6% in years 4 and 5. Subsequent to period end the Company sold 2,000,448 ordinary shares in COB raising A\$1.036m

Due to the significant cash balance and access to financial assets the company is sufficiently capitalized to undertake planned project activities.

### **Environmental, Social and Governance (ESG)**

In November 2021 we were delighted to welcome Melissa Sanderson to the ARR Board. Mel brings a wealth of experience to the Company and will play a key role in helping us shape our ESG strategy and governance. Mel's 30-year international career has spanned diplomacy and mining. She is adept at cross-cultural communication and brings leadership experience in inclusivity and diversity issues. At global mining leader Freeport-McMoRan, Mel sited, staffed, and ran a corporate office focused on government, public relations, and social responsibility programs. She also served the United States of America as a senior diplomat in the US Department of State.

During the reporting period there were zero safety, health and/or environment incidents.

American Rare Earths Managing Director and Chief Executive Officer, Chris Gibbs, says "We have seen significant shareholder returns over the past six months and we will continue to grow the company to create greater shareholder value.

"We are well capitalised and delighted to have the confidence of a high-quality, long term institutional investor such as Fidelity to support us on our journey to build the next major Rare Earth and Critical Minerals Company.

"It's our vision to be more than just a mining company but rather a technology leader in this space, vertically integrated and one day producing the rare earth metals that are critical to our future. It's our strategy to not only focus on developing our US rare earth mining projects that have some of the cleanest ore in the world but to work collaboratively with R&D leaders building processing and refining capability, using new, disruptive, green and clean technologies that will provide critical minerals for future generations."

"Last year the US team worked diligently with various R&D partners to establish our presence with several rare earth innovation efforts. We are now seeing the fruits of these efforts by being admitted as a member of the Critical Minerals Institute and to now be working with some of the brightest minds in the world, leading the innovation efforts to assure the supply chain for materials critical to the United States. Becoming a member of the Critical Minerals Institute is one small step in the pursuit of our vision and the journey that lays ahead

"Recently we have seen the US Government step up their efforts to support industry to on shore supply of rare earths for national security and supply chain certainty. In a show of bipartisan support for our flagship project, we welcomed a delegation of elected officials and staff from all levels of government in the US. Twenty-five federal, state and county officials and their staff inspected the La Paz project and heard an update about the current drilling program and status of the project.

2022 is shaping up to be a transformational year as we continue to advance our projects which have the potential to be some of the largest rare earths deposits in the United States.

This market announcement has been authorized for release to the market by the Managing Director of American Rare Earths Limited.

Chris Gibbs

Managing Director

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## **About American Rare Earths**

American Rare Earths Limited (ASX: ARR, OTCQB: ARRNF, FSE: 1BHA) 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 China's market dominance of a global rare earth market expected to balloon to US\$20 billion by the mid-2020s. The Company's mission is to supply Critical Materials for Renewable Energy, Green Tech, Electric Vehicles, National Security, and a Carbon-Reduced Future. Chris Gibbs is the Managing Director and CEO of American Rare Earths Limited. Western Rare Earths (WRE) is the wholly owned US subsidiary of the Company. ARR owns 100% of the world-class La Paz rare-earth Project, located 170km northwest of Phoenix, Arizona. As a large tonnage, bulk deposit, La Paz is potentially the largest, rare-earth deposit in the USA and benefits from containing exceptionally low penalty elements such as radioactive thorium and uranium. ARR plans to deliver its first Preliminary Economic Assessment for La Paz by the end of 2022 and is working with leading USA research institutions. La Paz's mineral profile is incorporated into emerging US advanced rare earth processing technologies. In early February 2022, the company commenced further drilling at the La Paz project to explore lateral and vertical extent in new southwest area. Approximately 742 - 928 million tonnes of Rare Earths mineralised rocks are identified as an exploration target in the La Paz Rare Earths project's southwest area with an average TREO Grade of 350 - 400ppm and Scandium Oxide grade of 20 - 24.5ppm. The new exploration Target is additive to the La Paz Rare Earth project's recently upgraded 170MT Resource. ARR acquired a second USA REE asset in the Searchlight Rare Earths Project in the first half of 2021. In June 2021 ARR acquired a third USA REE asset, the Halleck Creek Project in Wyoming. With permits in hand the maiden exploration drilling program is planned for Q1 2022 or early Q2 2022. The exploration deep drilling will provide initial mineralisation, lithology and fresh rock core material for metallurgical and process testing. Approximately 308 to 385 million tonnes of rare earths mineralised rocks were identified as an exploration target for the Halleck Creek project area with an average TREO Grade of 2,330 ppm - 2,912 ppm. Initial surface sampling of the Overton Mountain area conducted in 2018 revealed average Total Rare Earth Oxide (TREO) values of 3,297 ppm, average Heavy Rare Earth Oxide (HREO) values of 244 ppm, and average Magnetic Rare Earth Oxide (MREO) values of 816 ppm.

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