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)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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CORPORATE DIRECTORY

Directors

F Creagh O'Connor (Non-Executive Chairman)
Geoffrey Hill (Non-Executive Director & Vice Chairman)
Denis Geldard (Non-Executive Director)
Keith Middleton (Managing Director)

Auditor

IRCS Limited
Level 26
188 Quay Street
Auckland

Company Secretary

Wayne Kernaghan

Bankers

National Australia Bank
Commonwealth Bank of Australia
Wells Fargo Bank

Registered Office

17B Farnham Street
Parnell
Auckland 1052
New Zealand

Listed Securities

Australian Securities Exchanges
Code: ARR

Office in Australia

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Website: www.americanrareearths.com.au
Email: info@americanrareearths.com.au

Share Registry

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Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
Phone: 1300 555 159 (within Australia)
(+61 3) 9415 4062 (outside Australia)
www.computershare.com.au

Interests in Mining Tenements

As at 30 June 2021

Tenement Name	Tenement Type and Number	Location	Group Ownership
La Paz	Lease Number 008-120965-00	Arizona United States	100%
La Paz	La Paz 1 – 14	Arizona United States	100%
La Paz	La Paz 33 – 69	Arizona United States	100%
La Paz	La Paz 71, 73, 75	Arizona United States	100%
La Paz	La Paz 92 – 101	Arizona United States	100%
La Paz	La Paz 108 – 219	Arizona United States	100%
La Paz	La Paz 220 – 261	Arizona United States	100%
Halleck Creek	REX 1 - 5	Wyoming United States	100%
Halleck Creek	REX 6 - 24	Wyoming United States	100%
Halleck Creek	REX 44 - 72	Wyoming United States	100%
Halleck Creek	0-43568 – 0-43571	Wyoming United States	100%
Western Rare	Nevada T-01 – T80	Nevada United States	100%

CHAIRMAN'S MESSAGE

Dear Fellow Shareholders,

It is my pleasure to present to you the 2021 Annual Report of American Rare Earths Limited.

On behalf of the Board, I am pleased to report that American Rare Earths Limited completed the financial year with an improved financial operating result compared to 2020, The loss after income tax for 2020/21 was $258,920 compared to $923,288 in the previous reporting period. The Company also finished the year with a substantially higher cash balance of $3,700,689 compared to the $1,433,784 amount it had at the start of the year, thanks to a successful capital raising in the latter part of 2020. This contributed $2.4 million before costs in additional funding to accelerate exploration work at our flagship La Paz Rare Earths Project in Arizona, USA.

The extra capital raised enabled American Rare Earths Limited to carry out a successful sampling program at La Paz in December 2020 followed by the Company's first drilling campaign on the project area in March 2021. The 9 diamond core holes drilled at La Paz achieved two very important things. Firstly, the drill results confirmed the 2011 maiden resource that was delineated in 2011 by the previous project holder, and secondly, it provided pleasing encouragement on the existence of additional rare earths mineralisation below the current resource and the discovery of a potential new ore body to the southwest of the resource area. It was particularly exciting to see higher grades in the resource area of up to 4 times deeper than the current resource depth, where mineralisation is still open at depth and along strike. Our technical team's review of assay and metallurgical results continued into the new 2021/22 financial year as work progressed towards a planned expansion of the size and grade of the maiden La Paz resource. Subsequently on 3 August 2021, the Company was able to announce an updated JORC 2012 Resource Estimate for La Paz of 170.6 million tonnes at an average grade of 391ppm Total Rare Earth Elements ("TREE"). The delivery of this significant improvement in the quality and quantity of the estimated JORC Resource is extremely satisfying and represents:

- A 33.1% increase in total resource tonnage from 128.2Mt to 170.6Mt;
- A 117% increase in the Indicated Resource Estimate from 16.2Mt to 35.2Mt;
- A 5.2% increase in overall TREE grade from 371.7ppm to 391ppm;
- A 20.9% increase in the Inferred Resource Estimate from 112Mt to 135.4Mt; and
- A new Resource Estimate that also includes 4.4Mkg of valuable Scandium Oxide.

During the reporting period, your directors also delivered on strategic acquisitions of additional Rare Earths and Scandium projects towards our previously stated goal of building scale into the Company's portfolio of projects. In August 2020, American Rare Earths Limited agreed to acquire the Laramie Rare Earths project in Wyoming USA, which was completed in June 2021 when the project was renamed, the Halleck Creek Rare Earths project. During May 2021, the Company added another project to its suite of assets through the acquisition of the Searchlight Rare Earths project in Nevada USA. Then in June 2021, your Company acquired the Scandium Mineral Rights over the Split Rocks project in Western Australia via a two-year exclusive option agreement with Zenith Minerals Limited. This option may be exercised at any time during the option period upon satisfaction of a prerequisite exploration spend of $10,000 on the project.

The Board is mindful that on 30 September 2020, a new significant US Presidential Executive Order was announced to stimulate US domestic production and processing of Critical Minerals including Rare Earths and Scandium. The President declared a national emergency and highlighted the complete dependence of the US on imports to satisfy domestic supply requirements of 14 Critical Minerals. In doing so, the President also acknowledged the need for cooperation with international partners and allies to safeguard against any future supply chain disruptions. Complimentary legislation involving a US$800M R&D funding package was also signed by President Trump in late December 2020 to create tax incentives and encourage investment and development of rare earths exploration and mining projects in the US. This was followed by the newly elected President Biden signing an Executive Order in February 2021 directing a whole of government approach to assessing vulnerabilities and strengthening resilience of critical supply chains. These initiatives highlight the strategic value of your Company's Rare Earths and Scandium projects located in USA and in particular, the potential future benefits that may arise from your director's decision to accelerate exploration of the La Paz project with a diamond drilling campaign during the second half of the 2021 financial year.

More recently, American Rare Earths Limited has strengthened its technical personnel on the ground and your directors now believe that the Company has an excellent and very capable team to further progress its Rare Earths and Scandium projects in the USA.

In the coming year, the Company plans to continue drill core metallurgical test-work and undertake an allanite beneficiation program that is expected to assist with the preparation of a Preliminary Economic Assessment ("PEA") in the latter part of the 2021 calendar year for developing the La Paz resource. Plans are also being prepared for further phased exploration across the La Paz resource area to further increase the depth of the resource through deeper drilling down to 200 metres below surface with more uniformly spaced drill holes. Exploration targets will also be developed for drilling in the southwest area of the project, which is 5 times larger than the maiden resource area. In addition, the team will review available data on our other recently acquired assets and develop exploration plans to progress these projects going forward.

I take this opportunity to thank the Company's Managing Director, Keith Middleton, together with my other fellow directors, our staff and all our consultants for their valuable contribution during the past year.

On behalf of the Board, I thank shareholders for their ongoing loyalty and support. We look forward to another interesting year ahead as American Rare Earths Limited works towards the delivery of a PEA for La Paz and the Board continues its search for additional value accretive opportunities to complement our existing projects.

Creagh O'Connor AM
Chairman

DIRECTORS' REPORTS

REVIEW OF OPERATIONS

Financial Review

- **$2,490,000 raised in additional capital during the financial year (before costs)**
- **Cash balance at 30 June 2021 of $3,700,689, up $2,266,905 from $1,433,784 in 2020**
- **Total assets of $9,949,039, up $3,228,564 from $6,720,475 in 2020**
- **Total liabilities of $395,071 down $17,605 from $412,676 in 2020**
- **Loss after income tax for the year of $258,920 compared to a $923,288 loss in 2020**

During the financial year the Company successfully raised $2,400,000 (before costs) from a placement of 26,666,667 fully paid shares to professional and sophisticated investors at an issue price of $0.09 per share and 13,333,333 free attaching options exercisable at $0.15 each by 11 December 2023.

Following approval by shareholders at the 2020 Annual General Meeting, a further $90,000 (before costs) was raised from the issue of 6,000,000 shares to Directors to complete the placement of 33.1 million shares previously announced in June 2020 at an issue price of $0.015 per share.

Due to the additional capital raised during the year of $2,490,000, cash and cash equivalents increased to $3,700,689 as at 30 June 2021 (2020: $1,433,784).

Total assets increased by $3,228,564 to $9,949,039 as at 30 June 2021 (2020: $6,720,475) and total liabilities fell by $17,605 to $395,071 (2020: $412,676).

Total assets at 30 June 2021 include investments in listed company shares of $1,590,119 (2020: $855,000).

Loss after income tax for the financial year was $258,920 (2020: $923,288).

During January 2021, American Rare Earths Limited 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. Subsequently to the share sale, ARR held 6,000,448 shares in COB.

Under the terms of capital raised during the previous 2019/20 financial year, a total of 8,222,067 loyalty shares were issued during the current reporting period to shareholders that continuously held their shares for 12 months.

Operational Review

Corporate Summary
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.

During the reporting period, the Company completed the establishment of a USA based subsidiary, Western Rare Earths LLC ("WRE") as part of a strategy of acquiring North American rare earth assets. The WRE board is comprised of Australian based ARR Directors, Francis Creagh O'Connor (Chairman), Geoffrey Hill and Denis Geldard, joined by the American based team of Marty Weems (Chief Executive Officer), Clarence McAllister, Sten Gustafson and Melissa Sanderson who have technical skills and political related experience to oversee the development of North American assets. Mr Jim Guillinger was also appointed the US based Consulting Geologist who also acts as the Competent Person for the purposes of JORC 2012 reporting.

On 11 November 2020, Mr Keith Middleton was appointed Managing Director having previously acted as a Non-Executive Director from 19 March 2020 and then as an Executive Director from May 2020.

On 25 September 2020, Mr Wayne Kernaghan was appointed Company Secretary upon the retirement of Mr Ian Morgan from that position.

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

Operational Activities

ARR owns 100% of the world-class La Paz Rare Earths project through a wholly owned US subsidiary, La Paz Rare Earth LLC ("LPRE"). The project is located approximately 200km northwest of Phoenix, in La Paz County, Arizona and is approximately 320km south-east of Mountain Pass which is the only operating rare earths mine in the USA (Figure 1). The Company also owns the Halleck Creek Rare Earths project (previously known as the Laramie project) located approximately 70km north-east of Laramie stretching across the two Counties of Albany and Platte in Wyoming, USA and the Searchlight Rare Earths project located approximately 119km south of Las Vegas in Clark County, Nevada, USA. ARR also holds an option to acquire the Scandium Mineral Rights to the Split Rocks project located in the Forrestania greenstone belt of Western Australia.

The focus of the Company's operational activities during the financial year was its La Paz Rare Earths project.

<u>La Paz Rare Earths Project</u>
The La Paz Rare Earths project is a large tonnage, high value light rare earth elements ("LREE") deposit containing low penalty elements such as radioactive thorium and uranium that potentially could become the largest, rare earths project in North America.

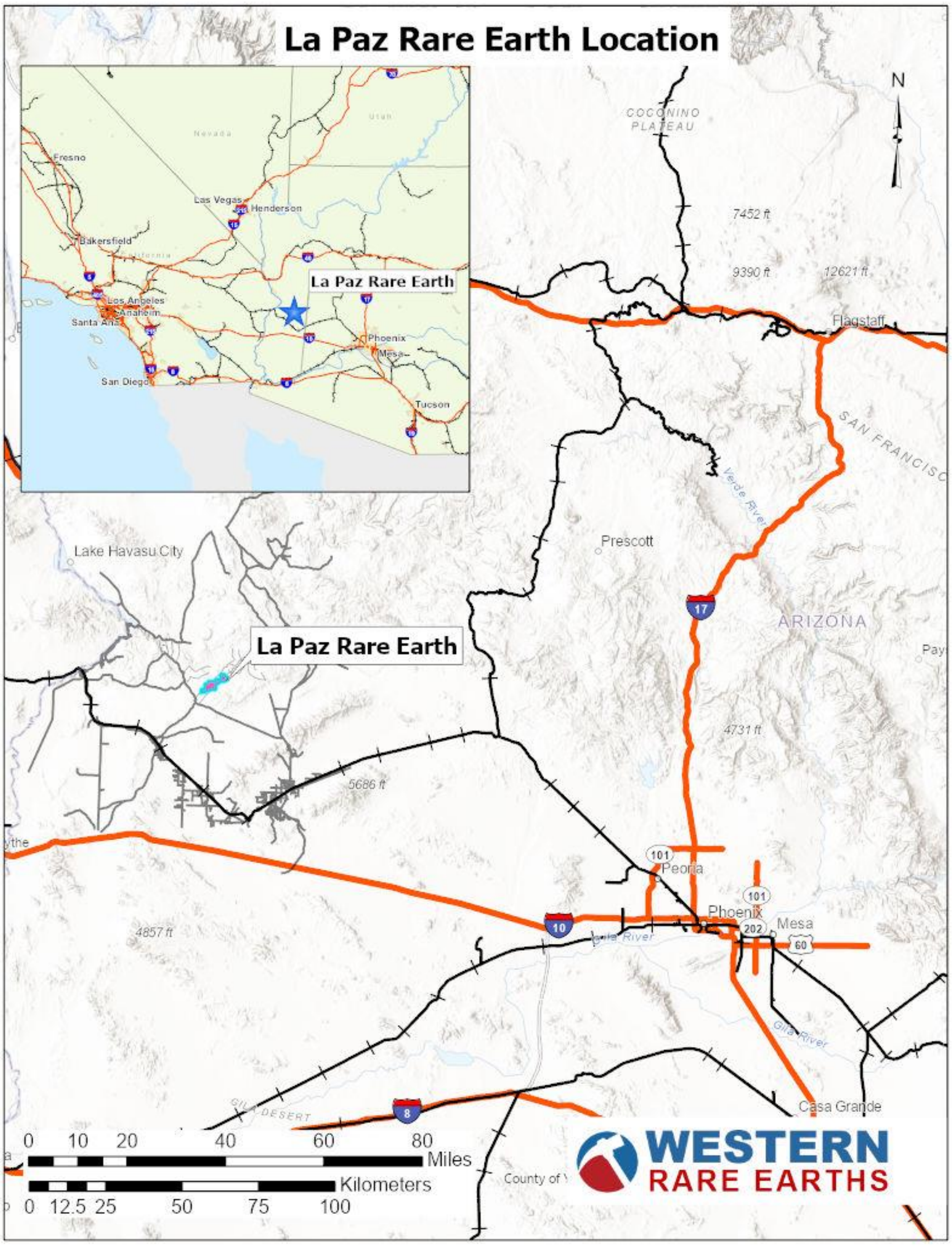

Figure 1: La Paz Rare Earths Project Location

During the year, the Company completed a JORC 2012 compliant Technical Report on the La Paz project which incorporated historical data and field work analysis. The report, which was prepared by the Company's Chief Technical Consultant and Consulting Geologist, Mr. Jim Guilinger, also identified a proposed drilling program for 2021.

After an extensive review of the project by Mr. Jim Guilinger, a formal JORC 2012 classified resource for the La Paz project was released in November 2020. The resource estimate of 128.2Mt @ 373.4ppm (0.037%) Total Rare Earth Elements ("TREE") represented an updated classification 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, bringing the project within ASX reporting requirements for mineral resource inventories under JORC 2012 protocols. The new inventory description was a straight conversion of the resource estimate without any change in actual classified mineralised volumes under either code as shown in Table 1 below.

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

Table 1: La Paz Rare Earths Project JORC 2012 Classified Mineral Resource Estimate

Early in the financial year, a trenching program was undertaken at La Paz between two mineralisation zones divided by alluvium designed to reach bedrock so that additional sampling could be undertaken to identify underlying rock types. This identified a potential to link the original resource to new expanded areas with further work.

A sampling program was subsequently undertaken which was designed to follow up historical drilling and sampling and to identify rocks associated with rare earths and scandium. Thirty-two surface samples were collected from the original resource area located to the northeast corner of the project which were then composited for metallurgical testing by the Saskatchewan Research Council (SRC) in Canada. Sixteen samples were also taken from areas to the southwest of the resource to test material outside of the resource zone and assess continuity of recovery characteristics across a larger section of the project area. An additional fifteen samples were collected from new areas not previously sampled to the southwest zone of the La Paz claim block and sent to ALS in Tucson, Arizona for rare earth elements and scandium content/grade assay.

The composited grade of the thirty-two samples obtained from within the resource area was 552ppm TREE, much higher than the 300ppm resource cut-off grade and 47% higher than the average of the resource estimate. In addition, the composited grade of scandium in these samples was found to be 16ppm.

The sampling program also resulted in significant rare earths and scandium mineralisation being found in a variety of rocks extending beyond the previously established resource boundary.

On 13 March 2021, a drilling program was commenced at La Paz by Timberline Drilling Inc that was comprised of nine diamond core holes drilled to a depth ranging from 68 to 122 metres. Six of the holes were in the original resource area while three other wide spaced exploratory holes were drilled to the southwest extension of the resource zone. This was the first drilling at La Paz since a few core holes were drilled in 2012 by the previous holders of the project. While drilling was in progress, approximately 20 government officials including representatives from the US Congress, as well as State officials and industry experts, visited the project site to inspect operations.

During drilling, green epidote veins were visible in core samples consistent with a potential for REE across the project claim area. Results from the drilling program not only confirmed the original maiden 2011 resource, but also exceeded the Company's expectations by producing the following positive outcomes:

- Higher grade assays up to four times the depth of the original 2011 resource;
- The discovery of a potentially new ore body to the southwest of the current resource area;
- Elevated high value Scandium in the resource zone as well as in the new southwest areas;
- Elevated high value magnet metal grades (Praseodymium and Terbium) and heavy REE (Terbium) in comparison to 2011 drilling;
- Extraordinarily low radioactive elements; and
- The opportunity to upgrade the existing resource size and grade.

In addition, end of hole mineralisation from drilling in the heart of the resource area indicated that the resource may be open at depth as well as laterally.

While drilling was in progress, SRC carried out phase 3 metallurgical analysis and processing of mineralised rock chip samples obtained from the original La Paz resource area. This exploratory test-work program conducted under the guidance of Wood PLC, was designed to initially determine whether ore can be successfully upgraded into a viable concentrate for treatment in the refinery. The work found that a significant reduction in mass and concentration to a higher grade for both Rare Earth Elements ("REE") and Scandium is possible to achieve cost saving opportunities in later stages of beneficiation and metallurgy. The test-work generated concentrate grades similar to those achieved in historic work, but only by using magnetic separation. It was also concluded that the introduction of flotation to reject barren silica is also expected to further increase TREE and Scandium concentrate grades for improved project economics.

Core from Hole 1 in the Resource

Core from Hole 5 in the Resource

Core from Hole 6 below the Resource

Core from Reconnaissance Hole 3

During the last quarter of the financial year, Nagrom Laboratories in Perth Australia was engaged to undertake the next round of metallurgical test-work involving La Paz drill core shipped from the US to Perth. This work will focus on a larger concentrator program and explore the use of new generation flotation collectors and promoters to specifically target rare earth bearing allanite. Wood PLC will co-ordinate the allanite beneficiation program which is not something commonly undertaken in most global rare earth operations.

Halleck Creek Rare Earths Project

On 6 August 2020, the Company announced an agreement to acquire Zenith Minerals Limited's ("Zenith") Laramie Rare Earths Project (now named Halleck Creek) in Wyoming USA (Figure 2). The deal involved the acquisition of Zenith's wholly owned Australian subsidiary, Wyoming Rare Pty Ltd ("Wyoming Rare") which held the project through its 100% owned USA subsidiary, Wyoming Rare (USA) Inc. The agreed consideration was the issue of 2.5 million ARR shares at a price of A$0.02 each plus A$50,000 cash and an initial deposit of $10,000 was paid to Zenith.

In December 2020, after the share purchase agreement was amended by both parties to extend the completion date to 30 June 2021, ARR 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 was made in late June 2021 after receipt of regulatory approvals for the transfer of a mineral lease and royalty agreement from the US State of Wyoming. Messrs Francis Creagh O'Connor and Keith Middleton were appointed Directors of Wyoming Rare on 22 December 2020 with three prior directors stepping down from the Board. At 30 June 2021, Wyoming Rare, an Australian company, was 100% owned by the Company, including 100% ownership of its US subsidiary, Wyoming Rare (USA) Inc and its respective holdings.

After acquisition, the Laramie project was renamed Halleck Creek and was significantly expanded by ARR by the staking of an extra 44 lode claims covering an area of 341 hectares (842 acres). This increased the acquired project area from 5 lode claims with an area of 29 hectares (71 acres) to a total area of approximately 1,109 hectares (2,738 acres) (Table 2). The project is now comprised of 49 unpatented lode mining claims in Albany County, Wyoming with a footprint of approximately 370 hectares (914 acres) and 4 Wyoming State Mining Leases over an area of approximately 739 hectares (1,825 acres) in Albany and Platte Counties, Wyoming.

Claim Type	Area (Ac)	Area (Ha)	Claims
Federal Lode	**914**	**370**	**49**
REX Claims	71	29	5
Claims Staked June 2021	842	341	44
State Lease	**1,825**	**739**	**4**
State	1,825	739	4
Grand Total	**2,738**	**1,108**	**57**

Table 2: Halleck Creek Project Claims

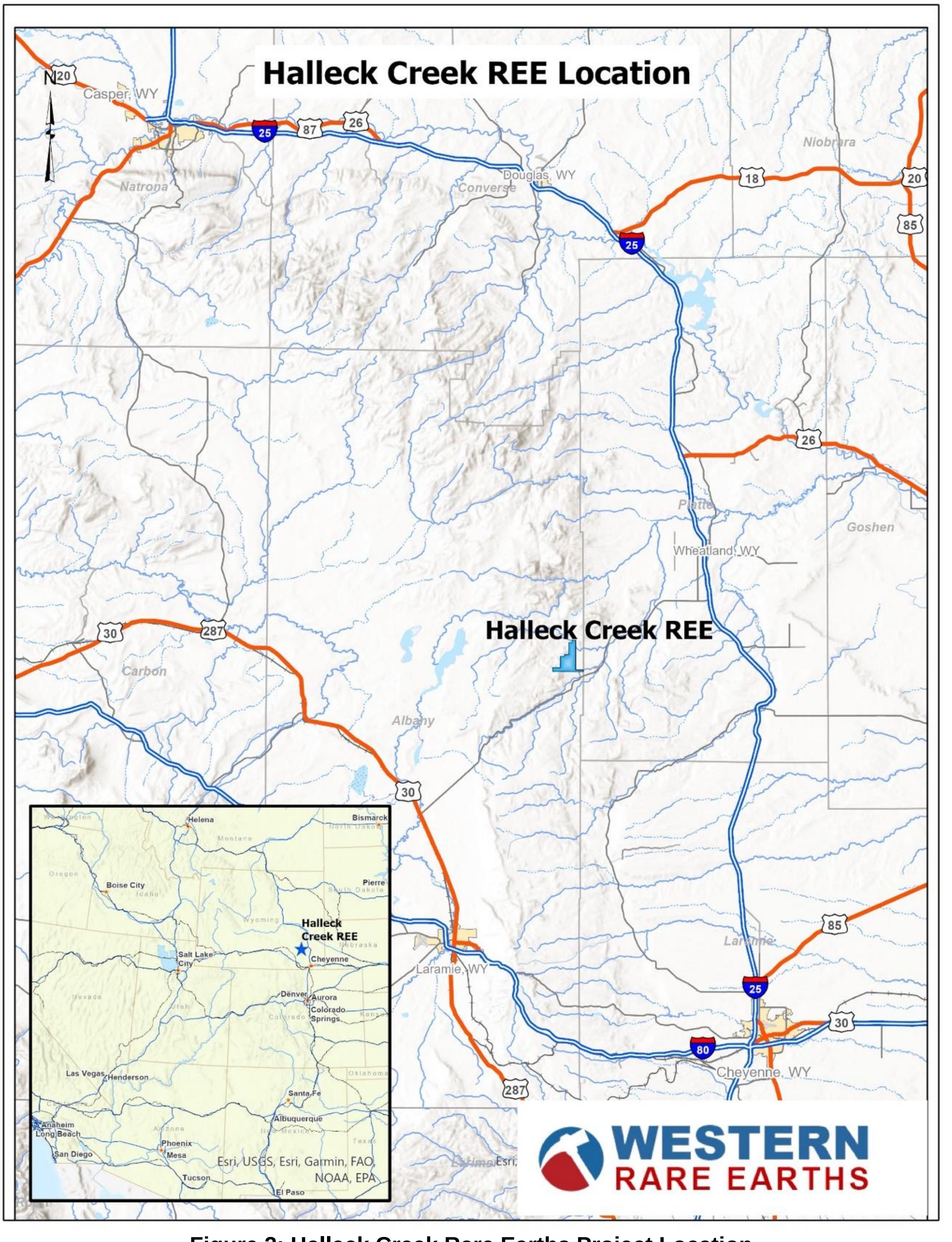

Figure 2: Halleck Creek Rare Earths Project Location

The Company has initiated a process of collating geological information on the project and plans to further expand the project area by staking additional mining lode claims. In addition, exploration plans will be prepared which include the following activities:

- Additional geological mapping and sampling;
- Core drilling;
- Acquisition of aerial LiDAR imagery; and
- Potential surface geophysical studies.

Searchlight Rare Earths Project

On 20 May 2021, the Company announced the acquisition of the Searchlight Rare Earths project in Nevada USA. This followed a review of historical records which indicated that previously prospected claims for REE were available for acquisition. The project which is 100% owned by WRE, is situated approximately 32km west of Mountain Pass, USA's only operating and processing rare earths mine (Figure 3). Consisting of 80 contiguous unpatented mining claims staked by the Company in early 2021, the site is easily accessible by road and has terrain and a climate that is conducive to all year-round exploration.

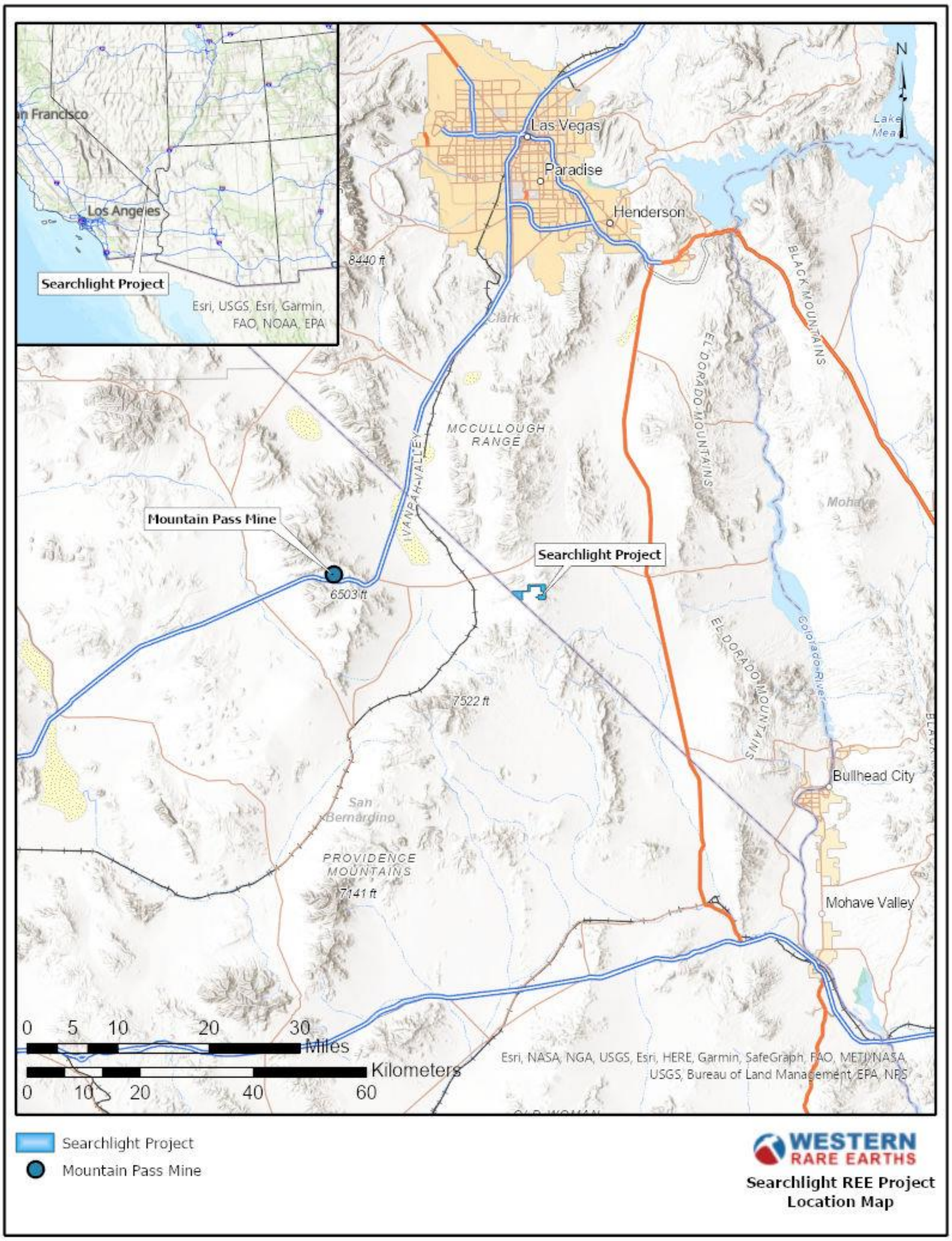

Figure 3: Searchlight Rare Earths Project location

Pre-acquisition, the Company conducted three days of exploratory geological mapping and collected 10 surface geochemical rock samples that identified elevated REE grades within the project area. The rock samples were collected for the Company by World Industrial Minerals LLC ("WIM") during December 2020 and Hazen Research Inc in Colorado USA was engaged to undertake rock sample analysis. One of the samples (TH-01) was identified to contain high levels of REE and key magnetic elements which included Neodymium ("Nd"), Praseodymium ("Pr"), Dysprosium ("Dy") and Terbium ("Tb"). Total REE contents for the sample was 14,800ppm or 1.48% (Table 3).

REE Type	**REE (ppm)**
Total REE	14,800
HREE	940
Magnetic REE*	3,320
** Magnetic REE include Nd, Pr, Dy, Tb*	

Table 3: Summary of REE for Rock Sample TH-01

Petrographic analysis of the rock samples was also obtained from DCM Science in Lakewood in Colorado.

Promising preliminary results from the 10 surface rock samples resulted in the Company filing for 80 unpatented mining claims during March 2021. A 2021 Technical Report was prepared for the Company by WIM which contained a geological summary of the Searchlight REE project as well as historical background on the Crescent Mining District and prior exploration undertaken in the area covering sampling, mapping and analytical results, together with recommendations for future exploration work.

The Company has subsequently commenced the development of a phased exploration strategy for systematic geological surface sampling and mapping as well as options for acquiring high-resolution aerial imagery and LiDAR data to search for additional high-grade veins and future exploration drill targets.

<u>Split Rocks Scandium Project</u>

On 10 June 2021, the Company announced the acquisition of Scandium Mineral Rights over the Split Rocks Project located in the under-explored Forrestania greenstone belt of Western Australia (Figure 4). This acquisition expanded the Company's potential Scandium assets.

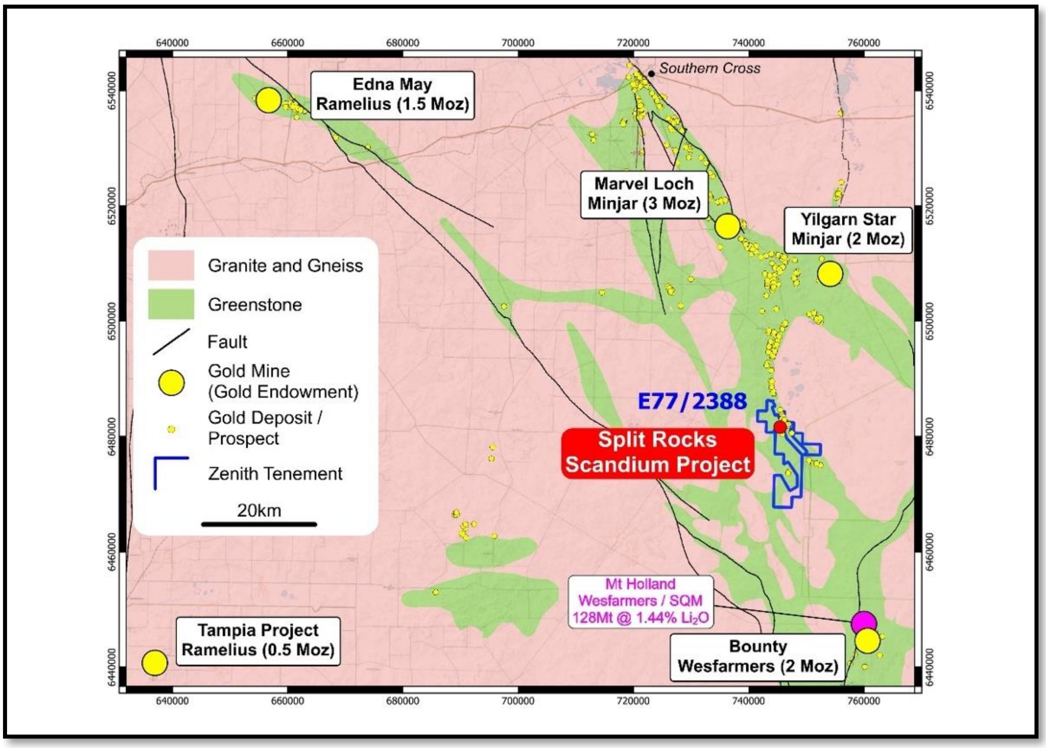

Figure 4: Location of the Split Rocks Scandium Project in Western Australia

Under the signed Binding Term Sheet Scandium – Mineral Rights Option, Zenith Minerals Limited {“Zenith”) granted ARR an exclusive option to acquire the rights to Scandium, Nickel, and Cobalt (“Scandium Minerals”) at the Split Rocks project in Western Australia up to a maximum depth of 50 metres below surface within a portion of tenement E77/2388. ARR’s option to acquire the Scandium Minerals is for a period of 2 years and subject to exploration related expenditure funding of $10,000.

The agreement included an option fee plus the following milestone consideration payments:

- $50,000 within 7 days of execution (“Option Fee”); and
- Subsequent consideration payments of:
  a) $400,000 worth of ARR shares within 6 months of execution;
  b) $100,000 following an ASX Release by ARR of a JORC Scandium Mineral Resource containing no less than 10m metric tonnes at an average grade of at least 5ppm of Scandium; and
  c) 5,000,000 ARR shares on the grant of a Scandium Mining Lease

  (“Milestone Payments”).

On exercise of the option, ARR is required to pay Zenith a royalty of 3% of the net smelter generated from Scandium Minerals or Scandium Mineral Resources.

ARR plans to review geological data on the Scandium Minerals and develop a project development strategy including a definition of a preliminary resource estimate as data allows and prepare an exploration program to outline Scandium occurrences at Split Rocks focusing on areas to the south of the project.

<u>Broken Hill Base and Precious Metals Project</u>

In June 2021, the Company commenced the process of relinquishing its Broken Hill regional tenement holdings comprising exploration licences EL8773, EL8776 and EL8775 as part of a strategy to focus resources on the development of rare earths and scandium projects in North America and Australia.

The relinquishment process involved the preparation and lodgement of the following documents for each tenement:

- Final and Annual Report on Exploration Activities;
- Final and Annual Community Consultation Report; and
- Environmental and Rehabilitation Compliance Report.

Relinquishment of the tenements became effective on 9 July 2021 upon expiry of the tenement licences with bond refunds due soon thereafter.

<u>Investment in Cobalt Blue Holdings Limited</u>

At 30 June 2021, the Company had an investment in 6,000,448 Cobalt Blue Holdings Limited (“COB”) ordinary shares and based on the closing bid price of $0.265 were worth $1,590,118. In addition, ARR has a $3 million Promissory Note which is interest free for the first three years with interest then payable at 6% per annum in years four and five. The note is currently in year two and is secured over title to certain tenements.

The Company also holds the rights to a 2% Net Smelter Return (“NSR”) royalty on all cobalt production from the Thackaringa Project, which was sold to COB in February 2020.

COVID-19 Statement

The Company is continuing to review the ongoing situation relating to the COVID-19 pandemic and the implications for the health and wellbeing of our employees, contractors, and stakeholders.

The Company has been pro-active with respect to its response to COVID-19 and has developed operational procedures and plans in line with official health advice and government directives. American Rare Earths will continue to operate within these guidelines and will adapt its procedures as required.

The impact on the Company's operations to date has not been material and whilst the situation with regards to COVID-19 remains uncertain, the Company remains an active explorer across its projects and does not foresee, at this time, that it will have a material impact on future operations.

Competent Person's Statement

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Jim Guilinger. Mr Guilinger is a Member of a Recognised Overseas Professional Organisation included in a list promulgated by the ASX (SME Registered Member of the Society of Mining, Metallurgy and Exploration Inc). Mr Guilinger is Principal of independent consultants World Industrial Minerals LLC. Mr Guilinger has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Guilinger consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

Board of Directors

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

F Creagh O'Connor	Non-Executive Chairman	Appointed 22 June 2000
Geoffrey Hill	Non-Executive Director and Vice Chairman	Appointed 27 August 2015
Denis Geldard	Non-Executive Director	Appointed 3 August 2015
Keith Middleton	Managing Director	Appointed 19 March 2020 Managing Director from 11 November 2020
Matthew Hill	Non-Executive Director	Appointed 14 March 2012, retired 24 September 2020

Directors' Meetings: The number of meetings of the Board of Directors and Audit Committee held during the year ended 30 June 2021 and the numbers of meetings attended by each director were:

	Board of Directors		**Audit Committee**		**Remuneration Committee**	
Directors:	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*
FC O'Connor	10	10	3	3	1	1
G Hill	10	10	3	3	1	1
D Geldard	10	10	3	2	1	1
K Middleton	10	10	-	-	-	-
M Hill (retired 24 September 2020)	2	2	-	-	-	-

In addition, a number of matters were resolved during the period by circular resolution.

Details of Directors

F Creagh O'Connor: AM, FAIM, FAICD. Chairman and Non-Executive Director (Independent). Member of the Remuneration Committee, Member of the Audit Committee. Appointed 22 June 2000

Creagh O'Connor was appointed to the Board in 2000 and to the role of Chairman in 2004. He has approximately 40 years' senior management experience in providing consulting and advisory services for oil, gas and mineral projects throughout Australia and overseas. He is a leading consultant for Australian construction and development consortiums. He has served as a Director and Chairman on a number of listed and private companies.

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

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

Denis Geldard: AWASM, MAIMM. Non-Executive Director (Independent), Member of the Audit Committee. Appointed 3 August 2015

Denis Geldard was appointed to the Board on 3 August 2015 and has over 40 years' technical and operational experience in exploration and project development in Australia and internationally. He has over 20 years' experience specifically in the Heavy Mineral Sands Industry with companies such as Western Titanium Ltd, Associated Minerals Consolidated and Iluka Resources. Denis is a Mining Engineering graduate from the Kalgoorlie School of Mines in Western Australia. He has managed and run a number of junior and mid-tier mining and exploration companies and mining operations over the past 40 years including directorships of a number of Australian listed mining and exploration companies.

Keith Middleton: BA, AIM, AICD Appointed Non-Executive Director (Independent) 19 March 2020, Managing Director from 11 November 2020

Keith is a corporate advisor and director of ASX listed companies specialising in the Australian and International resource sector. He has extensive experience in financial analysis, risk management, major capital works expenditure, corporate governance and ESG regulations. Keith has direct accountability for mining operations and exploration activities coupled with strategy formulation, project evaluation and investor presentations. In the last 3 years, he was a non-executive director of Redbank Copper (ASX: RCP), (from 02 August 2019 – 02 August 2021).

Matthew Hill: MBA, AFSL, FFin, APDT. Non-Executive Director, Member of the Remuneration Committee, Chairman of the Audit Committee. Appointed 14 March 2012, Retired 24 September 2020

Matthew was the alternate Director for Geoffrey Hill from 14 March 2012 to 6 June 2014, when he was appointed Non-Executive Director. Matthew has over 20 years' experience in financial services and investment banking. He is currently Executive Director of publicly listed New Talisman Gold Mines Limited and was a Director of Cobalt Blue Holdings Limited from 30 June 2017 to 13 December 2018. Matthew has previous experience with the Private Equity and Capital Markets sectors employed by News Corporation and Softbank's E-ventures, Potter Warburg and Souls Private Equity Limited.

Company Secretary

Wayne Kernaghan BBus, ACA, FAICD, ACIS Company Secretary Appointed 25 September 2020

Wayne is a member of the Institute of Chartered Accountants in Australia with a number of years' experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors and a Chartered Secretary.

Ian Morgan: B Bus, MComLaw, Grad Dip App Fin, CA, AGIA, ACG, F Fin, Company Secretary Appointed 13 September 2016, Retired 25 September 2020

Ian is a qualified Company Secretary and Chartered Accountant with over 35 years of experience in businesses operating in Australia and overseas. His experience comes from many years working in Australian financial markets, providing accounting, business management and advisory services. Ian provides company secretarial experience that can be used across industries for a range of companies and is company secretary of other public listed companies

Remuneration Report

The Company is incorporated in New Zealand and is a foreign company in terms of the Australian *Corporations Act 2001* (Cth) so a separate remuneration report is not required. An abridged report (unaudited) on remuneration of the key management personnel (KMP) of the Group which follows most of the principles required by the *Corporation Act 2001* (Cth) is included below.

Remuneration policy

The remuneration policy, which sets the terms and conditions for KMP, was developed by the Company's Remuneration Committee, and approved by the Board.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors and key management of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The remuneration of the Non-Executive Chairman and Directors is paid by fixed sum plus a long-term share-option equity plan (the "Plan").

Remuneration of the Managing Director is a fixed salary package plus remuneration based on Company performance.

In the 2012 financial year the Company established the Plan for the purpose of providing a long-term equity incentive structure to deliver equity-based benefits to the Directors, contractors, and employees. The Board strongly believes that the Plan better aligns the rewards of the key management personnel with the interests of the shareholders.

At the Company's Annual General Meeting held on 11 November 2020, it was approved to issue:

i. 5,000,000 shares at a deemed issue price of $0.015 each to a Director, K Middleton as remuneration for no cash consideration. The shares were issued on 18 November 2020;
ii. 2,000,000 placement shares at an issue price of $0.015 each to a Director, K Middleton for cash consideration of $30,000. The placement shares were issued on 18 November 2020. These shares come with attaching 250,000 loyalty shares and loyalty shares were issued on 01 March 2021;
iii. 4,000,000 placement shares at an issue price of $0.015 each to a Director, D Geldard for cash consideration of $60,000. The placement shares were issued on 18 November 2020. These shares come with attaching 500,000 loyalty shares and loyalty shares were issued on 01 March 2021.

At the Company's Annual General Meeting held on 18 December 2019, it was approved to issue 1,000,000 shares to a Director, D Geldard at $0.018 as remuneration and for no cash consideration. The shares were issued on 15 January 2020.

There were no options issued to management personnel for remuneration during 2021 and 2020 financial years.

For the 2021 financial year the key management personnel of the Company consisted of the Directors of the Company and its subsidiaries.

Non-Executive Director's fees

The current maximum aggregate limit for Non-Executive Directors' fees is A$400,000 per annum. (**Limit**)

Non-Executive Directors are entitled to a base fee of A$20,000 per annum. Directors who also chair the Board and Audit Committee are respectively entitled to a further fee of A$17,500 per annum and A$2,500 per annum. There are no guaranteed annual increases in any Director's fees.

No payment as Director's fee can be made if the effect would be to exceed the Limit.

If a Non-Executive Director performs extra services which, in the opinion of non-associated Directors, are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director on normal commercial terms and conditions no more favourable than those available to other parties. The remuneration would be in addition to the fees referred to above.

A non-executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Company.

Remuneration Report (continued)

Service agreement – Managing Director

Mr K Middleton was appointed Managing Director of the Company on 11 November 2020. A service agreement was executed on the same day. The Agreement can be terminated by either party with one month's notice. Mr Middleton's remuneration under the Agreement is

1) Base salary of $259,800 per annum, inclusive of statutory superannuation;
2) Subject to the ASX Listing Rules and as determined by the Company's Board, Mr Middleton is further entitled to participate in the Company's short-term incentive (STI) and long-term incentive (LTI) scheme.

Directors and Officers insurance and indemnity

During the financial year, as provided for under the Company's Constitution, the Company paid an insurance premium, insuring the Company's Directors and Officers against liabilities not prohibited from insurance by the *Companies Act 1993*.

Details of remuneration

Details of the remuneration and benefits of the Directors and key management personnel for the current and prior financial year are set out in Note 17 of the financial statements.

Remuneration Report (continued)

There were no options issued as remuneration during 2021, the balances and movements of the options held by the Directors and key management personnel issued as remuneration package at year end were:

Director	Vested		Quoted	Expiry Date	Exercise Price	Number of options			
2021						Opening 1 July 2020	Expired	Lapsed[1]	Closing 30 June 2021
FC O'Connor	-		-	-	-	-	-	-	-
GG Hill	-		-	-	-	-	-	-	-
D Geldard	-		-	-	-	-	-	-	-
K Middleton	-		-	-	-	-	-	-	-
MG Hill (resigned 24 September 2020)	Yes		No	10/01/2023	$0.06	500,000	-	-	500,000
						500,000	**-**	**-**	**500,000**
2020						Opening 1 July 2019	Expired	Lapsed[2]	Closing 30 June 2020
FC O'Connor	Yes		Yes	12/11/2019	$0.08	1,500,000	(1,500,000)	-	-
GG Hill	Yes		Yes	12/11/2019	$0.08	1,500,000	(1,500,000)	-	-
D Geldard	Yes		Yes	12/11/2019	$0.08	1,500,000	(1,500,000)	-	-
K Middleton	-		-	-	-	-	-	-	-
MG Hill	Yes		Yes	12/11/2019	$0.08	1,500,000	(1,500,000)	-	-
			No	10/01/2023	$0.06	500,000	-	-	500,000
						2,000,000	(1,500,000)	-	500,000
A Johnston (resigned 7 February 2020)	Yes		No	01/11/2022	$0.06	2,400,000	-	(2,400,000)[1]	-
	No	Vesting subject to certain performance conditions	No	10/01/2023	$0.08	3,000,000	-	(3,000,000)[1]	-
	No		No	10/01/2023	$0.10	2,000,000	-	(2,000,000)[1]	-
						7,400,000	-	(7,400,000)[1]	-
						13,900,000	**(6,000,000)**	**(7,400,000)**	**500,000**

End of remuneration report.

[1] In accordance with the employment agreement between the Company and Mr Johnston, Mr Johnston's options lapsed on 7 May 2020 (90 days after his resignation).

Below is a list of significant corporate announcement made during the year 2020/2021:

ARR ASX Announcements 2020/2021

27 July 2020	La Paz Rare Earth Project NI 43-101 Upgrade
28 July 2020	Quarterly Activities and Cash Flow Reports June 2020
06 August 2020	Wyoming Rare Strategic Acquisition
06 August 2020	ZNC:Divestment of Rare Earth Project to Focus on Gold Assets
03 September 2020	Sampling results at La Paz Rare Earth Project
04 September 2020	Highlights of Trenching Program - La Paz Rare Earths Project
25 September 2020	Resignation of Director and appointment and resignation of S
30 September 2020	Appendix 4G
30 September 2020	Annual Report to shareholders
06 October 2020	US President's Executive Order Critical Minerals Supply
07 October 2020	Notice of Annual General Meeting/Proxy Form
27 October 2020	Quarterly activities and cashflow reports
11 November 2020	Chairman's Address to Shareholders
11 November 2020	Appointment of Managing Director
11 November 2020	JORC Resource - La Paz Rare Earth Project in Arizona
24 November 2020	Release of JORC Technical Report-La Paz Rare Earths Project
02 December 2020	Successful $2.4 Placement
11 December 2020	Issue of Options
22 December 2020	Wyoming Rare Earths Project Update
19 January 2021	Investment in Cobalt Blue Holdings Limited
27 January 2021	Quarterly Activities and Cash Flow Report
02 March 2021	Sampling Results at La Paz
09 March 2021	La Paz Scandium and Rare Earths Project Drilling Approvals
10 March 2021	Half Year Accounts
16 March 2021	Drilling commences - La Paz Scandium and Rare Earths Project
07 April 2021	Metallurgical Testwork Update - La Paz Rare Earths Project
15 April 2021	Quarterly Activities and Cashflow Report
21 April 2021	Drilling at La Paz Project Completed
20 May 2021	Acquisition of High-Grade REE Project in Nevada
08 June 2021	Technical Report Searchlight Rare Earths Project Nevada
10 June 2021	Acquisition of Scandium Mineral Rights Split Rocks Project
29 June 2021	La Paz Drilling Results Technical Report
29 June 2021	La Paz Drilling Produces Significant Results
30 June 2021	Laramie REE Project Acquisition Complete

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

Opinion

We have audited the accompanying 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 30 June 2021, 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 year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, American Rare Earths Limited or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSSED THE KEY AUDIT MATTER
Capitalised Exploration and Evaluation Assets *Refer to Note 9 "Deferred Exploration and Evaluation Costs'' and Note 1 ''Significant Accounting Policies"*	
As at 30 June 2021 the Group's statement of financial position includes capitalised exploration and evaluation assets amounting to $1,922,022. This is a key audit matter due to significant management judgement applied in determining whether capitalised exploration and evaluation expenditure meets the requirements of Accounting Standard NZ	Our procedures included: • Evaluating the nature of the type of the exploration and evaluation expenditure that was capitalised to verify such expenditure had met the capitalisation criteria as prescribed in NZ IFRS 6. • Assessing the renewal of exploration licences to confirm the exploration licences are current.

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

IFRS 6 "Exploration for and Evaluation of Mineral Resources".	• Tested a sample of additions of capitalised exploration and evaluation expenditure incurred during the year to supporting documentation. • Conducting a review for any impairment indicators to assess the carrying value of capitalised exploration expenditure.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the ability of the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

IRCS.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Restriction on Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement director on the audit resulting in this independent auditor's report is Tadius Munapeyi.

IRCS Limited

IRCS Limited

Tadius Munapeyi
Director
Auckland, New Zealand
Dated: 15 September 2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 A$	2020 A$
Continuing operations			
Revenue	2(a)	**2,291,137**	55,977
Profit on disposal of interest in joint venture tenements	2(b)	**-**	3,274,901
		2,291,137	3,330,878
Administrative, exploration and other expenses	3	**(2,550,057)**	(2,403,234)
(Loss) / profit for the year before income tax		**(258,920)**	927,644
Income tax expenses	4	**-**	(4,356)
(Loss) / profit for the year		**(258,920)**	923,288
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(95,172)**	(31,777)
Total other comprehensive income		**(95,172)**	(31,777)
Total (losses) / comprehensive income to members of the parent entity		**(354,092)**	891,511
Losses/earnings per Share		**Cents per share**	Cents per share
Continued operations:			
Basic (loss)/earning	22	**(0.08)**	0.47
Diluted (loss)/earning	22	**(0.08)**	0.47

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

2021	Share capital A$ (Note 13)	Options reserve A$ (Note 14)	Consolidated accumulated losses A$ (Note 15)	Foreign currency translation A$	Total equity A$
Equity at beginning of year	**10,374,714**	**25,800**	**(4,060,938)**	**(31,777)**	**6,307,799**
Loss for the year	-	-	**(258,920)**	-	**(258,920)**
Share based payments	**575,000**	-	-	-	**575,000**
Share issue net of costs	**1,993,594**	**806,667**	-	-	**2,800,261**
Shares issued to acquired controlled entities	**225,000**	-	-	-	**225,000**
Exchange difference arising on foreign operations	-	-	-	**(95,172)**	**(95,172)**
Movement in equity for the year	**2,793,594**	**806,667**	**(258,920)**	**(95,172)**	**3,246,169**
Equity at end of year	**13,168,308**	**832,467**	**(4,319,858)**	**(126,949)**	**9,553,968**
2020					
Equity at beginning of year	8,194,159	312,229	(5,281,675)	-	3,224,713
Adoption of NZ IFRS 16	-	-	499	-	499
Equity at 1 July 2019 - restated	8,194,159	312,229	(5,281,176)	-	3,225,212
Profit for the year	-	-	923,288	-	923,288
Share based payments	18,000	10,521	-	-	28,521
Share issue net of costs	2,162,555	-	-	-	2,162,555
Options lapsed transferred to accumulated losses	-	(296,950)	296,950	-	-
Exchange difference arising on foreign operations	-	-	-	(31,777)	(31,777)
Movement in equity for the year	2,180,555	(286,429)	1,220,238	(31,777)	3,082,587
Equity at end of year	10,374,714	25,800	(4,060,938)	(31,777)	6,307,799

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Consolidated 2021 A$	2020 A$
ASSETS			
Current assets			
Cash and cash equivalents		**3,700,689**	1,433,784
Receivables	5	**66,081**	70,181
Other assets	6	**37,938**	15,344
Total current assets		**3,804,708**	1,519,309
Non-current assets			
Property, plant & equipment	7	**11,380**	5,027
Right-of-use assets	8	**47,076**	109,845
Exploration and evaluation assets	9	**1,922,022**	576,699
Security deposits	10	**-**	30,000
Financial assets	11	**4,163,853**	4,479,595
Total non-current assets		**6,144,331**	5,201,166
Total assets		**9,949,039**	6,720,475
LIABILITIES			
Current liabilities			
Trade and other payables	12	**346,560**	302,628
Lease liability		**48,511**	61,537
Total current liabilities		**395,071**	364,165
Non-current liabilities			
Lease liability		**-**	48,511
Total non-current liabilities		**-**	48,511
Total liabilities		**395,071**	412,676
Net assets		**9,553,968**	6,307,799
EQUITY			
Share capital	13	**13,168,308**	10,374,714
Options reserves	14	**832,467**	25,800
Foreign currency reserve		**(126,949)**	(31,777)
Accumulated Losses	15	**(4,319,858)**	(4,060,938)
Total equity		**9,553,968**	6,307,799

The accompanying notes form part of these financial statements.

For and on behalf of the Board

Creagh O'Connor AM
Chairman
15 September 2021

Keith Middleton

Keith Middleton
Director
15 September 2021

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 A$	2020 A$
Cash flows from operating activities			
Interest received		**60,560**	895
Other amounts received		**112,737**	55,361
Income tax (paid) / refunded		**-**	(4,356)
Interest paid on lease liabilities		**(11,386)**	(4,392)
Payments to suppliers and employees		**(1,329,823)**	(1,012,408)
Net cash (applied to) operating activities	19	**(1,167,912)**	(964,900)
Cash flows from investing activities			
Exploration and evaluation expenditure		**(1,214,576)**	(658,175)
Payment for plant, property & equipment		**(8,667)**	(2,361)
Acquisition of controlled entities		**(53,845)**	-
Proceeds from sale of financial assets		**2,468,821**	-
Proceeds on sale of interest in tenements		**-**	500,000
Net cash (applied to) investing activities		**1,191,733**	(160,536)
Cash flows from financing activities			
Issue of shares		**1,783,333**	2,312,543
Value of options issued under placement		**806,667**	-
Share issue costs		**(239,739)**	(149,988)
Repayment of lease liabilities		**(61,537)**	(62,067)
Net cash provided from financing activities		**2,288,724**	2,100,488
Net increase / (decrease) in cash and cash equivalents held		**2,312,545**	975,052
Effects of exchange rate changes		**(45,640)**	(31,777)
Cash and cash equivalents at the beginning of the year		**1,433,784**	490,509
Cash and cash equivalents at the end of the year		**3,700,689**	1,433,784
Cash comprises:			
Cash at bank		**3,700,689**	1,433,784

The accompanying notes form part of these financial statements.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of 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 group consists of American Rare Earths Limited and its 100% owned subsidiaries (the "Group") as at 30 June 2021. A list of the subsidiaries is provided in Note 24. These financial statements comprise the separate financial statements of the Company and the consolidated financial statement of the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation.

The Company and its subsidiaries are engaged in minerals exploration.

The Directors authorised these financial statements for issue on 15 September 2021.

Statement of compliance: These financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), the requirements of the *Companies Act 1993* and comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for-profit oriented entities. These financial statements also comply with the New Zealand Financial Markets Conduct Act 2013.

Measurement base: The accounting principles adopted are those recognised as appropriate for the measurement and reporting of financial performance and financial position on the historical cost basis modified by the revaluation of certain assets. The accruals basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

Reporting currency: The functional and presentation currency is Australian dollars (A$).

Significant accounting policies: The following accounting policies which materially affect the measurement of profit and financial position have been applied:

(a) Current versus non-current classification: The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading; and
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; and
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

(b) Fair value measurement: The Group measures financial instruments such as derivatives and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using the fair value hierarchy, described as follows based on the lowest level input that is significant to the fair value measure as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(c) Revenue recognition: The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

For the year ended 30 June 2021, revenue was only related to interest received and the rent received from the share of office. Interest revenue is recognised using the effective interest rate method.

(d) Research and development tax incentive: incentive is recognised where there is reasonable assurance that the incentive will be received, and all attached conditions will be complied with. When the incentive relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the incentive relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(e) Foreign currencies: The functional and presentation currency is Australian dollars. Monetary assets and liabilities in foreign currencies are translated into Australian currency at the closing rates of exchange.

Transactions in foreign currencies are converted into Australian currency at the rate of exchange ruling at the date of receipt or payment.

All exchange variations are included in the statement of comprehensive income.

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(f) Income tax: The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense). Current income tax benefit (expense) credited (charged) to profit or loss is the tax receivable (payable) on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the years, as well as unused tax losses.

The credit (charge) for current income tax benefit (expense) is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted, or are substantially enacted, by the reporting date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled, and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Financial instruments:

Financial instruments recognised in the consolidated statement of financial position include cash at bank, receivables, payables, and borrowings. Receivables and payables are initially recorded at fair value and subsequently amortised using the effective interest method. Borrowings are initially recorded at fair value net of transaction costs and subsequently at amortised cost using the effective interest method. Borrowing costs are recognized as an expense in the period incurred.

The Company's convertible note and promissory note receivables are measured at fair value using market rates for comparable transactions. Judgment is required in determining market and comparable lending or discount rates.

A fair value measurement of an asset using a present value technique captures an estimate of future cash flows, expectations about possible variations in the amount and timing of the cash flows, the time value of money (risk-free rate), a risk premium, and other factors that market participants would take into account in the circumstances.

The Company has no off-balance sheet financial instruments.

The consolidated entity has adopted NZ IFRS 9 to classify and measure financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). Impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(h) Prospecting costs: Acquisition, exploration and development expenditure on exploration and mining tenements is initially recorded at cost. Exploration and evaluation costs are capitalised as deferred expenditure.

In the event where exploration demonstrates a tenement is no longer prospective for economically recoverable reserves, or the exploration licence is relinquished, the value or cost of the tenement is immediately recognised as an expense in the statement of comprehensive income.

Prospecting costs are expected to be recovered from future mining revenues. The recoverability of the exploration and evaluation asset is contingent upon future events, such as technical success and commercial development, sale of the area of interest, the results of further exploration, agreements entered into with other parties, and also upon meeting commitments under the terms of the tenement licences.

(i) Mining tenements: When a tenement is assessed as capable of sustaining commercial mining operations, capitalised exploration and evaluation expenditure is reclassified as assets under construction and is disclosed as a component of property, plant and equipment. All subsequent development expenditure, net of any proceeds from ore sales during the development stage, is capitalised and classified as assets under construction. On completion of development, the value or cost of accumulated exploration and development costs will be reclassified as other mineral assets and amortised on the basis of units of production over the expected productive life of the mine.

Provision is made for any estimated future rehabilitation and reinstatement costs following mining. These costs will be amortised over the life of the mine.

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(j) Impairment of non-financial assets:

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (cash generating unit's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(k) Cash and cash equivalent: cash and cash equivalent in the statement of financial position comprise cash at banks and on hand and at call deposits, which are subject to an insignificant risk of changes in value.

(l) Segment information: Operating segments are reported if:

- Revenue is 10% or more of combined operating segment revenues;
- The absolute value of profit or loss is greater than 10% of the combined reported profits or losses of all operating segments, whichever is greater;
- Assets are 10% or more of combined assets of all operating segments; or
- Information about the segment would be useful to users of the financial statements.

(m) Share capital: Ordinary shares and options are classified as equity. Direct costs of issuing shares and options are deducted from the proceeds of the issue.

(n) Property, plant, and equipment: The Group has one class of property, plant and equipment - office equipment. All property, plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the sale price and the carrying value of the item. Depreciation is provided for on a straight-line basis on all plant and equipment at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value over their estimated useful lives.

Leased assets are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Major depreciation periods are:

Office equipment	4 years

(o) Cashflows: For the purpose of the statement of cash flows, cash includes cash on hand and deposits held on term deposit or at call with banks.

(p) Goods and service tax: All amounts are shown exclusive of Goods and Service Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of the receivables or payables balance in the statement of financial position.

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(q) Lease liabilities: A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(r) (Losses) / Earnings per share: The Company presents basic and diluted (losses) earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for own shares held for the effects of all dilutive potential ordinary shares which comprise share options.

(s) Consolidation: The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries over which the Company has the power to control the financial reporting and operating policies. The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intercompany transactions are eliminated on consolidation. In the Company's separate financial statements, the investment in subsidiaries is stated at cost less any impairment losses.

(t) Restoration and rehabilitation provisions: For any close-down restoration and environmental clean-up costs from exploration programs, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(u) Provision for employee entitlements: Provision is made in the accounts for obligations in respect of annual leave entitlements not taken by employees at balance sheet date.

(v) Share-based payments: The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expense, together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Use of estimates and judgements: The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions and estimates is provided in the relevant accounting policy or will be provided in the relevant Note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Changes in accounting policies: There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the prior period. The impact of new Standards is not expected to be material.

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New and amended standards and interpretations:

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.

2. Revenue

	Consolidated 2021 A$	2020 A$
(a) Revenue		
Interest received	**39,683**	21,772
Other income	**93,903**	34,205
Profit on disposal of financial assets	**1,268,881**	-
Revaluation of financial assets	**884,199**	-
Gains on consolidation	**4,471**	-
Total revenue	**2,291,137**	55,977
(b) Sale of joint venture tenements		
Consideration	-	5,549,299
Cost of joint venture tenements	-	(2,274,398)
Profit on disposal of joint venture tenements	-	3,274,901

Consideration is made up of:
1) $500,000 cash
2) 9,000,000 fully paid ordinary shares of COB at a deemed issue price of $0.15 each
3) 1,000,000 three-year Convertible Note (CN) with interest of 6% per annum payable annually in arrears. The fair value of the CN was $1,391,580. The Company is able to convert the CN to COB fully paid ordinary shares at maturity or on 18 January 2021 or on 17 January 2022. The CN is convertible with a $0.20 conversion price. The issuer of the note has the ability to redeem the CN early.
4) $3,000,000 five-year Promissory Note (PN), interest free for years 1, 2 and 3 and interest of 6% per annum payable in arrears. The fair value of the PN was $2,307,719. The PN is secured over the title to the tenements.

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3. Administrative, exploration and other expenses

	Consolidated 2021 A$	2020 A$
Auditors' remuneration – auditing the accounts	**(83,581)**	(44,645)
Accounting, company secretarial, legal	**(169,023)**	(263,045)
Consulting fees	**(192,151)**	(322,674)
Directors' fees	**(291,845)**	(110,500)
Fair value adjustments on equity instruments	**(450,000)**	-
Share based payment expenses	**(575,000)**	-
Depreciation	**(65,083)**	(64,005)
Salaries and related expenses	**(150,280)**	(231,682)
Travelling expenses	**(21,580)**	(41,222)
Marketing and promotion	**(98,028)**	(49,718)
Other administrative and exploration expenses	**(307,975)**	(126,573)
Devaluation of financial assets	**-**	(569,704)
Interest paid on lease liabilities	**(11,386)**	(4,392)
Tenements annual rent	**(31,087)**	-
Impairment loss of tenements	**(103,038)**	(575,074)
Total administrative and exploration expenses	**(2,550,057)**	(2,403,234)

4. Taxation

	Consolidated 2021 A$	2020 A$
(Loss) / profit for the year before income tax	**(258,920)**	927,644
Prima facie income tax benefit/(expense) at 26.0% (2020: 27.5%)	**67,319**	(255,102)
Subtract effect of permanent differences	**(141,697)**	(329,406)
	(74,378)	(584,508)
Temporary differences	**(3,405)**	30,451
Income tax benefit/(expense)	**(77,783)**	(554,057)
Prior year tax under-provided	**-**	(4,356)
Income tax benefit recognised /(not recognised)	**77,783**	554,057
Income tax expense recognised	**-**	(4,356)

Deferred tax and income tax benefits are not recognised unless future taxable income is probable.

The Company has established that the business operations and the central management and control are currently in Australia. It follows that in accordance with the double tax agreement between Australia and New Zealand, the Company is treated as a resident of Australia.

Losses accrued in Australia will be available to offset future taxable income only if:

(a) The Company derives future assessable income of a nature and amount sufficient to offset the losses;

(b) The Company continues to comply with the conditions for deductibility imposed by the Law; and

(c) There are no changes in the legislation that would adversely affect the deductibility of the losses.

From 1 July 2014, the Company is part of a consolidated tax group. Carried forward losses of the Group are A$3,010,582 (2020: A$3,174,637), calculated before research & development adjustments.

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5. Receivables

	Consolidated 2021 A$	2020 A$
GST refundable	**24,234**	9,137
Other receivables:		
- security deposit refundable	**38,619**	40,000
- miscellaneous receivables	**3,228**	20,877
- interest receivable	**-**	167
	66,081	70,181

All financial assets are within the contracted terms.

6. Other assets

Prepayments	**37,938**	15,344

7. Property plant & equipment

	Consolidated 2021 A$	2020 A$
Office equipment		
Opening balance	**5,027**	3,902
Additions	**8,667**	2,361
Depreciation	**(2,314)**	(1,236)
Total office equipment	**11,380**	5,027

8. Right-of-use assets: office lease

Opening balance	**109,845**	188,306
Depreciation	**(62,769)**	(78,461)
Total right-of-use assets	**47,076**	109,845

Additional information on right-of-use assets:
Office lease

(i) Depreciation charge	**(62,769)**	(62,768)
(ii) Income on sub-leasing	**37,770**	33,230
(iii) Total cash outflow on lease	**(72,923)**	(66,459)
(iv) Interest paid on lease liabilities	**(11,386)**	(4,392)

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9. Exploration and evaluation assets

Prospecting costs and mining tenements		
Balance at the beginning of the year	**576,699**	2,736,528
Exploration and evaluation expenses	**1,214,576**	679,643
Addition through acquisition of controlled entities	**283,315**	-
Exchange difference	**(49,530)**	
Exploration costs impaired	**(103,038)**	(575,074)
Less: Interest disposed	**-**	(2,264,398)
Balance at year end	**1,922,022**	576,699

Prospecting expenditure including exploration and evaluation expenditure is recorded as a non-current asset and carried at historic cost less any adjustment for impairment.

The ultimate recovery of the carrying amount in the exploration and evaluation expenditure is dependent on the establishment of economic operations or the realisation of the Group's economic interest in the relevant mining tenements.

In accordance with NZ IFRS 6, management has verified that there are no facts and circumstances that may suggest that the carrying value of the exploration and evaluation asset may exceed its recoverable amount.

10. Security deposits

	Consolidated	
	2021	2020
	A$	A$
Security deposits for tenements	**-**	30,000

11. Financial assets:

	Consolidated	
	2021	2020
	A$	A$
Shares in listed entity at fair value	**1,590,119**	855,000
3-year convertible note at fair value	**-**	1,236,811
5-year promissory note at fair value	**2,573,734**	2,387,784
	4,163,853	4,479,595

The convertible note and promissory note were measured at fair value using a present value technique capturing an estimate of future cash flows, expectations about possible variations in the amount and timing of the cash flows, the time value of money (risk-free rate), a risk premium, and other factors that market participants would take into account in the circumstances.

On 18 January 2021, the Group exercised the option to convert the 3-year $1 million convertible note into 5,000,000 COB shares each of $0.20.

12. Trade and other payables

	Consolidated	
	2021	2020
	A$	A$
Trade payables	**102,117**	69,524
Other payables and accrued expenses	**244,443**	233,104
	346,560	302,628

13. Issued share capital

	Consolidated 2021 A$	2020 A$
344,308,326 ordinary shares (2020: 290,919,592)	**13,168,308**	10,374,714

Movement in share capital	**No. of shares**	**A$**
Share capital at 30 June 2019	147,883,401	8,194,159
Movements during the year ended 30 June 2020:		
Shares issued under placement 08 Nov 2019	10,800,000	270,000
Share issued under share purchase 14 Nov 2019	7,400,000	185,000
Shares based payment 15 Jan 2020	1,000,000	18,000
Shares issued under rights offer 17 Jan 2020	18,930,155	283,952
Shares issued under rights offer 10 Feb 2020	21,272,519	319,088
Shares issued under rights offer 24 Feb 2020	47,145,781	707,187
Shares issued under rights offer 15 May 2020	9,387,736	140,816
Shares issued under rights offer 15 Jun 2020	27,100,000	406,500
Share issued costs	-	(149,988)
Share capital at 30 June 2020	290,919,592	10,374,714
Movements during the year ended 30 June 2021:		
Shares issued under placement 18 Nov 2020	6,000,000	90,000
Fair value adjustments on share placement		450,000
Shares issued under share based payment at fair value	5,000,000	575,000
Share issued under placement 11 Dec 2020	26,666,667	1,593,333
Shares issued to acquire subsidiaries 21 Dec 2020	1,250,000	112,500
Loyalty shares issued 20 Jan 2021[1]	1,737,444	-
Loyalty shares issued 15 Feb 2021[1]	1,402,114	-
Loyalty shares issued 01 Mar 2021[1]	5,082,509	-
Shares issued on exercising options 24 Jun 2021	5,000,000	100,000
Value of exercised options	-	472,500
Shares issued to acquire subsidiaries 30 Jun 2021	1,250,000	112,500
Share issue costs	-	(239,739)
Options issued under share based payments	-	(472,500)
Share capital at 30 June 2021	**344,308,326**	**13,168,308**

[1]Loyalty shares issued under rights offer: 1 loyalty share for each 8 shares held continuously for 12 months from date of issue.

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14. Options reserve

	Consolidated 2021 A$	2020 A$
13,833,333 options (2020: 500,000)	**832,467**	25,800

Movement in options	**No of options**	**A$**
Options at 30 June 2019	54,479,388	312,229
Movements during the year ending 30 June 2020:		
10 Jan 2018 options vested	-	10,521
12 Nov 2019 options lapsed	(6,000,000)	(48,000)
12 Nov 2019 options lapsed	(40,579,388)	-
07 May 2020 options lapsed	(7,400,000)	(248,950)
Options at 30 June 2020	500,000	25,800
Movements during the year ending 30 June 2021:		
Options issued under share based payments 23 Nov 2020	**5,000,000**	**472,500**
Options issued under placement 11 Dec 2020	**13,333,333**	**806,667**
Options exercised	**(5,000,000)**	**(472,500)**
Options at 30 June 2021	**13,833,333**	**832,467**

Details of outstanding options at 30 June 2021 are:

	Expiry Date	Exercise Price	No. of options
Unquoted			
	10 January 2023	$0.06	500,000
	11 December 2023	$0.15	13,333,333
			13,833,333

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are entitled to any proceeds of liquidation. Ordinary shares have no par value and the Company has an unlimited amount of authorised capital.

Capital Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital, reserves and accumulated losses as disclosed in the Statement of Financial Position. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

15. Accumulated Losses

	Consolidated 2021 A$	2020 A$
Balance at the beginning of the year	**(4,060,938)**	(5,281,675)
Adoption of NZ IFRS 16	**-**	499
Options lapsed transferred to accumulated losses	**-**	296,950
(Loss)/profit for the year	**(258,920)**	923,288
Balance at the end of the year	**(4,319,858)**	(4,060,938)

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16. Related parties

Details of key management personnel for the year were:

Name	Position
FC O'Connor	Non-executive director
GG Hill	Non-executive director
D Geldard	Non-executive director
K Middleton	Managing director
MG Hill (retired 24 September 2020)	Non-executive director

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Amounts paid to directors related entities for consulting and other services were both for the Company and for the Group A$1,481,845 (2020: A$209,028) as below:

Entity relating to	**2021 A$**	2020 A$
Directors' fees	**291,845**	92,500
Shares issued to:		
D Geldard – 4 million shares each at $0.09	**360,000**	-
K Middleton – 2 million shares each at $0.09	**180,000**	-
(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)		
Share based payment:		
K Middleton – 5 million shares each at $0.115	**575,000**	-
D Geldard – 1 million shares each at $0.018	-	18,000
Consulting fees:		
K Middleton	**25,000**	**5,000**
MG Hill (retired 24 September 2020)	**50,000**	**93,528**
	1,481,845	**209,028**

Amounts due to directors related entities as at balance date was $Nil (2020: A$ 50,000)

No related party debts were written off during the year.

Amounts charged to a director related entity for share of office rental and use of office facilities during the year A$39,489 (2020: A$34,384).

Entity relating to	**2021 A$**	2020 A$
GG Hill	**39,489**	34,384

No amounts were due from directors related entities as at balance date (2020: A$ Nil)

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17. Key management personnel

	Fixed Fees A$	Superannuation A$	Consolidated Share Based Payment A$	Consulting & Management Fees A$	Total A$
2021					
Directors' fees					
i) The Company:					
FC O'Connor	25,000	-	-	-	**25,000**
GG Hill	20,000	-	-	-	**20,000**
D Geldard	20,000	-	-	-	**20,000**
K Middleton	159,345	-	575,000	25,000	**759,345**
MG Hill (retired 24 September 2020)	22,500	-	-	50,000	**72,500**
Sub-total	246,845	-	575,000	75,000	**896,845**
ii) Controlled entities:					
FC O'Connor	15,000	-	-	-	**15,000**
GG Hill	15,000	-	-	-	**15,000**
D Geldard	15,000	-	-	-	**15,000**
Subtotal	45,000	-	-	-	**45,000**
Total	**291,845**	**-**	**575,000**	**75,000**	**941,845**
2020					
Directors' fees					
FC O'Connor	25,000	-	-	-	25,000
GG Hill	20,000	-	-	-	20,000
D Geldard	20,000	-	18,000	-	38,000
K Middleton (appointed 19 March 2020)	5,000	-	-	5,000	10,000
MG Hill (retired 24 September 2020)	22,500	-	-	93,528	116,028
Subtotal	92,500	-	18,000	98,528	209,028
Salary					
A Johnston (MD & CEO) resigned 7 Feb 2020	140,000	13,300	10,521	-	163,821
Total	232,500	13,300	28,521	98,528	372,849

Remuneration of employees: The number of employees who are not Directors and whose remuneration and benefits exceeded A$100,000 during the financial year, was 1 (2020: 1).

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18. Share-based payments

At the Company's Annual General Meeting held on 11 November 2020, it was approved to issue:

i. 5,000,000 shares at a deemed issue price of $0.015 each to a Director, K Middleton as remuneration for no cash consideration. The shares were issued on 18 November 2020;
ii. 2,000,000 placement shares at an issue price of $0.015 each to a Director, K Middleton for cash consideration of $30,000. The placement shares were issued on 18 November 2020. These shares come with attaching 250,000 loyalty shares and loyalty shares were issued on 01 March 2021;
iii. 4,000,000 placement shares at an issue price of $0.015 each to a Director, D Geldard for cash consideration of $60,000. The placement shares were issued on 18 November 2020. These shares come with attaching 500,000 loyalty shares and loyalty shares were issued on 01 March 2021.

At the Company's Annual General Meeting held on 18 December 2019, it was approved to issue 1,000,000 shares to a Director, D Geldard at $0.018 as remuneration and for no cash consideration. The shares were issued on 15 January 2020.

There were no options issued to management personnel for remuneration during 2021 and 2020 financial years.

A summary of the movements of all Company options issued as equity-settled share-based payments and related weighted average exercise price (WAEP) is as follows:

	Consolidated			
	Number of options 2021	**WAEP A$ 2021**	**Number of options** 2020	**WAEP A$** 2020
Options outstanding as at 1st July	**500,000**	**0.06**	13,900,000	0.08
Lapsed	**-**	**-**	(13,400,000)	(0.02)
Options outstanding as at 30 June	**500,000**	**0.06**	500,000	0.06

Of these outstanding options, 500,000 options are vested and exercisable.

The weighted average contractual life of options outstanding at year-end was 1.5 years (2020: 2.5 years). Share based payments that were included in the statement of comprehensive income was $Nil (2020: $10,521).

Upon expiry of the options, the balance of the share-based payments reserve relating to those options is transferred to accumulated losses.

19. Reconciliation of operating cash flow & net income

	Consolidated 2021 A$	2020 A$
(Loss)/profit after tax	**(258,920)**	923,288
Non-cash items:		
Depreciation	**65,083**	64,005
Fair value adjustments on equity instruments	**450,000**	-
Share based payments	**575,000**	28,521
(Gain)/Loss on revaluation of financial assets	**(884,199)**	569,704
Impairment loss of tenements	**103,038**	575,074
Profit on sale of financial assets	**(1,268,881)**	-
Gain on sale of joint venture tenements	**-**	(3,274,901)
Gains on consolidation	**(4,471)**	-
Add / (less) movement in working capital:		
Decrease in trade receivables	**-**	472
(Increase)/decrease in GST receivable	**(15,097)**	19,054
Decrease in security deposits	**31,381**	-
Decrease/(increase) in other receivables	**17,649**	(3,447)
Decrease in interest receivable	**167**	-
(Increase)/decrease in prepayments	**(22,594)**	44,833
Increase in payables and accruals	**43,932**	128,982
Decrease in provisions	**-**	(40,485)
Net cash flows applied to operating activities	**(1,167,912)**	(964,900)

20. Financial instruments

Credit Risk: Financial instruments, which potentially subject the Group to credit risk, principally consist of bank balances and receivables. Maximum exposure to credit risk at balance date is represented by the carrying value of the financial instruments. No collateral is held on these assets and none are considered overdue or impaired. All bank deposits were held with an authorised bank in Australia and United States with at least an A credit rating and represent 100% of cash.

Currency Risk: The Group has little direct exposure to foreign currency exchange risk as the majority of cash held are denominated in Australian currencies. On balancing date, the Group had cash balances made up of Australian and United States Dollars as follows:

Currency	2021 $	2020 $
AUD	**3,454,539**	1,399,925
USD	**246,150**	33,859
	3,700,689	1,433,784

At 30 June, if the AUD:USD exchange rate had moved as illustrated in the table below with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
	$	$	**$**	$
Group				
+10.00%	**6,400**	931	**6,400**	931
- 10.00%	**(6,400)**	(931)	**(6,400)**	(931)

Liquidity Risk: Management supervises liquidity by budgeting and by carefully monitoring cash inflows from receivables and controlling cash outflows on payables from existing cash resources. The Group relies on new equity to fund exploration expenditure.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will affect the Group's income or the value of its instruments which arises on floating rate instruments. The Group's exposure to market interest rates relates primarily to cash and cash equivalents.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2021	2020
	$	$
Financial Assets:		
Cash assets	**3,700,689**	1,433,784
	3,700,689	1,433,784

Interest rates over the 12-month period were analysed and a sensitivity analysis determined to show the effect on profit and equity after tax if the interest rates at the reporting date had been 1.0% higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	**Post Tax Profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	30 June 21	30 June 20	**30 June 21**	30 June 20
	$	$	**$**	$
Group				
+1.00%	**9,621**	3,943	**9,621**	3,943
- 1.00%	**(9,621)**	(3,943)	**(9,621)**	(3,943)

Fair Values: Estimated fair values of financial instruments are considered to be the same as carrying values.

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21. 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 year to 30 June 2021, 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 Year Ended June 2021			
Other revenue			
Interest received	12	39,671	**39,683**
Other income	-	93,903	**93,903**
Profit on disposal of financial assets	-	1,268,881	**1,268,881**
Revaluation of financial assets	-	884,199	**884,199**
Gains of consolidation	-	4,471	**4,471**
	12	2,291,125	**2,291,137**
Expenses			
General operating expenses	(389,750)	(2,045,883)	**(2,435,633)**
Interest paid on lease liabilities	-	(11,386)	**(11,386)**
Impairment of tenements	(103,038)	-	**(103,038)**
Loss before income tax	(492,776)	233,856	**(258,920)**
Consolidated Year Ended June 2020			
Other revenue			
Interest received	-	21,772	**21,772**
Other income	-	34,205	**34,205**
Profit on disposal of joint venture tenements	-	3,274,901	**3,274,901**
	-	3,330,878	**3,330,878**
Expenses			
General operating expenses	-	(1,254,064)	**(1,254,064)**
Interest paid on lease liabilities	-	(4,392)	**(4,392)**
Revaluation of financial assets	-	(569,704)	**(569,704)**
Impairment of tenements	-	(575,074)	**(575,074)**
Profit before income tax	-	927,644	**927,644**

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

	USA A$	Australia A$	Total A$
Consolidated June 2021			
Current assets	261,119	3,543,589	**3,804,708**
Non- current assets	1,869,491	4,274,840	**6,144,331**
Total assets	2,130,610	7,818,429	**9,949,039**
Current liabilities	79,811	315,260	**395,071**
Non-current liabilities	-	-	**-**
Total liabilities	79,811	315,260	**395,071**
Net segment assets	**2,050,799**	**7,503,169**	**9,553,968**

Segment information (continued)

	USA A$	Australia A$	Total A$
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	610,558	6,109,917	6,720,475
Current liabilities	21,468	342,697	364,165
Non-current liabilities	-	48,511	48,511
Total liabilities	21,468	391,208	412,676
Net segment assets	589,090	5,718,709	6,307,799

22. Earnings per Share

	Consolidated 2021 A$	2020 A$
(Loss)/profit from continued operations	**(258,920)**	923,288
Weighted average number of shares on issue	**316,061,366**	195,413,129
Basic (loss)/earnings per share	**(0.08) cents**	0.47 cents
Diluted average shares on issue	**324,767,345**	195,413,129
Diluted (loss)/earnings per share	**(0.08) cents**	0.47 cents

Earnings per share is based on the average weighted number of ordinary shares on issue during the year and on the operating deficit after tax attributable to shareholders. Movement in the number of shares on issue is shown in Note 13.

23. Commitments

Expenditure requirements for tenements

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

	Consolidated 2021 A$	2020 A$
Not later than 1 year	-	**102,699**
Later than 1 year but not later than 5 years	-	**2,301**
Later than 5 years	-	-
	-	**105,000**

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24. Interests in subsidiaries

Name of Entity	Equity Held 2021	Equity Held 2020	Country of Incorporation	Reporting date	Activity
Broken Hill Uranium Pty Ltd	**100%**	100%	Australia	30 June	Inactive
Broken Hill Chemical Pty Ltd	**100%**	100%	Australia	30 June	Mineral Exploration
Broken Hill Minerals Pty Ltd	**100%**	100%	Australia	30 June	Mineral Exploration
Murray Basin Minerals Pty Ltd	**100%**	100%	Australia	30 June	Mineral Exploration
Wyoming Rare Pty Ltd	**100%**	-	Australia	30 June	Mineral Exploration
Western Rare Earth LLC	**100%**	100%	USA	30 June	Mineral Exploration
La Paz Rare Earth LLC	**100%**	100%	USA	31 December	Mineral Exploration
Wyoming Rare (USA) Inc.	**100%**	-	USA	30 June	Mineral Exploration

The investment in each subsidiary is recorded at cost in the company's statement of financial position.

25. Contingencies

The Company did not have any contingencies at the balance date 30 June 2021 (2020: A$ nil).

26. Going Concern

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

The Group had a net loss of $258,920 and had operating cash outflows of $1,167,912 for the year ended 30 June 2021. As at 30 June 2021, the Group has cash and cash equivalents of $3,700,689, net current assets of $3,409,637, financial assets of $4,163,853 and net assets of $9,553,968.

Management believes that current cash levels are sufficient to fund ongoing administration and budgeted exploration. At the same time, the Company's management has implemented plans to preserve operating cash.

Current cash levels are sufficient to fund ongoing administration and budgeted exploration. In the event additional exploration activities are undertaken, there may be a requirement to raise capital.

Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The Group has cash and financial assets of $7,864,542 in total and
- The current cash levels are sufficient to fund ongoing administration and budgeted exploration activities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

27. Judgement and estimation uncertainty

The preparation of financial statements of necessity involves judgement and estimation. The effect of judgement is greatest in the assessment of impairment to capitalised exploration expenditure. Directors have reviewed facts and circumstances surrounding the capitalised exploration expenditure and have impaired those assets no longer have any value.

28. Parent entity information

The parent entity within the Group is Broken Hill Prospecting Limited. The ultimate parent entity in Australia is Broken Hill Prospecting Limited.

	2021 A$	2020 A$
Current assets	**6,461,487**	2,635,545
Non-current assets	**4,556,841**	4,597,467
Total assets	**11,018,328**	7,233,012
Current liabilities	**1,665,578**	1,694,243
Non-current liabilities	**-**	48,511
Total liabilities	**1,665,578**	1,742,754
Net assets	**9,352,750**	5,490,258
Equity		
Share capital	**13,168,308**	10,374,714
Options Reserve	**832,467**	25,800
Accumulated Losses	**(4,648,025)**	(4,910,256)
Total equity	**9,352,750**	5,490,258
Profit for the year	**262,231**	1,667,072
Adoption of NZ IFRS 16	**-**	499
Options lapsed transferred in	**-**	296,950
Total profit for the year	**262,231**	1,964,521

(a) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees as at 30 June 2021 (2020: $ Nil)

(b) Contractual commitments for acquisition of property, plant and equipment

As at 30 June 2021, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

29. Auditor's Remuneration

	Consolidated 2021 A$	2020 A$
IRCS Limited		
- Audit and review of financial reports paid	**20,700**	-
- Audit fees accrued	**25,000**	-
	45,700	-
Nexia Sydney Audit Pty Ltd		
- Audit and review of financial reports paid	**37,881**	32,194
- Audit fees accrued	**-**	22,000
	37,881	54,194
Total	**83,581**	54,194
Non-Audit services		
IRCS Limited	**-**	-
Nexia Sydney Audit Pty Ltd	**-**	-

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30. Matters subsequent to the end of the financial year

The Group held 3 mining tenements at Broken Hill region which came up for renewal in July 2021, as the primary focus of the Group is on the development of its mineral projects in North American, those tenements were relinquished.

On 3 August 2021, the Company announced an updated JORC 2012 resource estimate for the La Paz project of 170.6 million tonnes at an average grade of 391ppm Total Rare Earth Elements ("TREE") which represented a 33.1% increase in total resource tonnage from the previous 128.2 million tonnes and a 5.2% increase in overall TREE grade from 371.7ppm. The Company also reported a 117% increase in the Indicated Resource Estimate from 16.2 million tonnes to 35.2 million tonnes and a 20.9% increase in the Inferred Resource Estimate from 112 million tonnes to 135.4 million tonnes.

Other than the above, no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in years subsequent to 30 June 2021.

DIRECTORS' STATEMENT

The Directors of the Company declare that:

1. The financial statements and notes, as set out in the financial statements to 30 June 2021:
   (a) Comply with New Zealand International Financial Reporting Standards (IFRS); and
   (b) Give a true and fair view of the Group's financial position as at 30 June 2021 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

For and on behalf of the Board

Creagh O'Connor AM
Chairman
15 September 2021

Keith Middleton
Director
15 September 2021

ADDITIONAL INFORMATION

Directors' Information

The following general disclosures of interests were received in relation to the year ended 30 June 2021:

Director	**Relevant Interest in Ordinary Shares**	**Relevant Interest in Listed Options**	**Relevant Interest in Unquoted Options**
FC O'Connor	-	-	-
D Geldard	6,018,475	-	-
GG Hill	77,797,392	-	-
K Middleton	7,250,000	-	-

Directors' Disclosure of Interests

No general disclosures of interests were received in relation to the year ended 30 June 2021.

Shareholders' Information as at 02 September 2021

Substantial Shareholder

Name	No. of Ordinary shares	% of Total Ordinary Shares
Hill Family Group Pty Ltd	54,396,000	16.49%

Distribution of Equity Securities

SIZE OF HOLDING	Ordinary shares	
	Number of Holders	Number of Shares
1 – 1,000	106	9,307
1,001 - 5,000	318	1,275,778
5,001 – 10,000	606	5,090,263
10,001 to 100,000	1,369	53,749,841
100,001 and over	410	285,183,137
Totals	**2,809**	**345,308,326**

There were 140 holders of less than a marketable parcel of ordinary shares (18.0 cents each share).

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hand.

20 Largest Shareholders 02/09/2021

Rank	Name	No. of Ordinary Shares	% of Total Ordinary Shares
1	HILL FAMILY GROUP PTY LTD	56,871,000	16.47%
2	IPS NOMINEES LIMITED	7,432,100	2.15%
3	MIDDLETON NOMINEES (SA) PTY LTD	7,250,000	2.10%
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	6,551,815	1.90%
5	AIKEN & ASSOCIATES LIMITED	5,154,979	1.49%
6	WINKARA PTY LTD	5,018,475	1.45%
7	CITICORP NOMINEES PTY LTD	4,933,769	1.43%
8	WILLYAMA ASSET MANAGEMENT PTY LTD	4,487,500	1.30%
9	MS PHAIK CHIN LIM	4,233,334	1.23%
10	R E G INVESTMENTS PTY LTD	4,106,250	1.19%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,044,298	1.17%
12	MR JOHN WARDMAN	3,825,000	1.11%
13	COONAN FAMILY SUPERANNUATION FUND PTY LTD	3,400,000	0.98%
14	ACM GROUP PTY LIMITED	3,319,946	0.96%
15	DOVIDO PTY LTD	3,100,000	0.90%
16	HONG KONG NOMINEES LIMITED	3,000,000	0.87%
16	MR KAIDE WANG	3,000,000	0.87%
18	MR IANAKI SEMERDZIEV	2,950,000	0.85%
19	MRS DEBORAH O'SULLIVAN & MR GAVIN O'SULLIVAN	2,881,696	0.83%
20	HONG KONG FAR EAST CAPITAL LIMITED	2,880,000	0.83%
		138,440,162	**40.08%**

Unquoted Options

At 02 September 2021 there were 12,833,333 unquoted options.

Exercise Price	Grant Date	Vesting Date	Expiry Date	Number
$0.06	10 Jan 2018	10 Jan 2018	10 Jan 2023	500,000
$0.15	11 Dec 2020	11 Dec 2020	11 Dec 2023	12,333,333

Each option provides the right for the option holder to be issued one fully paid share by the Company, upon payment of the exercise price of each option.

Over 20% Holders by Name of Unquoted Options and their Option Holdings at 02 September 2021:

Name	Number of Options	% of Total Options
CITICORP NOMINEES PTY LTD	3,957,778	30.84%

Additional ASX Disclosure Requirements

Additional ASX Disclosure Requirements

1. The Company is incorporated in New Zealand.
2. The Company is listed on the Australian Securities Exchange (ASX tickers ARR).
3. There is no current on market buy back.
4. The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act (Australia) dealing with the acquisition of shares (i.e. substantial holdings and takeovers).
5. Limitations on the acquisition of securities imposed by the jurisdiction in which it is incorporated or registered: The New Zealand Takeovers Code creates a general rule under which the acquisition of 20% or more of the voting rights of the Company can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping

acquisition (in certain circumstances) or compulsory acquisition if a shareholder holds 90% or more of the shares of the Company.

6. The Corporate Governance Statement is listed in our website at www.americanrareearths.com.au

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