

## **American Rare Earths Limited**

### **Board Charter**

#### **Introduction**

This Charter outlines the role, responsibilities and composition of the Board of American Rare Earths Limited (the Company) and the manner in which it discharges its responsibilities for the Company.

#### **Purpose**

The primary purpose of the Board is to ensure sound and prudent management of the Company, provide leadership and strategic guidance, and to build sustainable value for shareholders.

#### **Composition**

The size and composition of the Board will comply with the Company's Constitution and any applicable legislation.

The Nomination and Remuneration Committee will assess and make recommendations to the Board on the appropriate mix of tenure, independence, skills, experience, expertise (including core industry expertise) and diversity required to ensure sound and prudent management of the Company and build sustainable value for shareholders. A board skills matrix will be used to ensure such skills and expertise are reflected in the composition of the Board and its Committees.

The Board will comprise a majority of independent Non-Executive Directors.

It is the Board's intention for the roles of Chair and Chief Executive Officer (CEO) to be separate.

The Board will assess, at least annually, the independence of each Director.

The Board will consider the succession planning of non-executive Directors in conjunction with the Nomination and Remuneration Committee in accordance with the relevant renewal and tenure policies.

The Board, on recommendation from the Nomination and Remuneration Committee, may appoint Directors to fill casual vacancies on the Board and make recommendations to shareholders in respect of the election or re-election of Directors.

The Board takes into account the results of individual performance reviews of Directors in making its recommendations to shareholders related to the Directors standing for re-election.

Non-Executive Directors will be engaged through a letter of appointment from the Company which sets out the terms of their appointment.

New Directors will be provided with a comprehensive induction program, including business briefings by management and site visits.

#### **Role and Responsibilities**

The full range of the Board's responsibilities is extensive and in addition to the matters required by law, includes, but is not limited to, the following:

- Approve and oversee the developments of corporate objectives, policies and strategies including the setting of performance objectives;

- Approve the Company's Code of Conduct to set the Board's expectations for the Company's values and desired culture;
- Oversee the management, performance and corporate governance frameworks of the Company;
- Oversee the Company's risk management framework and its operations;
- Appoint and remove the CEO, determine the CEO's remuneration and terms and conditions of employment, and assess performance of the CEO and (through the CEO) the Executive Team, taking into account recommendations from the Nomination and Remuneration Committee;
- Ratify the appointment and, where appropriate, the removal of the Chief Financial Officer and other senior executives reporting to the CEO, taking into account the CEO's recommendations;
- Monitor and take into consideration the current and future market environment in which the Company operates, including identifying macro trends, economic developments and political, social and environmental changes that can impact on the Company's strategic objectives and performance, and monitor the Company's capabilities to manage the potential risks, threats and opportunities that these developments present.
- Appoint the Company Secretary;
- Appoint directors to fill a casual vacancy or as additional directors, taking into account the recommendations from the Nomination and Remuneration Committee;
- Review and approve Non-Executive Director's Board and Committee fees following recommendations from the Nomination and Remuneration Committee and subject to the Board fee pool approved by shareholders;
- Approve the appointment and termination of the Company's external auditor, taking into account recommendations from the Audit and Risk Committee;
- Ensure the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company and approve the Company's financial statements;
- Approve the Company's financial and other operational reporting mechanisms to ensure adequate, accurate and timely information is provided to the Board;
- Ensure a framework is in place to help ensure that the Company acts legally, ethically, and responsibly on all matters consistent with the Code of Conduct and Business Integrity;
- Consider the social, ethical and environmental impact of the Company's operations, approving policies and monitoring compliance in accordance with the Company's policies and practices;
- Provide oversight and monitoring of Workplace, Health and Safety (WHS) issues in the Company including considering appropriate WHS reports and information;
- Review and monitor the development and succession plans and progress for the CEO and members of the Company's executive leadership team;
- Approve the Company's Remuneration Policy;
- Approve the issue of any new securities in the Company, including the issue of new securities as recommended by the Remuneration Committee in relation to the Company's executive and employee share plans;
- Establish and assess measurable diversity objectives;
- Approve the Company's Corporate Governance Statement;
- Approve dividend policy and determine dividends;
- Approve major capital expenditure, capital management, and acquisitions and divestitures;
- Consider any other specific matter nominated by the Board from time to time.

## **Conduct**

Directors are expected to observe the highest standards of ethical behaviour at all times. Directors must avoid situations where their interests and the interests of the Company conflict.

## **Roles and Responsibilities of the Chair**

The Board will appoint one of its members to be Chair in accordance with the Constitution.

The Chair has specific responsibilities to:

- Represent the Board and communicate the Board's position to stakeholders including shareholders, regulators and the community;
- Foster an open, inclusive discussion and, where appropriate, debate between the Board and the management;
- Maintain regular dialogue with the CEO and senior management, serving as the primary link between the Board and management;
- Set the agenda for each meeting in consultation with the CEO and Company Secretary, ensuring an appropriate amount of time is available for discussion; and
- Liaise with the Company Secretary in relation to the Board's information requirements to assist the Board with effective decision making.

When the Chair is not considered independent, a Lead Independent Director will be appointed by the Independent Non-Executive Directors. The responsibilities of the Lead Independent Director are to:

- Preside at all meetings of the Board at which the Chairman is not present, including sessions of the independent directors;
- Call meetings of the independent directors;
- Serve as the principal liaison on Board-wide issues between the independent directors and the Chairman;
- Facilitate the Board's approval of the number and frequency of Board meetings, as well as meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Ensure he/she be available, if requested by shareholders, when appropriate, for consultation and direct communication.

## **Role and responsibilities of the CEO**

The Board has delegated the management of the Company to the CEO. The CEO is accountable to the Board in exercising this delegated authority. The Board will ensure that the CEO and management team are appropriately qualified and experienced to discharge their responsibilities.

In discharging his/her responsibilities, the CEO is responsible to the Board for, among other matters:

- Developing (with the Board) and implementing the strategic, business and financial objectives and/or plans and instilling the Company's Code of Conduct;
- Analysing the impact on the strategic objectives and financial position, when allocating resources or capital; approving expenditure; or making major financial decisions;
- Implementing processes, policies and systems together with appropriate controls to effectively manage the operations and risk of the Company;
- Reporting to the Board all matters that are material to the affairs of the Company;
- Providing strong leadership to, and effective management of, the Company;

- Ensuring the timely preparation, presentation, adequacy and integrity of information provided to the Board, to enable the Board to carry out its responsibilities; and
- Fostering a culture consistent with the Company's Code of Conduct.

### **Company Secretary**

The Company Secretary is accountable to the Board, through the Chair, on matters relating to the proper functioning of the Board. All directors have direct access to the Company Secretary.

### **Board Committees**

The Board may from time to time establish appropriate Board committees considered necessary to assist in carrying out its functions and delegate any of its powers to such committee in accordance with the Constitution. The standing committees of the Board are:

- Nomination and Remuneration Committee
- Audit and Risk Committee
- Technical Committee

The Board determines, and reviews as appropriate, Committee memberships (in conjunction with the Nomination and Remuneration Committee) and charters. Minutes of all Committee meetings are made available to all directors and Committee Chairs provide verbal reports on Committee business at the relevant Board meet.

### **Meetings**

The Board will meet at least four times per year and additionally as it considers necessary.

Any person may be invited to attend a Board meeting, but not necessarily for the full duration of the meeting.

### **Declarations of Interest**

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests and declare them to the Chair and the Board and the Company Secretary if they arise.

The Company Secretary will maintain a register of dealings in securities and of declarations of material personal interests by Directors and report them to the Board as necessary.

### **Access to Independent and Professional Advice**

Directors may, with the consent of the Chair, seek independent professional advice at the expense of the Company on any matter connected with the discharge of their responsibilities to the Company. The Chair will determine whether such advice received by a Director, will be circulated to the Board.

### **Board Performance and Charter Review**

The Board will evaluate its performance and that of each Committee at least annually. The Board will determine the manner and form of the performance evaluation.

The Board will review and assess the adequacy of this Charter annually and make any appropriate changes.

### **Approval date**

Charter approved 27 August 2024

Next review August 2025