

Appendix 4G and 2021 Corporate Governance Statement

Australian Rare Earths Limited ([ASX: AR3](#)) ('AR3' or the 'Company') includes its Appendix 4G and 2021 Corporate Governance Statement in accordance with Listing Rules, 4.7.3, 4.7.4 and 4.10.3.

Additionally, in accordance with ASX Listing Rule 3.13.1, the Company hereby advises that it is intending to hold its annual general meeting for 2021 (Meeting) on or after 26 November 2021. An item of business at the Meeting will be the election of Directors. In accordance with the Company's Constitution, the closing date for receipt of nominations from persons wishing to be considered for election as a Director at the Meeting is 8 October 2021. Accordingly, any nominations must be received at the Company's registered office no later than 5.00 pm (Adelaide time) on 8 October 2021.

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

For further information please contact:

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Executive (Technical) Director
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E: hello@ar3.com.au

Mr Damien Connor
Company Secretary/Chief Financial Officer
Tel: 1300 646 100
E: hello@ar3.com.au

For Media and Broker queries contact:

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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.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

Australian Rare Earths Limited

ABN/ARBN

73 632 645 302

Financial year ended:

30 June 2021

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website: [https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_\(AREL\)_FINAL.pdf](https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf)

The Corporate Governance Statement is accurate and up to date as at 22 September 2021 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 22 September 2021

Name of authorised officer authorising lodgement: Damien Connor (Company Secretary)

¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> and we have disclosed a copy of our board charter at: https://ar3.com.au/wp-content/uploads/2021/05/2_2-20210329_Board-Charter-Australian-Rare-Earths-Ltd_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed a copy of our diversity policy at: https://ar3.com.au/wp-content/uploads/2021/05/9_10.-20210329_Diversity-Policy-AREL_FINAL-Approved-2Apr21.pdf and we have disclosed the information referred to in paragraph (c) at: https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/2_2-20210329_Board-Charter-Australian-Rare-Earths-Ltd_FINAL-Approved-2Apr21.pdf</p> <p>and</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/12_13-20210329_Process-for-Performance-Evaluations-AREL_FINAL-Approved-2Apr21.pdf</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/2_2-20210329_Board-Charter-Australian-Rare-Earths-Ltd_FINAL-Approved-2Apr21.pdf</p> <p>and</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/12_13-20210329_Process-for-Performance-Evaluations-AREL_FINAL-Approved-2Apr21.pdf</p> <p>and</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input checked="" type="checkbox"/></p> <p>We have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p>.....</p> <p>[insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p> <p>and, where applicable, the information referred to in paragraph (b) at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p> <p>and the length of service of each director at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
2.4	A majority of the board of a listed entity should be independent directors.	<input type="checkbox"/>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<input checked="" type="checkbox"/>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: https://ar3.com.au/wp-content/uploads/2021/05/2_2.-20210329_Board-Charter-Australian-Rare-Earths-Ltd_FINAL-Approved-2Apr21.pdf and https://ar3.com.au/wp-content/uploads/2021/05/4_5.-20210329_Code-of-Conduct-Ethics-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: https://ar3.com.au/wp-content/uploads/2021/05/4_5.-20210329_Code-of-Conduct-Ethics-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: https://ar3.com.au/wp-content/uploads/2021/05/8_9.-20210329_Whistle-Blower-Policy-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: https://ar3.com.au/wp-content/uploads/2021/05/7_8.-20210329_Antibribery-Corruption-Policy-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p> <p>The Company has an Audit & Risk Management Committee, however did not meet item (a) (1) of the recommendation.</p> <p>A Copy of the Audit & Risk Management Committee charter is located at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/3_3-20210329_Audit-Risk-Management-Charter-AREL_FINAL-Approved-2Apr21.pdf</p> <p>and the information referred to in paragraphs (4) and (5) is located at: Page 18 and 19 of the Company's Annual Report for the year ended 30 June 2021 located on the Company's website at https://ar3.com.au/resources-for-investors/</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: https://ar3.com.au/wp-content/uploads/2021/05/6_7.-20210329_Continuos-Disclosure-Communications-Policy-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: https://ar3.com.au/corporate-governance/ and https://ar3.com.au/our-board/	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: https://ar3.com.au/wp-content/uploads/2021/05/6_7.-20210329_Continuos-Disclosure-Communications-Policy-AREL_FINAL-Approved-2Apr21.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	<input type="checkbox"/> <i>[If the entity complies with paragraph (a):]</i> and we have disclosed a copy of the charter of the committee at: <i>[insert location]</i> and the information referred to in paragraphs (4) and (5) at: <i>[insert location]</i> <i>[If the entity complies with paragraph (b):]</i> and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at: <i>[insert location]</i>	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement The Company has an Audit & Risk Management Committee, however did not meet item (a) (1) of the recommendation. A Copy of the Audit & Risk Management Committee charter is located at: https://ar3.com.au/wp-content/uploads/2021/05/3_3-20210329_Audit-Risk-Management-Charter-AREL_FINAL-Approved-2Apr21.pdf and the information referred to in paragraphs (4) and (5) is located at: Page 18 and 19 of the Company's Annual Report for the year ended 30 June 2021 located on the Company's website at https://ar3.com.au/resources-for-investors/
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.	<input checked="" type="checkbox"/> and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at: https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at: https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf and, if we do, how we manage or intend to manage those risks at: https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/20210922_Corporate_Governance_Statement_FY21_(AREL)_FINAL.pdf</p> <p>and at</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/2_20210329_Board-Charter-Australian-Rare-Earths-Ltd_FINAL-Approved-2Apr21.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>Page 21 and 28 of the Company's Annual Report for the year ended 30 June 2021 located on the Company's website at</p> <p>https://ar3.com.au/resources-for-investors/</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at:</p> <p>https://ar3.com.au/wp-content/uploads/2021/05/5_6.-Securities-Trading-Policy-AREL-Adopted-2-April-2021_FINAL.pdf</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

CORPORATE GOVERNANCE STATEMENT

This corporate governance statement sets out Australian Rare Earths Limited (**AREL** or **Company**) current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory. However, this corporate governance statement discloses the extent to which the Company has followed the ASX Principles and Recommendations. This corporate governance statement is current as of 22 September 2021 and has been approved by the board of the Company (**Board**).

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
1.1 listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of the Board and Management; and (b) those matters expressly reserved to the Board and those delegated to Management.	Yes	The Company's Board Charter sets out (amongst other things): (a) the roles and responsibilities of the Board and of management; and (b) the matters expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on the Company website: www.ar3.com.au
1.2. A listed entity should: (a) undertake appropriate checks before appointing a Director or senior executive or putting forward someone forward for election as a Director; and (b) provide security holders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director.	Yes	Prior to the appointment of a person as a Director or senior executive, or putting forward to Shareholders a candidate for election as a Director, the Company undertakes checks which it believes are appropriate to verify a Director's (or senior executive's) character, experience, education, criminal record and bankruptcy history. The Company will ensure that all material information in its possession relevant to a Shareholder's decision whether to elect or re-elect a Director, including the information referred to in Recommendation 1.2, is provided to shareholders in any Notice of Annual or Extraordinary General Meeting.

<p>1.3. A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>Yes</p>	<p>Each Director and senior executive of the Company has an agreement in writing with the Company which sets out the key terms and conditions of their appointment including their duties, rights and responsibilities and (to the extent applicable) the matters referred to in the commentary to Recommendation 1.3.</p>
<p>1.4. The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.</p>	<p>Yes</p>	<p>The responsibilities of the Company Secretary are set out in the Board Charter. The Company Secretary has a direct line of reporting to the Chairperson and is responsible for:</p> <ul style="list-style-type: none"> (a) advising and supporting the Chairperson and the Board and its committees to manage the day-to-day governance framework of the Company; (b) assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers; and (c) assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of Directors.
<p>1.5. A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (b) through its Board or a committee of the Board set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either : (i) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the 	<p>No</p>	<p>The Company seeks to treat everyone with fairness and respect which includes valuing diversity and difference and acting without prejudice. The Company believes that decision making is enhanced through diversity and supports and encourages diversity at all levels of the organisation in accordance with the Company's Diversity Policy.</p> <p>A copy of the Diversity Policy is available on the Company website: www.ar3.com.au.</p> <p>The Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholders value and which reflects the values, principles and spirit of the Diversity Policy. The Directors also believe that diversity is a relevant consideration for constitution of an effective Board.</p> <p>The Diversity Policy provides that the Board may establish measurable objectives for achieving gender diversity that are appropriate for the Company. If established, the Board will assess annually both the objectives and the Company's progress towards achieving them. Due to size and composition of the Company, the Board has not set measurable objectives for achieving gender diversity. The Board does not consider that it is in a position to set out meaningful objectives for achieving gender diversity given the current composition and size of the Company.</p> <p>The Board assesses any measurable objectives for achieving gender diversity and annually reviews any such objectives and the Company's progress towards achieving them. The Board reports at least annually</p>

<p>entity has defined "senior executive" for these purposes) or, (ii) if the Company is a relevant employer" under the Workplace Gender Equality Act 2012 (Cth), the Company's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>		<p>on the relative proportion of women and men appointed or employed within the Company group and reports this in the Company's Corporate Governance Statement each year.</p> <p>At the end of the reporting period, the Company reports as follows:</p> <table border="1" data-bbox="907 354 1966 592"> <thead> <tr> <th>Gender diversity report</th> <th>Total positions</th> <th>Held by women</th> <th>% held by women</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>3</td> <td>-</td> <td>-%</td> </tr> <tr> <td>Senior executives</td> <td>1</td> <td>-</td> <td>-%</td> </tr> <tr> <td>Other employees</td> <td>5</td> <td>2</td> <td>40%</td> </tr> <tr> <td>Total organisation</td> <td>8</td> <td>2</td> <td>25%</td> </tr> </tbody> </table>	Gender diversity report	Total positions	Held by women	% held by women	Board	3	-	-%	Senior executives	1	-	-%	Other employees	5	2	40%	Total organisation	8	2	25%
Gender diversity report	Total positions	Held by women	% held by women																			
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Senior executives	1	-	-%																			
Other employees	5	2	40%																			
Total organisation	8	2	25%																			
<p>1.6. A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</p>	<p>Yes</p>	<p>The Board Charter details the Company's commitment, responsibility and process to evaluate the performance of the Board, individual Directors, the Chairperson and Committees of the Board. The Board Charter is available on the Company website: www.ar3.com.au.</p> <p>The Board is responsible for the evaluation of its performance and the performance of individual Directors. This evaluation shall involve evaluating the performance of each Director against appropriate measures (including if warranted by considering the use of external advisers to conduct this performance review). The Board is also responsible for evaluating the performance of the Non-Executive Directors, including the Chairperson, against the requirements of the Board Charter. The Board must also set out its future goals and objectives, and review and recommend any changes to the Board Charter deemed necessary or desirable. The performance evaluation shall be conducted in such manner as the Board deems appropriate.</p> <p>The review of the Board's performance also addresses the ability for Directors to access continuing education to update and enhance their skills and knowledge as they relate to the Company's strategy and objectives.</p> <p>Since the Company's admission to the Official List of ASX on 29 June 2021, the Company has not undertaken an evaluation of the performance of the Board, individual Directors and Committees of the Board during the reporting period.</p> <p>Now that the Company is listed on ASX, a formal and regular process of Board, individual Director and Committee assessment will be undertaken each year.</p>																				
<p>1.7. A listed entity should:</p>	<p>Yes</p>	<p>The Managing Director (or equivalent) is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations. This is</p>																				

<p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</p>		<p>conducted by informal interviews, and via ongoing contact between the Managing Director, the Chairman and the senior executives. However, the Board also recognises the need for flexibility in defining performance objectives which must reflect the current status of the Company and the development of its projects.</p> <p>The Board did not conduct a performance evaluation of senior executives during the reporting period given the Company was only admitted to the Official List of ASX on 29 June 2021.</p> <p>The Company believes that the small size of the executive team and the current scale of the Company's activities make the establishment of a formal performance evaluation procedure unnecessary at this point in time, however a more formal evaluation process will take place as the company develops.</p> <p>As part of senior executive contracts with the Company, the board set measurable objectives for the senior executive in order to achieve short and long-term incentives (as applicable). The Senior executive's achievement against the measurable objectives is assessed by the Board annually (as appropriate).</p> <p>Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of the Management, Directors and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis, however as mentioned earlier, measurable objectives are set for some senior executives as part of their remuneration arrangement.</p> <p>As the Company develops and the executive team becomes larger, the Company will undertake a regular (at least annually) and formal evaluation of the performance of its senior executives.</p>
2. Structure the Board to be effective and add value		
<p>2.1. The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent Director; and disclose:</p> <p>(3) the charter of the committee;</p>	<p>Yes</p>	<p>The Board does not have a formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.</p> <p>The Board Charter sets out the processes the Company employs as regard appointments to the Board and matters regarding successions. The Board Charter is available on the Company website: www.ar3.com.au.</p>

<p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		
<p>2.2. A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>No</p>	<p>The Board regularly evaluates the mix of skills, experience and diversity at Board level. The Board believes that a highly credentialed Board, with a diversity of background, skills and perspectives, will be effective in supporting and enabling delivery of good governance for the Company and value for the Company's shareholders.</p> <p>The Board comprises three Directors from diverse backgrounds with a range of business experience, skills and attributes. Biographical information on each Director is contained in the Annual Report and is also shown on the company's website: www.ar3.com.au. These details, plus a record of attendance at meetings, are included in the Directors' Report within the Company's Annual Report.</p> <p>Given the Company was only admitted to the Official List of ASX on 29 June 2021, no specific skills matrix has been prepared and disclosed nor considered necessary to be disclosed in such detail at this point in time; however the Company is in the process of assessing the current skills and diversity of the Board and will disclose a detailed skills matrix in next years' Corporate Governance Statement, once the assessment has completed.</p>
<p>2.3. A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p>	<p>Yes</p>	<p>The Board comprises the following Directors:</p> <p>(a) Mr Dudley Kingsnorth (independent Non-Executive Chairman) - appointed on 11 December 2020.</p>

<p>(b) if a Director has an interest, position or relationship that might cause doubts about the independence of a Director but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director.</p>		<p>(b) Mr Bryn Jones (Non-Executive Director) - appointed on 1 April 2019, is not considered an independent Director due to his status as a substantial shareholder.</p> <p>(c) Mr Rickie Pobjoy (Executive Director) - appointed on 28 February 2020, is not considered an independent Director due to his status as an executive director of the Company and substantial shareholder.</p>
<p>2.4. The majority of the Board should be independent Directors.</p>	No	<p>At present the majority of the Board is not comprised of independent Directors (only 1 out of the 3 Directors are independent).</p> <p>As the business develops, changes to and/ or further appointments to the Board may be warranted and the Board will consider the need to appoint independent Directors.</p>
<p>2.5. The chair of the Board should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	Yes	<p>The Chairperson of the Board is an independent Director as described in Recommendation 2.3 and is not the current CEO or previous CEO of the Company.</p>
<p>2.6. A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing Directors to undertake professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.</p>	Yes	<p>Under the Company's Board Charter, all new Directors are given a thorough briefing by the Chairperson and/or Secretary on key Board issues and provided with appropriate background documentation, including the Company's financial, strategic, operational and risk management position, their rights, duties and responsibilities, and the role of the Board and Board committees.</p> <p>The Board will periodically review whether there is a need for existing Directors undertake professional development to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.</p>
<p>3. Instil a culture of acting lawfully, ethically and responsibly</p>		
<p>3.1. A listed entity should articulate and disclose its values.</p>	Yes	<p>The Company's Board Charter and Code of Conduct articulates and discloses its values.</p> <p>The Company's Board Charter and Code of Conduct is available on the Company website: www.ar3.com.au.</p>

<p>3.2. A listed entity should:</p> <p>(a) have and disclose a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) ensure that the Board or a committee of the Board is informed of any material breaches of that code.</p>	<p>Yes</p>	<p>The Company has a Code of Conduct that sets out the standards of behaviour expected of all its employees, Directors, officers, contractors and consultants.</p> <p>The Code of Conduct, including practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, to support and reinforce the Company's stated values, can be found on the Company website: www.ar3.com.au.</p> <p>Any breach of compliance with the Code of Conduct is to be reported to:</p> <p>(a) an officer or senior manager of the Company;</p> <p>(b) the Managing Director (or equivalent);</p> <p>(c) Chair of the Audit and Risk Management Committee; or</p> <p>(d) the Company Secretary</p> <p>Any material breaches of the Code of Conduct will be reported to the Audit & Risk Management Committee.</p>
<p>3.3. A listed entity should:</p> <p>(a) have and disclose a Whistleblower Policy; and</p> <p>(b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.</p>	<p>Yes</p>	<p>The Company's Whistleblower Policy encourages employees to speak up about any unlawful, unethical or irresponsible behaviour.</p> <p>A copy of the Company's Whistleblower Policy can be found on the Company website: www.ar3.com.au.</p> <p>In accordance with the Whistleblower Policy, the Board will be informed of any material incidents reported under the Whistleblower Policy.</p> <p>For the purposes of the Whistleblower Policy, all reports are to be made to the Protected Disclosure Officer, who in respect of the Company, is the Chairman of the Board.</p>
<p>3.4. A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the Board or a committee of the Board is informed of any material breaches of that policy</p>	<p>Yes</p>	<p>The Company has an Anti-bribery and Corruption Policy, a copy of which can be found on the Company website: www.ar3.com.au.</p> <p>In accordance with the Anti-bribery and Corruption Policy, the Board will be informed of any material incidents reported under the Anti-bribery and Corruption Policy.</p> <p>Under the Anti-bribery and Corruption Policy, all Company Personnel must report any actual or suspected improper conduct or other violation of this Policy to the relevant person identified in this Policy, being the Managing Director or the Company Secretary.</p>

4. Safeguard the integrity of corporate reports		
<p>4.1. The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	No	<p>The Company has established an Audit and Risk Management Committee (Committee) which currently comprises three members, of which only two members are Non-Executive Directors. The Committee is chaired by Bryn Jones, who is not an independent Director, due to his status as a substantial shareholder. The Chairperson of the Committee is not the Chairperson of the Board.</p> <p>The Audit and Risk Management Committee comprises:</p> <p>(a) Mr Bryn Jones – Non-Executive Director (Chairperson of the Committee) not independent;</p> <p>(b) Mr Dudley Kingsnorth – independent, Non-Executive Director; and</p> <p>(c) Mr Rickie Pobjoy – Executive Director, not independent.</p> <p>The Audit and Risk Management Committee Charter is available on the Company website: www.ar3.com.au.</p> <p>The Committee’s members (who are also Directors of the company) and their relevant qualifications and experience, the number of times the Committee met throughout the reporting period and the attendance of the Committee’s members at those meetings are set out in the Company’s Annual Report.</p> <p>As the business develops, changes to and/ or further appointments to the Board may be warranted and the Board will consider the need to appoint independent Directors to the Audit and Risk Management Committee.</p>
<p>4.2. The Board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial</p>	Yes	<p>For the Company’s periodic financial reporting, the Chief Executive Officer/Managing Director and Chief Financial Officer provided a declaration to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the</p>

<p>records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>		<p>Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>The Board has received a declaration in the form set out in Recommendation 4.2 from its Chief Executive Officer/Managing Director and Chief Financial Officer concerning the financial statements for the reporting period.</p>
<p>4.3. A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Yes</p>	<p>The Company ensures that any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor undergoes review by the Audit and Risk Management Committee. The Audit and Risk Management Committee is responsible for reviewing, assessing and recommending release to the Board for all financial statements and reports which are required to be publicly released. The review should include a discussion with management and the external auditors of accounting issues and board policies.</p>
<p>5. Make timely and balanced disclosure</p>		
<p>5.1. A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under ASX Listing Rule 3.1.</p>	<p>Yes</p>	<p>The Company has a Continuous Disclosure and Communications Policy that outlines the processes to be followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market. The Continuous Disclosure and Communications Policy is available on the Company website: www.ar3.com.au.</p>
<p>5.2. A listed entity should ensure that its Board receives copies of all material market announcements promptly after they have been made.</p>	<p>Yes</p>	<p>Under the Company's Board Charter, the Board is responsible for overseeing the continuous disclosure process to ensure timely and balanced disclosures and ensuring that the Company has an effective process for communicating with shareholders, other stakeholders and the public.</p> <p>The Company will ensure that the Board promptly receives copies of all material market announcements, promptly after they have been made.</p>
<p>5.3. A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	<p>Yes</p>	<p>The Company will release in advance on the ASX Market Announcements Platform copies of all results, presentations and other substantive investor or analyst presentations ensuring equality of information among investors.</p>

6. Respect the rights of security holders		
6.1. A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its operations is available on the Company website: www.ar3.com.au . Information about the Company's corporate governance (including links to the Company's corporate governance policies and charters) can be accessed from the Company website: www.ar3.com.au .
6.2. A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	The Company has a Continuous Disclosure and Communications Policy that outlines the processes followed by the Company to ensure communication with shareholders and the investment community is effective, consistent and adheres to the principles of continuous disclosure. The Continuous Disclosure and Communications Policy is available on the Company website: www.ar3.com.au .
6.3. A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	The Continuous Disclosure and Communication Policy sets out the policies and processes the Company has in place to facilitate and encourage participation at meetings of Shareholders. The Company permits Shareholders to cast their proxies prior to a meeting of Shareholders if they are unable to attend the meeting.
6.4. A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	The Company will ensure that all substantive resolutions at shareholder meetings will be decided by a poll. The Company's Constitution states that a poll may be demanded, before any vote on a resolution is taken, or before the voting results on a show of hands is declared or immediately after the voting results on a show of hands are declared. The Company's Constitution also provides that the Chairperson has charge of the general conduct of a general meeting of Shareholders, and may require adoption of any procedure which is in the Chairman's opinion necessary or desirable, including the proper and orderly casting or recording of votes at the general meeting of Shareholders. The Company considers that these requirements adequately protect the interests of Shareholders.
6.5. A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company gives Shareholders the option to receive communications from, and send communications to, the Company and its Share Registry electronically, as provided for in the Company's Continuous Disclosure and Communication Policy.

7. Recognise and manage risk		
<p>7.1. The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent Directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	<p>The Company has established an Audit and Risk Management Committee which comprises three members, of which the majority are not considered independent directors - see comments in respect of Recommendation 4.1 above.</p> <p>The Committee's members (who are also Directors of the Company), have not yet met as at the date of adoption of this Corporate Governance Statement. The Company discloses in each Annual Report, the attendance of the Committee members at Committee meetings.</p> <p>As the business develops, changes to and/ or further appointments to the Board may be warranted and the Board will consider the need to appoint independent Directors to the Audit and Risk Management Committee.</p> <p>A copy of the Audit and Risk Management Committee Charter is available on the Company website: www.ar3.com.au.</p>
<p>7.2. The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Company's Risk Management Policy sets the framework for risk management and review of the risk management framework annually.</p> <p>The Company's Risk Management Policy is available on the Company website: www.ar3.com.au.</p> <p>The Board as a whole addresses individual risks as required on an ongoing basis.</p> <p>The Company was only admitted to the Official List of ASX on 29 June 2021, and as such the Board has not completed a structured review of the Company's risk management framework and key corporate risk during the reporting period in accordance with the Audit and Risk Management Committee Charter.</p>

<p>7.3. A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>Yes</p>	<p>The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes.</p> <p>The Company does not have a formal internal audit function due to its size and business needs.</p> <p>Under the Company's Audit and Risk Management Committee Charter, the Audit and Risk Management Committee is charged with the review of the Company's governance, risk management and internal control processes.</p> <p>A copy of the Company's Audit and Risk Management Committee Charter and the Risk Management Policy is available on the Company website: www.ar3.com.au</p>
<p>7.4. A listed entity should disclose whether it has any material exposure to environmental or social risks and if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>The Company undertakes minerals and materials development activities and, as such, faces risks inherent to its business, including economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.</p> <p>One of the Company's core values is safety; it prioritises safety and health to people, the environment and community. The Company views sustainable and responsible business practices as an important long-term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.</p> <p>The Company predominantly operates in Australia, which is a mature and well-regulated mining jurisdiction. As part of the Company's mining development approvals process, the Company must adhere to strict environmental and social regulations.</p> <p>The Company's Risk Management Policy acknowledges that it has an obligation to Shareholders, employees, contractors, and other stakeholders to oversee the establishment and implementation of a risk management strategy, and monitor, review and evaluate the risk management and internal control systems for the Company.</p>
<p>8. Remunerate fairly and responsibly</p>		
<p>8.1. The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p>	<p>Yes</p>	<p>Given the current size of the Board, the Company does not have a remuneration committee. The Board considers that it is able to deal efficiently and effectively with remuneration issues and will initially comprise the remuneration committee. In doing so, the Board will be guided by the Board Charter, which is available on the Company website: www.ar3.com.au.</p>

<p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>The Board as a whole reviews remuneration levels on an individual basis. In doing so, the Board may seek external advice and market comparisons where necessary.</p> <p>The Board will balance a number of factors, including the Company's desire to attract and retain high quality directors and senior executives, incentive structures, and the implications for the Company's reputation and standing if it is seen to pay excessive remuneration.</p>
<p>8.2. A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</p>	<p>Yes</p>	<p>The Company's policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of executive Directors and other senior executives is set out in the Remuneration Report contained the Company's Annual Report.</p>
<p>8.3. A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Yes</p>	<p>The Company has an equity-based remuneration scheme consisting of an Employee Option Plan and a Performance Rights Plan. The Company's Securities Trading Policy provides that participants in the scheme must not enter into any transactions or arrangements which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes. The Securities Trading Policy is available on the Company website: www.ar3.com.au.</p>