Announcement Summary

Entity name

AUSTRALIAN RARE EARTHS LIMITED

Announcement Type

New announcement

Date of this announcement

1/6/2022

The Proposed issue is:

☑ A placement or other type of issue

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
New class-code to be confirmed	Unlisted Options, exercisable at $0.57 each and expiring on 13 December 2023	9,237,106
AR3	ORDINARY FULLY PAID	18,474,211

Proposed +issue date

8/6/2022

Refer to next page for full details of the announcement

Part 1 - Entity and announcement details

1.1 Name of +Entity

AUSTRALIAN RARE EARTHS LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.
If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ACN

Registration Number

632645302

1.3 ASX issuer code

AR3

1.4 The announcement is

☑ New announcement

1.5 Date of this announcement

1/6/2022

1.6 The Proposed issue is:

☑ A placement or other type of issue

Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?
☑ No

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?
☑ Existing class

Will the proposed issue of this +security include an offer of attaching +securities?
☑ Yes

Details of +securities proposed to be issued

ASX +security code and description

AR3 : ORDINARY FULLY PAID

Number of +securities proposed to be issued

18,474,211

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?
☑ Yes

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.44000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?
☑ Yes

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?
☑ New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?
☑ No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?
☑ No

ASX +security code

New class-code to be confirmed

+Security description

Unlisted Options, exercisable at $0.57 each and expiring on 13 December 2023

+Security type

Options

Number of +securities proposed to be issued

9,237,106

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?
☑ No

Please describe the consideration being provided for the +securities

Each subscriber to the Placement will be issued one free attaching unlisted option for every two shares subscribed for in the Placement. Each option is being issued for nil consideration.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?
☑ Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.5700

Expiry date

13/12/2023

Details of the type of +security that will be issued if the option is exercised

AR3 : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One AR3 share will be issued for each option exercised.

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Option terms are disclosed at Annexure A of the Placement announcement to ASX on 1 June 2022.

Part 7C - Timetable

7C.1 Proposed +issue date

8/6/2022

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

☑ No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

☑ Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

16,612,491

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

☑ Yes

7D.1c (i) How many +securities are proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?

11,098,826

7D.1c (ii) Please explain why the entity has chosen to do a placement rather than a +pro rata issue or an offer

under a +security purchase plan in which existing ordinary +security holders would have been eligible to participate

The Company is undertaking an options issue in conjunction with the Placement

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

☑ No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

☑ No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

☑ No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

☑ Yes

7E.1a Who is the lead manager/broker?

Taylor Collison Limited and Sprott Capital Partners acted as Joint Lead Managers

7E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

The Company has agreed to pay the Joint Lead Managers as follows:
a) Lead Manager Fee of 2% of the gross proceeds of the Placement; and
b) Selling Fee of 4% of the gross proceeds of the Placement

7E.2 Is the proposed issue to be underwritten?

☑ No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

none

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

Placement proceeds will be utilised for further resource definition drilling, metallurgical test work, community and stakeholder engagement, and evaluation of downstream processing options for Koppamurra.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

☑ No

7F.2 Any other information the entity wishes to provide about the proposed issue

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

☑ The publication of a cleansing notice under section 708A(5), 708AA(2)(f), 1012DA(5) or 1012DAA(2)(f)