ASX: AR3 | MARKET ANNOUNCEMENT

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Chairman's Address – 2026

Welcome and Year in Review

Good morning, fellow shareholders, colleagues, and guests. Welcome to the 2026 Annual General Meeting of Australian Rare Earths Limited.

Thank you for joining us as we review the year, report back on the priorities we set ourselves twelve months ago, and share what lies ahead for AR3.

A year ago, I said the strategic significance of rare earths had come into sharp focus. Over the past twelve months, that shift has moved from sentiment to substance. China's export controls have widened. Allied governments have responded with strategic reserves, price support and coordinated procurement. And the world's reliance on a single country for the elements that go into electric vehicles, wind turbines and defence systems has become a mainstream policy concern – not a specialist one.

Against that backdrop, AR3 has done what we said we would do: We have converted years of drilling and testwork into a defined development case for Koppamurra. Meanwhile, at Overland, our exploration team has continued to drill high priority uranium targets, and in the process, revealed another significant potential mineral host feature.

Delivering on Our 2026 Priorities

At last year's meeting I set out five priorities. I think it is important to report back on each of them:

- **Complete the Koppamurra Pre-Feasibility Study –** delivered. The PFS and a maiden Ore Reserve were released in June 2026.
- **Build and operate a demonstration plant –** delivered, and in a smarter way than planned. Rather than funding and building our own plant, AR3 became the first industry partner to access ANSTO's new pilot-scale rare earth processing facility in Sydney, saving shareholders both time and capital.
- **Submit the Koppamurra Mining Lease Application –** not yet delivered, but on track for submission in the near term

- **Pursue value-adding policy and industry partnerships –** delivered through our imminent shipment of Mixed Rare Earth Oxide samples produced at the ANTO pilot facility to potential offtake partners, with the valued support of the $5 million International Partnerships in Critical Minerals grant from the Australian Government. I also acknowledge with thanks our continued relationship with Neo Performance Materials, and note our engagement with policymakers and at industry forums in Australia, at the G7 and the United States.
- **Advance exploration at Overland –** delivered, with 67 holes for approximately 6,370 metres across two campaigns, and a new niobium–rare earth discovery.

Koppamurra: From Testwork to a Defined Development Case

The Koppamurra PFS is the most important milestone in AR3's history to date. Its central case presents a post-tax net present value of $858 million, a post-tax internal rate of return of 99%, and a payback period of around one year from first production – on initial capital of just $178 million.

That low capital requirement matters. Funding for small-cap developers remains hard to come by, and a project that can be built for $178 million has a far shorter path to a funded, constructed mine than many of its peers. Koppamurra's shallow open-pit mining, proven heap leach flowsheet and rapid progressive rehabilitation are what make that possible.

The PFS is underpinned by a maiden Probable Ore Reserve of 26 million tonnes at 920 ppm TREO, about 22% higher grade than the global Mineral Resource of 243 million tonnes at 751 ppm TREO. That supports an initial 12-year mine life, with substantial scope to expand into a multi-decade operation as the Project scales.

Equally important is what Koppamurra produces. Magnet rare earths make up around 26% of the Ore Reserve's TREO, including roughly 3% dysprosium and terbium. The basket also contains yttrium, gadolinium, samarium and lutetium – every one of which is now subject to China's expanded export controls. Put simply, Koppamurra's product sits squarely in the path of the supply diversification that Western customers and governments are now pursuing.

Since year end, the Project has moved from paper to practice. The ANSTO pilot plant was commissioned on 31 July, and processing of approximately 30 tonnes of Koppamurra ore is underway. The first of four leach cycles is complete, and we have produced our first Mixed Rare Earth Hydroxide from Koppamurra leach solution. We are now producing initial samples of Mixed Rare Earth Oxide and these samples will very soon go to prospective customers, to progress qualification and offtake discussions.

My sincere thanks to ANSTO for their partnership, and to our friends at Neo for their continued technical insight and support.

Geopolitical and Industry Policy Context

Last year I compared the forces at play in critical minerals to the heights of the Cold War. If anything, the past twelve months have strengthened that comparison.

China's export restrictions, first announced in April 2025, have expanded beyond dysprosium and terbium to capture yttrium, gadolinium, samarium and lutetium. For Western manufacturers of magnets, defence systems and clean energy technology, supply concentration is now a live commercial and national security risk rather than a theoretical one.

The policy response has been just as significant:

- In Australia, rare earths are among the first minerals named for inclusion in the Federal Government's Critical Minerals Strategic Reserve and associated National Offtake Agreements. We have made submissions during the policy design phase for this program, and submitted proposals to participate in the program, as part of our product marketing strategy.
- In the United States, a single price-support deal has become several, and Project Vault has been launched as a private-sector-led, US EXIM-backed commercial stockpile. In February 2026, the US convened a Critical Minerals Ministerial of more than 50 countries to coordinate a policy and pricing response.
- Japan moved to strike a price-support deal with an established Australian producer.
- At the G7 Leaders' Summit in France, leaders declared their intent to reduce reliance on any non-G7 member for rare earths and permanent magnets to below 60% by 2030, with an ambition to reach 50% as soon as possible.

We await the conversion of some of these pledges into concrete action, particularly in Europe. But the message is clear: government is no longer a passive observer of this sector. It is an active participant in de-risking projects.

AR3 has continued to make sure Koppamurra is seen. This year we took part in the Rare Earth Mines, Magnets and Motors Summit in Toronto, attended the opening of Neo's new rare earth processing facility in Estonia, and joined an Austrade-sponsored delegation to Washington DC. Last month, Koppamurra was included in Austrade's latest edition of the *Critical Minerals Prospectus,* launched at IMARC. These are not operational milestones on their own, but they matter: they are how projects like Koppamurra become known to the governments, customers and financiers who will ultimately decide which projects get built. My sincere thanks to Austrade and the Department of Industry, Science and Resources for their ongoing support.

Overland: Discovery Beyond the Brief

South Australia remains one of the world's premier uranium jurisdictions, and our first Overland campaign confirmed a compelling uranium target amenable to in-situ recovery in the north-west of EL7001. Our second campaign, in April and May 2026, did not return significant uranium intersections. It did, however, deliver something we did not expect.

Drill hole OV167 at the R254 prospect intersected a niobium–rare earth carbonatite system, returning 19 metres at 0.61% TREO to the end of the hole, including 3 metres at 1.16% TREO, with niobium grades up to 0.53% . Pyrochlore – the world's principal niobium ore mineral – was identified. Niobium is itself a critical mineral, and carbonatites host some of the world's most significant rare earth and niobium deposits.

We moved quickly. Reprocessing of historic magnetic data defined a 10-kilometre magnetic corridor, and follow-up drilling in September intersected an extended interval of interpreted carbonatite several kilometres south of the discovery hole, with the hole ending in carbonatite. Assays are pending, and I want to be clear that this is an early-stage result: there is not yet enough data to define a Mineral Resource. But it is an exciting reminder that systematic, well-targeted exploration can surface value beyond the commodity originally sought.

Funding and Financial Discipline

Our shareholders once again backed us this year, through a $6 million placement to institutional, sophisticated and professional investors. That was complemented by non-dilutive funding: $2.75 million of our IPCM grant received by year end, a further $2.1 million instalment in August, and an R&D Tax Incentive refund of approximately $1.0 million in October.

With the PFS delivered, the Board is now assessing a range of funding options – equity, debt, strategic partner investment, offtake-linked financing and government funding – to carry Koppamurra through to a final investment decision and ultimately into construction. We are realistic about the work still required to get there, but the fundamentals of the project – a highly attractive rare earth assemblage, and low capex to first production – are key strengths to assist us in that journey.

Stakeholder and Community Engagement

Our goal remains to deliver rare earths production in an environmentally sustainable way. Koppamurra's design – shallow mining, rapid progressive rehabilitation to return the land to productive use, and recycling of process water – reflects that commitment. I thank the Koppamurra Community Consultative Committee and our local landholders for their continued input as we prepare to lodge our Mining Lease Application. The development of Koppamurra has the potential to provide a significant benefit to our local community through jobs and opportunities for local suppliers, and to the State of South Australia through its participation in one of the key critical minerals supply chains.

Outlook and Priorities for 2027

Our focus now shifts from defining Koppamurra to advancing it. Our priorities for the next twelve months are to:

- Complete pilot-scale operations at ANSTO and deliver Mixed Rare Earth Oxide samples for customer qualification and offtake discussions.
- Submit the Mining Lease Application for Koppamurra and progress the Definitive Feasibility Study, targeted for completion in 2027.
- Advance project funding discussions across a range of options, ahead of a final investment decision.
- Follow up the niobium–rare earth discovery with assays, geophysics and further drilling, alongside continued uranium exploration across our expanded Overland tenure.
- Maintain our engagement with government and industry, in Australia and internationally, so AR3 continues to benefit from the policy momentum behind critical minerals.

Conclusion

In closing, I want to acknowledge how much has been achieved this year. I thank the AR3 team, led by Managing Director Travis Beinke, for the hard work and technical ingenuity they have brought to a year of substantial progress. I thank my fellow director, Pauline Carr, for her continued guidance. And I thank our partners – ANSTO, Neo Performance Materials and the Australian Government – whose support has directly advanced Koppamurra.

Most of all, I thank you, our shareholders. Your support for this year's placement, in markets that remain challenging for small-cap developers, is not something we take lightly.

Two years ago, the themes we spoke about were emerging. A year ago, they were undeniable. Today, they are being written into policy and backed with capital. Governments are active participants in shaping critical minerals supply chains, and the strategic value of non-Chinese heavy and magnet rare earth supply has never been clearer.

Koppamurra's technical and economic case is now defined, and Overland has added a promising new dimension. As geopolitics, policy and market forces continue to move in our sector's favour, AR3 is well placed to convert that opportunity into shareholder value.

Thank you.

Angus Barker
Chairman

The announcement has been authorised for release by the Board of Australian Rare Earths Limited.

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About Australian Rare Earths Limited

Australian Rare Earths is committed to the timely exploration and development of its 100% owned, flagship Koppamurra Project, located in the new Koppamurra rare earths Province in southeastern South Australia and western Victoria. Koppamurra is a prospective ionic clay hosted rare earth deposit, uniquely rich in all the elements required in the manufacture of rare earth permanent magnets which are essential components in electric vehicles, wind turbines and domestic appliances. In addition, AR3 is actively reviewing other potential prospective areas which may also host uranium and ionic clay hosted rare earth deposits throughout Australia.

The Company is focused on executing a growth strategy that will ensure AR3 is positioned to become an independent and sustainable source of energy transition metals, playing a pivotal role in the global transition to a green economy.