

CODE OF CONDUCT

1. INTRODUCTION – COMPANY’S VALUES AND COMMITMENTS

Australian Rare Earths Limited (**AR3** or the **Company**) insists on honesty and integrity in its dealings, including its dealings with stakeholders.

You must act in good faith, and in the Company’s best interest and in accordance with the policies and procedures relating to your role.

2. PURPOSE OF THIS CODE

This Code of Conduct (Code) sets out the standards of behaviour expected of its directors, senior executives and employees. The ethical standards and rules of the Company provides a framework for how the Company will operate its business in a manner that will protect its stakeholders.

The board of Directors of the Company and management believe that the Company’s commitment to this Code will maintain the confidence of the Company’s key stakeholders.

3. APPLICATION OF THIS CODE

This Code applies to all directors of the Board, as well as all officers, employees, contractors, consultants and associates of the Company (collectively, the **Employees**).

It is essential that all Employees are familiar with this Code.

The Company also expects all Employees to abide by all laws, and to conduct themselves in all dealings with or on behalf of the Company with the highest ethical and moral standards.

This Code requires all Employees to report unethical and or illegal conduct.

4. RESPONSIBILITIES

The Board is responsible for formally adopting the contents of the Code of Conduct and its periodic review. The Board has responsibility to disclose the Code of Conduct for its directors, senior managers and employees on the Company’s website.

The Managing Director and managers at all levels of the Company are responsible for ensuring that all employees receive appropriate training on their obligations under this Code.

All Employees are responsible for complying with this Code both in detail and in spirit.

All Employees must:

- (a) act in accordance with the Company’s values and the best interests of the Company. Attached as Appendix A are AR3’s ‘Vision’, ‘Mission’ and ‘Values’;
- (b) act honestly and with high standards of personal integrity including being honest, ethical, fair and trustworthy in all business dealings and relationships;
- (c) comply with all laws and regulations that apply to the Company and its operations, which includes compliance with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage;
- (d) comply with its systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity;
- (e) act ethically and responsibly;

- (f) treat fellow staff members with respect and not engage in bullying, harassment or discrimination;
- (g) ensure a safe workplace and maintain proper occupational health and safety practices which is commensurate with the nature of the Company's business and activities;
- (h) deal with customers and suppliers fairly;
- (i) disclose and manage appropriately any conflicts between their personal interests and their duties as a director, senior executive or employee of the Company;
- (j) protect the Company's business assets;
- (k) not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers;
- (l) not take advantage of their position or the opportunities arising therefrom for personal gain; and
- (m) report breaches of the Code to an appropriate person within the Company.

In addition, all Directors must:

- (a) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company; and
- (b) protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.

It is the responsibility of all of the Company's people, including managers and other leaders, to ensure ethical conduct is recognised and valued throughout the Company.

5. COMPLIANCE WITH LAW

Employees must comply with all laws and regulations relating to the Company. Employees must not take any action, nor allow any omission, that would breach any law or regulation. All actual or potential breaches must be immediately reported to the Managing Director or Company Secretary.

6. AVOIDING CONFLICTS OF INTEREST

Conflicts of interest should be avoided and if they occur, should be disclosed.

A conflict of interest may arise where an Employee has a personal or commercial interest which may influence, or appear to influence, the performance their responsibilities and duties to the Company.

7. CORPORATE OPPORTUNITIES AND OTHER BENEFITS

Employees must not use Company property, information, their position or opportunities which arise as a result of such property, information or their position to improperly gain benefit for themselves or for another party.

8. CONFIDENTIALITY

Employees must take care to ensure the integrity and security of all of the Company's confidential information.

Confidential information is information which relates to the business affairs of the Company and its clients, customers, and suppliers. It may include the Company's business strategies, marketing and sales plans, competitive analysis, financial plans and forecasts, customer or employee information, and supplier information and pricing.

Employees must not access or request confidential information unless it is required for the performance of their duties. If confidential information inadvertently comes into an Employees possession it should be returned immediately.

Employees must not make improper use of, or transfer or disclose confidential information to third parties other than as authorised or legally mandated.

Employees must keep confidential information acquired during their employment or engagement confidential, even after their employment or engagement with the Company ceases.

If Employees are required by any regulatory body to provide information, answer charges or face proceedings in relation to any matter arising from their employment or engagement with the Company, they are required to notify the Managing Director or Company Secretary.

9. PRIVACY

Employees must respect and maintain the privacy of personal information held or entrusted to the Company by its clients, customers, suppliers, employees and others and comply with the law.

All personal information of the Company's suppliers, customers, and employees is to be treated as confidential. Personal information is information or an opinion, whether true or not, and whether recorded in material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from that information or opinion.

10. FAIR DEALING

Employees must treat each other and all suppliers, competitors, clients, customers and other stakeholders fairly and with respect.

The Company is committed to ensuring the health, safety and well-being of its employees, and any visitors to its premises.

11. ZERO TOLERANCE FOR DISCRIMINATION

Discrimination on the basis of gender, race, religion, colour, marital status, sexual orientation, gender status, age, disability, personal associations, political beliefs, domestic responsibilities, pregnancy, membership or non-membership of a trade union is not tolerated by the Company.

The Company is committed to ensuring a diverse work environment in which everyone is treated fairly and with respect and where everyone feels responsible for the reputation and performance of the Company.

12. COMPANY ASSETS AND PROPERTY PROTECTION

Employees must ensure that the Company's assets are used only for authorised and legitimate business purposes. Employees must also ensure the protection and proper use of the Company's assets and must take prudent steps to ensure the security and appropriate use of the Company's assets.

Employees have an obligation to report any instances of suspected or actual theft or improper use of Company property.

13. APPROACH TO DISCLOSURE AND FINANCIAL REPORTING

The Company has a Disclosure and Communication Policy which sets out the internal procedures to ensure timely and full disclosure of material to the ASX.

The Company's website contains ASX and media releases, annual reports, general communications and frequently asked questions.

The Company is committed to open and transparent communication with its shareholders and stakeholders.

All Employees must fully cooperate with, and not make any false or misleading statement to, or conceal any relevant information from, the Company's auditors.

14. INSIDER TRADING

Insider trading is a serious offence under the Corporations Act. Insider trading laws prohibit a person in possession of material non-public information relating to a company from dealing in any way in that company's securities.

Employees are prohibited from engaging in insider trading, and must not encourage another person (such as family members or business associates) from dealing in the Company's securities when they have inside information.

The Company's Trading Policy provides guidelines to assist Employees ensure that Employees do not deliberately or inadvertently breach the insider trading laws.

15. OBSERVE ETHICAL PRINCIPLES

Employees are encouraged to observe the ethical principles of fairness, honesty and truthfulness in performing your duties.

16. OBSERVE ETHICAL PRINCIPLES

Any Employee who knows or suspects on reasonable grounds a breach of this Code either has occurred, is occurring or might occur should report that information to:

- (a) an officer or senior manager of the Company;
- (b) the Managing Director;
- (c) Chair of the Audit and Risk Management Committee; or
- (d) the Company Secretary

Such reports will be treated confidentially to the extent possible consistent with the Company's obligation to deal with the matter openly and according to applicable laws.

No Employee will be subject to retaliation or victimisation for reporting a possible violation of this Code and may be protected under the Company's Whistleblower Policy.

Any material breaches of this Code will be reported to the Audit and Risk Committee.

17. CONSEQUENCES FOR NON-COMPLIANCE WITH THIS CODE

Adherence to this Code and the Company's policies is a condition of employment or engagement at the Company.

Breaches of the Code may be subject to disciplinary action including termination of employment or engagement, if appropriate.

18. PERIODIC REVIEW OF CODE

The Board will periodically review this Policy. External reviews may be undertaken of this Policy at the request of the Board. This Policy may be amended by resolution of the Board.

APPENDIX A

OUR VISION

To provide a sustainable, independent, critical rare earth supply for future economies which delivers value to shareholders, stakeholders and the community.

OUR MISSION

Committed to the growth and protection of shareholder value through the identification, exploration, assessment and development of high-quality projects within proven mining jurisdictions, with the intent to build a sustainable and strategic business.

Strive to pursue excellence by continuing to adopt responsible environmental, social and governance standards, and in providing a safe and supportive workplace for all employees.

OUR VALUES

RESPECT

Maintain a safe, respectful and healthy working environment for all team members, acknowledging that people are our greatest strength.

ENTREPRENEURSHIP

Remain nimble and encourage creativity to deliver value for our Shareholders, while making ethical business decisions.

INNOVATION

Develop value through the adoption of new approaches and technologies.

COLLABORATION

Work with upstream and downstream organisations to maximise return for our shareholders.

ENERGY

Bring energy to everything that we do including our commitments to sustainability, our relationships, and the environment by striving to continually improve our practices.

APPENDIX B CODE OF CONDUCT ACKNOWLEDGEMENT

Upon reading Code of Conduct, please sign and return this page to the Company Secretary.

I acknowledge that I have read and understood the Code of Conduct and agree to comply with its provisions.

Signature: _____

Name: _____

Date: _____