

**American Rare Earths Limited****ARBN 003 453 503**

Suite 706, Level 7,

89 York Street, Sydney NSW 2000

GPO Box 1546, Sydney NSW 2001

P: +61 2 8054 9779

E: [info@americanrareearths.com.au](mailto:info@americanrareearths.com.au)**Website:**<https://americanrareearths.com.au>

6 October 2020

**Annual General Meeting of Shareholders**

American Rare Earths Limited ("ARR") will be holding its Annual General Meeting of shareholders on 11 November 2020 at 10am (AEDST).

The Company is closely monitoring the impact of the COVID-19 virus and accordingly, will follow guidance from the National Cabinet.

Shareholders will be able to attend by way of teleconference.

A quorum for the Annual General meeting will be satisfied with enough directors being physically in attendance at the registered office of the Company where the meeting will be held.

**How you can participate in the Meeting**

1. Shareholders are strongly urged to appoint the Chair of the Meeting as proxy in advance of the Meeting. Shareholders can complete the proxy form to provide specific instructions on how their vote is to be exercised on each item of business and the Chair of the Meeting must follow those instructions.

Shareholders are encouraged to complete and lodge their proxies in accordance with the instructions set out in the proxy form and the Notice of Meeting.

2. Shareholders who completed a proxy form can still participate in the general meeting through the teleconference facility.

3. To attend the annual general meeting via teleconference/Zoom meeting, Shareholders will need to contact the Company Secretary to obtain the log-in details so that you can dial into the meeting on the day. The Company Secretary can be contacted on (02)8054 9779 or by email at [info@americanrareearths.com.au](mailto:info@americanrareearths.com.au)

4. However, no votes submitted via teleconference/Zoom meeting will be accepted by the Company, therefore those shareholders choosing to participate in the Annual General meeting via teleconference must submit their votes by proxy on or before 10am (AEDST) on 9 November 2020. (Proxy cut-off time)

If social distancing restrictions are eased prior to the meeting, the Company will advise via an ASX announcement whether shareholders will be able to attend in person and participate in the usual way.

The Notice of Meeting is important and should be read in its entirety.

The Company appreciates the understanding of shareholders during this time.

Yours faithfully

Creagh O'Connor AM  
Chairman



6 October 2020

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## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Annual General Meeting of Shareholders of American Rare Earths Limited ARBN 003 453 503 ("the Company") will be held at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 on Wednesday 11 November 2020 commencing 10.00AM (AEDST).

### **1. ITEMS OF GENERAL BUSINESS**

#### **1.1. 2020 Annual Report**

To consider the Company's 2020 Annual Report which includes the Financial Statements for the year ended 30 June 2020 along with associated notes, Directors' Report and Auditor's Report.

The Company's 2020 Annual Report will be laid before the meeting. There is no requirement for Shareholders to approve the Company's Financial Statements for the year ended 30 June 2020 along with associated notes, Directors' Report and Auditor's Report.

At the Annual General Meeting, Shareholders will be given an opportunity to raise questions of Directors and the Company's Auditor about the Company's 2020 Annual Report.

#### **1.2. Resolution 1: Re-election of Director – Mr Geoffrey Guild Hill**

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

*"That Geoffrey Guild Hill, being a director of the Company who retires by rotation in accordance with clause 27.1 of the Company's Constitution, being eligible and offering himself for re-election, is re-elected a director of the Company."*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1.

#### **1.3. Resolution 2: Election of Director – Mr Keith Middleton**

To consider and if thought fit, pass the following resolution, as an **ordinary resolution**:

*"That Keith Middleton, being a director of the Company who retires by rotation in accordance with clause 26.2 of the Company's Constitution, being eligible and offering himself for re-election, is elected a director of the Company."*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 2.

#### **1.4. Resolution 3: Auditor's Remuneration**

To consider and if thought fit, to pass the following resolution, as an **ordinary resolution**:

*"That the Directors are authorised to fix the fees and expenses of the auditor of the Company."*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 3.

#### **1.5. Resolution 4: Appointment of new auditor**

To consider and if thought fit, to pass the following resolution, as an **ordinary resolution**:

*"That IRCS.Limited be appointed as auditor of the Company."*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 4.

### **2. ITEM OF SPECIAL BUSINESS**

#### **2.1. Resolution 5: Approval of Issuing Shares to Mr Keith Middleton (or his nominee)**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That in accordance with Listing Rule 10.11, the Company is permitted and authorised to issue 5,000,000 Shares in the Company at a deemed issue price \$0.015 for each share to Mr Keith Middleton a director of the Company, or his nominee, for nil cash consideration, and otherwise on the terms and conditions set out in the accompanying Explanatory Memorandum."*

The Chairman of the Meeting intends to vote all available proxies in favour of approving the granting of Shares to Mr Middleton or his nominee.

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Middleton (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides ; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution ;and
  - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 2.3 Resolution 6

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*That in accordance with Listing Rule 10.11 and for all other purposes the Company is permitted and authorised to issue 2,000,000 Shares at \$0.015 to Mr Keith Middleton a director of the Company, or his nominee, on the terms and conditions set out in the accompanying Explanatory Memorandum.*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 6.

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Middleton (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides ; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution ;and
  - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 2.3 Resolution 7: Issue of shares to Denis Geldard

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*That in accordance with Listing Rule 10.11 and for all other purposes the Company is permitted and authorised to issue 4,000,000 Shares at \$0.015, to Mr Denis Geldard a director of the Company, or his nominee, on the terms and conditions set out in the accompanying Explanatory Memorandum.*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 7.

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Geldard (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides ; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i)The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution ;and
  - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### 2.2 Resolution 8: Ratification of prior issue of placement securities

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the issue of 33,100,000 shares and approximately 4,100,000 free attaching loyalty shares for the purposes and on the terms and conditions set out in the Explanatory Memorandum.*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 8.

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of Resolution 8 by any persons that participated in the issue or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides ; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i)The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution ;and
  - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 2.3 Resolution 9: Approval to issue shares to Zenith Minerals Limited

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,500,000 shares at \$0.02 each to Zenith Minerals Limited on the terms and conditions set out in the Explanatory Memorandum.*

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 9.

### **Voting exclusion statement:**

The Company will disregard any votes cast on Resolution 9 by any persons that will participate in the issue of securities any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.:

However, this does not apply to a vote cast in favour of a Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides ; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i)The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution ;and
  - (ii)The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 3. GENERAL INFORMATION

### 3.1. Eligibility to Vote

For the purpose of determining a person's entitlement to vote at the meeting, Shares will be taken to be held by persons who are registered as Shareholders as at 7:00pm (AEDST) on Monday 9 November 2020.

Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the meeting.

### 3.2. Proxies

A proxy form is attached. You may exercise your right to vote at the meeting either by being present in person or by appointing a proxy to attend and vote in your place. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of the Company. A proxy form must be signed by the Shareholders or the Shareholder's attorney. Proxies given by corporations must be signed either under seal or in accordance with the Constitution of the Company. The Proxy Form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received not later than 48 hours before the time for holding the meeting.

Please complete and forward the Proxy Form to the Company's office as follows:

by post at the following address

American Rare Earths Limited

GPO Box 1546

Sydney NSW 2001

so that it is received no later than 10.00AM (AEDST) on Monday 9 November 2020.

By order of the Board  
American Rare Earths Limited

Wayne Kernaghan,  
Company Secretary

#### 4. EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of the Notice of Annual General Meeting to Shareholders of the Annual General Meeting to be held at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 on Wednesday 11 November 2020 commencing 10.00AM (AEDST).

This Explanatory Statement, as well as the Notice of Annual General Meeting, should be read carefully and in their entirety.

#### 5. ORDINARY BUSINESS

##### 5.1. 2020 Annual Report

The Company's Financial Statements for the year ended 30 June 2020 along with associated notes, Directors' Report and Auditor's Report will be laid before the meeting.

This item provides an opportunity for Shareholders at the meeting to ask questions and comment on the Financial Statements for the year ended 30 June 2020 along with associated notes, Directors' Report and Auditor's Report.

- (a) You have a right to receive from the Company, free of charge, a copy of the Company's 2020 Annual Report if you make a request to the Company to receive a copy; and
- (b) You may obtain a copy of the 2020 Annual Report by electronic means from <https://americanrareearth.com.au> and
- (c) The Company has not prepared, in relation to the same accounting period as the 2020 Annual Report, a concise annual report.

No resolution is required to be passed on this matter.

##### 5.2. Resolution 1: Re-election of Director Mr Geoff Hill

Geoffrey Hill: B.Ec., MBA, FCPA, ASIA, FAICD. Non-Executive Director, Member of the Remuneration Committee. Appointed 27 August 2015

Geoff Hill was a founding director of the Company, serving from 1989 to 30 June 2014. He re-joined the Board on 27 August 2015. Geoff is a merchant banker based in Hong Kong, with experience in mergers and capital raising and has acted for a wide range of corporate clients in Australia and overseas, particularly in the resources sector. He is Chairman of the International Pacific Securities Group and Asian Property Investments Limited. He is Chairman of ASX listed company Pacific American Holdings Limited.

Non-candidate Directors unanimously recommend that Shareholders **vote in favour** of Resolution 1.

##### 5.3. Resolution 2: Election of Director – Mr Keith Middleton

K Middleton: BA, AIM, AICD Non-Executive Director (Independent) Appointed 19 March 2020

Keith is an experienced corporate advisor and director of ASX listed companies specializing in the Australian and international resource sector. He has extensive experience in financial analysis, risk management, major capital works expenditure, project management, corporate governance and WHS regulations. Keith is involved with strategy formulation, project evaluation and investor presentations. Currently a non-executive director of Redbank Copper (ASX:RCP),

Non-candidate Directors unanimously recommend that Shareholders **vote in favour** of Resolution 2.

##### 5.4. Resolution 3: Auditor's Remuneration

Shareholders will be asked to authorise Directors to fix the auditor's fees and expenses for the financial year ending 30 June 2020.

Directors unanimously recommend that Shareholders **vote in favour** of Resolution 3.

##### 5.5. Resolution 4: Appointment of new auditors

Shareholders will be asked to appoint IRCS.Limited as the Company's new external auditors to replace Nexia.

With the focus of the Company now moving to the United States of American it was appropriate to change auditor to a firm that affiliate office where are United States Operations are based. The Board recommends

that IRCS. Limited be appointed as the Company's new external auditor, and IRCS. Limited has consented to the appointment.

Nexia have confirmed that they will not stand for reappointment at the meeting.

The Board wishes to take this opportunity to thank Nexia for the audit services it has provided the Company since 2017.

Nexia will attend the Meeting to respond to any questions shareholders may have on the financial statements for the financial year ended 30 June 2020.

Directors recommend that shareholders vote in favour of Resolution 4

## 5.6. Resolution 5: Issue of shares to K Middleton or his nominee.

### 5.6.1. Background

Subject to Shareholder approval, the Company proposes to issue 5,000,000 Shares to Keith Middleton (appointed 19 March 2020), or his nominee, on terms and conditions as set out in this Explanatory Memorandum.

The Shares price at the date of his appointment was \$0.011 and it was noted that at the date of the Notice is \$0.034 per Share, valuing the Shares at \$170,000.

#### *Remuneration payable to Mr Middleton*

Cash remuneration paid to date by the Company to Mr Middleton is:

- (a) A fixed fee at the rate of \$20,000 p.a. including 9.5% statutory superannuation for Mr Middleton to be an independent non-executive Director from the date of his appointment;
- (b) Consulting fees at the rate of \$5,000 per month excluding GST, subject to independent approval by the Company's Chairman commencing in May 2020; and
- (c) The issue of 5 million shares in the company for nil consideration subject to shareholder approval at the annual general meeting.

The remuneration received by Mr Middleton for the period 19 March 2020 to 30 June 2020 excluding GST is as follows:

Year 2020	Fixed fees 5,000	Consulting Fees \$5,000	Total \$10,000
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### 5.6.2. Trading History

On 19 March 2020 the Company's share price was 1.1 cents (\$0.011) when Mr Middleton was appointed a Director and as at 18 September 2020 the share price was \$0.034.

Month		Monthly share price range		Monthly volume traded on ASX
		Minimum	Maximum	
March 2020		\$0.011	\$0.015	4,584,980
April 2020		\$0.012	\$0.014	1,978,830
May 2020		\$0.015	\$0.024	10,416,240
June 2020		\$0.017	\$0.026	9,993,710
July 2020		\$0.017	\$0.025	20,469,070
August 2020		\$0.022	\$0.048	60,476,890
September 2020		\$0.031	\$0.043	20,475,070

**5.6.3. Dilution effects on existing members interests**

If the Shares proposed to be issued pursuant to Resolution 5 are approved and issued, the effect will be to dilute the interests of existing Shareholders.

The table below sets out the impact of passing Resolution 5, on the number of Shares and Options on an undiluted and diluted basis.

	Undiluted Shares	Fully diluted Shares	Potential dilution of Shares	
			Undiluted Shares	Fully diluted Shares
	Number	Number	%	%
Shares on issue at the date of the Notice	290,919,592	290,919,592	-	-
Unquoted Options on issue, each with an exercise price of 6 cents (\$0.06) and expiring 10 January 2023	-	500,000	-	-
<b>Total existing Equity Securities on Issue</b>	<b>290,919,592</b>	<b>291,419,592</b>	-	-
Proposed granting of Shares to Keith Middleton or his nominee	5,000,000	5,000,000	<b>1.69%</b>	<b>1.69%</b>
<b>Total proposed Equity Securities on Issue</b>	<b>295,919,592</b>	<b>296,419,592</b>	<b>1.69%</b>	<b>1.69%</b>

**5.6.4. Opportunity costs and taxation consequences to the Company**

It is not considered that from an economic and commercial point of view that there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company resulting from the granting of Shares pursuant to Resolution 5. New Zealand Accounting Standards (NZ IFRS) may require the Company to expense the 5,000,000 Shares proposed to be granted to Mr Middleton or his nominee, with the expense booked against Issued Capital being estimated to be \$170,000 based on the share price of \$0.034 at 18 September 2020. This amount will change based on the share price at the time of issue of the 5,000,000 shares.

**5.6.5. Director's Current Interests***Equity Securities held by Mr Middleton*

At the date of the Notice, Mr Middleton or his related entities hold no Equity Securities issued by the Company:

**5.6.6. Listing Rules**

Pursuant to Listing Rule 10.13, the following information is provided regarding the approval sought under Listing Rule 10.11:

*Rule 10.13.1: Name of person:*

Keith Middleton or his nominee

*Rule 10.13.2: Nature of relationship:*

Keith Middleton is a Director of the Company

*Rule 10.13.3: Number of securities to be issued:*

5,000,000 Fully paid ordinary shares

*Rule 10.13.4: Number of securities to be issued if partly paid:*

Not applicable

*Rule 10.13.5: Date by which the securities are to be issued:*

If Shareholders approve Resolution 5, the issue and allotment of the Shares to Mr Middleton, or his nominee, will occur on a date which is no later than one month after the date of this AGM.



*Rule 10.13.6: Issue price of the securities and a statement of terms of issue:*

The shares will be issued for no consideration. At the time of his appointment as a Director the price of the shares was \$0.015 and were to be issued at that price subject to approval from shareholders. The terms of the new Shares are identical to, and rank equally with, existing ordinary fully paid shares issued by the Company.

*Rule 10.13.7: Intended use of the funds:*

No funds will be raised from the issue of the Shares. The Shares are proposed to be issued to Mr Middleton, or his nominee, as part of Mr Middleton's remuneration for providing his services as an Executive Director of the Company and its activities.

*Rule 10.13.8: Current Remuneration:*

Refer to item 5.6.1 which sets out Mr Middleton's remuneration.

*Rule 10.13.9: Summary of material terms:*

Not applicable

*Rule 10.13.10: A voting exclusion statement:*

A Voting Exclusion Statement is included in the Notice.

*Rule 7.2, Exception 14: Approval not required under Rule 7.1:*

As approval for the issue of the Shares referred to in Resolution 5 is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

#### **5.6.7. Companies Act**

Section 161 subsection (1) of the New Zealand Companies Act 1993 provides that the board of a company may, subject to any restrictions contained in the constitution of the company, authorise the payment of remuneration or the provision of other benefits by the company to a director for services as a director or in any other capacity, if the board is satisfied that to do so is fair to the company.

Directors who vote in favour of authorising a payment, benefit, loan, guarantee, or contract under section 161 subsection (1) of the Companies Act must sign a certificate stating that, in their opinion, the making of the payment or the provision of the benefit, or the making of the loan, or the giving of the guarantee, or the entering into of the contract is fair to the company, and the grounds for that opinion. (Section 161(4))

As Keith Middleton is an executive director of the Company, the proposed issue of Shares to Mr Middleton or his nominee will constitute the payment of a benefit to a director for the purposes of section 161(1) of the Corporations Act.

Directors, with Mr Middleton abstaining, have each certified that the issuing of the Shares to Mr Middleton constitutes reasonable remuneration within the meaning of section 161 subsection (4) of the Companies Act as:

- **the Company wishes to maximise the use of its cash resources towards the Company's development;**
- **Equity-based incentives, such as Shares, are used to supplement cash-based remuneration; and**
- **The proposed issuing of the Shares is commensurate with market practice.**

Accordingly, Shareholder approval is not required under the Corporations Act, however approval is still required for the purposes of Listing Rule 10.11.

#### **5.6.8. Recommendation**

Mr Middleton declines to make a recommendation about Resolution 5, as he has a material personal interest in the outcome of that Resolution as it relates to the Company granting Shares, which is a financial benefit, to him or his nominee.

Excluding Mr Middleton, Directors unanimously recommend that Shareholders **vote in favour** of Resolution 5.

**5.7. Resolutions 6 and 7: Issue of placement shares to participating Directors.**

**5.7.1 Background**

Resolutions 6 and 7 seek shareholder approval to issue up to:

- (a) 2,000,000 placement shares to Mr K Middleton (or his nominee) and 250,000 free attaching loyalty shares
- (b) 4,000,000 placement shares to Mr D Geldard (or his nominee) and 500,000 free attaching loyalty shares

(together, the Participating Directors) as a result of the Directors Participation on the terms set out below which are on the same terms as the placement shares issued to non-related party participants in the placement and as such the giving of the financial benefit is on arm's length terms. )

**5.7.2 Listing Rule 10.11**

Listing Rule 10.11 provided that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is or was at any time in the 6 months before the issue or agreement a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial(10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3: or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders.

The Director Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of shareholders under Listing Rule 10.11.

Resolutions 6 and 7 seek Shareholder approval for Director Participation under and for the purposes of Listing Rule 10.11.

**5.7.3 Technical information required by Listing Rule 14.1A**

If resolutions 6 and 7 are passed, the Company will be able to proceed with the issue of the placement shares under the Director Participation within one month after the date of the Meeting or such later date as permitted by any waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner as other funds raised under the Placement. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares in respect of the Director Participation( because approval is being obtained under Listing Rule 10.11), the issue of the Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6 and 7 are not passed, the Company will not be able to proceed with the issue of placement shares to the Participating Directors.

**5.7.4 Technical information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 6 and 7:

*Rule 10.13.1: Name of person:*

Keith Middleton or his nominee and Denis Geldard or his nominee

*Rule 10.13.2: Nature of relationship:*

Keith Middleton and Denis Geldard are both Directors of the Company

*Rule 10.13.3: Number of securities to be issued:*

2,000,000 Fully paid ordinary shares and 250,000 loyalty shares for Keith Middleton or his nominee.

4,000,000 Fully paid ordinary shares and 500,000 loyalty shares for Denis Geldard or his nominee.

*Rule 10.13.4: Number of securities to be issued if partly paid:*

Not applicable

*Rule 10.13.5: Date by which the securities are to be issued:*

If Shareholders approve Resolution 6 and 7, the issue and allotment of the Shares to Mr Middleton, or his nominee and Mr Geldard or his nominee, will occur on a date which is no later than one month after the date of this AGM.

*Rule 10.13.6: Issue price of the securities and a statement of terms of issue:*

The issue price of the placement shares to be issued to the participating directors will be \$0.015 per share being the same issue price as Shares issued to other participants in the placement. The Company will receive \$30,000 and \$60,000 for the issue of the placement shares.

The loyalty shares are being issued for nil consideration on 24 February 2021 which is at the same issue date and price to other participants in the placement who are still holding their shares at that date.

*Rule 10.13.7: Intended use of the funds:*

The purpose of the issue of the placement shares under the Directors Participation is to raise capital of \$30,000 and \$60,000, which the Company intends to use to advance the La Paz Rare Earth Project and working capital.

*Rule 10.13.8: Intended to remunerate Directors:*

The placement shares issued under the Director participation are not intended to remunerate or incentivise the Director;

*Rule 10.13.9: Summary of material terms:*

Not applicable

*Rule 10.13.10: A voting exclusion statement:*

A Voting Exclusion Statement is included in the Notice.

*Rule 7.2, Exception 14: Approval not required under Rule 7.1:*

As approval for the issue of the Shares referred to in Resolutions 6 and 7 is being sought under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### Recommendation

Mr Middleton declines to make a recommendation about Resolution 6, as he has a material personal interest in the outcome of that Resolution as it relates to the Company issuing Shares, which is a financial benefit, to him or his nominee.

Excluding Mr Middleton, Directors unanimously recommend that Shareholders **vote in favour** of Resolution 6.

Mr Geldard declines to make a recommendation about Resolution 7, as he has a material personal interest in the outcome of that Resolution as it relates to the Company issuing Shares, which is a financial benefit, to him or his nominee.

Excluding Mr Geldard, Directors unanimously recommend that Shareholders **vote in favour** of Resolution 7.

### 5.8 Resolution 8: Ratification of share placement on 15 June 2020

On 15 June 2020 the Company announced it had issued an additional 33,100,000 new Shares at an issue price of \$0.015 per Share to sophisticated and professional investors plus approximately 4,100,000 free attaching loyalty shares. The purpose of the issue was to advance the La Paz Rare Earth project and provide general working capital.

The directors are restricted by Listing Rule 7.1 from issuing new securities in the Company, which would dilute existing shareholdings, to a maximum of 15% of the expanded issued capital in any 12 month period. There are exceptions which allow the directors to issue new securities above that limit which include pro rata rights issues and issues with shareholder approval.

ASX Listing Rule 7.4 allows the Company to seek the approval of shareholders of the Company to an issue of securities after the issue has been made without approval under Listing Rule 7.1, provided the issue did not breach Listing Rule 7.1 and the holders of ordinary shares in the Company subsequently approve the issue.

As the issue was not in breach of Listing Rule 7.1 and was not previously approved by the shareholders of the Company, the directors are now seeking shareholders' approval and ratification for the issue of the Shares.

If resolution 8 is passed, the Company will be able to utilise Listing Rule 7.1 for future issues of up to 15% of the expanded issued capital in the next 12 month period without having to convene a shareholders meeting to seek shareholders' approval of any such issues. The directors believe it is desirable to have the flexibility afforded to the Company to issue securities up to the maximum 15% allowable under Listing Rule 7.1 and accordingly recommend that shareholders vote in favour of the resolution.

The Shares issued pursuant to the placement rank equally in all respects with all existing Shares previously issued by the Company.

The free attaching loyalty shares will be issued for nil consideration on 24 February 2021.

\$496,500 (before expenses) was raised from the issue and was used to provide funds to advance the La Paz Rare Earth project and general working capital.

#### Technical Information required under Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 8:

##### *Rule 7.5.1: Names of person were participated:*

Sailors of Samui Pty Ltd, Mrs W Whiting, Willyama Asset Management Pty Ltd, GP Securities Pty Ltd, Dejul Trading Pty Ltd, Dacama Pty Ltd, Northern Star Nominees Pty Ltd, E&E Hall Pty Ltd, Roseman(SA) Pty Ltd, Mrs H Sanghavi, Foxtail Pty Ltd, Harbour View Capital Pty Ltd, Swell Nominees Pty Ltd, Shorewash Pty Ltd, Mr K Middleton and Mr D Geldard.

##### *Rule 7.5.2: Number of securities to be issued:*

33,100,000 fully paid ordinary shares

4,100,000 free attaching loyalty shares to be issued on 24 February 2021.

##### *Rule 7.5.3: Number of securities to be issued if partly paid:*

Not applicable

##### *Rule 7.5.4: Date or dates on when securities will be issued:*

27,100,000 fully paid shares have been issued

6,000,000 fully paid shares will be issued within one month as per resolutions 6 and 7

4,100,000 free attaching loyalty shares to be issued on 24 February 2021.

##### *Rule 7.5.5: Price securities will be issued.:*

27,100,000 fully paid shares have been issued at \$0.015

6,000,000 fully paid shares will be issued within one month as per resolutions 6 and 7 at \$0.015 each

4,100,000 free attaching loyalty shares to be issued on 24 February 2021.

##### *Rule 7.5.6: Purpose of the issue:*

The Company intends to use the funds raised or to be raised to advance the La Paz Rare Earth Project and working capital.

##### *Rule 7.5.7: Summary of agreement:*

Not applicable.

##### *Rule 7.5.7: A voting exclusion statement:*

A Voting Exclusion Statement is included in the Notice.

## Recommendation

Excluding Mr Middleton and Mr Geldard, Directors unanimously recommend that Shareholders **vote in favour** of Resolution 8.

### 5.9 Resolution 9 : Issue of 2,500,000 shares to Zenith Minerals Limited.

#### 5.9.1 Background

As announced on 6 August 2020 the Company is to acquire the Laramie Rare Earth Elements Project in Wyoming by acquiring 100% of the shareholding of Wyoming Rare Pty Ltd from Zenith Minerals Limited for 2,500,000 shares in the company at \$0.02 each and \$50,000 cash. Resolution 9 seeks shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,500,000 shares to Zenith Minerals Limited.

#### 5.9.2 Listing Rule 7.1

The directors are restricted by Listing Rule 7.1 from issuing new securities in the Company, which would dilute existing shareholdings, to a maximum of 15% of the expanded issued capital in any 12 month period. There are exceptions which allow the directors to issue new securities above that limit which include pro rata rights issues and issues with shareholder approval.

If resolution 9 is passed, the Company will be able to utilise Listing Rule 7.1 for future issues of up to 15% of the expanded issued capital in the next 12 month period without having to convene a shareholders meeting to seek shareholders' approval of any such issues. The directors believe it is desirable to have the flexibility afforded to the Company to issue securities up to the maximum 15% allowable under Listing Rule 7.1 and accordingly recommend that shareholders vote in favour of the resolution.

The effect of Resolution 9 will be to allow the Company to issue the shares to Zenith Minerals Limited within one month after the date of the Meeting or such later date as permitted by any waiver or modification of the Listing Rules) without utilising Listing Rule 7.1.

#### 5.9.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3 the following information is provided in relation to the issue of the shares:

*Rule 7.3.1: Name of person:*

Zenith Minerals Limited.

*Rule 7.3.2: Number and class of securities to be issued:*

The maximum number of shares to be issued is 2,500,000 shares.

*Rule 7.3.3: Number of securities to be issued if partly paid:*

Not applicable

*Rule 7.3.4: Date by which the securities are to be issued:*

If Shareholders approve Resolution 9, the issue and allotment of the Shares, will occur on a date which is no later than three months after the date of this AGM.

*Rule 7.3.5: Price securities will be issued:*

The shares will be issued at a deemed price of \$0.02 per share. The Company will not receive any cash.

*Rule 7.3.6: Purpose of the issue:*

As announced on 6 August 2020 the Company is to acquire the Laramie Rare Earth Elements Project in Wyoming by acquiring 100% of the shareholding of Wyoming Rare Pty Ltd from Zenith Minerals Limited for 2,500,000 shares in the company at \$0.02 each and \$50,000 cash.

*Rule 7.3.7: Summary of material terms.:*

The Company is to acquire the Laramie Rare Earth Elements Project in Wyoming by acquiring 100% of the shareholding of Wyoming Rare Pty Ltd from Zenith Minerals Limited for 2,500,000 shares in the company at \$0.02 each and \$50,000 cash.

*Rule 7.3.8: Issue to fund a takeover.:*

Not applicable

*Rule 7.3.9: Voting exclusion.:*

A Voting Exclusion Statement is included in the Notice.

The Directors recommend that the shareholders vote to approve Resolution 9.

## 6. INTERPRETATION

For the purposes of interpreting the Explanatory Memorandum and the Notice:

- (a) the singular includes the plural and vice versa;
- (a) words importing any gender include the other genders;
- (b) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (c) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice;
- (d) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (e) reference to **cents**, **\$**, **A\$**, **Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

## 7. GLOSSARY

In this Notice and the Explanatory Statement:

**2020 Annual Report** means the Company's Directors' Report, Financial Report and Auditor's Report in respect to the financial year ended 30 June 2020.

**Annual General Meeting or Meeting** means the Company's annual general meeting to commence 10.00AM (AEDST) on Wednesday 11 November 2020 and notified to the Company's Shareholders by this Notice.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor** means Nexia Sydney Audit Pty Ltd ABN 77 606 785 399

**Auditor's Report** means the Auditor's report on the Financial Report.

**Board** means the board of Directors.

**Chair or Chairman** means the person appointed to chair the Meeting convened by this Notice.

**Company** means Pacific American Holdings Limited (ARBN 003 453 503).

**Companies Act** means the New Zealand Companies Act 1993, as amended from time to time.

**Constitution** means the constitution of the Company, as amended from time to time.

**Director** means a director of the Company.

**Directors' Report** means the annual Directors' report.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**Loyalty Shares** means the shares attached to the placement shares which will be issued on 24 February 2021.

**Listing Rules** means the official listing rules issued and enforced by the ASX, as amended from time to time.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of annual general meeting.

**Placement shares** means the shares issued on 15 June 2020.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in the Notice.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Sophisticated and Professional Investors** means institutional shareholders who fall within the definitions of "sophisticated investor" and/or "professional investor" under sections 707(8) and 708(11) of the Corporations Act determined by the Company in conjunction with its financial advisor.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means arithmetic average of the daily volume weighted average price of the ordinary shares in the Company traded on the ASX.

**8. Appointment of Corporate Representative**

Pursuant to Schedule 1 Clause 10 of the New Zealand Companies Act 1993, as amended:

---

(ABN/ACN/ARBN)

(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

---

(Insert name of appointee)

- (\*) 1. To act as the Company's representative at all General Meetings of Pacific American Holdings Limited ARBN 003 453 503.
- (\*) 2. To act as the Company's Representative at the Annual General Meeting to be held commencing 10.00AM (AEDST) at Suite 706, Level 7, 89 York Street, Sydney, New South Wales, 2000 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

**Executed** by the corporation in accordance with its Constitution/Section 127 of the *Corporations Act* in the presence of:

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(\*) Director

---

(\*) Sole Director & Sole Secretary

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(\*) Director/Secretary

Affix Common Seal here (optional)

(\*) Delete if not applicable

This authority may be sent to the registered office or share registry office of the Company in advance of the meeting as set out in the Notice of Annual General Meeting which this appointment accompanies or handed in at the Annual General Meeting when registering as a company representative. In either case, the authority will be retained by the Company.

## PROXY FORM

I/We (full name)

of \_\_\_\_\_  
being a member(s) of American Rare Earths Limited, hereby appoint as my/our proxy

of \_\_\_\_\_  
or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10.00am (AEDST) on Wednesday, 11 November 2020 and at an adjournment thereof in respect of \_\_\_\_\_% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

### RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Re-election of Director – G Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – K Middleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Fix auditors remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Appointment of new auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for issue of shares – K Middleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval for issue of shares – K Middleton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval for issue of shares – D Geldard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Ratification of previous placement – 15 June 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval for the issue of shares – Zenith Minerals Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Where permitted, the Chairman intends to vote all undirected proxies in favour of all resolutions.

If the member is an individual or joint holder:

\_\_\_\_\_  
Usual Signature

\_\_\_\_\_  
Usual Signature

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

If the member is a Company:

Signed in accordance with the  
Constitution of the company  
in the presence of:

\_\_\_\_\_  
Director/Sole Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Sole Director and Sole Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020.



## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (refer below) or sent by email to that office on [info@americanrareearth.com.au](mailto:info@americanrareearth.com.au) to be received not less than 48 hours prior to the time of the Meeting.
5. Signing Instructions

**Individual:** where the holding is one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

### LODGING YOUR PROXY FORM

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 10.00am (AEDST) on 9 November 2020. Any proxy form received after that time will not be valid for the scheduled meeting.

In person: American Rare Earths Limited  
Suite 706, Level 7  
89 York Street  
Sydney NSW 2000

By mail: American Rare Earths Limited  
GPO Box 1546  
Sydney NSW 2001

By email: [info@americanrareearth.com.au](mailto:info@americanrareearth.com.au)