Not for release to US wire services or distribution in the United States

ASX ANNOUNCEMENT

ARAFURA SHARE PURCHASE PLAN RESULTS

5 January 2023

For personal use only

Arafura Rare Earths Limited (**ASX: ARU**) (**"Arafura"** or the **"Company"**) is pleased to announce the results of its Share Purchase Plan (**SPP**) which closed at 5.00pm (Sydney time) on Friday 30 December 2022. The SPP provided eligible shareholders who held shares at 7:00pm (Sydney Time) on 2 December 2022 (**Record Date**) with the opportunity to apply for up to $30,000 worth of new fully paid ordinary shares at the same issue price ($0.37 per share) as the placement (refer to ASX Announcement dated 5 December 2022).

The Company was targeting $12 million (before costs) however the Company reserved its right to scale back any applications under the SPP or to raise a higher amount (subject to the ASX Listing Rules). As a result of the strong interest in the SPP the Board decided to accept over subscriptions of $8 million.

The Company received a total of 5,510 applications under the SPP, representing a total application value of approximately $81.5 million. Approximately $1.2m was received from ineligible shareholders and those applications have been rejected.

Given the level of interest in the SPP, the Board was required to scale-back applications and has used its discretion under the SPP in the following manner:

- Applicants with holdings of less than or equal to 100 shares (**Nominal Shareholding**) at the Record Date will not receive an allocation. In total there were 243 applicants with Nominal Shareholdings at Record Date, representing an application value of $4.6 million.
- Remaining valid applications were scaled-back to approximately 26% of their application amount.

Excess application funds resulting from the scale-back and any application funds received after the closing date (and time) of the offer will be returned to those applicants by the Company's share registry, Link Market Services, as soon as possible. The share registry will refund those funds via direct credit where direct credit details have been provided and other applicants will receive this payment through a refund cheque.

Following the scale-back and acceptance of oversubscriptions of $8 million, a total of approximately 54 million new shares will be issued on 6 January 2023 and an Appendix 2A will be lodged following the issue.

The combined funds raised under the Placement and the SPP ($141 million in total (before costs)) will enable the Company to accelerate the development schedule at its Nolans Project by:

- completion of an early contractor involvement (ECI) phase to optimise the Nolans Project and agree a contract for the construction of the hydrometallurgical plant;
- placement of orders for long lead or near critical path items;
- commencement of fabrication in readiness for main plant construction;

ARAFURA'S SUSTAINABILITY GOAL

"Our goal is to be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders."

Arafura Rare Earths Limited | ABN: 22 080 933 455
Level 6, 432 Murray St, Perth WA 6000
PO Box 5773, St Georges Terrace, Perth WA 6831
T: +61 8 6370 2800 | **W**: www.arultd.com | **E**: arafura@arultd.com

NdPr

For personal use only

- commencement of early works construction, including for the accommodation village, project water supply, earthworks and other associated items;
- continuation of detailed design and tender activities to advance the design and procurement of the Nolans Project across all areas; and
- ongoing marketing and sales negotiations in the US, Asia and Europe and financing activities.

Funds raised will also be used for general working capital purposes.

Arafura's Managing Director, Mr Gavin Lockyer said, *"On behalf of the Board, we thank shareholders for their ongoing support for the Nolans Project. The SPP was significantly oversubscribed and the Board has agreed to increase the amount offered to shareholders by over 65% to $20m accepting $8m in oversubscriptions. We thank shareholders for their commitment to the Company and our vision to become the trusted, leading rare earths partner of choice. Funds raised under the Placement and SPP will enable the Company to build on the momentum and accelerate its development activities in 2023 to bring the Nolans Project into fruition."*

Not for release to US wire services or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

-ENDS-

For further information contact:

Gavin Lockyer
Managing Director
+61 8 6370 2800

Media Enquiries:

Anthony Hasluck
Clarity Communications
+61 438 522 194

Authorised by:

The Board of Directors
Arafura Rare Earths Limited