



7 October 2022

Dear Shareholder,

**Important information regarding the 2022 Annual General Meeting**

American Rare Earths Limited (ASX: ARR) (ARR or the Company) advises that its 2022 Annual General Meeting (AGM) will be held as a virtual meeting as follows:

**Time:** 9.30am (ACDT) which is 10.00am (AEDT)

**Date:** Tuesday 8 November 2022

**Online:** <https://meetnow.global/MZ2M7KM>

The Notice of Meeting for the AGM can be accessed from the following link on the Company's website at [www.americanrareearths.com.au](http://www.americanrareearths.com.au) It is also available from the Company's announcements platform on the ASX at [www.asx.com.au](http://www.asx.com.au).

Recent legislative changes to the Corporations Act 2001 (Cth) mean there are new options available to shareholders as to how the communication from the Company can be received. The Company will not be dispatching physical copies of meeting documents and notices, including the Notice of Meeting for the AGM, unless you request a physical copy to be posted to you. If you would like to receive a hard copy of the Notice of Meeting, please contact the Company.

The Company's Annual report is also available at the Company's website [www.americanrareearths.com.au](http://www.americanrareearths.com.au).

In planning for the AGM, the Company has focused on ensuring the safety of shareholders and its employees while seeking to maximise the opportunity for shareholder participation. Having regard to the ongoing uncertainty about the restrictions which may apply for wholly physical meetings, the Company plans to hold the AGM as a virtual meeting.

**Attendance via online platform**

To attend the annual general meeting via Zoom, Shareholders will need to contact the Company Secretary to obtain 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)

Shareholders can vote at the AGM virtually via the online platform at <https://meetnow.global/MZ2M7KM> on your computer, tablet or smartphone.



To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxy holders will need to contact the call centre before the Meeting to obtain their login details. To vote in the meeting online follow the instructions below.

- (a) Click on 'Join Meeting Now';
- (b) Enter your SRN/HIN. Proxyholders will need to contact the Share Registrar on +61 3 9415 4024 one hour prior to the Meeting to obtain their login details;
- (c) Enter your postcode registered to your holding if you are an Australian Shareholder. If you are an overseas Shareholder select the country of your registered holding from the drop down list; and
- (d) Accept the Terms and Conditions and 'Click Continue'.

You can cast votes at the appropriate times while the meeting is in progress.

#### **Proxy lodgement**

Shareholders who choose to lodge a proxy should follow instructions on their personalised proxy form (enclosed), to be submitted to the Company's share registry no later than 9.30 (ACDT) being 10.00am (AEDT) on Sunday 6 November 2022 online or by post.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Francis O'Connor', is written over a light blue rectangular background.

Mr Francis Creagh O'Connor AM  
Chairman  
American Rare Earths Limited

This document was approved and authorised for release by the Board of American Rare Earths Limited.

7 October 2022

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 89 Pirie Street, Adelaide, South Australia, 5000 on Tuesday 8 November 2022 commencing 9.30AM (ACDT) being 10.00AM (AEDT).

**1. ITEMS OF GENERAL BUSINESS**

**1.1. 2022 Annual Report**

To consider the Company’s 2022 annual financial report (including the financial statements for the year), directors’ report and auditor’s report which accompany this notice.

At the AGM, Shareholders will be given an opportunity to raise questions of Directors and the Company’s Auditor about the annual financial report.

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

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

*“That Geoffrey 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 AGM intends to vote all available proxies in favour of Resolution 1.

**1.3. Resolution 2: Re - Election of Director – Mr Chris Gibbs**

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

*“That Chris Gibbs, 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 AGM intends to vote all available proxies in favour of Resolution 2.

**1.4. Resolution 3: Election of Director – Mr Sten Gustafson**

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

*“That Sten Gustafson, being a director of the Company who retires 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 AGM intends to vote all available proxies in favour of Resolution 3.

**1.5. Resolution 4: Election of Director – Ms Melissa Sanderson**

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

*“That Melissa Sanderson, being a director of the Company who retires in accordance with clause 26.2 of the Company’s Constitution, being eligible and offering herself for re-election, is elected a director of the Company.”*

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

**1.6. Resolution 5: Election of Director – Mr Richard Hudson**

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

*“That Richard Hudson, being a director of the Company who retires 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 AGM intends to vote all available proxies in favour of Resolution 5.

**1.7. Resolution 6: Auditor’s Remuneration**

To consider and if thought fit, 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 AGM intends to vote all available proxies in favour of Resolution 6.

**1.8. Resolution 7: Increase Cap on Non-Executive Directors Remuneration**

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

*“That for the purposes of ASX Listing Rule 10.17 and the Constitution of the company the maximum aggregate amount available for the remuneration of Non-Executive Directors for their services as directors be increased by \$600,000 from \$400,000 to \$1,000,000 per annum with effect from 1 January 2023.”*

Given the interests of each Non-Executive Director in this matter, the Board makes no recommendation in regard of Resolution 7.

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of any director or any of their associates.

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

- (a) a person or 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 the 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. SPECIAL BUSINESS

2.1 Resolution 8: Issue of Options – Mr Richard Hudson

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

*“That in accordance with Listing Rule 10.11 and for all other purposes, the Company be authorised to issue to Mr Richard Hudson, a Director of the Company or his nominee, 2,000,000 Options exercisable at \$0.40 to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Richard Hudson or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”*

The Chairman of the AGM 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 or on behalf of Mr Hudson (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 9: Issue of Options to Mr Chris Gibbs

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

*“That in accordance with Listing Rule 10.11 and for all other purposes, the Company be authorised to issue to Mr Chris Gibbs, a Director of the Company or his nominee, 5,000,000 STI options exercisable at \$0.40 and 5,000,000 LTI options exercisable at \$0.47( both subject to performance conditions) to subscribe for fully paid ordinary Shares in the Company on the terms set out in the attached Explanatory Memorandum accompanying this Notice of Annual General Meeting and the issue to Mr Chris Gibbs or his nominee of fully paid ordinary Shares in the capital of the Company upon the full or partial exercise of such Options, is hereby approved.”*

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

Voting exclusion statement

The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of Mr Gibbs (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 10: Issue of placement shares to Mr Chris Gibbs

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

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 placement shares to Mr Chris Gibbs, a Director of the Company or his nominee, on the terms and conditions set out in the attached Explanatory Memorandum.”*

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 10

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of Mr Gibbs (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.

### 2.4 Resolution 11: Ratification of prior issue of placement securities

To consider and if thought fit, pass 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 48,275,863 Ordinary shares at an issue price of \$0.29 for the purposes and on the terms and conditions set out in the Explanatory Memorandum.”*

The Chairman of the AGM intends to vote all available proxies in favour of Resolution 11.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast in favour of Resolution 11 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.

### 3. GENERAL INFORMATION

#### 3.1 Eligibility to Vote

For the purpose of determining a person's entitlement to vote at the AGM, Shares will be taken to be held by persons who are registered as Shareholders as at 7:00pm (AEDT) on Sunday 6 November 2022. Accordingly, transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the AGM.

#### 3.2 Proxies

A proxy form is attached. You may exercise your right to vote at the AGM 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 AGM.

To lodge your proxy, please follow the directions below or on your personalised Proxy Form:

**Online:** [www.investorvote.com.au](http://www.investorvote.com.au)  
Or for Intermediary Online subscribers only (Custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**By Fax:** 1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

By mail: Please complete and forward the Proxy Form to the Company's share registry as follows:

**By post:** Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne VIC 3001

To be received no later than 9.30AM (ACDT) being 10.00AM (AEDT) on Sunday 6 November 2022.

#### How to participate and vote live online

To attend the annual general meeting via Zoom, Shareholders will need to contact the Company Secretary to obtain 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)

Shareholders can vote at the AGM virtually via the online platform at <https://meetnow.global/MZ2M7KM> on your computer, tablet or smartphone.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxy holders will need to contact the call centre before the Meeting to obtain their login details. To vote in the meeting online follow the instructions below.

- (a) Click on 'Join Meeting Now';
- (b) Enter your SRN/HIN. Proxyholders will need to contact the Share Registrar on +61 3 9415 4024 one hour prior to the Meeting to obtain their login details;
- (c) Enter your postcode registered to your holding if you are an Australian Shareholder. If you are an overseas Shareholder select the country of your registered holding from the drop-down list; and
- (d) Accept the Terms and Conditions and 'Click Continue'.

You can cast votes at the appropriate times while the meeting is in progress.

Further information and support on how to use the platform is available by calling Computershare at +61 3 9415 4024.

By order of the Board  
American Rare Earths Limited



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Noel Whitcher,  
Company Secretary

For personal use only



## EXPLANATORY MEMORANDUM

This Explanatory Statement forms part of the Notice of Annual General Meeting Shareholders to be held at 89 Pirie Street, Adelaide, South Australia, 5000 on Tuesday 8 November 2022 commencing 9.30AM (ACDT) being 10.00AM (AEDT).

The Notice of Annual General Meeting and this Explanatory Memorandum should be read carefully and in their entirety.

### 1. ORDINARY BUSINESS

#### 1.1 2022 Annual Report

The Company's annual financial report (including the financial statements), the directors' report and auditor's report will be laid before the AGM.

This item provides an opportunity for Shareholders at the AGM to ask questions and comment on those reports (including financial statements).

- (a) You have a right to receive from the Company, free of charge, a copy of the Company's 2022 Annual Report if you make a request to the Company to receive a copy; and
- (b) You may obtain a copy of the 2022 Annual Report by electronic means from <https://americanrareearths.com.au> and
- (c) The Company has not prepared, in relation to the same accounting period as the 2022 Annual Report, a concise annual report.

No resolution is required to be passed on this matter.

#### 1.2 Resolution 1: Re-election of Director Mr Geoffrey Hill

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

Geoffrey Hill was a founding director of the Company, serving from 1989 to 30 June 2014. He re-joined the Board on 27 August 2015. Geoffrey 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 Chairman of ASX listed company Advanced Metals Limited.

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

#### 1.3 Resolution 2: Re-election of Director – Mr Chris Gibbs

Chris Gibbs: B.Bus, MPM, Appointed CEO & Managing Director 1 November 2021

Chris has over 28 years' experience in the resource sector within Australia, Canada, USA, South America, Africa and Europe. He is an innovative leader with a proven track record for implementing organization change and delivering business results. Prior to joining the company, he was Vice President General Manager for Argonaut Gold's Canada business and leading the development of the Magino Gold Project. He has also held various leadership roles with Centerra Gold and Thompson Creek Metals, including VP of Operations, VP Operational Excellence and VP General Manager of the Langeloth Metallurgical Company in Pittsburgh and VP General Manager of the Endako Mine in British Columbia. Chris has also held various leadership roles with Barrick Gold, Placer Dome, and Millennium Chemicals. He holds a master's degree in Project Management and a Bachelor of Business Degree from Curtin University of Western Australia.

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

#### 1.4 Resolution 3: Election of Director – Mr Sten Gustafson

Sten L. Gustafson: Non-Executive Director. Appointed 7 January 2022

Sten L. Gustafson currently serves as the Chief Executive Officer and a director of Pyrophyte Acquisition Corp. (NYSE: PHYT), a SPAC focused on companies that provide products, services, equipment, and technologies that support a variety of energy transition solutions. Mr. Gustafson is a highly experienced energy service industry executive, investment banker, and corporate securities attorney. With over 25 years of experience in the global energy sector, Mr. Gustafson has advised on over 100 corporate transactions around the world for over \$100 billion of transaction value.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

**1.5 Resolution 4: Election of Director – Ms Melissa Sanderson**

Melissa (Mel) Sanderson: Non-Executive Director, Member of the Remuneration Committee. Appointed 12 November 2021

Her international career has spanned diplomacy and mining for 30+ years. Mel is adept at cross-cultural communication and brings leadership experience in inclusivity and diversity issues. At global mining leader Freeport-McMoRan, Mel sited, staffed, and ran a corporate office focused on government and public relations, as well as social responsibility programs. She served our nation as a senior diplomat in the U.S. Department of State.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

**1.6 Resolution 5: Election of Director – Mr Richard Hudson**

Richard Hudson: B.Com. FCA. Non-Executive Director, Chair of the Audit Committee. Appointed 8 February 2022

Richard is experienced in strong corporate governance & strong internal controls, resolving shareholder disputes, advising on business sales, acquisitions & mergers. He is currently Chairman of a private Contract Research Organisation in Animal Health operating in Australia & New Zealand. He is Company Secretary of a group of Emergency Veterinary Practices operating throughout Australia. He was previously Chairman for many years of manufacturing business operating in the marine industry in Australia, New Zealand, and Asia.

Non-candidate Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

**1.7 Resolution 6: 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 2022.

Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

**1.8 Resolution 7: Increase of Non-Executive Directors' Fee Cap**

The Company's Constitution provides that the aggregate remuneration payable to Non-executive Directors may not exceed in any year as is fixed from time to time by ordinary resolution passed by the Company's Shareholders.

The current aggregate Non-executive fee pool of \$400,000 per annum was set at the Company's initial public offering in 2012 and the Board has not sought to increase the fee pool since that time.

In accordance with Listing Rule 10.17, the total aggregate remuneration that may be paid to non-executive directors must not be increased without the approval of the shareholders of the company.

No securities have been issued to ASX non-executive directors under Listing Rule 10.11 or 10.14 with the approval of shareholders within the last three years.

Resolution 7 seeks Shareholder approval to increase the Non-executive Director fee pool by \$600,000 to \$1,000,000 per annum.

The reasons for the proposed increase are to ensure the Company is able to attract and retain quality, high-calibre independent Non-executive Directors with a broad range of skills, experience and expertise to help drive the Company's transformation.

Given the interest in this matter of each Non-executive Director, the Board does not consider it appropriate to make a recommendation on this resolution.

## 2. Resolution 8 - Issue of Options to Mr Richard Hudson

### 2.1 General

It is proposed that the Company issue to Mr Richard Hudson, a director of the Company, a total of 2,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company at an exercise price of \$0.40 with an expiry date of three years from date of issue.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

### 2.2 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 Richard Hudson is a director of the Company, the proposed issue of Options to Mr Hudson 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 Hudson abstaining, have each certified that the issuing of the Options to Mr Hudson 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 Options, are used to supplement cash-based remuneration; and
- The proposed issuing of the Options 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.

### 2.3 Listing Rule 10.11

Listing Rule 10.11 provides 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:

a related party;

- 10.11.1 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;
- 10.11.2 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 give them a right or expectation to do so;
- 10.11.3 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.4 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 Shareholders. Unless it obtains the approval of its Shareholders.

The issue of Options 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.

Resolution 8 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

**2.4 Information required by Listing Rule 14.1A**

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Options to Mr Hudson within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 8 is not passed, the Company will not be able to proceed with the issue of the Options. The Company does not intend to provide any additional rewards or incentives in any other forms to Mr Hudson if the resolution is not passed.

**2.5 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 Resolution 8:

- (a) the Options will be issued to Richard Hudson (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Richard Hudson is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 2,000,000 to Richard Hudson (or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 1;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr Hudson to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Hudson, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr Hudson.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
  - (i) the Options are unquoted; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders;
  - (ii) it is considered that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.

- (h) the number of Options to be issued to Mr Hudson has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - (ii) the remuneration of the related party; and
  - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;

- (i) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 23 September 2022	\$0.24
Exercise Price	\$0.40
Risk Free Rate	3.45%
Volatility (Annualised)	69%
Time (years) to expiry	3 years
Value per option	\$0.083
Number of Options	2,000,000
<b>Total value</b>	<b>\$166,000</b>

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 2,000,000 Options is \$166,000.

- (j) The Options are not being issued under an agreement
- (k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	444,480,799
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,936,723
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	16,600,000

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Shares and Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	446,480,799
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,936,723
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000

Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	16,600,000
Unlisted Options (40.0 cents exercisable on or before 3 years from the date of issue)	7,000,000
Unlisted Options (47.0 cents exercisable on or before 3 years from date of issue)	5,000,000
Unlisted Options (43.5 cents exercisable on or before 4 years from date of issue)	6,000,000
Total Options	40,536,723
Total Ordinary Shares if all Options on issue are exercised	487,017,522

If the share price is higher than the exercise price at the time the Options are exercised, there will be a perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

- (l) If Mr Hudson exercises the Options, there will be a dilutionary effect of 0.004% on existing Shareholders. Mr Hudson will hold 0.44% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.
- (m) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.585 (on 24 March 2022), \$0.155 (on 16 December 2021) and \$0.24 (on 23 September 2022) respectively.
- (n) Mr Hudson currently receives directors' fees of \$20,000 pa.

These Options are intended to provide an incentive to Mr Hudson, as a director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Therefore, Resolution 8 seeks the approval of Shareholders to satisfy the requirement for shareholder approval under Listing Rule 10.11

Mr Hudson, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution, being a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 8 on the basis that the Options will provide an incentive to Mr Hudson to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

### 3. Resolution 9 - Issue of Options to Mr Chris Gibbs

#### 3.1 General

It is proposed that the Company issue to Mr Chris Gibbs, a director of the Company, a total of 10,000,000 Options to subscribe for fully paid ordinary Shares in the capital of the Company with 5,000,000 STI Options at an exercise price of \$0.40 with an expiry date of three years from date of issue and 5,000,000 LTI Options at an exercise price of \$0.47 with an expiry date of six years from date of issue. All the options have vesting conditions as set out in schedule 2.

Shareholder approval is being sought for the issue of these Options and the issue of Shares upon exercise of the Options in accordance with the requirements of the ASX Listing Rules.

#### 3.2 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 Chris Gibbs is a director of the Company, the proposed issue of Options to Mr Gibbs 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 Gibbs abstaining, have each certified that the issuing of the Options to Mr Gibbs 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 Options, are used to supplement cash-based remuneration; and
- The proposed issuing of the Options 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.

### 3.3 Listing Rule 10.11

Listing Rule 10.11 provides 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:

a related party;

- 10.11.5 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;
- 10.11.6 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 give them a right or expectation to do so;
- 10.11.7 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.8 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 Shareholders. Unless it obtains the approval of its Shareholders.

The issue of Options 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.

Resolution 9 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

### 3.4 Information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Options to Mr Gibbs within one month after the date of the AGM (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If resolution 9 is not passed, the Company will not be able to proceed with the issue of the Options. The board will consider alternative arrangements to appropriately remunerate and incentivise Mr Gibbs.

### 3.5 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 Resolution 9:

- (a) the Options will be issued to Chris Gibbs (or his nominee), who fall within the category set out in Listing Rule 10.11.1 as Chris Gibbs is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 10,000,000 to Chris Gibbs (or his nominee)
- (c) the terms and conditions of the Options are set out in schedule 2;
- (d) the Options will be issued no later than 1 month after the AGM (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options).
- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Mr Gibbs to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Gibbs, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration was given to Mr Gibbs.
- (g) the Options are unquoted Options. The Company has agreed to issue Options to the related party subject to shareholder approval for the following reasons:
  - (i) the Options are unquoted; therefore, the issue of the Options has no immediate dilutionary impact on Shareholders:

- (ii) it is considered that there are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options on the terms proposed.
- (h) the number of Options to be issued to Mr Gibbs has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - (ii) the remuneration of the related party; and
  - (iii) incentives to attract and ensure continuity of service of the related party who has appropriate knowledge and expertise, while maintaining the Company's cash reserves.
- The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;
- (i) the Options have been valued by reference to the Black Scholes Options pricing model, based on the assumptions set out in schedule 2:

It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and cannot be transferred except with the Board's prior approval.

Based on the above assumptions it is considered that the total value of the 10,000,000 Options is \$1,036,744. The 5,000,000 STI options have a value of \$414,983 and the 5,000,000 LTI options have a value of \$621,761.

- (j) The Options are not being issued under an agreement
- (k) The current capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	444,480,799
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,936,723
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	16,600,000

If shareholder approval is obtained for all resolutions contained in the Notice of AGM and all Shares and Options are issued as contemplated by the Notice of AGM, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	446,480,799
Unlisted Options (15.0 cents exercisable on or before 11/12/2023)	2,936,723
Unlisted Options (10.0 cents exercisable on or before 5 years from date of issue)	3,000,000
Unlisted Options (20.0 cents exercisable on or before 3 years from the date of issue)	16,600,000
Unlisted Options (40.0 cents exercisable on or before 3 years from the date of issue)	7,000,000
Unlisted Options (47.0 cents exercisable on or before 3 years from date of issue)	5,000,000
Unlisted Options (43.5 cents exercisable on or before 4 years from date of issue)	6,000,000
Total Options	40,536,723
Total Ordinary Shares if all Options on issue are exercised	487,017,522

If the share price is higher than the exercise price at the time the Options are exercised, there will be a

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perceived cost to the Company, as the Company may have been able to issue the Shares at a higher price.

- (i) If Mr Gibbs exercises the Options, there will be a dilutionary effect of 2.2% on existing Shareholders. Mr Gibbs will hold 2.2% of the issued share capital of the Company should he exercise these Options and no other Options on issue are exercised.
- (ii) The highest, lowest and last trading prices of the Shares on ASX over the previous 12 months are \$0.585 (on 24 March 2022), \$0.155 (on 16 December 2021) and \$0.24 (on 23 September 2022) respectively.
- (iii) Mr Gibbs currently receives a salary of \$350,000 pa (inclusive of superannuation).

These Options are intended to provide an incentive to Mr Gibbs, as a director, to work towards improving the performance of the Company and its share price, which will benefit all the Shareholders.

Therefore, Resolution 9 seeks the approval of Shareholders to satisfy the requirement for shareholder approval under Listing Rule 10.11

Mr Gibbs, director of the Company, does not make a recommendation to Shareholders in relation to the resolution as he has a personal interest in the outcome of the resolution, being a related party who will receive a financial benefit if the resolution is passed.

The other directors recommend that the Shareholders vote to approve Resolution 9 on the basis that the Options will provide an incentive to Mr Gibbs to continue to work towards increasing the value of the Company, are consistent with market remuneration in companies of a similar size and nature, and are in the best interests of the Company, taking into account all of the effects and the opportunity cost to the Company including the dilutionary effect referred to above.

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**4. Resolution 10: Issue of placement shares to Mr Chris Gibbs**

As announced on 9 December 2021 the Company was to issue 41,150,000 new Shares at an issue price of \$0.148 per share to raise \$6,090,200. 39,150,000 shares were issued to institutional and sophisticated investors and 2,000,000 shares were to be issued to Mr Chris Gibbs a director of the company on the same term and conditions subject to shareholder approval.

Shareholder approval is being sought for the issue of these Shares in accordance with the requirements of the ASX Listing Rules.

**Listing Rule 10.11**

Listing Rule 10.11 provides 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 give 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 shareholders.

unless it obtains the approval of 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.

Resolution 10 seeks Shareholder approval for the Director Participation under and for the purposes of Listing Rule 10.11

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

If Resolutions 10 is 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 ASX 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 resolution 10 is not passed, the Company will not be able to proceed with the issue of the placement Shares to the Participating Director.

**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 Resolution 10:

*Rule 10.13.1: Name of person:*

The Placement Shares will be issued to the Participating Director (or his nominee), as he falls within the category set out in Listing Rule 10.11.1 as Mr Gibbs is a Director of the Company and is therefore a related party.

*Rule 10.13.2: Nature of relationship:*

Mr Gibbs is a Director of the Company and are therefore a related party under Listing Rule 10.11.1

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

The maximum number of Placement Shares to be issued to:

- (a) 2,000,000 placement shares to Mr Gibbs (or his nominee)

The Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing 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:*  
The Placement Shares to be issued to the Participating Director will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Placement Shares will be issued on the same date.

*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 \$0.148 per share, being the same issue price as Shares issued to other participants in the Placement. The Company will not receive any other consideration for the issue of the Placement Shares.

*Rule 10.13.7: Intended use of the funds:*  
The purpose of the issue of the Placement Shares under the Director Participation is to raise capital, which the Company intends to use for exploration 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:*  
The Shares are to be issued on the same terms and conditions as those issued to the other participants other than these shares required shareholder approval prior to them being issued as the participant is a Director of the Company.

*Rule 10.13.10: A voting exclusion statement:*  
A Voting Exclusion Statement is included in Resolution 10 in the Notice of Annual General Meeting.

**5. Resolution 11: Ratification of share placement on 25 August 2022**

On 25 August 2022 the Company announced it had issued 48,275,863 new Shares at an issue price of \$0.29 per Share to institutional or sophisticated investors. The purpose of the issue was to advance the La Paz, and Halleck Creek Rare Earth projects and provide general working capital. 31,975,863 new shares were issued under Listing Rule 7.1 and 16,300,000 new shares under Listing Rule 7.1A which was approved by Shareholders at the annual general meeting held on 9 November 2021.

Canaccord Genuity (Australia) Limited was appointed as Lead Manager for the Capital Raising

**Listing Rules 7.1 and 7.1A**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12-month period.

Under Listing Rule 7.1A however an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The issue of the 48,275,863 shares does not fit within any of the exceptions and, as it has not yet been approved by shareholders, it effectively uses up part of the 25% limit in Listing Rule 7.1 and 7.1A reducing the Company's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 and 7.1A for the 12-month period following the date of issue of the 48,275,863 shares.

**Listing Rule 7.4**

ASX Listing Rule 7.4 permits an issue of shares that has been made without shareholder approval under Listing Rule 7.1 to be ratified by Shareholders.

If resolution 11 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. The directors 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.

**Technical Information required by Listing Rule 14.1A**

If resolution 11 is passed the 48,275,863 shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without shareholder approval over the 12 month period following the date of issue of the 48,275,863 shares.

If resolution is not passed the 48,275,863 shares will be included in calculating the Company's combined 25% limit in Listing Rule 7.1 and 7.1a, effectively decreasing the number of equity securities the Company can issue without shareholder approval over the 12 month period following the date of issue of the 48,275,863 shares.

**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 11:

*Rule 7.5.1:*

The persons to whom the 48,275,863 new Shares were issued were identified as experienced investors ,sophisticated investors and professional investors under Sec 708 of the Corporations Act by Canaccord Genuity (Australia) Limited in consultation with the Company.

*Rule 7.5.2: Number of securities issued:*

48,275,863 fully paid ordinary Shares

*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:*

48,275,863 fully paid Shares have been issued on 25 August 2022.

*Rule 7.5.5: Price of securities:*

48,275,863 fully paid Shares have been issued at \$0.29

*Rule 7.5.6: Purpose of the issue:*

to raise funds to advance the La Paz and Halleck Creek Rare Earth Projects and for working capital.

*Rule 7.5.7: Summary of agreement:*

Not applicable.

*Rule 7.5.8: A voting exclusion statement:*

A voting exclusion statement is included in the Notice.

**Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 11.

## 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 currency for the time being and from time to time of the Commonwealth of Australia.

## 7. GLOSSARY

In this Notice and the Explanatory Statement:

**2022 Annual Report** means the Company's Directors' Report, Financial Report and Auditor's Report in respect to the financial year ended 30 June 2022.

**AGM** means the Company's annual general meeting to commence 9.30AM(ACDT) being 10.00AM (AEDT) on Tuesday 8 November 2022 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 IRCS Limited

**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 AGM convened by this Notice.

**Company** means American Rare earths 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.

**Group** means the Company and each body corporate that is a subsidiary of the Company by virtue of Division 6 of the Corporations Act.

**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.

**Option** means an option to have Shares issued.

**Placement shares** means the Shares issued on 11 December 2021.

**Professional Investor** has the meaning given in Section 708(ii) of the Corporations Act.

**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 Investor** has the meaning Shareholders given in section 707(8) of the Corporations Act.

**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 American Rare Earths Limited ARBN 003 453 503.
- (\*) 2. To act as the Company’s Representative at the Annual General Meeting to be held commencing 9.30AM(ACDT) being 10.00AM (AEDT) at 89 Pirie Street, Adelaide, South Australia, 5000 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

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

\_\_\_\_\_  
(\*) Director (\* ) Sole Director & Sole Secretary

\_\_\_\_\_  
(\*) 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 AGM as set out in the Notice of AGM which this appointment accompanies or handed in at the AGM when registering as a company representative. In either case, the authority will be retained by the Company.

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**Schedule 1 – Terms and Conditions of the Options to be issued under Resolution 7**

The Options will be issued on the following terms:

- (a) the Options may be exercised at any time before expiry;
- (b) the Options will expire on the earlier of the date which is one month after the Director to whom the Options are issued ceases to be a director of the Company (or such longer period as determined by the Board of Directors) and 3 years after the date of issue (“the Expiry Date”);
- (c) all or any of the Options are exercisable, by notice in writing to the Company, at any time up until the Expiry Date;
- (d) the holder of Options cannot participate in any new issue of Equity Securities without a prior exercise of the Options;
- (e) Shares issued on the exercise of Options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) if there is a reorganisation of capital of the Company, the exercise price of the Options or the number of Shares over which the Options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the exercise of Options;
- (g) except as provided in paragraph (f), neither the exercise price of the Options nor the number of Shares over which the Options can be exercised will be changed to take account of pro rata Share issues (other than bonus Share issues);
- (h) in respect of a bonus Share issue, the Option holders may only participate if the Options are exercised before the record date for the bonus Share issue. In the event of a bonus Share issue, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Share issue;
- (i) the Options may only be transferred with Board approval;
- (j) the Options will not be quoted on the ASX.



**Schedule 2: Resolution 9 – Summary of The Terms of Options proposed to be issued to Mr Gibbs**

**Short Term Incentive (STI)**

- (i) 5,000,000 Options to be issued following shareholder approval vesting in equal portion annually for the exercise period of three years with the first portion vesting on issue.
- (ii) STI targets must be fully achieved within 12 months for full entitlement to the Options.
- (iii) If only some of the STI’s are achieved, then only a proportion of the entitlement will vest.
- (iv) On achievement of 100% of the STI targets being achieved then 5,000,000 Options will vest on 1 October 2023.
- (v) The strike price of the Options will be \$0.40.
- (vi) Any Options not exercised by the third anniversary will lapse.
- (vii) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 23 September 2022	\$0.24
Exercise Price	\$0.40
Risk Free Rate	3.45%
Volatility (Annualised)	69%
Time (years) to expiry	3 years
Value per option	\$0.083
Number of Options	5,000,000
<b>Total value</b>	<b>\$414,983</b>

- (viii) It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and have a value of \$414,983

**Long Term Incentive (LTI)**

- (i) 5,000,000 Options to be issued following shareholder approval for a term of 6 years.
- (ii) Each LTI target must be fully achieved in 3 years for the Options to vest. If targets not met within 3 years, then no Options will vest.
- (iii) The strike price of the Options will be \$0.47.
- (iv) On achievement of the LTI targets within 3 years the 5,000,000 Options will vest
- (v) Any Options not exercised by the sixth anniversary will lapse.
- (vi) The Options have been valued by reference to the Black Scholes Options pricing model, based on the following assumptions:

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Call Option Valuation	Input
Share price at 23 September 2022	\$0.24
Exercise Price	\$0.47
Risk Free Rate	3.78%
Volatility (Annualised)	69%
Time (years) to expiry	6 years
Value per option	\$0.124
Number of Options	5,000,000
<b>Total value</b>	<b>\$621,761</b>

- (vii) It should be noted that no discount has been applied to the valuation for non-negotiability of the Options as they are not listed and have a value of \$621,761.

#### OPTION TERMS AND CONDITIONS

The Options will be issued on the following terms:

- (a) the Options may be exercised at any time before expiry following vesting;
- (b) the Options will expire on the earlier of the date which is one month after the Director to whom the Options are issued ceases to be a director of the Company (or such longer period as determined by the Board of Directors) and the expiry date of the Options (“the Expiry Date”);
- (c) all or any of the Options following vesting are exercisable, by notice in writing to the Company, at any time up until the Expiry Date;
- (d) the holder of Options cannot participate in any new issue of Equity Securities without a prior exercise of the Options;
- (e) Shares issued on the exercise of Options will rank pari passu with the then existing issued ordinary shares of the Company;
- (f) if there is a reorganisation of capital of the Company, the exercise price of the Options or the number of Shares over which the Options can be exercised will be reorganised in accordance with the relevant provisions of the ASX Listing Rules in force at the time of the exercise of Options;
- (g) except as provided in paragraph (f), neither the exercise price of the Options nor the number of Shares over which the Options can be exercised will be changed to take account of pro rata Share issues (other than bonus Share issues);
- (h) in respect of a bonus Share issue, the Option holders may only participate if the Options are exercised before the record date for the bonus Share issue. In the event of a bonus Share issue, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Share issue;
- (i) the Options may only be transferred with Board approval;
- (j) the Options will not be quoted on the ASX.



ABN 83 003 453 503

ARR

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:30 am (ACDT) Sunday, 6 November 2022**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE  
 FLAT 123  
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 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of American Rare Earths Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of American Rare Earths Limited to be held as a virtual meeting on Tuesday, 8 November 2022 at 9:30am (ACDT) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 7,8,9 and 10 (except where I/we have indicated a different voting intention below) even though Resolutions 7,8,9 and 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 7,8,9 and 10 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Re-election of Director – Mr Geoffrey Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Options – Mr Richard Hudson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Chris Gibbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Options – Mr Chris Gibbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Mr Sten Gustafson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Issue of placement shares to Mr Chris Gibbs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director – Ms Melissa Sanderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Ratification of prior issue of placement securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director – Mr Richard Hudson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Auditor's Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 7	Increase Cap on Non-Executive Directors Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

ARR

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Computershare +