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ASX ANNOUNCEMENT

COMPLETION OF TRANCHE 2 PLACEMENT

25 January 2023

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Arafura Rare Earths Ltd (**ASX:ARU**) (**"Arafura"** or the **"Company"**) is pleased to announce that Tranche 2 of the A$121 million placement announced on 5 December 2022 completed today with the Company issuing 67,910,280 new fully paid ordinary shares to institutional and sophisticated investors, raising A$25.1 million (before costs). Tranche 2 is the final tranche of the placement and the issue of shares under Tranche 2 was approved by shareholders at the general meeting on 18 January 2023.

Tranche 1 of the placement (which comprised the issue of 259,116,748 shares) was completed on 12 December 2022.

Separately, and as announced on 5 January 2023, the Company completed a share purchase plan (**SPP**) to raise $20 million at the same issue price as the placement.

Total funds raised under the placement and SPP of $141 million are intended to be used for the following activities with a view to accelerate the Nolans Project development schedule:

- 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;
- 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.

An Appendix 2A will follow this announcement.

-ENDS-

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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."

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Authorised by:

Lewis Lowe and Matthew Foy
Company Secretary

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