ASX: AR3 29 October 2025

Quarterly Activities Report

For the three months ended 30 September 2025

Highlights

Continued progress in advancing the Koppamurra Rare Earths Project

- Positive technical milestones achieved during the quarter:
  - **Produced ~34kg of Mixed Rare Earth Oxide** (MREO) from ~1,800L of leach solution (PLS), a key intermediate step towards producing a marketable Mixed Rare Earth Carbonate (MREC).
  - **Achieved 99% recovery of magnet rare earths** via a low-cost, direct precipitation process using magnesium oxide from PLS to MREO. This reinforces the potential scalability and efficiency of AR3's proposed process.
  - **Demonstrated ~98% reduction in solution volume,** providing greater flexibility in downstream processing options.
  - **Commenced optimisation** of impurity removal and MREC precipitation to inform Pre-Feasibility Study (PFS).
- Metallurgical testwork and Pre-Feasibility Study (PFS) **progressing to de-risk production pathway** and validate flowsheet efficiency.
- Grant instalment of $1 million for the Australian Government International Partnerships in Critical Minerals received **reinforcing confidence in AR3's execution of the grant work program.**

Drilling resumed and systematic testing underway at Overland Uranium Project

- **Expanded prospect area** with agreement signed to acquire a further 972km^2, adjacent to existing site.
- **Drilling resumed** in July 2025 including:
  - Fast-tracking testing of historic (1981) gamma anomalies over ~7km strike.
  - Targeting ISR-amenable uranium targets on EL7001 following identification of roll-front signature.
  - Systematic testing underway across high-priority targets within AR3's expanded ~7,700km^2 tenure.

Corporate

- **Cash position remains strong:** $4.1 million cash as at 30 September 2025:
  - Funds received post quarter end include:
    - $614k received from the exercise of 6,137,368 options as at 27 October 2025
    - $617k R&D tax refund for the 2025 financial year.
  - A further $3.25 million is scheduled to be received during 2026 under AR3's $5 million Australian Government International Partnerships in Critical Minerals program, subject to AR3 achieving agreed milestones.

    - ~20 million AR3 unlisted options with a 10-cent exercise price and expiring 30 March 2029 available for shareholders to exercise as at 27th October 2025.
- **Local and global participation by AR3 in rare earth sector events**, including
    - Establishing the Koppamurra Community Consultative Committee.
    - Rare Earth Mines, Magnets and Motors Summit in Toronto, Canada.
    - The opening of AR3's technical partner's , Neo Performance Materials Inc. (Neo), new rare earth processing facility in Estonia.
    - AR3 was invited to join the Austrade US Critical Minerals Delegation in Washington DC, engaging with senior administration officials to advance Australia's participation in securing critical minerals supply chains.
    - AR3 hosted an Investor Webinar to share a debrief on the above events and insights.

Engage with this announcement at the AR3 Investor Hub.

Travis Beinke, Managing Director and CEO, commented:

"The past quarter was another solid period for AR3 with significant progress across both our Koppamurra and Overland projects.

"At Koppamurra, we advanced processing testwork with ANSTO, achieving 99% recovery of magnet rare earths in a Mixed Rare Earth Oxide intermediate product, reinforcing the potential scalability and efficiency of our process.

"Concurrently, we expanded our Overland Project by 972 km² and commenced systematic drilling to continue the assessment of the project's uranium potential.

"Internationally, AR3 was actively engaged in strategic discussions on critical minerals, including participation in the Rare Earth Mines, Magnets and Motors Summit in Toronto and the opening of Neo's new facility in Estonia. These activities reflect our commitment to building a secure, sustainable supply chain for rare earths and advancing exploration across our portfolio. And locally, we established our Koppamurra Community Consultative Committee, a key avenue for productive and informative conversations with our local community."

Australian Rare Earths Limited (ASX: AR3) is pleased to provide an update on progress made during the quarter ended 30 September 2025. The Company has made strides across both the Koppamurra and the Overland projects and had significant engagement opportunities both locally and globally.

Operational Review

Koppamurra Rare Earths Project

Following the successful approximately three-tonne bulk heap leach campaign, which achieved a 63% recovery of magnet rare earths (MREs) in a pregnant leach solution (PLS) (ASX Release: 26 June 2025), AR3 advanced its processing efforts by treating 1,800 litres of the PLS. This resulted in the production of approximately 34kg of a Mixed Rare Earth Oxide (MREO) intermediate product, reinforcing the project's potential for scalable and cost-effective rare earth production.

Testwork conducted at the Australian Nuclear Science and Technology Organisation (ANSTO) demonstrated a 99% recovery of MREs through precipitation using a batch continuous operation and a cost-effective reagent, magnesium oxide (MgO). The process yielded a well-settled slurry, producing clear barren liquor and a filter cake with ~68% moisture content. These results highlight significant mass reduction and rapid liquor recovery, supporting efficient water recycling within the process flowsheet.

Key outcomes from the intermediate MREO precipitation include:

- 100% capture of terbium (Tb) and dysprosium (Dy)
- 99% capture of neodymium (Nd) and praseodymium (Pr)
- Partial rejection of impurities such as magnesium (Mg) and iron (Fe)

This intermediate processing step has proven effective in concentrating rare earths while reducing solution volumes by approximately 98%. This substantial volume reduction enables greater flexibility in downstream processing, including Impurity Removal (IR) and Mixed Rare Earth Carbonate (MREC) precipitation, while also minimising equipment size and operational complexity.

AR3 is now progressing with re-dissolution and impurity removal testwork to refine the MREO into a high-quality MREC. This product is being developed to meet specifications outlined by AR3's technical partner, Neo Performance Materials Inc. (Neo), which has a non-binding Memorandum of Understanding (MoU) for 50% of the offtake from Phase 1 of the Koppamurra project.

Next steps

- Impurity Removal: Optimisation of MREO re-dissolution and impurity removal (e.g., aluminium, iron, silica).
- MREC Precipitation: Further testwork to evaluate precipitation conditions (pH, temperature, residence time) for a marketable MREC product.

***Figure 1**: Sample of MREO Filter Cake from PLS precipitation*

***Figure 2:** ~30kg of MREO Filter Cake from PLS precipitation*

Community engagement on Koppamurra Project

AR3 continues to play an active role in the Limestone Coast community, driven by a vision to establish a new industry in an environmentally sensitive way that creates local jobs and attracts investment. This initiative looks to not only benefit South Australia and the local community but also contributes to securing Australia's supply of critical minerals essential for the clean energy transition and a variety of applications in modern industry.

Five years ago, AR3 started a conversation with the local community. During the quarter the Company advanced the maturity of its community conversations to the next level with the establishment of the Koppamurra Community Consultative Committee which will continue this conversation in a formalised way. Information and updates will continue to be shared with the community and questions addressed as we progress our environmental, social, economic and feasibility studies.

Overland Uranium Project

During the September quarter, AR3 recommenced drilling at its Overland Uranium project in South Australia, targeting surficial calcrete and roll-front uranium prospects. The program builds on earlier results indicating ISR-amenable mineralisation and includes follow-up of historic gamma anomalies identified in 1981. With the recent acquisition of EL6895, AR3's total tenure now spans ~7,700 km^2 following the expansion of the prospect by a further 972 km^2.

The drilling program planned to run from July to October 2025 will provide systematic testing across high-priority targets following up surficial calcrete and roll-front targets.

Figure 3: *Air Core drilling at EL 6895.*

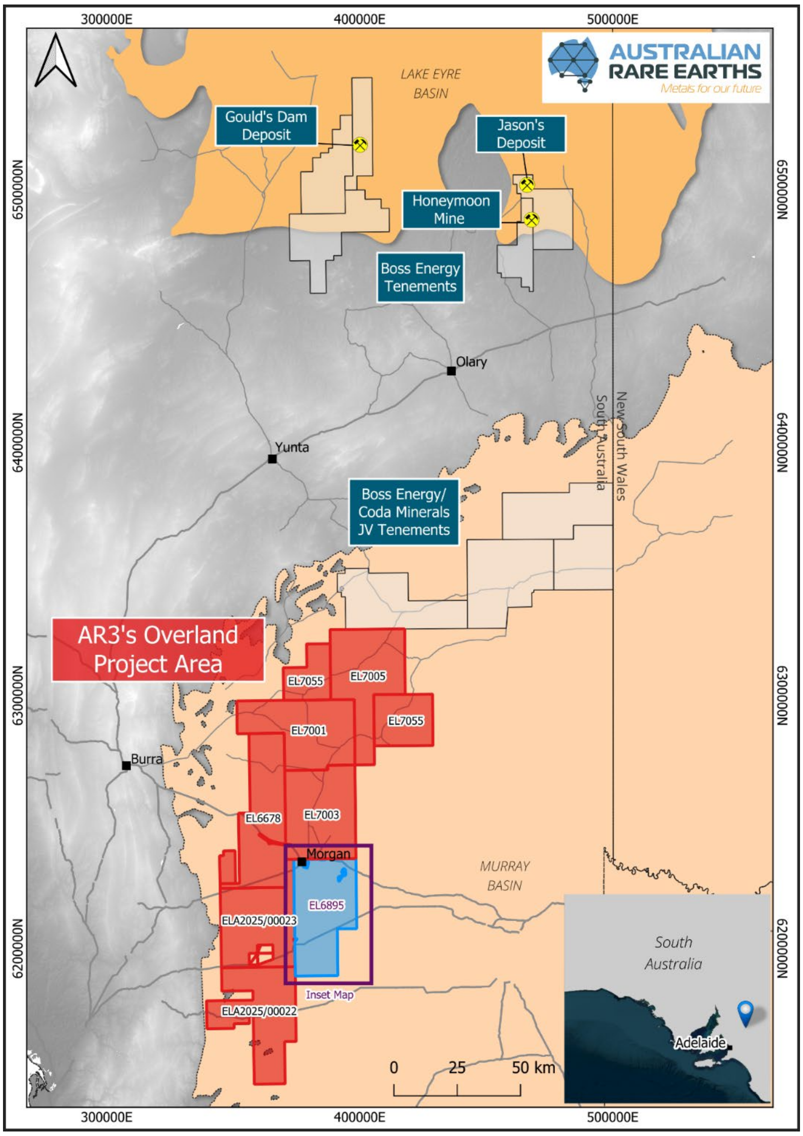

Figure 4: *Overland Project area and new EL6895.*

Northern Queensland Rare Earths Projects

No significant exploration activities were conducted over the Company's Queensland projects during the reporting period.

Financial Update

AR3 completed the quarter with $4.1 million in cash as at 30 September 2025 including the $1 million Australian Government International Partnerships in Critical Minerals (IPCM) grant instalment received. This takes the total IPCM grant receipts now received to $1.75 million. A further $3.25 million is scheduled for 2026 under AR3's $5 million IPCM grant.

Additionally, post quarter end, the Company received $1.23 million from a R&D tax refund ($617k) and the exercise of unlisted options ($614k).

Corporate Update

During the September quarter, the Company participated in several key international industry events, reinforcing its position as an emerging supplier of rare earths and hosted an investor webinar to share a debrief on the events and insights (https://ar3.com.au/webinars/2P25Gr-ar3-investor-webinar).

CEO and Managing Director, Travis Beinke and Chairman, Angus Barker both attended the Rare Earth Mines, Magnets and Motors 2025 Executive Summit in Toronto, Canada (22–24 September). The summit focused on supply chain resilience, market dynamics, and technological applications in robotics, electric vehicles, and advanced air mobility.

Travis also attended the official opening of Neo Performance Materials' new rare earth processing facility in Estonia, a significant development in European downstream capacity.

Chairman Angus Barker represented AR3 on Austrade's US Critical Minerals Delegation to Washington DC and New York, focused on critical minerals policy and international collaboration.

These engagements support AR3's strategic objective to supply responsibly sourced, high-quality rare earth feedstocks to global markets. The Company continues to advance the Koppamurra Rare Earths Project, with a focus on scalable production and downstream integration.

***Photos - Top Left:** CEO, Travis Beinke speaking at the Adamas Conference; Toronto, Canada**. Top Right:** NEO Performance Materials Magnet Plant Opening; Narva, Estonia. **Bottom:** Chairman Angus Barker part of the Austrade US Critical Minerals Delegation; Washington DC, USA.*

Additionally, AR3 received confirmation from the South Australian Department for Energy and Mining that its authorised investigation into drill hole decommissioning compliance is now closed, with all requirements satisfactorily met.

Listing Rule 5.23 Disclosure

The Company confirms that it is not aware of any new information or data that materially affects the Exploration Results and/or the estimates of Mineral Resources in this release, and in respect of the estimates of Mineral Resources reported, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

List of Tenements

Tenement	Location	Commodity	Project	Jurisdiction
EL6509	Naracoorte	Rare Earths	Koppamurra	SA
EL6613	Frances	Rare Earths	Koppamurra	SA
EL6690	Keith	Rare Earths	Koppamurra	SA
EL6691	Bordertown	Rare Earths	Koppamurra	SA
EL6942	Wattle Range	Rare Earths	Koppamurra	SA
EL6943	Tarpeena	Rare Earths	Koppamurra	SA
EL007254	Apsley	Rare Earths	Koppamurra	Victoria
EL007719	Minimay	Rare Earths	Koppamurra	Victoria
EL008208	Lake Mundi	Rare Earths	Koppamurra	Victoria
EL008254	Dartmoor	Rare Earths	Koppamurra	Victoria
EL008435	Charam	Rare Earths/HMS	Koppamurra	Victoria
EMP27952	Massie Creek	Rare Earths	Massie Creek	QLD
EMP28169	Stones Creek	Rare Earths	Dalrymple	QLD
EMP28168	Mt Wickham	Rare Earths	Dalrymple	QLD
EMP28165	Riverside	Rare Earths	Dalrymple	QLD
EPM28167	Burdekin	Rare Earths	Dalrymple	QLD
EPM28166	Dalbeg	Rare Earths	Dalrymple	QLD
EMP28872	Forty Mile Scrub	Rare Earths	Kennedy	QLD
EPM28901	Sandy Tate	Rare Earths	Kennedy	QLD
EPM28902	Oaky Valley	Rare Earths	Kennedy	QLD
EL7005	Sturt Vale	Uranium	Overland	SA
EL7001	Warnes	Uranium	Overland	SA
EL7003	Bunyung	Uranium	Overland	SA
EL7055	Sturt Vale	Uranium	Overland	SA
EL6678*	Warnes Area	Uranium	Overland	SA
EL6895^	Stockyard Plain	Uranium	Overland	SA
EL7010	Wirrealpa	Uranium	Triggs Bore	SA
EL7011	Moolawatana	Uranium	Hamilton Creek	SA

1 – All tenements are 100% held by AR3 unless noted. *EL is in the process of being transferred to AR3 with AR3 holding the sedimentary hosted mineralisation right. ^ Refer to ASX announcement 10 July 2025 regarding the acquisition of EL6895 with the transfer to AR3 subject to Ministerial consent pursuant to section 15AB of the Mining Act.

Capital Structure as at 30 September 2025

Shares on issue: 212,982,244 fully paid ordinary shares.

Options on issue: 36,212,408 unlisted options, comprising:

- 1,750,000 exercisable at $0.50 and expiring on 2 December 2025
- 500,000 exercisable at $0.47 and expiring on 28 February 2026
- 1,500,000 exercisable at $0.37 and expiring on 26 November 2026
- 1,500,000 exercisable at $0.50 and expiring on 26 November 2026
- 1,550,000 exercisable at $0.50 and expiring on 2 December 2026
- 1,500,000 exercisable at $0.4739 and expiring on 20 December 2026
- 1,808,333 exercisable at $0.435 and expiring on 26 November 2027
- 26,104,075 exercisable at $0.10 and expiring on 30 March 2029 (unless accelerated)

Appendix 5B Disclosures

AR3's accompanying Appendix 5B (quarterly Cashflow Report) includes an amount in item 6.1 which constitutes executive remuneration and non-executive director fees for the quarter.

During the period, the Company spent approx. $1,702,352 on exploration activities, including direct costs associated with the Koppamurra exploration and development programs, which included, drilling, geochemical assays, metallurgical test work. This figure also includes allocation of wages directly attributed to specific exploration and development activities.

The announcement has been authorised for release by the Board of Australian Rare Earths Limited.

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We encourage shareholders and followers to ask any questions at the AR3 investor hub

About Australian Rare Earths Limited

Australian Rare Earths (AR3) is an emerging diversified critical minerals company, strategically positioned to meet the growing global demand for uranium and rare earth elements:

- *AR3's Koppamurra Rare Earths Project in South Australia and Victoria is a significant deposit of light and heavy rare earths, which has secured important Australian government support through a $5 million grant to accelerate development. With support from global advanced industrial materials manufacturer, Neo Performance Materials, AR3 is progressing toward a Pre-Feasibility Study and a demonstration facility, solidifying its role in diversifying global rare earth supply chains for the clean energy transition.*
- *AR3's large ~7,700 km² Overland Uranium Project in South Australia shows strong uranium discovery potential, with initial drilling identifying opportunities for substantial near-surface and deeper deposits.*

With strategic projects and strong government support, AR3 is poised for significant growth in the critical minerals market.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity
Australian Rare Earths Limited

ABN	Quarter ended ("current quarter")
73 632 645 302	30 September 2025

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	6	6
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs - *net of allocations to capitalised exploration assets*	(290)	(290)
	(e) administration and corporate costs	(175)	(175)
1.3	Dividends received (see note 3)		
1.4	Interest received	42	42
1.5	Interest and other costs of finance paid	-	
1.6	Income taxes paid	-	
1.7	Government grants and tax incentives – R&D Tax incentive	-	
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(417)**	**(417)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	
	(b) tenements	-	
	(c) property, plant and equipment		
	(d) exploration & evaluation	(1,702)	(1,702)
	(e) investments	-	-
	(f) other non-current	-	-

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	1,050	1,050
2.6	**Net cash from / (used in) investing activities**	**(652)**	**(652)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	100	100
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(39)	(39)
3.10	**Net cash from / (used in) financing activities**	**61**	**61**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,101	5,101
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(417)	(417)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(652)	(652)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	61	61

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,093**	**4,093**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,889	4,907
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	194	194
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,093**	**5,101**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 * *The payments disclosed here relate to fees and salaries paid to all Directors (including Managing Director) during the quarter.*	117
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-
7.5	**Unused financing facilities available at quarter end**		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(417)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,702)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,199)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,093
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,093
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	1.86 quarters

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes, it is anticipated similar levels of expenditure will continue.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company received R&D rebates totalling $617k in October and ongoing Options conversions with $614k received as at 27/10/25.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ......29 OCTOBER 2025...

Authorised by: ....By the Board...
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.