ASX Release: 25 June 2026

Pre-Feasibility Study and maiden Ore Reserve confirm Koppamurra as a compelling project

PFS validates Koppamurra as Australia's most advanced ionic clay rare earths project: Strong returns, low capital, a clear path to production and significant growth potential

A$858M	99%	0.9 Years	A$178M
Post-Tax NPV$_8$	Post-Tax IRR	Post-Tax Payback (from first production)	Initial CAPEX

12 Years	1,860 t	US$38.32/kg TREO
Initial Life of Mine	Avg. Annual TREO Production	All-In Sustaining Cost

- **Compelling economics:** A$858m NPV; 99% IRR; ~1yr payback
- **Capital-light development:** Only A$178m initial CAPEX
- **Highly attractive product:** High-value MREO basket with exposure to constrained heavy REE markets
- **Low technical risk:** Shallow open pit mining, simple heap leach flowsheet and rapid progressive rehabilitation
- **Long-term optionality:** Large resource base, with clear mine life extension potential

The total Life of Mine Production Target (and forecast financial information derived from the Life of Mine Production Target) referred to in this announcement is underpinned by approximately 71% Probable Ore Reserves and the remaining approximately 29% by Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Life of Mine Production Target itself (or the forecast financial information) will be realised.

Overview

Australian Rare Earths Limited (AR3 or the Company) has completed a Pre-Feasibility Study (PFS) for its flagship 100%-owned Koppamurra Rare Earths Project (Koppamurra or the Project) in South Australia, delivering very strong project economics that firmly establish Koppamurra as one of the most compelling rare earth development opportunities in Australia:

- **Exceptional returns on attractively low capital spend:** Base Case after-tax NPV$_8$ of A$858 million and after-tax IRR of 99% on initial capital expenditure (CAPEX) of just A$178 million — a capital efficiency ratio rarely seen in the resources sector and a clear signal of the value embedded in this asset.
- **Strategic exposure to high-value rare earths with rapid payback:** Capital payback in just 0.9 years post-tax, with annual production of Mixed Rare Earth Oxide (MREO) feedstock containing approximately 1,860 tonnes of Total Rare Earth Oxides (TREO) including a strategically critical suite of magnet rare earths — neodymium, praseodymium, dysprosium and terbium — along with yttrium, gadolinium, samarium and lutetium. All are increasingly critical to Western supply chains, with most subject to Chinese export controls.
- **Significant upside beyond the PFS mine plan:** The PFS draws on a maiden Ore Reserve of 26Mt at 920ppm TREO and processing capacity of 3Mtpa for an initial 12-year mine life. The broader resource and substantial Exploration Target provides potential to materially extend mine life beyond the initial PFS case in a capital efficient manner.

- **Processing route delivers low-cost, low-complexity operations:** Koppamurra's ionic adsorption clay mineralisation supports shallow, free-dig open-pit mining combined with a proven heap leach flowsheet and rapid progressive rehabilitation — a simple, low-cost combination that is the key driver of the project's robust economics.
- **Tier-1 Australian Jurisdiction and Government support:** Strategically located in South Australia, a Tier 1 mining jurisdiction, the critical minerals project is supported by the Australian Government through the International Partnerships in Critical Minerals Program, including a $5 million grant.
- **Permitting advancing to deliver new western supply at a critical time:** Scoping Report published by the South Australian Department for Energy and Mining. Mining Lease Application (MLA) targeted for 2026 submission, with environmental studies well progressed. Targeting first production by 2029 when the attractive mix of rare earths within Koppamurra's MREO is expected to be in high demand from Western producers of rare earth permanent magnets – especially so with the new G7 stipulation that at least 40% of western rare earths supply must come from non-Cina sources by 2030
- **Opportunity to establish a new industry in regional South Australia and build on Australia's sovereign capability in rare earths:** A new mine in regional South Australia will support ~100 direct jobs during operations with economic benefits and opportunities flowing to the region while also enhancing Australia's sovereign supply chain capacity, supporting the development of a reliable Western supply chain of rare earth products.
- **Offtake discussions to accelerate:** Offtake discussions with strategic partners will now accelerate as pilot-scale operations deliver MREO samples to potential customers, especially for those seeking to secure rare earth feedstock rich in heavy rare earths from Australia, with the PFS outlining product volumes, timing and quality to be delivered. Pilot-scale operations commencing imminently at ANSTO's new world-class piloting facility in Sydney, marking a first-of-its-kind piloting program for an Australian ionic clay rare earths project.

Management Commentary

"The PFS reflects years of careful, methodical work across drilling, environmental studies, metallurgical testwork and engineering, and I'm proud to share these results. We have been deliberate and strategic at every step — designing the project and positioning the business for long-term success. Today's results are the validation of that approach, and I express my thanks to everyone who contributed.

On the numbers themselves: an after-tax NPV_8 *of A$858 million and an IRR of 99% on A$178 million of initial capital, with payback in 0.9 years — these are exceptional results and the hallmark of a project designed with simplicity in mind. The continued evolution of the project flowsheet has culminated in a low complexity design, resulting in capital light development, at an exceptionally competitive capex position globally.*

Beyond the numbers, the Koppamurra MREO basket assemblage could not be more relevant or strategically critical to Western customers today. With China's export controls covering not only dysprosium and terbium but also expanded across yttrium, samarium, gadolinium and lutetium, Koppamurra is poised to fill the growing Western need to secure sustainable and reliably sourced rare earth feedstock. This urgent need is now being addressed by concerted policy action globally, most notably through the recent G7 declaration. This aims to reduce dependencies on a single supplier outside the G7 and partner countries for rare earths and permanent magnets to under 60 per cent by 2030 and continuing to decrease further over time, with an ambition to reach 50 per cent as soon as possible. The challenge is significant, and so too the opportunity.

AR3 will be the first company in Australia to process ionic clay rare earth ore through a continuous pilot-scale circuit — at ANSTO's new facility in Sydney, backed by the Australian Government because it recognises the same strategic value we do. That pilot is generating real product samples, real engineering data, and real conversations with potential customers and partners.

The work that sits behind this PFS — the environmental studies progressing toward our Mining Lease Application, the government relationships, the ANSTO partnership, five years of disciplined drilling and engineering — has been building steadily toward this point. The path ahead is clear: Detailed Feasibility Study initiation, Mining Lease submission, product qualification, adding more tonnes through the drill bit and advancing offtake and funding discussions. We have the study, the resource, the government support, and now a compelling set of results to underpin every conversation we walk into."

Travis Beinke, Managing Director and CEO, Australian Rare Earths Limited

Table 1: Key Financial and Production Metrics — PFS Base Case

Metric	Unit	PFS Base Case
Processing Capacity	Mtpa	3
Life of Operation (PFS mine plan)	Years	12
Ore Reserve	Mt	26
Average TREO Feed Grade	ppm	924
TREO Recovery	%	68
MREO Recovery	%	68
Average Annual Production (TREO)	t	1,860
Average NdPr Production	t	435
Average Dy and Tb Production	t	57
Average Y Production	t	238
Average Sm Production	t	69
Average Gd Production	t	67
Average Lu Production	t	4
Basket Price TREO*	US$/kg TREO	139
Operating Costs (ex-Royalties)	US$/kg TREO	34.14
All-In Sustaining Cost (AISC)	US$/kg TREO	38.32
Initial CAPEX	A$M	178
Pre-Tax NPV$_8$	**A$M**	**1,196**
Pre-Tax IRR	**%**	**113%**
Post-Tax NPV$_8$	**A$M**	**858**
Post-Tax IRR	**%**	**99%**
Post-Tax Payback Period	**Years**	**0.9**

The PFS economic evaluation is as at Financial Investment Decision ("FID") and payback period is from first production.
* Base Case pricing using the average of two highly regarded independent market analysts, Adamas Intelligence and Argus Media Q2'2026 long term Western forecasts to 2040. While some elements of their forecasts differ materially, both are considered credible and reflect the uncertainty in a maturing western sourced rare earth pricing market.

Cautionary Statement

The Pre-Feasibility Study ("PFS" or "Study") referred to in this announcement has been undertaken by Australian Rare Earths ("AR3" or the "Company") in conjunction with various independent consultants, to determine the viability of the development at the Koppamurra Rare Earths Project in South Australia ("Project" or the "Koppamurra Project"). The PFS is based on technical and economic assessments of a level of accuracy commensurate with a prefeasibility study.

The total Life of Mine Production Target (and forecast financial information derived from the Production Target) referred to in this announcement is underpinned by approximately 71% by Probable Ore Reserves and the remaining approximately 29% by Inferred Mineral Resources and have been prepared by Competent Persons in accordance with the requirements of the JORC Code (2012).

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself (or the forecast financial information) will be realised.

The Company has satisfied itself that the Inferred Mineral Resources included in the Life of Mine Production Target are not the determining factor in project viability. The Project economics modelled without any Inferred Resources and only based on Ore Reserves retains a robust Post-Tax NPV_8 of $652 million. The Inferred Mineral Resources included in the Life of Mine Production Target are allocated across the 12 year mine life with an average of 23% Inferred Mineral Resource across the first 10 years ranging from 2% to 33%. The expected payback period for the Koppamurra Project is less than one year.

The Life of Mine Production Target and associated forecast financial information are based on assumptions and modifying factors which may prove to be inaccurate, and there is no certainty that the forecast outcomes will be achieved.

The Company confirms that the Ore Reserves estimates, and Mineral Resources estimates have been prepared by Competent Persons in accordance with the requirements of the JORC Code.

This announcement has been prepared in compliance with the JORC Code 2012 Edition (JORC 2012) and the ASX Listing Rules. All material assumptions on which Life of Mine Production Target and the forecast financial information is based have been provided in this announcement and are also outlined in the JORC 2012 table 1 disclosures in the ASX release "Maiden Ore Reserves positions Koppamurra for development" 25 June 2026.

This document contains forward-looking statements, including statements regarding production targets, forecast financial information, development plans and project economics.

Forward-looking statements are subject to risks, uncertainties and assumptions, many of which are outside the control of the Company. These include, but are not limited to, commodity prices, exchange rates, regulatory approvals, funding availability and operating performance.

While the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the production target or estimated outcomes indicated by the PFS (such as the financial forecasts) will be achieved. The production target and estimated outcomes indicated by the PFS (such as the financial forecasts) are also subject to various risk factors. See the Cautionary Statements and Forward-Looking Statements at the end of this announcement.

Given the uncertainties involved and detailed in this announcement, investors should not make any investment decision based solely on the results of the PFS.

Pre-Feasibility Study Overview

Australian Rare Earths Limited (AR3 or the Company) is pleased to report the results of the Pre-Feasibility Study for its flagship Koppamurra Rare Earths Project in South Australia. The PFS confirms the potential for the Project to be developed as a **technically viable, capital light and long-life rare earths operation** based on shallow open-pit mining with rapid progressive rehabilitation, heap leach processing and offsite calcination to produce a **strategically valuable MREO** feedstock product for supply to customers with rare earth oxide separation capabilities, either in Australia, the EU, U.S. or other suitable destinations.

The Koppamurra Project is located approximately 30 km southeast of Naracoorte on the Limestone Coast of South Australia — a well-serviced region with sealed road access, established infrastructure, and a capable regional workforce. The Project is wholly owned by AR3 and benefits from strong federal government support through a **A$5 million grant under the Australian Government's International Partnerships in Critical Minerals (IPCM) program**.

The development case is underpinned by more than **65,000 metres of drilling across 6,042 drill holes**, a completed bulk sample pit, comprehensive metallurgical testwork programs conducted by **ANSTO, CSIRO, Bureau Veritas, BML, the University of Toronto** and other specialist providers, together with pilot-scale processing soon to commence at **ANSTO's new critical minerals facility in Sydney — the first such ionic clay REE pilot in Australia**.

Financial Outcomes

The Investment Case: Outstanding Returns on Low Capital

The financial outcomes of the Koppamurra PFS are exceptional by any measure in the rare earths sector. An after-tax IRR of 99% against an initial capital requirement of A$178 million represents a value creation profile that investors in resources development very rarely encounter at the PFS stage. What underpins this is the fundamental geology: shallow, free-digging ionic adsorption clay mineralisation that is ideally suited to low-cost heap leach processing with rapid and progressive rehabilitation, keeping capital costs low and delivers a strategically valuable mix of in demand magnet rare earths along with yttrium, gadolinium, samarium and lutetium all increasingly critical to Western supply chains, and many subject to Chinese export controls.

The Base Case post-tax NPV_8 of A$858 million and after-tax IRR of 99% have been calculated on pricing assumptions derived from using the average of two highly regarded independent market analysis, Adamas Intelligence and Argus Media, using their Q2' 2026 long term Western forecasts to 2040. While their forecasts differ, both are considered credible and reflect the uncertainty in a maturing Western sourced rare earth pricing market.

Product Pricing and Revenue Assumptions

The global rare earth market remains heavily influenced by Chinese supply dominance and evolving geopolitical dynamics, while the build-out of Western supply chains may contribute to increasing market and price bifurcation between China and ex-China markets, making long-term price forecasting inherently uncertain.

Recent pricing in ex-China markets, such as spot pricing in Europe indicates an increasingly fragmented market, in particular for rare earth elements subject to China export controls such as dysprosium, terbium and yttrium.

The Koppamurra PFS outlines the production of a strategically enriched mixed rare earth oxide (MREO) including:

- **Neodymium and praseodymium —** light magnet rare earths, with growing demand driven by electric vehicles, robotics, renewable energy technologies and advanced manufacturing
- **Dysprosium and terbium —** heavy magnet rare earths commanding a significant price premium in the west following China's imposition of export controls
- **Samarium, gadolinium, yttrium and lutetium —** additional value contributors now attracting premium pricing as Western buyers seek China-independent supply with Koppamurra's MREO enriched with these elements

Cost Structure and Global Competitiveness

Koppamurra's PFS-level capital cost of $178 million, operating costs of US$34.14/kg TREO (ex-royalties) and all-in sustaining costs of US$38.32/kg TREO are driven by the fundamental advantages of the mineralisation type and processing approach:

- **Shallow open-pit, free-dig mining** eliminates the need for drilling, blasting and hard rock crushing — substantially reducing mining costs and equipment requirements relative to alternate rare earth mineralisation types. It also enables rapid, progressive rehabilitation of the land and the return to its former use
- **Heap leach processing** is a proven, low-capital processing route that avoids complex extraction infrastructure
- **Proximity to established infrastructure including the South Australian transport network** reduces both capex and opex**.** Koppamurra is close to major highways, a short drive from a regional airport, serviced by good port infrastructure, and does not require a mine camp, **saving on construction cost** and providing reliable access to consumables and regional labour

Project Overview

The Koppamurra Project is located approximately 30 km southeast of Naracoorte on the Limestone Coast of South Australia.

Figure 1 Koppamurra Project Location

Geology and Mineral Resource

A Uniquely Favourable Geological Setting

The Koppamurra Project is located within the Murray Basin of south-eastern Australia along the western margin of the Naracoorte East Range on South Australia's Limestone Coast. The Project hosts shallow clay-hosted rare earth mineralisation developed within weathered Pleistocene lacustrine sedimentary clay units overlying Gambier Limestone of the Murray Group.

Rare earth mineralisation occurs within shallow ionic adsorption clay zones typically developed within 2–3 metres above the weathered limestone basement — the entire mineralised horizon sits at or near the surface, with thin sandy overburden requiring minimal material movement. The broad lateral continuity of the REE-enriched smectite-rich clay horizons across the Project area supports long life, open-pit mining at low cost.

The Koppamurra mineralisation represents an unusual sediment-hosted ionic clay rare earth system formed through weathering, sedimentary transport and geochemical enrichment linked to far-field granitic source rocks of the Lachlan Orogen. The ionic adsorption characteristics of the mineralisation mean rare earths are easily liberated using a mild acidic solution with magnesium sulphate as a desorption agent — the basis for the heap leach flowsheet that drives the project's low-cost profile.

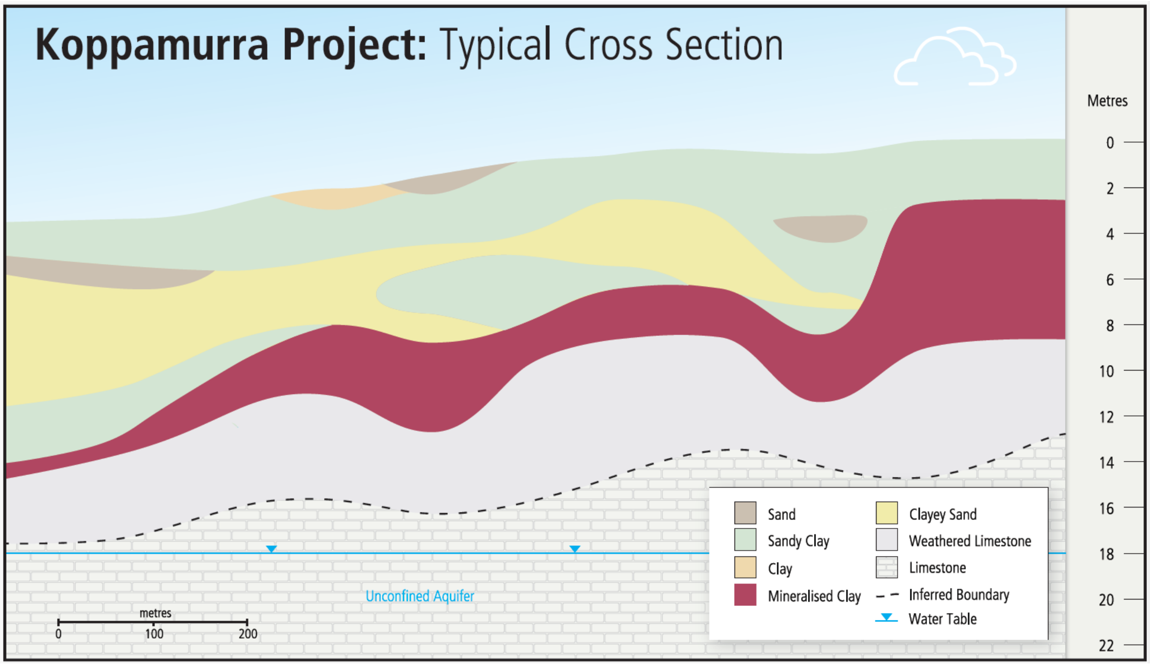


Figure 2 Typical Cross Section - Koppamurra

Why the rare earth composition matters: The resource contains a magnet rare earth element (MRE) component accounting for 25% of total TREO, encompassing all four key magnet REEs. The strategically important heavy REEs dysprosium and terbium (approximately 3% of TREO combined), along with yttrium, gadolinium, samarium and lutetium, are now subject to China's expanded export controls. This basket composition creates both revenue quality and strategic market positioning that a deposit containing predominantly light magnet rare earths components (Nd and Pr bearing ores) cannot match.

The total Mineral Resource estimate of 243 Mt at 751 ppm TREO is a large ionic clay REE resources and is supported by drilling programs totalling ~65,000m. Approximately 47% of the Mineral Resource is categorised as Measured or Indicated. The Mineral Resource estimate was updated in 2026 and is summarised in Table 2.

Table 2: Global Mineral Resource Estimate — Koppamurra Project (JORC 2012)

Mineral Resource Category	Material	BD	TREO	TREO-CeO_2	MREO	La_2O_3	CeO_2	Pr_6O_{11}	Nd_2O_3	Sm_2O_3	Gd_2O_3
	Mt	g/cm³	ppm	ppm	%TREO	ppm	ppm	ppm	ppm	ppm	ppm
Measured	0.9	1.6	773	502	25.1	125	271	36	135	27	25
Indicated	113	1.6	766	502	25.3	121	264	35	135	27	26
Inferred	130	1.6	737	486	25.3	121	251	34	130	26	24
Total	**243**	**1.6**	**751**	**493**	**25.3**	**121**	**257**	**35**	**132**	**26**	**25**

Summary of Global Mineral Resources continued

Mineral Resource Category	Tb_4O_7	Dy_2O_3	Ho_2O_3	Er_2O_3	Eu_2O_3	Tm_2O_3	Yb_2O_3	Lu_2O_3	Y_2O_3	U_3O_8	ThO_2
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Measured	4	20	4	10	6	1	8	1	102	1	21
Indicated	4	20	4	10	6	1	8	1	106	2	19
Inferred	3	19	4	9	6	1	7	1	102	2	18
Total	**4**	**19**	**4**	**10**	**6**	**1**	**8**	**1**	**104**	**2**	**19**

Exploration Target: A Multi-Decade Resource Base in Waiting

Beyond the existing Mineral Resource, the Project carries a significant Exploration Target across the broader southern and northern extents of the project region. This indicates the potential scale of the full mineralised system and points to a development asset that could underpin production well beyond the current PFS life of mine. The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for these areas, and it is uncertain whether further exploration will result in the estimation of a Mineral Resource.

Future drill programs will include the potential to expand the existing Mineral Resource base across the broader Project area.

Koppamurra 2026 Ore Reserve Estimate

The Maiden Ore Reserve estimate of 26Mt at 920ppm TREO for the Koppamurra Deposit is estimated at 25 June 2026 and summarised in Table 3. Tonnages and grades are rounded as appropriate and mineral assemblage is reported as parts per million. Measured and Indicated Mineral Resources have been converted to Probable Ore Reserves only. No Inferred Mineral Resources are included in the Ore Reserves. Ore Reserves are a subset of Mineral Resources. Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

Table 3 Ore Reserve Estimation as at 25 June 2026

Ore Reserve Category	Material	BD	TREO	TREO-CeO_2	La_2O_3	CeO_2	Pr_6O_{11}	Nd_2O_3	Sm_2O_3	Gd_2O_3
	Mt	g/cm³	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Probable	26	1.6	920	602	141	324	43	167	33	32

Ore Reserve Estimation continued

Ore Reserve Category	Tb4O7	Dy2O3	Ho2O3	Er2O3	Eu2O3	Tm2O3	Yb2O3	Lu2O3	Y2O3	U3O8	ThO2
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Probable	4.5	25	4.7	13	7.6	1.6	10	1.4	125	1.4	19

This study summarises the material information pursuant to ASX Listing Rule 5.9. Additional information required by ASX Listing Rule 5.9 is summarised in JORC Code 2012 – Table 1 Section 4 of ASX release 25 June 2026 "Maiden Ore Reserve positions Koppamurra for development".

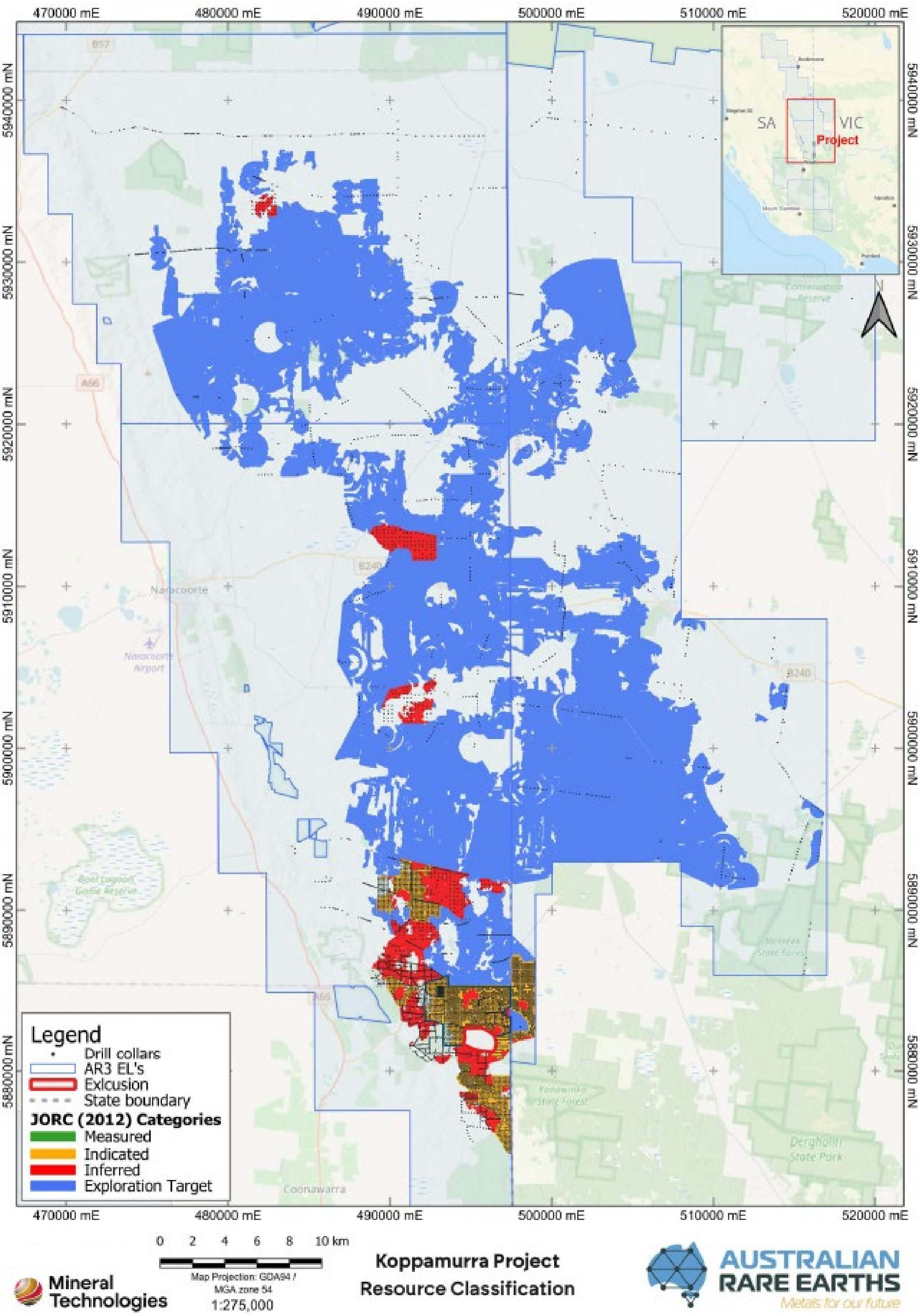


Figure 3 Koppamurra JORC Classification (>325 ppm TREO-CeO2)

Mining and Mine Design

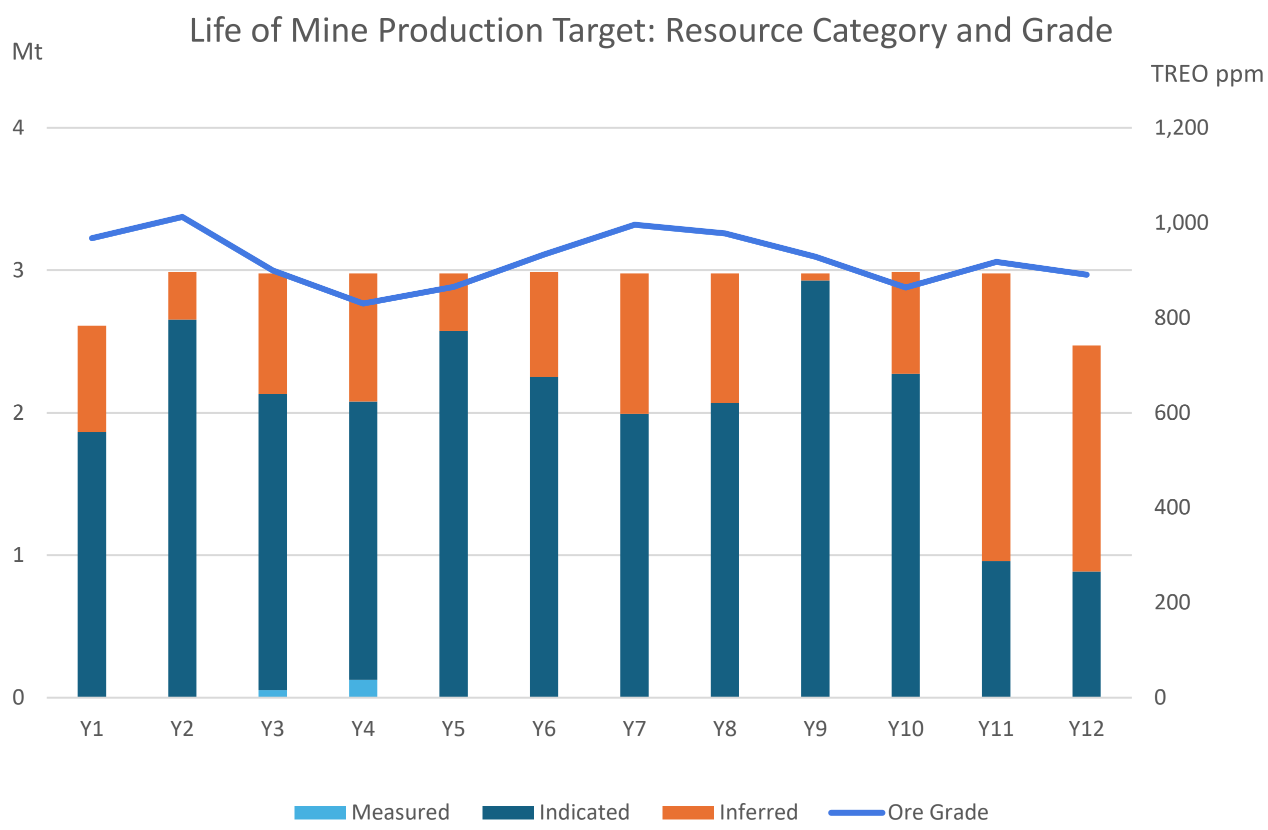
Low-Impact, Low-Cost Open-Pit Mining

The Koppamurra mine design leverages the inherent advantages of shallow, ionic adsorption clay mineralisation. The operation will use conventional open-pit truck-and-excavator methods, but the soft, free-digging nature of the clay-hosted ore eliminates the need for drilling and blasting — reducing operating costs, environmental impact, and equipment wear compared with hard rock alternatives.

The mine plan is structured around a phased mining sequence to optimise feed grade, maximise MREO recovery and deliver steady-state throughput of 3 Mtpa (dry basis) to the heap leach facility. The Koppamurra mine design has been developed with progressive rehabilitation integrated into the mine plan, with disturbed areas progressively restored as mining sequences advance.

The life-of-mine production schedule demonstrates a relatively consistent ore feed profile throughout most of the operation, while integrating mining, heap leaching, residue placement and progressive rehabilitation requirements.

The total Life of Mine Production Target (and forecast financial information derived from the Production Target) referred to in this announcement is underpinned by approximately 71% Probable Ore Reserves and the remaining approximately 29% by Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself (or the forecast financial information) will be realised. The Company has satisfied itself that the Inferred Mineral Resources included in the Life of Mine Production Target are not the determining factor in project viability. The Inferred Mineral Resources included in the Life of Mine Production Target are allocated across the 12 year mine life with an average of 23% Inferred Mineral Resource across the first 10 years ranging from 2% to 33%. The expected payback period for the Koppamurra Project is less than one year.



A Proven, Simple and Cost-Effective Flowsheet

The Koppamurra processing flowsheet has been designed to take advantage of the ionic adsorption clay mineralisation characteristics that make this deposit type uniquely amenable to low-cost processing. The proposed heap leach flowsheet is technically simpler and significantly lower in capital and operating cost than the processing routes required for hard rock or non-ionic clay REE projects.

The processing route produces a mixed rare earth oxide (MREO) product through the following key steps:

- **Ore is mined, screened and agglomerated** before being stacked on a lined leach pad
- **Lixiviant of diluted sulphuric acid and magnesium sulphate solution** is applied to the heap at ambient temperatures, selectively extracting rare earth elements
- **Pregnant leach solution (PLS)** is collected and processed through a simple precipitation and re-dissolution step as a first stage of removing impurities including aluminium and other gangue elements
- **Rare earth precipitation** with oxalic acid produces a mixed rare earth oxalate filter cake, which is calcined offsite to produce the final MREO product for sale
- **Reagent availability** has been identified with all key reagent volumes able to be sourced from ex-China locations across Australia and abroad

Metallurgical Performance supported by ANSTO testwork

Recovery assumptions underpinning the PFS financial model are based on an extensive testwork program completed with the support of ANSTO. Key outcomes from flowsheet testwork include:

- **TREO recovery of 68%** from Mineral Resource to final MREO product
- **MREO recovery of 68%**, reflecting the strong leaching response of the magnet rare earth elements
- **Low impurity levels** in the final product, supporting strong payability in offtake negotiations
- **Consistent metallurgical performance** across spatially distributed sample locations, providing confidence in the representativeness of recoveries across the mine plan

Critically, AR3 will be the first company in Australia to conduct pilot-scale processing of ionic clay REE ore through ANSTO's new pilot processing facility in Sydney. This program — processing approximately 30 tonnes of bulk sample material — will generate continuous processing data, engineering design inputs for the DFS, and product samples for customer qualification.

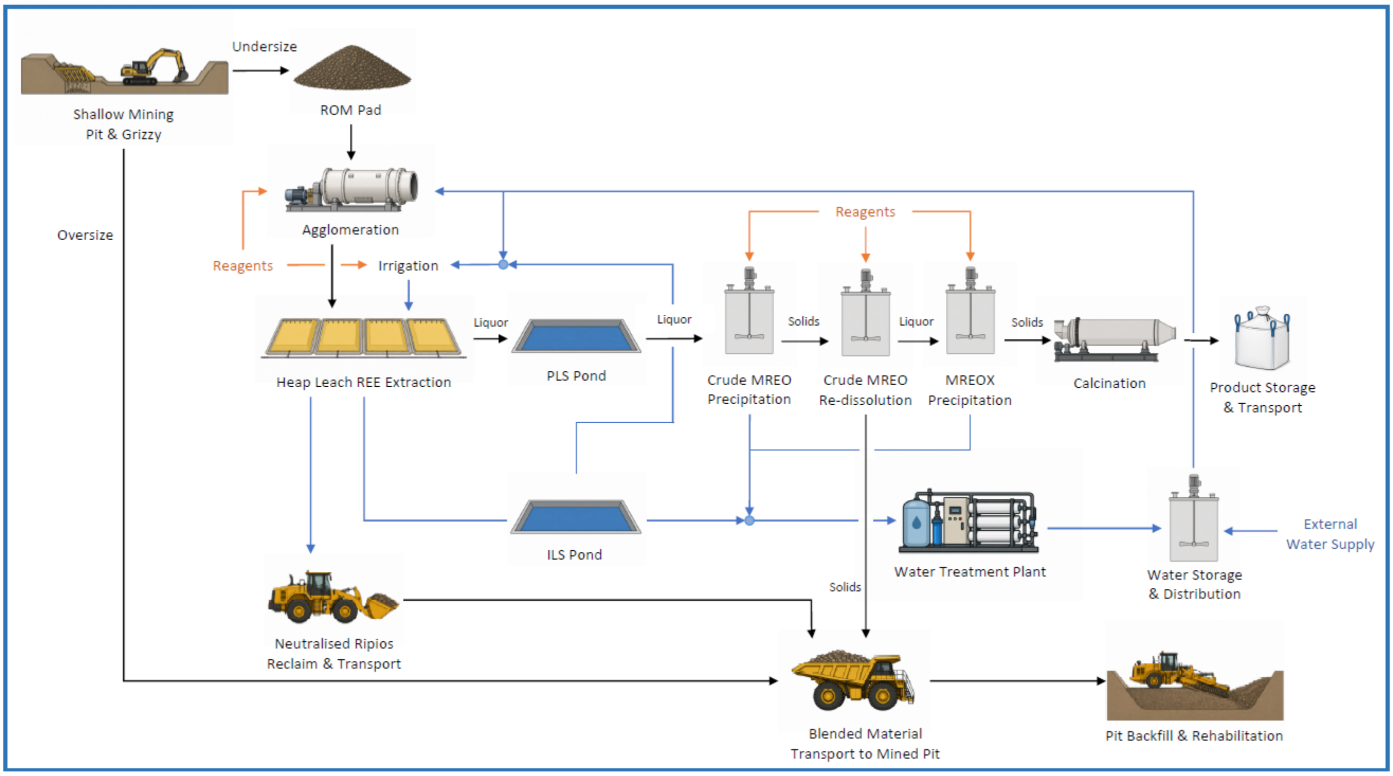


Figure 4 Koppamurra Flowsheet

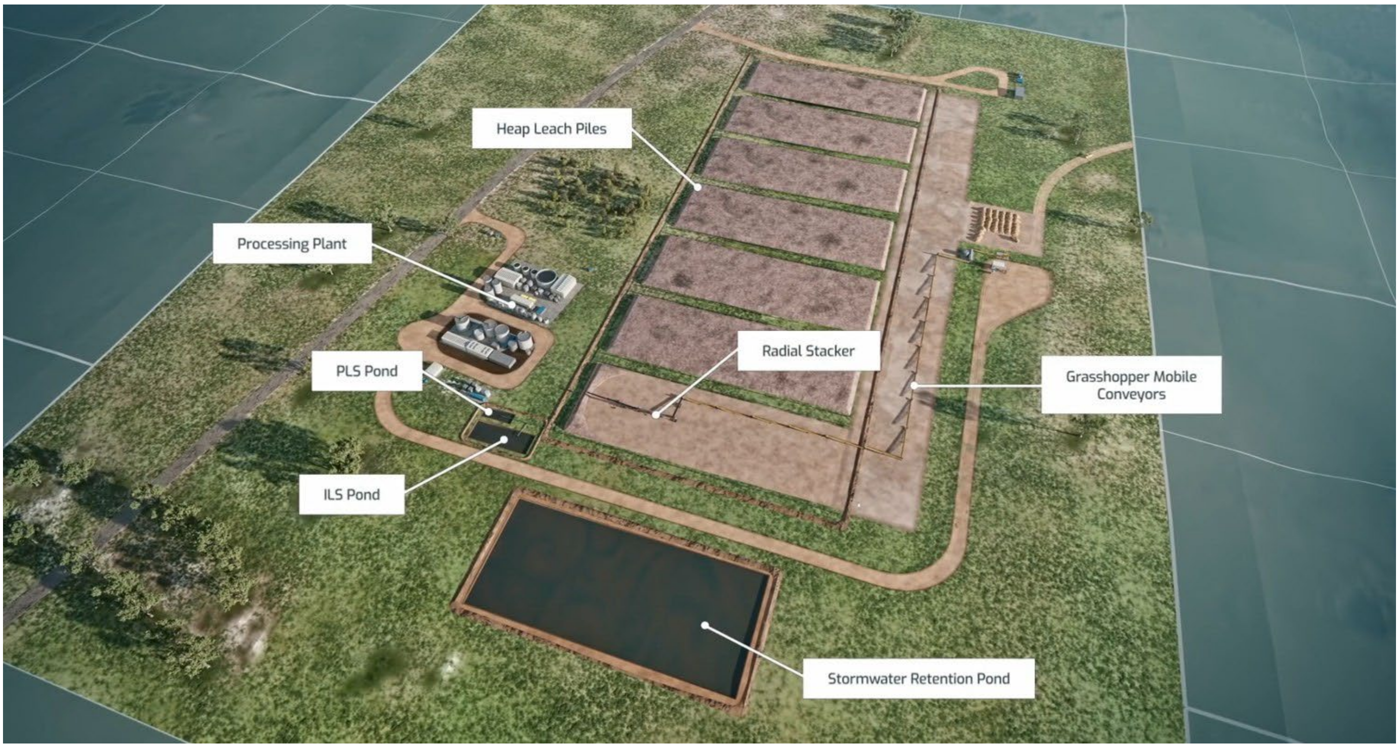


Figure 5 Birdseye view of the processing plant model

Project Capital and Operating Costs

The Capital and Operating estimates have been prepared as Class 4 Estimates in accordance with Australasian Institute of Mining and Metallurgy (AusIMM) for prefeasibility-level technical studies.

Capital Cost

The estimated capital costs reflect a 3Mtpa base case operation for a total cost of A$178 million, inclusive of a ~25% contingency of $35 million. The capital costs exclude the mining fleet with a contract mining model adopted for the PFS. All mining costs are included as operating cost. The Koppamurra Project is a very low capital cost option.

Table 4 Capital Estimate

Description	CAPEX Total (A$m)
Processing Plant	77
Site Infrastructure and Services	48
Temporary Facilities	4
Owner's Cost	14
Contingency	35
TOTAL (incl. contingency)	**178**

Operating Cost

Operating Cost estimate for the Project is A$96 million per annum. Table 5 below summarises the operating cost by category. Mining comprises of 45% of total OPEX, and the process plant costs account for 52% of total OPEX.

Table 5 Operating Costs

Description	A$ million per annum	% of total Operating Cost	US$/dry t ore (3Mt)*	US$/kg TREO (1860 t)*
Mining	43	45	9.32	15.29
Processing	50	51	10.83	17.78
General and Administration	3	3	0.65	1.07
TOTAL	**96**	**100**	**20.80**	**34.14**

*Assuming a USD:AUD foreign exchange rate of 0.65

Total Mining costs include surface, ore and waste material movement costs. Total material movement has been calculated based on A$4.2/t for overburden (waste) removal and A$5.4/t for mining of ore. Surface operations encompassing topsoil removal, clearing and rehabilitations contribute to the overall mining costs of A$43 million per annum.

Process plant operating costs include both fixed and variable costs. Fixed costs including labour, maintenance and general expenses make up 22% of total process plant OPEX. Variable costs including reagents, consumables and utilities account for 78% of total process plant OPEX and based on processing 3Mt of ore per annum.

Financial Analysis

Financial Model Structure and Assumptions

The PFS economic evaluation considers three different pricing scenarios and presents the Net Present Value (NPV) applying an 8% discount rate over the life of mine period. The methodology evaluates the capital and operating costs to confirm that the NPV remains positive across each case.

AR3 assessed Koppamurra's economics under three scenarios to reflect market variability as pricing for western sourced rare earth feedstock continues to mature. The 3 scenarios are:

1. **Base Case:** Pricing using the average of two highly regarded independent market analysts, Adamas Intelligence and Argus Media Q2'2026 long term Western forecasts to 2040. While some elements of their forecasts differ materially, both are considered credible and reflect the uncertainty in a maturing western sourced rare earth pricing market.
2. **Western Spot Price Case:** Pricing using May 2026 Western spot prices for Nd, Pr, Dy, Tb, Y and Gd (average of Europe cif & US ddp) and for Sm and Lu (China fob) where Western prices are not quoted. Source: Argus Media.
3. **Price Floor Case:** Pricing using long term Western price floors of US$110/kg for NdPr, US$575/kg Dy and US$2,050kg Tb and the above Base Case forecast pricing for Y, Gd, Sm and Lu. Western price floors refer to long term price floors secured by MP Materials, Lynas and USA Rare Earths/Serra Verde detailed further in the PFS.

The annual cash flow projections were estimated over the Project's production life based on production schedule, sales revenue, production costs, capital expenditures and corporate costs (taxation, royalties, etc.). The forecast financial information derived from the Life of Mine Production Target is subject to the same modifying factors, assumptions and risks as the Life of Mine Production Target and there is no certainty that the financial outcomes will be realised.

The key production outcomes used in the financial model are listed below in Table 6.

Table 6 Key Production Outcomes

Key Production Outcomes	Unit	Annual Average*	LOM
Ore Mined	Mt	3	34.9^
Strip Ratio	waste:ore	1.54	1.52
Average TREO Feed Grade	ppm	927	924
TREO Recovery	%	68	
MREO Recovery	%	68	
Average annual production (TREO)	t	1,860	21,937
Neodymium Praseodymium (NdPr)	t	435	5,136
Terbium	t	9	102
Dysprosium	t	48	563
Samarium	t	69	814
Gadolinium	t	67	788
Yttrium	t	238	2,807
Lutetium	t	4	50

*Annual average excludes final partial year.
^Total Life of Mine Production Target ore mined includes production target material beyond the current Ore Reserve

The USD:AUD exchange rate assumed for the financial assessment is 0.65. A corporate taxation rate of 30% is applied to returns from the project. The Australian Government's Critical Minerals Production Tax Incentive provides eligible recipients with a refundable tax offset equal to 10% of eligible processing and refining costs incurred in Australia listed critical minerals (includes rare earths) and has been applied to the Projects processing costs. Royalties include provision for the South Australian and Victorian Government royalties and a 0.5% vendor royalty.

Financial Metrics

The key financial metrics resulting from the financial analysis are presented below in Table 7 and Table 8.

Table 7 Key Financial Outcomes

Key Financial Outcomes	Unit	Base Case	Western Spot	Price Floors
Annual Revenue	A$M	290	606	250
Annual EBITDA	A$M	184	491	146
Annual Operating Costs (ex-Royalties)	A$M		96	
Operating Costs (ex-Royalties)	A$/kg TREO		52.52	
Operating Costs (ex-Royalties)	US$/kg TREO		34.14	
AISC	US$/kg TREO	38.32	41.83	37.86
Basket price TREO	US$/kg TREO	139	288	121
NdPr average pricing	US$/kg NdPr	160	121	110
Payability	%		75%	
NdPr average operating Costs (Net Dy and Tb)	US$/kg NdPr	44.77	-38.08	68.20
Initial Capex	A$M		178	
Pre-Tax NPV_8	A$M	1,196	3,443	929
Pre-Tax IRR	%	113%	291%	96%
Post-Tax NPV_8	A$M	**858**	**2,481**	**665**
Post-Tax IRR	%	**99%**	**270%**	**83%**
Post-Tax Payback	Years	**0.9**	**0.4**	**1.1**

Table 8 Cashflow Projections

Cashflow	Unit	Base Case	Western Spot	Price Floors
Annual Average				
Revenue	A$M	290	606	250
EBITDA	A$M	184	491	146
Annual Operating Cashflow	A$M	139	359	111
Total				
Revenue	A$M	3,465	7,253	2,996
EBITDA	A$M	2,205	5,874	1,751
Net Profit After Tax (NPAT)	A$M	1,397	3,965	1,079
Cumulative post tax cashflow excluding construction cost	A$M	1,433	4,001	1,115

Sensitivity Analysis

A sensitivity analysis was conducted for the Project to assess how different financial and operational factors could influence the economic performance of the Project. Figure 6 below presents the sensitivity analysis across key measures under the Base Case scenario. The analysis demonstrates the resilience across key variables, including rare earth pricing, grade, recoveries and operating costs.

The results indicate that while the Project shows low sensitivity to changes in operating costs, it is significantly more responsive to movements in the rare earth pricing. The Project is also moderately to highly sensitive to changes in US$ exchange rate and WACC assumptions. The Project is also moderately sensitive to rare earth ore grade and metallurgical recoveries. The Project is not sensitive to capital costs due to the very low initial capital cost of $178 million.

The analysis highlights the Project's sensitivity to market variability as pricing for Western sourced rare earth feedstock continues to mature. Changes to rare earth pricing will directly impact the Project's margins, cash flows and returns.

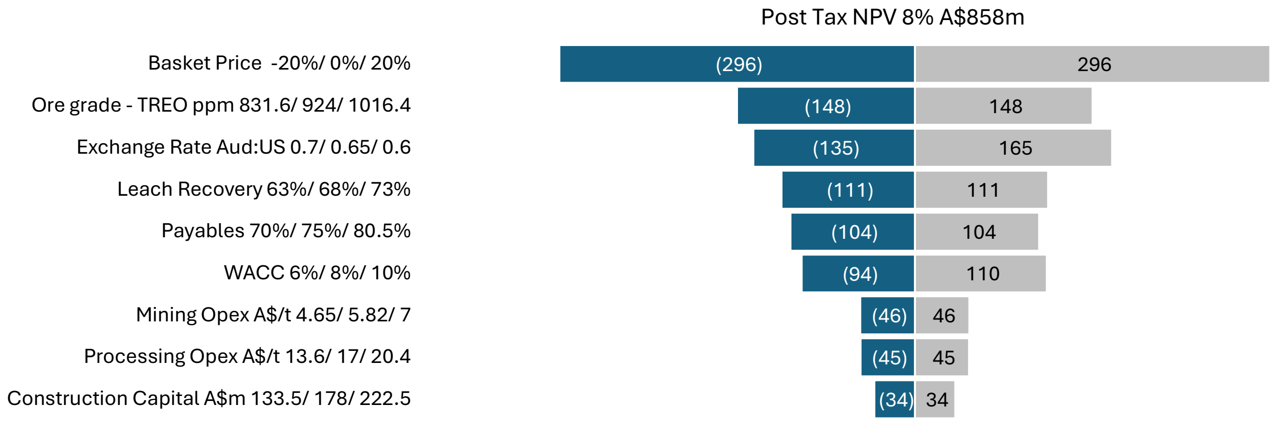


Figure 6 Post-tax sensitivity analysis on Base Case

Project Funding

The Pre-Feasibility Study estimates total pre-production capital expenditure of approximately A$178 million, inclusive of contingency. The Company believes the Project has the potential to attract a range of funding options, subject to completion of further technical studies, receipt of key approvals, market conditions and final investment decision.

The Company expects that Project development funding may be sourced from a combination of one or more of the following:

- equity funding, including potential institutional, strategic or cornerstone investment;
- debt funding, including project finance, corporate debt or equipment finance;
- strategic partner investment, including potential participation by industry participants, offtake partners or downstream customers;
- offtake-linked financing, including prepayment, streaming, royalty or other product-linked funding structures; and
- government funding or concessional finance, where applicable, including grants, loans, guarantees or other support programs.

No binding commitment has been received for the full development funding required for the Project as at the date of this announcement. The Company has commenced discussions with potential financiers, strategic partners and offtake counterparties as part of the next phase of development.

The Company considers there is a reasonable basis to believe that sufficient funding will be available to develop the Project, having regard to the outcomes of the PFS, the scale and nature of the estimated capital requirement, the forecast Project economics, the potential availability of debt and equity markets, and the level of inbound interest from potential strategic and commercial counterparties. However, there can be no certainty that the Company will secure funding on acceptable terms, or at all.

Further work to be undertaken prior to a final investment decision is expected to include completion of a Definitive Feasibility Study, further engineering, permitting, offtake negotiations, financing discussions and early works planning. The Company will continue to assess funding alternatives with the objective of optimising the Project's capital structure and minimising dilution to existing shareholders where practicable.

Clear and De-Risked Pathway to Production

Advanced Permitting and Regulatory Support

AR3 has been working diligently to advance the Koppamurra Project through South Australia's environmental and mining approval framework since 2022. Key milestones to date include:

- **Scoping Report approved:** Scoping Report published by South Australia's Department for Energy and Mining, covering groundwater, surface water, soils, vegetation, heritage, air quality, rehabilitation and community engagement — confirming the regulatory pathway and scope of assessments required to support the MLA
- **Baseline environmental studies complete:** Comprehensive data collection across ecology (native vegetation, flora and fauna, scattered trees), groundwater, stygofauna and sinkholes — the foundational dataset for the MLA environmental impact assessments
- **MLA submission on track:** Mining Lease Application targeted for submission in 2026, with detailed impact assessments in progress

Project Execution Timeline

Following the PFS, AR3 will advance the Project through the following key workstreams in parallel:

- Mining Lease Application submission — targeting 2026 to maintain alignment with the development schedule
- Pilot plant operations at ANSTO's Sydney facility — generating product samples for customer qualification and engineering data for the DFS
- Product qualification with potential offtake customers — initial MREO samples being provided to strategic partners as part of the pilot program
- Adding tonnes through the drill bit – future programs designed to convert Inferred Mineral Resources into Indicated supporting additional Reserves while also adding additional Mineral Resources across the broader Project area
- Offtake and funding discussions — PFS outcomes and pilot plant product provide an important milestone for advancing these discussions
- Definitive Feasibility Study — to be initiated, informed by pilot plant results and refined engineering inputs

Figure 7 official opening of ANSTO's new critical minerals processing hub alongside Australian Resources Minister Madeleine King

Cautionary Statement and disclaimers

The information in this announcement is in summary form and does not purport to be complete nor does it contain all the information in relation to the Company. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the ASX at www.asx.com.au.

The Company does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this document. The information in this announcement does not take into account the investment objectives, financial situation or needs of any recipient and does not constitute financial product advice.

To the fullest extent permitted by law, the Company and its associates or any of its directors, agents, officers or employees do not make any representations or warranties, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this presentation. No responsibility or liability for any errors or omissions from this presentation arising out of negligence or otherwise is accepted. Each party to whom this announcement is made available must make its own independent assessment of the Company and the announcement after making such investigations and taking such advice as may be deemed necessary. Any reliance placed on the announcement is strictly at the risk of such person relying on such announcement.

All references to $ in this announcement are to Australian dollars unless stated otherwise.

Forwood Looking Statements

Some of the statements contained in this announcement are forward-looking statements. Forward looking statements include but are not limited to, statements concerning estimates of expected costs, statements relating to the advancement of the Company's investments and other statements which are not historical facts. Although the Company believes that its expectations reflected in the forward-looking statements are reasonable, such statements involve risk and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors could cause actual results to differ from these forward-looking statements include the potential that the Company's projects may experience technical, geological, metallurgical and mechanical problems, changes in product prices and other risks not anticipated by the Company or disclosed in the Company's published material.

The Pre-Feasibility Study referred to in this announcement is a preliminary technical and economic assessment of the potential viability of producing a mixed rare earth oxide (MREO) product to support Mineral Resources and Ore Reserve of the Koppamurra Project. Those estimates have been prepared by a competent person in accordance with JORC Code 2012 and all production targets are based on those Mineral Resources and Ore Reserves and all material assumptions relating to those production targets and related forecast financial information are set out in this announcement.

The production targets, related forecast financial information and other forward-looking statements referred to are based on information available to the Company at the time of release and should not be solely relied upon by investors when making investment decisions. Material assumptions and other important information are contained in this announcement. The Company cautions that mining and exploration are high risk and subject to change based on new information or interpretation, commodity prices or foreign exchange rates. Actual rates may differ materially from the results or production targets contained in this announcement. Further evaluation is required prior to a decision to conduct mining being made.

Mineral Resource and Ore Reserve estimates are necessarily imprecise and depend on interpretations and geological assumptions, minerals prices, cost assumptions and statistical inferences (and assumptions concerning other factors, including mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors) which may ultimately prove to be incorrect or unreliable. Mineral Resource and Ore Reserve estimates are regularly revised based on actual exploration or production experience or new information and could therefore be subject to change. In addition, there are risks associated with such estimates, including (among other risks) that minerals mined may be of a different grade or tonnage from those in the estimates and the ability to economically extract and process the minerals may become compromised or not eventuate. The Company's plans, including its mine and infrastructure plans, and timing, for the Project, are also subject to change. Accordingly, no assurances can be given that the production targets, financial forecasts, other forecasts or other forward-looking statements or information will be achieved.

To achieve the development outcomes outlined in this announcement, AR3 estimates that funding of at least A$178 million will be required. There is no certainty that AR3 will be able to raise the required funding when needed, and any such funding may only be available on terms that may be dilutive or otherwise adversely affect shareholders.

Competent Persons Statements

The information in this report that relates to metallurgical results is based on information compiled by Australian Rare Earths Limited and reviewed by Mr. James Davidson who is the principal Metallurgist of Rendement and is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM). Mr. Davidson has sufficient experience that is relevant to the metallurgical testing which was undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Davidson consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to the maiden Ore Reserves for the Koppamurra Project is based on information compiled by Mr Chris Sykes, who is a Qualified Professional of the Mining and Metallurgical Society of America (MMSA). Mr Sykes has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Sykes consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. At the time of preparation of this estimate Mr Sykes is employed by Mineral Technologies.

The information in this report which relates to Mineral Resources and Exploration Target for the Koppamurra Project is based upon and fairly represents information compiled by Mr. Greg Jones who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Jones is a full-time employee of Mineral Technologies and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Jones consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource estimate, Exploration Target or Ore Reserve information included in the relevant market announcement (ASX announcement dated 25 June 2026) and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement (ASX announcement dated 25 June 2026) continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement (ASX announcement dated 25 June 2026).

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

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AUSTRALIAN RARE EARTHS

Koppamurra Project

Australian Rare Earths Ltd

Executive Summary
Pre-Feasibility Study Report

25 June 2026

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Introduction

Australian Rare Earths Limited (AR3, the Company) is an Adelaide-based mineral exploration and development company that listed on the Australian Securities Exchange (ASX:AR3) on 1 July 2021. The Company's flagship project is the Koppamurra Project (Koppamurra or the Project), a clay-hosted rare earths elements (REE) deposit located approximately 30 km southeast of Naracoorte on the Limestone Coast of South Australia (refer Figure 1).

The Pre-Feasibility Study Executive Summary released by the Company represents a summary of the key outcomes of an extensive body of technical, economic and project development work undertaken in relation to the Project. The Executive Summary has been prepared from a much larger and more detailed Pre-Feasibility Study report, which includes supporting technical reports, analyses and inputs prepared by appropriately qualified independent consultants and Company technical personnel across relevant disciplines, including geology, mining, metallurgy, processing, infrastructure, environmental and social studies, capital and operating cost estimation, financial modelling, permitting and project execution planning. The Company considers the Executive Summary to provide stakeholders with a clear and balanced overview of the material outcomes and assumptions from the broader Pre-Feasibility Study, while noting that the detailed supporting documentation remains significantly more comprehensive in scope and technical detail.

The Pre-Feasibility Study (PFS) confirms the potential for the Project to be developed as a technically viable, long-life rare earths project based on shallow open-pit mining, heap leach processing, rapid progressive rehabilitation and offsite calcination to produce a saleable mixed rare earth oxide product for supply to customers with rare earth oxide separation capabilities, either in Australia, the EU, U.S. or other suitable destinations. The development case is underpinned by extensive drilling, metallurgical testwork, environmental studies and engineering design work completed by AR3 and its specialist consultants. The study provides the technical foundation for the next phase of project development, including Mining Lease Application (MLA) submission, pilot plant operation, product qualification, offtake engagement and definitive feasibility work.

Exploration activities undertaken by AR3 since 2021 have identified shallow clay-hosted rare earth elements which are essential components for clean energy technologies, electric mobility, defence applications and many modern technologies. The activities have included numerous drilling campaigns, with more than 65,000 metres drilled, and a shallow bulk sample pit excavated and rehabilitated with the land returned to its prior use.

Mining at the Koppamurra project will be conducted by conventional mobile dry mining equipment (excavators and trucks) to dig, haul and dump material. Topsoil and overburden will be separately removed and returned to mined out voids as part of the rehabilitation phase.

The process plant engineering design, completed by Wallbridge, Gilbert, Aztec (WGA), builds upon the metallurgical test work programs undertaken at The Australian Nuclear Science and Technology Organisation (ANSTO), Brisbane Metallurgical Laboratory (BML), University of Toronto, Bureau Veritas, CSIRO, KYSPYmet, SGS Lakefield, together with other specialist providers engaged for discrete work packages. These programs were completed to support the development and assessment of a technically, environmentally, and economically viable heap leach processing flowsheet for rare earth recovery from the Koppamurra deposit.

The Project has been developed to produce approximately 2,000 tonnes per annum (dry basis) of marketable mixed rare earth oxide (MREO) product by processing 3 million tonnes per annum (dry basis) of mineralised ore, with the processing facility designed for a minimum operational life of 25 years.

While the Project is currently modelled with a 12-year mine life, the scale of the existing Mineral Resource and resource potential across the broader project area, has the potential to underpin a significantly extended operational life. Future work will include additional drilling to assess the potential to expand the potential Mineral Resource area.

The PFS represents a preliminary technical and economic assessment and is insufficient to support a final investment decision.

The key project metrics for the PFS are shown in Table 1 and are further detailed in the study summary below.

Table 1 Key Financials

Key Financial and Production Metrics	Unit	PFS Base Case
Processing Capacity	Mtpa	3
Life of Operation	Years	12
Ore Reserve	Mt	26
Average TREO Feed Grade	ppm	924
TREO Recovery	%	68
MREO Recovery	%	68
Average annual production (TREO)	t	1,860
Average NdPr Production	t	435
Average Dy and Tb Production	t	57
Average Y Production	t	238
Average Sm Production	t	69
Average Gd Production	t	67
Average Lu Production	t	4
Basket Price TREO*	US$/kg TREO	139
Operating Costs (ex-Royalties)	US$/kg TREO	34.14
AISC	US$/kg TREO	38.32
Initial Capex	A$M	178
Pre-Tax NPV_8	A$M	1,196
Pre-Tax IRR	%	113
Post-Tax NPV_8	A$M	858
Post-Tax IRR	%	99%
Post-Tax Payback	Years	0.9

PFS economic evaluation is as at Financial Investment Decision (FID) and payback period is from first production.
* Base Case pricing using the average of two highly regarded independent market analysts, Adamas Intelligence and Argus Media Q2'2026 long term Western forecasts to 2040. While some elements of their forecasts differ materially, both are considered credible and reflect the uncertainty in a maturing western sourced rare earth pricing market.

The engineering study was prepared in accordance with the guidelines and recommended practices of the Australasian Institute of Mining and Metallurgy (AusIMM) for prefeasibility-level technical studies. Consistent with an AACE International Class 4 estimate, the study is intended to evaluate the technical and economic viability of the project at a conceptual engineering level and to support decisions regarding advancement to a definitive feasibility stage.

Works to support the Project's Mining Lease Application (MLA) commenced in 2022, with a range of environmental assessments and supporting site visits covering ecology (native vegetation, flora and fauna, scattered trees), groundwater, stygofauna and sinkholes. Baseline data has also been collected, with detailed impact assessments in progress to support the submission of the MLA in 2026.

Figure 1 Koppamurra Project Location

Geology and Resource

Local and Deposit Geology

The Koppamurra Project is located within the Murray Basin of south-eastern Australia, along the eastern margin of the Kanawinka Escarpment within South Australia's Limestone Coast region, extending into western Victoria. The Project hosts shallow clay-hosted rare earth mineralisation developed within weathered Pleistocene lacustrine sedimentary clay unit and associated clay-rich sediments overlying Oligo-Miocene Gambier Limestone, a regionally extensive carbonate unit of the Murray Group. The geological setting reflects a complex history of marine incursions, coastal sedimentation, tectonic uplift and prolonged weathering associated with development of the Padthaway High and Kanawinka Fault system, which controlled preservation and enrichment of the REE-bearing clay horizons.

Rare earth mineralisation occurs within shallow ionic adsorption clay zones typically developed within 2–3 metres above the highly weathered limestone basement. The mineralised profile generally comprises thin sandy overburden overlying REE-enriched smectite-rich clay horizons with strong lateral continuity across the Project area, Figure 2. Research completed by AR3 and independent academic groups indicates the Koppamurra mineralisation represents an unusual sediment-hosted ionic clay rare earth system formed through weathering, sedimentary transport and geochemical enrichment processes linked to far-field granitic source rocks of the Lachlan Orogen. The shallow nature of the mineralisation, low stripping requirements and broad regional extent supports the Project's potential as a large-scale ionic clay rare earth development. The resource contains a valuable Magnet Rare Earth component, accounting for 25% of total rare earth oxide (TREO) and encompassing all four key magnet REEs, including the strategically important heavy REEs Dysprosium and Terbium (approximately 3%), along with Yttrium, Gadolinium, Samarium and Lutetium, elements subject to China's recently expanded export controls and increasingly critical to Western supply chains.

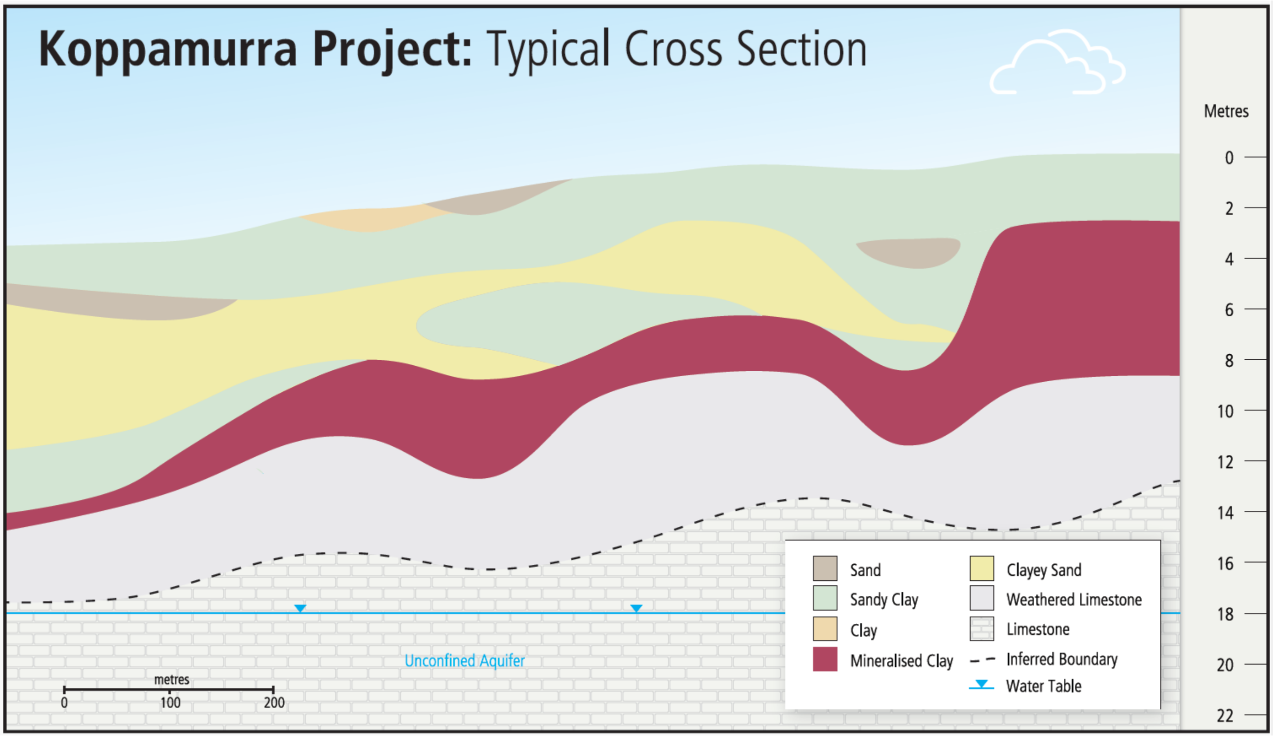

Figure 2 Typical Cross Section - Koppamurra

Exploration

Since 2020, AR3 has completed a substantial exploration program across the Koppamurra Project, including historical data compilation and review, GPR and EM geophysical orientation surveys, numerous drilling programs for both resource delineation and exploration using aircore, auger and push tube methods, completion of a LiDAR survey, excavation of a mining trial pit, and the geological modelling and resource estimation work required to support ongoing evaluation of the project. The detail is shown below in Table 2.

Table 2 Summary of exploration drilling between 2021 and 2024

Exploration Type	Hole Type	No. Holes	Total Metres
Drilling	Auger	69	335
Drilling	Push Tube	368	1,577
Drilling	Air Core	5,605	63,132
	Total	**6,042**	**65,044**

Mineral Resource Estimation

AR3 engaged Mineral Technologies to complete an update of the geological block model and Mineral Resource estimate for the Project in 2026. The primary objective of this update was to build upon the 2024 Mineral Resource Estimate and incorporate improved geological and metallurgical understanding of calcium distribution within the ionic-adsorbed clay mineralisation and to reflect this understanding through refined geological domaining, grade interpolation, and bulk density assignment. The Mineral Resource estimate has been prepared by Competent Persons in accordance with the principles and reporting criteria of the JORC Code (2012) and is intended to support ongoing technical evaluation and staged advancement of the project. All drilling was used to inform the geological interpretation process to define domain constraints whilst only the aircore drilling (exclusive of twin holes) was used to inform the grade interpolation process given their regular down hole intervals.

Overall, the updated Mineral Resource estimate reflects a more refined understanding of the geological and geochemical controls on mineralisation at Koppamurra, particularly with respect to calcium distribution within the ionic-clay sequence. The revised domaining and conservative estimation approach provide increased confidence in the geological model and Mineral Resource estimate, and support continued staged technical evaluation, including targeted infill drilling, further density determination by domain, and ongoing integration of geological and metallurgical data as the project advances.

Koppamurra 2026 Mineral Resource Statement (JORC 2012)

The Global Mineral Resource reported above a 325 ppm TREO-CeO_2 (TREO minus cerium oxide) cut-off grade for the Project is presented below in Table 3. This table conforms to guidelines set out in JORC Code (2012). The Koppamurra project comprises a total Mineral Resource estimate of 243 Mt @ 751 ppm TREO and 493 ppm TREO- CeO_2.

A resource map showing the measured, indicated and inferred areas is shown in Figure 3 and Figure 4.

The Global Mineral Resource JORC Categories are specifically stated as:

- Measured Mineral Resource of 0.9 Mt @ 773 ppm TREO and 502 ppm TREO-CeO2,
- Indicated Mineral Resource of 113 Mt @ 766 ppm TREO and 502 ppm TREO-CeO2, and;
- Inferred Mineral Resource of 130 Mt @ 737 ppm TREO and 486 ppm TREO-CeO2.

Table 3 Global Mineral Resource estimate for the Koppamurra Project 2026

Mineral Resource Category	Material	BD	TREO	TREO-CeO_2	MREO	La_2O_3	CeO_2	Pr_6O_{11}	Nd_2O_3	Sm_2O_3	Gd_2O_3
	Mt	gcm3	ppm	ppm	%TREO	ppm	ppm	ppm	ppm	ppm	ppm
Measured	0.9	1.6	773	502	25.1	125	271	36	135	27	25
Indicated	113	1.6	766	502	25.3	121	264	35	135	27	26
Inferred	130	1.6	737	486	25.3	121	251	34	130	26	24
Grand Total	**243**	**1.6**	**751**	**493**	**25.3**	**121**	**257**	**35**	**132**	**26**	**25**

Summary of Global Mineral Resources continued											
Mineral Resource Category	Tb_4O_7	Dy_2O_3	Ho_2O_3	Er_2O_3	Eu_2O_3	Tm_2O_3	Yb_2O_3	Lu_2O_3	Y_2O_3	U_3O_8	ThO_2
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Measured	4	20	4	10	6	1	8	1	102	1	21
Indicated	4	20	4	10	6	1	8	1	106	2	19
Inferred	3	19	4	9	6	1	7	1	102	2	18
Grand Total	**4**	**19**	**4**	**10**	**6**	**1**	**8**	**1**	**104**	**2**	**19**

Refer to ASX release 25 June 2026 "Maiden Ore Reserve positions Koppamurra for development".

Exploration Target

The Project includes a significant Exploration Target across both the southern and northern extents of the project region. The Exploration Target assigned is shown in Figure 3 and Figure 4 for the south and northern extents. A larger view of the Koppamurra project showing both deposits highlights the size of the overall project and its potential for further definition.

The potential quantity and grade of the Exploration Target is conceptual in nature, as there has been insufficient exploration undertaken to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A cut-off grade range of 225 ppm to 425 ppm TREO-CeO_2 was used to define a Global Exploration Target range of (680 Mt @ 820 ppm TREO to 3620 Mt @ 540 ppm TREO) for the Koppamurra project area. The summary of the total Exploration Target is shown below in Table 4.

Table 4 Summary of 2026 Global Exploration Target

Material Type	Zone	Material	BD	TREO	TREO-CeO_2	MREO	Dy_2O_3	Tb_4O_7	N_d2O_3	Pr_6O_{11}
		Mt	gcm^3	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Exploration Target	3	650 - 3120	1.6	560 -820	360 - 540	140 - 210	15 - 20	3 - 4	100 - 150	25 - 40
	4	30 - 500	1.6	420 - 690	300 - 500	110 - 190	10 - 20	2 - 3	80 - 140	20 - 40
Total		**680 - 3620**	**1.6**	**540 – 820**	**350 - 540**	**140 - 210**	**15 - 20**	**3 - 4**	**100 - 150**	**25 - 40**

The Exploration Target covers large areas across the Project both north and south informed by limited drilling and down hole assay results at this stage of project development. There remains an opportunity for the Exploration Target material to be converted into the Mineral Resource estimate upon the completion of additional aircore drilling in these areas.

Over the next 2 years, AR3 expects to undertake further drilling across priority areas of the defined Exploration Target. The program is intended to progressively test geological continuity and reduce drill spacing from the current wide-spaced pattern to approximately 240 m and, where warranted, 120 m, providing additional data that may support future Mineral Resource estimation.

Refer to ASX release 25 June 2026 “Maiden Ore Reserve positions Koppamurra for development”.

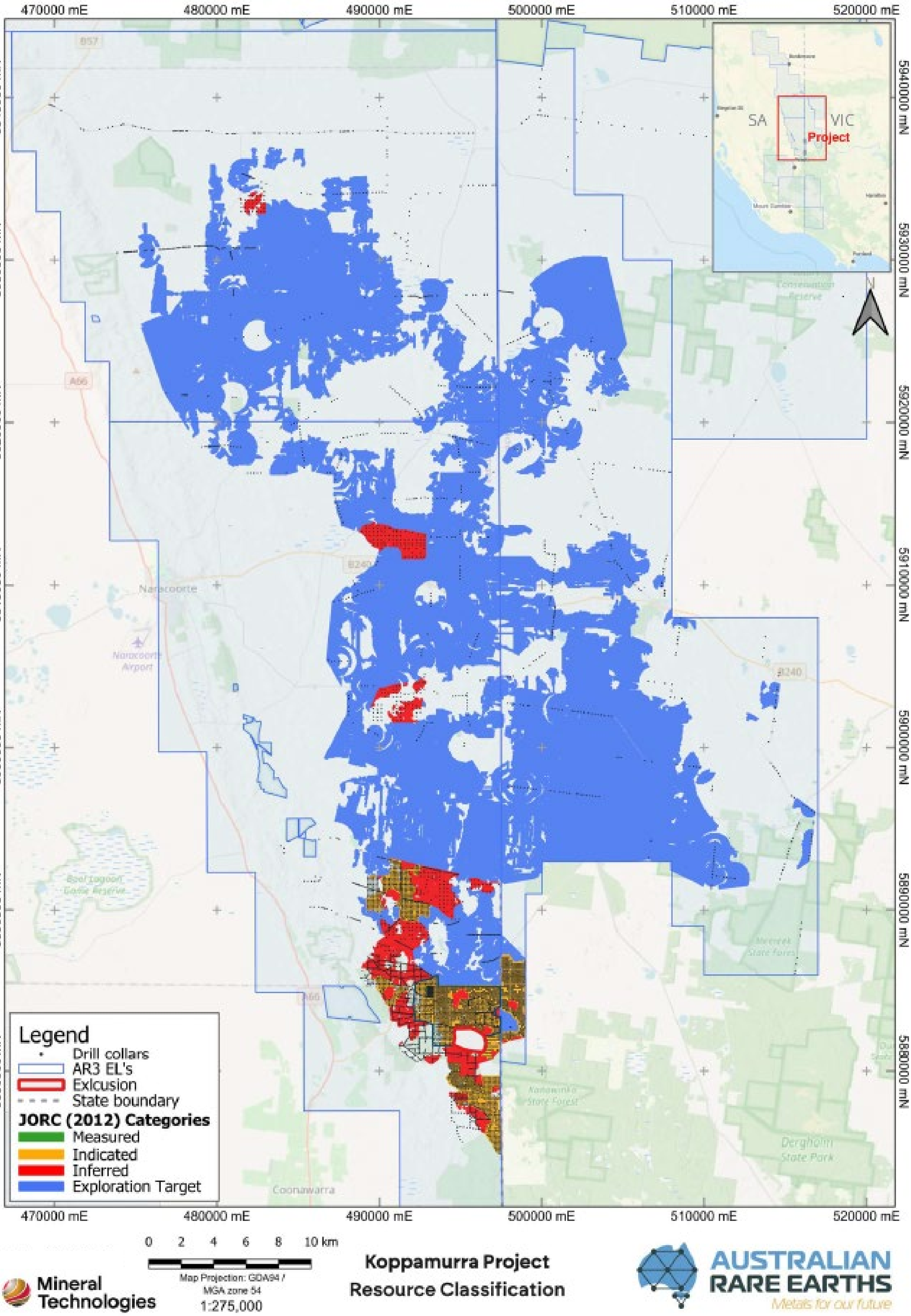

Figure 3 2026 Koppamurra JORC Classification (>325 ppm TREO-CeO2)

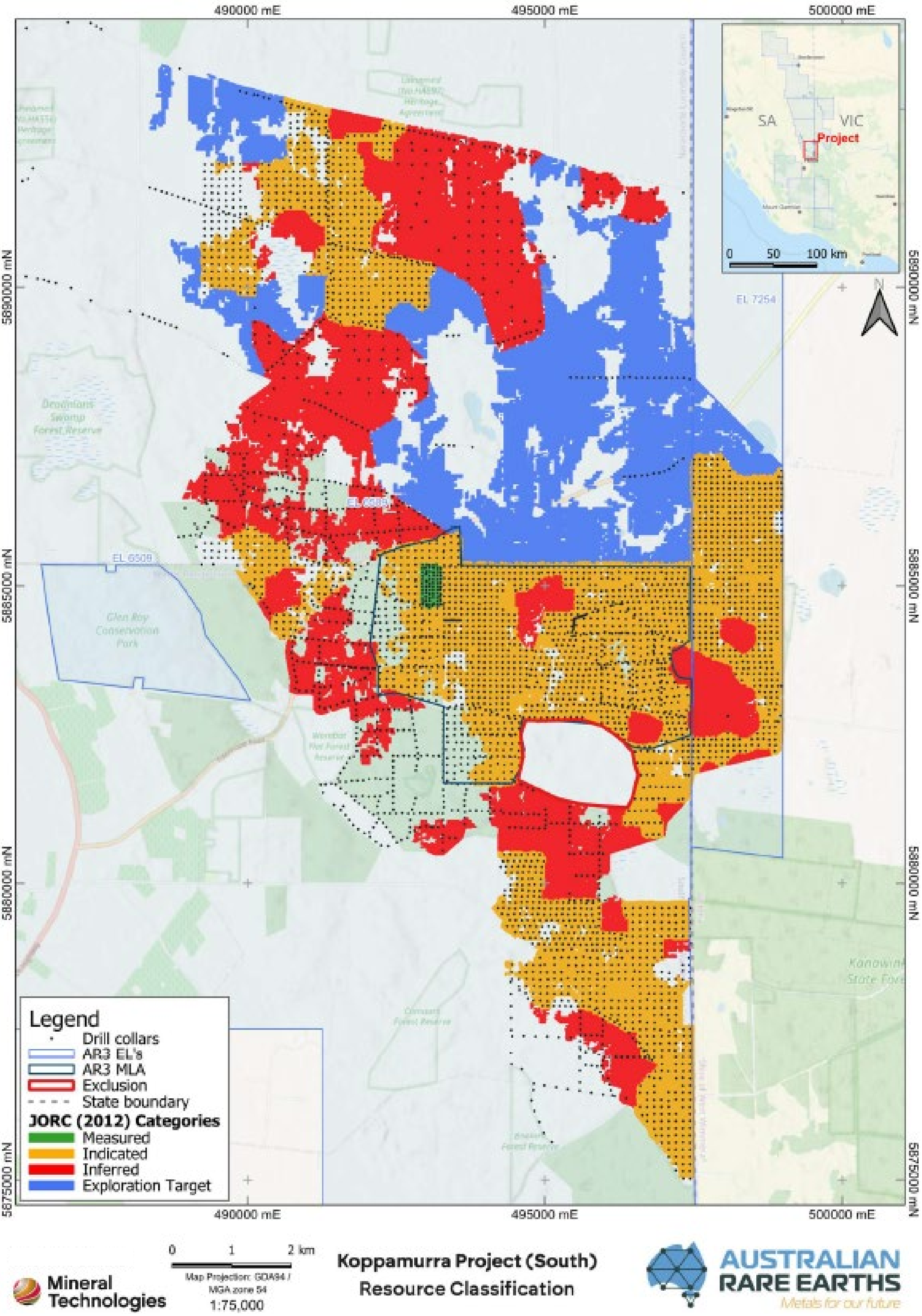

Figure 4 2026 Koppamurra South JORC Classification (>325 ppm TREO-CeO2)

Ore Reserve Estimation

Koppamurra 2026 Ore Reserve Estimate

The Maiden Ore Reserve estimate of 26Mt at 920ppm TREO for the Koppamurra Deposit is estimated at 25 June 2026 and summarised in Table 5. Tonnages and grades are rounded as appropriate and mineral assemblage is reported as parts per million (ppm). Measured and Indicated Mineral Resources have been converted to Probable Ore Reserves only. No Inferred Mineral Resources are included in the Ore Reserves. Ore Reserves are a subset of Mineral Resources. Ore Reserves are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).

Table 5 Ore Reserve Estimation as at 25 June 2026

Ore Reserve Category	Material	BD	TREO	TREO-CeO_2	La_2O_3	CeO_2	Pr_6O_{11}	Nd_2O_3	Sm_2O_3	Gd_2O_3
	Mt	g/cm^3	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Probable	26	1.6	920	602	141	324	43	167	33	32

Ore Reserve Estimation continued											
Ore Reserve Category	Tb_4O_7	Dy_2O_3	Ho_2O_3	Er_2O_3	Eu_2O_3	Tm_2O_3	Yb_2O_3	Lu_2O_3	Y_2O_3	U_3O_8	ThO_2
	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm
Probable	4.5	25	4.7	13	7.6	1.6	10	1.4	125	1.4	19

This study summarises the material information pursuant to ASX Listing Rule 5.9. Additional information required by ASX Listing Rule 5.9 is summarised in JORC Code 2012 – Table 1 Section 4 ASX release 25 June 2026 "Maiden Ore Reserve positions Koppamurra for development".

To develop the Ore Reserve estimate the cost, recovery, and price parameters (Modifying Factors) were input to the resource model using Datamine software and applied to Measured, Indicated and Inferred resource cells. The area included for the Ore Reserve estimate includes the proposed ML outline, and the area to the immediate east, west, and south of the proposed ML application area. The northern areas were excluded from the Ore Reserve estimate.

For the purposes of this optimisation process, a global mining recovery of 95% was applied to the resource model during the economic evaluation. Inferred resource cells were included in the optimisation process but were excluded from the final Ore Reserve estimation. The resultant cash value for each resource model cell was then derived. The model was optimised using the MaxiPit software and a pit shells generated. The most optimal and economic pit shell was selected for the ultimate pit shell design.

Mining

Mining Methods

Mining at the Koppamurra Project will be conducted by conventional mobile dry mining equipment (excavators and trucks) to dig, haul and dump material. Topsoil and overburden will be separately removed and returned to mined out voids as part of the rehabilitation phase. The ore will be hauled to the centrally located ROM pad located adjacent to the heap leach pads.

Geotechnical Parameters

The geology of the Koppamurra Project area can be separated into three primary rock types, clayey sand/sand overburden, sandy clay/clay host material and the basal fresh/weathered limestone unit. This lithological sequence remains consistent for both the northern and southern extents of the deposit confirming geological and grade continuity in the local geological region.

The clay zone remains as the primary target zone for mineralisation and the primary REE mineralisation typically occurs within a 2 m to 4 m interval above the undulating limestone basement contact.

Geotechnical investigation over the project area concluded a pit wall slope of 50° should be adopted.

Mining Sequence

The mining sequence prioritises the higher in-ground value mining pits of Measured and Indicated resource material first, followed by the Inferred material. The mining sequence also prioritises pits with shorter tramming distance to the heap leach pads where possible (refer Figure 5), depicting the mining pit sequence over the 12 year mine life.

The long-term rehabilitation objective is to progressively return the mining area back to its original land use. This will require the mining voids to be backfilled with the neutralised waste material from the heap leach pads, the return of overburden material and the spreading of topsoil, followed by a period of seeding and monitoring.

A staged commissioning and ramp-up period has been incorporated within the schedule to reflect the anticipated progression from initial operation to design throughput.

The processing facility has been designed to operate at a nominal feed rate of 400 tph. Operational assumptions adopted within the schedule include:

- Continuous operation, 24 hours per day and 7 days per week
- Overall plant availability of 85%
- Nominal processing feed rate of 400 tph
- Heap leach inventory capacity of 400 000 t
- Mining loss of 5%

Based on these assumptions, the operation can process approximately 3.0 Mtpa of ore at steady-state production.

The production scheduling model tracks the movement of material through each stage of the mining, processing and residue placement cycle to determine when individual mining areas become available for rehabilitation and final grade restoration.

This methodology ensures that mining, processing and residue placement activities remain aligned throughout the life of mine and provides the basis for forecasting progressive pit reclamation within the production schedule.

The resulting schedule provides the basis for the production forecasts, financial evaluation and Ore Reserve estimate presented in this report.

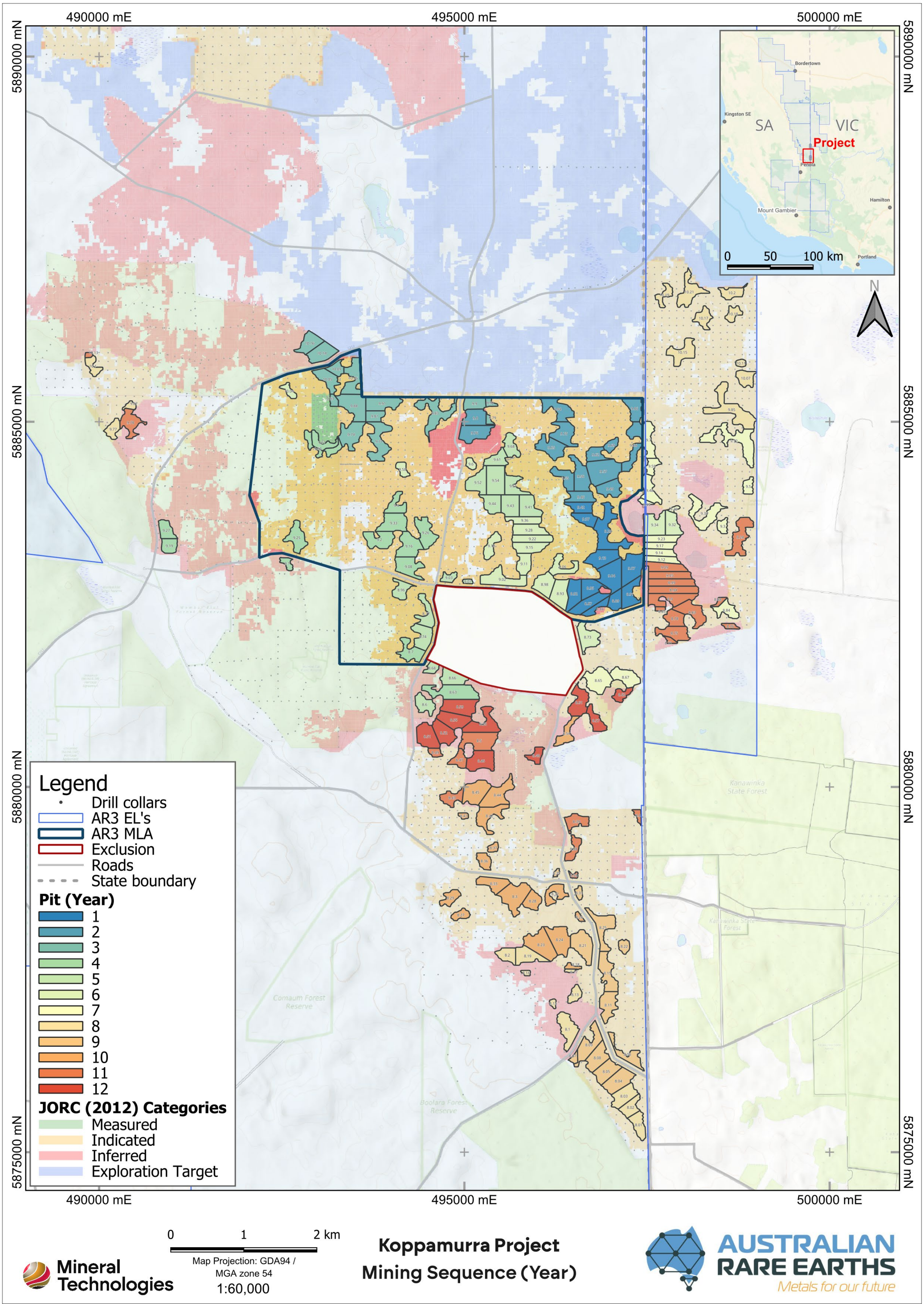

Figure 5 Mining Sequence (Year)

Life of Mine (LOM) Production Schedule

The life-of-mine production schedule demonstrates a relatively consistent ore feed profile throughout most of the operation, while integrating mining, heap leaching, residue placement and progressive rehabilitation requirements.

The total Life of Mine Production Target (and forecast financial information derived from the Production Target) referred to in this announcement is underpinned by approximately 71% Probable Ore Reserves and the remaining approximately 29% by Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself (or the forecast financial information) will be realised. The Company has satisfied itself that the Inferred Mineral Resources included in the Life of Mine Production Target are not the determining factor in project viability. The Inferred Mineral Resources included in the Life of Mine Production Target are allocated across the 12 year mine life with an average of 23% Inferred Mineral Resource across the first 10 years ranging from 2% to 33%. The expected payback period for the Koppamurra Project is less than one year.

Key schedule performance indicators are presented in Figure 6 and Figure 7.

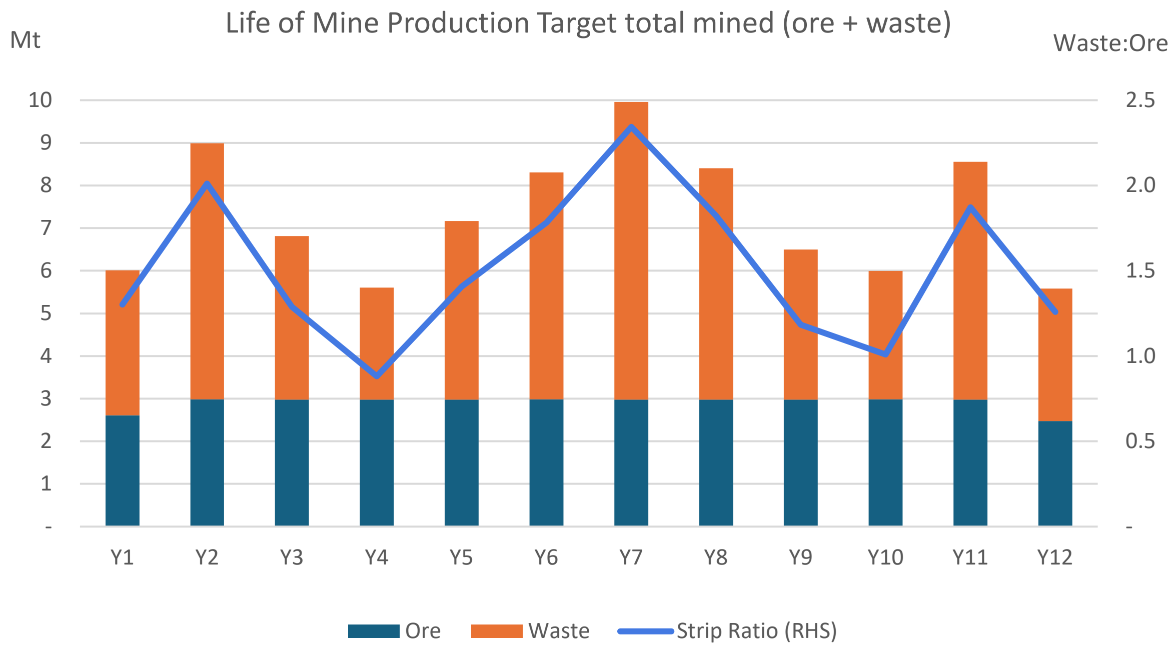

Figure 6 Total Mined (Ore + Waste)

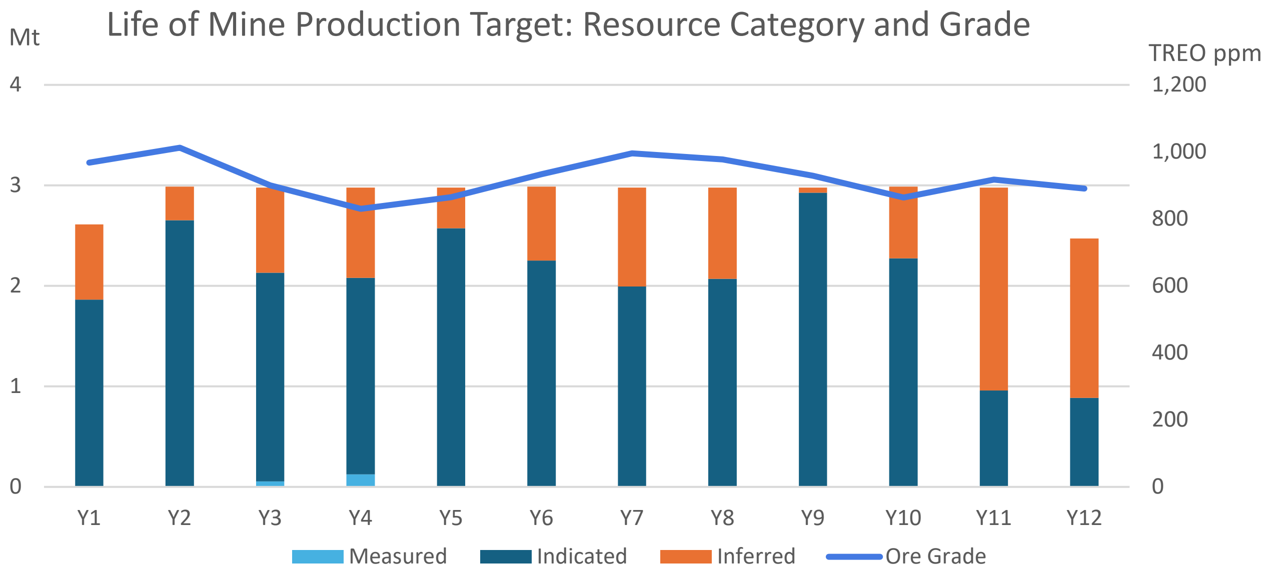

Figure 7 Life of Mine Production Target by Resource Category

Metallurgy and Processing

Testwork

Since 2021, AR3 has completed an extensive metallurgical testwork program to support development of the Project, encompassing 281 individual samples and 32 composites across a broad range of ore types and spatial locations. Testwork has been undertaken with leading specialist groups including ANSTO, CSIRO, SGS Lakefield, Bureau Veritas, BML and other technical specialists, covering ore characterisation, mineralogy, rare earth extraction, heap leach optimisation, impurity removal, rare earth precipitation, reagent recovery, rheology and materials handling.

Mineralogy and Element Deployment

Mineralogical analysis identified that La, Nd, Pr, Sm, and Tb are highly distributed to lanthanite minerals hosted in clay at Koppamurra. X-ray Diffraction (XRD) analysis of samples representative of the deposit identified the dominant clay minerals of the deposit as kaolinite, smectite and illite which exist from surface up to approximately eight metres deep and are located on top of a limestone basement. Particle size distribution analysis indicated that the fines fraction (<75 µm) accounts for approximately 68 wt.% on average, based on assessment across 17 samples. This fraction is dominated by clay minerals, while the coarse fraction is primarily composed of quartz.

The deposit contains valuable magnet REEs; neodymium (Nd), praseodymium (Pr), dysprosium (Dy) and terbium (Tb), and other valuable REE's samarium (Sm), gadolinium (Gd), yttrium (Y) and lutetium (Lu).

Flowsheet Development

The Koppamurra ore is a clay-hosted rare earth element (REE) deposit characterised by a combination of ionically adsorbed, acid-soluble and refractory rare earth mineralisation. Early metallurgical assessment identified sulphuric acid, with $MgSO_4$ as the desorption agent, as a feasible lixiviant system, with an optimal leaching pH of approximately 2.2.

The ore contains high proportions of swelling clay minerals, particularly smectite and mixed-layer illite/smectite, which created difficulties with solid-liquid separation following slurry leaching. As a result, heap leaching was assessed as an alternative processing route, leading to agglomeration and percolation testwork, followed by confirmatory column leach testing. This program confirmed heap leaching as the preferred processing route due to favourable leach performance and its suitability for the clay-rich ore, and resulting substantial savings in energy consumption, water consumption and capital expenditure compared to the alternative of tank leaching of a slurry.

During 2024 and 2025, ANSTO completed an extensive variability column leach testing program comprising eleven column tests across multiple ore types and operating conditions. The samples were selected to represent a typical run-of-mine (ROM) blend consistent with the expected feed to the processing circuit over the life of mine. This ensured that the metallurgical performance assumptions adopted for the PFS were based on representative ore characteristics rather than isolated or selectively optimised samples.

Laboratory leach testwork was undertaken to define the upper bound of achievable extraction under the applied operating conditions, followed by column [heap leach] tests to determine the scale-relevant kinetic and recovery response, including time-series performance and interpolation to equivalent operating days, forming the basis for recovery modelling.

Testwork indicated consistent extraction behaviour across representative ore types, with recovery governed primarily by leach chemistry, pH and leach duration rather than head grade or bulk geochemistry. This supports the application of a common recovery assumption across the orebody under the PFS operating basis.

The testwork also demonstrated favourable heap stability characteristics and magnet rare earth recoveries of up to approximately 76%. In 2025, AR3 further advanced the flowsheet through a bulk heap leach trial at BML using approximately 1.5 tonnes of ore, achieving high magnet rare earth recoveries and generating pregnant leach solution (PLS) for downstream MREO precipitation studies. Additional geotechnical, permeability and materials handling investigations undertaken by Trilab and Jenike & Johanson supported development of the heap leach and processing design basis for the PFS.

Conventional impurity removal (IR) testwork, including both single-stage and two-stage IR produced a suitable Mixed Rare Earth Carbonate product. Further optimisation for impurity removal led to adoption of a revised downstream flowsheet involving crude MREO precipitation followed by selective rare earth re-dissolution.

In 2026, AR3 have engaged ANSTO to operate a pilot scale plant to validate the flowsheet from heap leaching through to MREO. The pilot plant, operating 4m high, 600mm diameter columns each containing around a tonne of ore, will aim to confirm process conditions and performance established in earlier testwork, generate engineering data to support commercialisation, including validation of water balance and reagent consumption, produce a small amount of MREO product for AR3 to supply potential customers with market samples and produce samples for additional test work including materials handling characterisation (ore, agglomerates, ripios), filter sizing and water treatment. Results from this pilot plant will inform future Project studies.

Processing Plant Overview

The processing facility design has been based on the outcomes of the metallurgical testwork and is designed to treat 3 Mtpa (dry basis) of mineralised ore to produce approximately 2,000 tpa of MREO product (dry basis) at a target purity of 98.4% TREO. The processing facility has been designed for an annual operating time of 7,884 hours on a nominal plant availability of 90%, with a minimum of 25-year design life.

Process Flowsheet

Based on metallurgical testwork and trade-off study outcomes, a preferred flowsheet was developed for the economic recovery of REEs from the Koppamurra deposit through heap leaching. A high-level description of the processing flowsheet shown in Figure 8, is provided below.

Mining and Agglomeration: Shallow excavation of the Koppamurra deposit is carried out down to the limestone basement, targeting high-grade TREO zones. Mined ore from ROM pad is fed to an agglomerator, where it is treated with a mixture of:

- Sulphuric acid (H_2SO_4)
- Magnesium sulphate ($MgSO_4$) adjusted to pH 2.2
- Magnafloc 351

Agglomerated ore, with target moisture content of ~25%, is transferred to the heap leach pad via a conveyor system and radial stacker. The heaps are constructed to a height of ~4 m.

Heap Leaching: The heap leach process has 5 stages including curing, PLS production, ILS (intermediate liquor solution) production, washing and finally a drain. The entire process takes 22 days at an irrigation rate of 10 L/m^2/h. PLS generated from the heaps is fed to the crude MREO precipitation tank, ILS is recycled in the heap leach process to maximise recovery and washate is collected to be reused as process water.

Recovery of rare earths from the mined ore occurs in the heap leach process. Recovery assumptions used for the PFS are supported by testwork and included below in Table 6.

Table 6 Koppamurra Process Plant REE Recovery

Recovery of MREO in Heap Leach	
Pr6O11	70%
Nd2O3	70%
Tb4O7	65%
Dy2O3	65%
Gd2O3	70%
Lu2O3	60%
Sm2O3	70%
Y2O3	65%

Ripios will be returned to the mined pits in a form that is safe, stable and non-polluting in the context of the receiving environment, so that the land can be progressively rehabilitated to its pre-mining use; being, agriculture or plantation forestry. The open pits will be progressively backfilled with overburden and ripios and capped with the original subsoil and topsoil.

Crude precipitation: PLS is fed into a series of agitated precipitation tanks with magnesium oxide (MgO) dosed to maintain a target pH of ~7.2. The resulting slurry is pumped to a thickener for solid-liquid separation. The rare earth free overflow is recycled back to the heaps, whilst the underflow is further processed via a plate-and-frame filter, producing a wet filter cake. The resulting crude MREO filter cake is transferred to the crude MREO re-dissolution tank.

Re-dissolution: In a series of agitated tanks, the crude MREO filter cake is re-dissolved in sulphuric acid at a target pH of ~3.8, to selectively reject impurities. Undissolved solids are filtered and washed via a plate-and-frame filter, while the purified liquor is sent to oxalate precipitation.

Oxalate Precipitation: The rare earth-bearing solution generated from re-dissolution of the crude MREO intermediate is directed to the oxalate precipitation circuit. Oxalic acid is added in a series of agitated tanks to precipitate the rare earths as a rare earth oxalate. The precipitated solids are then separated from the barren liquor, with the solid oxalate product prepared for transport to the offsite calcination facility.

Calcination and Packing: Calcination at approximately 800°C for oxide conversion converts the rare earth oxalate to the final saleable mixed rare earth oxide (MREO) product.

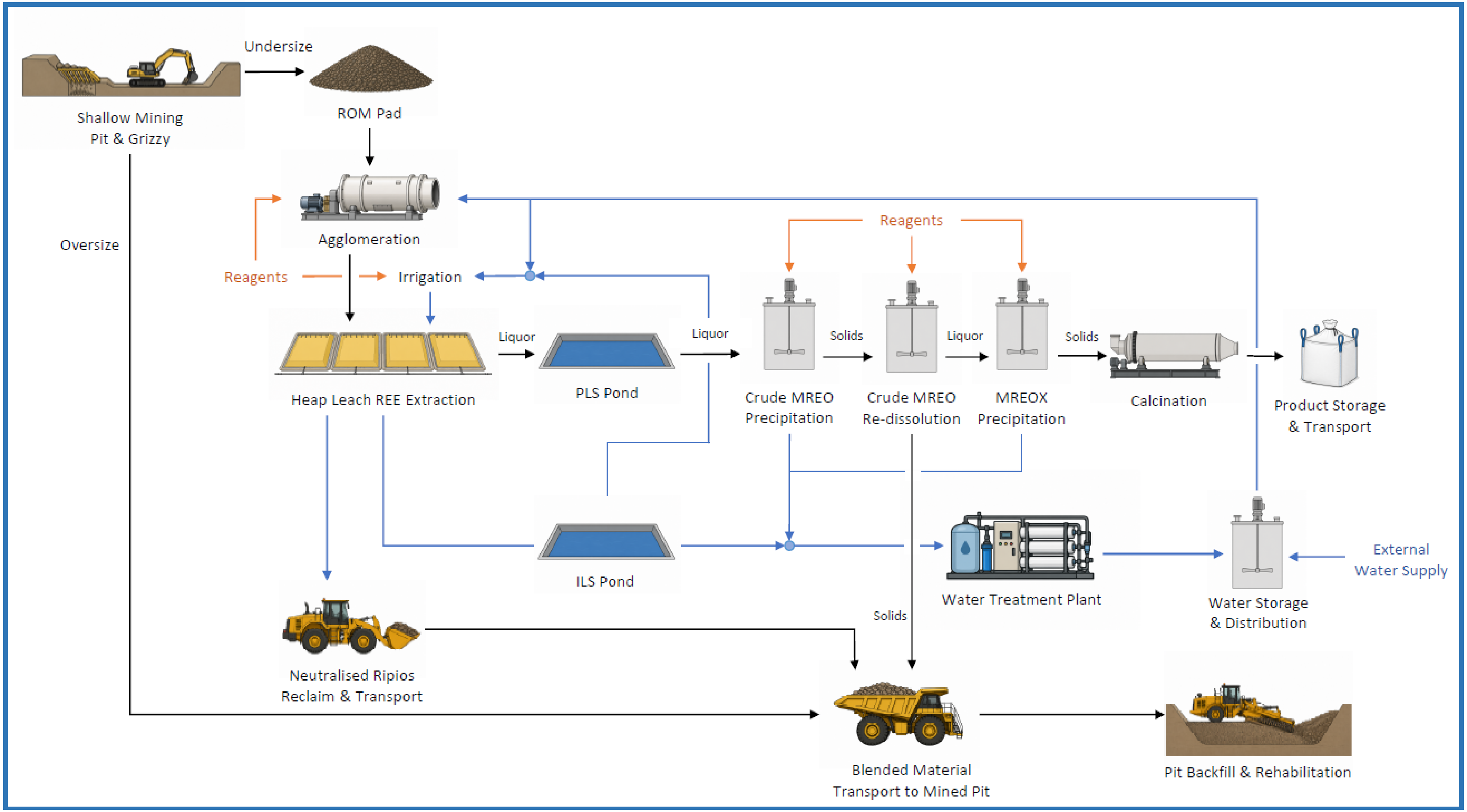

Figure 8 Koppamurra Process Flowsheet

MREO Product Quality and Impurity Removal

The final MREO product purity is expected to be > 98.4% TREO. The key impurities targeted are calcium, iron, aluminium and silica, which are selectively rejected in the re-dissolution process. Total impurities are < 1.6% in the MREO product. The expected product specification based on testwork is included in Table 7 below. Final targeted product quality is subject to further testwork and customer product preferences. It is expected, based on testwork results, that the Koppamurra MREO will be able to meet the very low radionuclide levels required by potential customers in Europe, the United States, Asia or Australia.

Table 7 Rare Earth Oxide Deportment

Rare Earth Oxide	wt.% calcined MREO	Impurities	wt.% calcined MREO
La_2O_3	16.3	**Al_2O_3**	0.07
CeO_2	30.4	**CaO**	1.05
Pr_6O_{11}	4.4	**FeO**	0.03
Nd_2O_3	17.5	**K_2O**	0.02
Sm_2O_3	3.4	**MgO**	0.1
Eu_2O_3	0.8	**MnO**	0.03
Gd_2O_3	3.3	**Na_2O**	*
Tb_4O_7	0.5	**SO_4**	0.03
Dy_2O_3	2.7	**SiO_2**	0.09
Ho_2O_3	0.5	**Total**	**1.4**
Er_2O_3	1.3		
Tm_2O_3	0.2		
Yb_2O_3	0.9		
Lu_2O_3	0.1		
Y_2O_3	16.2		
TREO + Y_2O_3	**98.6**		

*Below detection limit, also note that assays of uranium and thorium are also below detection limit hence are inferred as < 10 ppm from the feed concentration to oxalate precipitation.

Infrastructure & Utilities

Infrastructure items include mining-related facilities, access roads, power and water supply, processing plant infrastructure, and supporting services. The scope of infrastructure design presented reflects the PFS level of definition and is intended to support layout development and preparation of capital and operating cost estimates.

Site Layout

The Process Plant is located in Comaum, South Australia, near the intersection of Forest Headquarters Rd (Poolaijelo Rd) and Nambour Rd, as shown in Figure 9. The proximity of the plant to local infrastructure and services provides operational convenience and minimises onsite resource and infrastructure requirements.

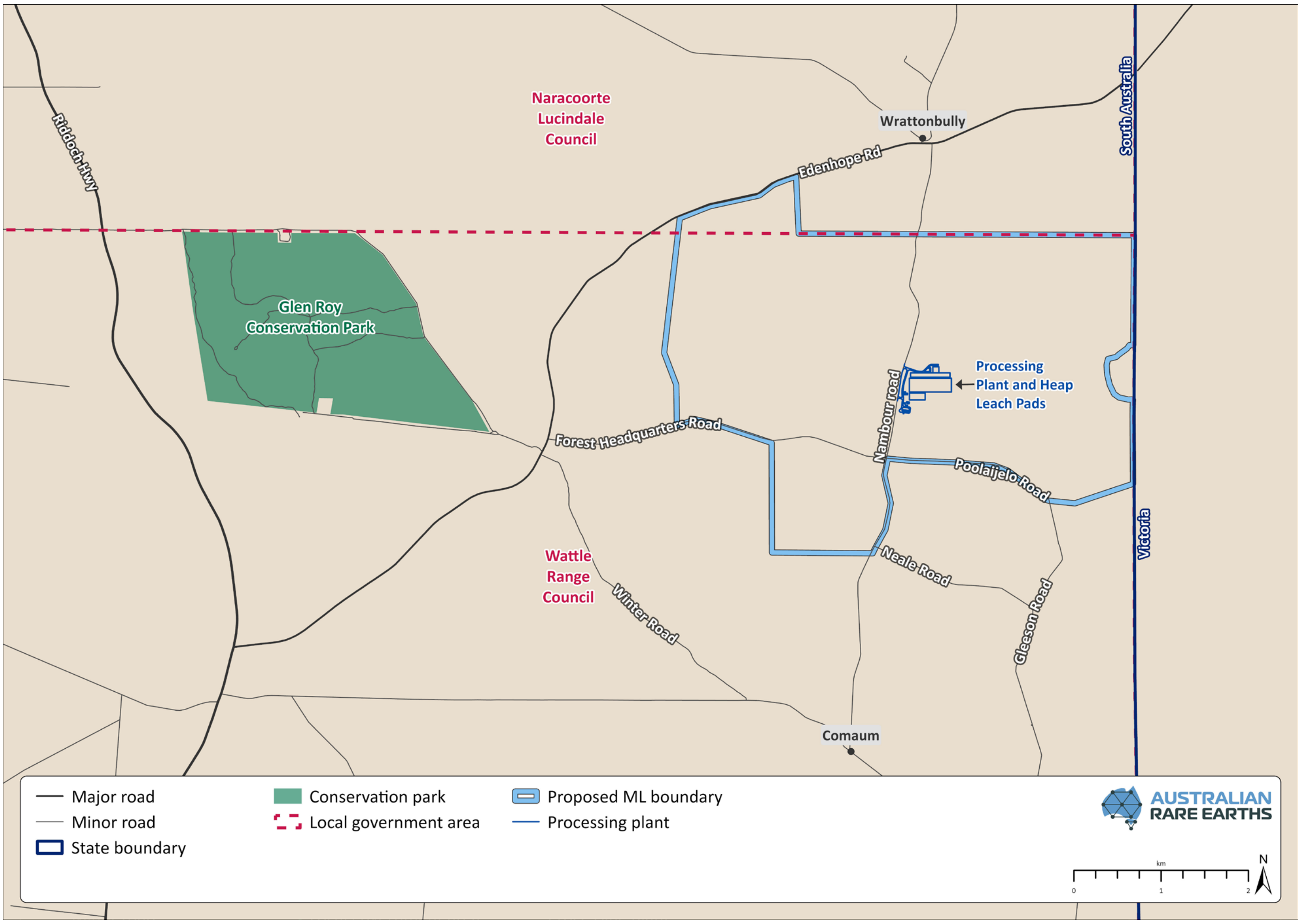

Figure 9 Process Plant Location

A 3D conceptual site layout is shown below in Figure 10 and Figure 11. This layout was developed around the mining areas taking into consideration existing roads, topography, ore location and environmental factors.

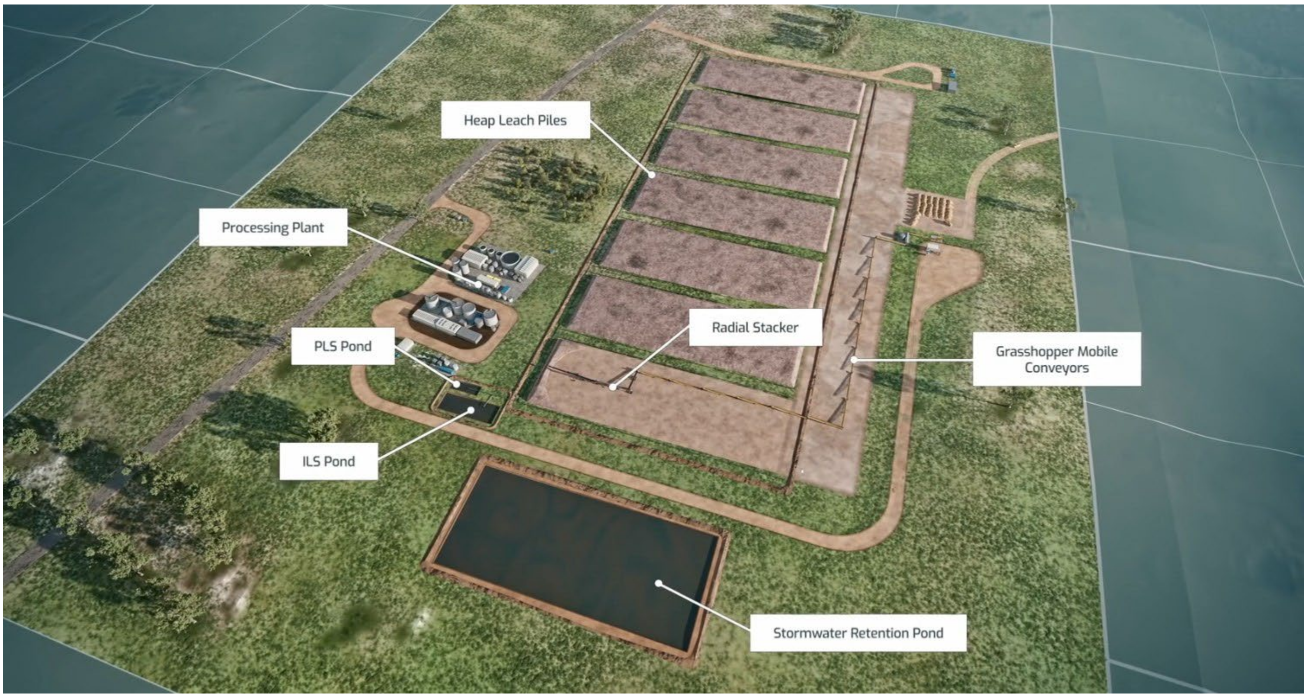

Figure 10 Model Birdseye View of Processing Plant

Figure 11 Model Side View of Processing Plant

The layout positions the ROM pad close to the initial mining areas, with 6 heap leach pads to the south of the agglomerator each nominally 150 m long x 70 m wide. The leach pads drain to the ILS pond, the PLS pond or to the Stormwater Retention Pond, depending on operation requirement, all located to the South of the leach pads.

The process plant is located between the heap pad and Nambour Road, with access to Forest Headquarters Road, linking the plant to the existing transport corridors of Edenhope Road and the nearby Riddoch Highway. It is set out with rows of tanks and equipment generally in sequence with the process flow, with pipe racks running between the rows. Enclosed buildings are provided where the MREO oxalate product is handled, before it is transported to the off-site calcination facility.

Workshops, the warehouse, the laboratory and the office buildings are located adjacent to the process plant, with the heavy vehicle workshop and diesel fuelling facility located near the ROM pad. Site roads, suitable for B-double vehicles access the plant from Nambour Road, via a security gatehouse at the site entrance. Site security controls include, closed-circuit television (CCTV), gatehouse access control, and perimeter fencing/barbed wire around the heaps, reagent storage/makeup area, and wider site area.

Power Supply

A Power Supply Study determined that a diesel generator-based power supply is currently assessed to be the most economical option, and the operating and capital cost estimates reflect this option.

The alternatives considered were:

1. Connection to the South Australian Power Networks Grid 33kV overhead power line, 14km to the east.
2. Onsite diesel gensets
3. Hybrid arrangement utilising renewables, battery and diesel backup

Power requirements are separated between the Koppamurra Site and the offsite calcination facility. At the Koppamurra Site which includes the Process Plant, associated facilities and mining, the total installed is 3.1 MW and at the offsite calcination facility, the total installed power is estimated to be 0.6 MW.

Future studies will continue to evaluate the most suitable power supply option and be informed by engagement with relevant Government authorities and clean energy financing bodies.

Water Supply and Management

The Project lies within the Lower Limestone Coast Prescribed Wells Area, supported by productive limestone aquifers used extensively for irrigation and agriculture. Water supply is expected to be sourced from licensed groundwater allocations, with process water recycled where possible. The annual water demand for the Project is approximately 780 ML.

Optimisation of internal recycle streams has minimised flow reporting to the main process water treatment plant. This has allowed optimisation of water treatment equipment capacity and downstream brine handling infrastructure, including evaporation and storage systems. The largest loss of water from the system is residual moisture retained in ripios, returned to the mine pits during backfilling operations.

Transport and Logistics

Site Access Roads

The proposed access to the site is via Forest Headquarters Rd from Edenhope Road to the west of the site. It is likely that materials delivered to and from site will come from Adelaide via the Riddoch Highway and Edenhope Road which is gazetted as a Performance Based Standards (PBS) Level 3A route and is capable of accommodating 36.5 m Road Trains including A-Double and-Triples.

The intersection between Edenhope Road and Forest Headquarters Road as well as Nambour Road will be upgraded as per Austroads Guide to Road Design Part 4A: Signalised and Unsignalised Intersections.

Port and Export Options

Given the Project's location in the Limestone Coast region of South Australia, Port Adelaide (South Australia) has been identified as the preferred option for export of the MREO product. However, Port of Portland (Victoria), also presents a suitable alternative to Port Adelaide if required.

Both are established ports with experience in bulk material and mineral product export; however, Portland has historically focussed on bulk commodities whereas Port Adelaide also has established container export capabilities. Port Adelaide has access to regular international shipping services which supports flexible export scheduling. Port Adelaide, being in South Australia may have less regulatory complexity than cross-border transport to Victoria. Portland has the advantage of significantly shorter travel distance, approximately 180km, compared to approximately 380 km to Port Adelaide.

Site Infrastructure

Table 8 below includes detail of the site infrastructure requirements which includes the physical facilities, utilities, and support systems required for the site and plant to operate.

Table 8 Site Infrastructure

Element	Detail
Accommodation	Due to the proximity to local towns, a camp at site will not be required and all employees and contractors will reside locally. It is estimated the Project will require 80-100 employees and contractors to support operations.
Water	Water will be supplied from the local aquifer from licensed groundwater allocations.
Power	Onsite energy requirements will be sourced form diesel generators with demand of 3.1 MW. The offsite calcination facility will be connected to the South Australian Grid and require 0.6MW.
Road Access	The main road access is via the Riddoch Highway and established roads to site consisting of 4.5 kms of sealed and 4 km of unsealed road from the main highway.
Port	By road, the Port of Adelaide is ~380km from the Project site with established experience in bulk material and mineral product export.
Buildings	Intended to be provided as transportable modular units mounted above ground level to facilitate service connections.
Workshops	The maintenance workshop, and warehouse, are intended to be constructed on site using standard shed-type structures.
Security Access	Entry to the proposed ML area will be restricted to authorised personnel only. There will be perimeter signage to indicate entry to the proposed ML featuring safety warnings and limited access. Entry to site will be controlled at the security gatehouse and perimeter fencing to prevent unauthorised access.
Fuel	Diesel fuel is delivered to the site by B-double trucks and stored in designated Fuel Tanks that supply HV, LVs and the generators.
Communications	Communications infrastructure options include extension of existing regional telecommunications networks, supplemented by Wi-Fi to ensure adequate coverage across the plant, mining areas, and supporting infrastructure. Wi-Fi connection is plausible via both private LTE/4G connection or Starlink.
Stormwater	Stormwater management in the process areas is based on containment of overflow and run-off within a lined evaporation basin. The evaporation basin is designed to capture all stormwater runoff from the Heap Leach Piles and surround hardstands.

Permitting, Legal & Environment

Regulatory Context and Compliance Framework

The Project is adopting a staged regulatory approvals approach due to the regionally extensive nature of the Koppamurra deposit. The Project is currently focussed on regulatory approvals for the area shown in Figure 12 in South Australia, with the first stage one area considered to be the initial proposed ML area. This initial, stage one area, is expected to be sufficient for approximately 5 to 7 years of operations, in accordance with the current mining pit schedule. The staged regulatory approvals approach will require additional ML applications and subsequent approvals for expanded areas before operations can take place. AR3 considers this approach the most efficient pathway to support long term operations across the Project area.

For regulatory permitting and environmental compliance, AR3 has adopted a risk-based, outcomes-focused approach consistent with the *Mining Act 1971* (SA) (Mining Act) and published guidelines by the Department for Energy and Mining (DEM), together with other relevant State and Commonwealth legislation.

The Project within the proposed Mining Lease (ML) requires multiple approvals (primary and secondary) and compliance with a range of approvals in accordance with supporting State and Commonwealth legislation such as:

- ML under the Mining Act
- An approved Program for Environment Protection and Rehabilitation (PEPR) after the ML is granted under the Mining Act
- Assessment under the *Native Vegetation Act 199*1 for approval to clear native vegetation
- Environmental authorisations under the *Environment Protection Act 1993* for prescribed activities
- Compliance with the *Aboriginal Heritage Act 1988*
- Compliance with the *Native Title Act 1993* (Cth) together with Part 9B of the Mining Act
- Assessment under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) to determine if the Project would have an impact on any matters of Matters of National Environmental Significance (MNES), and a potential referral to the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

Although specific approvals may not be required under various pieces of legislation (e.g. Aboriginal Heritage Act), compliance is still required.

AR3 has adopted a proactive environment and approvals strategy involving:

- Engagement of specialist environmental consultants (JBS&G);
- Early regulator engagement with DEM, EPA, DEW, and other agencies;
- Completion of a formal Scoping process under the Mining Act;
- Development of detailed technical studies to support approvals.

The Scoping Report was endorsed by government agencies in November 2025, confirming the environmental studies and assessment methodologies required for the ML application. The process for seeking approval from an exploration stage is clearly defined under the Mining Act and the various guidelines published by the DEM to assist mining proponents and is depicted in Figure 13.

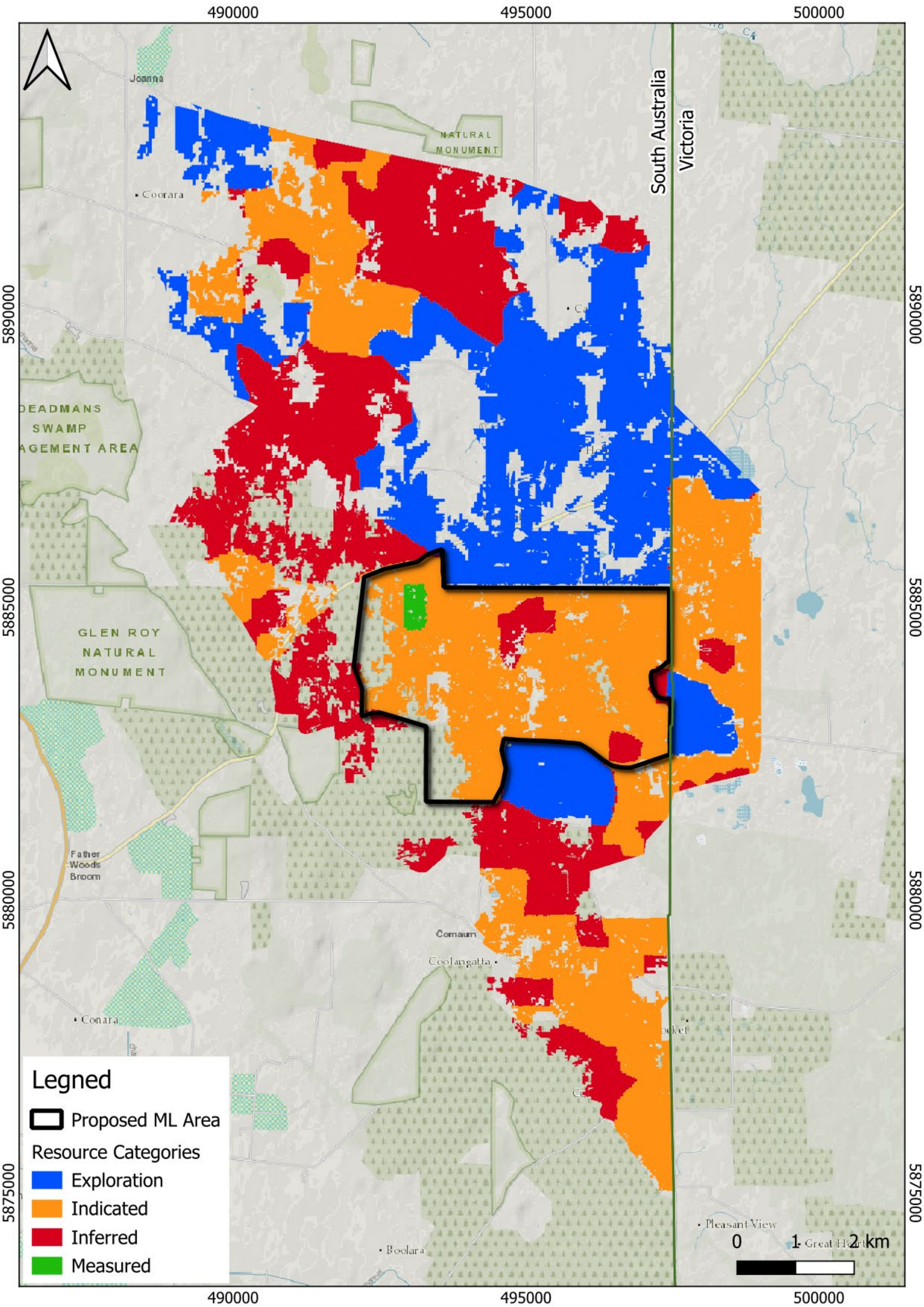

Figure 12 Proposed ML Area

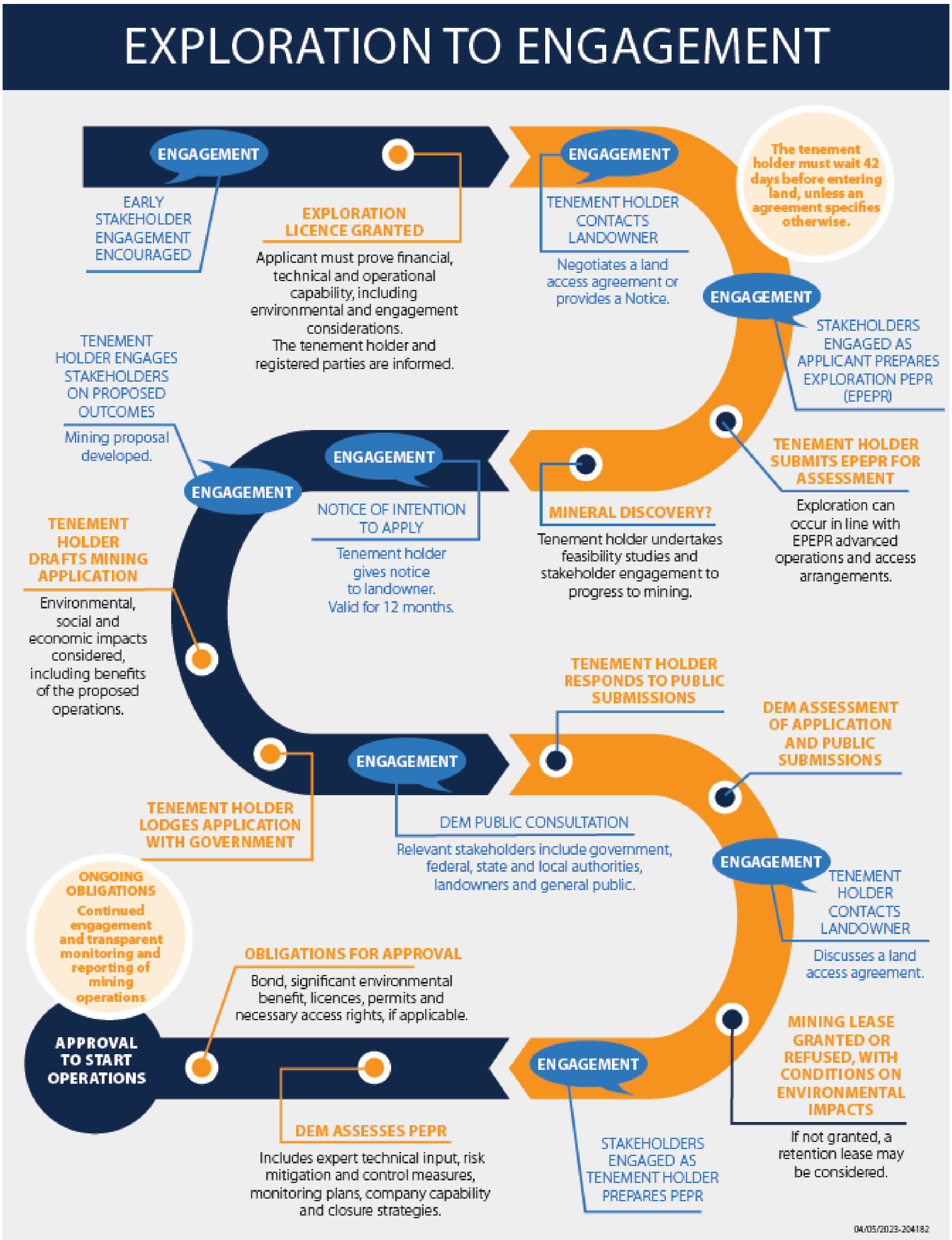

Figure 13 Exploration to Engagement (Source: DEM 2023a)

Environmental Baseline Conditions

Climate and Meteorology

The Project area experiences a temperate Mediterranean climate with cool wet winters and warm dry summers. Average annual rainfall is approximately 572 mm. Seasonal rainfall patterns influence dust generation, water management, and rehabilitation planning.

Soils

The area contains variable sandy, loamy, duplex, and limestone-associated soils currently supporting grazing, forestry, and viticulture. Key soil constraints include salinity, sodicity, waterlogging, low fertility, and shallow limestone.

Groundwater

The Project lies within the Lower Limestone Coast Prescribed Wells Area, supported by productive limestone aquifers extensively used for irrigation and agriculture. Groundwater is generally fresh but shows evidence of agricultural impacts including elevated nitrates and metals. Groundwater drawdown and contamination risks, mitigations and controls are key assessment focus areas.

Surface Water

The region is characterised by shallow depressions, wetlands, and modified drainage systems rather than permanent streams. No watercourses occur within the ML, but wetlands and sinkhole features connected to groundwater systems are present and require protection.

Flora and Fauna

The Project area contains highly modified agricultural landscapes with some remnant native vegetation and habitat for threatened species including:

- South-eastern Red-tailed Black Cockatoo;
- Blue-winged Parrot;
- Southern Bent-wing Bat;
- Seasonal Herbaceous Wetlands TEC.

The ML boundary was adjusted to avoid impacts on key wetlands. Surveys confirmed active cockatoo nesting habitat within the ML area.

Air Quality and Greenhouse Gas Emissions

Baseline dust monitoring since 2022 indicates generally low dust deposition levels consistent with rural agricultural settings, with occasional seasonal spikes during dry summer periods. Air quality impact assessments remain underway.

Noise and Vibration

Baseline noise monitoring identified generally quiet rural conditions dominated by natural sources such as birds, with intermittent agricultural mechanical noise. Future mining operations may affect nearby receptors and require operational controls.

Aboriginal Cultural Heritage

Desktop heritage assessments identified no registered Aboriginal heritage sites within the ML area, and the risk of disturbing unknown heritage is considered low due to historic agricultural disturbance. Additional searches will be undertaken prior to ML submission.

European Heritage

No registered European heritage places occur within the ML area. The nearest local heritage place is the “Wrattenbullie” homestead adjacent to the northeast boundary.

Geological Heritage

No geological heritage sites occur within or near the ML. The Naracoorte Caves Complex is located approximately 14 km away.

Social Environment

The local economy is strongly based on agriculture, forestry, and viticulture. Nearby communities include Naracoorte, Penola, Wrattonbully, and Comaum. Potential economic benefits include employment and increased local business activity.

Sensitive Receptors

Sensitive receptors include:

- Landholders within and adjacent to the proposed ML;
- Residents of nearby communities;
- Agricultural operations;
- Groundwater users;

- Native vegetation and fauna habitats.

Impact Assessment

As part of the overall approvals process, the proposed ML is currently undergoing detailed impact and risk assessment in accordance with *Mineral Regulatory Guideline MG2a – Preparation of a Mining Application for Metallic and Industrial Minerals* (MG2a) (DEM 2020) using a structured, evidence-based and precautionary approach.

To address these risks, a comprehensive program of baseline studies, impact assessments, engineering design and management planning is underway or planned. This program is intended to inform the development of mitigation measures, demonstrate that risks can be managed to as low as reasonably practical (ALARP), and support regulatory approvals and the achievement of stable, sustainable rehabilitation and closure outcomes.

Mitigation and Management Measures

Mitigation Hierarchy Application

The Project applies a mitigation hierarchy of:

1. Avoidance;
2. Minimisation;
3. Mitigation and management;
4. Rehabilitation and closure.

Water Management Strategy

Water supply is expected to be sourced from licensed groundwater allocations, with process water recycled where possible and residual water managed through mine backfill systems.

Waste and Hazardous Materials Management

Mining wastes, reagents, hydrocarbons, and hazardous materials will be managed using bunded storage, spill controls, waste tracking systems, and geochemically informed mine backfill strategies.

Biodiversity Management and Offsets

Biodiversity impacts will be managed through:

- Vegetation avoidance;
- Rehabilitation;
- Weed and pest management;
- Significant Environmental Benefit (SEB) offsets where unavoidable clearing occurs.

Rehabilitation and Closure Strategies

Closure objectives aim to achieve stable, safe, non-polluting landforms capable of returning to productive agricultural or forestry use. Progressive rehabilitation will be undertaken during operations wherever practicable.

Environmental Mitigation and Management Strategies by Phase

Detailed mitigation measures are proposed for construction, operations, and closure phases, including:

- Dust suppression;
- Erosion controls;
- Groundwater monitoring;
- Traffic management;
- Heritage protection procedures;
- Progressive rehabilitation;
- Biodiversity management.

Monitoring Programs and Adaptive Management

Comprehensive monitoring programs covering groundwater, surface water, dust, noise, ecology, traffic, and rehabilitation performance will support adaptive management throughout the Project life.

Closure and Rehabilitation Planning

Closure planning aims to restore land to a condition equal to or better than pre-mining use while ensuring long-term environmental stability and productive post-mining land uses.

Closure strategies include:

- Progressive pit backfilling;
- Soil replacement and revegetation;
- Processing plant decommissioning;
- Removal or transfer of useful infrastructure to landowners.

Post-closure monitoring will assess:

- Soil quality;
- Groundwater;
- Vegetation success;
- Residual environmental risks

Approvals and Stakeholder Engagement

Key technical studies are underway in groundwater, ecology, geochemistry, traffic, air quality, noise, and rehabilitation. Groundwater and rehabilitation studies are identified as critical path approval items.

AR3 has maintained ongoing engagement with DEM, EPA, DEW, NVC, and other agencies since 2022 to align technical studies and approval expectations.

AR3 has implemented extensive stakeholder engagement initiatives including:

- Community Consultative Committee;
- Landowner reference groups;
- Public meetings;
- Factsheets and newsletters;
- Local office and community contact points.

The engagement strategy aims to build trust, identify concerns early, and incorporate stakeholder feedback into Project planning and approvals.

Project Execution Plan

Key Project Milestones & Schedule

A Project Master Schedule detailed with key milestones and tasks has been developed that will allow the project to move from PFS to Production. Target dates for granting of approvals, completion of detailed engineering, plant construction and operation commencement have been nominated, and the schedule has been structured with a critical path to meet those dates. A high-level milestone schedule is included below in Figure 14.

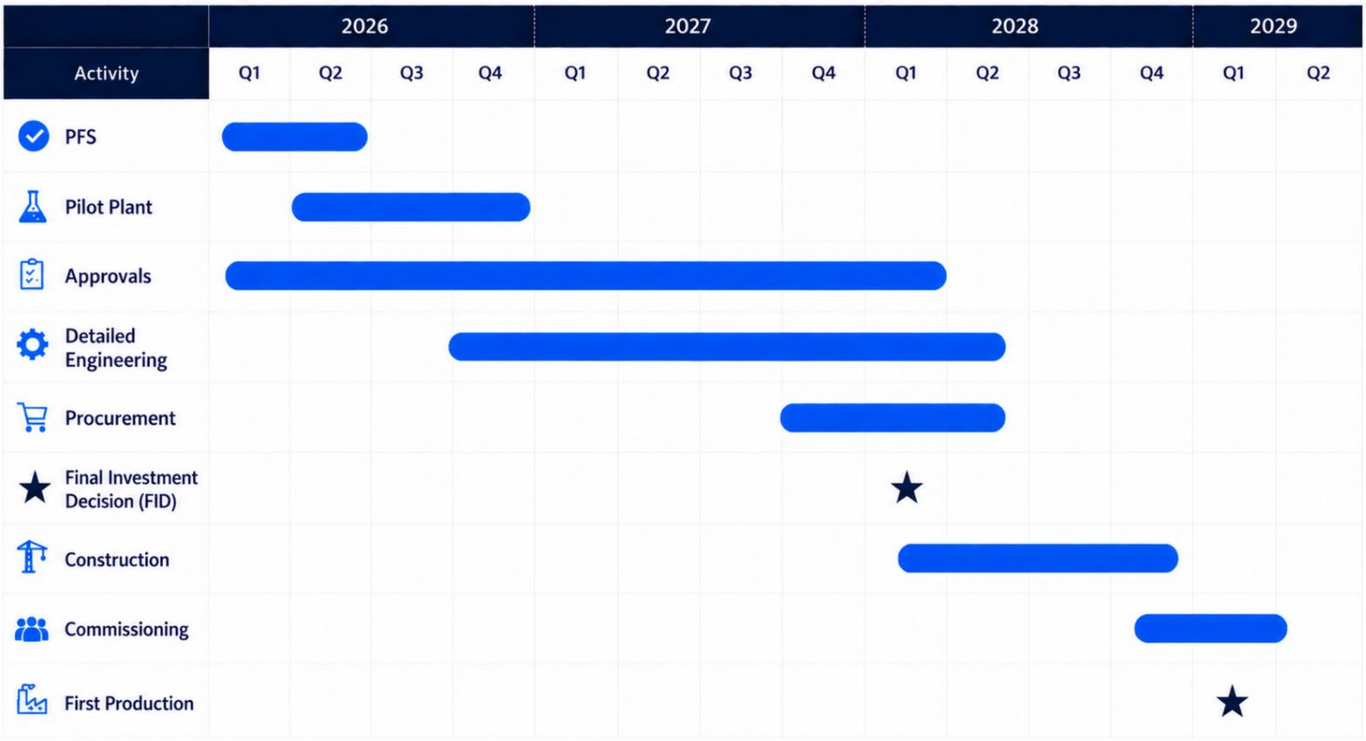

Figure 14 Koppamurra Milestone Schedule

Detailed engineering to support the Definitive Feasibility Study (DFS) will commence upon completion of the pilot plant at ANSTO in late 2026. The pilot plant will assist with confirmation of the current basis, including validation of heap sequencing, irrigation performance, and kinetic performance under the selected operating conditions.

The Project is expected to be delivered using an EPCM contracting model, supported by a series of competitively tendered construction and supply packages.

The EPCM approach is the dominant strategy in Australia for execution of a project of this scale and complexity. Under this model, AR3 will retain overall project control while engaging an experienced EPCM contractor to manage engineering design, procurement, construction coordination, and commissioning activities.

Procurement of long lead time items (LLI) has been integrated in the master project schedule. Vendor engagement has already begun for critical packages to enable selection of the most suitable equipment, integration into the overall engineering plant design and ensure purchase commitments can be placed on schedule. LLIs include the main mechanical equipment packages for the process plant, namely the grasshopper conveyor system, agglomerator, radial stacker, calciner and RO plant.

Market & Offtake

The global rare earth market remains heavily influenced by Chinese supply dominance and evolving geopolitical dynamics, while the build-out of Western supply chains may contribute to increasing market and price bifurcation between China and ex-China markets, making long-term price forecasting inherently uncertain.

Australian Rare Earths (AR3) commissioned Adamas Intelligence to assess the long-term market outlook and strategic positioning of the Koppamurra Project within the global rare earths industry. The study concluded that demand for magnet rare earths is expected to grow strongly through to 2040, driven primarily by electric vehicles, robotics, renewable energy technologies, and advanced manufacturing. Adamas forecasts demand growth for magnet rare earths to significantly outpace supply growth, creating long-term shortages of key elements such as neodymium, praseodymium, dysprosium, and terbium unless substantial new supply is developed.

The study highlighted that the Koppamurra Project as the potential to become a material supplier of dysprosium and terbium, as well as neodymium and praseodymium to existing and emerging magnet makers in the U.S, Europe, Japan and South Korea that would value the provenance and transparency of the MREO supply.

China currently dominates global rare earth mining, refining, and magnet production shown in Figure 15 and Figure 16. As of 2025, China was responsible for 67% of global mine production of magnet rare earths and over 89% of each subsequent step, making it the world's dominant producer of refined rare earth oxides, metals and alloys, magnetic alloys, and NdFeB permanent magnets.

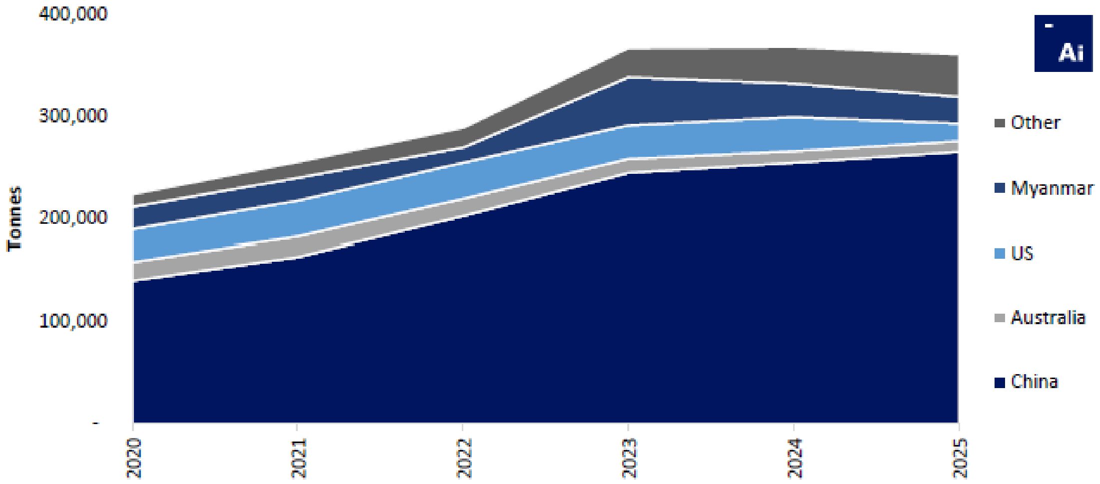

Figure 15 Historical global TREO mine production by country

Regional Share	Mining	Oxides	Metals and Alloys	NdFeB Alloys and Powders	NdFeB Magnets
China	67%	89%	92%	91%	90%
Other	33%	11%	8%	9%	10%

Figure 16 Overview of global mine to magnet value chain in 2025, led by China at every step

Adamas forecasts that global TREO demand will increase at a CAGR of 6.0% going forward, from 252,000 tonnes in 2025 to 607,000 tonnes in 2040, driven primarily by the permanent magnet sector with growth for applications involving electric mobility, robotics and advanced air mobility, shown in Figure 17.

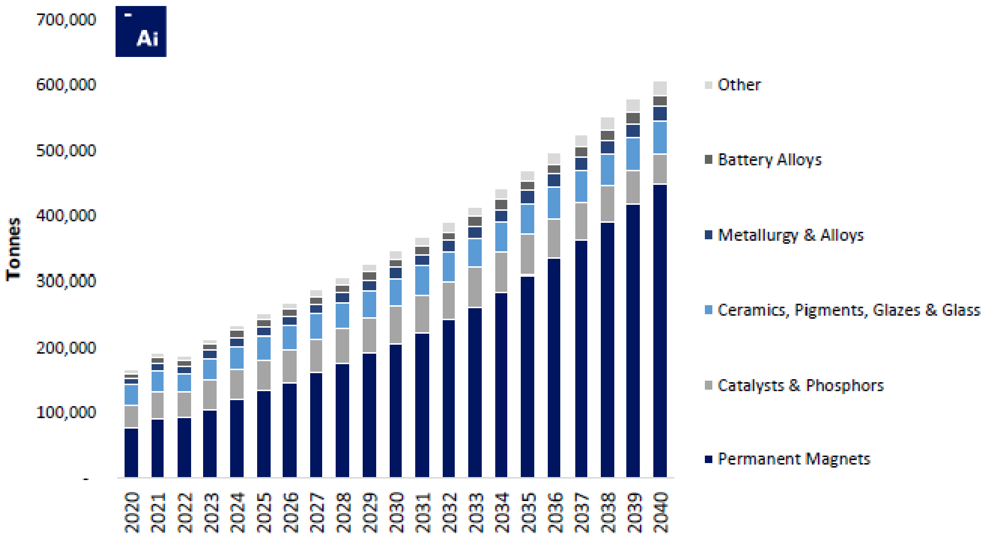

Figure 17 Historical global consumption and forecasted demand for TREO by end-use category

China's Export Restrictions Creating an Acute Need for Alternative Sources of Supply

China's April 2025 export restrictions have revealed massive vulnerabilities not just in global NdFeB magnet supplies, but also in supplies for a host of rare earth elements used widely in high tech, aerospace, defense and other industries.

In addition to NdFeB, China's export controls also apply to rare earth oxides, compounds, metals, alloys and mixtures of samarium, gadolinium, terbium, dysprosium, lutetium and yttrium.

The U.S. and other countries maintain strategic stockpiles of these rare earth materials as a hedge against market uncertainty, evincing the criticality of rare earths like yttrium, samarium and gadolinium to defense and civilian industries.

As such, Adamas sees strong demand for new sources of these rare earths in the U.S., Europe and elsewhere, and potential for emerging alternative suppliers of samarium, gadolinium, dysprosium, terbium, yttrium and lutetium to secure significantly higher prices than Chinese benchmark levels.

International Supply Chain Development

A rare earth renaissance is underway in the West:

Over the past three years, strong rare earth magnet demand growth coupled with a wave of incoming rare earth oxide supply has helped de-risk the business case for downstream investments in metals, alloy and magnet production capacity, spurring public and private sectors into action.

More recently, China's implementation of export controls on a suite of rare earth elements, including high-performance rare earth magnets, in April 2025 has galvanized the resolve of governments and end users to support the expedited development of alternative supply chains connecting the Americas, Europe, Australia, Africa and beyond.

These developments, and others yet to come, are a testament to the upstream market's rising diversity and supply security, coupled with the downstream market's rapidly increasing demand for alternative supplies of NdFeB magnets.

According to Adamas Intelligence data, combined rare earth magnet production capacity in the U.S. and Europe is poised to increase more than 10-fold by 2030 as new factories are built and/or ramped up, necessitating comparable growth in rare earth oxide supplies.

A year of unprecedented action and investment from governments:

China's export restrictions have exacerbated the need for diversified sources of supply, triggering a wave of investments, policies and international initiatives around the globe. Governments have responded with substantial funding, strategic reserves, price supports and bilateral/multilateral partnerships to build resilient supply chains.

In 2025, MP Materials and Vulcan Elements (with partner ReElement) received landmark investments from the U.S. government. In early 2026, that list grew to include USA Rare Earth. Furthermore, in February 2026, the U.S. Strategic Critical Minerals Reserve ("Project Vault") was launched to establish a large-scale, decentralized domestic stockpile of critical minerals (including rare earths) to protect American manufacturers and industries from supply chain disruptions, price volatility and foreign dependencies.

In Europe, the European Union is advancing its Critical Raw Materials Act ("CRMA") with ambitious 2030 benchmarks for domestic extraction, processing and recycling, while accelerating implementation through the RESourceEU Action Plan. The plan introduces coordinated EU-level stockpiling, demand aggregation, joint purchasing and enhanced financing mechanisms that will mobilize around €3 billion in EU and EIB funding by December 2026.

In June 2026, the G7 announced they were aiming to significantly reduce dependencies on a single supplier outside the G7 and partner countries for rare earths and permanent magnets to under 60 per cent by 2030 and continuing to decrease further over time, with an ambition to reach 50 per cent as soon as possible.

In Australia, a Critical Minerals Strategic Reserve plan was announced in April 2025 and confirmed in January 2026. The reserve aims to secure supply for domestic needs and for key allies, with operations beginning in the second half of 2026. This complements the landmark October 2025 US-Australia Framework, which has already mobilised billions in joint project financing, alongside production tax incentives, and the Future Made in Australia agenda to advance downstream processing.

Full diversification from China may take years, but these coordinated actions position allied nations to rapidly reduce vulnerabilities and secure supplies for advanced technologies, renewable energy and national security.

Rare earth price floors are helping cement the shift:

In July 2025, the U.S. Department of Defense ("DoD") announced a landmark public private partnership with MP Materials, owner of the Mountain Pass rare earth mine and co-located processing facility in California. Notably, the agreement includes a price floor of US $110/kg of NdPr oxide, applied proportionately to all products the company produces, from rare earth concentrate to oxides to metals to magnets.

Similarly, in March 2026, Lynas Rare Earths announced an updated long-term offtake agreement with Japan Australia Rare Earths (JARE) that also includes a market-linked floor price of US $110/kg for NdPr oxide.

More recently, in April 2026, Serra Verde disclosed that an offtake agreement with U.S. government entities and private capital sources, including contractual minimum price floors of US $110/kg for NdPr oxide, $575/kg for Dy oxide, and $2,050/kg for Tb oxide.

Adamas sees these price floors imminently becoming a de facto benchmark for price levels outside China, further minimising China's influence on the global market.

Availability of heavy rare earths a potential constraint to scaling Western magnet production:

With China restricting exports, availability of dysprosium and terbium is becoming a major constraint to scaling high performance NdFeB magnet production in the U.S., Europe and elsewhere requiring multiple new sources of supply by the end of the decade, and in the decade to follow.

In addition to the four critical magnet rare earths, Adamas also sees growing demand for new sources of samarium, gadolinium, yttrium and lutetium oxide in the U.S., Europe and elsewhere, and potential for emerging alternative suppliers to secure significantly higher prices than Chinese benchmark levels.

Rare Earth Oxide Pricing Basis

AR3 conducted a comprehensive review of rare earth pricing outlooks, drawing from a wide range of investment bank forecasts and independent rare earth market specialists who provide third-party pricing analysis.

The global rare earth market remains heavily influenced by Chinese supply dominance and evolving geopolitical dynamics, while the build-out of Western supply chains may contribute to increasing market and price bifurcation between China and ex-China markets, making long-term price forecasting inherently uncertain. AR3 observed a wide range of Western price forecast given the uncertain, but maturing market for Western supply of rare earths.

Recent pricing in ex-China markets, such as spot pricing in Europe indicates an increasingly fragmented market, in particular for rare earth elements subject to China export controls such as Dysprosium, Terbium and Yttrium.

AR3 has assessed Koppamurra's economics under three scenarios to reflect market variability as pricing for western sourced rare earth feedstock continues to mature. The 3 scenarios are:

1. **Base Case:** Pricing using the average of two highly regarded independent market analysts, Adamas Intelligence and Argus Media Q2'2026 long term Western forecasts to 2040. While some elements of their forecasts differ materially, both are considered credible and reflect the uncertainty in a maturing western sourced rare earth pricing market (refer Figure 18 and Figure 19).
2. **Western Spot Price Case:** Pricing using May 2026 Western spot prices for Nd, Pr, Dy, Tb, Y and Gd (average of Europe cif & US ddp) and for Sm and Lu (China fob) where Western prices are not quoted. Source: Argus Media (refer Figure 20).
3. **Price Floor Case:** Pricing using long term Western price floors of US$110/kg for NdPr, US$575/kg Dy and US$2,050kg Tb and the above Base Case forecast pricing for Y, Gd, Sm and Lu (refer Figure 18 and Figure 19). Western price floors refer to long term price floors secured by MP Materials, Lynas and USA Rare Earths/Serra Verde summarised earlier in this section.

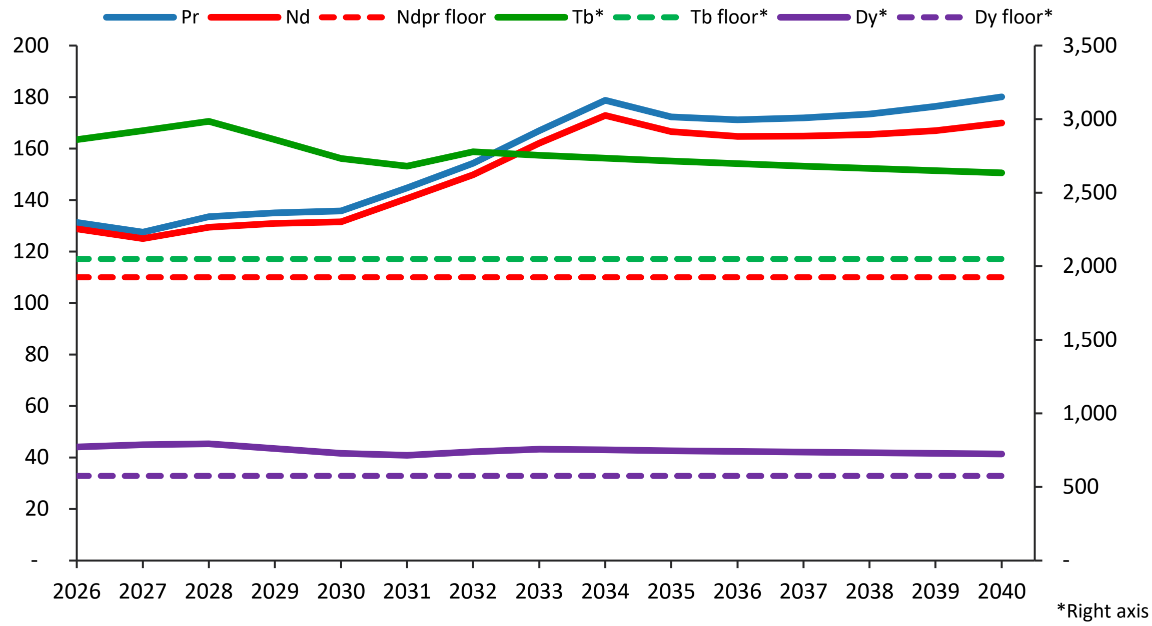

Figure 18 Base Case: Magnet rare earth oxide forecast (US $/kg) 2026-2040 with Price Floor for NdPr, Dy and Tb

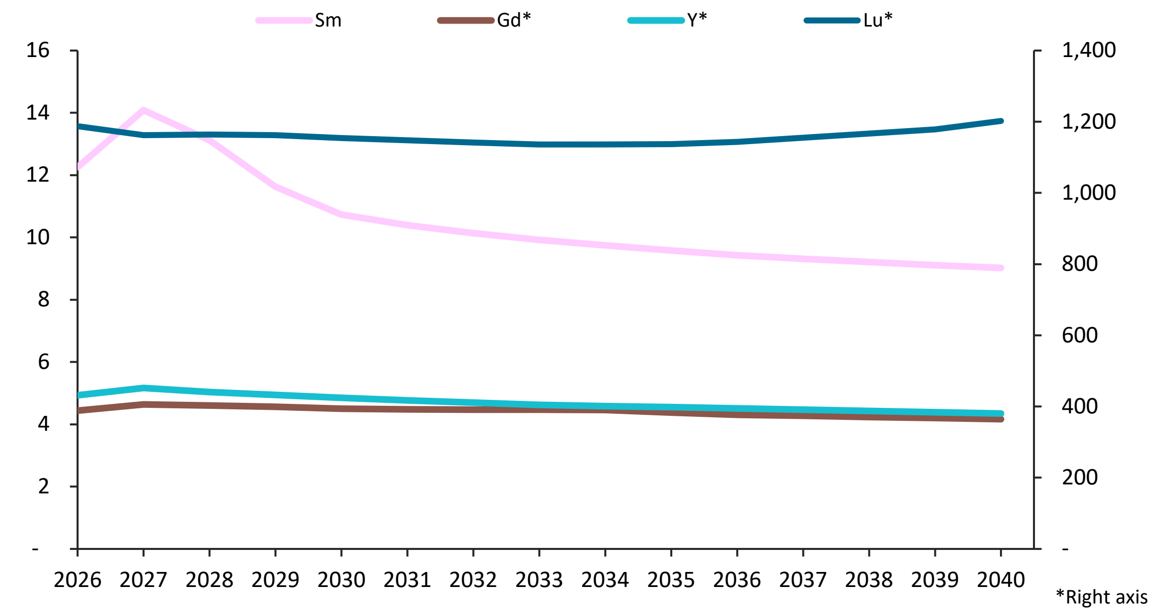

Figure 19 Base Case: non-permanent magnet rare earth oxide forecast (US $/kg) 2026-2040

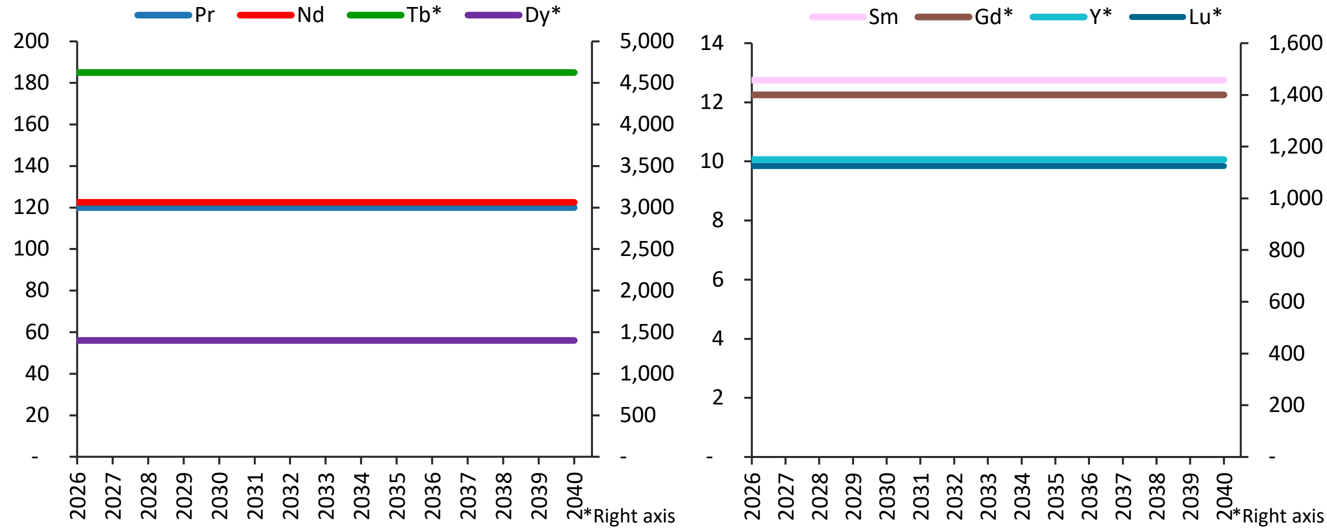

Figure 20 Western Spot Price Case: May 2026 western spot prices (US $/kg) for Nd, Pr, Dy, Tb, Y and Gd (average of Europe cif & US ddp) and for Sm and Lu (China fob) where western prices are not quoted. Source: Argus Media.

Potential customers for Koppamurra MREO products include rare earth separation and refining companies in Asia, North America, Europe, and Australia. AR3 has already commenced engagement with downstream industry participants and has entered into a non-binding Memorandum of Understanding with Neo Performance Materials for 50% offtake of stage 1 production volumes. Additional interest has also been received from other potential downstream customers and OEMs seeking future supply from stable jurisdictions with engagement ongoing as the Company seeks to maximise opportunities for future binding offtake agreements.

Capital and Operating Costs

Basis of Estimate

The Capital and Operating estimates have been prepared as Class 4 Estimates in accordance with Australasian Institute of Mining and Metallurgy (AusIMM) for prefeasibility-level technical studies. This is consistent with an American Association of Cost Engineering International (AACEI) Class 4 estimate with target accuracy range of ±30%.

All values are presented in Australian dollars (A$) unless otherwise stated.

Turner & Townsend (T&T) were engaged by AR3 to develop the estimates with information provided by AR3 and WGA's engineering design, adopting an agreed work breakdown structure (WBS).

- Vendor budget pricing was sourced for the major equipment packages including filters, heap leach irrigation system, conveyors, radial stacker and thickener.
- Mechanical equipment, earthworks, concrete, steel, pipework and electrical pricing was benchmarked to cost data from similar mining projects.
- Indirect costs including temporary construction facilities, EPCM, spares, first fills, laboratory expenses, freight and contingency are factored based on in-house data.
- In accordance with AUSIMM, contingency of 25% has been allowed for, consistent with the level of engineering design for Class 4 studies.

Capital Cost Estimation (CAPEX)

The Class 4 capital cost estimate for the Koppamurra Project, including the 25% contingency is A$178 million.

A summary breakdown of the capital costs is shown below in Table 9. The capital costs exclude the mining fleet with a contract mining model adopted for the PFS. All mining costs are included as operating cost.

Table 9 Koppamurra Process Plant Class 4 CAPEX Summary

Description	CAPEX Total (A$m)
Processing Plant	77
Site Infrastructure and Services	48
Temporary Facilities	4
Owner's Cost	14
Contingency	35
TOTAL (incl. contingency)	**178**

Operating Cost Estimation (OPEX)

The Class 4 Operating Cost estimate for the Project is A$96 million per annum. Table 10 below summarises the operating cost by category. Mining comprises of 45% of total OPEX, and the process plant costs account for 52% of total OPEX.

Table 10 Koppamurra Operating Cost

Description	A$ million per annum	% of total Operating Cost	US$/dry t ore (3Mt)*	US$/kg TREO (1830 t)*
Mining	43	45	9.32	15.29
Processing	50	52	10.83	17.78
General and Administration	3	3	0.65	1.07
TOTAL	**96**	**100**	**20.80**	**34.14**

*Assuming a USD:AUD foreign exchange rate of 0.65

Total Mining costs include surface, ore and waste material movement costs. Total material movement has been calculated based on A$4.2/t for overburden (waste) removal and A$5.4/t for mining of ore. Surface operations encompassing topsoil removal, clearing and rehabilitations contribute to the overall mining costs of A$43 million per annum.

Process plant operating costs include both fixed and variable costs. Fixed costs, including labour, maintenance and general expenses, make up 22% of total process plant OPEX. Variable costs, including reagents, consumables and utilities, account for 78% of total process plant OPEX, based on processing 3 Mt of ore per annum. These costs will vary with throughput and ore characteristics dictated by the mining schedule. Sulphuric acid consumption, driven by the calcium content of the ore, is the key processing cost factor and contributes 31% of total process plant OPEX. The PFS operating cost basis assumes 1% Ca in ore feed to the heap pad, which is lower than the Ore Reserve average calcium grade, as the reserve average reflects the broader in-situ orebody while the 1% assumption represents the expected process feed after mine planning and control of higher-calcium material near the clay–limestone contact. In some areas or mining periods, the true average calcium content of mined ore may be lower than this, which would reduce acid consumption and OPEX.

All key reagent volumes are able to be sourced from ex-China locations across Australia and abroad. Power costs are based on a diesel genset cost of A$75 per MWh. Total sustaining capital over the life of mine is estimated at A$45 million (A$3 million per annum), and royalties on the Base Case rare earth price assumptions are estimated at A$109 million (A$9.1 million per annum).

Financial Analysis

Financial Model Structure and Assumptions

The PFS economic evaluation considers three different pricing scenarios and presents the Net Present Value (NPV) applying an 8% discount rate over the life of mine period. The methodology evaluates the capital and operating costs to confirm that the NPV remains positive across each case. The PFS economic evaluation is as at Financial Investment Decision (FID) and payback period is from first production.

AR3 assessed Koppamurra's economics under three scenarios to reflect market variability as pricing for western sourced rare earth feedstock continues to mature. The 3 scenarios are:

1. **Base Case:** Pricing using the average of two highly regarded independent market analysts, Adamas Intelligence and Argus Media Q2'2026 long term Western forecasts to 2040. While some elements of their forecasts differ materially, both are considered credible and reflect the uncertainty in a maturing western sourced rare earth pricing market.
2. **Western Spot Price Case:** Pricing using May 2026 Western spot prices for Nd, Pr, Dy, Tb, Y and Gd (average of Europe cif & US ddp) and for Sm and Lu (China fob) where Western prices are not quoted. Source: Argus Media.
3. **Price Floor Case:** Pricing using long term Western price floors of US$110/kg for NdPr, US$575/kg Dy and US$2,050kg Tb and the above Base Case forecast pricing for Y, Gd, Sm and Lu. Western price floors refer to long term price floors secured by MP Materials, Lynas and USA Rare Earths/Serra Verde detailed earlier in this report.

The annual cash flow projections were estimated over the Project's production life based on production schedule, sales revenue, production costs, capital expenditures and corporate costs (taxation, royalties, etc.). The forecast financial information derived from the Life of Mine Production Target is subject to the same modifying factors, assumptions and risks as the Life of Mine Production Target and there is no certainty that the financial outcomes will be realised.

The key production outcomes used in the financial model are listed below in Table 11.

Table 11 Key Production Outcomes

Key Production Outcomes	Unit	Annual Average*	LOM
Ore Mined	Mt	3	34.9^
Strip Ratio	waste:ore	1.54	1.52
Average TREO Feed Grade	ppm	927	924
TREO Recovery	%	68	
MREO Recovery	%	68	
Average annual production (TREO)	t	1,860	21,937
Neodymium Praseodymium (NdPr)	t	435	5,136
Terbium	t	9	102
Dysprosium	t	48	563
Samarium	t	69	814
Gadolinium	t	67	788
Yttrium	t	238	2,807
Lutetium	t	4	50

*Annual average excludes final partial year.
^Total Life of Mine Production Target ore mined includes production target material beyond the current Ore Reserve

The USD:AUD exchange rate assumed for the financial assessment is 0.65. A corporate taxation rate of 30% is applied to returns from the project. The Australian Government's Critical Minerals Production Tax Incentive provides eligible recipients with a refundable tax offset equal to 10% of eligible processing and refining costs incurred in Australia listed critical minerals (includes rare earths) and has been applied to the Projects processing costs. Royalties include provision for the South Australian and Victorian Government royalties and a 0.5% vendor royalty.

Financial Metrics

The key financial metrics resulting from the financial analysis are presented below in Table 12 and Table 13.

Table 12 Key Financial Outcomes

Key Financial Outcomes	Unit	Base Case	Western Spot	Price Floors
Annual Revenue	A$M	290	606	250
Annual EBITDA	A$M	184	491	146
Annual Operating Costs (ex-Royalties)	A$M		96	
Operating Costs (ex-Royalties)	A$/kg TREO		52.52	
Operating Costs (ex-Royalties)	US$/kg TREO		34.14	
AISC	US$/kg TREO	38.32	41.83	37.86
Basket price TREO	US$/kg TREO	139	288	121
NdPr average pricing	US$/kg NdPr	160	121	110
Payability	%		75%	
NdPr average operating Costs (Net Dy and Tb)	US$/kg NdPr	44.77	-38.08	68.20
Initial Capex	A$M		178	
Pre-Tax NPV_8	A$M	1,196	3,443	929
Pre-Tax IRR	%	113%	291%	96%
Post-Tax NPV_8	**A$M**	**858**	**2,481**	**665**
Post-Tax IRR	**%**	**99%**	**270%**	**83%**
Post-Tax Payback	**Years**	**0.9**	**0.4**	**1.1**

Table 13 Cashflow Projections

Cashflow	Unit	Base Case	Western Spot	Price Floors
Annual Average				
Revenue	A$M	290	606	250
EBITDA	A$M	184	491	146
Annual Operating Cashflow	A$M	139	359	111
Total				
Revenue	A$M	3,465	7,253	2,996
EBITDA	A$M	2,205	5,874	1,751
Net Profit After Tax (NPAT)	A$M	1,397	3,965	1,079
Cumulative post tax cashflow excluding construction cost	A$M	1,433	4,001	1,115

Sensitivity Analysis

A sensitivity analysis was conducted for the Project to assess how different financial and operational factors could influence the economic performance of the Project. Figure 21 below presents the sensitivity analysis across key measures under the Base Case scenario. The analysis demonstrates the resilience across key variables, including rare earth pricing, grade, recoveries and operating costs.

The results indicate that while the Project shows low sensitivity to changes in operating costs, it is significantly more responsive to movements in the rare earth pricing. The Project is also moderately to highly sensitive to changes in US$ exchange rate and WACC assumptions. The Project is also moderately sensitive to rare earth ore grade and metallurgical recoveries. The Project is not sensitive to capital costs due to the very low initial capital cost of $178 million.

The analysis highlights the Project's sensitivity to market variability as pricing for Western sourced rare earth feedstock continues to mature. Changes to rare earth pricing will directly impact the Project's margins, cash flows and returns.

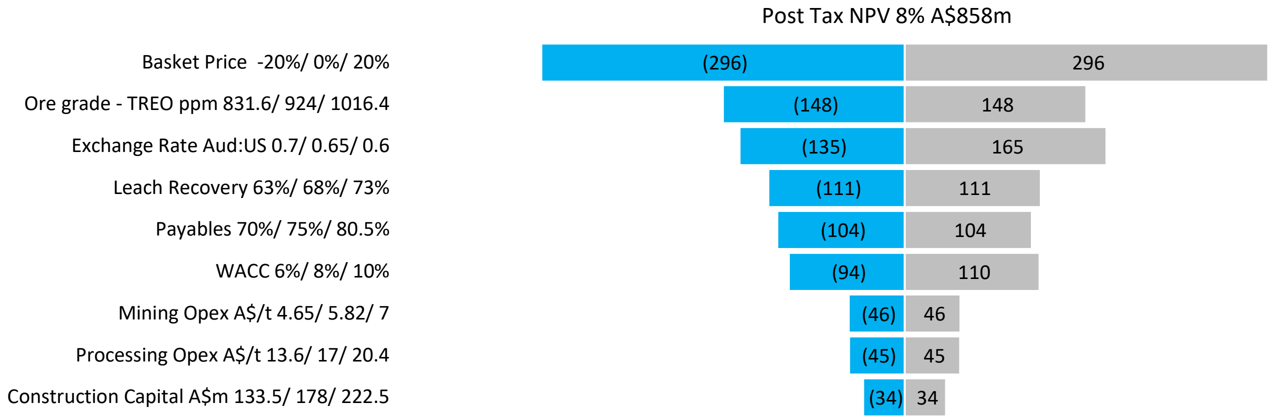

Figure 21 Post-tax sensitivity analysis on Base Case

Project Funding

The Pre-Feasibility Study estimates total pre-production capital expenditure of approximately A$178 million, inclusive of contingency. The Company believes the Project has the potential to attract a range of funding options, subject to completion of further technical studies, receipt of key approvals, market conditions and final investment decision.

The Company expects that Project development funding may be sourced from a combination of one or more of the following:

- **equity funding**, including potential institutional, strategic or cornerstone investment;
- **debt funding**, including project finance, corporate debt or equipment finance;
- **strategic partner investment**, including potential participation by industry participants, offtake partners or downstream customers;
- **offtake-linked financing**, including prepayment, streaming, royalty or other product-linked funding structures; and
- **government funding or concessional finance**, where applicable, including grants, loans, guarantees or other support programs.

No binding commitment has been received for the full development funding required for the Project as at the date of this announcement. The Company has commenced discussions with potential financiers, strategic partners and offtake counterparties as part of the next phase of development.

The Company considers there is a reasonable basis to believe that sufficient funding will be available to develop the Project, having regard to the outcomes of the PFS, the scale and nature of the estimated capital requirement, the forecast Project economics, the potential availability of debt and equity markets, and the level of inbound interest from potential strategic and commercial counterparties. However, there can be no certainty that the Company will secure funding on acceptable terms, or at all.

Further work to be undertaken prior to a final investment decision is expected to include completion of a Definitive Feasibility Study, further engineering, permitting, offtake negotiations, financing discussions and early works planning. The Company will continue to assess funding alternatives with the objective of optimising the Project's capital structure and minimising dilution to existing shareholders where practicable.

Project Risk and Opportunities

Risk Identification and Classification

Project risks and opportunities (R&O) identified throughout the project lifecycle have been recorded in AR3's Project Risks and Opportunities Register. The key project risks and opportunities descried below will be addressed further during the next phase of the project.

The next phase of work will focus on converting the current PFS basis into an engineering-ready development case. The priority will be to confirm the selected operating assumptions at larger scale, reduce the key residual technical uncertainties, and generate the operating, metallurgical and design data required to support the detailed engineering phase, all of which are important to reducing scale-up uncertainty and strengthening the basis for definitive feasibility.

Risk/Opportunity: Ore Calcium content is substantially different than the PFS estimate.

The current understanding of calcium distribution within the orebody is based on the drilling database, geological interpretation, the updated resource estimate along with the mine planning work completed for the PFS. This work provides a reasonable basis for estimating the calcium content of ore reporting to the agglomeration circuit and for understanding where elevated calcium is most likely to occur, particularly near the clay–limestone contact. Importantly, while the current PFS assumption is 1% Ca, the available data also indicates that there is potential for the true average calcium content of mined ore to be lower than this in some areas or mining periods, which would provide upside through reduced acid consumption. To further reduce uncertainty, AR3 plans to continue refining its understanding of calcium variability through additional push-tube sampling, which provides higher-quality definition of the clay–limestone interface and a better representation of the inherent calcium content of the mineralised clay than the broader-spaced, 1m sample interval, resource drilling alone. This work will support improved mine scheduling, better control of limestone dilution, potential ore sorting techniques and further optimisation of reagent consumption assumptions.

Risk: Unable to achieve rare earth recovery rates.

Current controls on metallurgical recovery are based on the substantial leach testwork completed to date, including ANSTO column leach programs, supporting bulk leach work, and modelling of the heap leach system using the observed testwork response. Together, this work provides the basis for the PFS recovery assumption and supports the view that the selected operating conditions are capable of delivering recovery in the order assumed in the study. Residual uncertainty remains in relation to scale-up, heap sequencing, irrigation strategy and hydrodynamic behaviour under continuous operation. To further reduce this uncertainty, the ANSTO pilot-scale program will be used to confirm recovery performance at larger scale, validate the selected operating basis, and generate the data needed to refine heap sequencing and irrigation strategy to optimise recovery ahead of the next phase of engineering. Additional ore variability testwork will focus on the areas identified during the first ~5 years of mine life.

Risk: Groundwater impacts.

Current controls for groundwater-related risk include metallurgical and ripios testwork, optimisation of ripios neutralisation through alkaline additions, development of the proposed backfilling methodology, groundwater baseline assessment, hydrogeological modelling and independent peer review of the modelling work. Together, these activities are intended to demonstrate that ripios can be returned to mined pits in a form that is geochemically stable, hydraulically manageable and non-polluting in the context of the receiving environment. Additional mitigation will focus on continued advancement of the technical studies, together with broader stakeholder engagement across community, landholder, government and other external groups, so that key concerns are identified early and the proposed management and closure approach can be clearly communicated and progressively refined.

Risk: Delay to, or non-approval of regulatory or land access approvals

Current controls for approvals risk include the environmental, technical and closure studies completed or underway to support the Mining Lease, PEPR and any broader State or Commonwealth approval requirements. These studies include baseline environmental investigations, metallurgical and ripios testwork, closure planning, rehabilitation and backfilling strategy development, soil and groundwater assessment, and progressive refinement of the project layout to avoid or minimise impacts on sensitive environmental receptors. Collectively, this work is intended to demonstrate that the Project can be developed, operated and closed in a manner that is environmentally acceptable and compatible with the intended post-mining land use.

Additional mitigation will come from continuation of the approvals work program, further design refinement, ongoing regulator and stakeholder engagement, and completion of the supporting studies required to provide a clear basis for project approvals.

Land access is required for ongoing field activities, project development, construction, operations and associated infrastructure. While the Company continues to maintain constructive engagement with landholders, government agencies and other relevant stakeholders, there is a risk that land access arrangements, approvals, compensation agreements or stakeholder consents may not be obtained, renewed or maintained on acceptable terms or within the required timeframes. Delays, disputes or restrictions relating to land access could impact the timing, cost, scope or viability of future project activities, including further studies, approvals, construction and operations.

Risk/Opportunity: Commodity price variability.

Current controls for commodity price and revenue risk include completion of market studies by Adamas and Argus, which have been used to inform the base-case price deck, basket value by element and payability assumptions adopted in the PFS. This provides a reasonable market basis for the economic assessment at this stage; however, project economics remain exposed to movements in rare earth prices, product payability and broader market conditions over time. Additional mitigation will focus on progressing com
ercial engagement, including potential customer offtake arrangements and participation in relevant government initiatives such as the Critical Minerals Strategic Reserve, with the objective of improving market access, strengthening revenue certainty and reducing exposure to price volatility.

Risk: Reagent cost, particularly sulphuric acid pricing and supply

Current controls for reagent cost risk include the reagent consumption assumptions adopted in the PFS, together with market pricing work and supplier engagement used to develop the operating cost basis. Sulphuric acid is the most material reagent risk, as reagent costs make up a significant proportion of Project operating cost and sulphuric acid is one of the largest single consumables in the process. While the Project is expected to be a large acid consumer, which may provide some procurement leverage and scale benefits in commercial negotiations, it will remain exposed to variability in sulphuric acid pricing and delivered cost at the time of operation due to broader market, supply and logistics factors. Additional mitigation will focus on continued optimisation of acid consumption through mine scheduling and process conditions, together with further development of the commercial supply strategy and pricing basis as the Project moves toward execution.

Risk: Product Quality and Final Product Strategy

Current controls for this risk include the metallurgical testwork completed to date on downstream precipitation, re-dissolution, oxalate precipitation and mixed rare earth oxide production, together with the process modelling used to define the expected MREO product specification. While this work supports the PFS assumption that a saleable MREO product can be produced, residual uncertainty remains in relation to impurity deportment, filtration behaviour, oxide conversion performance, consistency of product quality under continuous operation, and final customer qualification requirements. Additional mitigation will come from the pilot plant and associated testwork programs, which will be used to confirm the selected downstream product strategy, refine equipment and operating assumptions and generate market samples for customer qualification.

Risk/Opportunity: Capital Cost and Project Execution

Current controls for capital cost and execution risk include completion of the PFS engineering design, development of the Class 4 capital estimate, ongoing refinement of major cost items, and preparation of the project execution strategy based on an EPCM delivery model. While this provides an appropriate basis for PFS-level assessment, the Project remains exposed to the normal uncertainty associated with estimate accuracy at this stage, procurement outcomes, market pricing and delivery strategy as the design progresses. Additional mitigation will come from further engineering definition, market engagement with equipment vendors and contractors, and progressive refinement of the capital estimate and execution plan as the Project advances toward definitive feasibility.

Opportunity: Resource growth and upside in mine life or production rate

The Koppamurra Project retains meaningful upside through potential future resource growth and expansion of the development footprint beyond the initial Mining Lease area. The current PFS is based on a defined project scope and development case; however, the broader project area contains significant additional mineralised zones and exploration potential that may support future increases in Mineral Resources and, in turn, provide flexibility to extend mine life, increase production rate, or both. This creates an opportunity for AR3 to optimise the long-term scale and sequencing of development as further drilling, resource definition and technical studies are completed.

In addition to resource growth, future optimisation of mining, heap leach performance and project infrastructure may provide optionality.

to increase throughput above the current PFS basis, subject to market conditions, approvals and further engineering. Any such expansion would be expected to benefit from the establishment of core project infrastructure, operating knowledge and market position during the initial development phase, potentially improving the capital efficiency of later growth stages.