Announcement Summary

Entity name

ARAFURA RARE EARTHS LTD

Announcement Type

New announcement

Date of this announcement

13/12/2023

The Proposed issue is:

☑ A placement or other type of issue

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
New class-code to be confirmed	Listed Options	62,500,000
ARU	ORDINARY FULLY PAID	125,000,000

Proposed +issue date

20/12/2023

Refer to next page for full details of the announcement

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Part 1 - Entity and announcement details

1.1 Name of +Entity

ARAFURA RARE EARTHS LTD

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.
If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ABN

Registration Number

22080933455

1.3 ASX issuer code

ARU

1.4 The announcement is

☑ New announcement

1.5 Date of this announcement

13/12/2023

1.6 The Proposed issue is:

☑ A placement or other type of issue

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Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?
☑ No

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?
☑ Existing class

Will the proposed issue of this +security include an offer of attaching +securities?
☑ Yes

Details of +securities proposed to be issued

ASX +security code and description

ARU : ORDINARY FULLY PAID

Number of +securities proposed to be issued

125,000,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?
☑ Yes

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.16000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?
☑ Yes

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Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?
☑ New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?
☑ Yes

Will the entity be seeking quotation of the 'new' class of +securities on ASX?
☑ Yes

ASX +security code	+Security description
New class-code to be confirmed	Listed Options

+Security type

Options

Number of +securities proposed to be issued

62,500,000

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?
☑ No

Please describe the consideration being provided for the +securities

The options are free attaching options and will be issued on the basis of 1 option for every 2 shares subscribed for under the placement.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

0.160000

Will all the +securities issued in this class rank equally in all respects from their issue date?
☑ Yes

Options details

+Security currency

AUD - Australian Dollar

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Exercise price

AUD 0.2250

Expiry date

20/6/2025

Details of the type of +security that will be issued if the option is exercised

ARU : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

62500000

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Refer to ASX Announcement dated 13 December 2023.

Part 7C - Timetable

7C.1 Proposed +issue date

20/12/2023

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

☑ No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

☑ Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

125,000,000 fully paid ordinary shares and 62,500,000 listed options.

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

☑ No

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

☑ No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

☑ No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

☑ No

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Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?
Yes

7E.1a Who is the lead manager/broker?

Canaccord Genuity (Australia) Limited and UBS Securities Australia Limited acted as joint lead managers and bookrunners in the Placement.

7E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

Management fee of 2% of gross proceeds raised under the offer.

7E.2 Is the proposed issue to be underwritten?
Yes

7E.2a Who are the underwriter(s)?

Canaccord Genuity (Australia) Limited and UBS Securities Australia Limited

7E.2b What is the extent of the underwriting (ie the amount or proportion of the proposed issue that is underwritten)?

$20 million placement - fully underwritten.

7E.2c What fee, commission or other consideration is payable to them for acting as underwriter(s)?

Underwriting fee of 3% of gross proceeds raised.

7E.2d Please provide a summary of the significant events that could lead to the underwriting being terminated.

Please refer to the Appendix C of the Company's ASX announcement dated 13 December 2023.

7E.3 Is a party referred to in listing rule 10.11 underwriting or sub-underwriting the proposed issue?
No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Nil.

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

Please refer to the Company's ASX announcement dated 13 December 2023 and the use of proceeds on slide 20 of the investor presentation dated on 13 December 2023.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?
No

7F.2 Any other information the entity wishes to provide about the proposed issue

Please refer to the Company's ASX Announcement dated 13 December 2023.

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with

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the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

☑ The publication of a cleansing notice under section 708A(5), 708AA(2)(f), 1012DA(5) or 1012DAA(2)(f)

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