

## **AMERICAN RARE EARTHS LIMITED**

### **CONTINUOUS DISCLOSURE POLICY**

The Company must continuously advise the ASX of information to keep the market informed of events and developments relating to the Company as they occur. If it does not, then there may be significant criminal and civil penalties imposed on the Company and its officers.

This policy is in addition to the rules the Company must comply with for routine disclosures to the ASX, such as quarterly and annual reporting.

The policy should be reviewed in conjunction with the Company's ***Communication with Shareholders Policy*** and ***Share Trading Policy***.

#### **Make Timely and Balanced Disclosure of all Material Matters Concerning the Company**

- All investors shall have equal and timely access to material information concerning the company – including its financial position, performance, ownership and governance
- Company announcements shall be factual and presented in a clear and balanced way. "Balance" requiring disclosure of both positive and negative information

#### **Disclosure Obligations on the Company**

The ASX Listing Rules require the Company to immediately disclose to the ASX information concerning the Company that it is or becomes aware of that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This rule does not apply to particular information, if and only if each of the following applies:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential and the ASX has not formed a view that the information has ceased to be confidential; and
- one or more of the following applies:
  - i. it would be a breach of a law to disclose the information.
  - ii. the information concerns an incomplete proposal or information.
  - iii. the information comprises matters of supposition or is insufficiently definite to warrant disclosure.
  - iv. the information is generated for the internal management purposes of the Company.
  - v. the information is a trade secret.

If the ASX considers there is or is likely to be a false market in the Company's securities, ASX may ask the Company to disclose information or make a statement to correct or prevent the false market. This may occur where there is market speculation or media reports arising from a leakage of confidential information concerning a proposal or negotiations that have not been disclosed by the Company because the Listing Rules apply.

Information must not be selectively disclosed to others such as prospective shareholders, the media or analysts, before it is disclosed to the ASX.

## **Obligations on Individuals in the Company**

It is the responsibility of each director, officer and employee to advise the Managing Director and/or the Company Secretary immediately of any information about the Company that has not been released to the ASX and that might be price sensitive, that is, it might influence someone to buy or sell the Company's securities.

If a person is unsure about the importance or relevance of the information which has become known, the information should be reported to the Managing Director and/or the Company Secretary so that a decision may be made about whether or not to disclose the information to the ASX.

It is important to ensure that company announcements

- are made in a timely manner
- are factual
- do not omit material information
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions

Directors and the Company Secretary are reminded at each Board meeting of their continuous disclosure obligations.

The Managing Director is responsible for coordinating media releases, analyst briefings, other external communications and responses to shareholder questions and any related ASX release to ensure that everyone has equal and timely access to the information.

## **Preparation of ASX Releases**

On receipt of any information, it is the responsibility of the Company Secretary in consultation with the Managing Director to determine if the information is required to be disclosed to the ASX. If it is, arrangements to draft an ASX release must be made by the:

- Managing Director where the information concerns technical data;
- Company Secretary and/or Managing Director where the information concerns financial matters or has a financial effect;
- Managing Director where the information concerns other matters.

## **Notifying Board Prior to Lodgement of ASX Releases**

The Managing Directors and/or the Company Secretary must email the Board of Directors a copy of the release as soon as practicable prior to the lodgement of the release.

## **Lodgement of ASX Releases**

Once approved for release to the ASX by the Managing Director or Company Secretary, the ASX release is to be registered in the Company's records and immediately released either by fax or online distribution to the ASX.

Upon receipt of the acknowledgement from the ASX that the information has been released to the market, the Managing Director or Company Secretary must immediately:

- arrange for a copy of the release to be available on the Company's website.
- arrange for a copy of the release to be forwarded to any relevant Company contacts

## **Media Releases**

A media release that is prepared by the Company's media relations consultant for release with an ASX release or as an ASX release must be approved for release by the same person who would approve an ASX release as listed above.

## **Commentary on Financial Results – Review of Operations & Activities.**

The company shall include in its Annual Report commentary on the financial results to enhance the clarity and balance of the financial report. This will normally be included in the Directors' Report and include both financial and exploration/mining information.

## **Eliminating Surprise.**

The company shall disclose to the ASX any termination entitlements of the managing director at the time they are agreed as well as at the time actual payment is settled.

## **Management of the Policy**

The Company Secretary is responsible for:

- liaising with the ASX in relation to continuous disclosure matters;
- ensuring timely disclosure of material information to the ASX;
- liaising with the Managing Director and others in relation to the form of disclosure by the Company;
- keeping records of releases to the ASX;
- reviewing the policy in light of any changes to the rules governing continuous disclosure and recommending changes to the Board for its approval.