



AMERICAN RARE EARTHS LIMITED

(Incorporated in New Zealand)

NZ Company Number: 322887

NZ Overseas Issuer Number: 2541657

ARBN 003 453 503 (Australia)

ABN: 83 003 453 503 (Australia)

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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COMPANY DIRECTORY

DIRECTORS F Creagh O'Connor (Chairman) Keith Middleton Denis Geldard Geoffrey G Hill	AUDITOR IRCS Limited Level 26 188 Quay Street Auckland
COMPANY SECRETARY Wayne Kernaghan	BANKERS National Australia Bank, Sydney Commonwealth Bank, Sydney Wells Fargo Bank, N.A.
REGISTERED OFFICE Suite 11234 178 Farnham Street Parnell Auckland 1052 New Zealand	SECURITIES LISTED Australian Securities Exchange (ASX): Code: ARR (shares)
AUSTRALIAN OFFICE Suite 706, Level 7 89 York Street Sydney 2000 NSW GPO Box 1546 SYDNEY NSW 2001 Phone: (+61 2) 8054 9779 Email: info@americanrareearths.com.au	SHARE REGISTRAR AUSTRALIA Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street Adelaide, South Australia 5001 Phone: 1300 556 161 (within Australia) (+61 3) 9415 4000 (outside Australia) www.computershare.com.au
WEBSITE https://americanrareearths.com.au	

INTERESTS IN MINING TENEMENTS HELD BY THE COMPANY AND ITS SUBSIDIARIES AT 31 DECEMBER 2020

Tenement Name	Tenement Type and Number	Location	Group Ownership
Broken Hill NW	Exploration Licence EL8775	Broken Hill NSW Australia	100%
Triple Chance	Exploration Licence EL8776	Broken Hill NSW Australia	100%
Main Line	Exploration Licence EL8773	Broken Hill NSW Australia	100%
La Paz	176 BLM Claims granted	Arizona United States	100%
La Paz	State of Arizona, County of La Paz LODE Mining Claims 220 – 261	Arizona United States	100%
REX-1	Wyoming Rare (USA) INC WMC314023	Wyoming United States	100%
REX-2	Wyoming Rare (USA) INC WMC314024	Wyoming United States	100%
REX-3	Wyoming Rare (USA) INC WMC314025	Wyoming United States	100%
REX-4	Wyoming Rare (USA) INC WMC314026	Wyoming United States	100%
REX-5	Wyoming Rare (USA) INC WMC314027	Wyoming United States	100%

DIRECTORS' REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The Directors present the following report including financial statements of American Rare Earths Limited (**Company**) for the six months ended 31 December 2020.

1. Directors

The names of the Directors of the Company during the half-year and up to the date of this report are:

F Creagh O'Connor	Non-Executive Chairman	Appointed 22 June 2000
Keith Middleton	Managing Director	Appointed 19 March 2020
Denis Geldard	Non-Executive Director	Appointed 3 August 2015
Geoffrey G Hill	Non-Executive Director	Appointed 27 August 2015
Matthew G Hill	Non-Executive Director	Appointed 14 March 2012 Resigned 24 September 2020

2. Review of Operations

Overview

American Rare Earths Limited is an ASX listed exploration entity focused on the discovery and development of rare earths and critical minerals in North America and Australia. The Company owns 100% of the world-class La Paz rare earth project located approximately 200km northwest of Phoenix, Arizona and is acquiring the Laramie rare earth project in Wyoming, USA.

On 11 November 2020, Mr Keith Middleton was appointed Managing Director. He was initially appointed a Non-Executive Director on 19 March 2020 and from May 2020 became an Executive Director.

On 25 September 2020, Mr Wayne Kernaghan was appointed Company Secretary following the resignation of Mr Ian Morgan on the same day.

At the Annual General Meeting on 11 November 2020, shareholders appointed IRCS Limited as auditor of the Company.

Formation of Western Rare Earths

During the reporting period, the Company completed the formation of a USA subsidiary entity, Western Rare Earths Inc ("WRE") as part of ARR's ongoing strategy of acquiring North American Rare Earth assets. The subsidiary entity Board consists of ARR Australian based Directors, Messrs Francis Creagh O'Connor (Chairman), Geoffrey Hill and Denis Geldard who joined an American team comprising Marty Weems (Chief Executive Officer), Clarence McAllister, Sten Gustafson and Melissa Sanderson who have technical skills and political know-how to oversee the development of North American assets. In addition, Mr Jim Guillinger was appointed the US based Consulting Geologist.

La Paz Rare Earths Project

The La Paz Rare Earths project is 100% owned by the Company's wholly owned US based subsidiary, La Paz Rare Earth LLC ("LPRE") and is located approximately 200km northwest of Phoenix, Arizona. During the reporting period, the Company conducted a sampling program at La Paz to follow up historical drilling and sampling and to identify rocks associated with rare earths and scandium. The program involved 45 outcrop samples taken from the south and west of previously sampled areas and resulted in significant rare earth and scandium mineralisation being found in a variety of rocks which extended beyond the previously established resource boundary.

A trenching program was also carried out at La Paz between two mineralisation zones divided by alluvium designed to reach bedrock for additional sampling to be undertaken and to identify underlying rock types. This program identified a potential to link the original resource to new expanded areas with further work.

During November 2020, the Company announced its first formal JORC 2012 classified resource for the La Paz project estimated at 128.2Mt @ 373.4ppm (0.037%) Total Rare Earth Elements ("TREE") This classification was an update to the previously known 2011 mineralisation under Canada's NI 43-101 code of 128.2Mt @ 373.4ppm (0.037% TREE at 300ppm cut-off grade and followed an extensive review of the La Paz Rare Earths Project by the Company's Chief Technical Consultant and Consulting Geologist, Mr. Jim Guillinger. It brought the project within ASX reporting requirements for mineral resource inventories in compliance with JORC 2012 protocols.

The new inventory description shown below is a straight conversion of the resource estimate without any change in actual classified mineralised volumes under either code.

La Paz Resource Estimate 2012 JORC				
	Mt	Grade (%)	Contained REE (kg)	Contained REE (Mlbs)
Inferred	112	0.037	37,586,080	83.3
Indicated	16.2	0.037	5,436,558	12.1
Total	128.2	0.037	43,022,638	95.4

La Paz Rare Earths Project JORC 2012 Classified Mineral Resource Estimate

The Company subsequently released a 2020 Technical Report prepared by Mr Guillinger on the Arizona La Paz Rare Earths and Scandium Project compliant with JORC 2012 requirements. The report incorporated historical data and analysis of field work carried out at La Paz and identified a drilling program that is planned to be conducted during 2021. Timberline Drilling was engaged to undertake this drilling. During December 2020, thirty-two surface samples were collected from the original maiden resource area located to the north-east corner of project. The samples were sent to Saskatchewan Research Council (SRC) for preliminary metallurgical testing. In addition, sixteen samples were taken from areas southwest of the maiden resource to test material outside of the resource area and assess continuity of recovery characteristics across a larger portion of the project area.

A further fifteen samples were obtained from new areas to the southwest zone of the La Paz claim block that were not previously sampled and sent to ALS in Tucson Arizona for rare earth elements and scandium content/grade assay.

Acquisition of Wyoming Rare Earths Project

On 6 August 2020, the Company announced it had agreed to acquire 100% of Zenith Minerals Limited's ("Zenith") wholly owned Australian subsidiary, Wyoming Rare Pty Ltd ("Wyoming Rare") for a consideration of 2.5 million ARR shares at a price of A\$0.02 (fair value A\$0.09) each plus A\$50,000 cash. Wyoming Rare operates the Laramie Rare Earths Elements Project in Wyoming through its 100% USA subsidiary, Wyoming Rare (USA) Inc. An initial deposit of \$10,000 was paid to Zenith.

In December 2020, the share purchase agreement was amended by both parties which extended the completion date to 30 June 2021 with acquisition and condition precedent terms revised to include non-material payment, project ownership and tenement grant adjustments. The Company subsequently settled 50% of the purchase consideration by issuing 1.25 million ARR shares and paying A\$25,000 to Zenith. The balance of the consideration will be made on receipt of regulatory approvals of awaited mineral lease and royalty agreement from the US State of Wyoming on or before 30 June 2021.

On 22 December 2020 the Company appointed Messrs Francis Creagh O'Connor and Keith Middleton as Directors of Wyoming Rare Pty Ltd with Messrs Michael Clifford, Stanley MacDonald and Julian Goldsworthy stepping down as directors.

Financial Review

During the six months to 31 December 2020, the Company raised \$2.4M (before costs) via a placement of 26,666,667 ordinary fully paid shares to professional and sophisticated investors at an issue price of \$0.09 and 13,333,333 free attaching options exercisable at \$0.15 each by 11 December 2023.

As result of the capital raising which was completed in December 2020, Cash and Cash Equivalents at 31 December 2020 increased to \$2,660,192 (30 June 2020: \$1,433,784) after expenditure during the period including \$439,373 on exploration and \$553,390 on corporate and administrative costs.

Total assets increased to \$9,501,312 (30 June 2020: \$6,720,475) and total liabilities fell to \$333,723 (30 June 2020: \$412,676).

Loss after income tax for the six month period to 31 December 2020 was \$516,251 (2019: loss \$723,653).

3. Auditor's Independence Declaration

We confirm that we have obtained the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* (Cth) which is set out on page 9.

4. Subsequent Events

In January 2021, ARR sold 8,000,000 shares in Cobalt Blue Holdings Limited ("COB") generating proceeds of \$2,468,822. The Company also converted its \$1,000,000 three year convertible notes into 5,000,000 COB shares at a deemed price of \$0.20 each. The company currently holds 6,000,448 shares in COB.

As part of the capital raising in 2019/20, 1,737,444 loyalty shares were issued in January 2021 to shareholders that continuously held their shares for 12 months.

As part of the capital raising in 2020, 6,484,623 loyalty shares were issued in February and March 2021 to shareholders that continuously held their shares for 12 months.

Signed for and on behalf of the Board



Creagh O'Connor
Chairman



Keith Middleton
Managing Director

Date: 09 March 2021

AMERICAN RARE EARTHS LIMITED
ABN 83 003 453 503

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AMERICAN RARE EARTHS LIMITED

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of American Rare Earths Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of American Rare Earths Limited does not give a true and fair view of the group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and in accordance with Accounting Standard NZ IAS 34: *Interim Financial Reporting*.

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the half-year financial report in New Zealand. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Directors' Responsibility for the Half-Year Financial Report

The directors the group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with New Zealand Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ISRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report does not give giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard NZ IAS 34: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

AMERICAN RARE EARTHS LIMITED
ABN 83 003 453 503

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
AMERICAN RARE EARTHS LIMITED

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with New Zealand Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

IRCS Limited

IRCS. Limited

Tadius Munapeyi

Tadius Munapeyi

Director

Auckland, New Zealand

Dated: *09 March 2021*

AMERICAN RARE EARTHS LIMITED
ABN 83 003 453 503

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AMERICAN RARE EARTHS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

IRCS Limited

IRCS. Limited

Tadius Munapeyi

Tadius Munapeyi

Director

Dated: *09 March 2021*

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE SIX MONTHS ENDED 31 DECEMBER 2020**

	6 months ended 31/12/2020	6 months ended 31/12/2019
	A\$	A\$
Continuing Operations		
Interest received	30,400	585
Other income	73,318	16,425
Revaluation of financial assets	912,157	-
Auditor's remuneration – auditing the accounts	(55,881)	(13,237)
Marketing & promotion	(7,687)	(26,702)
Employee expenses	(6,508)	(179,631)
Accounting, secretarial, legal	(61,072)	(120,363)
Consulting fees	(59,659)	(130,677)
Administration expenses	(134,513)	(81,790)
Directors' fees	(108,828)	(43,750)
Fair value adjustments on equity instruments	(450,000)	-
Share based payment expenses	(575,000)	-
Depreciation expenses	(32,083)	(31,872)
Interest expenses	(4,279)	(1,498)
Impairment loss of tenements	-	(113,274)
Tenements annual rent	(31,087)	-
Exploration expenditure written off	(5,529)	-
Loss for the period before income tax	(516,251)	(725,784)
Income tax benefit	-	2,131
Loss for the period after income tax	(516,251)	(723,653)
Other comprehensive income	-	-
Net loss attributable to members of the Parent entity	(516,251)	(723,653)
Net Loss per share		
Basic loss per share from continuing operations	(0.17) cents	(0.47) cents
Diluted loss per share from continuing operations	(0.11) cents	(0.47) cents

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Share capital A\$	Options reserve A\$	Accumulated losses A\$	Foreign currency translation A\$	Total A\$
2020					
Equity at 1 July 2020	10,374,714	25,800	(4,060,938)	(31,777)	6,307,799
Issue of share capital net of costs	1,898,107	806,667	-	-	2,704,774
Net loss and other comprehensive income	-	-	(516,251)	-	(516,251)
Share based payments	575,000	472,500	-	-	1,047,500
Shares issued to acquired controlled entities	225,000	-	-	-	225,000
Options issued under share based payments	(472,500)	-	-	-	(472,500)
Exchange difference arising on foreign operations	-	-	-	(128,733)	(128,733)
Movement in equity for the period	2,225,607	1,279,167	(516,251)	(128,733)	2,859,790
Equity at 31 December 2020	12,600,321	1,304,967	(4,577,189)	(160,510)	9,167,589
2019					
Equity at 1 July 2019	8,194,159	312,229	(5,281,176)	-	3,225,212
Issue of share capital net of costs	384,837	-	-	-	384,837
Net loss and other comprehensive income	-	-	(723,653)	-	(723,653)
Share based payments	-	10,521	-	-	10,521
Exchange difference arising on foreign operations	-	-	-	(20,408)	(20,408)
Options lapsed transferred to accumulated losses	-	(48,000)	48,000	-	-
Movement in equity for the period	384,837	(37,479)	(675,653)	(20,408)	(348,703)
Equity at 31 December 2019	8,578,996	274,750	(5,956,829)	(20,408)	2,876,509

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31/12/2020 A\$	30/6/2020 A\$
ASSETS			
Current assets			
Cash and cash equivalents		2,660,192	1,433,784
Receivables		68,856	70,181
Other assets		42,541	15,344
Total current assets		2,771,589	1,519,309
Non-current assets			
Property, plant & equipment	6	11,450	5,027
Right-of-use assets	7	78,461	109,845
Exploration and evaluation assets	8	1,218,060	576,699
Security deposits		30,000	30,000
Financial assets	9	5,391,752	4,479,595
Total non-current assets		6,729,723	5,201,166
Total assets		9,501,312	6,720,475
LIABILITIES			
Current liabilities			
Trade and other payables		253,766	302,628
Lease liability		64,134	61,537
Total current liabilities		317,900	364,165
Non-current liabilities			
Lease liability		15,823	48,511
Total non-current liabilities		15,823	48,511
Total liabilities		333,723	412,676
Net Assets		9,167,589	6,307,799
EQUITY			
Share capital	2	12,600,321	10,374,714
Reserves	2	1,304,967	25,800
Foreign currency reserve		(160,510)	(31,777)
Accumulated losses		(4,577,189)	(4,060,938)
Total equity		9,167,589	6,307,799

Signed for and on behalf of the Board



Creagh O'Connor
Chairman



Keith Middleton
Managing Director

Date: 09 March 2021

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	6 months ended 31/12/2020	6 months ended 31/12/2019
Cash flows from operating activities			
Interest received		154	438
Cash received in the course of operations		91,985	37,606
Interest expenses		(4,279)	(1,498)
Payments to suppliers and employees		<u>(553,390)</u>	<u>(316,639)</u>
Net cash used in operating activities	3	<u>(465,530)</u>	<u>(280,093)</u>
Cash flows from investing activities			
Payment for property, plant & equipment		(7,122)	(31,402)
Acquisition of controlled entities less cash acquired		(38,844)	-
Exploration and evaluation expenditure		<u>(439,373)</u>	<u>(380,590)</u>
Net cash used in investing activities		<u>(485,339)</u>	<u>(411,992)</u>
Cash flows from financing activities			
Share capital issued		2,490,000	455,000
Share issue costs		(235,226)	(66,164)
Repayment of lease liabilities		<u>(30,091)</u>	<u>-</u>
Net cash provided by financing activities		<u>2,224,683</u>	<u>388,836</u>
Net decrease in cash and cash equivalents held			
Exchange difference		1,273,814	(303,249)
		(47,406)	(20,408)
Cash and cash equivalents at the beginning of the period		<u>1,433,784</u>	<u>490,509</u>
Cash and cash equivalents at the end of the period		<u>2,660,192</u>	<u>166,852</u>
Cash comprises:			
Cash at bank		<u>2,660,192</u>	<u>166,852</u>

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

1. *Summary of Significant Accounting Policies*

Reporting entity

American Rare Earths Limited (**ARR** or **Company**) is a profit-oriented company incorporated in New Zealand registered under the New Zealand *Companies Act 1993* and listed on the Australian Securities Exchange (ASX).

ARR is a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The financial statements of American Rare Earths Limited have been prepared in accordance with the New Zealand Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The principal activity of the Company and its subsidiaries (the "Group") is minerals exploration.

The Group consists of American Rare Earths Limited and its wholly-owned subsidiaries, Broken Hill Uranium Pty Ltd, Broken Hill Chemical Pty Limited, Broken Hill Minerals Pty Ltd, Murray Basin Minerals Pty Limited, Wyoming Rare Pty Ltd, Western Rare Earth LLC, La Paz Rare Earth LLC and Wyoming Rare (USA) Inc.

These consolidated financial statements have been reviewed but not audited.

Reporting currency

The functional and presentation currency is Australian dollars.

Basis of preparation: These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with NZ IAS-34, Interim Financial Reporting and should be read in conjunction with the accounting policies set out in the annual financial statements for the year ended 30 June 2020.

These accounts have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Financial Reporting Standards. For this purpose, the Company has designated itself as profit-oriented.

These financial statements also comply with the New Zealand Financial Markets Conduct Act 2013.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on an historical cost basis have been followed by the Group.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the New Zealand Accounting Standards Board ('NZASB') that are mandatory for the current reporting period.

Seasonality of operations

The results are unaffected to any significant extent by seasonal factors.

Changes in accounting policies

There have been no changes in accounting policies during the period. The accounting policies and method of computation applied during the previous year were applied on a consistent basis during the current period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2020 (continued)

2. Share capital

	31/12/2020 A\$	30/06/2020 A\$
Ordinary shares – 329,836,259 (30/06/2020: 290,919,592)	12,600,321	10,374,714
Movement in share capital		
Balance at beginning	10,374,714	8,194,159
Shares issued under Placement	2,133,333	270,000
Shares issued under Share Purchase Plan	-	185,000
Shares issued under Rights Offer	-	1,857,543
Shares issued to acquire controlled entities	225,000	-
Share based payments	575,000	18,000
Share issue costs	(235,226)	(149,988)
Option issue costs	(472,500)	-
Balance at end	12,600,321	10,374,714
Movement in share issued		
	No. of shares	No. of shares
Shares on issued at beginning	290,919,592	147,883,401
Shares issued under Placement	32,666,667	10,800,000
Shares issued under Share Purchase Plan	-	7,400,000
Shares issued under Rights Offer	-	123,836,191
Shares issued to acquired controlled entities	1,250,000	-
Share based payments	5,000,000	1,000,000
Shares on issued at end	329,836,259	290,919,592
	A\$	A\$
Unlisted options – 18,833,333 (30/06/2020 – 500,000)	1,304,967	25,800
Movement in options reserve		
Balance at beginning	25,800	312,229
Options issued under placement	806,667	-
Options issued under share based payment	472,500	-
Options vested	-	10,521
Options lapsed	-	(296,950)
	1,304,967	25,800
Movement in Options issued		
	No. of options	No. of options
Options on issued at beginning	500,000	54,479,388
Options issued under Placement	13,333,333	-
Share based payments	5,000,000	-
Options lapsed	-	(53,979,388)
Options on issued at end	18,833,333	500,000

All shares have equal voting rights and will share equally in dividends and surplus on winding up.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2020 (continued)

3. Reconciliation of operating cash flow & net income

	6 months ended 31/12/2020 A\$	6 months ended 31/12/2019 A\$
Net loss attributable to members of parent entity	(516,251)	(723,653)
Add non-cash items:		
Depreciation expenses	32,083	31,872
Fair value adjustments on equity instruments	450,000	-
Share based payments	575,000	10,521
Revaluation of financial assets	(912,157)	-
Exploration expenditure written off	5,529	-
Impairment loss of tenements	-	113,274
Changes in assets and liabilities:		
(Increase)/decrease in receivables and other assets	(25,872)	22,437
(Decrease)/increase in trade and other payables	(73,862)	265,456
Net cash used in operating activities	<u>(465,530)</u>	<u>(280,093)</u>

4. Commitments

Tenements: in order to maintain current rights of tenure to exploration and mining tenements, the Company is required to meet minimum expenditure requirements.

Expenditure requirements for tenements	31/12/2020 A\$	31/12/2019 A\$
Not later than 1 year	54,370	594,734
Later than 1 year but not later than 5 years	-	89,793
Total	<u>54,370</u>	<u>684,527</u>

5. Controlled entities

Interests in subsidiaries

Name of Entity	Equity Held		Country of Incorporation
	2020	2019	
Broken Hill Uranium Pty Ltd	100%	100%	Australia
Broken Hill Chemical Pty Ltd	100%	100%	Australia
Broken Hill Minerals Pty Ltd	100%	100%	Australia
Murray Basin Minerals Pty Ltd	100%	100%	Australia
Wyoming Rare Pty Ltd	100%	-	Australia
Western Rare Earth LLC	100%	-	United States
La Paz Rare Earth LLC	100%	100%	United States
Wyoming Rare (USA) Inc	100%	-	United States

All Australian subsidiaries of the Company have June balance dates and the United States subsidiaries have December balance dates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
31 DECEMBER 2020 (continued)

6. *Property, plant and equipment*

	31/12/2020 A\$	30/06/2020 A\$
Office equipment:		
Balance at beginning of period	5,027	3,902
Additions	7,122	2,361
Depreciation	(699)	(1,236)
Balance at end of period	<u>11,450</u>	<u>5,027</u>

7. *Right-of-use assets*

Right-of-use asset: office lease		
Balance at beginning of period	109,845	188,306
Depreciation	(31,384)	(78,461)
Balance at end of period	<u>78,461</u>	<u>109,845</u>

8. *Exploration and evaluation assets*

	31/12/2020 A\$	30/06/2020 A\$
Balance at beginning of period	576,699	2,736,528
Exploration & evaluation expenses	439,373	679,643
Addition through acquisition of controlled entities	288,844	-
Exchange difference	(81,327)	-
Amount written off	(5,529)	(575,074)
Less: Interest disposed	-	(2,264,398)
Balance at end of period	<u>1,218,060</u>	<u>576,699</u>

9. *Financial assets*

Shares in listed entity at fair value	1,620,000	855,000
3-year convertible note at fair value	1,291,971	1,236,811
5-year promissory note at fair value	2,479,781	2,387,784
	<u>5,391,752</u>	<u>4,479,595</u>

10. *Contingent liabilities*

There were no contingent liabilities at 31 December 2020 (31 December 2019: \$nil).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 (continued)

11. Seasonality of operations

The results are unaffected to any significant extent by seasonal factors.

12. Related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Amount paid to directors' related entities for directors' and consulting fees were, for both for the Company and the Group:

	6 months ended 31/12/2020 A\$	6 months ended 31/12/2019 A\$
Directors' fees	99,445	43,750
Share issued to:		
D Geldard – 4 million shares @\$0.09	360,000	-
K Middleton – 2 million shares @\$0.09	180,000	-
<p>As announced on 10 June 2020 these shares were part of a placement to be issued on the payment of \$0.015 per share subject to shareholder approval at the next General Meeting of the Company. Shareholder approval was received on 11 November 2020 and the two parties paid the \$90,000. The amount shown represents the share price at the time of issue of the shares.</p>		
Share based payment:		
K Middleton – 5 million shares @\$0.115	575,000	
Consulting fees:		
Middleton Nominees Pty Ltd – an entity related K Middleton	25,000	-
Asia Pacific Capital Group – an entity related to M Hill (Resigned 24 September 2020)	50,000	25,000
	1,289,445	68,750

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13. Segment Information

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Company does not yet have any products or services from which it derives an income.

During the half year to 31 December 2020, CODM has identified the Company as having two reportable segment, being the geographic location of assets in United States and Australia.

The CODM review EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

	USA A\$	Australia A\$	Total A\$
Consolidated 6 Months Ended December 2020			
Other revenue			
Interest income	-	30,400	30,400
Other income	-	73,318	73,318
Revaluation of financial assets	-	912,157	912,157
	-	1,015,875	1,015,875
Expenses			
General operating expenses	(24,383)	(1,497,935)	(1,522,318)
Interest expenses	-	(4,279)	(4,279)
Exploration expenditure written off	-	(5,529)	(5,529)
Loss before income tax	(24,383)	(491,868)	(516,251)
Consolidated 6 Months Ended December 2019			
Other revenue			
Interest income	-	585	585
Other income	-	16,425	16,425
	-	17,010	17,010
Expenses			
General operating expenses	-	(628,022)	(628,022)
Interest expenses	-	(1,498)	(1,498)
Impairment of tenements	-	(113,274)	(113,274)
Loss before income tax	-	(725,784)	(725,784)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020 (continued)

Below is an analysis of the Company's assets and liabilities from reportable segments:

	USA A\$	Australia A\$	Total A\$
Consolidated December 2020			
Current assets	119,740	2,651,849	2,771,589
Non-current assets	1,218,060	5,511,663	6,729,723
Total assets	<u>1,337,800</u>	<u>8,163,512</u>	<u>9,501,312</u>
Current liabilities	13,815	304,085	317,900
Non-current liabilities	-	15,823	15,823
Total liabilities	<u>13,815</u>	<u>319,908</u>	<u>333,723</u>
Net segment assets	<u>1,323,985</u>	<u>7,843,604</u>	<u>9,167,589</u>
Consolidated June 2020			
Current assets	33,859	1,485,450	1,519,309
Non-current assets	576,699	4,624,467	5,201,166
Total assets	<u>610,558</u>	<u>6,109,917</u>	<u>6,720,475</u>
Current liabilities	21,468	342,697	364,165
Non-current liabilities	-	48,511	48,511
Total liabilities	<u>21,468</u>	<u>391,208</u>	<u>412,676</u>
Net segment assets	<u>589,090</u>	<u>5,718,709</u>	<u>6,307,799</u>

14. Going concern

The financial report has been prepared on a going concern basis.

The Group had a net loss of \$516,251 and had net operating cash outflows of \$465,530 for the 6 months ending 31 December 2020. As of 31 December 2020, the Group has cash and cash equivalents of \$2,660,192, net assets of \$9,167,589 of which \$5,391,752 were financial assets. This put the group in a strong financial position to fund major exploration and evaluation expenses into the next financial year and to meet financial obligations longer than 12 months from the date of this report.

15. Subsequent Events

In January 2021, ARR sold 8,000,000 shares in Cobalt Blue Holdings Limited ("COB") generating proceeds of \$2,468,822. The Company also converted its \$1,000,000 three year convertible notes into 5,000,000 COB shares at a deemed price of \$0.20 each. The company currently holds 6,000,448 shares in COB.

As part of the capital raising in 2019/20, 1,737,444 loyalty shares were issued in January 2021 to shareholders that continuously held their shares for 12 months.

As part of the capital raising in 2020, 6,484,623 loyalty shares were issued in February and March 2021 to shareholders that continuously held their shares for 12 months.

DIRECTORS' STATEMENT

The Directors of the Company declare that:

1. The financial statements and notes, as set out in the half yearly report to 31 December 2020:
 - (a) comply with New Zealand International Accounting Standard 34, Interim Financial Reporting, and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2020 and its performance and cash flows for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed for and on behalf of the Board



Creagh O'Connor
Chairman

Date: 09 March 2021



Keith Middleton
Director

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