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SHAREHOLDER UPDATE

2024 has been a transformative year for American Rare Earths (ARR), positioning us as a leader in reshaping the U.S. rare earths industry. The re-election of President Trump underscores the United States' renewed focus on securing domestic critical mineral supply chains, a priority for national defence, economic security, and technological advancement. America's reliance on imports—predominantly from China—poses significant risks.

With a JORC-compliant resource of 2.34 billion tonnes[1]—representing just 16% of the explored area—Halleck Creek has the scale and strategic importance to reduce reliance on imports and ensure domestic production of critical minerals for generations. The March 2024 Scoping Study and exploration results confirm its standing as one of the largest and most significant rare earth projects in the United States.

Located on Wyoming State land, the Cowboy State Mine benefits from cost-efficient open-pit mining methods and a streamlined permitting process. Early development plans include onsite mineral processing and separation facilities, significantly reducing the need for imports. Moreover, this phased approach lays the groundwork for unlocking the vast untapped potential of the remaining 84% of the exploration area, including claims on federal lands.

Halleck Creek is more than a mining project—it is a transformational opportunity to secure a domestic supply of critical minerals essential to America's economic security and national defence. ARR's achievements in 2024 have laid the foundation for growth, positioning Halleck Creek as a cornerstone in securing America's critical mineral independence.

Halleck Creek: A Game-Changer for America's Future

Rare earth elements are essential to defence, advanced technologies, and alternative energy—the cornerstones of a modern economy. However, global supply chains have been dominated by China, creating vulnerabilities and risks for Western economies. Recognizing this challenge, the U.S. government has prioritized onshoring critical mineral supply chains, and Halleck Creek is uniquely positioned to benefit from this shift.

Halleck Creek boasts a JORC-compliant resource of 2.34 billion tonnes at 3,195 ppm Total Rare Earth Oxides (TREO)[1], making it one of the largest rare earths deposits in the United States. Even more remarkable, this resource estimate encompasses just 16% of the surface area at Halleck Creek, suggesting untapped upside to the resource size. As we continue our exploration efforts, Halleck Creek when fully developed is positioned to enhance its place as potentially the largest and most strategically significant rare earths project in the United States, capable of supplying critical minerals for decades to come.

1. ASX announcement dated 7 February 2024 -See Appendix A for breakdown

In addition:

- The extensive surface mineralisation of the drilled area, including the Cowboy State Mine, will allow cost efficient open pit mining methods.
- The mineral leases for the Cowboy State Mine owned by the Company are on Wyoming State land.
- the streamlined permitting processes in Wyoming, a mining friendly state, should facilitate early development of the mine, including onsite processing and mineral separation facilities.
- the refining of concentrate from the mine will substantially reduce US reliance on imports of these rare earth minerals.
- Early commencement of Cowboy State Mine can facilitate a staged development of the vast rare earth mineralisation on the additional claims owned by the Company and can make America self-sufficient in rare earth minerals.

This is more than just a mining project; it is a multi-generational opportunity to transform the U.S. rare earths industry, reduce reliance on foreign imports, and support alternative energy innovation.

Reflecting on 2024: A Year of Achievements

This past year has been defined by key milestones that underscore Halleck Creek's potential and ARR's commitment to delivering value:

1. **Halleck Creek Scoping Study**
   - The Scoping Study confirmed Halleck Creek as a world-class resource, with a 64% increase in the resource estimate to 2.34 billion tonnes[1].
   - The project's $NPV_{10\%}$ of ~US$430 million (after-tax)[2] and a payback period of approximately three years further highlight its economic viability and strategic significance.
2. **Formation of Wyoming Rare USA Inc. (WRI)**
   - To accelerate development, we established Wyoming Rare (USA) Inc., a wholly owned U.S.-based subsidiary.
   - We also engaged BMO Capital Markets to explore project-level strategic partnerships that align with U.S. national priorities and maximize shareholder value.
3. **Financial Backing**
   - ARR secured a non-binding Letter of Interest from the U.S. Export-Import Bank (EXIM) for up to US$456 million in project financing.
   - Additionally, we received A$10.7 million (US$7.1 million) in non-dilutive grant funding from the State of Wyoming, further demonstrating confidence in Halleck Creek's importance.
4. **Successful Drilling Campaign**
   - Our drilling program at Halleck Creek confirmed significant high-grade intersections exceeding 5,000 ppm TREO, reaffirming the deposit's scale and quality.

1. ASX announcement dated 7 February 2024 -See Appendix A for breakdown
2. ASX announcement dated 18 March 2024

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Recent Developments: Halleck Creek License to Explore

ARR recently secured a License to Explore at the Cowboy State Mine area of Halleck Creek. This milestone allows us to advance work on a critical section of the deposit, unlocking value and accelerating the path to development. Specifically, this license enables ARR to:

- Conduct bulk sampling through dozing and excavation.
- Procure feedstock for a pilot processing facility, a key step in refining processing pathways and advancing toward commercial development.

The Cowboy State Mine is only the beginning. The broader Halleck Creek District spans an expansive footprint, of which only 16% of the surface area has been explored to date. ARR's exploration efforts in this untapped area will remain a priority in 2025 as we continue to unlock the project's immense potential.

Looking Ahead: Transformational Plans for 2025

Building on the achievements of 2024, ARR is focused on delivering the following key priorities in 2025:

1. **Advancing the Cowboy State Mine**
    - Complete metallurgical test work, updated resource modelling, and mine planning. This initial phase focuses on developing the Cowboy State Mine area, offering a streamlined permitting process as part of the broader Halleck Creek Project.
    - Finalize the pre-feasibility study by year-end, confirming the mine's economic and technical viability.
2. **Expanding Exploration Across Halleck Creek District**
    - Unlock the district's untapped potential, with 84% of Halleck Creek's surface area still to be explored.
    - Work has commenced on a comprehensive field exploration program, including channel sampling, followed by strategic drilling to expand the resource base and uncover the district's broader potential. We believe this will be pivotal in positioning Halleck Creek District as a cornerstone strategic asset, aligning with U.S. priorities for critical mineral independence and supply chain security.
3. **Environmental Permitting**
    - Conduct baseline environmental monitoring and related studies to advance the permitting process, ensuring timely project approvals.
4. **Securing Strategic Partnerships**
    - Work with BMO Capital Markets to explore U.S.-based investment, funding, and other strategic opportunities.

Why ARR Has Potential Upside to Current Share Price

- **Strategic Alignment with U.S. Priorities:** Halleck Creek supports resource independence, defence industry, technological leadership, and alternative energy.
- **Significant Resource Potential:** With vast untapped potential resource upside, Halleck Creek is one of the largest and most strategically significant rare earth deposits in the U.S.

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- **Strategic Opportunities:** Working alongside BMO to explore potential strategic investments, joint ventures, mergers and acquisitions, and/or offtake agreements that support the accelerated development of Halleck Creek.
- **Clear Path to Permitting:** Cowboy State Mine at Halleck Creek is located on State of Wyoming surface and minerals, which points to a faster permitting process when compared to projects wholly located on federal lands.
- **Commitment to Sustainability:** ARR is a leader in environmentally responsible mining and innovative refining technologies.

Conclusion

Halleck Creek is more than just a mining project—it is a key domestic asset with the potential to transform America's rare earths minerals industry and play a vital role in the nation's re-shoring efforts for critical minerals. With its unparalleled scale, longevity, and strategic importance, we believe that Halleck Creek is well positioned to deliver long-term value to shareholders, stakeholders, and the nation, while reinforcing America's supply chain security.

As we move forward, ARR remains committed to executing its strategy, advancing key projects, and securing strategic partnerships that will reshape the rare earths industry in the United States. The opportunities ahead are transformational, and we are confident in our ability to seize this pivotal moment to cement ARR's role as a cornerstone of America's critical minerals future.

On behalf of the Board and the entire ARR team, thank you for your continued trust and support. Together, we look forward to building on the strong foundation laid in 2024 as we unlock the immense potential of Halleck Creek and deliver lasting value for all our stakeholders.

Sincerely,
Richard Hudson
Chairman
American Rare Earths Ltd

Sincerely,
Chris Gibbs
CEO & Executive Director
American Rare Earths Ltd

This announcement is authorised for release by the Board of American Rare Earths.

About American Rare Earths Limited:
American Rare Earths **(ASX: ARR | OTCQX: ARRNF | ADR: AMRRY)** is a critical minerals company at the forefront of reshaping the U.S. rare earths industry. Through its wholly owned subsidiary, Wyoming Rare (USA) Inc., the company is advancing the Halleck Creek Project in Wyoming—a world-class rare earth deposit with the potential to secure America's critical mineral independence for generations. The Halleck Creek Project boasts a JORC-compliant resource of 2.34 billion tonnes, representing just 16% of the explored area, making it one of the largest rare earth deposits in the United States. Located on Wyoming State land, the Cowboy State Mine within Halleck Creek offers cost-efficient open-pit mining methods and benefits from streamlined permitting processes in this mining-friendly state.

With plans for onsite mineral processing and separation facilities, Halleck Creek is strategically positioned to reduce U.S. reliance on imports—predominantly from China—while meeting the growing demand for rare earth elements essential to defense, advanced technologies, and economic security. As exploration progresses, the project's untapped potential on both State and Federal lands further reinforces its significance as a cornerstone of U.S. supply chain security. In addition to its resource potential, American Rare Earths is committed to environmentally responsible mining practices and continues to collaborate with U.S. Government-supported R&D programs to develop innovative extraction and processing technologies for rare earth elements.

The opportunities ahead for Halleck Creek are transformational, positioning it as a multi-generational resource that aligns with U.S. national priorities for critical mineral independence.

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Competent Person Statement

The information in this document is based on information compiled by personnel under the direction of Mr. Dwight Kinnes who is Chief Technical Officer of American Rare Earths. This geological work was reviewed and approved for release by Mr. Kinnes (Society of Mining Engineers #4063295RM) who is employed by American Rare Earths and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code. Mr Kinnes consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

ARR confirms it is not aware of any new information or data that materially affects the information included in the original market announcement, 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 announcement.

Appendix A – Breakdown of mineral resource estimates

Halleck Creek announcement dated 7 February 2024

Classification	Tonnage	Grade				Contained Material			
		TREO	LREO	HREO	MREO	TREO	LREO	HREO	MREO
	t	ppm	ppm	ppm	ppm	t	t	t	t
Measured	206,716,068	3,720	3,352	370	904	769,018	692,935	76,550	186,836
Indicated	1,210,173,301	3,223	2,838	349	780	3,899,931	3,434,947	422,124	943,421
Meas + Ind	1,416,889,369	3,295	2,913	352	798	4,668,949	4,127,881	498,674	1,130,257
Inferred	924,698,618	3,041	2,696	339	737	2,812,121	2,493,178	313,187	681,138
Total	2,341,587,986	3,196	2,828	347	774	7,481,070	6,621,059	811,861	1,811,395
Rounded	2,342,000,000	3,196	2,828	347	774	7,481,000	6,621,000	812,000	1,811,000

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