
SPECTRUM RARE EARTHS LIMITED

ACN 115 770 226

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9:30 am WST
DATE: Friday 21st April 2017
PLACE: William Buck
Level 3
15 Labouchere Road
South Perth WA 6151

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm WST on 19th April 2017.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 9:30 am (WST) on 21st April 2017 at:
William Buck, Level 3, 15 Labouchere Road, South Perth WA 6151

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 19th April 2017.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9384 3284.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES TO UNRELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the issue of 76,850,000 Shares in respect of a placement to unrelated parties on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it:

- (a) is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES TO UNRELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 65,650,000 Shares in respect of a placement to unrelated parties on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a Shareholder, if this Resolution is passed and any associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL FOR ALEX HEWLETT TO PARTICIPATE IN TRANCHE 2 PLACEMENT

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 7,500,000 Shares to Alex Hewlett or his nominee on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by or on behalf of Alex Hewlett or by a person who is to receive securities under this Resolution or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO CORPORATE ADVISER

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 7,000,000 Shares to K2 Advisory Partners Pty Ltd or its nominee on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by or on behalf of K2 Advisory Partners Pty Ltd or by a person who is to receive securities under this Resolution or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the chair of the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is
 - (i) a member of the Key Management Personnel for the Company; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES TO LEONID CHARUCKYJ

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 8,000,000 Shares to Leonid Charuckyj or his nominee in lieu of accrued Director's fees on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by or on

behalf of Leonid Charuckyj or by a person who is to receive securities under this Resolution or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as proxy must not vote, on the basis of that appointment, on this resolution if:

- (a) the proxy is
 - (i) a member of the Key Management Personnel for the Company; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO ANTHONY BARTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 8,000,000 Shares to Anthony Barton or his nominee in lieu of accrued Director's fees on the terms set out in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by or on behalf of Anthony Barton or by a person who is to receive securities under this Resolution or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as proxy must not vote, on the basis of that appointment, on this resolution if:

- (a) the proxy is
 - (i) a member of the Key Management Personnel for the Company; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Dated: 15th March 2017

By order of the Board

A handwritten signature in black ink, appearing to read 'G Boden', written in a cursive style.

Graeme Boden
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO PLACEMENT AND THE RESOLUTIONS

In accordance with the Company's ASX announcement of 28 February 2017, the Company intends to place a total of up to 150,000,000 Shares at 0.4 cents per shares in 2 tranches to raise \$600,000.

76,850,000 Shares by a tranche 1 placement have already been issued to unrelated parties under the Company's 15% placing capacity and the Company's additional 10% placing capacity (and for which ratification is sought under Resolution 1). 73,150,000 Shares are the subject of the tranche 2 placement. Of the tranche 2 placement, up to 65,650,000 Shares are to be issued to unrelated parties (and for which approval is sought under Resolution 2) and up to 7,500,000 Shares placement are to be issued to Alex Hewlett or his nominee (and for which approval is sought under Resolution 3). Mr Hewlett as a Director is a related party.

Approval is sought under Resolution 4 to the issue of Shares in lieu of a cash corporate fee to be paid to K2 Advisory Partners Pty Ltd under a corporate advisory mandate in respect of advising upon and managing the placement. K2 Advisory Partners Pty Ltd is a related party as it is controlled by Alex Hewlett, a Director. The corporate advisory mandate was entered into by the Company before Alex Hewlett was a Director.

Resolutions 5 and 6 seek approval for the issue of Shares to each of Leonid Charuckyj (a current Director) and Anthony Barton (a former Director) in lieu of accrued Directors' fees.

2. RESOLUTION 1 – RATIFICATION OF TRANCHE 1 PLACEMENT SHARES TO UNRELATED PARTIES

Resolution 1 seeks Shareholder approval in relation to the issue of 76,850,000 Shares issued to unrelated parties being the tranche 1 placement shares.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity or any additional 10% placement capacity under Listing Rule 7.1A) and shareholders subsequently approve it.

Having obtained Shareholder approval at the Company's Annual General Meeting on 29 November 2016, the Company has an additional 10% placement capacity under Listing Rule 7.1A.

Issues of securities made under Listing Rule 7.1A can also, after they have been made, be ratified under Listing Rule 7.4. This has the effect of refreshing the Company's ability to issue Shares within the additional 10% limit, and restoring the Company's ability to make placements within that limit without the need for shareholder approval.

The Shares in this Resolution have been issued within the Company's combined capacity under Listing Rules 7.1 and 7.1A and the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities under Listing Rule 7.1 and Listing Rule 7.1A will be refreshed and it will have flexibility to issue further securities within the full capacities should the need or opportunity arise.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of securities issued was:
 - (i) 46,110,660 Shares under Listing Rule 7.1; and
 - (ii) 30,739,340 Shares under Listing Rule 7.1A.
- (b) The Shares were issued at an issue price of 0.4 cents per Share.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers is a related party of the Company.
- (e) The Company intends to use the funds from the Placement to fund ongoing exploration and development of the Company's projects and to provide general working capital.

3. RESOLUTION 2 – APPROVAL TO ISSUE TRANCHE 2 PLACEMENT SHARES TO UNRELATED PARTIES

Resolution 2 seeks Shareholder approval so that the Company may issue up to 65,650,000 Shares to unrelated parties being part of the tranche 2 placement shares.

Shareholder approval is required for the purposes of Listing Rule 7.1 as the Company has used nearly all its remaining placement capacities by the issue of the Tranche 1 Placement Shares the subject of Resolution 1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities to issue is 65,650,000 Shares.
- (b) The Shares will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The issue price of the Shares is 0.4 cents each.
- (d) The Shares will be issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. None of the subscribers will be a related party of the Company.
- (e) The Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds from the Placement to fund ongoing exploration and development of the Company's projects and to provide general working capital.
- (g) It is intended that the Shares will be issued on one date.

4. RESOLUTION 3 – APPROVAL FOR ALEX HEWLETT TO PARTICIPATE IN TRANCHE 2 PLACEMENT

Resolution 3 seeks Shareholder approval so that the Company may issue Shares to Alex Hewlett or his nominee. Mr Hewlett was appointed a Director on 8 March 2017.

He is therefore a related party of the Company. He will participate in the Placement on the same terms as unrelated parties.

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Securities will be issued to Alex Hewlett or his nominee.
- (b) The maximum number of securities the Company will issue is 7,500,000 Shares.
- (c) The Shares will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Alex Hewlett is a Director and is therefore a related party of the Company.
- (e) The Shares will be issued at an issue price of 0.4 cents each and the Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds from the placement to fund ongoing exploration and development of the Company's projects and to provide general working capital.

The Directors of the Company have resolved that the issue of the securities the subject of this Resolution is on reasonable arms length terms for the Company as the related party will be issued with securities on the same terms as unrelated parties and otherwise on commercial terms. By reason of this, no separate related party approval under the Corporations Act is sought.

5. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO CORPORATE ADVISER

Resolutions 4 seeks Shareholder approval so that the Company may issue up to 7,000,000 Shares to K2 Advisory Partners Pty Ltd (**K2**) or its nominees under the terms of a corporate advisory mandate.

K2 has been appointed by the Company under a corporate advisory mandate to advise upon and manage the Placement. K2 has agreed to be issued Shares in lieu of its \$35,000 fee for advising on and managing the Placement.

K2 is controlled by Alex Hewlett, a proposed Director of the Company. K2 is therefore treated as a related party. The corporate advisory mandate was entered into by the Company before Alex Hewlett was a Director.

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The securities will be issued to K2 or its nominee.

- (b) The maximum number of securities the Company will issue is 7,000,000 Shares.
- (c) The Shares will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) K2 is controlled by Alex Hewlett, a Director of the Company. K2 is therefore a related party.
- (e) The Shares will be issued at a deemed issue price of 0.5 cents each in lieu of a cash corporate adviser fee and will be fully paid ordinary shares in the Company and will rank equally with the Company's current issued Shares.
- (f) There will be no funds raised from the issue of the Shares.

The Directors of the Company independent of Alex Hewlett have resolved that the issue of the securities the subject of this Resolution is on reasonable arms length terms for the Company as the related party will be issued with securities on reasonable terms being at a deemed issue price of 0.5 cents which is greater than the Placement price of 0.4 cents and otherwise on commercial terms. By reason of this, no separate related party approval under the Corporations Act is sought.

6. RESOLUTIONS 5 AND 6 – APPROVAL TO ISSUE SHARES TO RELATED PARTIES

Resolutions 5 and 6 seek Shareholder approval so that the Company may issue up to 8,000,000 Shares to each of Leonid Charuckyj and Anthony Barton or their nominees. The Shares are to be issued in lieu of accrued Directors' fees.

Leonid Charuckyj is paid an annual Director's fee of \$40,000 plus statutory superannuation. For the period September 2015 to February 2017 Leonid Charuckyj has unpaid Director's fees of \$65,200 and he has agreed to reduce his Directors' fees owed for this period to \$40,000. The Company seeks approval to issue 8,000,000 Shares in lieu of the \$40,000 of unpaid Director's fees.

Anthony Barton resigned as a Director on 8 March 2017. Anthony Barton was paid an annual Director's fee of \$55,000 plus statutory superannuation. For the period September 2015 to the date of resignation Anthony Barton has unpaid Director's fees of \$91,471 and he has agreed to reduce his Directors' fees owed for this period to \$40,000. As a related party in the previous 6 months, he remains a related party of the Company. The Company seeks approval to issue 8,000,000 Shares in lieu of the \$40,000 of unpaid Director's fees.

Listing Rule 10.11 requires a company to obtain shareholder approval prior to the issue of securities to a related party. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Information about Listing Rule 7.1 is set out in Section 2 above.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The securities will be issued to Leonid Charuckyj or his nominee (Resolution 5) and Anthony Barton or his nominee (Resolution 6).
- (b) The maximum number of securities the Company will issue is 8,000,000 Shares to Leonid Charuckyj or his nominee (Resolution 5) and 8,000,000 Shares to Anthony Barton or his nominee (Resolution 6).

- (c) The Shares will be issued no later than 1 month after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) Leonid Charuckyj as a Director is a related party. Anthony Barton as a former Director in the previous 6 months is a related party.
- (e) The Shares will be issued at a deemed issue price of 0.5 cents each in lieu of accrued Directors' fees and will be fully paid ordinary shares in the Company and will rank equally with the Company's current issued Shares.
- (f) There will be no funds raised from the issue of the Shares.

The Directors of the Company independent of the particular related party to be issued the securities in each case have resolved that the issue of the securities the subject of the relevant Resolution is on reasonable arms length terms for the Company as the particular related party will be issued with securities on reasonable terms being at a deemed issue price of 0.5 cents which is greater than the Placement price of 0.4 cents and otherwise on commercial terms. By reason of this, no separate related party approval under the Corporations Act is sought.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **SPX** means Spectrum Rare Earths Limited (ACN 115 770 226).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Placement means the placement of Shares the subject of Resolutions 1 to 3 of this Notice.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM
SPECTRUM RARE EARTHS LIMITED
ACN 115 770 226
GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9:30 am WST, on 21st April 2017 at William Buck, Level 3, 15 Labouchere Road, South Perth WA 6151, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS (RESOLUTIONS 4, 5 AND 6)

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

	FOR	AGAINST	ABSTAIN
Resolution 1 Ratification of Tranche 1 Placement Shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval to issue Tranche 2 Placement Shares to unrelated parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for Alex Hewlett to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval to issue shares to Corporate Adviser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval to issue shares to Leonid Charuckyj	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval to issue shares to Anthony Barton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

<p>Individual or Shareholder 1</p> <input style="width: 250px; height: 20px;" type="text"/> Sole Director/Company Secretary	<p>Shareholder 2</p> <input style="width: 250px; height: 20px;" type="text"/> Director	<p>Shareholder 3</p> <input style="width: 250px; height: 20px;" type="text"/> Director/Company Secretary
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Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Spectrum Rare Earths Limited, 15 Lovegrove Close, Mount Claremont WA 6010; or
 - (b) facsimile to the Company on facsimile number +61 8 9284 3801; or
 - (c) email to the Company at anzel.dutoit@bigpond.com,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.