American Rare Earths' Letter to Shareholders

written by Raj Shah | August 31, 2026

August 31, 2026 (Source) – **Over the past seven months, American Rare Earths Limited ("ARR" or the "Company") has continued to advance Halleck Creek from a resource-stage opportunity into an execution-focused development project. Through advances in metallurgy, downstream partnerships, engineering, pilot plant program and team capability, we have continued to systematically de-risk the project while positioning the Company for the next phase of growth.**

RECENT ACHIEVEMENTS

- **Confirmed a working flowsheet for Halleck Creek allanite ore, producing mixed rare earth oxalate and oxide (December 2025).**
- **Signed a Memorandum of Understanding (MoU) (August 2026) with Novex, LLC ("Novex") to convert Halleck Creek neodymium-praseodymium (NdPr) oxide into magnet-precursor metal, targeting a definitive long-term agreement within 12 months and positioning ARR in the U.S. midstream. Novex is a U.S. advanced materials company specializing in critical element and rare earth metallurgy, with particular expertise in the metallization of purified rare earth oxides into high purity metals and alloys with a multi-year track record of advancing these technologies through projects funded by the U.S. Department of Energy (DOE) and the U.S. Department of War.**
- **Commenced 2026 Feasibility Study (FS) drilling at the Cowboy State Mine (May 2026), comprising a 19-hole ~3,050m diamond drilling program at Red Mountain as a deliberate**

move to compress time to completion of a FS.

- **Awarded Stantec, a NYSE/TSX-listed global engineering leader in mining, to lead the Whole of Property Assessment across the 8,108-acre district, with the first phase now complete.**
- **Defined the Wyoming-led pilot plant supply chain by executing agreements with Western Research Institute (WRI), DISA Technologies, and Saskatchewan Research Council (SRC), and commenced crushing Wyoming ore, with Jaye T. Pickarts, P.E. leading execution.**
- **Strengthened the team: Nick Lissolo elevated to Chief Commercial Officer (CCO), Andrew Conover joined as Chief Development Officer (CDO), Taylor Cable joined as Director, Projects and Engineering, Brook Brockman leading Wyoming public and government affairs, and Matthew D. Gili added as Non-Executive Director.**

NEAR-TERM OPPORTUNITIES

- **Finalizing an optimized Pre-Feasibility Study (PFS) across a range of expanded throughput scenarios, technically de-risked to deliver a stronger commercial outcome to attract potential financiers.**

- **Pilot plant mining completed and crushing underway with gravity and magnetic separation scheduled for later in 2026 and rare earth oxide targeted in late Q2 2027.**
- **Shorter-cycle test work in late 2026 to produce oxide that feeds directly into the Novex metallization step.**
- **NASDAQ listing pathway advancing (BDO PCAOB audits, S-K 1300 resource conversion, listing structure analysis with our financial advisor).**
- **Actively applying for material amounts in potential grant**

funding offered by the State of Wyoming to accelerate rare earth processing and separation in-state, with the outcome of these applications expected in 2026.

- **Yttrium recovery work with a U.S. Government research partner, which presents material upside optionality on top of the NdPr and heavy rare earth basket – principally dysprosium (Dy) and terbium (Tb) – which are critical elements in high-performance permanent magnets.**

Dear Shareholders,

It has been roughly seven months since I last wrote to you, and we have progressed substantially since then. When I stepped into the CEO role in January, I set out three simple priorities: advance Halleck Creek with real urgency, build a team that can deliver in Wyoming, and align the Company with the U.S. capital markets and policy environment that our assets sit inside. Everything in this letter is an update against those priorities.

1. ADVANCING THE COWBOY STATE MINE

The Cowboy State Mine remains the anchor of our development plan and, in Phase 1, of the Halleck Creek narrative overall. Three practical workstreams have moved forward since January.

Firstly, permit-to-mine baseline data collection has continued through the spring and summer across hydrology, wildlife, cultural, air, and soils – unglamorous work, but it is the foundation of a credible mine permit application. Having Brook Brockman, Director of Public and Government Affairs, on the ground in Wheatland leading our public and government affairs supports our engagement with local stakeholders and relevant regulatory processes in Wyoming.

Second, we have also advanced site water and power discussions with local utilities, state agencies, and regional

infrastructure providers, covering both the mine and, in time, potential hydrometallurgical processing in Wyoming.

Most importantly, the December 2025 processing flowsheet confirmed that Halleck Creek allanite ore can be successfully treated through to a mixed rare earth oxalate and a mixed rare earth oxide using conventional, non-proprietary unit operations. Allanite is a reason many people historically looked past deposits like ours; so that is exactly the kind of technical de-risking that further enhances the Company's likelihood of developing a successful rare earth mining operation.

2. **STUDIES: PFS, NASDAQ-READY TECHNICAL REPORT AND FEASIBILITY**

The PFS has advanced substantially and is now in the review and optimization phase. The PFS is framed around a throughput scenario that is larger than the original 2025 scoping study, with capital costs, operating costs, recoveries, and the mine plan all updated as the project has been progressively de-risked through drilling, metallurgy, permitting baseline work and infrastructure engagement.

The NASDAQ pathway also requires an SEC-compliant technical report prepared to Regulation S-K 1300 standards. That workstream now runs in parallel with compiling a JORC (2012) compliant PFS with the aim to have one integrated technical story, the same orebody, flowsheet and economics, presented in a format that meets both Australian and U.S. reporting requirements. We are reviewing the implications of the additional technical work on the PFS and the materially more important Feasibility Study, which is the study that is necessary to advance project financing.

Our 2026 FS drilling program at the Cowboy State Mine is well advanced. We commenced drilling in May with a roughly 3,050-meter drilling program at Red Mountain. Starting FS drilling

before the PFS is even finalized is a deliberate choice: it reflects our confidence in the deposit and in the study, and it compresses the time to a completed FS, which will ultimately assist the Company in securing project financing.

3. **VERTICAL INTEGRATION: BUILDING A U.S. MINE-TO-MAGNET CHAIN**

Mine-to-magnet is not just a slogan for us. Magnet makers need metal and alloy, and today most of the world's rare earth metal and alloy is made in China. Recent export controls on samarium (Sm), gadolinium (Gd), Tb, Dy, and Y have made that dependency increasingly challenging for U.S. defense and industrial customers and from January 1, 2027 U.S. defense contractors will be barred from delivering magnets containing rare earths that were mined, refined, or separated in China. These developments are relevant to the Company's strategy and support continued assessment of U.S. based rare earth supply chain opportunities.

An initial internal study completed earlier this year on the viability of our own midstream processing reviewed the realistic metallization options, and molten salt electrolysis emerged as the cleanest primary development candidate, subject to validation.

That work led directly to the Novex MoU. Subject to the Company and Novex agreeing applicable terms, Novex is expected to receive NdPr oxide from the Company's pilot plant and convert it into metal, the immediate precursor to a permanent magnet, and we intend to jointly design a U.S. rare earth metal production facility to be built by the Company (subject to further studies, approvals, funding and binding arrangements). The scope also covers process optimization for NdPr, Tb, Dy, Sm, and Y, and heavy rare earth sample supply. We are aiming to convert this framework into a definitive long-term agreement within twelve months. We now have a very clear pathway for the conversion of

our separated rare earth oxide material to metal.

Downstream of metallization, discussions with potential magnet-making partners are ongoing. That is one of my personal focus areas, and you will see us continue assessing opportunities to build out that end of the chain in a measured, non-dilutive way, through partnership structures rather than trying to internalize every step of the process.

4. **PILOT PLANT: FROM ORE IN THE GROUND TO OXIDE**

The pilot plant is where the project becomes tangible. We are fortunate to have Jaye T. Pickarts, P.E., a metallurgical engineer with more than four decades of experience, including senior roles at Knight Piésold and hands-on leadership of rare earth demonstration facilities, leading the Pilot Plant Project. His ability to bridge flowsheet design and real-world plant execution is exactly what a program of this complexity needs.

Several thousand tonnes of ore have already been mined at the Cowboy State Mine, with a smaller quantity moved to Laramie, and crushing has now begun. The next stage, mineral separation and concentration using DISA’s High-Pressure Slurry Ablation, the GradePro reflux classifier, and induced roll magnetic separators is anticipated to be completed in 2026.

The rare earth rich concentrate then travels to SRC for leaching, impurity removal, and oxide refining, with separated rare earth oxide targeted in late Q2 2027. Shorter-cycle test work in late 2026 is aimed continuing to work on rare earth recoveries and may lead to a shorter path to provide oxide feed to the Novex process.

5. **RESEARCH: YTTRIUM**

We are examining the opportunity to recover yttrium from Halleck

Creek ore. Yttrium is present within the Halleck Creek mineral system and forms part of ongoing work to better understand the broader rare earth element suite and potential product streams that may be supported by the deposit. While this work remains at an early stage, it highlights the potential optionality associated with a district-scale allanite-hosted resource and the opportunity to further optimize the project's development pathway. The collaboration with a U.S. government agency also reinforces the strategic importance of Halleck Creek and supports our objective of advancing a secure domestic rare earth supply chain.

This work has the potential to further enhance our understanding of the value contained within the Halleck Creek resource and highlights the broader opportunities that may be available as the project advances particularly in light of recent industry commentary regarding the strategic importance and evolving market dynamics of yttrium.

6. WHOLE OF PROPERTY ASSESSMENT

The Cowboy State Mine is a small portion of the overall Halleck Creek resource, which sits at approximately 2.63 billion tonnes containing around 8.65 million tonnes of total rare earth oxides (TREO) across the 8,108-acre land package[1].

To capture that scale in our planning, we commissioned Stantec to undertake a Whole of Property Assessment covering Red Mountain, Overton Mountain, Bluegrass, and the balance of the district. With the first phase complete, our team is now optimizing design scenarios at various throughputs and reviewing different valuation methods to understand the long-run value of the Halleck Creek district, not just the Cowboy State mine plan.

7. GOVERNMENT GRANTS AND FUNDING

Wyoming has been an active and constructive partner throughout this journey. We have applied for grant funding in Wyoming under State programs designed specifically to accelerate rare earth processing and separation in-state. Wyoming is a genuinely mature resource jurisdiction that understands what a mining project needs and it is putting real financial resources behind a sector it recognizes as strategically important to its own economy. We expect to advance these funding discussions materially over the coming months.

THE VALUATION GAP WE ARE WORKING TO CLOSE

I look at ARR's valuation today and continue to work to understand comparable companies. On a contained-rare-earth-in-resource basis, the market is valuing Halleck Creek at approximately US$0.03 per kilogram of contained $TREO^{2}$ — materially below where our peers trade, and disconnected from the strategic characteristics of the asset, the scale, the jurisdiction, the metallurgy we have now demonstrated, and the government and commercial partnerships we are building.

The work described above is, in aggregate, the answer to that gap. Each of these workstreams delivers a specific piece of evidence that this is a real project, on a real timeline, with real customers, and together they should materially close the gap over the next 12 to 18 months. The Pilot Plant I believe is a significant piece of this puzzle. Upon the successful completion of the pilot plant, scheduled for the end of Q2, 2027, we will have done the work to demonstrate our ability to produce NdPr through to oxide, followed by conversion to metal.

PEOPLE AND BOARD

You cannot execute a program like this without the right team. Over the past several months we have continued to build both

management and the board.

Nick Lissolo was elevated this week to Chief Commercial Officer, bringing seventeen years of mining finance and corporate development experience to a role that now spans our NASDAQ listing pathway, U.S. investor relations, commercial partnerships along the mine-to-magnet chain, Wyoming stakeholder engagement, and the Whole of Property Assessment. Andrew Conover joined us in July as Chief Development Officer, focused specifically on driving the PFS, the Final Feasibility Study, and the transition into construction. Brook Brockman, based in Wheatland, leads public and government affairs for Wyoming Rare (USA). Taylor Cable joined as Director, Projects and Engineering, to strengthen the technical delivery bench. At the board level, we have been reconstituting for U.S. governance standards; the addition of Matthew D. Gili, currently President and CEO of Ur-Energy and a very experienced Wyoming mine builder, as a Non-Executive Director on the Technical Committee is a significant vote of confidence in the project by someone who has actually built and operated mines in the state.

NASDAQ PATHWAY

In parallel with the ongoing operational workstreams, we continue to advance the work required to support a potential U.S. listing. PCAOB audits with BDO are progressing, and the conversion of our resource and technical disclosures to SEC S-K 1300 standards is underway. We are also continuing to work with our financial advisors to evaluate the range of available listing pathways, including a compliance listing, a U.S. IPO and other potential structures. No decision has been made on the preferred route, and all viable options remain under consideration.

The strategic rationale is straightforward. As ARR evolves into

a U.S.-focused rare earths company, it is appropriate that we assess whether our primary market listing should evolve as well. With our assets, customers and operational focus increasingly located in the United States, a U.S. listing has the potential to broaden our investor base, improve access to capital and better align the Company with the geography of our operations, customers and future growth opportunities.

MARKET CONTEXT: WHY THIS WINDOW MATTERS

The rare earths market is going through a genuine structural shift. Goldman Sachs recently framed rare earths as the “top urgency story” in the critical minerals space, driven by extreme supply concentration, tightening Chinese export controls, and the importance of these materials to defense, EVs, wind, industrial automation, and, increasingly, AI data center infrastructure. Its analysis of mine-to-magnet mergers and acquisitions (M&A) activity highlights the same integration logic we are pursuing: capture downstream value, bypass midstream bottlenecks, and offer investors a fully integrated and resilient supply chain rather than a raw-concentrate story. Their broader view is that the U.S. government has shifted from policymaker to capital partner, using direct equity, hybrid capital, and strategic stockpiling to de-risk projects and crowd in private investment. NdPr demand is widely expected to grow at a mid-single-digit CAGR through 2030, with the demand-supply inflection point moving closer as EV, wind, and defense consumption expands.

For a large, long-life, Wyoming-based rare earths project with a demonstrated flowsheet and a U.S. metallization partner, that is exactly the environment we would design for.

CLOSING THOUGHTS

Mining is a long-cycle business, and the value in it is built

quarter by quarter, milestone by milestone. Over the past seven months, we have moved Halleck Creek from a strong resource story into an execution story: a demonstrated flowsheet, a pilot plant progressing through real Wyoming ore, a FS drilling program underway, a U.S. mine-to-magnet mid-stream partner in Novex, a district-scale development plan under review, and a management and board team built for the U.S. context our assets sit in.

A great deal of work remains, and the valuation gap is real, as is the technical, permitting, and financing work that is underway. But there is clear alignment between what this project needs to become and what the United States needs to build. That alignment is what I come to work on every day, and it is why I remain deeply confident in what we are building here.

I look forward to continuing to share the ARR story with you in person and through our announcements as the balance of 2026 unfolds.

Sincerely,

Mark Wall
Chief Executive Officer
American Rare Earths Limited

This announcement has been authorized for release by the CEO of American Rare Earths Limited.

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ABOUT HALLECK CREEK

The Halleck Creek Rare Earths Project is located in Albany and Platte Counties, Wyoming. Through its wholly owned subsidiary, Wyoming Rare (USA) Inc. ("WRI"), American Rare Earths is advancing Halleck Creek as a world-class rare earth deposit with the potential to secure America's critical mineral independence for generations. Located on Wyoming State land, the Cowboy State Mine within Halleck Creek offers cost-efficient open-pit mining methods and benefits from streamlined permitting processes in this mining-friendly state. The Company's ongoing Whole of Property Development Assessment is evaluating the value of the broader Halleck Creek land package, including exploration potential on both State and Federal lands beyond the Cowboy State Mine.

ABOUT AMERICAN RARE EARTHS LIMITED

American Rare Earths (**ASX: ARR | OTCQX: ARRNF | ADR: AMRRY**) is a critical minerals company at the forefront of reshaping the U.S. rare earths industry. Through its wholly owned subsidiary, Wyoming Rare (USA) Inc., the Company is advancing the Halleck

Creek Project in Wyoming – a world-class rare earth deposit with the potential to secure America's critical mineral independence for generations. With plans for onsite mineral processing and separation facilities, Halleck Creek is strategically positioned to reduce U.S. reliance on imports – predominantly from China – while meeting the growing demand for rare earth elements essential to defense, advanced technologies, and economic security. In addition to its resource potential, American Rare Earths is committed to environmentally responsible mining practices and continues to collaborate with U.S. Government-supported R&D programs to develop innovative extraction and processing technologies for rare earth elements. Further information is available at www.americanree.com.

FORWARD LOOKING STATEMENT

This letter contains forward-looking statements regarding the Company's plans, studies, partnerships, capital markets initiatives and project development activities. Actual outcomes may differ materially due to technical, permitting, market, financing and operational risks. The Novex MoU is non-binding except with respect to confidentiality and governing law. Mineral Resource figures for Halleck Creek are reported in accordance with the JORC Code (2012) and are not Ore Reserves. Economic estimates referenced in this letter are drawn from the ongoing Pre-Feasibility Study and remain subject to review and change pending completion of the study.

[1] ASX Announcement February 4, 2025

[2] Contained TREO divided by the USD equivalent of total enterprise value