

New exploration tenure expands Koppamurra project by +40%

Highlights

- 649km² of additional key exploration tenure in South Australia has been granted, expanding the Company's footprint at its flagship Koppamurra project ("Koppamurra") by more than 40%
 - Total granted exploration tenure at Koppamurra is 2,136km².
 - An additional 1,911km² in South Australia remains under application, for a potential combined tenure position in excess of 4,000km²
 - The area recently granted has already shown to be prospective for clay hosted rare earths, through AREL's assessment of historic drillingⁱ
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Australian Rare Earths Limited ([ASX: AR3](#)) ('AREL' or 'the Company') is pleased to announce the grant of exploration licence, EL6613. The grant of this key exploration tenure brings the total granted tenure to 2,136km² across 3 tenements, South Australian EL's 6509 and 6613 and Victorian EL 7254 (together the 'Koppamurra Project').

The Koppamurra Project has demonstrated prospectivity for shallow clay hosted rare earth mineralisation across wide portions of the tenure, which has been established through AR3's assessment of historic drilling at the Project, illustrated in figure 1 below.

To date, the Company has drilled ~5% of its landholding at Koppamurra, which has resulted in a JORC 2021 Inferred Mineral Resource of 39.9Mt @ 725ppm TREOⁱ. Importantly, the granting of exploration licence, EL6613, significantly increases the potential for AREL to continue to grow the Koppamurra Resource in size and scale.

Exploration within the newly granted tenure can commence quickly and cheaply, with road verge drilling conducted along the network of public roads and tracks within the area. Historic drilling previously conducted within the EL6613 area, re-sampled and assayed by AR3, indicates shallow mineralised intervals with grades and thicknesses equivalent to, on average, those contained in the Red Tail and Yellow Tail Inferred Resourcesⁱ.

A recent 79-push tube core hole drill program completed over 4 days on EL 6509, which targeted areas adjacent to and extensional from the existing Red Tail and Yellow Tail Resources illustrates the rapid nature in which these areas can be drilled and sampled for rare earth assay. Assays results for the 79-hole program are expected to be returned in mid to late August 2021.

A further 1,911 km² of contiguous Koppamurra Project area is under application in South Australia. This area is considered by AR3 to also be prospective for clay hosted rare earth mineralisation. The combined tenure position, granted and under application at Koppamurra, is in excess of 4,000km².

AR3's current granted exploration tenure position and the locations of previously identified significant intersections of rare earth mineralisation within it, are illustrated in figure 1 below.



Next Steps

The Company is now planning a significant drilling program for Q4 2021, incorporating a combination of extensional drilling from the known Red Tail and Yellow Tail Inferred Resources and regional prospectivity confirmatory drilling to determine priority areas for future resource definition.

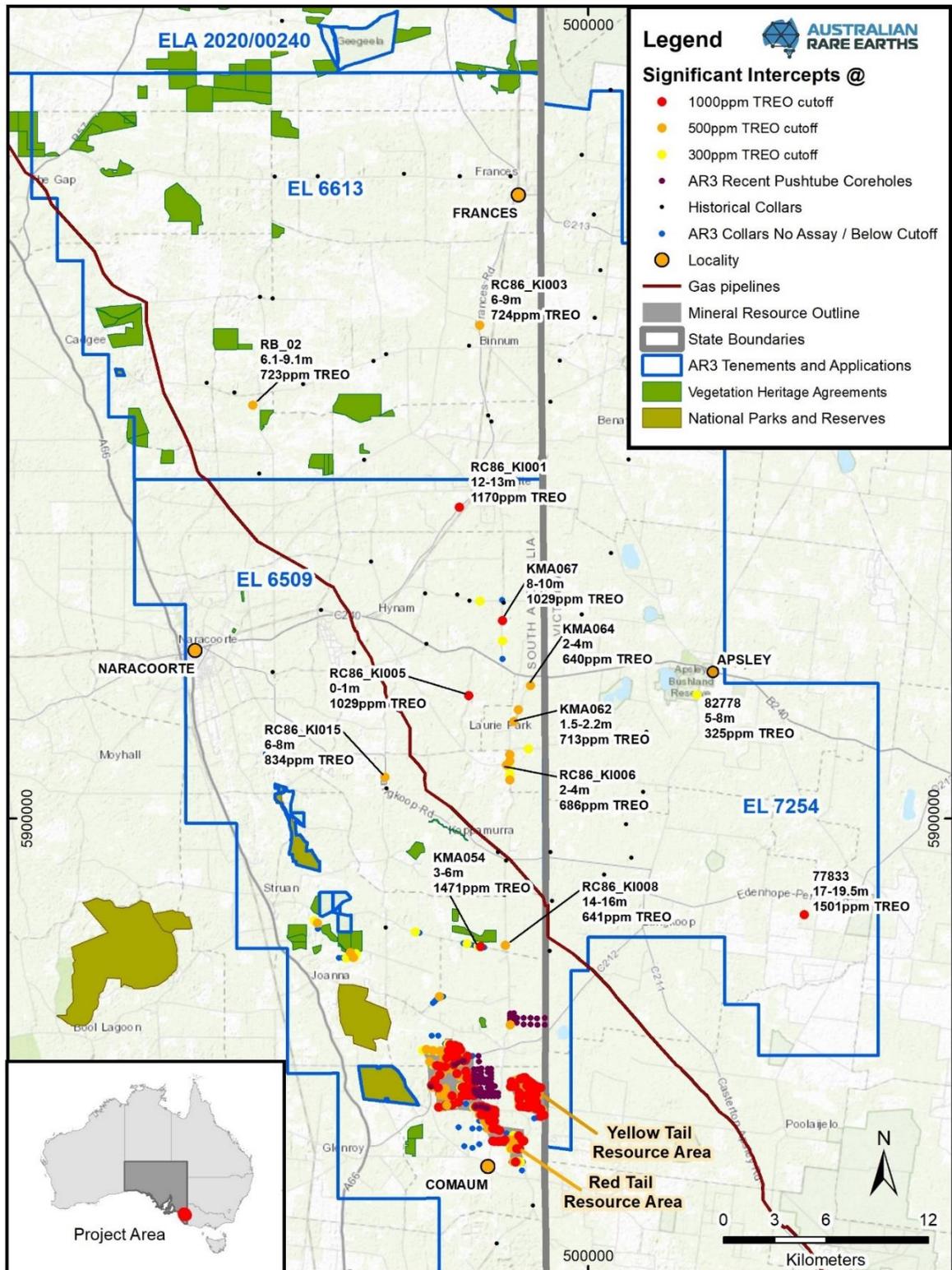


Figure 1: Granted exploration tenure with significant drillhole intercepts, and recent push-tube core locations

The Board of Australian Rare Earths Limited authorised this announcement to be given to ASX.

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Competent Person Statement

The information in this report that relates to Exploration results is based on information compiled by Australian Rare Earths Limited and reviewed by Mr Rickie Pobjoy who is the Executive Director of the Company and a member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Pobjoy has sufficient experience that is relevant to the style of mineralisation, the type of deposit under consideration and to the activities undertaken to qualify 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 Pobjoy consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement (Prospectus dated 7 May 2021) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (Prospectus dated 7 May 2021) continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (Prospectus dated 7 May 2021).

About Australian Rare Earths Limited

Australian Rare Earths (AR3) is committed to the timely exploration and development of its 100% owned, flagship Koppamurra Project, located in South Australia and Victoria. Koppamurra is a prospective ionic clay hosted rare earth element (REE) deposit; uniquely rich in all the REEs required in the manufacture of rare earth permanent magnets which are essential components in energy efficient motors.

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

ⁱ Australian Rare Earths Prospectus dated 7 May 2021