

Indicative, Conditional and Non-Binding Proposal Received by American Rare Earths

American Rare Earths Limited (ASX: ARR | OTCQX: ARRNF | ADR: AMRRY) (“ARR” or the “Company”) advises that it has received an indicative, conditional and non-binding proposal from a NASDAQ-listed Special Purpose Acquisition Company (“SPAC”) to acquire, by an issue of shares, the Company’s 100% owned subsidiary Wyoming Rare (USA) Inc, which holds the Company’s 2.34 billion tonne Halleck Creek Rare Earth Project (“Halleck Creek”). The proposal would have resulted in Wyoming Rare (USA) Inc. being listed (via a combination) with the SPAC as a separate entity on the NASDAQ Exchange in the USA.

Further information has been provided in respect to the Indicative, Conditional and Non-Binding Proposal:

- The SPAC is Papaya Growth Opportunity Corp. a special purposes acquisition company incorporated in Delaware with offices at 2201 Broadway, Suite 750, Oakland CA 94612,
- Sponsor is Papaya Growth Opportunity I Sponsor LLC
- Share Consideration will be US\$400 million
- The transaction is subject to Due Diligence
- Conditions precedent to closing (Refer Appendix A)
- Termination (Refer Appendix B)

The Board of ARR are aware of the potential benefits of this type of proposal as it follows a similar successful pathway of MP Materials, who also achieved listing of Mountain Pass utilising a combination with a SPAC. However, the board is mindful of the significant potential of Halleck Creek, and the need to maximise returns to shareholders, while minimising dilution and has declined to advance at this time. The Board will continue to evaluate all strategic alternatives to ensure optimal returns to its shareholders, particularly after reaching certain near-term operational milestones that will provide investors further confidence in the significant value the Company believes is presented by Halleck Creek.

ARR Chairman, Richard Hudson commented:

“The inbound interest received in American Rare Earths underscores the immense value and strategic significance of our Halleck Creek Rare Earth Project. As we navigate potential pathways for growth, including the recent proposal from a NASDAQ-listed SPAC, we remain committed to maximising returns for our shareholders while advancing our mission of sustainable resource development.”

This announcement has been authorised for release by the Chairman of American Rare Earths.

About American Rare Earths Limited:

[American Rare Earths](#) (ASX: ARR | OTCQX: ARRNF | ADR: AMRRY) owns the Halleck Creek, WY and La Paz, AZ rare earth deposits which have the potential to become the largest and most sustainable rare earth projects in North America. American Rare Earths is developing environmentally friendly and cost-effective extraction and processing methods to meet the rapidly increasing demand for resources essential to the clean energy transition and US national security. The Company continues to evaluate other exploration opportunities and is collaborating with US Government-supported R&D to develop efficient processing and separation techniques of rare earth elements to help ensure a renewable future.

For personal use only

Investor and Media Relations

Jane Morgan

jm@janemorganmanagement.com.au

Appendix A – Conditions Precedent to Closing

Mutual Closing Conditions

- Receipt of all requisite legal and regulatory approvals (including from the Boards of the Company and SPAC, which shall be obtained at signing) to the extent applicable to each Party for the Transaction.
- No material adverse change or breach of pre-completion covenants and warranties as will be further described in the Definitive Agreements.
- Approval of the Transaction by the requisite majority of the SPAC stockholders.
- Approval of the Transaction by the requisite majority of the Company shareholders.
- The Form S-4 registration statement relating to the Transaction shall have been declared effective by the SEC and remain effective as of the Closing, with no stop order or similar order in effect with respect thereto.
- SPAC shall have at least \$5,000,001 of net tangible assets remaining after giving effect to any redemptions.
- No order, legal prohibition or injunction preventing the consummation of the Transaction.

Company Closing Conditions

- Availability of Guaranteed Cash at Closing.
- No material adverse change with respect to SPAC's ability to perform the Transaction, or breach of pre-completion covenants and reps and warranties of SPAC (as will be further described in the Definitive Agreements and subject to materiality thresholds set forth therein).
- The Share Consideration has been approved for listing on NASDAQ.

SPAC Closing Conditions

- No material adverse change with respect to the Company or breach of pre-completion covenants and reps and warranties of the Company (as will be further described in the Definitive Agreements and subject to materiality thresholds set forth therein).
- Required consents from Company's creditors.

For personal use only



Appendix B - Termination

The LOI will automatically terminate and be of no further force and effect upon the earlier of:

- execution of the Definitive Agreements by SPAC and the Company, or,
- termination by either SPAC or the Company, or
- mutual agreement of SPAC and the Company.

For personal use only